

**ECONOMICS AND THE COMMON GOOD**

*Pins, Pies, Leaky Buckets and Other Things.*

Stefano Zamagni<sup>1</sup>

"One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head ... I have seen a small manufactory of this kind where ten men only were employed ... they could ... make among them ... forty-eight thousand pins in a day. But if they had all wrought separately and independently ... they certainly could not each of them have made twenty" (Smith, Book I.1.3.)

These very well known verbal photographs, snapped and commented by Adam Smith in the late 1700s, summarize a primary traditional theme regarding economics and community interest: working in a specialized and coordinated manner permits the members of an economic system to obtain a much greater overall product yield.

A second important theme of community interest is fairness, which is associated with the image of cutting a pie into slices of varying sizes. Beyond contractual terms and individual appetites, it is right that one who has labored receive a proper compensation, and that, whatever else, no one be left to languish in indigence (because it may befall any of us at one time or another.)

A third theme bridges the first two: fairness may have an efficiency cost. The classic image of the leaky bucket corresponds to this third theme. Adopting the image for our purposes, yes, it is possible to increase the amount of water in someone's *bucket* who has little by drawing from someone else's who has plenty, but part of the water will be lost in the process. The reason is not only that redistribution incurs costly administrative procedures, but that it also runs the risk of removing the incentive for people to remain occupied and provide for themselves. It is primarily these three themes to which an orthodox economist would refer if one were to ask her to talk about "economics and the common good." At the same time, however, she would turn up her nose a little at the expression "*common good*", once cherished by the Greek philosophers and later in the social doctrine of the Church<sup>2</sup>, defining it as vague and foreign to the tradition of her science.

Frequently differences in language conceal differences in the perception of underlying phenomena. So it is in this case. In "*The Economics of the Common Good*" Stefano Zamagni openly confronts these differences—which are primarily philosophical—not by defending himself, but rather, as is his nature, by going on the attack. And with good reason!

In the mindset of the majority of experts, as well as of many other citizens, what is at stake in economic life is only that blessed *pie*, composed of food, clothing, appliances, cinema tickets or haircuts. And, as we all know very well, you cannot use what I eat or wear, and thus at any given

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1 Stefano Zamagni, *L'economia del bene comune ("The Economics of the Common Good")*, Città Nuova, Roma, 2007. Translation by N. Michael Brennen, <[michael@michaelbrennen.com](mailto:michael@michaelbrennen.com)>, December 2009; any errors in translation are my own.

2 Translator's note: the Roman Catholic Church.

time either I am sitting in the cinema seat or barber chair or you are. In other words, my consumption (and thus the benefit or *utility* that I gain) is mine, and your consumption is yours.

The underlying idea of a society is a collection of individuals, each of whom has the goal of obtaining the biggest possible slice, which each will then consume for himself or herself (somewhat as sparrows do with bread crumbs that are too big to be swallowed immediately.)

Which idea of the total good of a community best fits such a vision? Without a doubt, Zamagni suggests, the idea of *total utility* proposed in its day by the supporters of utilitarianism: we begin with the satisfaction, or *utility*, that each receives from her *basket* of goods, that we then sum over all citizens. The objective of society, according to this vision, is the greatest *total utility* possible.

But who measures *utility*? And how does one compare one's utility with that of another? For this the practice, less theoretically founded but more immediate, is to refer to GDP, or the total value of goods produced (a concept that is similar to the size of the pie.) Those who are sensitive to matters of fairness can take into account, beyond the GDP, a few indicators of equality/inequality, such as the Gini coefficient (Gini) to evaluate various alternatives.

The limit of this vision of things—Zamagni tells us in his book—is the separateness that exists between my and your consumption (or rather, between that which would ultimately truly matter respectively for me and for you). To overcome this separateness it is not enough simply to be aware that there exist public goods, such as a park or street lights, that I can enjoy without infringing on your ability to enjoy them equally well. Much more is needed to make our paths cross. To clarify, why is it said today that a person is fulfilled through their work? And why do we fear (even if exaggerated) that someone who does not have a professional position cannot be equally fulfilled? The reason is that, if all goes well, such a position provides to one who occupies it, beyond the salary that will translate into food or haircuts, intangible assets that have value to us: the opportunity to put oneself to the test and to develop a recognized professionalism, to learn new things and to create a network of relationships outside close family, and to have an integrated role in an organization that is recognized by colleagues, vendors and clients. In all this others have a crucial role: they are the ones who acknowledge and witness our progress or our competence, who accept us as part of an organization or a social network, who supply information that we make our own, and who express appreciation or thanks. Be aware, however, that this is not about the usual exchange discussed in introductory economics texts in which another trades to me the vegetables he has grown, while I trade to him the game I have caught. In addition to the examples I mentioned above, all typical of life in productive organizations, one could add many more examples regarding private life or consumption. It is the other who observes the clothes we wear (admiring, despising, or simply accepting them), or who makes it more interesting to go to the cinema (or, even if we cannot go together, it is still important to be able to discuss it with someone else); it is the other who populates the parties or the living rooms where we regularly socialize, with whom we chat in the doorway or when the kids' school lets out, with whom we unite our voices in the harmonies in a chorus, and so forth.

All these roles that we play out before each other go well beyond simply being "pastry chef colleagues" in the preparation of the big pie, or rivals in the division of the pie itself. We compare ourselves to others, we form or modify our preferences and our lifestyles in contact with others, we share basic experiences for our personal growth (scholastic, professional, associational, etc.) with others, and with others we enter into reciprocal relationships (a form of interaction that is too often forgotten in favor of one of exchange, and that is much more

engaging than the latter for those so engaged), and hopefully we even form true and lasting friendships.

How then, if our lives influence each other, if we reciprocally pattern our lives after each other, if our lives pervasively intertwine, how can one think to ideally measure the collective good by summing up in some way the value that each one individually attributes to the consumption of his or her slice? In some way it will also be necessary to account for elements that bind us together, of which the foremost are the quality of intersubjective relationships in which we are immersed and the shared meanings that can enrich the life of a workplace or an experience in relationship.

This observation opens room for the imprecise but rich notion of "common good", a notion that underscores the profound and multi-faceted interdependence among the courses of individual lives. "In the common good the advantage that each one derives from the fact of being part of a certain community cannot be neatly separated from the advantage that others derive as well. It is as if to say that the interests of each one is fulfilled *together* with those of others, not at all *against ... or apart from* the interests of others" (Zamagni 207.)

The pervasive intertwining of our lives with those of many other of our fellow citizens is a matter of fact, whether we like it or not. Recognizing this, rather than relegating it among the details that can be obscured by a scientific view of social reality, permits the great potential it holds to be emphasized, if we are prepared to openly and constructively place interpersonal relationships in play.

In this regard we read, "I need the other to discover that it is worth it not only that I take care of myself, but that I flourish ... But the other also needs me to recognize him or her as someone that should flourish as well. ... The novel resource that I can make available to the one before me is the capacity to recognize his or her value in life, which is a resource that cannot be produced if it is not shared" (Zamagni 42.)

Certainly it is not possible that I can interact thusly with all my fellow citizens; rather, in many instances I will never even know their names. However, the face to face intersubjective relationship experienced with some can be projected, with necessary adaptations, even to those that I do not know, such that I feel solidarity with them. It is in this manner that the idea of the common good can extend to the entire society and become a fundamental economic and political category. The adjective *political* is intentional, as the book also touches at several points on this aspect of social life that presents significant similarities to the economic aspect. In politics as well there is a school of thought that sees the interaction between the various subjects as an attempt on the part of each one to make his or her interests or preferences prevail, and that imagines that these interests are already given or predefined, as if they were inscribed in each individual's identity. In this vision democracy is nothing more than a process of weighing the relative strength of the vying parties—somewhat like how in negotiations between vendor and buyer the price is determined on the basis of the contractual strength of the two parties. Against this vision, grounded in division, the author vigorously proposes the idea of "deliberative democracy" as a process in which each one prepares him- or herself to state his or her initial preferences and to change them on the basis of sound reasons proposed by others. Zamagni observes that in a political dynamic inspired by the principle of the common good the various parties pursue a common goal, i.e. the good of society, even if they naturally have different evaluations regarding the priority of the elements that make it up, as well as the best way to accomplish the agreed-on goals.

Drawing from the ten chapters of the book there would be much more to add, for example regarding globalization, corporate social responsibility and social entrepreneurship, but it is time to close. I would like to do so by touching briefly on a consideration that we find in the second chapter, addressed to the youth: they will not find the happiness they desire in the quest for the traditional sorts of goods. For the generation that preceded them, or the one prior, material goods comprised hard-won gains at the very least; that notwithstanding, according to every study on the subject, the bond between goods and happiness proved to be quite weak for them as well. Just imagine what that relation must be for the current generation, which having always had a relative abundance and having thus already lost the illusion that such goods are sufficient to fulfill one's life, yet lives in the constant fear of losing them! From here forward the invitation to break that bond is this: extending one's horizon to the non-material dimensions of *well-being* that we have discussed so far, particularly within a project of human development carried out in educating about the common good, can become a most engaging and rewarding challenge.

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