

The essential, the useless and the harmful (part 3)

By [Éloi Laurent](#)

Is humanity a pest?

For the other beings of Nature who find it increasingly difficult to coexist with humans on the planet, the answer is unambiguous: without a doubt.

Life on earth, 3.5

billion years old, can be estimated in different ways. One way is to [assess the respective biomass of its components](#). It can then be seen that the total biomass on Earth weighs around 550 Gt C (giga tonnes of carbon), of which 450 Gt C (or 80%) are plants, 70 Gt C (or 15%) are bacteria and only 0.3% are animals.

Within this last category, humans represent only 0.06 Gt C. And yet, the 7.6

billion people accounting for only 0.01% of life on the globe are on their own responsible for the disappearance of more than 80% of all wild mammals and half of all plants.

This colossal crisis

in biodiversity caused by humanity, with [premises dating back to the extermination of megafauna in the prehistoric age](#)

(Pleistocene), started with the entry into the regime of industrial growth in the 1950s, with the onset of the "[great acceleration](#)".

This is now well documented: while nearly 2.5 million species (1.9 million animals and 400,000 plants) have been identified and named, convergent studies suggest that their rate of extinction is currently 100 to 1000 times faster than the rhythms known on Earth during the last 500 million years. This could mean that, due to human expansion, biodiversity is on the brink of a sixth mass extinction. Whether we observe these dynamics [in section](#) or [longitudinally](#), at the level of [certain key species in certain regions](#) or by turning to more or less convincing hypotheses on the [total potential biodiversity sheltered by the Biosphere](#) (which could amount to 8 million species), the conclusion is obvious: while humans are thriving, the other species are withering away, with the exception of those that are directly useful to people.

But this destruction of biodiversity is of course also an existential problem for humans themselves. According to a causal chain formalized two decades ago during an [evaluation of ecosystems for the millennium](#), biodiversity underpins the proper functioning of ecosystems, which provide humans with “ecosystem services” that support their well-being (recent literature evokes in a broader and less instrumental way “the [contributions of Nature](#)”). This logic naturally also holds in reverse: when humans destroy biodiversity, as they are massively doing today through their [agricultural systems](#),

they degrade ecosystem services and, at the end of the chain, undermine their own living conditions. The case of mangroves is one of the most telling: these maritime ecosystems promote animal reproduction, store carbon and constitute powerful natural barriers against tidal waves. By destroying them, human communities are becoming poorer and weaker.

The start of the 2020 decade, the first three months of which were marked by huge fires in Australia and the Covid-19 pandemic, is clearly showing that destroying Nature is beyond our means. The most intuitive definition of the unsustainability of current economic systems can therefore be summed up in just a few words: human well-being destroys human well-being.

How do we get out of this vicious spiral as quickly as possible? One common sense solution, known since Malthus and constantly updated since then, is to suppress humanity, in whole or in part. Some commentators are taking note of how much the Biosphere, freed from the burden of humans, is doing better since they have been mostly confined. If we turn off the source of human greenhouse gas emissions, it is of course likely that they will fall sharply. Likewise, if the sources of local pollution in urban spaces, for example in Paris, are turned off, the [air there will be restored to a remarkable quality](#). It is also likely that we will see an improvement

in the lot of animal and plant species during this period, much as in areas like the [Chernobyl region that humans were forced to abandon](#). But what good is clean air when we are deprived of the right to breathe it for more than a few moments a day?

In reality, even if confinement has led to a constrained and temporary sobriety, its long-term impact is working fully against the ecological transition. All the mechanisms of social cooperation that are essential to transition policies are now at a standstill, except for market transactions. To take simply the example of climate policy, the very strategic COP 26 gathering has already been postponed to 2021, the [next IPCC Assessment Report has been slowed down](#), the full, comprehensive outcome of the efforts of the Citizen climate convention has been compromised, and so on. And a [heat wave under lockdown](#) cannot be excluded!

The point is that it is not a matter of neutralizing or even freezing social systems to “save” natural systems, but of working over the long-term on their [social-ecological articulation](#), which is still a blind spot in contemporary economic analysis.

The fact remains that the current social emergency is forcing governments around the world to work here and now to protect their populations, particularly the most vulnerable, from the colossal shock that is simultaneously hitting economic systems around the world. The notion of essential well-being can rightly

serve as a compass guiding these efforts, which could focus on sectors vital to the whole population in the months and years to come, subject to the imperative of not further accelerating the ecological crisis. Essential well-being and non-harmful well-being could converge to meet the present urgency and the needs of the future. How, precisely?

Let us briefly return to the different dimensions of essential well-being outlined in the first post in this series. Public health and the care sector are clearly at the centre of essential well-being, understood as human well-being which works for its perpetuation rather than for its loss. The medical journal *The Lancet* has [highlighted in recent years](#) the increasingly tangible links between health and climate, health and various pollutants, health and biodiversity, and health and ecosystems. Care for ecosystems and care for humanity are two sides of the same coin. But the issue of environmental health must be fully integrated, including here in France, with the new priority on health. Investing in public services beyond the health system is also a guarantee that essential well-being is shared most equitably.

This temporal coherence is complicated by the necessary reinvestment in essential infrastructure. Food

supply systems in France and beyond, from agricultural production to retail distribution, are today far too polluting and destructive to both human health and ecosystems. Food systems already engaged in the ecological transition should be given priority in order to promote their generalization. Likewise, the energy required for infrastructure, particularly urban infrastructure (water, electricity, waste, mobility, etc.) is still largely fossil-fuelled, even though in just five years a global metropolis like Copenhagen has given itself the means to obtain supplies from 100% renewable energy. We must therefore accelerate the move for energy and carbon sobriety – we have [all the means needed](#). Finally, the issue of the growing ecological footprint of digital networks can no longer be avoided, when essential infrastructures, such as heating networks and waste collection, work very well in a “low-tech” mode.

The notion of essential well-being can therefore be useful for the “end of the crisis”, provided that we remain faithful to the motto of those to whom we owe so much: first, do no harm.

The essential, the useless and the harmful (part 2)

By [Eloi Laurent](#)

How do we know what we can do without while continuing to live well? To clarify this sensitive issue, economic analysis offers a central criterion, that of the useful, which itself refers to two related notions: use and utility.

First of all, and faithfully to the etymology, what is useful is what actually serves people to meet their needs. From the human point of view, then, something is useless that doesn't serve to meet people's needs. Amazon [announced on March 17](#) that its warehouses would now store only "essential goods" until April 5, and defined these as follows in the context of the Covid-19 crisis: "household staples, medical supplies and other high-demand products". The ambiguity of the criterion for the useful is tangible in this definition, which conflates something of primary necessity and something that emerges from the interplay of supply and demand. While giving the appearance of civic behaviour, Amazon is also resolutely in line with a commercial perspective.

Furthermore, this first criterion of the useful leads into the oceanic variety of human preferences that punctuate market movements. As Aristotle recalls in the first chapter of the [Nicomachean ethics](#), the founding text of the economics of happiness written almost two and a half millennia ago, we find among individuals and groups a multiplicity of conceptions of what constitutes a good life. But contrary to the thoughts of Aristotle, who erected his own concept of happiness as well-being that is superior to others, it is not legitimate to prioritize the different conceptions of a happy life. Rather, a political regime based on liberty is about ensuring the possibility that the greatest number of “pursuits of happiness” are conceivable and attainable so long as none of them harms others.

But the Aristotelian conception of happiness, which emphasizes study and the culture of books, is no less worthy than any other. Are bookstores, as professionals in the sector argued at the start of the lockdown in France, essential businesses just like earthly food businesses? For some, yes. Can they be considered useless at a time when human existence is forced to retreat to its vital functions? Obviously not.

Hence the importance of the second criterion, that of utility, which not only measures the use of

different goods and services but the satisfaction that individuals derive from them. But this criterion turns out to be even more problematic than that of use from the point of view of public policy.

Classical analysis, as founded for example by John Stuart Mill following on from Jeremy Bentham, supposes a social welfare function, aggregating all individual utilities, which it is up to the public authorities to maximize in the name of collective efficiency, understood here as the optimization of the sum of all utilities. Being socially useful means maximizing the common well-being thus defined. But, as we know, from the beginning of the 20th century, neoclassical analysis called into question the validity of comparisons of interpersonal utility, favouring the ordinal over the cardinal and rendering the measure of collective utility largely ineffective, since, in the words of Lionel Robbins (1938), "every spirit is impenetrable for every other, and no common denominator of feelings is possible".

This difficulty with comparison, which necessitates the recourse to ethical judgment criteria to aggregate preferences, in particular greatly weakens the use of the statistical value of a human life ("value of statistical life", or VSL) in efforts to base collective choices on a cost-benefit monetary analysis, for

example in the area of environmental policy. Do we imagine that we could decently assess the “human cost” of the Covid-19 crisis for the different countries affected by crossing [the VSL values calculated, for example by the OECD](#), with [the mortality data compiled by John Hopkins University](#)? The economic analysis of environmental issues cannot in reality be limited to the criterion of efficiency, which is itself based on that of utility, and [must be able to be informed by considerations of justice](#).

Another substantial problem with the utilitarian approach is its treatment of natural resources, resources that have [never been as greatly consumed by economic systems](#) as they are today – far from the promise of the dematerialization of the digital transition underway for at least the last three decades.

The economic analysis of natural resources provides of course various criteria that allow us to understand [the plurality of values](#) of natural resources. But when it comes to decision-making, it is the instrumental value of these resources that prevails, because these are both more immediate in terms of human satisfaction and easier to calculate. This myopia leads to monumental errors in economic choices.

This is particularly the case for the trade in live animals in China, which was at the root of the Covid-19 health crisis. The economic utility of the bat or the pangolin can

certainly be assessed through the prism of food consumption alone. But it turns out both that bats serve as storehouses of coronavirus and that pangolins can act as intermediary hosts between bats and humans. So the disutility of the consumption of these animals (measured by the economic consequences of global or regional pandemics caused by coronaviruses) is infinitely greater than the utility provided by their ingestion. It is ironic that the bat is precisely the animal chosen by Thomas Nagel in a [classic article from 1974](#) aimed at tracing the human-animal border, which wondered what the effect was, from the point of view of the bat, of being a bat.

Finally, there appears, halfway between the useless and the harmful, a criterion other than the useful: that of “artificial” human needs, recently highlighted by the sociologist [Razmig Keucheyan](#). Artificial is understood here in the dual sense that these needs are created from scratch (especially by the digital industry) rather than spontaneously, and that they lead to the destruction of the natural world. They contrast with collectively defined “authentic” needs, with a concern for preserving the human habitat.

At the end of this brief exploration, while it may seem rather difficult to determine the question

of useful (and useless) well-being, it nevertheless seems... essential to better understand the issue of harmful well-being. This will be the subject of the last post in this series.

The essential, the useless and the harmful (part 1)

[Éloi Laurent](#)

The Covid-19 crisis is still in its infancy, but it seems difficult to imagine that it will lead to a “return to normal” economically. In fact, confinement-fuelled reflections are already multiplying about the new world that could emerge from the unprecedented conjunction of a global pandemic, the freezing of half of humanity, and the brutal drying up of global flows and the economic activity. Among these reflections, many of which were initiated well before this crisis, the need to define what is really essential to human well-being stands out: what do we really need? What can we actually do without?

Let us first reason by the absurd, as Saint-Simon invited us to do back in 1819.

“Suppose that France suddenly loses ... the essential French producers, those who are responsible for the most important products, those who direct the works most useful to the nation and who render the sciences, the fine arts and the crafts fruitful, they are really the flower of French society, they are of all the French the most useful to their country, those who procure the most glory, who add most to its civilization and its prosperity: the nation would become a lifeless corpse as it lost them... It would require at least a generation for France to repair this misfortune...”. It is in the mode of the parable that Saint-Simon thus tried to explain the hierarchical reversal that the new world of the industrial revolution implied for the country’s prosperity, which could henceforth do without the monarchical classes, in his view, whereas “Science and the arts and crafts” had become essential.

Adapting Saint-Simon’s parable to the current situation amounts to recognizing that we cannot do without those who provide the care, guarantee the food supply, maintain the rule of law and the supply of public services in times of crisis, and operate the infrastructure (water, electricity, digital networks). This implies that in normal times all these professions must be valued in line with their vital importance. The resulting definition of human well-being

resembles the dashboard formed by putting together the different boxes in the [pandemic travel certificates](#) that every French person must fill out in order to be able to move out of their confinement.

But it is possible to flesh out this basic reflection by using the numerous studies carried out over the decades on the [measurement of human well-being](#), work which has greatly accelerated in the last ten years in the wake of the “great recession”. We can start by considering what is essential in the eyes of those questioned about the sources of their well-being. Two priorities have emerged: [health](#) and [social connections](#). In this respect, the current situation offers a striking “well-being paradox”: drastic measures of confinement are sometimes being taken to preserve health, but they in turn lead to the deterioration of social connections due to the imposed isolation.

But how better to begin to positively identify the different factors in “essential well-being” that should now be the focus of public policy? Measuring poverty can help here in measuring wealth. The pioneering empirical work of Amartya Sen and Mahbub ul Haq in the late 1980s resulted in a definition of human development that the Human Development Indicator, [first published by the United Nations in 1990](#), reflects only in part: “Human development is a process of enlarging people’s choices. The most critical of

these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect.”

More specifically, in the French case, the work undertaken in 2015 by the National Observatory of Poverty and Social Exclusion (Onpes) on [reference budgets](#), and extended in particular by INSEE with its “[indicator of poverty in living conditions](#)”, has led to defining the essential components of an “acceptable” life (we could also speak of “decency”).

But let’s suppose that these measurement instruments contribute, upon recovery from the crisis, to defining an essential well-being (which key workers would maintain in the crisis situations that are sure to be repeated under the impact of ecological shocks); expertise alone would not be enough to trace its contours. A citizens’ convention needs to take up the matter.

This is all the more so as the definition of essential well-being naturally evokes two other categories that are even more difficult to define, to which this blog will return in the coming days: useless (or artificial) well-being, that which can be dispensed with harmlessly; and harmful well-being, which we must do without

in the future because in addition to being ancillary it harms essential well-being, in particular because it undermines the foundations for well-being by leading to the worsening of ecosystems (this is the debate taking place in Europe on whether it is necessary to save the airlines). The debate over essential well-being has just begun...

What do the fiscal stimulus strategies in the United States and Europe reveal?

By [Christophe Blot](#) and [Xavier Timbeau](#)

In parallel with the decisions taken by the [US Federal Reserve](#) and the [European Central Bank](#) (ECB), governments are stepping up announcements of stimulus packages to try to cushion the economic impact of the Covid-19 health crisis, which has triggered a recession on an unprecedented scale and pace. The confinement of the population and the closure of non-essential businesses is leading to a reduction in hours worked and in consumption and investment, combining a supply shock and demand shock.

The responses to the crisis in both the US and Europe are unfolding over time, but the choices already made on either side of the Atlantic have lessons about their ideologies, the

fundamental characteristics of their economies and the functioning of their institutions.

Federal budget: whether or not to have one

After several days of negotiations between Democrats and Republicans, the US Congress approved a plan to support the economy worth 2,000 billion dollars (9.3 points of GDP) [1]. It provides, in particular, for transfers to households, loans to SMEs and measures to support sectors in difficulty in the form of deadline extensions. On the other side of the pond, the European Commission has proposed the creation of a 37-billion euro fund as part of an investment initiative. The EU will also reallocate one billion euros “as a guarantee to the European Investment Fund to incentivise banks to provide liquidity to SMEs and midcaps” [2]. EU-wide, these sums represent 0.2 percentage point of GDP, which may seem all the more derisory since this does not involve allocating additional funds but rather reallocating funds within the budget.

These major differences point out in the first place that, by construction, the European budget is limited, and that it is not set up to respond to an economic slowdown affecting all the Member States. Within the EU, fiscal prerogatives are the responsibility of the Member States, as are the main sovereign instruments for responding to a crisis.

It is the national budgets that are used to prop up economic activity. So turning to these and bringing together announcements made at the level of the EU's five largest countries, the total sum allocated exceeds 430 billion euros (3.3% of GDP), to which must be added guarantees, which could come to more than 2,700 billion euros, or more than 20 points of EU GDP [3]. The measures taken by the US and by European countries are thus on a comparable order of magnitude and are distinguished by the level at which they are taken as well as by the way in which the sums are allocated. In the United

States, the federal budget represents 33% of GDP, which makes it possible to carry out a common, centralized action that benefits all households and businesses, based on decisions approved by Congress, in a way that implicitly ensures stabilization between the different States. In practice, the taxes paid by households and businesses in the States hit hardest will fall relatively, and these same States will also be able to benefit more from certain federal measures. Moreover, the US Congress can vote a deficit budget, which can be used to implement intertemporal stabilization measures [\[4\]](#).

In contrast, the EU does not have the capacity to go into debt, whereas the Member States can. Their stabilization capacity can be constrained by the difficulty of self-financing, which initially leads to a rise in interest rates or subsequently to the drying up of markets. The different Member States are not on an equal footing in the markets, due to their macroeconomic situation or to the level of their debt, as in the case of Italy. But beyond these differences, the main issue is that savers, through the financial markets, can make trade-offs between the debts of different countries within a legal space (the EU) that guarantees the free movement of capital, so interest rate movements can amplify small macroeconomic differences and fuel self-actuating dynamics. The 2012 sovereign debt crisis showed that a contagion by sovereign rates, which, after Greece, sucked Italy and Spain into a whirlpool of doubt in the financial markets, could lead to substantial transfers from countries in difficulty to countries considered virtuous. The counterpart of the trade-off was the lowering of rates for Germany and France. These transfers can amount to several points of GDP, a level that is creating a risk of the break-up of the euro zone: it might be preferable to end the free movement of capital, so as to capture national savings to finance the public debt (and therefore monetize the public deficit) rather than letting the debt load soar and having to submit to a humiliating recovery plan in exchange for European aid.

The surge in Italian sovereign rates, prior to the clarification by the ECB's announcement, then logically enough relaunched the debate about the possibility of issuing euro-bonds (called "corona-bonds"), which would make it possible to pool part of the budgetary expenditures of the euro zone States so as to avoid this wholly unjustified spiral of trade-offs between sovereign debts, whose impact could be sufficient to lead to the break-up of the euro zone.

As long as these common debt securities are not set up or the ECB is reluctant to intervene to buy back this or that European public debt, the role of Europe's institutions will be on another scale. First of all, what is needed is to promote the coordination of decisions taken by the Member States and to encourage governments to take strong measures to avoid stowaways who expect to benefit from measures taken by their neighbours [\[5\]](#). These effects are likely to be limited, however, and it is hard to imagine that a country will not take the steps necessary to directly help households and businesses cope with the shock.

More than coordination, it is essential to soften the fiscal rules announced and in force in order to give the Member States the manoeuvring room they need by invoking the exceptional circumstances clause. Furthermore, beyond a short-term response, it is important that the crisis does not provide an opportunity to exert pressure for greater fiscal discipline. The legitimacy of the Member States in the crisis and the relevance of their responses will be closely scrutinized after the crisis. The EU must not engage in an untimely debate that could lead only to compromising its political legitimacy definitively.

Since there is no tool for pooling debt, the ECB plays a crucial role in maintaining a low level of interest rates for all the States of the Union, both today and tomorrow.

Adapting plans to the way the labour market function

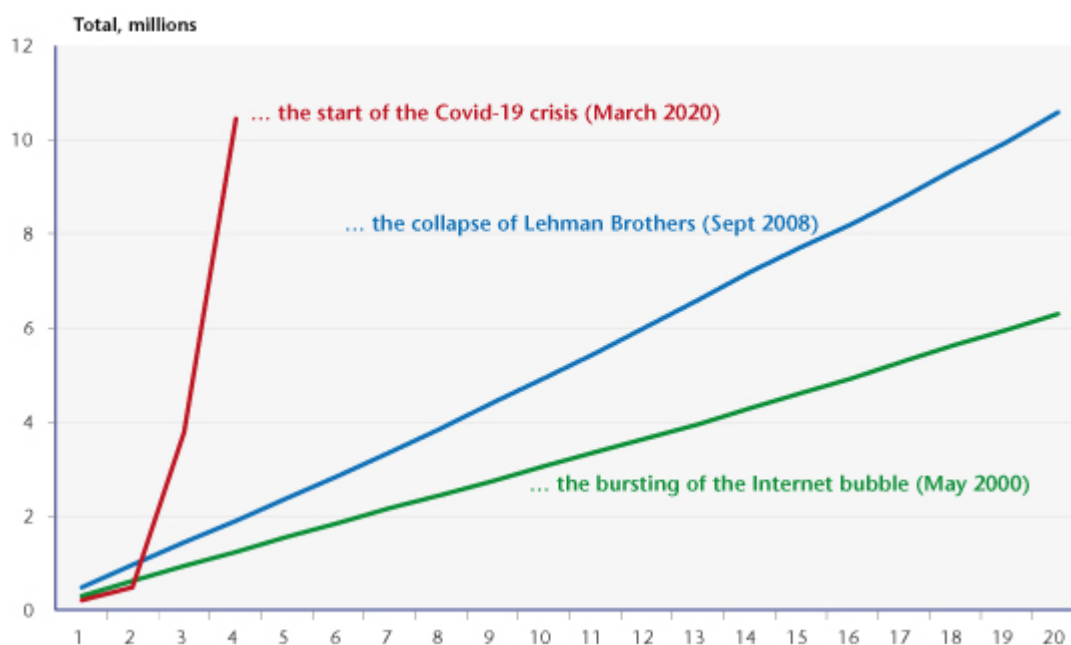
Beyond the sums committed and the institutional level at which decisions are taken, the content of the respective plans is a reminder that the labour markets function very differently on the two sides of the Atlantic. The euro zone Member States have favoured the use of short-time working, or partial unemployment, which keeps workers employed and socializes the loss of income at source. The productive fabric is preserved because there is no breach of the employment contract, and the States offer, based on existing mechanisms, partially to make up lost wages in order to maintain consumer purchasing power. These mechanisms, already in wide use in Germany and Italy, have recently been expanded in France and developed in Spain. This approach should provide better conditions for the economy to re-start once the recession is over, since companies will already have a workforce, thus avoiding the costs of recruitment and training.

In the United States, these mechanisms are not widespread, and the American labour market is very flexible. Notice times for dismissing employees are very short, so that companies can quickly adjust their demand for work. The drop-off in activity will quickly translate into a higher unemployment rate, as is indicated by the initial increases recorded by the federal employment agency (see the figure). In two weeks, the cumulative number of registered unemployed exceeded 10 million, much more than what was observed after the bankruptcy of Lehman Brothers in September 2008 or following the burst of the Internet bubble in 2000. Furthermore, the duration of unemployment benefits, set at the State level [\[6\]](#), is generally shorter, which quickly puts households at risk of a loss of income. This is why a large part of the measures enacted in the aid plan approved by Congress provide for direct support to households through transfers or tax cuts, based on their income level. The measures also provide for the extension of benefit periods and additional assistance to laid-off workers, which may be added to the benefits received under standard unemployment insurance. But rather than

directly targeting those losing their jobs, these are broad spectrum measures. A vigorous recovery plan will no doubt be necessary after the health crisis. But here, too, the windfall effects will consume a large part of the stimulus, and it will be very expensive to get the economy back on its pre-crisis footing.

As the November elections approach, these choices also probably explain why Donald Trump sometimes seems reluctant to prolong the confinement of Americans, arguing that the economic crisis could do more damage than the health crisis [7]. But by letting the virus spread, the number of people infected with a serious illness risks exploding and exposing the United States to a major health crisis. It is not certain that the US President's record will prove to be more favourable, or the US strategy more effective, whether in terms of health or economics.

Figure. Weekly registrations for unemployment benefits in the US after ...



Source: U.S. Employment and Training Administration.

[1] This plan builds on previous measures, whose value totalled just over USD 100 billion. This includes all measures for households and businesses (loans and liquidity support).

[2]

See

[3] It should also be noted that certain measures were taken based on an assumed duration of confinement, and that these could therefore be recalibrated depending on how the situation evolves.

[4] The vast majority of States, however, have deficit or debt constraints. Faced with the scale of the crisis, some of them are also freeing up spending which can therefore be adjusted to the federal support plan.

[5] If country A decides to increase its spending, country B can hope to partially benefit by the increase induced in country A's imports from B, particularly if B is small compared to A.

[6] The US unemployment insurance system is specific to each of the States. The federal government plays its role in managing the costs of the system as a whole. See Stéphane Auray and David L. Fuller (2015): "[L'assurance chômage aux Etats-Unis](#)".

[7] See [here](#) for an analysis of the economic and health risks.