

An Exploration into the Political Economy of Global Prosperity*

Farhad Sabetan

Abstract

This article examines different concepts of prosperity and well-being from an economic and global perspective. Classical political economics considered wealth to be the main source of national prosperity. The neoclassical tradition promoted the utilitarian philosophy that formed the foundation of contemporary welfare economics. After reviewing the critique of the utilitarian perspective, the article briefly discusses some alternative approaches. The strengths and weaknesses of these approaches provide a point of departure for examining global prosperity. In addition to an understanding of the concept of prosperity, an appreciation of the state of global prosperity is rendered by examining the concept of global destitution. It is argued that current economic assumptions underlying ideas about human nature and human relationships with the physical world and society are inadequate to contribute to global prosperity and that, in fact, they have contributed to global destitution. It is proposed that certain first principles need to be reexamined and that ethical perspectives need to be an integral part of any economic analysis if economics is to contribute to global prosperity. These issues are identified based on the author's understanding of the Bahá'í literature on the spiritual orientation of the economic problem. Ethical aspects are explored for a viable, sustainable, and prosperous economic system that forms the foundation of a discussion for building a socially just and economically efficient achievement of well-being.

Résumé

L'article examine divers concepts de prospérité et de bien-être d'un point de vue économique et mondial. Selon la notion classique de l'économie politique, la richesse constituait la source principale de la prospérité d'une nation. La tradition néo-classique a ensuite préconisé une philosophie utilitariste, laquelle a servi de fondement à l'économie contemporaine de type État-providence (Welfare Economics). Aussi, après avoir dressé un bilan de la critique de l'utilitarisme, l'article aborde brièvement d'autres approches dont les forces et les faiblesses offrent un point de départ pour l'examen de la prospérité globale.

* This paper was presented at the 19th Annual Conference of the Association for Bahá'í Studies, San Francisco, October 14, 1995.

En plus de faciliter la compréhension du concept de prospérité, l'examen du concept de dénuement à l'échelle globale permet d'apprécier l'état réel de prospérité de l'humanité. L'auteur soutient que les prémisses de la philosophie économique actuelle, soit sa vision de la nature humaine et des rapports que les êtres humains entretiennent avec le monde physique et la société, sont non seulement inadéquates pour favoriser la prospérité de l'humanité, mais qu'elles contribuent plutôt à son appauvrissement. L'auteur propose que pour que l'économie puisse contribuer à la prospérité de l'humanité, certains principes de base doivent être réexaminés et qu'une perspective éthique doit faire partie intégrante de toute analyse économique. Ces points identifiés par l'auteur se fondent sur sa compréhension des écrits bahá'ís ayant trait à l'orientation spirituelle des problèmes économiques. Enfin, l'auteur explore les aspects éthiques d'un système économique à la fois viable, durable et prospère comme point de départ pour une discussion visant l'établissement d'une société équitable socialement mais efficace économiquement.

Resumen

Este artículo examina diferentes conceptos de prosperidad y bienestar desde una perspectiva económica y global. La economía política clásica consideraba la riqueza como fuente principal de la prosperidad nacional. La tradición neoclásica promovió la filosofía utilitaria que formó la base de la economía contemporánea de asistencia social. Después de revisar la crítica de la perspectiva utilitaria, el artículo abre paso a puntos de vista alternativos. Lo fuerte y lo débil de estos puntos de vista ofrecen un lugar de arranque para examinar la prosperidad global. Además de comprensión del concepto de prosperidad, se ofrece una apreciación del estado de prosperidad global al examinar el concepto de destitución global. Se razona que las suposiciones económicas de actualidad que fundamentan ideas relativas a la naturaleza humana y las relaciones humanas con el mundo físico, son inadecuadas para contribuir a la prosperidad global, y que más bien han contribuido a la destitución global. Se propone que ciertos principios primarios se deben reexaminar y qué perspectivas éticas deben formar parte de cualquier análisis económico si es que la economía pretende contribuir a la prosperidad global. Las cuestiones del caso se identifican con base en la comprensión del autor de la literatura bahá'í respecto a la orientación espiritual del problema económico. Se exploran aspectos éticos de un sistema viable, sostenible, y próspero, que formen el cimiento de un diálogo para lograr un bienestar socialmente justo y económicamente eficiente.

Introduction

In both technical and colloquial discussions in economics, one finds a preponderating emphasis on such social objectives as promoting economic

growth, increasing productivity, reducing unemployment, curbing inflation, maintaining a balanced national budget, and reducing trade deficits. In fact, some substantially identify the discipline of economics with these very discussions and find questions of justice, equity, and ethical behavior either irrelevant or something better left within the domain of social theory and political philosophy. Probing the issue further, however, it becomes immediately obvious that such objectives are more instrumental than substantial. One can easily pose the question, economic growth for what purpose? Lower prices for whom? Lower unemployment at what expense? Balanced budget to what end?

One may find little disagreement that the answer is obvious: it is for the prosperity of humankind. The goal of social theory, after all, is for a society to grow and prosper at an optimal rate. As soon as we probe the next step—the nature of human prosperity—agreements begin to diminish. This, in fact, is the point where social philosophies tend to diverge, as the seemingly innocuous concept of human prosperity tends to become the justification for ethnic cleansing, supremacy of the white race, dictatorship of the proletariat, green revolutions, and many other social movements.

Economics has not remained aloof from this issue. In fact, economics has been in the forefront of defining, promoting, and emphasizing the concept of prosperity. The writings of political economists, ever since Adam Smith's *Wealth of Nations* in 1776, were concerned with much more than an explanation of how the economy worked. Political economy was an attempt to show the general functioning of society, the adoption of certain rules, the establishment and the role of government, and the function of the legal system. Even moral sentiments ranked high in the writings of Smith, Mill, and Marx, as political economy was considered to be a branch of ethics.¹ Though the focus of twentieth-century neoclassical economics has been predominantly on technical issues, there has also been a resurgence of interest in basic ethical issues such as freedom, justice, and rights as fundamental and inseparable aspects of economic analysis.²

The point of departure, therefore, has not been in ignoring the core concept of prosperity, but rather in what constitutes prosperity and how it determines public policy and the functioning of an economic system. Defining prosperity in terms of utility and satisfaction leads to a different resource allocation mechanism and outcome than does a definition based on respecting rights and freedoms.³ This

1. Adam Smith was a professor of moral philosophy at the University of Glasgow.

2 For an excellent survey of recent works, see Hausman and McPherson.

3. Sen (*Resources, Values, and Development*) renders an excellent technical examination of how current and alternative welfare economic perspectives influence, among other things, global inequalities and international transfers, social poverty, economic inequality, real income determination, food availability, the assessment of allocational rules, investment strategies, discounting procedures, and project evaluation.

article attempts to present different concepts of prosperity that have formed the foundations of political economic thought and to identify the strengths and shortcomings of each in terms of theoretical structure and practical applicability. The Bahá'í perspective on well-being and its potential contribution to current thinking on mainstream concepts of prosperity will then be examined.

Prosperity as Wealth

Prosperity as wealth goes back at least to Adam Smith. In estimating the territorial wealth of France, Antoine Lavoisier (1743–94) pointed out that the object of such estimation is to furnish “a veritable thermometer of national prosperity” (qtd. in Sen, *Resources* 389). His conviction about this relationship between aggregate wealth and prosperity is so extreme that he finds no need for further inquiry to this question:

A work of this nature will contain in a few pages the whole science of political economy; or, rather, it would do away with the further need for this science; because the results will become so clear, so palpable, the different questions that could be raised would be easily solved, that there would no longer be any differences of opinion. (Qtd. in Studenski, *The Income of Nations* 71)

Though political economy did not end as Lavoisier would have wanted, his ideas culminated in Adam Smith's famous *An Inquiry into the Nature and Causes of the Wealth of Nations*, which expanded this theme as the definitive science of the time, while earning Smith the designation of founder of modern economics.

Smith considered the accumulation of aggregate wealth to be the cause of economic prosperity, especially if left to its own natural operation without the interference of the government. Thus, *laissez-faire* economics grew as a response to mercantilist restrictions on trade and, combined with the popular Calvinist belief that wealth was a sign of divine election to religious salvation,⁴ stimulated the production of basic goods and luxury items for an ever greater proportion of the European population.

Does higher aggregate income⁵ bring happiness and prosperity? Can we define the prosperity of a population in terms of the aggregate level of wealth of that population? Do the pursuit of happiness and the pursuit of wealth amount to the identical concept? Can wealth be nothing more than a means to achieving happiness? Are the answers to these questions the same whether they are applied to individuals or the population at large?

4. Tawney, *Religion and the Rise of Capitalism*. Quoted in Lee, *Toward a Sound World Order* 113–14.

5. Strictly speaking, income, money, and wealth are not necessarily equivalent concepts. In this article, however, I use the terms interchangeably.

Though these questions have been the subject of interest in moral philosophy, there has been little empirical evidence to examine the issue closely. Easterlin pools data from thirty surveys conducted in nineteen countries to provide some answers. His conclusions are interesting. At the individual level, the answers quite clearly show that greater happiness is closely correlated with higher income. Of the many categories constituting individuals' subjective definition of happiness, the economic category ranked first. Some of the other categories, in the order of collinearity with happiness, include health, family, personal values, the condition of the world, social values, and political issues (Easterlin, "Economic Growth" 94). The pattern is very similar in all the countries for which surveys were available. The concepts of happiness used in these surveys were purely subjective, and the respondents were asked what they meant by happiness. The economic category that individuals found to have the highest correlation with happiness was described in instrumental terms, that is, more money means more goods, which means one can command more material benefits of life. The respondents did not identify wealth with happiness and prosperity tautologically. In general, making such a generalization would imply that no rich person should be unhappy and that no poor person should experience any happiness.

At the aggregate level, however, the correlation between wealth and prosperity is not nearly as strong as at the individual level. As stated previously, the classical economists believed that more wealth or a steady rise in the aggregate income of a country leads to greater well-being and a happier society. This theme has been the main impetus behind post-World War II growth theories in economic development.⁶ Generally speaking, the theory advocates accelerated economic growth based on the logic that as the aggregate output of a country (as measured by GNP, GDP, or similar measures) increases, the ensuing ripple effect on higher employment and consumption will trickle down to the population at large and will make everyone better off. This has been the major reason for large-sum assistance programs and loans to the low-income countries. Though some economists doubted the correlation between national income and national prosperity at the outset, it was not until recently that development economists have come to realize that well-being-cum-growth has lamentably failed. As of the 1990 *World Development Report*, more than one billion people in the developing world (primarily in the low-income economies with a GNP per capita of \$545 or less in 1988 dollars) are struggling to survive

6. See, for example, Rosenstein-Rodan, "Problems of Industrialization in Eastern and Southeastern Europe"; Mandelbaum, *The Industrialization of Backward Areas*; Dobb, *Some Aspects of Economic Development*; Datta, *Economics of Industrialization*; Singer, "The Mechanics of Economic Development"; A. K. Dasgupta, "Keynesian Economics and Underdeveloped Countries"; Lewis, *Theory of Economic Growth*; and Baran, *Political Economy of Growth*.

on less than \$370 a year (1990 *World Development Report* 1). This has been the basis for the shift from the growth policies of the 1950s and 1960s to the slightly more balanced approaches of the 1970s and 1980s.

One cannot dispute the importance of national income growth in development. The major conceptual problem with the opulence view of prosperity, however, is whether and how the benefits of economic growth are distributed down to the individual level. Comparative data from the World Bank indicates the opposite distribution pattern: growth in national income has had a disproportionate, and in some cases adverse, impact in different countries. Table 1 below shows per capita income for various countries relative to the country's life-expectancy figures.

Table 1. GNP and Life Expectancy

	GNP per capita, 1984 Dollars	Life Expectancy at Birth, 1984
China	310	69
Sri Lanka	360	70
Brazil	1,720	64
Mexico	2,040	66
South Africa	2,340	54

Source: World Bank (1986). Qtd. in Sen, *The Concept of Development*.

There is a very high negative correlation coefficient of -0.80549 for the two series, implying that high per capita income does not necessarily lead to improved life expectancy. This issue and related topics are discussed more thoroughly in the next two sections.

The Utilitarian Perspective

Much of modern welfare economics is oriented towards the utilitarian view of prosperity, a view that has dominated the foundation of neoclassical economic theory and debates of moral philosophy. In its most basic structure, utilitarianism views an individual as the seat of utility, satisfaction, pleasure, happiness, or desire fulfillment.⁷ An action is taken (whether consuming a particular good, contributing to charity, voting for a candidate, or deciding whether to have children, and if so, how many) if it increases happiness, satisfaction, and, in one word, utility. In essence, utility becomes the metric of

7. At this stage I do not distinguish among the different interpretations of the meaning of utility, conceptualizations of which have changed from the time of Jeremy Bentham (1748–1832), who identified utility with happiness, to modern times where utility is associated with satisfaction and desire fulfillment.

our desire fulfillment, the common denominator of all our wants. In its original form, it was thought to be measurable (like pounds of meat or gallons of milk) in actual quantities of utils on a cardinal scale. Later, this restriction was relaxed and all the theoretical underpinning preserved under a purely ordinal measure. One no longer needed to find out by exactly how many utils one's happiness would increase if one took action *A* vs. action *B*. All one had to do was to compare states *A* and *B* and simply rank these states in accordance with one's utility. Whichever action yields the higher utility would be the chosen action.

Whereas the opulence view identified wealth as a means for achieving prosperity, the utilitarian perspective identifies desire fulfillment with prosperity. At the individual level, consumers are assumed to act in a way so as to maximize their utilities given their initial resource endowments (their labor, their wealth, etc.). In a market economy, where individuals can noncoercively trade their endowments, prosperity is achieved when all individuals act to maximize their utility. Social welfare function comprises each individual's utility. Social objectives can thus be achieved by considering allocations that would maximize the aggregate social welfare function.

The utilitarian perspective, however briefly discussed here, seems to be very persuasive in defining the prosperity of humankind. After all, how could any state of affairs be considered prosperous, if the members of such a state are not *happy* or do not have their *desires* fulfilled in a utilitarian sense? At issue in this article is whether utilitarianism can provide a consistent and coherent basis for prosperity. In this respect, utilitarianism remains utterly inadequate. Individuals may prefer a certain amount of pain and misery in achieving a higher goal, something of value that goes above and beyond immediate pleasures and desires. Examples abound of personal suffering for the achievement of a higher objective: the sleepless student struggling to pass a critical exam; the researcher, the artist, the athlete all foregoing short-term pleasure and comfort to achieve a long-term goal. Not everything aspired for can necessarily be reduced to the metric of utility and pleasure. Sigmund Freud is reported to have refused medication at the end of his life, despite the pain, saying, "I prefer to think in torment than not be able to think clearly."⁸

This point is vividly illustrated by Robert Nozick's (*Anarchy, State, and Utopia* 42–45) experience machine where he explores a purely hypothetical scenario in which one can float in a tank and have a neuropsychologist stimulate one's brain to experience any pleasure. He then asks, "Would you plug in? *What else can matter to us, other than how our lives feel from the inside?*" His answer is no. Among other things, we want to be a certain way and do certain things rather than having the experience of doing it. Griffin adds a more

8. Qtd. in Jones, *The Life and Work of Sigmund Freud* 655–56. Quoted in Griffin, *Well-Being: Its Meaning, Measurement, and Moral Importance* 8.

realistic dimension to this: "I certainly want control over my own fate. Even if you convince me that, as my personal despot, you would produce more desirable consciousness for me than I do myself. . . . I prefer, in important areas in my life, bitter truth to comfortable delusion" (Griffin, *Well-Being, Its Measurement, and Moral Importance* 9). In other words, life can hardly be summarized only as a state of being (i.e., being in a state of eternal bliss). Individuals can and do want to grow and become something even if it entails hardship. It is hard to imagine any concept of prosperity that ignores this sometimes painful dimension of growth.

A utilitarian may not disagree with personal growth and self-actualization, rationalizing it in terms of utility maximization: The reason why I am willing to accept short-term inutility, so the reasoning goes, is to achieve a higher level of happiness later. Since the objective can be a global (i.e., intertemporal) utility maximization, as a rational and well-informed decision maker, I determine that I can maximize my overall utility by enduring some inutility in the short run in exchange for global prosperity in the long run.

This line of argument creates more problems than it solves. First, the assumptions of being well informed and rational are themselves unfounded. Suppose I am indeed aware of all possible states of nature and social interactions both in the present and in the future, and, additionally, know the consequences of my actions and others' reactions to my actions. Then it is perhaps conceivable that I might formulate a strategy to maximize my global utility and thereby enjoy prosperity. Yet this informational requirement is quite stringent, if not outright impossible.

Second, assuming that I am somehow endowed with an infallible omniscience about different states of being and their consequences, the leap from knowledge to action is rather heuristic. I might be well aware of the detrimental consequences of nicotine consumption, yet I choose to smoke. Knowledge in and of itself does not necessitate action.⁹ Furthermore, this reductionistic approach does not contribute to explaining, elucidating, clarifying, or formulating a policy toward global prosperity because no matter what the action is, it is relegated to utility maximization. If we consume, it is for short-term pleasure; if we suffer, it is for long-term gain. Thus, utilitarianism does not offer a mechanism whereby we can differentiate between the set of actions that leads to prosperity and that which does not. If we observe peace, it is because it increases social welfare. If we wage wars, that too is perhaps because the warring parties get more utility out of war to maintain national security than from either negotiation or surrender to the opposition. In this scenario, potentially any action is justifiable on the grounds that it increases the utility of the involved parties.

9. 'Abdu'l-Bahá states: "Mere knowledge of principles is not sufficient. We all know and admit that justice is good but there is need of volition and action to carry out and manifest it" (*Foundations of World Unity* 26).

Finally, by reducing a person's well-being to his or her level of happiness or desire fulfillment (even on a long-run basis), utilitarianism suffers from what Sen (*Commodities and Capabilities* 21) calls the "physical-condition neglect."¹⁰ Being reared in a culture promoting contentment as a virtue and seeing the changes and chances of life as the Will of Providence, one might be very content with one's miserable lot. These may include "the landless laborer, the dominated housewife, the hardened unemployed" who "may take pleasure in small mercies, and manage to suppress intense suffering for the necessity of continuing survival, but it would be ethically deeply mistaken to attach a corresponding small value to the loss of their well-being because of this survival strategy" (Sen, *On Ethics and Economics* 45–46). Sen presents a more dramatic, yet unfortunately realistic, illustration of this point based on a survey conducted a year after the Great Bengal Famine of 1943 by the All-India Institute of Hygiene and Public Health in Singur. In this survey, widows and widowers were asked about the state of their health. The responses were sadly surprising:

I should add that the condition of women in India outside elite groups—and of widows in particular—is generally recognized to be nothing short of scandalous, and the position of women in terms of nutrition tends to be particularly bad. But how did the different groups respond to the questionnaire? As many as 48.5 percent of widowers confided that they were 'ill' or in 'indifferent' health. The proportion of widows . . . was just 2.5 percent. In the more subjective category of being in 'indifferent' health, we find 45.6 percent of the widowers. And what about the widows? It is reported that the answer is 0 percent. Quiet acceptance of deprivation and bad fate affects the scale of dissatisfaction generated, and the utilitarian calculus gives sanctity to that distortion. (Sen, *Resources* 309)

This implies that utility is not an adequate measure of how well individuals really are, and factors other than happiness should be taken into consideration for formulating a coherent concept of prosperity.

Needs, Rights, and Prosperity

The last two sections have examined concepts of prosperity commonly encountered in the economic literature. The opulence view was shown to be considered a necessary condition for and a means of achieving well-being, while the focus of utilitarianism was to reduce different aspects of one's life to a single evaluative metric: utility. This utility, whether considered as a state of mind (i.e., pleasure and happiness) or a state of the world (fulfilling desires and wants), has occupied a prominent role in defining well-being and prosperity.¹¹

The limitations inherent in utilitarianism in considering people primarily as a seat of utility and satisfaction have given rise to a different line of thought that

10. See also Sen, *Resources* 308–9.

11. See Griffin, chapters 1–3 for a more rigorous treatment of these aspects of utility.

focuses on well-being as a condition that, at a minimum, satisfies basic human needs and continues to increase human capabilities and functioning. This approach appears to be more in tune with my interpretation of the Bahá'í concept of prosperity and can be viewed as a requirement for developing human rights in moral theory. Specifically, it is more palatable to consider extending resources to a starving individual on moral grounds, than to consider that person to have a claim on resources on the basis of fulfilling his or her desires.

The argument for a need-based theory of well-being is pursued along the following lines: Can we imagine (and if so, can we accept) a prosperous society whose members are deprived of basic human needs such as fresh potable water, food, shelter, clothing, medical care, and education? Some recent statistics on these issues are startling. Based on the World Bank's 1990 *World Development Report on Poverty*, 1.116 billion people in the world are classified as poor, of which 630 million are classified as extremely poor. This is measured by the number of people under the poverty line of 370 international dollars income per capita per year and the extremely poor being those under \$275 per capita per year (World Bank, 1990 *World Development Report on Poverty* 29). How are the basic needs of these individuals met? The average daily calorie supply per capita in low-income countries is 2,384 versus 3,376 in high-income economies. With regard to infant mortality, 98 out of every 1000 babies do not survive in the low-income economies. The figure in the high-income economies is 9 out of 1000. There is a physician for every 5,580 persons in poor countries versus one physician for every 470 in the rich countries (World Bank, 1990 *World Development Report* 232–33).

Satisfaction of basic human needs, therefore, must rank prominently in any definition of prosperity and well-being, both to alleviate the current problems facing less developed countries and to guide policy decisions for any theory of development. Utilitarians may argue that any policy predicated on the needs-based approach to prosperity can also be defended by utilitarianism, since satisfaction of basic human needs increases individual utility and aggregate social welfare.

While it is clear that utilitarianism can provide justification for instituting such anti-poverty programs as those suggested by the needs-based approaches, it is not clear that strictly utilitarian approaches will necessarily initiate such programs. This concept does not explicitly enter the utilitarian paradigm. In fact, basic needs never explicitly enter the elaborate general equilibrium models, the fundamental theorems of welfare economics, or any standard resource allocation problem. Only relatively recently has there been an attempt to accept and incorporate a basic needs approach in the economic development literature.¹² For

12. See Pant et al., "Perspectives of Development: 1961–1976"; International Labor Organization, *Employment, Growth, and Basic Needs*; Streeten et al., *First Things First*; and Braybrooke, *Meeting Needs*.

example, Streeten emphasizes that “the basic needs concept is a reminder that the objective of the development effort is to provide all human beings with the opportunity for a full life” (Streeten et al., *First Things First* 21). Yet, a resource allocation theory based on meeting basic needs remains largely undeveloped.

The major objection to the basic needs account has been the question of indeterminacy of needs. Why do we need food? a utilitarian may ask. So that we do not fall ill. Would it thus be legitimate to say that I also need a fulfilling work environment, otherwise I would fall ill with stress, alienation, and social apathy? What about the need for a healthy marriage, a healthy environment, and a healthy political system, lest we might all suffer a variety of psychosocial illnesses. Do all these levels of illness carry the same weight? Is illness a legitimate criterion for evaluating what needs are? This leads to one clear distinction between the concept of need and that of utility. Needs-based evaluations are determined within the following structure: I need x in order to do y . Needs are generally indeterminate because y is very different for different people. Not only this end-state y but also the instruments x may be differentiated by culture, gender, age, background, and other specific social and physical attributes.

It is interesting to note the utilitarian posing this particular query (Why do we need food?) since the concept of utility itself is vague and ambiguous at best. Is it happiness, satisfaction, state of mind, state of the world, or what? However we define utility and needs, it seems inevitable to consider that the immediate overarching end-state y is survival. I doubt if any activity, whether utility-based or needs-based, can be initiated without regard for a minimum level of functioning capability. This implies that global prosperity, whether defined in utility terms, or flourishing, or wealth, must be concerned with the fact that in order to survive, human beings *need*:

- clean unpolluted air;
- potable water;
- nutritious food;
- protective shelter and clothing;
- accessible medical care;
- functional level of education;
- reasonable levels of security;
- freedom to interact and communicate;
- healthy levels of entertainment.

The list continues. Several features must be noted in this illustration. First, the priority of needs: given survival as the criterion, it seems reasonable that a human being may not physically survive without oxygen for more than a few minutes, without water for more than a few days, and without food for more

than a few weeks.¹³ Thus, some general ranking of priorities is inherent in any concept of need. This prioritization provides a clear guideline for policy formulation of resource allocation. For example, policies toward global prosperity would clearly be morally and socially questionable if the majority of the world's population struggles to get access to the first five categories of needs, while the same resource allocation mechanism provides for a rich minority to maximize their utilities.

The critical nature of this argument lies primarily in the existence and identification of social priorities. From a utilitarian perspective, individuals rank their preferences in accordance with their own level of preference valuation, which is beyond the scope of economics. Once these preferences find their way into utility expressions, the social policy can be derived by aggregating these utilities into a social welfare function that will guide resource allocation. It was toward this particular approach that Kenneth Arrow revolutionized social choice theory by his Impossibility Theorem (*Social Choice and Individual Values*), indicating that under very reasonable and socially acceptable assumptions, it is impossible to aggregate everyone's ranking in such a way that would satisfy everyone's preferences. The major distinction between a needs-based theory and a utilitarian perspective is the underlying prioritization inherent in the former and socially indeterminate and individualistically based preferences in the latter.

This central point on social priorities defines the foundation of basic human rights as well. Upon the self-evident assumption that everyone has the right to survival and a decent standard of living, it becomes necessary to observe the satisfaction of basic needs as a means of observing basic human rights. This relationship between rights and needs is patently absent in the utility-based approach to prosperity. Dasgupta confirms that "the idea of socio-economic rights (i.e., rights to certain scarce resources), liberally used by social philosophers, is rarely to be found in discourse on welfare economics, where instead the rationale for public choice is most often grounded on some aggregate measure of utility or, more generally, on some measure of aggregate welfare" (P. Dasgupta, *An Inquiry into Well-Being and Destitution* 3).

The second feature of needs-based theory lies in the adjectives used to describe each category: how clean and unpolluted should the air be, how fresh

13. This abstract example is purely illustrative. In reality, we may be dealing with undernourishment rather than absolute hunger. As Dasgupta puts it: "An undernourished person is usually also a hungry person, but undernourishment is not measured in terms of the experiential state of hunger. It is usually measured clinically or anthropometrically, and on occasion by the impaired ability of the person to perform simple tasks like walking, moving things, concentrating, caring about things" (P. Dasgupta, *An Inquiry into Well-Being and Destitution* 39).

should the water be, for what level of functionality should the education be designed? Would it suffice to have a high literacy rate? If so, how high? If we need to go beyond a high rate of literacy, how much more? These and many similar, legitimate questions should be part of any well-designed, needs-based moral theory as well as part of any resource allocation theory. The tendency, however, seems to be toward posing these questions as a prelude to rejecting the concept of need altogether, as too broad, too general, and too indeterminate. But once the end-state is defined (and we may agree that survival is a legitimate end-state), the first step for the design of a needs-based theory is completed. Thus, we can invoke a Maslovian ranking, a Rawlsian ranking,¹⁴ or any other socially consistent and coherent ranking to specify basic human needs. As an illustration, we can conceive of a resource allocation mechanism where social prioritization is observed based on globally satisfying basic human needs as described above. Once the basic needs are met globally (e.g., the basic needs of the least well-off person have been met, as in Rawls's theory), then the resource allocation scheme would further provide for utility maximization above and beyond the basic-needs satisfaction. Dasgupta alludes to this point by suggesting roughly two tiers of goods and services. "The first tier, the one that makes living possible, comprises basic needs. The second tier consists of goods that are instrumental in making life satisfying" (P. Dasgupta, *Inquiry* 40). It is to this latter element of prosperity that I would like to turn now.

Toward a Bahá'í Concept of Prosperity

Heretofore, the approach to unraveling the concept of prosperity has been around two very general lines of thought. Though the two perspectives (utilitarian and needs-based) have much in common, and many social policies proposed by one can be supported by the other, one can, for illustrative purposes, distinguish certain salient characteristics. The first approach sees human prosperity as a state of being, such as satisfaction, utility, or pleasure. Living is the state of fulfilling these desires through a constant internal evaluation of the metric of utility. Global prosperity is merely the aggregation of individual prosperities most commonly known as social welfare. The second approach sees prosperity as observing certain basic rights of the individual who is the locus of capacities and capabilities: capacity to do things, to be somebody, to grow, and to achieve self-respect. Whereas the former emphasizes a state of being, the latter emphasizes the process of becoming, for which the first step is to satisfy certain basic needs. Both schools advocate a background environment where individuals enjoy positive freedom to pursue happiness and are protected from any coercion to act against their will.

14. Rawls (*A Theory of Justice* 75–83, 214–84) judges the "goodness" of a distribution of resources according to the level of welfare provided to the least advantaged member of society. For Maslovian ranking, see Maslow, *Motivation and Personality*, especially chapter 11.

It is hard to argue against either of these perspectives. What state of prosperity could we expect to achieve wherein individuals are unhappy or constantly frustrated? How can we defend a prosperous civilization whose inhabitants' basic needs and rights are not met? Conversely, we can envisage a society where both these conditions *are* met, yet we would be hard pressed to characterize the state of affairs as prosperous. By many standards, Japan is considered a prosperous society: high per capita income, continuous trade surplus, very low unemployment rate, the leading competitor in most electronic and other consumer goods. But what price do the Japanese pay for such a so-called high standard of living? There is a phenomenon occurring in Japan referred to as "Karoshi," which means death at an early age due to overwork.¹⁵ Employees who work from 8:00 a.m. to 9:00 p.m., see their families mostly one day a week on Sundays, pay exorbitantly high food prices, and face very high housing costs in an overcrowded environment, can hardly be characterized as living in a state of prosperity. Do we work to live, or do we live to work? The issue is not necessarily Japan, as this phenomenon is also occurring in Hong Kong (perhaps even worse), Korea, and many other advanced or developing economies. The issue is, rather, the fact that a very high price is ultimately paid (mostly in intangible social and family costs) for material comfort and little else. Is this the ideal of human life? Is this to what we as human beings, and societies at large, aspire?

The category most neglected in social discourse on welfare and prosperity is the vision, the content, and the ideal of a prosperous society. Griffin refers to this aspect of prosperity as perfectionism and the ends of life, a perspective that focuses on the species ideal: "The level of well-being for any person is in direct proportion to how near that person's life gets to this ideal (Griffin, *Well-Being* 56). What is this ideal? Does it exist? Is there a single ideal, or is there a plurality of ideals? This article does not presume to answer definitively these or any such questions. The exposition will rather suggest solutions from my limited understanding of what the Bahá'í literature offers in this regard.

The starting point of a vision of global prosperity must include in its core the concept of unity. "The well-being of mankind," writes Bahá'u'lláh, "its peace and security, are unattainable unless and until its unity is firmly established" (Bahá'u'lláh, *Gleanings from the Writings of Bahá'u'lláh* 286). This theme is the distinguishing characteristic of the Bahá'í approach to prosperity and forms the foundation of virtually every concept in the Bahá'í literature. The concept of unity, characterized as "deceptively simple in popular discourse" (*The Prosperity of Humankind* 4), may well present a paradigmatic shift in economic thinking.

What is unity? Is it unanimity, homogeneity, or uniformity? What is the relationship between unity and well-being? It is very important to clarify these concepts at the outset to ensure commonality of understanding for what unity is

15. John DeGraff, "Running out of Time."

and what it is not. The concept of unity can be viewed as the basic building block of existence where, for anything to exist, certain elements must combine in certain necessary proportions to form the item of existence. Examples abound in natural phenomena. Whether in the chemical combination of hydrogen and oxygen with the necessary proportion of two molecules of hydrogen and one molecule of oxygen (leading to the creation of water), or in the coming together of cells to form a body, or in the social integration of nations to form a lasting peace with its necessary requirements and constituents, unity manifests itself as the necessary magnet that binds elements together and harmonizes the orchestra of being.

The state of “being” is dependent upon this concept of unity: on the one hand, in order to “be,” diverse elements need to unite in specific degrees of proportionality. The state of “well-being,” on the other hand, is more than just “being.” It requires the same constituents of “being,” with the addition of the condition of stability. Thus, an item of existence may hardly be considered in a state of “well-being,” if its “being” lacks any permanence or stability. I suggest that unity, as pronounced by Bahá’u’lláh to be a necessary and sufficient condition for “well-being” and “peace and security,” embodies the dual condition of “being” and “stability.”

This general framework may readily subsume the needs-based theory as a special case: in order to survive, human beings require air, water, certain basic nutrients, shelter, and clothing. But this merely brings them to a state of being, which, regrettably, for a sizable number of the world’s population is a day-to-day struggle, unstable and unsustainable. Well-being requires not only the satisfaction of basic needs but also certain environmental and internal conditions that endow life with relative permanence and that render it sustainable and stable. These environmental conditions include, among other things, the degree to which individuals can participate in the determination of their own destiny, their access to knowledge, their adoption of ideals, and enjoyment of freedom to pursue these ideals. The internal conditions include, *inter alia*, the willingness of individual entities to adopt and pursue the ideals and actively participate in the promotion, maintenance, and stability of the ideal system. ‘Abdu’l-Bahá refers to these conditions in terms of education:

But education is of three kinds: material, human and spiritual. Material education is concerned with the progress and development of the body, through gaining its sustenance, its material comfort and ease. This education is common to animals and man.

Human education signifies civilization and progress—that is to say, government, administration, charitable works, trades, arts and handicrafts, sciences, great inventions and discoveries and elaborate institutions, which are the activities essential to man as distinguished from the animal.

Divine education is that of the Kingdom of God: it consists in acquiring divine perfections, and this is true education; for in this state man becomes the focus of

divine blessings, the manifestation of the words, "Let Us make man in Our image, and after Our likeness" [cf. Gen. 1:26]. This is the goal of the world of humanity. (*Some Answered Questions* 8)

These conditions can be summarized as what 'Abdu'l-Bahá referred to very generally as the necessary relationships that proceed from the realities of things (*Some Answered Questions* 157–59). Specifically, the nature and the quality of relationships among individual entities define the stability that is required to establish unity.

It is this nature and quality of relationships that sharply differentiates the Bahá'í orientation from utilitarianism. From a utilitarian perspective, the individual (whether as a consumer in the consumption theory or a producer in the production theory) is assumed to have unlimited wants and acts selfishly to satisfy these wants. Wants are anything that increases utility. The self-interest motivation behind human action is the operating assumption that is supposed to ensure everyone's well-being. Thus, the nature of human relationships is based on self-interest. Consumers and producers come to the marketplace and engage in "exchange relationships," not because they love each other or want to serve each other, not because they want to create harmony, stability, and solidarity, but for the pure and simple reason that the consumer wants something that the producer has, and the producer wants something that the consumer has. Neither one cares what the other party may want to do with the objects being exchanged. Since they got what they wanted (presumably at or lower than the maximum price they were willing to pay) without coercion, both parties are made better off, and therefore the society is better off (especially if this type of exchange relationship is allowed to operate freely and extensively).

This simple illustration of self-interest (attributed to Adam Smith) is conceived of as the foundation of human relationships. In fact, any relationship can be explained in terms of self-interest as the motivation behind any behavior. As such, any relationship can potentially be reduced to an exchange relationship based on the exercise of self-interest. For example, in the marriage and family relationship, couples marry, presumably because each partner can increase his or her utility through this exchange relationship in the form of tax benefits, the satisfaction they get from rearing children, and so on. Thus, if the marginal utility of marriage is greater than the marginal costs for each party, this exchange must occur. Gary Becker, a Nobel Laureate in economics, has extensively developed and generalized the exchange relationship from family relations to decisions on whether or not to commit suicide.

There have been many technical criticisms of these scenarios, from Marx to the most prominent figures in neoclassical economics. I will not dwell on such technical criticisms here. The more fundamental issue that I would like to discuss is that this seemingly innocuous self-interest assumption is hailed as the

foundation of human relationships that makes the exchange theory work. This assumption not only is dubious in its global perception but more important also is perhaps the single element most destructive of well-being. What exactly is self-interest? It is the predominance of “self” over all other priorities. What matters most is I, my body, my tastes, my tax dollars, my possessions, my school district, my candidate, my party, my country, and in one word, my “being” at all cost. When my “being” matters the most, its preservation must, by necessity, also rank highest in the priority list.

I submit that self-interest, so defined, is the antithesis of the concept of unity and therefore well-being. When we examine creative processes in nature, such as the formation of a tree, we observe that the necessary requirement for all the elemental entities contributing to the creative process is to give the highest priority to the formation and preservation of the whole and to lose their “self-interest” so that the end-state can come into existence. The seed must give the highest priority to the formation of the tree and lose its “self” to become the tree. The water, the fertilizer, the sunlight, the care of the gardener, all must contribute selflessly to create the tree. At the end, the flourishing and the well-being of each element is manifested in the end-state, the wholeness we call the tree. Similarly, social integration requires that the individual contributors give highest priority to the integration process by their willingness to forego their self-interest motives for the interest and preservation of the whole we call society.

It is surprising to note that nation-states adopt social contract theory at a national level but stop short of global integration primarily because they insist on preserving their national self-interest. One reason for this resistance is the emphasis they put on the preservation of “self” as the ultimate object of being. A global integration leads, so the reasoning goes by the protagonists of self-interest theory, to the loss of national identity. By the same token, racial integration leads to the loss of racial identity, religious integration leads to the loss of religious identity, cultural integration leads to the loss of cultural identity. In fact, unity and solidarity are interpreted as unifying the same race, nation, religion, and culture.

From the Bahá'í perspective, unity is not simply creating homogeneity or uniformity among the constituent elements of a whole. The superficial meaning of unity may be perceived to imply only one race (usually conceived to be the most superior), or one religion (as the fundamentalist movements would prefer) or, in general, reducing any diversity into one homogenous type. A concept of unity based on homogenous and uniform elements of a system can hardly explain creative novelty, since, as illustrated above, it is precisely the inherent diversity and heterogeneity of elements that lead to creation, wholeness, and novelty. Such creation cannot occur if the set of all necessary elements is identical. Yet what we observe in reality is a perception of well-being that is intolerant of diversity. Prosperity from Bosnian Serb, Croat, and Muslim

perspectives seems (based on the ruinous wars we have observed in the last several years) to be construed as separation and independence of each ethnic or class group from the other. The same perception has been the impetus behind the conflicts in the Middle East, the Catholic–Protestant hostilities in Northern Ireland, the ethnic massacre between Hutu and Tutsi in Rwanda, and the like.

Furthermore, the Bahá'í concept of unity does not call for a complete destruction of self, but simply the consciousness that self-interest cannot have the top priority in the creation of a lasting peace. Global integration requires a re-ranking of social priorities giving the highest value to the maintenance of the whole. Just as the stable “well-being” (not merely the transitory “being”) of cells of the body can be assured only in the context of the formation of the whole of the body, the long-run “well-being” of individuals and society can be assured within the context of the formation of a global body politic, which recognizes the profound interdependence of individual and society and which respects the rights, prerogative, and privileges of all.

‘Abdu’l-Bahá illustrated this concept in one of his talks while in the United States in the early part of this century:

Tonight I wish to speak upon the oneness of the world of humanity. This is one of the important subjects of the present period. If the oneness of the human world were established, all the differences which separate mankind would be eradicated. Strife and warfare would cease, and the world of humanity would find repose. Universal peace would be promoted, and the East and West would be conjoined in a strong bond. All men would be sheltered beneath one tabernacle. Native lands would become one; races and religions would be unified. The people of the world would live together in harmony, *and their well-being would be assured.* (*Promulgation of Universal Peace* 264–65; emphasis added)

This ideology is patently absent from economics in theory and, more profoundly, in practice. Self-interest permeates every aspect of economic analysis from consumption to production and manifests itself through utility maximization motive, profit maximization motive, and the highly glorified theme of competition—competition among producers to gain market share, among the consumers to bid for the product at hand, between labor and management over wages and salaries, among multinational corporations to penetrate unexploited markets, and among nations to gain economic, military, and political superiority. I will just examine one aspect of the concept of competition, since the topic is extensively elaborate and a full discourse is beyond the scope of this paper.

The most praised form of market structure (which does not exist in reality but is used as the model that ultimately leads to *optimum optimorum* in resource allocation) is what is referred to as the perfectly competitive market wherein innumerable producers compete so vigorously with each other that no one

producer can possibly charge a higher price than the other, as he or she would lose business to the next competitor. Neither would this one producer have any market power to set prices or be a price leader. Coupled with the assumptions of perfect information possessed by each producer, absence of all production and consumption externalities (activities that cannot be captured within the confines of the market mechanism), and complete information symmetry between producers and consumers, this market structure leads to an equilibrium that is characterized as Pareto optimal, where no one agent's economic situation can be improved without simultaneously worsening that of other agents.

At the opposite end of the spectrum, we have the monopoly structure where there is only one producer who can set the price high enough to maximize profits. The monopolist does not have a competitor, for the unfortunate competitor would face predatory pricing by the monopolist and would be forced out of the market. Monopoly is, in one word, bad. It leads to inefficiency, high prices, complete market dominance, and low-quality products. The ideal model is perfect competition where everything is left to the forces of the market to achieve equilibrium, free from the fetters of government intervention.

The policy implication derived from these two extremes of market structure is to promote perfect competition and, where necessary (such as in the case of natural monopolies), regulate monopolies and market concentration. The literature on economics of regulation and market power is equally vast and not relevant for the current discussion.¹⁶ What is relevant is that the assumption of self-interest is the motivating factor in the operation of both market structures (as well as of the mixed structures such as duopolies, oligopolies, and monopolistic competition). This motivation itself creates an internal inconsistency for the ideal market structure. Specifically, if a perfectly competitive model is the ideal structure, it should, by virtue of being the ideal, be commensurate with the underlying assumptions and human motivations so that these motivations naturally grow toward the ideal. Yet that is not the case. Self-interest as a motive attracts producers to the monopolistic extreme, not to the perfectly competitive model. In fact, competition is used as a mechanism to gain market power and to grow toward monopoly, not as a means for achieving a perfectly competitive market. Therefore, the inconsistency lies in having every motive to avoid the ideal economic market structure and to tend toward the extreme that is not a desired end-state at all. That is why in most countries there is legislation to break up monopolistic tendencies. If self-interest naturally led economic decision makers toward decentralization and the competitive model, there would be no need for such legislation.

Furthermore, even if competitive models can function by themselves, without external intervention, what would the ensuing vision and reality be

16. An excellent overview of this field can be found in Kenneth Train, *Optimal Regulation*.

like? Consider a society (such as we currently experience) where the primary concern of the producer is to compete in order to maximize market share and profitability. This producer will do anything to achieve this objective, heedlessly imposing tremendous costs on society. The avalanche of advertising that we all experience in our daily lives is a case in point. Inordinate amounts of resources are spent on motivating consumers to buy product *A* and not product *B*, which is counteracted by the producers of product *B* persuading customers to avoid buying *A*. Consider the recent telecommunications advertisements: One supplier wants you to reach out and touch someone, the other wants you not to drift away, and the others want to make sure we keep in touch with friends and family. Are these producers really that interested in my psychological well-being? I think not. Any good-will advertising is primarily intended to attract the customer to the advertiser's product and not much else.

This same world of competition leads to other production inefficiencies as well. Many examples can be cited from different industries. Consider one example from the mass media. Why do we need three major national broadcasting networks (and many other independent ones) to carry, by and large, the same information to the audience? The amount and the number of resources used to produce primarily, and in many cases exactly, the same program is an unnecessary duplication and an inefficient redundancy. The reason, we are told, is so that we can get a balanced view of the information content (especially in news media). In many cases, however, there is a live broadcast of the news content (such as a national political press conference, popular trials,¹⁷ or even traffic reports). In other cases, the same topic is discussed by a panel of experts (such as commentary on a national political address) which already ensures a more balanced view. Why, then, have a panel of experts on each network? This same illustration can be applied to other industries as well.¹⁸ The fact that there have been so many mergers and acquisitions in recent years indicate that the gains from merged companies clearly outweigh the costs. These gains (amounting to hundreds of millions of dollars) are measured in terms of eliminating redundant functions.

It is alleged that oligopolies would lower prices, but only relative to monopolies. How much lower would prices be if internal and external costs (such as advertising costs, inefficiency costs associated with diseconomies of scale and scope, and regulatory costs) did not have to be passed on to consumers. Much more serious than this, however, are the costs associated with anything from low-quality production to outright fraud. Again, imagine how

17. Among the most popular of these events were the O.J. Simpson trial and the Iran-Contra Affair broadcasts.

18. Among the notable ones are telecommunications companies like Bell Atlantic and NYNEX, SBC and Pacific Telesis, British Telecom and MCI.

much lower prices would be (whether directly or in the form of lower taxes) if regulatory bodies did not have to regulate fraud, quality, safety, and other aspects of the products that the producers should self-regulate. Because the market mechanism, in and of itself and without moral and ethical motivations, cannot force producers to produce that which truly benefits humankind, regulatory bodies have to step in and perform this social function.

I should emphasize that I am not suggesting eliminating regulation altogether. The fundamental issue is that moral and ethical considerations that can be exercised by consumers and producers in the marketplace are left to the two forces of competition and regulation. The Bahá'í Faith offers a third alternative, which is the role that moral, ethical, and spiritual education plays in promoting and building an environment that continually fosters the maturity of the individual, who becomes less dependent on competition or regulation to monitor his or her behavior. In a sense the individual grows to become her or his own self-regulator, motivated by service to humanity.

It is the primacy of this motivation, namely, service to humanity unfettered by self-interest, that is at the core of the Bahá'í approach to economics and social philosophy. Bahá'u'lláh states, "Let your vision be world-embracing, rather than confined to your own self" (*Gleanings* 94). 'Abdu'l-Bahá continues the theme more specifically:

If man were to care for himself only he would be nothing but an animal for only the animals are thus egoistic. . . . To look after one's self only is therefore an animal propensity. It is the animal propensity to live solitary and alone. It is the animal proclivity to look after one's own comfort. But man was created to be a man—to be fair, to be just, to be merciful, to be kind to all his species, never to be willing that he himself be well off while others are in misery and distress—this is an attribute of the animal and not of man. Nay, rather, man should be willing to accept hardships for himself in order that others may enjoy wealth; he should enjoy trouble for himself that others may enjoy happiness and well-being. This is the attribute of man. This is becoming of man. Otherwise man is not man—he is less than the animal. (*Foundations* 42)

The corollary to this concept is the idea of cooperation and mutual interdependency. Unlike the internal inconsistency of the perfectly competitive model and self-interest, selflessness and cooperation are two aspects of the same concept—unity. 'Abdu'l-Bahá relates these themes as follows:

Regarding reciprocity and cooperation: each member of the body politic should live in the utmost comfort and welfare because each individual member of humanity is a member of the body politic and if one member of the members be in distress or be afflicted with some disease all the other members must necessarily suffer. For example, a member of the human organism is the eye. If the eye should be affected that affliction would affect the whole nervous system. Hence, if a member of the

body politic becomes afflicted, in reality, from the standpoint of sympathetic connection, all will share that affliction since this (one afflicted) is a member of the group of members, a part of the whole. Is it possible for one member or part to be in distress and the other members to be at ease? It is impossible! Hence God has desired that in the body politic of humanity each one shall enjoy perfect welfare and comfort.

Although the body politic is one family yet because of lack of harmonious relations some members are comfortable and some in direst misery, some members are satisfied and some are hungry, some members are clothed in most costly garments and some families are in need of food and shelter. Why? Because this family lacks the necessary reciprocity and symmetry. This household is not well arranged. This household is not living under a perfect law. All the laws which are legislated do not ensure happiness. They do not provide comfort. (*Foundations* 38)

Selfless service to the generality of humankind is the process by which the goal of unity, and thus prosperity of humankind, can be achieved. Cooperative endeavors are the natural and consistent implication of this principle. Yet this cooperation should not be confused with oligopolistic or collusive behavior, since the objective of oligopolies is still the precedence of profit maximization over other objectives, and collusion becomes the means to achieve that end. Cooperation from the Bahá'í perspective is inherently based on unity, namely, diverse elements coming together cooperatively and selflessly to integrate toward a meaningful whole. This selfless cooperation for the service of the generality of humankind is the guarantor of not only "being" but, more important, "well-being."

Formal modeling of these concepts has been developed in the game theory literature. Without getting into rigorous and technical details,¹⁹ let us illustrate the model using the famous Prisoners' Dilemma framework. Suppose there are two producers (*A* and *B*) who are producing the same products and have easy access to each other's market. The product is very price sensitive, and a slight price reduction attracts a sizable share of the market. If both *A* and *B* agree to integrate their operations, they will enjoy large economies of scale and can produce at a lower price. Total demand goes up, and their profits increase to \$15 million each. If, however, *A* decides to continue production by itself and lowers the price without the knowledge of *B*, *A* will gain \$20 million by attracting most of *B*'s customers, leaving *B* with only \$5 million. This situation is symmetric and applies similarly to *B*. If they both lower prices simultaneously without joint production, they will both end up with \$10 million each, due to increased costs of advertising and the fact that they may not have spare capacity to meet increased demand. The question is what strategy each producer should take. Should they cooperate with each other and reduce prices together, or compete with each other and independently reduce the price to gain market share?

19. For a technical analysis, see Sen, *Choice, Welfare, and Measurement* 74–83.

The irony of this dilemma is that acting out of self-interest leaves everyone worse off. Producer *A* reasons that if *B* cooperates, *A* will be better off not cooperating since *A*'s payoff will be \$15 million vs. \$20 million, respectively. If *B* competes, *A* will still be better off not cooperating since *A*'s payoff will be \$10 million vs. \$5 million. So, no matter how *B* acts, *A* decides to compete. Since the situation is symmetric, *B* reasons the same way and decides to compete. Thus, they both end up competing against each other, leaving both in the worst situation of all, i.e., \$10 million each. This situation is depicted in the following payoff matrix where the final equilibrium is the lower right-hand quadrant, which is the worst position for *A*, *B*, and society at large.

The Payoff Matrix for Strategic Games

		<i>B</i> 's Strategies	
		Cooperate	Compete
<i>A</i> 's Strategies	Cooperate	(\$15M, \$15M)	(\$5M, \$20M)
	Compete	(\$20M, \$5M)	(\$10M, \$10M)

A's payoff is the first and *B*'s payoff is the second number within the parentheses.

These situations are not uncommon in the real world. The pollution problem is an example. Each contributor thinks that his or her small effluent emission is not going to damage the environment, but if everyone acts this self-interested way, there will be major environmental pollution. The same situation occurs in two countries' decisions to go to war, in any kind of traffic congestion problem, and in most situations where there is mutually interdependent behavior.

What if we all agree to follow the biblical ethic to "do unto others as ye would that others should do unto you." Under this ethical rule, if *B* competes, *A* will too. If *A* cooperates, *B* will too. So there are multiple equilibria, and the end-state is indeterminate. It could be as bad as under the self-interest ethic. Or it can be a new equilibrium benefiting each by \$15 million. This eye-for-an-eye ethic, however, may easily turn into a game of revenge. For example, in situations involving terrorism, terrorist action is responded to by a counterterrorist action. Examples in economic situations include price wars where competitors engage in reducing prices, one after another, in order to win market share. The unfortunate outcome in all cases is a continuous state of conflict.

The Bahá'í ethical position of selfless service would change this game to a uniquely optimal solution. Under this ethic, *A* would want the best for *B*, and *B* would want the best for *A*. This leads automatically to \$15 million for each—the most preferred state. Producer *A* would reason that if *B* decides to cooperate, *A*'s course of action should be to cooperate as it benefits *B* the most

(\$15 million vs. \$5 million). If *B* decides not to cooperate, *A*'s course of action should still be cooperation since this too will benefit *B* the most (\$20 million vs. \$10 million). Thus *A*, preferring *B*'s interest to *A*'s own, decides to cooperate no matter what *B* chooses. *B*, too, decides to follow the same strategy, which leads to the optimal outcome. The necessary condition for this scenario to work, however, is adherence to the selfless ethical position by both parties. If this adherence is not observed, the outcome will not be optimal.

Comparing these three scenarios shows that the self-interest motive leaves society in the worst situation; the ethic of reciprocity could be better, only if the players avoid taking revenge. The selfless ethic leads to the optimal state, if selflessness is accepted, fostered, exercised, and promoted. This state of affairs requires other environmental conditions to be met since the question of prosperity and well-being is not purely a matter of economics. Without the right political, social, and cultural structure, no amount of economic prosperity, however well defined and well intended, can succeed in bringing about prosperity for humankind. What kind of power structure, for example, is conducive to nurturing a divine, selfless economy? The Bahá'í perspective recommends a structure that, by design, does not seek power, domination, or authority.

To be clear, this recommendation does not reject the need for authority. The question is whether those in authority are there to seek and impose authority, or there to use authority as a means for bringing order, justice, and wholeness to the body politic. Do the authorities use their power to further the interest of a few at the expense of many, or are they exercising their authority for the benefit of the generality of humankind? Any system based on campaigns, propaganda, and special interest groups tends to belong to the former category. A system that promotes, among other things, universality of human rights, equality of races and sexes, compulsory education, and removal of international trade restrictions, is very likely to succeed in creating the environment where the prosperity of humankind can grow and flourish. I would like to end with a summary from the Bahá'í International Community's statement *The Prosperity of Humankind*:

The classical economic models of impersonal markets in which human beings act as autonomous makers of self-regarding choices will not serve the needs of a world motivated by ideals of unity and justice. Society will find itself increasingly challenged to develop new economic models shaped by insights that arise from a sympathetic understanding of shared experience, from viewing human beings in relation to others, and from a recognition of the centrality to social well-being of the role of the family and the community. Such an intellectual breakthrough—strongly altruistic rather than self-centered in focus—must draw heavily on both the spiritual and scientific sensibilities of the race. . . . (18)

Works Cited

- ‘Abdu’l-Bahá. *Foundations of World Unity*. 4th ed. Wilmette, Ill.: Bahá’í Publishing Trust, 1955.
- . *The Promulgation of Universal Peace: Talks Delivered by ‘Abdu’l-Bahá during His Visit to the United States and Canada in 1912*. Comp. Howard MacNutt. 2d ed. Wilmette, Ill.: Bahá’í Publishing Trust, 1982.
- . *Some Answered Questions*. Comp. and trans. Laura Clifford Barney. 4th ed. Wilmette, Ill.: Bahá’í Publishing Trust, 1981.
- Arrow, Kenneth. *Social Choice and Individual Values*. New York: John Wiley & Sons, 1951.
- Bahá’í International Community–Office of Public Information. *The Prosperity of Humankind: A Statement Prepared by the Bahá’í International Community’s Office of Public Information*. Thornhill, Canada: National Spiritual Assembly of the Bahá’ís of Canada, 1995.
- Bahá’u’lláh. *Gleanings from the Writings of Bahá’u’lláh*. Trans. Shoghi Effendi. 2d ed. Wilmette, Ill.: Bahá’í Publishing Trust, 1976.
- Baran, P. *Political Economy of Growth*. New York: Monthly Review Press, 1957.
- Braybrooke, D. *Meeting Needs*. Princeton: Princeton University Press, 1987.
- Datta, B. *Economics of Industrialization*. Calcutta: World Press, 1952.
- Dasgupta, A. K. “Keynesian Economics and Underdeveloped Countries.” *Economic Weekly* 6 (January 26, 1954).
- Dasgupta, P. *An Inquiry into Well-Being and Destitution*. Oxford: Clarendon Press, 1993.
- deGraff, John. “Running Out of Time.” Documentary production of Oregon Public Broadcasting and John DeGraff of KCTS, Seattle, Washington.
- Dobb, M. H. *Some Aspects of Economic Development*. New Delhi: Delhi School of Economics, 1951.
- Easterlin, R. A. “Does Economic Growth Improve the Human Lot? Some Empirical Evidence.” In *Nations and Households in Economic Growth, Essays in Honor of Moses Abramovitz*. Ed. P. A. David and M. W. Reder. New York: Academic Press, 1974.
- Employment, Growth and Basic Needs: A One-World Problem*. Geneva: International Labor Organization, 1976.
- Griffin, J. *Well-Being, Its Meaning, Measurement, and Moral Importance*. Oxford: Clarendon Press, 1986.
- Hausman, D. M., and M. McPherson. “Taking Ethics Seriously: Economics and Contemporary Moral Philosophy.” *Journal of Economic Literature* 31 (1993): 671–731.
- Jones, E. *The Life and Work of Sigmund Freud*. New York: Penguin Books, 1964.
- Just, E. Richard, Darrell L. Hueth, and Andrew Schmitz. *Applied Welfare Economics and Public Policy*, Englewood Cliffs: Prentice-Hall, 1982.
- Lee, C. D. *Toward A Sound World Order: A Multidimensional, Hierarchical Ethical Theory*. Westport, Conn.: Greenwood Press, 1992.

- Lewis, W. A. *The Theory of Economic Growth*. Homewood, Ill.: Irwin Publishing, 1955.
- Mandelbaum, M. K. *The Industrialization of Backward Areas*. Oxford: Oxford University Press, 1945.
- Maslow, Abraham. *Motivation and Personality*. 2d. ed. New York: Harper and Row, 1970.
- Nozick, Robert. *Anarchy, State and Utopia*. New York: Basic Books, 1974.
- Pant, P., et al. "Perspectives of Development: 1961–1976, Implications of Planning for a Minimum Level of Living." New Delhi: Perspective Planning Division, Planning Commission of India, 1962.
- Rawls, J. *A Theory of Justice*. New York: Oxford University Press, 1971.
- Rosenstein-Rodan, P. "Problems of Industrialization in Eastern and Southeastern Europe." *Economic Journal* 53 (1943):202–11.
- Sen, A. *Choice, Welfare, and Measurement*. Cambridge: The MIT Press, 1982.
- . *Resources, Values, and Development*. Cambridge: Harvard University Press, 1984.
- . *Commodities and Capabilities*. New York: North-Holland, 1985.
- . *On Ethics and Economics*. New York: Basil Blackwell, 1987.
- . "The Concept of Development." In *Handbook of Development Economics*. Volume 1. Ed. H. Chenery and T. N. Srinivasan. New York: North-Holland, 1988.
- Singer, H. W. "The Mechanics of Economic Development." *Indian Economic Review*. Reprinted in *The Economics of Underdevelopment*. Ed. A. N. Agarwala and A. P. Singh. Oxford: Oxford University Press, 1952.
- Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations*. 1776. Reprinted Oxford: Clarendon Press, 1976.
- Streeten, P. et al. *First Things First: Meeting Basic Needs in Developing Countries*. Oxford: Oxford University Press, 1981.
- Studenski, P. *The Income of Nations*. Parts 1 and 2. New York: New York University Press, 1958.
- Tawney, R. H. *Religion and the Rise of Capitalism*. Gloucester, Mass., Peter Smith, 1962.
- Train, Kenneth. *Optimal Regulation*. Cambridge: The MIT Press, 1992.
- World Bank. *World Development Report*. Oxford: Oxford University Press, 1986.
- . *World Development Report*. Oxford: Oxford University Press, 1990.