

A 4. HOW SHOULD SOCIAL AND ECONOMIC PROBLEMS BE ANALYZED ?
MY ANALYTICAL APPROACH: H B I L P S T R

Over the years people who study human individuals, groups, and societies behaviors gave up trying to study anything as part of its complex setting and focussed instead upon some limited aspect of the subject. That way they thought that they learned a lot more about a lot less by abstracting from its complex setting. The scholarly world is now a world of narrow specialties. This has some advantages & some serious disadvantages about which little is done. The trouble is that any society is a functioning whole. and any aspect of it, such as any individual or group behavior, or any social or economic problem or accomplishment, needs to be understood as part of that functioning whole and not as an isolated phenomenon that can be understood in isolation.

HBILPSTR is the acronym for a suggested analytical framework to use in any study which needs to consider its subject in the complex social framework of which the subject is a part. The framework & this short discussion of the relations among its parts and their relative importance and interaction is of course mine. Those who do not find it satisfactory should develop their own alternative.

HBILPSTR

H= HUMANS: Populations act as individuals & as groups (businesses, governments, other) (all with various abilities & powers)

on the basis of

B= BELIEFS: Emotionally held ideas (what is), & Values (what ought to be), (both largely inherited or acquired from others)

through

I= INSTITUTIONS: the inherited social order

under temporary

L= LEADERSHIP: in all fields

attempting to carry out

P= POLICIES: of all kinds

to deal with the current

S= SITUATION

by employing available

T= TECHNOLOGY

with possibly intended and unintended

R= RESULTS:

consequences that alter the situation for individuals, groups,
& the natural environment's resources & processes.

It is of course very important that all of the above (HBILPSTR) be very appropriate for the current situation at all times, the situation including the conditions of individuals, groups, and the natural environment.

In the long run the important results for the natural environment cannot be overemphasized, because we depend upon it not only for natural resources but also for our very life support system.

Each of the 8 factors in the above framework has a momentum that resists change over time, but each also has an independent internal tendency to change some over time that affects the other factors, and is in turn affected by their independent or dependent changes.

My contention is that the B (system of beliefs which can be called an ideology) is what matters most in determining what actions are taken or not taken by individuals, groups and societies. At any time each individual has a system of beliefs (probably only partly defensible or even consistent) partly unique & partly shared by most others in the groups & culture of which the individual is a part. Beliefs pertain to the nature of reality, to what is and how it works, to what causes what, to what is good, what is bad, what would be better and what should be done to make things better. So beliefs pertain to what is and what ought to be. They govern attitudes that determine actions with regard to the other 7 factors by individuals, groups and societies.

It is beliefs (ideology) largely shared in a society that determines its attitudes & often action toward its own & other peoples, its own & other belief systems, its own & other leadership, its current & other policies, its own & others' situations, its own & others' technologies, & reactions to results.

With respect to possibly needed changes in a society, we need to ask whether the society's belief system (ideology) blocks them, sees the need correctly, or fosters them. This applies to (1) their entire populations and their abilities or those of their businesses or governments or other groups (2) their belief systems or parts of them, (3) their institutions (4) their leadership (5) their policies (6) their situation in all its aspects (6) their technologies and (7) the results.

For example, beliefs determine a society's openness to new technologies and the vigor in trying to develop new ones. Similarly for institutional change. Does its ideology prevent it? Does it correctly identify the institutions that have various degrees of responsibility for progress or for problems as the situation changes? Does it promote adaptability of institutions to change of a suitable sort when that is desirable or necessary?

There are ideas as to the nature of the situation, and evaluations of the relative desirabilities or undesirabilities of its various features. Are people open to evidence as to what created the situations, and what would correct them in desirable ways? What sorts of leadership do people welcome or

reject, and what sorts of policies will they support to deal with different situations? Much depends on people's beliefs, their ideology. It basically determines all the actions of individuals and groups including their reactions to everything.

Presumably those actions are guided by the values they believe in, and the ideas they have relevant to the pursuit of those values in any existent situation. Sometimes actions are guided by merely momentary values, but more basic values guide them over the long run.

Another aspect of people's belief system is very important, and to see that we must look directly at individuals. Various kinds and degrees of emotional attachments to their many values and to many of their other ideas are evidenced in people's attitudes and behavior. Emotions always count. They are most obvious when they swamp reason & lead to irrational behavior.

People's ideas and resulting actions have the main responsibility, therefore, for both their accomplishments and the problems they have created and not resolved. This applies at both the individual and the society levels. Their problems will not be tackled effectively without some changes in ideas and actions, for both bear primary responsibility for the problems. Whatever else may be required to tackle the problems, some ideas and some actions need to change. Which ideas or values, and which actions need to change and the respects in which they need to change in any situation is what requires investigation. There is normally some degree of emotional resistance to changing ideas or values.

Institutions are ways of acting socially, and some must change to solve social problems & some must be stable to conserve accomplishments.

My contention is that, although some intermediate values may be subjective and inappropriate to people's well-being, all human values need to be objectively related to human well-being. Even culturally determined values need to be judged that way. The human task is that of learning--learning the nature of situations and acquiring wisdom as to everything entailed in promoting human well-being, and learning the relative merits of different means toward that end in different situations. Much attention needs to be given to people's emotionally charged ideas bearing on how socio-economic institutions do & should handle various situations

Science is accepted as one of the best ways to explain reality in many respects, including the way society works and the results of different actions. Social science attempts to explain human social behavior by theoretical analysis rather than simply describing it empirically, and is not an attempt to state what it ought to be. But simply explaining behavior, in effect, justifies it for many people.

Too many factors actually influence human behavior, in individuals and in groups. Yet most social science disciplines confine explanations of anything they study to a few factors they select as most important and neglect everything else, though those omitted factors are sometimes important too. Economics thinks of itself as the best of the social sciences and the one most needed to give good policy advice since all governmental policies have an economic dimension. It also narrows its view to a small number of factors in order to explain a lot in simple models, preferably mathematizable, to make generalizations it considers to be universally applicable. But these can also oversimplify and so seriously mislead in dealing with the real world, especially when different cultures are involved. It now typically excludes much that can be very important in each culture including our own. It tried to omit any consideration of human psychology, but often implicitly assumes a naive view of it. It makes bold pronouncements as to what is alone rational, and judges everything by how efficient it is without reference to what objectives are being efficiently or inefficiently pursued. Yet that is all-important (Hitler's holocaust might have been judged an efficient policy, given its objectives), but ethical considerations are not even mentioned in economics now, though very significant in every economic policy decision and much individual behavior is influenced by ethical as well as self-interest considerations. (There are some things most people would not do even if they could make a better income that way.) As a social scientist specializing in economics, I think the most important factors requiring study in any social discipline are emotionally held belief systems (ideologies including human values & ethics), institutions and power factors, none of which are prominent in many economic models.

Can economics as a social science handle all that HBILPSTR requires? It should try more frequently. Economics explains how people "should act" to get whatever they happen to want (use the marginal principle), and defines this as the only way to act rationally, but the discipline pays little attention to the very extensive use of resources by business to try to influence those wants.

People all want whatever they happen (under various influences) to want, but they also inevitably want to promote their own well-being. Economics ought to include an analysis of how best to promote their own well-being and society's. That would involve an understanding of the realities that determine the consequences of human choices and decisions, since we cannot act at will & choose consequences just to suit ourselves. Human well-being depends upon how well human decisions harmonize with those realities that determine consequences. When well-being is the objective, such harmonization is the only rational means. Economics is the science of the rational means to pursue given ends. If the end of human societies ought to

be the promotion of human well-being (and what else would make sense?), it should seek to learn and expound the ways to harmonize our creativities with the reality that determines the consequences of various choices of actions.

Our ideologies include both ideas about reality and ideas about values & ethics, but are not always right about either or about their relation to each other. Errors in these respects may not conduce to human well-being. Economics would be more helpful if it grappled with the problems of how in each culture to best promote human well-being, a more important human objective everywhere than dealing only with the objective of satisfying merely temporary wants, some even manipulated. Most humans are concerned not just with their own well-being but with that of relatives and friends, with groups they belong to that are important to them (including their country), and with the principles and values that are dear to them. That is their “social self” they want to serve, which may sometimes not be as broad as it should be for their own and society’s sake.

Between any two individuals and between any two groups there are many potential conflicts and many potential mutually beneficial human relationships. It is only rational to choose to develop the latter rather than the former whenever possible. So it seems to me that the nature of social reality is such that rational choices are also normally highly ethical.

This brings us to problems arising out of alternative distributions of human well-being. Modern economics has tried to dodge inter-personal comparisons even in promoting want fulfillment, but the magnitudes of gains from Pareto optimality are relatively trivial. There are many ethical questions on which different informed judgments are inevitable, but a broad consensus is often possible on many big distributional issues. These should be clarified and discussed, not dodged as though irrelevant. They are very important, whether they cost much more or less than alternatives.

It seems to me there would be a broad consensus on the objective of providing, insofar as possible, fair and ample opportunities for everyone to develop their fine human potentials. It is difficult to find a defensible basis for denying this to anyone or to any group of humans. “Fine” is a “weasel word” but humans know who they regard as a fine person and who they cannot. They know who they would like to be as good as and who they are glad they are not like. Struggling over a “fine” definition is not necessary. A fine person tries to harmonize their creativities with others insofar as possible rather than exploiting others simply for their own gain.

Yet economic rationality, by concentrating on personal want satisfaction & ignoring all other human values, in effect supports a “smart guy” ethic: it

is smart to get all the want satisfaction one can without giving up any more than one has to give up to get it, maximize net gain to oneself & disregard the effects on everyone else. This is subversive of every valuable human relationship as well as of business productivity. If all labor got away with everything it could just to get the paycheck or possible advancement over others, there could not be enough management overseers to make them highly productive instead. Indeed management would have the same motive & would, as some did recently, rip off whomever they could for their own benefit. Outside the business world, a friendship does not last if either friend discovers the other is exploiting friendship simply for their own gain. No potentially fine marriage will last if either marital partner seeks to maximize net gain out of the marriage.

So in all social relationships including economic relationships, in inter-group relationships, in interpersonal relationships, what social policy needs to focus upon is the possibility of exploitation that is always possible where power in any form is unequal, if some people's belief system permits exploitation. Social policy should always develop legal and other institutions to protect against exploitation of the weaker by the stronger. There has normally been a general consensus on that principle. No social policy can protect sufficiently, so individual conscience is still important as well as some private group help as well.

In practice, the world never does as well in that regard as it could, and usually the powerful rule the roost to too large an extent. Economics seems to be blithely unaware of the issue and tries to leave all such considerations to others, thus making many of its policy pronouncements either irrelevant or misleading if acted upon as though the issue was not critical. Students should open their eyes and study the whole social problem as well as they can, whatever courses they take to help them.

Abstract economic models are great for developing rigorous logical thinking, but no one can by rigorous logic conclude that what works in any highly abstract model will work that way in the much more complex real world. For example, no one who does not know and take into account the complex facts about poverty in this country is qualified to formulate policies appropriate to dealing with it well. The economics needed to deal with real problems must be a real social science not just a simple model science or a mathematical science.

Harlan M. Smith