

ent generation can simply “solve” the problem of meeting its obligations to future generations by causing it to be the case that there aren’t any future generations in the first place. ‘You don’t like boating down the Mall in between the sunken monuments? Well, try not being born at all, and see how you like *that!*’

To this challenge, two responses are possible. The first is simply to assume it away. The human race is *not* going to be deliberately exterminated; there *are* going to continue to be future generations—and so the fact that ending life on earth might be one solution to problems of intergenerational justice has no practical relevance for us in assessing our obligations to future persons.

The second response involves a radically different way altogether of viewing intergenerational justice. MacLean, in *Energy and the Future*, forthcoming from Rowman and Littlefield, proposes that, rather than looking at the rights and interests of future generations, we might do better to look at our own most deeply rooted interests and values. “A better proposal,” he suggests, “is to argue that a concern for posterity is in our own interests—the interests of our-

selves and our contemporaries. . . . Many of the interests we value most are directed not toward our own satisfaction, but toward the world.” We value scientific research, political activism, and cultural monuments for their contributions to making a better world, a world that will endure long after we are gone. “The value of these things requires protecting them and passing them on, and this in turn requires creating an environment where culture and history can continue in ways we like to imagine they will. Alternatively, if we do not value posterity in this way, we undermine the value of these interests in our own lives.”

Landsberg’s statistics about carbon dioxide build-up alarm us not merely because we recognize an obligation to those who come after us, but because so much of what we ourselves value is directed toward the continued existence and flourishing of the human race. We do not want our monuments to be submerged because they are our *monuments*, our legacy to our descendants, the distinctive mark we have made on the universe. It is up to us, the members of the present generation, to see that this legacy is preserved and transmitted.

An Attack on the Social Discount Rate

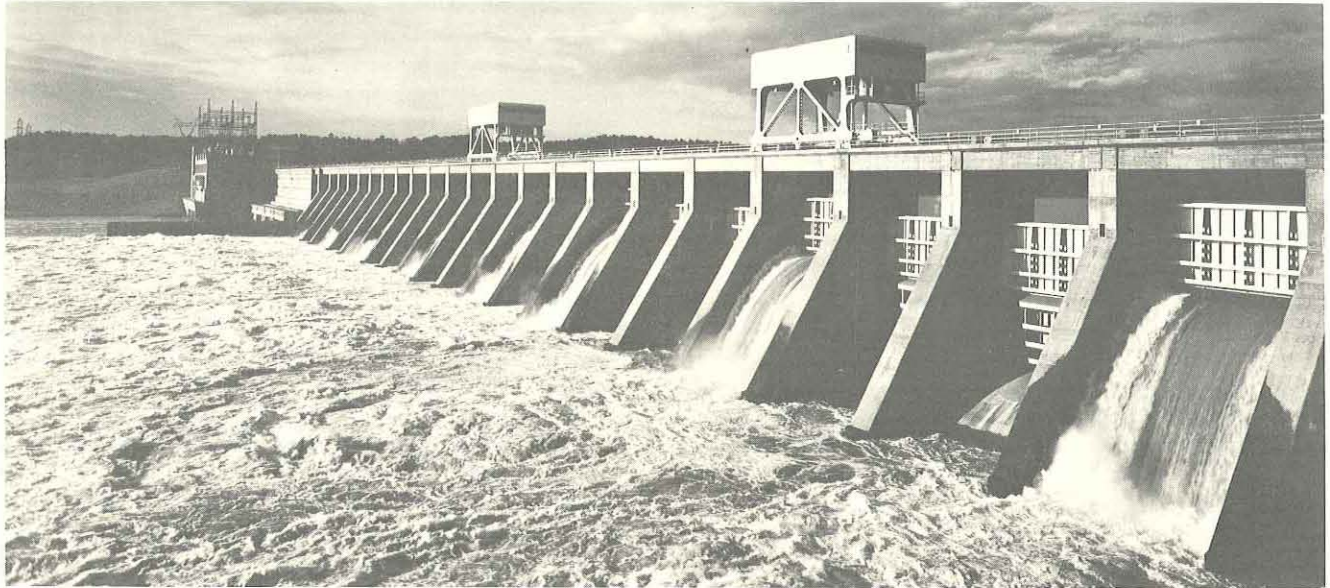
Economists and policymakers are commonly faced with determining when it makes economic sense to invest in large-scale public projects whose investment costs are immediate, but whose benefits return only over a long period of time. In making these decisions, most economists make use of a positive discount rate that diminishes the value of costs and benefits as these occur further in the future—a project is worth undertaking if the discounted value of its benefits is greater than the discounted value of its costs. Reliance on such a discount rate provides one reason for believing that the present generation need not sacrifice on behalf of future generations. In the following abridgement of a portion of his Center working paper, “Energy Policy and the Further Future,” Oxford University philosopher Derek Parfit argues that the social discount rate is unjustified.

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It is now widely believed that, when we are choosing between social policies, we are justified in being less concerned about their more remote effects. All future costs and benefits may be “discounted” at some rate of n percent per year. Unless n is very small, the further future will be heavily discounted. Thus, at a discount rate of 10%, effects on people’s welfare next year count for more than ten times as much as effects in twenty years. At the lower rate of 5%, effects next year count for more than a thousand times as much as effects in 200 years.

Such a “Social Discount Rate” seems to me indefensible. The moral importance of future events does *not* decline at n percent per year. A mere difference in timing is in itself morally neutral. Remoteness in time roughly corresponds with certain other facts, which are morally significant. But since the correlation is so rough, the Discount Rate should be abandoned.

Why was it adopted? I am aware of six arguments.



The choice of a social discount rate for large-scale government projects is often a politically controversial one, since the discount rate used may make a crucial difference in how the costs and benefits total up. Conservationists may argue for a steep discount rate in order to block construction of a proposed dam, whose benefits would be realized only over a long period of time. The same conservationists would choose a low discount rate when what is at issue is the conservation of nonrenewable natural resources for the use of future generations.

(1) The Argument from Probability

It is often claimed that we should discount more remote effects because they are less likely to occur. This confuses two questions: (a) When a prediction applies to the further future, it is less likely to be correct? (b) If some prediction is correct, may we give it less weight because it applies to the further future? The answer to (a) is often "Yes." But this provides no argument for answering "Yes" to (b).

We ought to discount those predictions which are more likely to be false. Call this a "Probabilistic Discount Rate." Predictions about the further future are more likely to be false. So the two kinds of Discount Rate, Temporal and Probabilistic, roughly correlate. But they are quite different. It is therefore a mistake to discount for time *rather than* probability.

One objection is that this misstates our moral view. It makes us claim, not that more remote bad consequences are less likely, but that they are less important. This is not our real view. A greater objection is that the two Discount Rates do not always coincide. Predictions about the further future are not less likely to be true at a rate of n percent per year. When applied to the further future, many predictions are indeed *more* likely to be true. If we discount for time rather than probability, we may thus be led to the wrong conclusions.

(2) The Argument from Opportunity Costs

It is sometimes better to receive a benefit earlier, since this benefit can then be used to produce further benefits. If an investment yields a return next year, this is worth more than the same return ten years later, since the earlier return can be profitably rein-

vested over these ten years. Once we have added in the extra returns from this reinvestment, the total returns over time will be greater. A similar argument covers certain kinds of costs. The delaying of some benefits thus involves "opportunity costs," and vice versa.

This is sometimes thought to justify a Social Discount Rate. But the justification fails, and for the same two reasons. Certain opportunity costs do increase over time. But if we discount for time, rather than simply adding in these extra costs, we will misrepresent our moral reasoning. More important, we can be led astray. Consider those benefits which are not reinvested but consumed. When such benefits are received later, this involves no opportunity costs. Consider this example. If we build a proposed airport, we will destroy some stretch of beautiful countryside. We might try to estimate the benefits that we and our successors would then lose. If we do not build the airport, such benefits would be enjoyed in each future year. At any discount rate, the benefits in later years count for much less than the benefits next year. How could an appeal to opportunity costs justify this? The benefits received next year—our enjoyment of this natural beauty—cannot be profitably reinvested.

Nor can the argument apply to those costs which are merely "consumed." Thus it cannot show that a genetic deformity next year ought to count for ten times as much as a deformity in twenty years. The most that could be claimed is this. Suppose we know that, if we adopt a certain policy, there will be some risk of causing such deformities. We might decide that, for each child so affected, the large sum of k dollars could provide adequate compensation. If we were



going to provide such compensation, the present cost of ensuring this would be much greater for a deformity caused next year. We would now have to set aside almost the full k dollars. A much smaller sum, if set aside and invested now, would yield in twenty years what would then be equivalent to k dollars. This provides one reason for being less concerned now about the deformities we might cause in the further future. But the reason is not that such deformities matter less. The reason is that it would now cost us less to ensure that, when such deformities occur, we would be able to provide compensation. This is a crucial difference.

Suppose we know that we will not in fact provide compensation. This might be so, for instance, if we would not be able to identify those particular deformities that our policy had caused. This removes our reason for being less concerned now about deformities in later years. If we will not pay compensation whenever such deformities occur, it becomes irrelevant that, in the case of later deformities, it *would* be cheaper to ensure now that we *could* pay compensation. But if we have expressed this point by adopting a Social Discount Rate, we may fail to notice that it has become irrelevant. We may be led to assume that, even when there is no compensation, deformities in twenty years matter only a tenth as much as deformities next year.

(3) The Argument that Our Successors Will be Better Off

If we assume that our successors will be better off than us, there are two plausible arguments for discounting the costs and benefits that we give to them. If we are thinking of costs and benefits in a purely monetary sense, we can appeal to diminishing marginal utility. The same increase in wealth generally brings a smaller real benefit—a smaller gain in welfare—to those who are better off. We may also appeal to a principle of distributive justice. An equally great benefit, given to those who are better off, may be claimed to be morally less important.

These two arguments, though good, do not justify a Social Discount Rate. The ground for discounting these future benefits is not that they lie further in the future, but that they will go to people who are better off. Here, as elsewhere, we should say what we mean. And the correlation is again imperfect. Some of our successors may not be better off than us. If they are not, the argument just given fails to apply.

(4) The Argument from Excessive Sacrifice

A typical statement runs: If we did not use a discount rate, any small increase in benefits that extends indefinitely in time could demand any amount of sacrifice in the present, because in time the benefits outweigh the costs.

The same objections apply. If this is why we adopt a Social Discount Rate, we shall be misstating what we believe. Our belief is not that the importance of future benefits steadily declines. It is rather that no genera-

tion can be morally required to make more than certain kinds of sacrifice for the sake of future generations. If this is what we believe, this is what should influence our decisions. If instead we take the belief to justify a Discount Rate, we can be led quite unnecessarily to implausible conclusions. Suppose that, at the same cost to ourselves, we could prevent either a minor catastrophe in the nearer future or a major catastrophe in the further future. Since preventing the major catastrophe would involve no extra cost, the Argument from Excessive Sacrifice fails to apply. But if we take that argument to justify a Discount Rate, we can be led to conclude that it is the major catastrophe that is less worth preventing.

(5) The Argument from Special Relations

According to common sense morality, we ought to give some weight to the interests of strangers. But there are certain people to whose interests we ought to give some priority. These are the people to whom we stand in certain special relations. Thus each person ought to give some priority to his children, parents, pupils, patients, constituents, or his fellow-countrymen.

Such a view naturally applies to the effects of our acts on future generations. Our immediate successors will be our own children. According to common sense, we ought to give to their welfare special weight. We may think the same, though to a reduced degree, about our obligations to our children's children. Such claims might support a new kind of discount rate. We would be discounting here, not for time itself, but for degrees of kinship. But at least these two relations cannot radically diverge. Our grandchildren cannot all be born before all our children. Since the correlation is, here, more secure, we might be tempted to employ a standard Discount Rate.

Here too, this would be unjustified. Applying a Standard Discount Rate, more remote effects always count for less. But a discount rate with respect to kinship should, I believe, level off. When we are comparing the effects of two social policies, perhaps effects on our children ought to concern us more than effects on our grandchildren. But should effects on the fifth generation concern us more than effects on the sixth?

Nor should the rate apply to all kinds of effect. Thus, if our acts may inflict severe harms, the special relations make no moral difference.

(6) The Argument from Democracy

Many people care less about the further future. Some writers claim that, if this is true of most living Americans, the U.S. government ought to employ a Social Discount Rate. If its electorate does care less about the further future, a democratic government ought to do so. Failure to do so would be paternalistic, or authoritarian.

This argument need not be discussed here. We should distinguish two questions. These are: (a) As a community, may we use a Social Discount Rate? Are

we morally justified in being less concerned about the more remote effects of our social policies? (b) If most of our community would answer "Yes" to question (a), ought our government to override this majority view? The Argument from Democracy applies only to question (b). To question (a), it is irrelevant.

Conclusion

I have discussed six arguments for the Social Discount Rate. None succeed. The most that they could justify is the use of such a rate as a crude rule of thumb. But this rule would often go astray. It may often be morally permissible to be less concerned about the more remote effects of our social policies. But this will never be *because* these effects are more remote. Rather it would be because they are less likely to occur, or will be effects on people who are better off

than us, or because it is cheaper now to ensure compensation—or it would be for one of the other reasons I have given. All these different reasons need to be judged separately, on their merits. To bundle them together in a Social Discount Rate is to blind our moral sensibilities.

Remoteness in time roughly correlates with a whole range of morally significant facts. But so does remoteness in space. Those to whom we have the greatest obligations, our own family, often live with us in the same building. Most of our fellow citizens live closer to us than most aliens. But no one suggests that, because there are such correlations, we should adopt a Spatial Discount Rate. No one thinks that we should care less about the long-range effects of our acts, at a rate of n percent per yard. The Temporal Discount Rate is, I believe, as little justified.

Racial Balance in the Military



Courtesy U.S. Army.

This article summarizes a portion of the recent research of Robert K. Fullinwider, Research Associate at the Center for Philosophy and Public Policy. A fuller discussion of Fullinwider's positions on racial balance in the military and on reverse discrimination and affirmative action generally can be found in "The AVF and Racial Imbalance," available from the Center for Philosophy and Public Policy, and The Reverse Discrimination Controversy, published by Rowman and Littlefield.

When the creation of the all-volunteer force was being debated in 1967–71, one objection frequently made was that an all-volunteer force would become largely black. Such a fear, for example, underlay the opposition to the AVF by a group of liberals led by Senator Edward Kennedy. The Gates Commission, whose 1970 report to the president laid the basis for the tran-

sition to the all-volunteer policy, explicitly addressed this objection. It argued that the racial composition of the armed forces would be little affected by substituting an all-volunteer policy for a mixed policy of conscription and volunteering.

The Gates Commission predictions proved to be wrong. Since 1972, the Army (the branch of the service most affected) has seen a dramatic increase in the proportion of black enlisted personnel serving in its ranks, increasing from 17.5% to 32.2% in seven years. Current accessions for the Army are running at 37% black, with total minority participation over 40%. Moreover, blacks reenlist at higher rates than whites. In a few years, if present trends continue, the Army could be 45% black, according to one estimate.