

## Foreword

All human activities aim to satisfy our needs and desires, and since many of those activities are economic, they are of great interest to economists. But economic activities and economic theory do not span the full range of our wants and desires--a fact to which most present-day economists pay too little attention. As our economic models have grown more rigorous and elegant, we have grown ever more forgetful of the fact that the wants economic activity satisfies are not the only motivating source of human activity.

Economists have not always been so single-minded. Two hundred years ago, economics and psychology were branches of philosophy and shared common insights into human desires and behavior. The classical economists of the 19<sup>th</sup> century were quite close to those origins and often had complex understanding of human nature. John Stuart Mill and Karl Marx were two important if very different examples. In the 20<sup>th</sup> century, Alfred Marshall pointed out, and criticized fellow economists for not noticing, that human activity not only aims to produce goods and services that satisfy wants but is also pursued for its own sake, mentioning literature, science, and travel as examples; and Keynes added businessmen's "animal spirits" as their spontaneous urge to take the bother and risk of innovating action. A. C. Pigou was yet another economist to stress that economics welfare is just a subset of human welfare, the only one that can be brought in relation with the measuring rod of money.

Those important reminders of the limits of economic motivation by earlier generations of economists were all but forgotten by my generation of the profession. Increasingly overwhelmed by the elegance of the mathematical formulation of economic theory, many of us were easily tempted to overlook the gap between that beautiful theory and the much more complex and imperfect reality. Instead of analyzing human needs and activities we tended to rely exclusively on revealed preference--people's desire for services and material goods as revealed by their actions in the marketplace. The theoretical structure erected on that narrow foundation left out many sources, aspects, and problems of human welfare, yet the way economics taught gave the impression that we learned all that mattered, because all important sources of satisfaction went through markets and competitive markets were the best means for harmonizing desires and availabilities.

My first problem with economic theory when I learned it in London during the great depression of the 1930s was its inability to explain and deal with unemployment; yet we students often watched labor demonstrations that protested the almost 20 percent rate of unemployment of that time.

My second concern in those days was how to relate economic institutions, activities, and policies to human welfare. Thirty years later, when our economy reached unprecedented and uninterrupted prosperity, with negligible homelessness, low unemployment, and ever-rising incomes, I came upon yet a third problem economists ignored but ought to have been aware of--the insufficiency of money and what it can buy for providing a full, interesting, and enjoyable life.

I tried to deal with all three but especially the last two, and I am glad that their importance, too long neglected, is at last getting increasingly recognized, as shown by the first two volumes in this valuable and provocative series on Frontier Issues in Economic Thought. The editors of the series and I appear to be traveling in opposite directions in time, in that they have moved from my later to my earlier topics of research. My latest work deals with the implications of human psychology for economics. That and many related subjects of consumer behavior, motivation, and the process of consumption are addressed in *The Consumer Society*, the predecessor to this volume.

My early work dealt with problems of welfare economics, the place of economic welfare in human welfare, and with whether an economic change can be said to alter society's well-being in the same direction, and, if so, when and in what limited sense. The results of that work were frustratingly limited; but that in itself was an important result. One response to the difficult dilemmas of welfare economics has been to narrow the inquiry to mechanically applying cost-benefit analysis to matters of public policy. A better response is to broaden the inquiry to encompass related philosophical questions about the purpose of economic activity and the context within which it should be evaluated. I very much hope that the new explorations at the frontiers of economics and philosophy introduced in this volume will close and restore the connection between the two disciplines that existed some two hundred years ago, at the dawn of modern economics.

I want to congratulate Tufts University's Global Development And Environment Institute for managing to review and assemble so diverse a body of literature in such a compact and accessible form. The unique format of mid-length summaries (longer than abstracts, shorter than the full texts) of all the relevant articles should enable readers interested in exploring the frontiers of economics to cover that no-man's land easily and provide serious students of the field with a quick overview to help them seek out the most helpful originals in areas of their particular interest. I look forward with curiosity and interest to future volumes in this series.

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