

## **The Economics of Compassion**

In a world of 24-hour news cycles, nonstop political campaigns, and persistent public policy failures, it's easy to lose perspective. But a new dayâ€”or a new yearâ€”offers new hope, so let's pause to ask who and what makes this world a better place.

Economists see great value in people trading their services and goods. When two parties make free exchanges, both believe they will gain from the action. So, when such exchanges are blocked by monopolists, dictators, or bad laws, collective welfare is reduced.

But isn't it a bit of a stretch to argue that the good life is obtained exclusively or even mainly by market trade or proper government regulation and taxation of such markets? It's not so much that self-seeking people sometimes don't play the game fairly and might cheat, lie, steal, create Ponzi schemes, sell inferior products, collude, or market falsely. It's that they don't fully realize their potential for doing good.

Here, almost all religions are united in promoting one virtue that makes us more fully alive and the world a better place: compassion. The golden rule expounded by everyone from Confucius to Buddha to Jesus to Hillel bids us to treat others as we would be treated.

I would add a corollary to that rule of old, one that attempts to prove in economic terms that self-seeking is not enough:

*We have the power to help others far more than ourselves.*

The golden rule needs to be seen as more than a matter of belief. The moral compulsion to follow it is driven by our species' fundamental, even biological, drive to survive and regenerate and, uniquely, to build and improve. If one could quantify this moral imperative, it's that if you do good for me and I do good for you, we will multiply the combined good achievable when we try to do good only for ourselves.

The evidence is obvious, once you reflect on it. What's the most important event of my life or yours? Isn't it that we were born? What influence did each of us have on that event? Absolutely none. Fundamentally, we don't deserve life because of our own actions; it is a pure gift. Yet, we can and do participate in the birth of other people, ideas and memories, events and institutionsâ€”all of which have lives of their own. Isn't our power to participate in the miracle of birthing greater for others than for ourselves?

Or take the other end of the life cycle. How much domain do we have over death? Perhaps we can delay or speed up our own day of destiny, but that's about the extent of our control over our situation. Even then, each of us has but one life. But when it comes to others, we have much more power, and much more than our ancestors did. Recent wars, terrors, and acts of violence make it clear that almost any of us can easily kill many people and destroy many lives. But the flip side of recognizing this power to do evil is also worthy of note. We have an equal, perhaps greater, power to do immense good. We touch on thousands of people over the course of our lives. And many of us lucky enough to live in this time and place have the wherewithal needed to save or improve the lives of many people.

Think now about the countless problems that we let get to us day after day. For most of us, hardly a day goes by when we do not want someone else to extend to us some love, job, promotion, access, favor, or simple recognitionâ€”or, in the case of government, to enact the policies that we favor. But waiting for others to do something for us can be debilitating, occupying time better spent elsewhere. And when we become too absorbed in what we want from others, we can't see the consequences of our actions and inactions or really hear others and respond to their needs.

While we can't easily change what others are inclined to do for us, we can change our own behavior toward them. Anyone who has ever raised children quickly learns how little control we have over them, compared to ourselves.

At this time of year, therefore, my thoughts and thanks go out more than ever to all of you who partake in the birthing and rebirthing of a better world.

