

Advance Australia fairly (Part 1)

By Tom Orren

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[Tom Orren](#) begins his three-part series into how the laws of economics could help us create a fair society, nation and world.

FIRST OF ALL, I'm an economist. Wait! Please don't go. I know you've heard some bad things about us, but just hear me out.

A lot of people think that us economists are only interested in making profits... even if it means ruining the planet. Wrong.

Business is about making profits — economics is for the good of all. They are not the same thing. For a start, economics means "good housekeeping" and it's not good housekeeping to ruin the house you live in.

Great truths must synchronise – like physics and cosmology – and in its own way, economics is no different. It must work hand in hand with the laws of nature, not against them. And we all know what happens if we break those, yet scientists mock us. They say that economics isn't a "real" science and they even

make jokes about it. My favourite is: "They use the same questions for economics exams every year. They just change the answers". That only shows that they don't really understand what economics is.

The variables of economics cannot be isolated in a lab like some fruit fly or bacteria. Economics involves complex human systems that have to be modelled and it's hard to get all the variables right, let alone their interrelationships. Climate scientists are only now realising how hard that can be, but they don't have to deal with people. Humans make everything more complicated. While scientists can be content describing *what is?* economists have to deal with complex questions like *what should be?* and they're a different kettle of fish.

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— Wayne Swan (@SwannyQLD)
[February 20, 2018](#)

That fact is that economics is a lot harder than many scientists think, but it has managed to get some things right. It's no accident that Australia is heading into its 27th straight year of [economic growth](#).

The main goal of economics is to satisfy the greatest number of wants with the minimum number of resources. In other words, to get things done more efficiently. That says it all. Economics isn't about wasting, destroying or polluting resources, it's about conserving them. No real economist would say that we should plough through resources like there's no tomorrow because that wouldn't be efficient. Nor would it obey the laws of nature. They'd say that we need to protect our atmosphere, our water, our soil and our ecosystems.

So it's not economics that's ruining the environment, it's some businesses – especially big businesses – which, increasingly, seem to be isolating themselves from both the environment and humanity. Any economist worth their salt should be trying to stop the damage being done by big businesses, but for some reason society, or rather politics, keeps letting them do it.

The environment is not the only area in which economics and the laws of nature agree. There are also the laws of human nature – how people should treat each other – specifically, the law of fairness. Economics aims to create societies that are good for everyone, not just some.

It's not a question of whether we should obey the natural law of fairness. It's what happens to us if we don't.

While economics says that more equal societies function better than less equal ones, we've found that many individuals in society disagree. They want to replace the law of fairness with the law of the jungle and, as a result,

unfairness is on the rise. At least there are some human laws to limit environmental pollution and vandalism, but there are very few to prevent people from being unfair to one another.

Yet we humans have an [instinctive dislike](#) of unfairness. It's in our DNA. Have you ever heard of [mirror neurons](#)? We all have them. They make us feel empathy, so when we see others being hurt or mistreated, we feel their suffering — even in movies or sport. What's more, feeling empathy makes us want to help those who are suffering and helping them may actually help us by [lengthening the telomeres](#) that bind our genes together.

Being fair should be important to us as individuals, but it's even more important for the proper functioning of human groups — all types, in all sectors, on all levels and at all scales, from couples to tribes, right up to nations. It's not a question of whether we should obey the natural law of fairness. It's what happens to us if we don't.

The trouble is that our empathy gene seems to be paired with a fundamental flaw in us: an inability to perceive our own unfairness. We all see ourselves as more fair than everyone else, so we end up with as many different versions of fair (and unfair) as there are people. This causes confusion to no end. A fair wage is different for an employer and an employee, a fair rent is different for a landlord and a tenant, and a fair price is different for a buyer and a seller. Because we can only see fairness from our own perspective as anything that improves our own well-being, unfairness is anything that reduces that well-being.

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— Will Jones (@WJ23A)
[February 10, 2018](#)

As a result, it appears for all the world as if fairness is a zero-sum game, where the only way to maximise our own happiness is to reduce somebody else's. If we want more food, we have to take it from someone else, and so on.

But it doesn't have to be like that, here's why.

Fairness isn't an individual concept. It's a group concept. By definition, it must involve more than one person and the more people there are, the more necessary it is. Tribes everywhere rely on instinctive fairness. They all share, otherwise they wouldn't survive. Sharing is one of the first things we teach our children — it's instinctive. Families everywhere share food and possessions and you can imagine that those who don't end up dysfunctional. When we see fairness from a group perspective, the whole game changes. Then there's only one sum that matters – the group's total wellbeing – and fairness is whatever

maximises it.

Despite this, fairness often gets overlooked in the context of very large groups such as cities, states, nations and the entire globe. Governing bodies forget how important it is to share and the consequences of that everywhere, in poverty, unemployment, disadvantage, homelessness, war and terrorism. For these injustices to exist, someone must be flouting this law of our own human nature. But because it's a law, nobody can escape it. Not for long anyway.

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— Daniel Harvey (@Daniel__Harvey)
[February 22, 2018](#)

What's the first word that springs to mind when you think of a decent society? "Fair", right? A good society is a fair society. It's obvious. Unfair societies are bad and there's a simple reason for that. Whatever form it takes – greed, injustice, discrimination, cruelty or oppression – unfairness always

causes individual suffering, which makes us feel uneasy. Worse still, it becomes discord, which eventually turns into some kind of social backlash. The longer it festers, the worse that backlash will be. Social backlashes are the law of fairness trying to restore equilibrium.

Of course, there will always be some temporary unfairness. That's the nature of life. But fair societies try to even things out so that it doesn't become entrenched. Ignoring it only causes more problems. Families get consumed by jealousy, tribes collapse, students disengage from school and workers go slow, strike or commit sabotage. At a national scale, it triggers protests, civil disobedience, riots and, in extreme cases, leads to civil wars or revolutions. At a global scale, there's war and terrorism.

Nobody can escape the law of fairness. Breaking it always results in some kind of social backlash, but fair societies can avoid them.

There's another law of

economics you might have heard of: the law of [diminishing returns](#). It says that you can have too much of a good thing. The more food you eat, the less extra food you will want because, after a point, you get less and less satisfaction from it. Until it eventually makes you sick. This law applies to everything, even money. Consider how much extra joy an extra thousand dollars would bring to Bill Gates compared to a single mother of three.

American journalist [Richard Heinberg](#) explains the effects of the law of diminishing returns (video via [Post Carbon Institute](#))

The law of diminishing returns tells us that unfairness is when one person has too much of something while somebody else has too little. It also tells us that there's a simple way to fix that imbalance while, at the same time, increasing society's well-being. We simply have to redirect some of those excess assets from those who have too much to those who have too little. It's that simple. But for *Gawd's* sake, don't just come out and say that or

they'll have you committed.

When people who currently have too much hear phrases like "redirect assets", they don't see a fairer world. They see themselves becoming slaves for layabouts, but that's not what it means. Well, it is — kind of. If you just give people handouts they will become lazy, so that's not the answer, but neither is giving some people too much and others too little. The answer lies somewhere in between — in fairness.

If you mention fairness today, those with too much call it "class warfare" or "communism", and they'll call you "anti-success" or just plain "crazy." They like things they way they are, yet nobody can deny the law of fairness because it's a law of nature. Societies work much better when people care about and are fair to each other because that's how we humans were designed.

A society isn't just a cluster of isolated individuals climbing over each other to survive, it's a single

entity – an organism – surviving as one. If it fails, we all fail.

This should go without saying, but if we want better societies then we have to be fair to everyone. Not just to some. We can no more ignore the rest of society than we can ignore our own arms or legs.

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