

## What is evolutionary welfare?

### Some steps towards an evolutionary theory of economic welfare

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#### **Abstract**

A necessary precondition for establishing an evolutionary welfare economics is the development of a concise concept of evolutionary welfare as such. Current approaches trying to build an evolutionary welfare economics inherently suffer from a vague or limited understanding of welfare restricting the scope and applicability of these approaches. This paper argues that a clarified conception of evolutionary welfare might aid in synthesizing existing contributions to evolutionary welfare economics under a common umbrella and allows for the derivation of basic policy implications.

Evolutionary economics focused hitherto on innovation and education as central streams of economic welfare, of course reflected by its research agenda of the last decades. The former block investigates traditionally the emergence, maintenance and exit of technological trajectories, industry life-cycles or innovative capacities of the economy in general. Evolutionary welfare looks through the lens of the entrepreneur to this extent. The central welfare question – within this realm – concerns the institutional mix between private and public sector animation for innovative change then, i.e. the question of demand-pull or supply push. However, even improved production leading to innovation faces social and ecological costs, a real-world problem often left aside and externalized. The latter block characterizes welfare as a criterion of social learning and cultural transmission of knowledge. This realm of evolutionary economics suggests focusing on institutional change, where welfare and the future of next generations gets sequentially negotiated. Still, in both realms, it is not clear what normative positions shall get pursued without dealing too much harm to the intended research consistency of evolutionary economics?

Recently, evolutionary economists sharpened the perspective on welfare from two new sides. First, there is a tendency to discuss welfare from the perspective of dynamic well-being, happiness and capabilities. This aspect confronts welfare via endogenous preference change, i.e. preference learning. It is heading for a welfare economics of consumption, carrying the idea of learning to consume. Arguments include also that institutions build up inertia prohibiting creative ideas of well-being and that established institutions are committed to guarantee systemic stability for life-plans, i.e. preference trajectories. Otherwise evolutionary economists do not only emphasize the individual well-being but also the well-being of communities. In this context the notion of morality and evolution of cooperation plays an important role.

In absence of a coherent framework/taxonomy for evolutionary welfare, evolutionary economics tends to lose control over one of the most important economic topics, in presence of a variety of urgent global political challenges. In consequence we suggest following the roots of evolutionary thought and work out coordinates of evolutionary welfare with regards to mutation, selection and retention in a very basic fashion. This idea might seem as arbitrary as any other approach or, even worse, be interpreted as a result of mere fandom proposed by some evolutionary groupies. Thus, we will offer four main reasons for adopting an evolutionary perspective when it comes to evaluating human welfare.

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First, criteria for the evaluation of human-welfare should be time-invariant insofar as they should be applicable to different historical periods and specific institutional settings. In a constantly changing world with successively evolving societies, dimensions of human welfare need to represent dynamic concepts applicable to different constellations. Since evolutionary mechanisms inherently provide such a dynamic perspective, they seem to be a promising candidate for identifying general traits of human welfare.

Second, an evolutionary perspective, and especially characteristic for the notion of mutation, allows for the incorporation of active agents introducing novelty, instead of being conceptualized as a mere (and notoriously passive) slave of one's preferences. Additionally, such a perspective aligns well with the concept of capabilities.

Third, and more specifically related to evolutionary economics, an evolutionary approach allows for an emphasis on the relations and associations between individual entities and the world. Thereby, it is possible to address also welfare aspects located on the meso-level of basic social networks, including bonding (family and friends) and bridging relations (business).

The fourth argument relates to internal logic of human evolution. If we suppose evolution to have been at work for some time in human and pre-human history, it would seem safe to assume that those things, which are beneficial in evolutionary terms, also cause contentment within us. In other words we argue that the individual degree of contentment depends on how well we succeed in terms of reproductive survival.

In consequence we propose a map where evolutionary welfare appears under multilevel causality and becomes a continuous process of mutation, selection and retention. Humans create, keep-fit and preserve themselves, others and the world. Within such a taxonomy we are able to synthesize, integrate and compare prevalent attempts to evolutionary welfare with the help of an evolutionary welfare matrix. The article shall also identify basic policy implications with the principle of Maximin, including community, private and public sector dimensions. In this respect we refer to the institutionalist method and argue for a heuristic, algorithmic and pragmatist approach to welfare and social choice correspondingly; in deep contrast to traditional economic optimization mechanisms of social welfare, i.e. utilitarian and contractarian approaches. We are looking forward to deriving an evolutionary welfare taxonomy for naturally and socially embedded humans.