Wealth Maximization: A Reflection on the Use of Wealth as an Indicator of Social Benefit

Justin Lee Hughes, University of Michigan
Joseph Horton, University of Central Arkansas

EXECUTIVE SUMMARY

Standard welfare economics is based on Utilitarianism. The use of Utilitarianism leads to policy decisions which seem curious at best and untenable at worst. This has led to the modification of Utilitarian approaches such as those of Pareto and Hicks. Other, more fundamental, challenges to the domination of Utilitarian approaches to policy analysis are warranted. Wealth maximization as a decision criterion has a long history in economics and is shown to have advantages over the utilitarian approach.

Keywords: Utilitarianism, Wealth maximization, Welfare economics, Policy analysis, Pareto criterion, Happiness