attention of senior executives within their firms can be very detrimental to their careers. Consequently, they "get along by going along." But, here was an example where it would have paid to "stand out by standing up."

Determine the Economic Outcomes

"Economic outcomes" in moral analysis refers to the net balance of benefits over costs for the full society, given that the values of those benefits and costs are determined by all of the people within that full society, acting through open and free markets. This is the concept known as *Pareto Optimality*. The underlying belief is that people, through output product markets, express their preferences for the goods and services they most want to buy, and through input factor markets, express their preferences for the capital (money), labor (time), and land (raw materials) they most want to sell. Producing firms purchase or rent that capital, labor, and material at the lowest possible costs; convert those factors of production into products with the greatest possible efficiencies; and then sell the output goods and services at the highest possible prices. Competition in the output product markets keeps the prices from becoming improperly high, and competition in the input factor markets keeps the costs from becoming unfairly low. The full society, then, gets as many as possible of the products they most want to have while giving up as few as possible of the factors they least want to own.

This analytical method of "economic outcomes" can also be expressed as three easily understood dictums: (1) More is better than less. (2) Specifically, more is better than less when that "more" consists of what people really want, as expressed through their preferences in the product markets. (3) And even more specifically, that more of what people really want is better than less when that "more" is produced as efficiently as possible by using as little as possible of what people least want, as expressed by their preferences in the factor markets.

The concept of the greatest possible economic benefit at the least possible economic cost, which is the "more is better than less" argument or the Pareto Optimality theory, is considered to be a valid means of morally evaluating the benefits and harms of a moral problem as long as three conditions are met:

- *All market must be competitive.* Open and competitive product markets must exist for all output goods and services, and open and competitive factor markets must exist for all input capital, labor, and material to generate a true net benefit for society. Without fully competitive markets, the preferences of the members of that society cannot be rationally expressed.
- *All customers and all suppliers must be informed.* All customers in the output product markets and all suppliers in the input factor markets must be knowledgeable about the features of the products and the standards of the supplies. Without full information, the customers and suppliers cannot make rational choices and express true market preferences.
- *All costs must be included.* External costs are those outside the productive process; they are frequently ignored because no one in the producing firm has to write out

a check as they must to purchase capital, labor, and material. Again, for customers and suppliers to express true market preferences, those external costs must be recognized, computed, and then either deducted from the prices of the input factors or included in the prices of the output products.

The cash payments from the health care insurers to the health care consultants certainly limited the competitiveness of the output product market for health insurance, and the lack of information about those payments among the small business and public organization customers certainly limited their ability to make rational choices and express their true market preferences for health insurance. It would be difficult to argue that the economic outcomes of those cash payments provided a net or Pareto Optimal benefit to society.

Consider the Legal Requirements

"Legal requirements" in moral analysis refer to the laws adopted by members of society to regulate the behavior of members of that society. Clearly, some regulation is needed. If everyone pursued their own self-interests, without regard to the self-interests of others, there would be disruption and chaos, and no economic benefits would be possible for anyone. The problem is that every regulation protects—to some extent—the rights of some individuals and groups within society even while it limits—also to some extent—the rights of other individuals and groups within that same society. Legal requirements, in one sense, are very similar to economic outcomes. Both result in a balance. Economic outcomes in moral analysis focus upon a balance between benefits and harms. Legal requirements in moral analysis also focus upon a balance, though in this instance it is a balance between an increase in rights for some and a decrease in rights for others.

The issue in moral analysis, of course, is how those balances are to be determined. The economic balance between benefits distributed and harms allocated is theoretically determined by impartial markets, and most people accept that approach as long as (1) the input factor and output product markets are fully open and competitive, (2) the factor owners and product customers are fully informed, and (3) the external costs are fully included. The legal balance between rights exercised and rights denied is theoretically determined by impartial elections, and many people accept that approach as long as (1) all elections are open and competitive, (2) all citizens can freely participate, and (3) all participants are fully informed. But, there can be problems here because elections are often subject to unrecognized influences and unusual circumstances, and thus are less than truly impartial.

Let me give a hypothetical example of unrecognized influences and unusual circumstances that can affect the outcome of competitive elections. Assume that I own a considerable amount of land in a rapidly growing residential community. Perhaps that land was my family's farm, which I inherited but have not yet subdivided for housing. You and hundreds of other families bought homes that were built on land that had been sold and then subdivided by other farm families within the area. You had assumed that there were