WORLD ECONOMICS ASSOCIATION

Economic Thought

Volume 2, Issue 1, 2013

Special Issue on Ethics and Economics

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ISSN 2049-3509

Published by the World Economics Association

Ontological Commitments of Ethics and Economics

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Abstract

This paper analyses the cognitive image schemas structuring the ontological commitments of dominant conceptions of ethics and economics to show that the content of economics is implicated in conceptions of ethics, and that these conceptions cannot be separated from questions of research and professional ethics. This analysis of the metaphoric structuring of the ontological commitments of ethics and economics is based on an extension of Kuhn's construct sense of 'paradigm' as concrete analogy; and on techniques of metaphoric analysis developed in cognitive linguistics. Analysis of the iconic and schematic representations of the concrete analogies and idealised cognitive models structuring economic and ethical theories expose both shared and conflicting ontological commitments.

Keywords: economic theory, ethical theory, ontology, metaphor, cognitive linguistics, paradigm

Introduction

In this paper I argue that questions of research ethics and professional ethics should not be separated from questions of ethics in relation to the content of economic theory. I argue that attempts to do so risk entrenching approaches to ethics whose ontological commitments are incompatible with commitments of heterodox economics such as inclusiveness in respect to theoretical perspectives; the domain scope of economic theory; and the diversity of economies studied.[2] By examining the 'concrete analogies' underpinning dominant conceptions of ethics, politics and economics I will show that the content of economics is implicated in conceptions of ethics, and that conceptions of mainstream and heterodox economics cannot be separated from questions of research and professional ethics.

Ethical theory, like economics (Mearman 2008) and most social sciences, is rift by competing approaches and theories. Kuhn argued that this is typical of both pre-paradigmatic fields of research and of fields suffering paradigm crisis (Kuhn 1962, pp.160–3).[3] I will explore the ontological assumptions of the three main approaches to ethics, and compare their ontological assumptions with the ontological presuppositions of mainstream and heterodox economics.

[1] http://tinyurl.com/karey-home
[2] Such as those expressed in the WEA (2011) Manifesto.
[3] Which of these two categories economics falls into is itself a matter of debate (Rima 2008, p.5).

Approaches to Ethics

The three main (Western[4]) approaches to ethics I will be considering are: deontological approaches in which conduct is judged according to the rules or principles one must follow; consequentialist approaches which judge conduct based on its overall consequences; and virtue approaches which emphasise the development of character rather than being a guide to ethical decision making (Hursthouse 2012).

Deontological ethics emphasises rules – such as codes of practice, and principles. These require or forbid specific classes of action. They require us to follow such principles, regardless of the consequences of doing so. The psychological orientation of deontological ethics is duty and guilt. Deontological ethics would ask: what does the rule or principle that applies require or forbid (Crespo & Staveren 2011, p.245)? Deontological ethics treats ethics as contrary to desire, and hence has a problem with motivation.

The mainstream alternative to rule oriented approaches to ethics is utilitarianism, a consequentialist ethics which bases ethical decisions on the hedonic calculus: 'the greatest good for the greatest number' (Sinnott-Armstrong 2012). This is the ethical approach most closely aligned with the utility-calculus of neo-classical economics. Neo-classical economics assumes that all values can be meaningfully converted to a single measure of financial value and that the value of something is what we are willing to pay for it (Crespo & Staveren 2011, p.243). What we are willing to pay, and hence the financial value, is driven by what we want. This treats all wants (or desires) as if they are equal.

Virtue ethics is the main alternative to deontological and consequentialist approaches to ethics. Whereas deontological ethics suggest that being ethical means doing what you ought to, even though you do not want to; and consequentialist approaches have difficulty distinguishing between 'higher' and 'lower' pleasures (Mill 2010, p.79); a(n Aristotelian) virtues approach says being ethical means desiring (wanting) that which you ought to desire, and distinguishes between 'wants' and 'needs'.

Ontological Analysis

While Lawson is responsible for raising the topic of ontology in economics (Fullbrook 2009, p.76), my use of many concepts which are familiar to economists from this discussion cuts across the definitions and distinctions offered by Lawson and by other economists, and hence the differences between our use of concepts needs explaining in order to avoid confusion.

Like Lawson, my conception of ontology involves the 'study of the sorts of entities that are posited or presupposed', however, unlike Lawson (2004, p.2), I do not restrict my attention to the ontological presuppositions of 'scientific and other theories', but include as well the study of ontological presuppositions in folk-theoretic systems of belief. While Lawson (1997, p.15) is a realist in the sense of asserting 'that the ultimate objects of scientific investigation exist for the most part quite independent of, or at least prior to, their investigation,' I am an *experiential* (as opposed to objectivist) *realist* that:

> 'link[s …] conceptual schemes and the world via real human experience; experience [that] is not purely internal, but is constrained at every instant by the real world of which we are an inextricable part (Lakoff 1987, p.263).'

Experiential realism provides us with a fundamentally *interactional* account of experience and an account of *motivated* but *under-determined* systems of knowledge representation (Fahy & Harrison 2005;

[4] Although, I focus on Western discussions of ethics, my 'psychological' interpretation of Aristotle's Virtue ethics situates him closer to Eastern traditions such as Buddhism, whose 'criterion of ethics is not theological but psychological', than to the Western ethical traditions of deontological and consequentialist ethics (Sangharakshita 1997, p.128; cited in Harrison & Galloway 2005, p.7).

Harrison & Fahy 2005). What we can do with our bodies in the world depends not just on social and cultural expectations and ontologies, but also on the nature of our bodies and the way the external world works independently of our desires or expectations (Lakoff 1987, pp.xii–xviii, 265–266). While we try to impose our *category systems* on the world of experience, that world is messy and uncooperative, confronting us with perceptions and experiences that do not fit our expectations, forcing us to revise our ontological presuppositions.

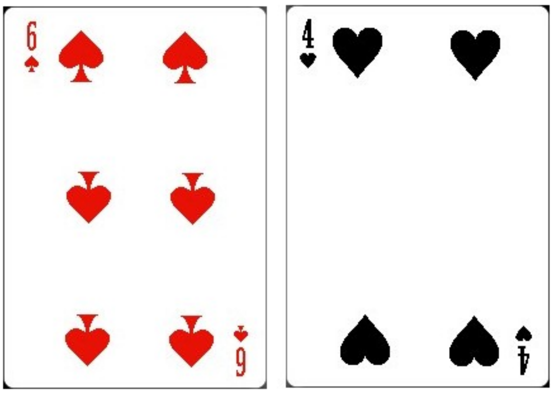

Figure 1: Anomalous cards

The brief display of a set of playing cards to subjects, some of which were anomalous, like those in Figure 1, is an example of a simple experiment that Kuhn referred to demonstrate the relevant features of our perceptual processes in the revision of ontological presuppositions. Subjects initially saw what they expected to see: 6 of red hearts or 4 of black spades, but as the cards from the pack were re-played, subjects would display first confusion, then correct description, modifying their ontology to accommodate the existence of black hearts (Kuhn 1962, p.63). Conventional categories can be reconfigured to accommodate disruptive perceptions and experience.

Whereas Lawson (2004, p.2) describes: the study of ‘what all the things that are have in common’ as the basis for ‘what it is to be or to exist’; as *philosophical ontology,* I describe this as an *objectivist* ontology. Whereas Lawson (1997, pp.16–20) attributes a commitment to *deductivist* (D-N) methodology on a conception of scientific laws as an expression of event regularities in closed systems, I argue (Fahy & Harrison 2005, p.666) that the commitment to the D-N method depends on the objectivist system of *categorisation* that is implicated in Lawson’s philosophical ontology. Philosophical ontology’s conception of ‘what it is to exist’ in terms of the possession of ‘common properties’ depends on the idea that ideas and objects can be sorted into categories, as if they were objects being placed in containers, based on shared objective properties and characteristics.

An objective category can be understood as a sort of mental *container.* Just as mail can be sorted into the appropriate pigeonhole or mailbox based on the name or number on the mailbox, objectivists believe that ideas and objects can be objectively sorted into categories based on necessary and sufficient conditions which provide the *defining* property of that category. Such necessary and sufficient conditions provide identity criteria for objective category membership. Within each pigeonhole, further sorting can take place, dividing the things in the *superordinate* category into further and further subordinate subcategories.

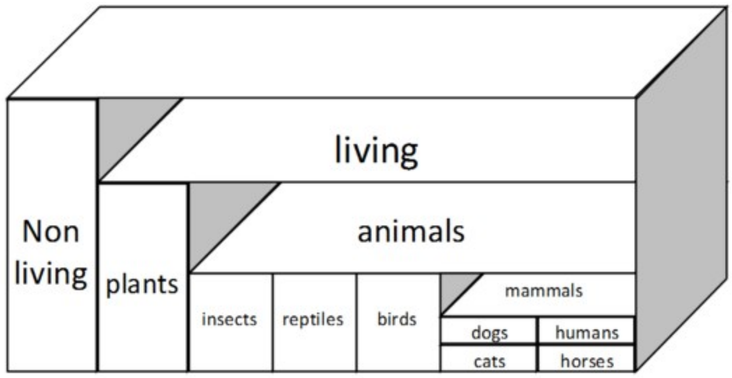

Figure 2: Categorisation as sorting in to containers

The sorting of things into the categories represented in Figure 2 is the sort of categorisation we are taught as children, by activities such as physically sorting things (like coloured and shaped blocks) into piles or boxes, and it becomes so automatic that we tend to think our mental categories simply match the kinds of things there are in 'reality'. Objective categorisation depends on all members of a category having some property in common, and all 'sister' or neighbour categories being minimally distinguished by at least one property that is not shared. The logical consequence of objective categorisation, is that category membership is *transitive*, that is, if *A* is a member of the same category as *B*, and *B* is a member of the same category as *C*, then *A* is a member of the same category as *C*.[5] Davis' (2003, p.15) argument that in order to speak about individuals we need 'identity criteria for the use of the term', assumes, like Lawson, that ontologies are objectivist. To reject objectivist ontology is, according to Lawson (2004, p.6), to replace scientific and philosophical ontology with the taxonomic relativism of ontographology/opology.

When we start exploring examples of categories in natural languages, they turn out not to be objective categories. For instance, whereas objective categorisation requires that there be at least one property that all members of a category have in common, there is no one property that a 'mother' has to have that a 'non-mother' does not. Objectivist categorisation not only says that a thing cannot be both a member of a category and not a member of that category; it also says that any *thing* that has the defining property of the category is a member of that category. However, two guns may have the same properties - look like a gun but not work, but one may be a fake gun and the other may not (it was a real gun that is now broken). The difference between a 'fake gun' and a 'broken gun' does not rest on any physical properties but depends on their history. The fake gun was made not to work, whereas the broken gun comes (on purpose or by accident) not to work. In other words, this is an example where two physically identical objects may not be members of the same category (Lakoff & Johnson 1980, p.121). Learning what experiences to treat as 'the same' in order treat words applied to similar experiences as 'literally true' is a product of enculturation and language learning, not a reflection of any objective correspondence between words and reality. Pattern recognition is based on our perception of gestalts that contain systemic connections between functioning wholes.

For scientific categories like 'species,' for example, whether or not a group of animals belong in the same species as another group of animals depends on which taxonomic system is used;[6] and for

[5] The logical and mathematical meaning of 'transitive' as 'identity' is almost the opposite of Lawson's (1997, p.25) use of it as relative to our (transient) understanding.
[6] Lakoff (1987, p.119) points out that whether or not the mountain zebra belongs in the same species as Grevey's and Burchell's zebras depends on whether you are using a cladist or pheneticist taxonomy.

categories such as 'being a member of the "same species",' for at least the example of Ensatina salamanders, on the one hand; and being 'a member of the same sex', on the other, are *not* transitive as objectivist categorisation would require.[7] However, both the salamander and biological sex examples generate non-transitive categories as a result of the biological processes of branching evolutionary or developmental pathways. The non-transitivity is not an arbitrary (relativist) social construction, but reflects the fact there is no one physical property either members of 'species' or sex categories must have in common to be a member of the same category. On the basis of many such examples, I reject Lawson's distinction between both (objectivist) philosophical ontology and relativist ontographology, in favour of a non-transitive, *interactional* account of our ontological presuppositions. 'Complex, non-deterministic, evolutionary systems like the climate system or human economic systems do not have the properties required to be mapped by objectivist categories' (Harrison 2010b, p.29).

Research in cognitive linguistics demonstrates that objectivist ontology cannot account for the structure of most of our categories, and it provides an alternative account of categories as being organized in terms of basic concrete sensory-motor images with gestalt structures, and more abstract schemas derived from these images (Lakoff 1987, pp.150–154). Emphasising the '*motor'* in 'sensory-motor' draws attention to our active role in structuring our experience and unites the elements of bodily origin of image schemas, manipulation of objects in material culture, and the socio-cultural context of language learning. Such sensory-motor images and schemas are simultaneously physical and social. They are structured by our embodied experience of the physical world, experiences which are themselves structured by the social practices and expectations of the specific social world we are born into or move to (Sharifian 2008, p.4). This fundamentally *interactional* account of experience provides us with an account of *motivated* but *under-determined* systems of knowledge representation (Fahy & Harrison 2005; Harrison & Fahy 2005). What we can do with our bodies in the world depends not just on social and cultural expectations and ontologies, but also on the nature of our bodies and the way the external world works independently of our desires or expectations.

While Lawson (1997, pp.238–240) appears to approve of an objectivist (philosophical) ontology which satisfies necessary and sufficient conditions of category membership,[8] he rejects 'models' understood as 'maps' or 'representations', because of their association with correspondence theories of truth. McCloskey's (1983, p.502) argument that 'models are metaphors' is closer to my position than Lawson's interpretation of models as correspondence mappings. While McCloskey (1983, p.503) contemplates the possibility that 'thinking is metaphorical' he follows a primarily literary approach that grounds metaphor in the literal. In contrast, I follow cognitive linguistics in seeing 'metaphor' as a basic feature of human cognition that reflects our common capacity for gestalt pattern recognition based on relations of similarity rather than identity. Whereas category membership based on identity requires specification of necessary and sufficient conditions; in category membership based on similarity:

> 'what counts as the 'important' features which a candidate must have *most* of to count as a member is particularly sensitive to the contextual *purposes* of those developing a particular classificatory categorisation. So not only can membership in such a category be a matter of degree, the degree to which a candidate is a member of a category is not an objective feature of the candidate […] but depends on the interactional context […as well as] on the perceptual structures of the being making the comparison. It depends on *interactional* properties, not just objective ones.' (Harrison 1992, pp.39–40, emphasis in original.)

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[7] In the logical sense above (Harrison forthcoming a)
[8] I demonstrate the connection between the requirement for common properties and necessary and sufficient conditions in Harrison (forthcoming b)

When we 'pick out parts of our experience and treat them *as* [*if* they were] discrete entities or substances of a uniform kind' we have created an '*ontological metaphor'* (Lakoff & Johnson 1980, p.25). These are 'conceptual metaphors', which should not be confused with 'literary metaphors'. Conceptual metaphors are not opposed to the 'literal', but constitute the 'literal' through our categorisation practices. An analysis of the kinds of ontological metaphors implicit in different approaches to a field can expose both shared ontologies that cut across apparent differences in theory and method, as well as unrecognised incommensurable ontologies. Metaphoric analysis can be distinguished from both positivist and structuralist versions of objectivism, as well as from constructivist approaches to analysing categories and ontologies in economic theory.

Whereas most discussions of Kuhn's concept of paradigm in economics interpret it in terms of metaphysical 'world views,' 'systems of thought,' or 'core ideas,' (Garnett 2006, p.525; Rima 2008) few mention the key meaning of 'paradigm' as an exemplar functioning as a puzzle solving 'artefact'.[9] It is this *construct* sense of paradigm that Masterman (1970, p.70) argues is central to Kuhn's characterisation of 'paradigm' as a puzzle-solving tool in science. Kuhn showed that scientific progress depends on the energetic exploitation and extension of 'concrete analogy[s]' – understood as 'picture[s] of concrete object[s]' – rather than on the confirmation or falsification of theories (Masterman 1970, p.77). Like other instances of pattern recognition, the application of 'concrete analogies' in novel situations is based on relations of similarity, rather than identity, and hence is never an all or nothing affair. The concrete analogy at the heart of a scientific paradigm reflects fundamental ontological commitments or beliefs within a field of study about the sort of things the world is made of – the 'objects, concepts, and other entities that are assumed to exist' – and is made explicit by a concrete image, not a list of properties or propositions. I argue that rather than being an abstract 'quasi-metaphysical' account of science (Laudan 1978, pp.73–79), the ontological commitments of a field are driven by the concrete analogy at the heart of it. While models in science can include words, and are frequently surrounded by discursive interactions, they function as icons by involving either mental or actual pictorial images, or existing as concrete manipulable objects in the world (Van Langendonck 2007, p.398). The diagrams in this paper reflect the fact that conceptual metaphors are primarily imagistic and multi-modal (Forceville 2006, p.381).

Because it is our embodied, structured, *sensory-motor* experiences that underpin our concept of 'causation,'[10] *concrete manipulable models* are of particular importance in exploring causal mechanisms. Our structured experience in one domain can guide our action in another domain, if we see it as similar. It is our success in manipulating causal mechanisms to do things and reliably produce expected outcomes that gives us confidence in the existence of such causal mechanisms (Cartwright 1983, p.37). Not belief but action grounds realism. Ontological metaphors are kinaesthetic, in the sense of being structured by our muscular/motor and perceptual activity.[11] Ontological metaphors are grounded in our sensory-motor experience; are instantiated in the topographical *mappings* of sensory and motor neurons; and correlate with the sensory-motor neuron-mappings of the action-contexts with which they are associated.[12] These metaphors are structured by topographic perceptual and motor neural 'maps' of our body and our senses.

Cognitive linguistics provides an alternative account of categories as being organized in terms of basic concrete sensori-motor images with gestalt structures, and more abstract schemas derived from these images (Lakoff 1987, pp.150–154). Such images and schemas are simultaneously physical and social. They are structured by our embodied experience of the physical world, experiences which are

[9] Fine (2002, p.2061), a development economist, is an exception.
[10] Harrison (1992, pp.72–76); Mahajan & Woodward (2009); Gredebäck & Melinder (2010); Cannon et al. (2012); Woodward (in press)
[11] (Gärdenfors 2007, p.64; Lakoff & Johnson 1980, p.476; Lakoff 1987, p.267)
[12] (Harrison 1992, pp.86–87; Lakoff & Johnson 2003, p.255, loc. 4162)

themselves structured by the social practices and expectations of the specific social world we are born into or move to.

Competing Ontological Commitments

Whether a field of study is committed to only one 'concrete analogy' through which the field 'sees' its domain, or whether it is split by competing ways of 'seeing' its domain, an explicit examination of the ontological commitments of such 'ways of seeing' can illuminate both debates within the field of study, and folk-theoretic 'ways of seeing' within that domain of study.

Radford (2011, p.2) suggests economics use Medical ethics as a guide to constructing ethics principles for economics. The two main ethical theories that have been relied on in bioethics are deontology and utilitarianism (Johnstone 1994; E. L. Bandman & B. Bandman 1995).[13] However, if we examine both deontological ethics and utilitarianism, we find that they are both trying to find solutions to the ethical dilemmas generated by the same ontological commitments about the nature of individuals and society that underpin neo-classical economics.

Both deontology and utilitarianism accept the Enlightenment belief that humans are by nature 'free' and motivated by reason (Elshtain 1981, p.120). Included in this freedom is the autonomy to make and be responsible for one's own moral decisions or choices.[14] Out of rational self-interest the 'autonomous' moral agent freely consents to social limits on individual freedom to the minimal extent necessary to guarantee the same degree of freedom for everyone else. Justice demands that each individual's freedom is restricted only in so far as that restriction is necessary to guarantee the same degree of freedom for others (Fahy et al. 1998). Davis (2003, p.16) argues that both neo-classical and mainstream economics share this belief in individual autonomy.

An image from the 'billiard ball' model of gases, such as that in Figure 3, provides the concrete analogy which structures neo-classical economic theory (Mirowski 1990; Smith & Foley 2008) as well as deontological and utilitarian ethics and liberal political theory (Harrison & Hutton 2005). This ontological metaphor captures the 'rationality-individualism-equilibrium nexus' that Davis (2008, pp.55–57) argues mainstream economics inherits from neo-classical economics. Each self is seen as 'containerised', sharply separated from one another by the 'walls' that bound us. The *internalist* view of 'subjective preferences […] in terms of […] internal states of consciousness' (Davis 2003, p.17), follows from the ontological metaphor in Figure 3, in which individual preferences are seen as being in the 'container' which is the self, hence conceiving of each person's desires, interests, and welfare as being independent of the desires, interests, and welfare of others.

[13] The two approaches to bioethics Lewins distinguishes: the 'academic' and the 'imperative', are in fact both based on deontological ethics, with the 'academic' focused on the discussion of 'principles', and the 'imperative' on the codification of such principles (pp. 12-13). While Johnstone discusses virtue ethics (p.57-63) in her latest edition of *Bioethics* (2011), she acknowledges that 'ethical principlism' is 'one of the most popular perspectives', and most commonly relies on the principles of 'autonomy, non-maleficence, beneficence and justice' (p.39). While Bandman & Bandman's latest edition devotes two chapters to virtue ethics, it nevertheless conceives of all ethical action in terms of reasoning from ethical *principles* (2002, p.4).

[14] Individual moral responsibility is qualified in virtue ethics by the recognition that one's character, and cultivation of the virtues, is limited by factors such as wealth, intelligence, health, and family that are beyond one's control. From the perspective of the dominant ontology, this is a limitation of virtue ethics (Athanassoulis 2010), from the perspective of heterodox economics, which recognises the constraints social structures place on individuals, it could be seen as a strength.

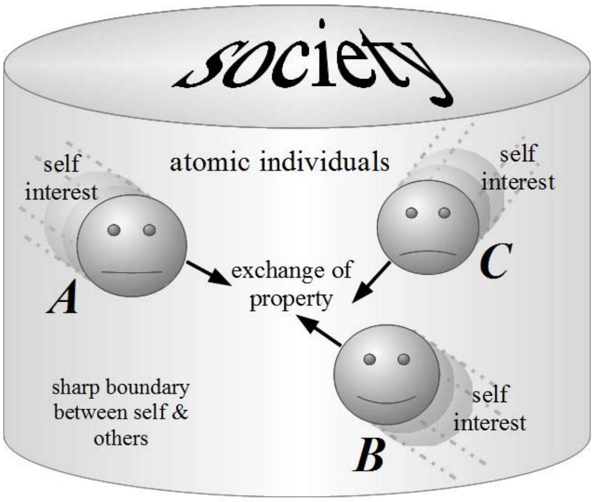

Figure 3: Atomistic model of self

Figure 3 shows the separate and independent desires of individuals as motivating our 'interactions' with others (Harrison & Strassmann 1989; Harrison 2002). When Ballet et al (2011, pp.225–226) characterise the person in terms of autonomy, freedom of choice, rationality, and reciprocity, the fact that responsibility enters into conflict with, and has to be balanced against individual pleasure is consistent with the competitive individualism of Figure 4, and shows this account of economics and ethics is an extension of the atomistic and mechanistic ontological in Figure 3, rather than a conception of the individual as intrinsically social. This image structures the dominant ways of thinking, talking, and reasoning about 'selves' in economic and in political theory. A person who satisfied the 'idealised' picture in neo-classical economics, of humans as 'self-interested utility maximisers' would be profiled by psychologists as a 'sociopath.' It could be argued that this model takes what is in fact a poor example of persons and their characteristics to develop flawed accounts of economic and social interaction.

The ontological metaphor in Figure 3 privileges the experience of independent adult men whose lives are primarily focused on market-oriented interactions with others. The political, economic, and rational choice literature that relies on this model is written as if such autonomous men spring fully formed from the womb. The model in Figure 3 ignores or suppresses awareness of the fact that we all start (and often finish) our lives helpless and dependent on the care of others, and that many of our most significant relations with others are not based on (rational) choice. Those responsible for raising children, on the other hand, are only too well aware that while infants are not born completely plastic, their attitudes and desires can be significantly shaped by the efforts of their caregivers.

Because A's wellbeing is conceived of as being independent of B's, what happens to B does not directly affect A. As Figure 4 shows, the competition for resources is assumed to be a zero-sum game in which one person's gain is another person's loss. The model in Figure 3 denies or ignores the existence of the *intrinsic* connections between people. When A does something to benefit B, it is by definition at A's expense, and hence is 'altruistic.' The atomistic conception of self creates a dualistic opposition between 'altruism' and 'self-interest.'

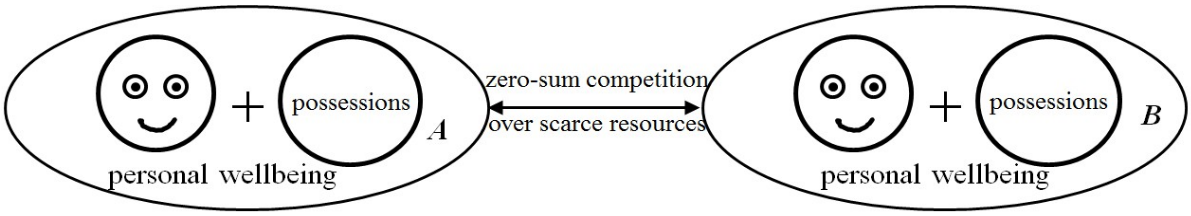

Figure 4: Competitive individualism

Figure 4 shows how this model of self conceptually separates one person's wellbeing from the wellbeing of another, so that whatever hurts or pleasures *B* experiences are seen as being felt only by *B*. Benefiting self and benefiting an other are created as opposites by this atomistic conception of self. Jennings Jr. (2012, p.8) describes it in terms of the 'conflicts of value assumed in [… relation to scarcity of physical goods] create a rivalrous social linkage as a means to serve common needs.' The ontological resources provided by the atomistic account of self do not allow for relations of mutual interdependence between people and the between people and the environment. Davis (2003, p.11, emphasis in original) argues that mainstream economics sees 'individuals as *exogenous* to the economic process [… or] that individuals are changed in nature by the economic process.' The model in Figure 3 shows how this follows from the mechanistic-atomistic self, which treats the interests and desires of selves as ontologically the same kind of thing as the physical properties of mechanical objects – that is, such properties are fixed and have an objective existence independent of the properties (interests) of other objects (persons).

Although both deontology and utilitarianism promote the principles of 'beneficence' – to do good and 'non-maleficence' – to do no harm, they justify those principles in different ways. A utilitarian determination of the good – whether for an individual or for a society as a whole – requires a calculus, or summing, of the pleasures and pains that would result from an action to ensure an overall positive balance of utility. In the hedonic calculus 'reason' serves 'pleasure'. Deontologists, on the other hand, appeal to 'rational' principles which they believe 'can and ought to be held by all men [sic], independent of circumstances and conditions, and which could consistently be obeyed by every rational agent on every occasion' – 'desire' serves 'reason' (MacIntyre 1984, p.45). Neo-classical economics claims to resolve the ethical problem of maximising utility by leaving the market to determine the most 'efficient' and hence optimum allocation of resources. Growth is the mechanism that enables Pareto optimality to increase the wellbeing of the poor without reducing the wellbeing of the rich. By treating the environment as external to the economy and human wellbeing, growth can be interpreted as doing no harm. Because the economy, is in fact, part of the complex global eco-system, not outside it (Harrison 2010b, p.30), economic growth is driving the planet towards a tipping point into catastrophic climate change (Wadsell et al. 2007; Hansen et al. 2008). As Jennings points out, when '"our business practices are destroying life on earth," […] systems approaches find theory failure,' while mainstream economics sees only market failure (Hawken 2013, p.4; cited in Jennings, Jr. 2009, pp.34, 18).

If *all actors are self -interested,* then only if one can *decide for oneself can one protect one's own interest.* Such a view of the individual means that only direct democracy is seen as legitimate, as no one can be trusted to represent the individual's interests but themselves (Wolff 1970, pp.13–14). Even in principle, not all those affected by economic, social and political decision making can participate. Future generations, children, the cognitively impaired, and non-human elements of ecosystems, both present and future, depend on those of us in the present making decisions that recognise our interdependence and care about those who come after, to make decisions that take account of values beyond immediate self-interest. While it is clearly the case that there are situations in which we do act as if we are solely or principally motivated by self-interest, it is just as clearly the case that there are circumstances where 'self-interest', as narrowly defined, does not adequately account for our actions.

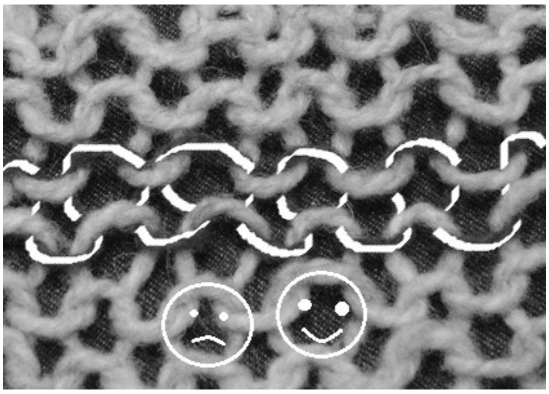

Figure 5: Intrinsically connected self (image adapted from (WillowW 2008) (CC-BY 3.0)

Figure 5 provides an alternative image that captures the fact that we are actually interdependent on each other and on the ecosystems we depend on for our wellbeing; and that our desires, preferences, skills, and capacities are shaped and constrained by the society we are part of. If the ontological metaphor in Figure 5 is understood to include nature as well as society in the knitted fabric, then it can be seen to capture key elements of the 'human ecology' metaphor, described by Jennings Jr. (2009, p.51) as fundamentally 'participative, cooperative, and complementary, rather than conflictive'.

The metaphor of self and society in Figure 5 provides an ontology of the 'socially embedded' individual favoured by heterodox economics (Davis 2003, p.17), without falling into Giddens' agency-structure dualism (Giddens 1984; Lawson 1997, pp.159–173). We are all embedded in networks of interrelationships based on affection, mutual obligation, and interdependency. This ontological metaphor can be easily extended to capture the fact that society has emergent properties which are more than the sum of the properties of the individuals that constitute it,[15] and it accommodates 'heterodox concerns with institutions, history, and social structure' (Davis 2008, p.57).

Virtue Ethics

Aristotle (1941, para.1103a15ff.) argues that morality consists in *developing* those character traits, or *virtues*, which are *at odds* with natural inclinations or tendencies. He saw human beings in terms of a potentiality which untutored would develop inclinations or tendencies that might interfere with or lead us from realising the goal of human life. After considering various alternatives, Aristotle characterises human *flourishing* in terms of achieving '*happiness*,' understood as the *telos* of a human life. He is at pains to point out, however, that we ought not confuse 'happiness' with the pursuit of pleasure (1941, para.1095b15). Happiness as the 'pursuit of pleasure' is the sort of 'happiness' which the American declaration declares it is our 'right' to pursue, and which 'utility maximisation' aims at.

[15] See Harrison (forthcoming b, fig.9b) for an illustration of this.

Aristotle (1941, para.1097b) embraces the paradox that when we desire or care for something for its own sake we pursue its well-being without regard for the cost or benefit to ourselves, but that it is precisely when we thus act without regard for ourselves that we gain the ‘happiness’ which is the ‘end’ or *telos* of human life. Rather than altruism and self-interest being opposed to one another, Aristotle’s account of ‘happiness’ suggests that ‘altruism’ is the attitude we most need to cultivate if we want to be happy. Consumption and the pursuit of pleasure, on the other hand, which are commonly interpreted as manifestations of ‘self-interest,’ would appear to be self-defeating. ‘Happiness’ is what happens to us when we stop trying to get it. ‘Happiness’ of the sort Aristotle is talking about, *supervenes* incidentally to the pursuit of some ‘good’ that is engaged in for its own sake, not for the pleasure that might be obtained from it. The more one directly tries to pursue ‘happiness’ thus conceived as a goal of activity, the more it will elude one. Rather he defines ‘happiness’ as ‘an activity of the soul in accordance with perfect virtue’ (1941, para.1102a5).

Pursuing the internal goods of a practice involves caring for the practice for its own sake, that is, loving it, rather than pursuing the practice simply for the sake of the external goods you can get from doing it. Moreover, practices only exist in the context of tradition and community. Along the lines of Wittgenstein’s (1958, p.242 ff.) arguments against the notion of a private language, an individual cannot by themselves create and pursue a practice. Caring about a practice also requires, then, a commitment to the reproduction of the community engaged in the practice, and the continuation and extension of the tradition associated with that practice.

While Aristotle clearly conceives of human beings as fundamentally social animals, he nevertheless moves towards the possibility of characterising human flourishing as such, rather than in terms of our performance in socially defined roles. It is only with some such conception of what it means to function well as a human being that it can make sense to argue, as he does, that some of the available social roles facilitate human flourishing to a greater measure than others. If human beings were infinitely plastic, and capable of being moulded without damage to their being to fit into any situation, there would be no basis for saying that the lot of some human beings is worse than others. If we admit, on the other hand, that human beings have at least certain basic needs that must be met for their flourishing, then we can compare social arrangements for how well, and how justly, human needs are met.

When the external context involves overwhelming pressures to be oriented towards external goods, those people who resist this and remain committed to the internal goods of a practice will experience painful conflict between competing imperatives. While resolving the conflict in favour of the pursuit of external goods may result in social or corporate advancement, resisting the enticement of external goods in favour of the pursuit of internal goods may compromise one’s possibility of moving up the status hierarchy, but will promote the development of the virtues that constitute happiness. Whilst MacIntyre (1984, p.194) claimed that institutions simply are ‘corrupting’, it is possible that different forms of institutional organisation can be less or more corrupting. Competitive markets, as well as bureaucratic and hierarchical institutions, for instance, foster a preoccupation with external goods by making that the standard of success. Other forms of institutional organisation have been structured, however, so as to minimise the incentives on their members to be oriented towards external goods.

While pleasure is something that supervenes upon activity in general, Aristotle (1941, para.1176b8) distinguishes between those activities or ‘amusements’ done *for the sake of the pleasure* experienced and those done *for their own* sake. Whilst pleasure does supervene upon virtuous activity it is incidental to our participation in the activity. We pursue virtuous activities because we value them in themselves, and not just for what we get out of them. ‘Amusements’, on the other hand, are only valued to the extent we get fun out of them. Virtuous activities as those which ‘are desirable in themselves [and] from which nothing is sought beyond the activity’ (Aristotle 1941, para.1176b5). *Love* plays a central role in Aristotle’s account of the virtues because to desire or value something for its own sake is to love it.

Aristotle (1941, para.1159b25) sees friendship, or reciprocal love between *persons*, as particularly important because it as the form of association that holds communities together.

Figure 6: Love & happiness

Love creates an intrinsic connection between self and others, thus turning the opposition between 'altruism' and 'self-interest' into a false dichotomy. When we care about others we do not simply act so as to maximise our pleasure and our accumulation of property, but nor are we denying or acting against our own desires or feelings. When we care for one another, and recognise our interdependence, it is in our self-interest to aim for the flourishing of others.

When we care for someone, we care about their wellbeing. If something good happens to someone we care about we feel happy because they are happy, if something bad, we feel sad because they are sad. Our wellbeing in part depends on the loved one's wellbeing. Figure 6 shows how A's well-being increases when B's wellbeing does. When we do or risk something for someone we love, our loss is simultaneously our gain, because the happiness we give them also gives us happiness. Jennings Jr. (2009, p.10) describes 'goods' such as love, learning, and information, as 'complementary', and recommends the creative commons strategy, that the more we give complementary goods freely, the more there are of them to share. This is exactly what Aristotle is talking about when he says that 'happiness' comes from doing something for its own sake, rather than doing things for what we get out of it.

The atomistic conception of self shown in Figure 4 has to describe actions done out of love in terms of 'self-denial' and 'altruism'. An atomistic conception of the person can be contrasted with a model that emphasises the connections and interdependencies between people. Steveren and Crespo (2010, p.15) point out that care and self-interest need not be mutually exclusive. The images in Figures 5 and 6 provide an ontology of self that allows us to conceive of the wellbeing or welfare of one person being dependent on the wellbeing of both other people and the ecosystems that support them, rather than each person's interests being independent of everyone else's, as the billiard ball image leads us to think. Figures 5 and 6 emphasise the fact that agency and personhood are relational rather than atomistic. This relational conception can be extended to incorporate an understanding of our interdependence with natural ecosystems in a way that is consistent with scientific accounts of complex nonlinear systems and with ecological economics.

Aristotle (1941, para.1176b5) describes virtuous activities as those which 'are desirable in themselves [and] from which nothing is sought beyond the activity'. We pursue virtuous activities because we value them in themselves, and not just for what we get out of them. 'Amusements,' on the other hand, are only valued to the extent we get fun out of them. Participation in a sport for its own sake, for example, requires recognition and understanding of the existing rules of the game, respect for those who play well, a willingness to take advice and criticism and submit to the directions of those who know what the game involves, and a willingness to risk failure by pushing oneself to one's limits for the sake of extending one's capacity to play the game well. Similarly, doing research or being a member of a profession involves recognition of the discipline or profession's existing standards of excellence and rules of evidence, acknowledgement of the contributions of others, and a willingness to expose one's work to the criticisms of one's peers.

Although performance enhancing drugs might increase an athlete's chance of winning (against players who are not taking such drugs, for example) they do so by placing the external rewards that come from winning above the purpose of extending human powers to achieve excellence in the performance of this activity. Only those who are committed to this purpose can decide whether a proposed change is compatible or not. Do new materials for a racket, or a new design for a hull, or new training regimes, defeat or enhance the purpose of achieving human excellence? Similarly, stealing other people's work, or fabricating evidence may result in increased prestige and status, but only at the expense of the purpose of the activity one is engaged in. To the extent we value the activity for its own sake, cheating is self-defeating.

MacIntyre introduces the concept of a 'practice' to elucidate the distinction Aristotle is making between things done for 'pleasure' and things done 'for their own sake'. A *practice* is an area of human endeavour that is worth doing for its own sake. It is:

> 'any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those *standards* of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that *human powers* to achieve excellence, and human conceptions of the ends and goods involved, are systematically *extended'* (1984, p.187, emphasis added).

Doing something for its own sake, then, both requires and develops the virtues of justice, honesty, and courage. Internal goods of a practice can only be achieved by *subordinating* ourselves within the practice both in our relationships to other practitioners and in relation to the demands of the practice. We can only achieve this if we diminish our ego attachment to our conception of ourself. Whilst Aristotle (1941, para. 1106a28) describes virtue as the mean in relation to a passion between deficit and excess, in fact the mean of most of the virtues Aristotle lists do not simply lie between excess and deficit but involves a quite different psychological orientation towards self.[16]

Justice demands that we recognise the skills, knowledge, and expertise of other practitioners; and, that we learn from those who know more and have greater experience than we do. *Courage* requires that we take self-endangering risks that push ourselves to the limits of our capacities; and, be prepared to challenge existing practice in the interests of extending the practice, despite institutional pressures against such critique. Honesty asks us to be able to accept criticism; and, to learn from our errors and mistakes (MacIntyre 1984, p.178). Virtue is not simply a matter of doing the right thing on a specific occasion, but of developing habits that mean our automatic response to a situation is in line with virtue. As Crespo points out, because virtues are habits, both the social arrangements we are born into, and the economic structures we participate in, tend to shape both virtues and vices (Crespo 2009, p.17; Jennings, Jr. 2012, p.6).[17]

MacIntyre (1984, p.188) contrasts the *internal* goods of a practice with *external* goods (or rewards) such as 'prestige, status and money' which are only contingently related to any particular practice. Achieving the internal goods of a practice can only be done within that specific practice, whereas external goods such as money are transferable across fields of activity. The pursuit of money is always an activity done for the sake of external rewards, because money is not desired for its own sake but only for

[16] See my analysis of this psychological orientation (in Harrison & Galloway 2005, pp.6–8)

[17] The names we have for virtues of vices, or lack of them, provides some indication of the institutional fostering of some virtues and vices over others. 'Obsequiousness, for example is such a prominent vice for us that we have lots of (vulgar) words for it' (Harrison & Galloway 2005, p.6).

what we can get from having it (Aristotle 1941, para.1096a5). Money from practising medicine can buy you the same pleasures as money from playing sport, whereas the pleasure that supervenes on a successful performance in a life threatening and technically challenging moment in surgery is quite distinct from the pleasure that supervenes on a moment of superlative play in a basketball game. The pleasure that supervenes on activities done for their own sake comes unlooked for, and is not compatible with the self-preoccupation that is associated with activities done for the sake of the pleasure experienced.

What Aristotle means by ‘happiness’ can only be understood with reference to the different kinds of pleasure or enjoyment that follow as either internal or external goods of an activity. The difference MacIntyre is getting at can be illustrated by the contrast between the pleasure that comes from the physical thrill (or adrenaline rush) produced by a roller coaster ride with the ‘pleasure’ that a scientist feels when their experiment works out. Utilitarians like John Stuart Mill tried to distinguish between ‘lower’ and ‘higher’ pleasures, but the limitations of their ethical theory made this difficult to resolve. While the former can be bought, like other forms of ‘consumption’ pleasure, it will cease to be ‘fun’ the more it is pursued. Neo-classical economists incorporate this feature of the ‘pleasure’ of consumption into their theories as ‘The Law of Diminishing Marginal Utility’. This law is used to explain why, for instance, if we equally enjoy eating both chicken and apples and apples are cheaper, we don’t spend all our money on apples. Past a certain point, too many apples will make us feel sick rather than good, to get the same degree of thrill from a roller coaster ride it needs to be higher and steeper, and to achieve the same high from mind altering drugs requires ever higher doses. This is the sort of pleasure we seek from consumption, and the more we pursue it the more we are destined to be dissatisfied.

In contrast, the sort of pleasure that supervenes upon an activity pursued for its own sake can’t be bought. Its achievement is the result of dedication, training, and consistent effort. Repetition of the activity does not result in symptoms of surfeit, rather, the more the scientist works at their experiments, the philosopher at their arguments, or the sports person at their game, the more often they will experience the pleasure of doing it well. The limits to pursuing science or philosophy is not the result of a surfeit that reduces pleasure, as is the case with consumption activities, but the fact that there are other goods in themselves, such as gardening, providing our children with the love and attention they need, or participating in community groups, whose values we cannot realise while we attend to one activity rather than another.

By converting all values to monetary ‘equivalents’ economists exclude consideration of the difference between things done or valued for their own sake and those valued only as a means to other things. Current empirical research into human flourishing supports Aristotle’s account comes from doing things that are worthwhile in themselves, rather than from the utility maximisation and pursuit of consumption celebrated in neo-classical economics.[18]

Conclusion

In this paper I have demonstrated that deontological and utilitarian ethics share ontological commitments – based on concrete metaphors or analogies – with mainstream economics. I have shown, on the other hand, that virtue ethics shares many of the ontological commitments of heterodox economics.

[18] Seligman et. al. report that the most ‘satisfied people are those who orient their pursuits towards’ activities weighted towards engagement and meaning, with pleasure given less emphasis. ‘Happy people are healthier, more successful, and more socially engaged, and the causal direction runs both ways’ (2005, pp.413–414). Research has shown that individuals measuring high on eudaimonic as opposed to hedonic measures ‘have high levels of inner peace, […] frequent experiences of moral elevation and deep appreciation of life; feel connected not only with themselves but also with a [transcendant] whole’ (Ryan et al. 2008, p.162).

This comparison of various ethical approaches has demonstrated that ethical frameworks are not ontologically neutral, and cannot be chosen independently of consideration of the ontological commitments of competing approaches to the study of economics.

Acknowledgements

I am grateful for supportive comments on an earlier draft of this paper, from Frederic B. Jennings Jr. in the WEA conference on *Economics in Society: The Ethical Dimension*, and to Ricardo Crespo on the *Economic Thought* website. I particularly appreciate Vinca Bigo's detailed comments on the *Economic Thought* website, which helped me identify which points needed elaboration for facilitating the intersection between philosophy and economics. I started exploring my ideas about conceptual (ontological) metaphors in economics in a paper I wrote with Diana Strassmann (1989), presented with her on the first feminist economics panel at a Southern Economics Association meeting in Florida. I am grateful to Diana for helping me bridge the gap between philosophy and economics. Some of these ideas were subsequently taken up by Julie Nelson, and extended by Diana. Diedre McCloskey made helpful comments on the differences between my use of the concept of 'metaphor' in this, and on subsequent papers I presented to International Association For Feminist Economics (IAFFE) conferences. The elaboration of my ideas on ontological metaphors in economics further benefited from an exchange with Tony Lawson on a panel at the (2001) IAFFE conference. I want to thank Julie Nelson for accepting my initial exploration of a feminist and ecological perspective on ontological metaphors in ethics and economics on her panel at the (2008) IAFFE meeting. I want to thank John Davis for an encouraging conversation after my presentation exploring the ontological commitments of development economics and ecology at the (2010a) Revival of Political Economy conference.

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WORLD ECONOMICS ASSOCIATION

Codes of Ethics for Economists: A Pluralist View

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Abstract

Within the discussion of ethics and economics some have considered designing a code of ethics for economists. But the idea of such a code is potentially problematic from a pluralist standpoint. Some possibilities are discussed here to show that any code concerning the behaviour of economists presumes a particular view of human nature and thus of professionalism. Further, issues of socio-economic power in the profession pose problems for the interpretation and implementation of some possible principles, notably those referring to standards of competence and truth-seeking. It is therefore concluded that any code of ethics should take the form of general guidelines, with primacy given to the ethics of pluralism: tolerance, even-handedness and open-mindedness, on which the interpretation of all other ethical considerations rests.

Keywords: code of ethics, epistemology, pluralism

Introduction

It is not unusual for parallels to be drawn between economics and medicine, using the metaphor of economist as doctor and the economy as patient. In these terms, the patient is sick as a result of the financial and economic crisis which began in 2007, and questions are being raised about how far the doctor is responsible. The issue of responsibility for the crisis has become more pointed, not only as the economic and social costs have continued to rise, but also as the distribution of income in Western economies has continued to become more unequal. But while economists are among those who might be held responsible, not only for not predicting the crisis but also for causing it, we have not apparently borne any costs. Indeed Gillies (2012) points out that economics achieved a higher average score than all other disciplines in the UK's 2008 research assessment exercise. But, unlike doctors, economists do not have a code of ethics. If economists had followed an ethical code, would economic crises be prevented?

But how far do economists really resemble doctors? We start the discussion of a code of ethics for economists by focusing on a narrow domain of application, academic publication. The focus then is on economics purely as an academic discipline, i.e. unlike the understanding of medicine as a profession. Academic economists according to this view operate in a different sphere from the policy-making which has direct consequences for real experience. But, even when economists have no direct contact with policy-makers, it can only be maintained that academic research raises no ethical issues if it is a purely technical exercise. An alternative view of economics is that it has real consequences which are the outcome of the values embedded in economic theory. These consequences arise not only from policy action resulting from economic advice but also from the way in which economists' framing[1] of the economy influences the framing of the economy in society as a whole, and thus influences economic behaviour. According to this view, economists do have ethical responsibilities which extend beyond narrow academic practice.

How far economists are seen to have professional responsibilities therefore depends on the understanding of the nature and status of economic knowledge, i.e. epistemology. The purpose of this paper is therefore to address the possibilities for a code of ethics for economists specifically in epistemological terms. It will be argued that a cautious approach should be taken to putting together a code of ethics on the grounds that any code might lead to further discrimination against pluralist economics if interpreted from a monist perspective. The stance taken here is one of pluralism, and the argument will be developed that all other principles of a code of ethics be understood in terms of, and conditioned by, an overriding pluralist ethic.

The discussion starts with ethics in relations among economists themselves, ranging from the narrow domain of academic publication to judgements as to academic merit. Here we see that the epistemology of economics is already relevant. The discussion is then extended to address the ethics surrounding economists' relations with those who draw on their advice for policy-making and for society at large, which is influenced by economic expertise. We focus on three of the principles which are often proposed to govern these relations: 'put social interest before personal interest', 'pursue and state the truth' (and the related principles of seriousness and competence in research) and 'do no harm'. Not only do these principles encapsulate much of the discussion around codes of ethics beyond the narrow orthodox agenda, but they also serve to illustrate how the interpretation of principles, and therefore their application, depends on epistemology. The discussion ends with the principle of pluralism, which is put forward as an overarching principle to govern the interpretation of all other principles.

Ethics Among Economists

While there has long been discussion of ethics with respect to the content of economics, the ethics of economists themselves has received scant attention. But attention to the issue of economists' ethical responsibilities, informed particularly by the work of DeMartino (2010), has increased in recent years. One concrete outcome has been the American Economics Association (AEA) requirement from 2012 that authors publicly disclose any potential conflict of interest.

Some other principles of good scholarly practice in publication are already applied as standard: not to plagiarise, not to be abusive and not to be libellous, for example. But new ethical issues are emerging around scholarly practice in publication because of the way in which research funding is being organised around research rankings. In particular, these rankings are increasingly being conducted on the basis of bibliometrics, including citation counts and authorship counts. The incentives have therefore increased to manipulate these for personal career purposes.[2] Any code of conduct should therefore include an injunction against manipulating citations and authorship.

For an orthodox economist, the discussion of professional ethics would not go much further. Academic economics is regarded as a technical discipline, applying an established methodology, which provides value-free input to policy decisions. So the only ethical issues to arise relate to scholarly practice, and these are narrowly understood in terms of the type of principles outlined above. But the view

[1] The general meaning of the term 'framing' refers to the way in which something is presented and thus perceived. In discourse analysis it refers more specifically to what is included and what is excluded. At a deep level, we frame our understanding of the world on the basis of what Searle (1995) calls background, of which we are largely unconscious. In economics, the usual application of the framing concept is to the presentation of rational choice problems, and has been applied particularly to financial markets within the new behavioural finance, following the lead of Kahneman and Tversky (1979).

[2] I am grateful to Alessandro Roncaglia for pointing this out.

that economics is value-free and that it is settled how best to pursue it has been widely contested, such that the scope for ethical issues becomes more extensive.

More generally it is critical for relations between economists whether or not the epistemology employed is pluralist. The pluralist epistemology of heterodox economics follows from a shared ontological view that the economic system is open; schools of thought within heterodox economics differ according to their particular understandings of that open system. But even without those differences there is awareness of differences between heterodoxy and orthodoxy (Dow, 2011), the latter being identified with a closed-system ontology and epistemology (Lawson, 1997). An open system can only yield knowledge which is in general uncertain to some degree, such that no one system of knowledge can be demonstrated to be best. Knowledge is therefore organised (as paradigms) within communities each with its shared ontology and epistemology, giving the discipline a pluralist structure (Dow, 2004).

Pluralism itself raises additional, wider ethical issues among economists surrounding publication, given the significance of publication outlets for the organisation of the discipline.[3] The dominance in research assessment of orthodox publication outlets means that the power of the orthodoxy is reproduced in paper selection. While heterodox papers fare badly by the standards of orthodox methodology, this is treated as a value-free scientific judgement by orthodox editors. For heterodox authors this exclusive focus on orthodox methodology in fact involves a methodological value judgement which amounts to discrimination against alternative approaches.[4] Indeed, as Gillies (2012) argues, the degree of pluralism becomes endogenous in the sense that publications are a key factor in hiring, promotion and curriculum and therefore influence the representation of different (pluralist) schools of thought in economics (Gillies, 2012: 33-40).

The pluralist structure of economics would be relevant therefore if we were to consider an ethical principle with respect to career advancement on the basis purely of merit, since the notion of merit depends on epistemology. While most of the arguments for pluralism have been epistemological,[5] pluralism has also been advocated on ethical grounds (McCloskey, 2004, Screpanti, 1997). It is a matter of civilised behaviour to respect difference. But the pluralist ethic bites further in standing against discrimination simply on grounds of difference. We return to the pluralist ethic after considering some other possible principles for a code of ethics.

Ethics for the Economist as Explicit and Implicit Advisor

Ethical issues extend beyond relations within the discipline itself, such that there has been pressure for economists to go further than the narrow interpretation of ethical issues adopted by the AEA. DeMartino advocates an economists' oath, while others have considered a code of conduct (see Bartlett, 2009, for a review). The purpose is to establish principles for good practice in the profession, not just the limited disclosure of information after the fact required by the AEA.

Epistemology is important not only within the discipline but also for economists' relations with bodies which they advise. It matters for policy design whether or not there is a range of theoretical approaches and how much uncertainty is attached to any one set of advice. But it is also important for this discussion that, while mainstream economics is presented as value-free, heterodox economists see all of economics as being value-laden, such that the content of methodology, theory and policy advice already reflects a set of values (see e.g. Neves and Caldas, eds, 2012). There are differences too (within

[3] Here we will treat pluralist economics and heterodox economics as coterminous (Dow 2011).
[4] See Backhouse (2010) for a discussion of methodological ideology, and see Lee (2009) and Gillies (2012) for evidence of discrimination against heterodox economics in the UK.
[5] See e.g. Salanti and Screpant, eds (1997), Fullbrook, ed. (2008) and Garnett, Olsen and Starr, eds (2010) for a range of recent discussions of pluralism at a range of levels.

heterodox economics as well as between orthodox economics and heterodox economics) in the view taken of human nature which, in turn, refer crucially to the knowledge of agents and how they cope with uncertainty. This is relevant not only to the content of economic theory but also to the way we understand the behaviour of economists themselves.

Epistemology also enters into economists' relations with society at large, not just in terms of the impact of policy advice, but also in terms of the way they influence social understanding of economic issues. A pluralist approach departs from the prevalent orthodox view of facts being unitary and objective and of one best theoretical understanding being achievable. The scope of ethical issues outside economics itself is thus extensive. This includes the issue of whether or not economists actually accept responsibility for their influence.

In the more detailed analysis below on the ethics surrounding economists' relations outside the discipline, we focus on three of the principles which are often proposed to govern these relations: 'put social interest before personal interest', 'pursue and state the truth' (and principles related to seriousness and competence in research) and 'do no harm'. Not only do these principles encapsulate much of the discussion around codes of ethics beyond the narrow orthodox agenda, but they also serve to illustrate how the interpretation of principles, and therefore their application, depend on epistemology. A fourth principle, advocating pluralism, is put forward as an overarching principle to govern the interpretation of the other principles.

Put Social Interest Before Personal Interest

For most professions, a standard ethical principle is that a course of action not be advocated simply because it would serve the interests of the professional rather than the seeker of advice. This appears to be relatively straightforward: an academic economist should not advocate a government policy which would benefit university funding, or the tax treatment of academic salaries, for example, unless this was incidental to other compelling arguments about social benefit. This type of thinking lies behind the AEA requirement for authors' disclosures of potential conflicts of interest in their publications.

The introduction of this principle is welcome as it serves to address the problem of economic research results being influenced by the body which funded the research. The disclosure is designed to address any problem of asymmetric information - that the seeker of advice is not otherwise equipped to understand that the economist may be serving her own financial interests (through promoting the interests of the funder). Indeed this was the context of the first reference to moral hazard in economics of which I am aware – Arrow's (1963) argument for regulation of the medical profession to prevent specialist providers from pursuing self-interest by taking advantage of their less-informed patients and funders.

But the disclosure rule only goes some way towards addressing any conflict between personal interest and social interest. It is only satisfactory from the perspective of the epistemology of orthodox economics. According to this view complete information is available in principle; incomplete information is therefore due to some impediment, such as concealment, which makes information asymmetric. Disclosure therefore removes the asymmetry such that it becomes clear whether or not there has been conflict of interest. Second, since economics is regarded as a technical discipline with one best methodology capable of yielding one best set of policy advice, it is straightforward to detect distortion of research results. Third, orthodox economics is based on the assumption that individuals are rationally calculative (indeed instrumental and opportunistic) with respect to their own interests, such that it can safely be concluded that any incentive to present research results in such a way as to serve personal interests will have the predicted outcome.

But a pluralist epistemology supports the possibility of a range of ways of conducting and interpreting research, obfuscating the scope to identify where bias may lie, and indeed what is meant by 'bias'. What may be seen as bias from an orthodox perspective may simply reflect difference of epistemology. Thus for example it is common for heterodox economics to be dismissed as being ideological, in contrast to orthodox perceptions of their own approach as being objective and 'scientific'. But if theorising itself inevitably involves values then such a separation is not possible and even the notion of 'social benefit' is value-laden (potentially coinciding with the adviser's class interests, for example). Since the open-system epistemology of heterodox economics implies that values are already embedded in choice of methodology and theory, all advice must be coloured by the perspective (including the ethical perspective) of the adviser. The good adviser will take pains to explain this perspective, so that at least it can be taken into account. This is a much broader form of disclosure, which more fully addresses the issue of concealing the potential for conflict of interest.

But the adviser's ethics will in many cases influence her to prioritise social benefit over personal interest in any case. Indeed some heterodox schools of thought[6] emphasise the importance of social conventions as a guide to individual behaviour. But, if individuals are governed by social convention to prioritise social benefit, there is a real danger that a detailed code of ethics which specifies rules will in fact reinforce a different social convention based on an expectation of behaviour (if unconstrained) along the lines of rational economic man. For those economists whose behaviour has been governed by professional conventions addressed to social benefit, the increasing incidence of explicit-rule-based and target-oriented employment conditions may actually undermine those conventions and thus professionalism. The aim of rules and targets may well be to induce more desirable professional behaviour for social benefit. But professionalism relies on trust, while rules and targets indicate a lack of trust. An orthodox approach to rules assumes that behaviour only responds to incentives with respect to narrow self interest (such as career advancement). Once the trust-based conventions are eroded, the next generation of economists are encouraged to guide their behaviour by the rules which have supplanted the conventions, responding to the expectation of self-interested motivation. In other words, just as many economics students may be seen to be socialised into behaving as 'rational economic men', academic economists may be socialised in the same way.

Any code of ethics therefore needs to be approached carefully, addressing the scope for conflict of interest in a subject where values are so deeply embedded, but also recognising that the social norm for professional behaviour is not to pursue self interest. What would be more appropriate would be stating a general principle encouraging professional behaviour among economists, including integrity with respect to not prioritising personal interest. The code of ethics would thus aim to specify and re-establish conventions as to professionalism with respect to pursuit of social benefit. Just as heterodox (particularly institutionalist) analysis emphasises the role of social trust in underpinning economic activity, so we should emphasise the role of trust in professionalism.

Pursue and State the Truth

We have seen that the very nature and identification of conflict of interest in policy advice is a matter for discussion on epistemological grounds. The discussion above has opened up the whole question of the nature and purpose of economic research. Having started with what at first glance seemed like a straightforward question of academic integrity, it becomes apparent that the ethical issues facing economists are much more extensive and more complex than they might at first appear. It is not just a matter of whether or not research is distorted for personal gain, but how research is assessed more generally.[7]

Again we find that an ethical principle which is at first sight appealing – pursue and state the truth – becomes problematic when we consider how different epistemologies lead to different interpretations. If the economy is an open system such that no one approach can provide a demonstrably true, or even

[6] Notably institutionalists and Post Keynesians (see Hodgson, 1988, and Runde and Mizuhara, eds, 2003, respectively).

[7] Research assessment itself is increasingly being directly connected to research funding across a range of countries. The epistemological principles by which it is conducted in turn influence decisions on hiring, research funding and curriculum which feeds back into the epistemology of the discipline. Gillies (2012) makes a compelling argument that monist assessment exercises increase monism in the discipline.

best, account, then there are bound to be differences of opinion as to the best policy advice. A pluralist is duty bound to argue for her preferred policy advice, but knows that it is a matter of persuasion; its superiority cannot be demonstrated to the satisfaction of other perspectives.

In contrast, the conventional orthodox discussion presumes that the expert knows the consequences of a course of policy action. If economics is, as the conventional mainstream approach would suggest, a purely technical subject, then the ethical issues are limited. 'Pursue and state the truth' becomes a straightforward matter of employing the established methodology and stating the results. The analysis might involve imposing particular restrictions on established models, and these should be stated alongside the results. But since the underlying framework is taken as given, no other assumptions tend to be noted along with the results. As Colander (2002) suggested, there would be a distinction between this technical economic analysis and a separate exercise in political economy which engages with such matters as institutional detail, politics and ethics.[8]

Once a range of frameworks is considered, this approach to policy advice is no longer acceptable. The assumptions need to be spelled out no matter which framework is employed, in order for policy-makers to exercise their judgement. But in any case, in addition to accepting that theory is value-laden, a heterodox perspective encompasses the interconnections between economic relations and other aspects of socio-political life (each heterodox school of thought adopting its own focus). Heterodox economic theory then already includes the elements of political economy which are part of the application of theory to policy. The economist is not seen just as a technocratic expert who produces results as input to the political process, but as someone who designs theory specifically to allow it to connect with other aspects of the context of the policy issue at hand.

Because the results of heterodox analysis are not expressed as deductions from a formal mathematical model, they are seen by orthodox economics as falling outside economic theory, and therefore not candidates for 'truth'. While a heterodox economist would regard this as a matter for debate, an orthodox economist does not because effectively she defines the discipline by its (formal deductivist) method. Thus encouraging economists to pursue truth and to communicate that truth presumes some shared view as to what the truth is and how we might pursue it (see further Bartlett, 2009).[9] We may all share the view that we should aim to uncover true causal mechanisms in order to suggest appropriate policies, even although we can never demonstrate that we have identified truth in any absolute sense. But from a pluralist perspective there are different approaches to economics which generate different accounts. Each group of economists may be convinced that their account is closer to the truth, but there is no independent way of settling the matter.

Again, if there is to be a code of ethics, it would be very dangerous to be any more specific than a general injunction to pursue truth and to communicate conclusions. Any more specific rules invite censure by the dominant group of the type of analysis pursued by other groups. Effectively that is what we have seen in the national exercises in research assessment.

The same applies to a variant of this principle, which is to be serious in research activity. With its methodology being its defining characteristic, orthodox economics would suggest that seriousness be interpreted with respect to application of that methodology. In the same way, rigour is understood to be coterminous with mathematical consistency. For heterodox economists, seriousness is related much more to the subject matter (both in terms of the nature of the subject matter and also what is regarded as the policy priorities). Rigour is thus open to a wider range of meanings. In particular theory can be assessed in terms of how closely it fits with the subject matter. Lawson (1997) in particular advocates open-system epistemology in order to be consistent with an open-system ontology. In these terms, rigour refers to ontological consistency rather than internal formal mathematical consistency.

[8] Indeed he regrets the encroachment of value judgements into theory textbooks; see Colander (2005).
[9] As Radford (2011) points out, there is not even agreement on the subject matter of economics.

A further related principle which might come under the same heading is to ensure competence in pursuing and communicating truth (as suggested by Bartlett, 2009, for example). This is something even more evidently open to unwarranted influence by mainstream economics. Economists in the UK academic system for example have had extensive experience of peer review of research and teaching (with respect to centrally-set benchmarks as to the curriculum) which defines competence substantively with respect to mainstream methodology (see Lee 2009: Part II).

The experience of such exercises demonstrates the dangers of the application of one set of epistemological criteria to schools of thought based on different approaches. It therefore illustrates why a code of ethics which did not take epistemological issues into account could provide even more scope for heterodox economics to be suppressed. But this experience also illustrates how mistaken it is to assume that individual economists (or anyone else) are calculatively-rational optimisers and thus to attempt to induce professional behaviour by means of incentives which appeal to narrow self-interest. The strength of heterodox economics in spite of the incentives to take an orthodox approach is evidence in itself. Detailed procedures to ensure competence (and promote excellence) according only to one approach, far from promoting professionalism, threaten it by presuming a lack of trust in academic judgement.

Do No Harm

Orthodox economists may present themselves as technocrats, simply providing advice to which others can apply their value systems, and have been quite successful in persuading others to see them in this light. But even in these terms, the public has seen economists as bearing some responsibility for the crisis. Economic theory provided support for confidence in the capacity for efficient financial markets to produce socially-optimal outcomes with markedly reduced regulation. In other words economists, like medical professionals, have been authoritative experts whose theories have had real consequences. By encouraging the conditions for the crisis, economists have therefore done harm.

A specific principle advocated by DeMartino (2010) (see also Radford, 2011) is the equivalent of the medical principle: do no harm. As DeMartino (2007) points out, the mainstream approach to economics often promotes particular policies according to the ‘maxi-max’ principle of choosing the policy for which one of the range of predicted possible outcomes is best. In other words, a value has been introduced into the theory (in addition to the values embedded in the overall framework). Some of the mainstream policy literature (particularly that on monetary policy) has employed a different value by taking a loss-minimisation approach which aims to limit worst-case harm. Nevertheless in both cases it is presumed that the range of gains and losses is known, allowing policy selection by some rule or other. Other things being equal, the policy maker can assess the value being imported.

But, within a heterodox epistemology which focuses on the uncertainty of knowledge, there is some scope for predicting tendencies as the outcome of policies, but not the quantifiable probability distribution of outcomes; and indeed there may well be countervailing tendencies to compound the problem of prediction. The value judgement for the policy-maker is much less clear-cut, requiring judgement about likely outcomes. It also requires judgement as to the possible range of outcomes. It is notable that the worst-case scenario of a crisis was not part of the range to which loss-minimisation was applied in orthodox models. Policy advice using a heterodox approach therefore draws on judgement about the degree of confidence in general predictions about the outcome of policy, with an awareness of the scope for non-deterministic structural shifts.

As DeMartino himself accepts, a ‘do no harm’ principle encourages caution. But this is only one possible response, which accords more with the Austrian approach than the Post Keynesian approach. Hayek and Keynes shared the view that knowledge is in general held with uncertainty but differed on the implications they drew for the role of economists as policy advisers (Greer, 2000). Hayek (1974) was particularly critical, on epistemological grounds, of economists presenting themselves as experts. As a result of the limitations on their knowledge compared to those engaged in economic activity, Hayek discouraged policy activism; he argued that policy-makers and their advisers could never have enough knowledge to justify action (see e.g. Hayek, 1960, and 1973-9). In contrast, Keynes's epistemology was based on his *Treatise on Probability* (Keynes, 1921), where his focus was on how action was justified *in spite of* uncertainty. He analysed the grounds for belief on which action is based; these grounds were understood as extending well beyond rationalism. He argued later in relation to the investment decision that rationalism justified inaction (Keynes, 1936: chs 11 and 12). By constructing a theory which was general in the sense of addressing the general uncertainty of knowledge, Keynes provided reasons for government to act even under uncertainty; these reasons reduced the government's uncertainty, providing the basis for actions which would in turn reduce uncertainty in the economy. It was a matter of judgement to design policy which, as far as it was reasonable to expect, would do no harm (see further O'Donnell, 1989).

Thus the 'do no harm' principle too is open to different interpretations depending on approach to economics, and is only suitable as a general principle, not for a set of detailed rules for professional conduct.

The Pluralist Ethic

All the issues raised above arise from the pluralist understanding of economics and the fact that the profession is dominated by an orthodox economics which does not share this understanding. Questions of human nature and of knowledge therefore colour the way in which any principle is going to be interpreted. As long as one grouping dominates economics and does not recognise these pluralist concerns, any detailed code of ethics could be very dangerous for pluralists.

The position of heterodox economics within economics is a product of the mainstream formal deductivist methodology as a way of defining economics. The most important professional ethic for heterodox economists therefore, I would suggest, is the ethic of pluralism itself (see Screpanti, 1997). There are epistemological arguments for fostering a plurality of approaches in economics. But there is a decisive ethical argument for acknowledging and embracing such plurality: the argument for economists to *be courteous even when they differ, to be even-handed in considering different arguments and to be open-minded in allowing for different possibilities.* This is an argument for 'good conversation', as put forward by McCloskey (see eg 1994: 99). It is not an argument for allowing any idea to go unchallenged – far from it. Rather, given that critical analysis could be said to be the hallmark of science, the pluralist ethic sets the broad ground rules for criticism. The third ground rule noted above (open-mindedness) is perhaps the most important, since it urges economists to raise their awareness of alternative approaches. It has been perhaps the most powerful and most damaging stance of orthodox economics to define the discipline in such a way as to preclude much of heterodox economics from the discussion on the grounds that it falls outside the discipline.

Conclusion

Pluralism makes it virtually impossible to specify a neutral detailed code of ethics with respect to professionalism in economics. Nevertheless it has been argued here that the ethical issues surrounding the practice of economics are wide-ranging and complex. Most important, pluralism challenges the orthodox framing of economics as a purely technical discipline rather than as a profession with a duty of care for the economy, applying theory which embodies value judgements. Further, the orthodox narrative supports a monist methodology which makes it difficult for heterodox economics to flourish, in a self-reinforcing process.

To highlight the ethical aspects of economic practice in a code of ethics would go some way to addressing these issues. But because interpretation of any detailed injunction or prohibition depends on epistemology, the wording needs to be carefully designed to prevent misuse of a code of ethics as a further mechanism to suppress pluralism. Otherwise the implementation of a detailed code of ethics by the dominant orthodox group of economists could further constrain heterodox economics by imposing an orthodox view of human behaviour, of truth and of predicting the consequences of policy. In particular, detailed codes of ethics pose a distinct risk of eroding professionalism-as-a-social-convention by presuming rational optimising individualistic behaviour to be the norm. On the other hand, a code of ethics in the form of general guidelines could be an important positive step in the direction of re-establishing professional conventions in economics.

But the main conclusion is that pluralism itself should be the focus of our discussion of ethics. It is pluralism which distinguishes heterodox economics and it is pluralism which makes detailed codes of ethics problematic. Other principles included in a code of ethics should therefore be understood and applied in the spirit of the principle of pluralism.

Acknowledgements

This paper has benefited greatly from discussions with Alexander Dow and from comments from Alessandro Roncaglia and John Latsis.

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No Ethical Issues in Economics?

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Abstract

For much economics research, ethics committee approval is not required. This is seen by some as indicating that there are no ethical issues in economics research. However, ethical research requires more than simply meeting regulatory requirements. If economics research has an impact on perceptions and resulting decisions, then there may be concerns about the nature of the research and its impact.

There are a number of arguments that could be raised as to why economics does not describe the real world. What we see is shaped by how we see, so it is important to consider context. This paper considers the simplification that is an inevitable aspect of research. Implications for economic approaches are described, recognising that criticisms can apply to heterodox as well as mainstream approaches. Subjectivity is then discussed, questioning the traditional positive-normative distinction. An additional section relates to the application of economics. It focuses on the significance of rhetoric and the differing roles played by economists, each of which may have their own obligations and expectations. A theme throughout the paper is that of groups and group membership shaping perceptions and behaviour. The paper concludes that there are ethical issues in relation to both how and why economists undertake their work.

University human ethics committee requirements generally relate to research that directly involves human subjects. For example, approval is commonly required for interviews, surveys and experiments. Many economists, on the other hand, undertake research that is either theoretical modelling or quantitative analysis using existing data. Consequently we have come somewhat late to the experience of externally imposed ethical criteria. The implicit presumption has been that there are no ethical concerns if one applies economic reasoning and analysis according to the accepted conventions of the discipline.

This paper attempts a broader view. Might our perspectives or our methods be questionable? Should we be concerned about the influence that economics may have? Looking back, there are indications of disquiet by economists in some quarters, and certainly developments outside economics (and often among critics of economics) suggest grounds for concern.

Three broad concerns which could be considered are incompleteness, subjectivity, and rhetoric and roles. The first refers to a tendency, in heterodox as well as mainstream economics, to present simplified structures as if the findings apply directly as accurate representations of phenomena in the real world. In reality, analyses are incomplete, describing alternative, analogous structures rather than the real world. On the second, what we see is shaped by how we see. Choices are made, commonly without clear objective justification. This indicates a subjectivity in the simplification process, undermining 'positive' analysis. Third, the ways in which we choose to look at things are influenced by the environment and the views and actions of those around us. Economists do not work in isolation. We are judged by our peers and we function in the wider society, playing our part as economists in academic, political, legal and other social and institutional activities. The nature of these activities and methods of effectively working in them also shape what we do and what is expected of us. This may mean that there is no single set of ethical principles that would apply to all economists under all circumstances. These three concerns are discussed in the following sections.

1. Incompleteness

As economists, perhaps we should consider ourselves to be telling stories based on abstract, imaginary worlds. Our models are not reality, the graphs and equations are basic skeletal structures which, for all but those convinced to the contrary, leave a great deal to the imagination. They are the means by which many economists tell their stories, often hoping to convince an audience that the conclusions are as applicable in the real world as in their abstractions. The drive to mathematisation in economics is widely recognised and, at least in relation to its current form, strongly criticised by Lawson and others (Hodgson, 1997, 2001; Hoffman, 2012; Lawson, 2003; Lipsey, 2001). However, this could be seen as an illustration of a broader problem, namely a failure to acknowledge the limitations of our approaches. This is not unique to economics, but that does not justify it.

Inevitably, theoretical approaches involve simplifications. This raises an ethical issue. Should a simplified representation be presented as a description of reality, or should the findings be qualified. Keynes made this point:

> '[I]n ordinary discourse, where we are not blindly manipulating but know all the time what we are doing and what the words mean, we can keep "at the back of our heads" the necessary reserves and qualifications and the adjustments which we shall have to make later on' (Keynes, 1973, pp. 297-298).

Without these added reserves, qualifications and adjustments, we are overstating the explanatory power of our findings. A similar point is made in literature on framing, which recognises that an explanation involves subjecting information to a process of 'selection, emphasis, exclusion, and elaboration' (Severin & Tankard, 1997, p. 320). This theme is also developed in writings on postmodernism:

> 'We are no longer confident that we can build intellectual structures upward from firm epistemological and ontological foundations. We suspect...that, while there may well be somewhere a "world" underlying all our disparate versions of it, that world is finally inaccessible, and all we have are the versions' (McHale, 1992, pp. 4-5).

McHale's audience may lack that confidence, and Lawson (1997, 2003, 2004) is aware of the problem in economics but is searching for a solution. However such reservations are not so common in the utterances of economists. Students new to economics are treated to a supremely confident description of 'Ten Principles of Economics' in the opening chapter of Mankiw (2012). McHale's point is valid nevertheless. Our simplified structures are shaped by, among other things, the definitions of concepts, the choice of information and our interpretation of that information, and there are many structures that could be chosen. As Goodman presents this:

> 'Frames of reference...seem to belong less to what is described than to systems of description...If I ask about the world, you can offer to tell me how it is under one or more frames of reference; but if I insist that you tell me how it is apart from all frames, what can

> you say? We are confined to ways of describing whatever is described. Our universe, so to speak, consists of these ways rather than of a world or of worlds' (Goodman, 1978, pp. 2-3).

A similar point is made by others in other contexts. In discussing science, Gillies (1993, p. 146) suggest that '...ordinary, everyday observation is in fact theory-laden'. This could be seen as another example of the process of understanding being based on existing knowledge or perspectives. What we see is shaped by how we see, which may be influenced by the theoretical structures that we have learned.

In the philosophy of language, Lakoff and Johnson emphasise the importance of metaphor, where, 'The essence of metaphor is understanding and experiencing one kind of thing in terms of another.' (Lakoff & Johnson, 2003, p. 5). New things are interpreted through assumed similarity with the familiar. They later elaborate:

> 'In all aspects of life...we define our reality in terms of metaphors and then proceed to act on the basis of the metaphors. We draw inferences, set goals, make commitments, and execute plans, all on the basis of how we in part structure our experience, consciously and unconsciously, by means of metaphor' (Lakoff & Johnson, 2003, p. 158).

Dow has a particular interest in economic thinking. She emphasises the importance of the researcher's 'world view'. How we see shapes what we see:

> 'Decision-makers organise their perceptions and their expectations around worldviews or paradigms. Such behaviour is rational in the sense of reasoned, according to the theories adopted by each decision-maker' (Dow, 2012, p. 49).

She goes further, identifying methodological constraints on perceptions and understanding across groups, referring to 'representations of reality', and suggesting, '...the exclusiveness of each overall methodology to its paradigm precludes neutral synthesis between paradigms' (Dow, 2012, p. 17).

1.1 Limitations in Mainstream Economics

All theories emphasise certain aspects and exclude others. These limitations should be acknowledged. Critics of mainstream economics have pointed out many of the limitations to that body of knowledge. We should be equally aware that alternative approaches will have their own limitations. This is an inherent characteristic of the process of theorising, rather than a fault of a particular approach.

Mainstream economics develops key findings, such as the optimality of perfect competition and the nature and undesirability of market failure, in a context of static and comparative static analysis. There is an inevitable focus in static analysis on equilibria and optima. Where the focus is on equilibria, there is a requirement (an unspoken assumption) that these are points of interest. This requires stability and rapid adjustment when out of equilibrium. The approach cannot handle dynamic aspects such as process of and time required for adjustment. One recent initiative to address this is NESS ('The Non-Equilibrium Social Science group,' 2011).

Comparative static analysis compares two static positions. These are independently determined from two stand-alone analyses. It ignores any issues that might arise as a result of one analysis describing the starting point (i.e. the initial use of, not the initial allocation of, endowments) and the other the end point. For example, a theoretical comparison of an economy with protection and under free trade may indicate quite different production patterns. The transition from one to the other may then require many workers to retrain, their existing skills no longer being of value. Some older workers may not work again. There may be similar implications for capital and for land uses. Such costs may be acceptable, but we would not know from the basic analysis because they are not considered. In other words, the starting point in a comparative static analysis may affect the attainability or the desirability of the end result, but this would not be revealed by an analysis which just compares two static equilibria.

There is a heavy focus on marginalism, but this requires infinite divisibility and the ability to substitute between factors and between goods. It is a poor representation in the face of, for example, lumpiness, limited substitutability, or fixed factor proportions and a limited number of production technologies. Similarly, marginalism may not be a useful representation of real world behaviour when, for example, a large proportion of the retail price of goods is based on percentage mark-ups in the distribution sector. Moreover, market structures may be determined less by the number of producers and consumers, and more by the nature of distribution and the number and type of players in the distribution sector.

As has been suggested above, many sources suggest that the variables chosen, their definitions and associated data, play an important role in shaping the perspectives that are taken and hence the questions posed and the answers found. A notable example is GDP, the emphasis on which has received much criticism (alternative measures are proposed in the Better Life Initiative, OECD, Undated). More broadly, criticisms have been raised on many other aspects of mainstream economics, including the focus on market activity, market prices as measures of value, discount rates for comparing values over time, the use of static optimality criteria, the assumption of exogenous preferences and the concept of individuals acting independently.

Additional criticisms have been raised on the basis of the separation of economics from other important influences, not least those of politics. To quote two sources, Dixit and Johnson:

> '…the traditional dichotomy of markets versus governments, and the question of which system performs better, largely lose their relevance. Markets and governments are both facts of economic life, and they interact in complex ways. We cannot find feasible improvements by wishing away one of the components' (Dixit, 1996, p. xv).

> '[W]e must acknowledge the intimate, inseparable relationship between politics and economics' (Johnson, 2012).

The concept of a purely 'market economy' sector in western countries is hard to support, given the size of government and the public sector. In addition, an approach which focuses on market-based transactions overlooks many allocation decisions within large organisations, including those within multi-national firms.

A possibly more fundamental line of criticism is propounded by Lawson. This focuses on the limitations of the mathematics used in mainstream economics, using concepts of 'atomism' and 'closed systems'. Lawson is critical of what he terms the 'dominant mainstream tradition' which insists 'that economics necessarily relies on techniques of mathematical modelling' (Lawson, 2003, p. xvii). He distinguishes between the relationships required for the use of this technique and those which might be observed in the real world. To use his words, '...any presumption of the universal relevance of mathematical-modelling methods in economics ultimately presupposes a ubiquity of (strict) event regularities.' And further, '...the dependency of mathematical-deductivist methods on closed systems in turn more or less necessitates, and certainly encourages, formulations couched in terms of (i) isolated (ii) atoms' (Lawson, 2003, p. 13). By atoms he means 'items which exercise their own separate, independent and invariable (and so predictable) effects (relative to, or as a function of, initial conditions)' (Lawson, 2003, p. 14).

Lawson defines a 'closed system' as one in which 'an event regularity exists', a requirement for predictability. Hence his closed atomistic systems give full explanation of the behaviour of units that are independent and predictable. He then questions the value of applying these tools of analysis (or frames) to real world issues. He argues that the real world is comprised of open and highly inter-related social systems, as are the economic phenomena that we observe. Consequently the methods used in mainstream economics are of limited value. At the very least, we cannot rely solely on mathematical formulations to analyse economic phenomena.

All these points have been raised as criticisms of mainstream economics, but this does not mean that alternative bodies of theory are necessarily better. Rather, it should be taken as an illustration of the limitations that are necessary in any theoretical approach. The limitations may differ, but they will always exist. On the ethical level, a failure to recognise these limitations (in this or any other approach) would mean that we are misrepresenting and overstating the value of our results and recommendations.

1.2 Analogy - Not the Real World

There is one perspective on theory that might avoid an inflated impression of our degree of understanding. That is to base our understanding on the position that theories are analogies, not direct representations of the real world. The perspective of paradigms (Kuhn, 1970) suggests that theories are ways of seeing reality. Instead, the term 'analogy' stresses that the theoretical representation is distinct from the phenomenon in the real world, although it is hoped that the representation may provide insights that are of value. Lucas describes a theory as (my emphasis), 'an explicit set of instructions for building a parallel or *analogue* system' (Lucas, 1980, p. 697). Klamer says a model is (my emphasis):

> 'An explicitly, and in economics often formally, articulated *analogy*. A model is typically characterised by "as if" reasoning' (Klamer, 2007, p. 123).

Any claim that theoretical findings are facts on which real world decisions can be based directly is rhetoric, unsupported by logic. The ethics are questionable, and the existence of other, relevant determinants is one reason why some such as Lawson (2003) have challenged the ontological validity of theories which assume 'closed' systems. A similar point has been made for the natural sciences, 'Natural scientists work constructing highly abstract, imaginary worlds and narrate conjectural stories of how the earth or the whole universe developed' (Ingrao, 2009, p. 31). Regularity is perhaps more likely there than in systems where outcomes are influenced by the decisions of many human participants, as are the objects of economic investigation.

To summarise, our perspectives and analyses are incomplete. Incompleteness is introduced at many levels. At the general level, it arises from the constraints of classification due to language and our 'world view'. It is further constrained by the limitations of the methodologies that we use and the disciplinary boundaries that we impose on ourselves. Such issues are not unique to economics. They should be recognised and resulting reserves, qualifications and adjustments incorporated into our analyses. This can be done by considering representations of economic activity to be in the form of analogies, with additional steps to be taken to relate the results to the real world.

2. Subjectivity

For decades it has been impressed on economics students that the discipline is based on a strong core of objective thinking. The concepts of positive and normative statements and Milton Friedman's (1953) methodology of positive economics have been highly influential. How valid is the positive-normative distinction?

The above section on incompleteness presents a simple way to question purportedly positive findings. If analyses are incomplete, what can we say about the choice of simplification? Is it objective or subjective? If positive statements are seen as objective, adherents to this classification may feel confident in the validity of their claims and assert them with authority. If so, they are unaware of the limitations of their thinking and some of the alternatives that are missed.

Discussing world views and methodology, Dow (2012) stresses the extent to which particular approaches are constrained, often without recognition of available alternatives. The choice is subjective because, 'there is no independent basis for deciding on one methodology' (Dow, 2012, p. 137). Dow draws for support on Caldwell (1986), who emphasises the difference in evaluative criteria used by different methodologies, suggesting that the criteria from one methodology may be unsuitable for assessing analyses using another.

It may be limiting at the level of theory also, so choice of theory is also important as a constraint on objective understanding. Minsky (2008, p. 109) writes:

> 'In all disciplines theory plays a double role: it is both a lens and a blinder. As a lens, it focuses the mind upon specified problems, enabling conditional statements be made about causal relations for a well-defined but limited set of phenomena. But as a blinder, theory narrows the field of vision.'

The suggestion that there is an objective basis for economics has long been questioned. For example, economics has been likened to religion. There was a debate on whether basic assumptions are testable, or a matter of 'faith'. This was described by Joan Robinson (1970), and also critically stated by Sumner Rosen:

> 'Long ago economists opted for a separation of their studies from fundamentals. In so doing they adopted a prevailing American view that the fundamentals are not in question. The older fashion of joining economic and political concerns into political economy passed from the scene' (Rosen, 1972, p. 417).

The theme was developed further by Nelson (2001), with additional speculation in the foreword to Nelson's book, where Max Stackhouse summarised Nelson's suggestion that crusading zeal might have influenced the framing of economics:

> '[T]he profound religious tradition that shaped Western culture framed, inevitably, the intellectual contours of economics...[and] unacknowledged religious assumptions pervade the commitments of currently distinguished and influential figures' (Nelson, 2001, pp. x-xi).

However, positivism has been strongly challenged both outside economics and from within (Mäki, 2009; Mosini, 2011). The concept of framing has been instrumental in this regard, emphasising the subjectivity of what and how we see. Framing involves decisions, including the choice of variables and relationships to be included. These decisions are important. In the political sphere there is clear awareness of the importance of language, with choice of words and labels setting the framing and the persuasiveness of arguments (Curran, 2006; Fairclough, 1995, 2001). Economists may passively accept this as outside information that is 'given', especially if they are unaware of its significance.

These concerns are of universal relevance. Lakoff and Johnson discuss subjectivism and objectivism, exploring the extent to which there are constraints in both directions. They argue that objectivism misses the fact that understanding depends on how the world is framed, and subjectivism misses the fact that frames, or a 'conceptual system' 'is grounded in our successful functioning in our physical and cultural environments' (Lakoff & Johnson, 2003, p. 194). This last point is important for economics, and especially the application of economics to policy issues. It may be possible for people to see if a perspective aids 'successful functioning' where decisions are repeated and have a direct impact on the individual. It is not clear for complex policy issues and distant, unusual events. Grounding may be harder for such matters, in which case plausible arguments may be enough to create and maintain beliefs.

This may be why we continue with one assumption in mainstream microeconomic theory which is not often explicitly stated. The theory is assumed to describe both how people actually behave and how, as rational individuals, they should behave, with the added understanding that this is desirable behaviour for the real world. It is by no means clear that all these assumptions are justified. It may be appealing to have a monolithic theoretical structure which offers a complex, interlinked representation of the economy. However, we may be better served by 'a range of partial analyses which together add weight to argument, rather than one complete formal model as the whole argument.' (Dow, 2012, p. 8)

In summary, either by default, through the influence of others, or by choice, decisions are being made which affect the selection of economic issues and the ways they are analysed. Not only are we simplifying, but this simplification is the result of a subjective, not an objective, process.

3. Rhetoric and Roles

There is a distinction to be drawn between the formation of a person's understanding of economics, as discussed above, and the choice of information to present to others. If, as economists have been known to assume, people act according to their objectives and the constraints and incentives that they face, then economists will also be subject to such influences. This section will consider the economist playing a role in the news media, in policy debate and advocacy, and in the economics profession itself.

Consider first the economist who is a news media commentator. The news media, and television in particular, is keen on the 'sound bite', the short comment which conveys a clear point and can be readily understood. Bourdieu uses the term 'fast-thinkers', whom he describes as 'specialists in throw-away thinking' (Bourdieu, 1998, p. 35). People who can operate in this way have quick, confident responses using commonly held beliefs that do not challenge listeners' opinions. They fulfil the role better than others who may be more controversial, or more cautious and circumspect. Bertrand Russell, in his essay, 'On being open-minded', made a similar point decades before. He wrote of the relative ease with which one can appear intelligent by presenting the accepted position (Russell, 1950, pp. 65-70).

The requirement works against those who are challenging a dominant view. The problem is described by Chomsky (Achbar & Wintonick, 1992). He points out that statements representing the norm can be made and not challenged. In contrast, those presenting alternatives will be required to provide extensive evidential support, the opportunity for which is not always offered. It would seem that success for an economist in the role of a news media commentator requires a certain type of presentation and content.

In contrast to the news media, policy debate and advocacy may present different requirements. Policy debate has been described as a power play between groups competing for dominance (Birkland, 2011; Cobb & Ross, 1997; Considine, 2005). This may at least describe the perceptions of those active in the policy sphere, as is indicated by the interest in issues having political traction. If so, phenomena discussed in that literature may well be relevant. Cobb and Ross describe agenda setting and denial, whereby the aim is to be the one to set the agenda, while excluding the issues and options of other groups. This involves strategies quite distinct from straight presentation of information. An understanding of rhetoric and persuasion is important. An illustration of the distortions that might arise in public debate on policy issues can be found in Cook and Lewandowsky (2011). They suggest that common ways to provide evidence to counter a false belief may actually result in reinforcement of that belief.

Eleven 'Modes of argumentation' are described by Dunn (2004, pp. 394-418). Two of these include presentation of theoretical or empirical findings. However, the use of the findings is described (perhaps justifiably) as means of adding authority or persuasive power to points being made, rather than as providing facts for consideration in decision making.

Economists attached to a politically active group may be expected to provide persuasive arguments and evidence in support of that group's position. This is not impartial, but it does not necessarily make it wrong. Consider the position of policy analysts in the public sector. They are advising politicians. If they consider only the policy options which may be acceptable to the current government, it could be argued that they are not giving impartial advice. If they consider a wide range of options, this could be seen as a waste of resources given that many will never be considered for implementation. It could even be seen as acting against the government of the day.

Whatever we might conclude about desirable behaviour, those who see the policy environment in terms of competing groups will see this power play as determining the 'rules of the game'. Rhetorical stratagems and other practices may be considered acceptable, although ethically questionable in an alternative context of logical debate and a search for 'truth'. If this is the environment in which economists are working, it will influence the expectations of them, as well as their behaviour. It may then be necessary to have context-specific ethical rules which recognise the role and the constraints.

The issues are apparent in adversarial systems where people are engaged in advocacy roles. In the legal sphere, lawyers are expected to advocate for their clients, presenting the most favourable case and using a range of techniques to undermine the opposing position. Rather than being considered unethical, success in such action is seen as a sign of a 'good lawyer' (but note Dodson and Fogg in Pickwick Papers, Dickens, 1986). Similarly, some economists may be expected to advocate for their clients or employers. Consider those working for political parties, unions, or employer or producer organisations, for financial institutions, lobby groups, or news media reliant on advertising revenue. There is even a term, advocacy research, defined as 'studies that seek to measure social problems, heighten public awareness of them, and recommend possible solutions' (Gilbert, 1997, p. 101). Gilbert acknowledges that advocacy research can be ethically done, but there is a clear objective to bring about change. This commonly involves the development of a persuasive case. Gilbert notes that researchers have been known to make exaggerated claims to support their chosen causes.

It should be recognised that there may be political forces also within academia and within the economics profession which affect what is done and how it is perceived. A rhetorical dimension to economics has been highlighted by McCloskey (1998), not necessarily in terms of persuasion, but at least in relation to the promotion of unsupported positions. The application of statistics to economics has also been criticised by Cartwright:

> '...much of what is done with the use of statistics in social science is gibberish. Our false idealisation papers over a glaring hole in our methodology' (Cartwright, 1995, p. 350).

With statistical criteria as with theoretical and methodological, group membership involves a large degree of adherence to group rhetoric.

Institutional incentives which result in support for a 'conventional wisdom' in economics are described in Galbraith (1999, Chapter 2). Galbraith contends that people in key roles owe their position to a past willingness to expound, and are under an obligation to perpetuate, the 'conventional wisdom':

> 'The high public official is expected, as is indeed to some extent required, to expound the conventional wisdom. His, in many respects, is the purest case. Before assuming office,

> he ordinarily commands little attention. But on taking up his position, he is immediately assumed to be gifted with deep insights. He does not, except in the rarest instances, write his own speeches or articles; and these are planned, drafted and scrupulously examined to ensure their acceptability. The application of any other test, e.g., their effectiveness as a simple description of the economic or political reality, would be regarded as eccentric in the extreme' (Galbraith, 1999, p. 10).

Galbraith also describes how apparently vigorous debate can be narrowly focused and simply reinforce the acceptability of the familiar, even in academic circles. Further grounds for such phenomena can be imagined as a consequence of group membership and group behaviour (Birks, 2011).

A requirement for group membership is acceptance of some common conventions, language, body of knowledge and traditions. A widely accepted perspective talks of paradigms (Kuhn, 1970). This commonality should not be surprising if we consider Hardin's description of the way much knowledge is conveyed. He presents a concept, 'street-level epistemology', whereby people take their knowledge from others without much individual critical assessment (Hardin, 2002). We could ask how critical economics students are expected to be when building up their knowledge of the discipline. An objective of the instruction is to guide students into thinking as economists.

In this context it is understandable that one approach may come to be seen as definitive to the exclusion of others. Some might argue that this is the situation with 'mainstream economics'. Such a possibility has been described using the term 'ideological-discursive formation' (IDF), or way of framing debate that is favourable to a particular perspective (Fairclough, 1995). Where one IDF becomes dominant, to the exclusion of others, it is seen as knowledge. Alternatives will then be viewed as biased and ideological. Leamer has stated this point more bluntly:

> 'Economists have inherited from the physical sciences the myth that scientific inference is objective, and free of personal prejudice. This is utter nonsense. All knowledge is human belief; more accurately, human opinion. What often happens in the physical sciences is that there is a high degree of conformity of opinion. When this occurs, the opinion held by most is asserted to be an objective fact, and those who doubt it are labelled "nuts"' (Leamer, 1983, p. 36).

This is not to say that all economists conform. There are many alternative views, but they do not generally have traction. The World Economics Association was established to broaden the focus in economics. Hence its manifesto includes a commitment to plurality and 'the free exploration of economic reality from any perspective that adds to the sum of our understanding'.

In summary, economists contribute to debate in many areas. These include the news media, policy debate and policy implementation, and in academia. To be effective, contributions must meet the requirements of the areas in which they are made. These requirements also serve as constraints. Ethical behaviour may therefore be context-specific. Even if broad, universal ethical principles can be identified, their interpretation may be dependent on specific circumstances. This is not unique to economics.

4. Conclusion

Certain requirements must be met for there to be confidence in mainstream economic theory and resulting policy recommendations. It is necessary to have an underlying belief that there is an attainable system or structure under which a society can 'work well'. This belief may be a consequence of the central position of a theoretical 'ideal'. However, its persistence is hard to fathom given the numerous examples in history and plausible illustrations in literature indicating the contrary.

Is it then ethical for academic economists to present the results of such a theoretical exposition, or of an empirical analysis based on theory or models, as if they are representing the real world? It is important to identify and explore the additional reserves, qualifications and adjustments that are required. As indicated in this paper, some consider that the mainstream approach has fundamental flaws, whereas others see value in a broader, more pluralistic approach. In either case, critics have argued that economists have paid inadequate attention to the limitations of their analyses. This is in part due to a framing which suggest that economic analysis can be objective, or positive. Other literature, much of it from outside economics, highlights inherent distortions and subjective aspects which influence what we see and how we interpret economic phenomena.

The ethical issues that this raises are not straight forward because there is not a single context in which economists operate. Rhetoric recognises that messages vary according to the beliefs and perceptions of the audience. These serve as constraints. They determine the incentives, rewards and penalties that economists face in the different roles. They also affect the way in which information is treated, and hence the impact that it has. Economists do not operate in a vacuum. Ethics are important. However, any meaningful ethical criteria must reflect the various circumstances which may apply. Economists may then be subject to alternative ethical requirements, and the reality is that deliberation, public debate and news media coverage is influenced by these factors.

These are just a few of the many ethical issues that could be raised by economists. In brief, they relate to the nature and limitations of theory and techniques in general, and economic theory and techniques in particular, recognising real world phenomena that shape decisions and outcomes and the various roles that economists may play within the institutional structure. It is important that economics be seen in this wider context if its contribution to society is to be understood.

Acknowledgements

Early versions of this paper were presented in 2012 at the New Zealand Association of Economists Conference in Palmerston North and at the WEA online conference, Economics in Society: The Ethical Dimension. Thanks are due to participants in both those conferences, as well as to Grazia Ietto-Gillies and Alan Freeman and, in particular to John Latsis for constructive comments.

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Professional Economic Ethics: Why Heterodox Economists Should Care[1]

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Abstract

In presenting the case for professional economic ethics over the past two years, since the publication of *The Economist's Oath*, I've encountered more scepticism among heterodox economists on the left than from those on the right. Left-leaning economists argue *inter alia* that the project to establish a field of professional economic ethics is *naïve*, since economists are hardly to be dissuaded from doing wrong by the existence of a code of conduct; *off target*, since professional ethics doesn't address the main failures of economics and economists; and as a consequence of all that, that professional economic ethics is *wrong-headed*, at least for heterodox economists, since it deflects our attention away from the real problems in our profession.

The left's scepticism regarding professional economic ethics, while not lacking merit, is mistaken in central respects. Not least, heterodox economists hold too narrow a view of the scope of professional economic ethics; and they tend to conflate the field with a code of conduct. Once we correct these errors, we come to see that heterodox economists should be at the forefront of the push for professional ethics in economics. The paper concludes by examining what professional economic ethics might imply for economic pedagogy.

Introduction

The past two years have been marked by new interest in the matter of the ethical conduct of economists. In particular, Charles Ferguson's film *Inside Job*, which explored the causes of the global financial crisis, alerted the business press to the fact that academic economists sometimes face conflicts of interest in their extra-curricular activities that they do not always disclose. The film led economists (Carrick-Hagenbarth and Epstein 2010; 2012) and journalists (Flitter, Cooke and da Costa 2010) to explore systematically the frequency with which economists fail to report their conflicts of interest when giving testimony before the U.S. Congress or otherwise taking public positions on vitally important public policy issues. Ultimately, the pressure on the American Economic Association (AEA) to take up the matter of conflict of interest was sufficiently strong to induce the AEA leadership to appoint an Ad Hoc Committee to investigate whether the Association needs some sort of ethical code or guidelines. The Committee report, which called for a strengthening of AEA guidelines on conflict of interest disclosure but failed to

[1] Presented at the Annual Meetings of the Association for Heterodox Economics (AHE), Nottingham Trent University, 6-9 July 2011

address any broader ethical issues, was adopted by the AEA Executive Committee at its annual meetings in January of 2012.[2]

The ethical scrutiny of the economics profession is long overdue. The AEA was formed just about 125 years ago. Ever since the economics profession in the US, UK and beyond consistently has sought influence over public policy—influence that it believed that it deserved as a consequence of its expertise. And it has been tremendously successful in its campaign for influence. Today, economics is certainly among the most important of professions in terms of its impact on the world. But in all that time the profession has never attended to the ethical burdens associated with influence over others. Even worse, the profession has been largely dismissive of the idea that it faces ethical duties that require any serious attention. I'm aware of no other significant profession that has been so cavalier regarding its responsibilities.

In my view, the profession's dismissiveness with respect to its ethical challenges is ethically indictable. When a profession seeks influence over others, it necessarily takes on ethical obligations—whether it recognizes them or not. The profession should have established a tradition of careful inquiry into its ethical obligations 125 years ago, and these obligations should have been a central concern of the profession ever since. This is particularly true today, when the profession has secured such enormous influence, and when even its academic members are able to enrich themselves through consulting and other for-hire work outside the university. We are all in Charles Ferguson's debt for his having shaken the leadership of the profession from its ethical somnambulism.[3]

In presenting the case for professional economic ethics over the past two years, since the publication of *The Economist's Oath*, I've encountered more scepticism among heterodox economists on the left than from those on the right. Left-leaning economists argue *inter alia* that the project to establish a field of professional economic ethics is *naïve*, since economists are hardly to be dissuaded from doing wrong by the existence of a code of conduct; *off target*, since professional ethics doesn't address the main failures of economics and economists; and as a consequence of all that, that professional economic ethics is *wrong-headed* since it deflects our attention away from the real problems in our profession.

In what follows I will make the case that the left's scepticism regarding professional economic ethics, while entirely understandable and certainly not lacking merit, is mistaken in central respects. Heterodox economists should be at the forefront of the push for professional ethics in economics. I'll conclude with a few words about what taking professional ethics seriously might imply for economic education. All of this is treated more extensively in *The Economist's Oath*; here I can only touch on arguments that deserve much more attention.

Misperceptions Among Economists Surrounding Professional Economics

My first claim is that mainstream and heterodox economists alike tend to make a series of errors when thinking about professional ethics. These errors have led the profession as a whole to unwarranted scepticism. It is imperative to correct these errors if we're to have a useful discussion of whether economics needs professional ethics, and what should be the content of that ethics, were it to exist.

[2] It is noteworthy that the establishment of the committee marked the first foray by the AEA into professional ethics since 1958, when an economist whose work had been rejected by the *American Economic Review* alleged wrongdoing by the journal's editors. That case was concluded several years later with no finding of malfeasance.

[3] In commentary on this paper Gary Mongiovi points out the paradox that though economists preach the universality of self-interest, economists believe themselves to be largely unaffected by any inducements to bias in their extra-curricular work (such as their research-for-hire). I think the paradox can be resolved by recognizing that many economists don't think of themselves as the egoistic actors that they presume in their modelling. Instead, they see themselves as missionaries in service of the public good—secular priests whose job it is to promote a religion of efficiency. This is the view of Robert Nelson who has written extensively on economics as a theology rather than a playground of self-interest (Nelson 2003). Economists have come to see themselves as operating on a terrain far above the hoi polloi that populate their models; a terrain of ethical purity far removed from the impulses and seductions of ordinary men and women.

The first error is this: Economists tend to view professional ethics as primarily addressing matters of explicit wrongdoing. Examples include corruption, plagiarism, and self-interested deception (such as distortion of data to advance one's career). But since these are obvious issues, we don't really need to invest time in professional ethics to know what's right and what's wrong.

In reply I must emphasise that professional ethics should be understood as an enterprise that seeks to enable well-meaning professionals to do good; it is not just or even largely about preventing crooks and charlatans from explicitly doing wrong. Explicit wrongdoing is an important issue in any profession, of course, and it's what gets most of the attention—e.g., when we learn that a doctor who has published research in favour of a new drug is in fact financed by the pharmaceutical company that produced it; or when we learn, as in Ferguson's film, that economists are working as hired guns for business interests without revealing their funding.

But the real substance of the field of professional ethics concerns what it means to be an ethical professional, and what it means for a profession to be an ethical profession. It presumes that many or most professionals want to do good in their work, even if and as they also attend to their own interests. But in the professions, as elsewhere, good intentions do not suffice to ensure ethical conduct. Why? In part, because it's not always or even generally clear how to manage the burdens associated with professional expertise. These burdens are complex and subtle, and they require careful and sustained investigation if we are to avoid making errors that harm those we purport to serve. Even worse, there is now persuasive evidence from research in the field of behavioural ethics that altogether well-meaning people not only fail to act in accordance with their own deepest ethical beliefs, they also fail to recognise their ethical lapses after the fact, or to learn from these failures. As the title of a leading text on the subject announces, we are all flawed actors who face ethical 'Blind Spots' (Bazerman and Tenbrunsel 2011; see also Sommers 2011). A chief take-away from the research is that acting ethically requires substantial adjustments in the processes by which both individuals and institutions consider options and make decisions. And this, surely, is an area where economists of many sorts might have something of value to offer to the field of professional ethics while they also seek to improve their own behaviour.

The second error relates to the first. Economists tend to reduce professional ethics to a code of conduct, where a code is thought to be legislation for the profession on narrow matters like conflict of interest and corruption. Economists in particular then take a second step, arguing that to have any effect at all a code must be backed by sanctions so that those who violate its provisions can be punished. And this, in turn, requires certification and even licensing by the state. But licensing is particularly dangerous for heterodox economists. Especially in a profession that is as closed minded and regimented as is economics, a code may serve as a yet another means by which the mainstream, which would surely control the licensing process, can exclude those with unconventional views. At stake is nothing less than freedom of thought. In this view, then, professional economic ethics would generate even more intellectual conformity and closure within economics than we now encounter.

I certainly share this concern about a binding code of conduct for economics. But in my view, this concern is off-point because professional ethics is not reducible to a code of conduct, binding or otherwise.

The conflation of professional ethics with a binding code of conduct is perhaps the most frequent and damaging error among economists. This is not surprising: most professions have codes of conduct of some sort or other, and many of them are dead letters that everyone happily ignores. So I must emphasise that I am not advocating a code of conduct for economics. I am advocating the establishment of professional ethics. But if professional ethics is not a code, then what is it?

Professional ethics refers to a broad tradition of critical inquiry into the myriad ethical issues that arise in the context of a profession's practice, and into the drivers of ethical and unethical behaviour. Framed in this way, professional ethics encompasses intellectual and pedagogical practices and traditions, *no*t a list of rules that can be tacked to the cubicle wall. It comprises and indeed requires careful and sustained attention to the full range of ethical matters that arise as a consequence of a profession's status and influence, and the nature of its work. And so it ranges over the power, privileges, responsibilities, and challenges facing the profession, and the institutional and epistemic milieu that mark the profession's place in the world.

Professional ethics draws attention first and foremost to the *complexities that arise out of relationships* — among the members of a profession, between professionals and their profession, and between these individuals (and their profession) and those who populate the communities in which the profession operates and that are affected (for better or worse) by the profession's work. Ethical duties stem from the professional's relationship to clients and/or the institutions that pay for the professional's services, of course, but also to third parties who may bear the consequences of the profession's service to others.

I do not mean to deny that professional ethics also concerns itself with the kinds of issues that appear in codes of conduct. Certainly it does. But it goes far beyond these matters, to comprise issues that are more likely to be complex, ambiguous, and contested. For instance, and to raise a thorny problem that will recur below: what are the ethical implications of expertise and the associated intellectual barriers that prevent those whom economists serve from assessing economists' advice? Another is the question how forthcoming economists should be about their confidence in their science when they engage in advising, forecasting, blogging or other professional practice? Are economists ethically warranted in exaggerating their expertise in order to expand their influence in the world in order to bring about what they take to be good economic outcomes? Or should the imperative to truth telling trump their pursuit of authority and influence?

Professional ethics also speaks to the duties facing the profession as a whole rather than to any individual member of the profession. This is an important yet vexing area within professional ethics theory. An example that is particularly salient in economics is the duty to promote pluralism. To whom does this duty apply? Does it require that each economist be sufficiently respectful of alternative theoretical perspectives that s/he finds unpersuasive or even dangerous? Or does the duty apply to the profession as a whole and not to any particular individual member—to the profession's journals and university departments and funding agencies? Perhaps the duty to sustain pluralism lies there—with the institutions that structure and to some degree even govern the profession. Another example is the duty to warn the public about the dangers associated with economic interventions, and with the limits of economic expertise. If individual economists oversell their knowledge in the public arena, perhaps the profession ought to publicize over and over again that economics remains a domain of uncertainty, and that economic interventions always entail an experimental quality that puts society's members at substantial risk.

The final point to be made in this regard is that professional ethics necessarily entails debates and controversies. The questions that arise in professional ethics do not submit easily to simply rule-based or formulaic resolution. This point is fundamental: the challenges of professional practice entail ethical ambiguity and aperture, not clarity and closure. They are not well met through what one medical ethicist (Radest 1997) calls 'moral geometry'. We should not presume nor look for axiomatic solutions in this domain. To put the point in economic terms, *there is no ethical equivalent of Pareto optimality that can help us sleep well at night*. If professional economic ethics is not keeping us awake with worry, it's not doing its job!

Professional ethics at its best involves perpetual interrogation of professional conduct; perpetual probing about how a profession does or does not bear its ethical burdens. Professional economic ethics would entail new debates, texts, journals, curriculum and training; it would seek elucidation and education, and perhaps agitation, rather than legislation. Hence, it does not necessitate a code, licensing, or anything of the sort. Whether a code is required for economics is something that should be determined within the field of professional economic ethics, not before its establishment.

It bears noting that if we define professional ethics in this way, relatively few professions have full-blown professional ethics. Medicine, law, journalism and social work come to mind. In contrast, many professions have codes of conduct but no professional ethics. It is important that economics not add its name to that list.

The third error may be encapsulated simply in the claim 'It's Ideology, stupid!' In this view, the chief problem in economics, the elephant in the room, is ideology—not ethics. Paraphrasing Marx, one might put the critique this way: the dominant professional ethics of an era reflect the interests of the dominant class. And if that's so, what good could professional ethics be to any left project of resisting oppression or promoting genuine emancipation?

This critique raises complicated issues that ought to be taken seriously even if not as a definitive rebuff to professional ethics. From the left perspective, which I share, there is something right about the claim that professional ethics is not the appropriate intellectual tool that can undermine any particularly damaging ideological standpoint (though, what is?). We would indeed be naïve to believe that professional economic ethics is going to undermine mainstream economic thought, or the economic interests it often serves. It is probably best to view the field of professional ethics as largely politically agnostic**.** Like technology, it is neither inherently emancipatory nor enslaving. Professional ethics should not privilege one theoretical perspective over another. This implies that one can be an ethical neoliberal just as one can be an ethical Marxist; and one can be an unethical Marxist just as easily as one can be an unethical neoliberal. To my mind, that's a virtue rather than a cause for concern. That said, professional ethics does say much about *how* one goes about advocating one's perspective. We'll return to this matter momentarily, since it is a key point.

If the claim that professional ethics is politically agnostic is correct, it might be asked, then why risk it? What is the point, if it can't slay the neoclassical beast, and if there's a real danger that it could be turned against heterodox economists? I'd argue that we really don't have any ethically viable choice but to engage our ethical duties. To sustain this argument I will examine the positive case for professional economic ethics.

The Positive Case for Professional Economic Ethics

In the book I advance a four-step, escalating case for professional economic ethics. In my view, each step on its own implies the need for professional ethics. The four taken together cement the case. It is a very simple case, which can be summarised quickly:

1. Economists enjoy an intellectual monopoly over a body of knowledge that is vital to social welfare. This is fundamental to the case: economic expertise of this sort yields authority and power over others.

2. Today, economists also enjoy institutional power by virtue of their institutional affiliations. Economists are embedded in leadership positions in vitally important public, private, and multilateral organisations, where they can leverage substantially the influence that flows to them by virtue of their expertise.

3. Economic interventions generally have uneven effects on society's members. This is why the Kaldor-Hicks compensation test is so important in economics. Without it, mainstream economists would be able to say very little about the most pressing policy debates since almost always some members of society are harmed by economic interventions.

> 4. Economists operate in a context of epistemic insufficiency. We cannot know in advance what will be the full effects of our interventions. There are always unintended and unforeseeable consequences, and sometimes these are more substantial than the intended and foreseen consequences. And so it should be said that economists exert *influence without control*. They cannot ever be sure that even the best designed economic interventions will achieve their purposes.[4]

These four claims ought to be of concern to heterodox economists. For the sake of brevity, I'll examine here just the first.

On Economic Expertise, and the Power of Economists

There is enormous epistemic distance today between economists and the communities they purport to serve.[5] This condition yields to our profession authority and influence over the lives of others. Epistemic distance inheres in expertise in any form. But making matters worse, our profession cultivates economic ignorance even as it promotes economic literacy. It does this not least (and as many have now argued) through the excessive formalisation of economic science. Moreover, the profession cultivates awe through our teaching—awe for the daunting nature of economics, and for the expertise of economists.

Epistemic distance gives us power over those we purport to serve. We presume we know best, and we seek the influence that we believe is our due. We feel warranted in having our vision realised in public policy, even when—or perhaps, especially when—those who are the purported beneficiaries of the policy oppose the measures that we offer.

In the extreme, the economics profession aspires to the role of social engineer. The role of Jeffrey Sachs and like-minded development economists in Latin America or Russia comes to mind in this connection. As wise and benevolent social engineers, economists have come to believe themselves ethically licensed to shape institutions and affect economic flows and outcomes that will affect decisively the life chances of those who populate the economy. This drive has been on full display in particular over the past thirty years, as the most influential economists pressed the neoliberal project with fervour across the global south and in the transition economies.

This history begs the question whether the impulse to exert influence is just a mainstream or right-wing tendency in economics. I don't think it is, though it would make for an interesting research project to investigate the historical evidence to ascertain whether there are salient differences in how economists on the left and right have conducted themselves in advancing their agendas. William Barber is of the view that the profession as a whole is at fault. He puts it this way:

> Economists operating within distinctly different analytic traditions have been willing to deploy their talents under conditions in which democratic processes were held in abeyance… The phenomenon on display here is thus not Chicago-specific, but (to borrow a Marshallian phrase) is a 'specie of a larger genus.' And the central characteristic of that genus is an attitudinal one: namely, an absolute conviction in the validity of one's doctrinal position and an unquestioning faith that its teachings will uplift the human condition (1995, 1947–48).

[4] Making matters worse still, and as Erik Angner (2006) argues insightfully, central features of economic practice (as opposed to other professional practice) shield economists from their failures, promote 'confirmation bias', and thereby prevent learning.

[5] I take up the matter of the salience of epistemic matters for professional economic ethics in greater detail in DeMartino (2013). Suffice it to say here that the issue is of tremendous import. Economists know more than others about the subject matter of economics, but they don't know nearly enough to sustain the projects they often advocate, or nearly as much as they tend to think that they do. In turn, overconfidence born of naïveté and, often, ideology, breeds group-think and intolerance to unconventional ideas, as heterodox economists who are generally dismissed by the profession know all too well. When the lives of others are at stake it is an ethical imperative that a profession cultivate and sustain open-mindedness and pluralism. Knowing more than others but not nearly enough—and not recognising one's epistemic limitations—makes our profession very, very dangerous (see DeMartino 2011; Angner 2006).

I would argue that the aspiration to achieve extraordinary authority without attending to the ethical duties associated with it has been facilitated by the consistent, explicit neglect of professional economic ethics. Absent concern for even the most basic principles that inform professional ethics across the professions, we've had no qualms about directing the lives of others—and we've done it with shocking disregard for the ethical entailments of our work. I am not speaking here of the relatively straightforward issue of conflict of interest or corruption. I'm speaking of our neglect of what it means to position oneself as the 'expert' with authority over the lives of others.

On Maxi-Max

To make this case in the book I argue at length that in the absence of professional ethics, leading economists have implicitly applied a decision rule in their work—the decision rule of maxi-max. Maxi-max is a decision rule that instructs us, when confronting alternative courses of action, to choose that course of action that has among its possible payoffs one that is higher than the highest possible payoffs of the other alternatives. Under maxi-max we consider only the one desideratum of maximum possible payoff. Think of lotteries in this connection—under maxi-max, one should always invest all of one's savings in lottery tickets since, on the infinitesimal chance of winning, the payoff would be much higher than that of any other investment strategy. Under maxi-max we neglect not only the risk of failure, but also the harm that will occur if the strategy does fail, and the distribution of those harms across the population. Indeed, we discount the possibility of policy failure entirely when deciding which policy to advocate. Furthermore, we ignore the stated values and aspirations of those whom we purport to help.

It should by now be clear that maxi-max has been the primary decision rule in the most important economic interventions over the past 30 years—those interventions that have sought to impose the neoliberal model in the developing and transition economy contexts—even though no sane economist would ever speak its name. Leading economists advocated neoliberalism on the grounds that its payoff would exceed the payoff of any alternative regime, full stop. We find no consideration here of the possibility of policy regime failure, nor any planning for failure. These were naïve utopian planners, 'men of system' of the sort that Adam Smith (1976 [1759]) warned about, whose professional arrogance led them to believe they could achieve the impossible, and so were warranted in seeking it (DeMartino 2011).

Maxi-max is entirely inconsistent with all existing bodies of professional ethics, from across the professions. Indeed, I think we are on safe ground in arguing that the application of maxi-max is inconsistent with any imaginable body of professional economic ethics, were the field to exist.

Why is maxi-max ethically untenable? Maxi-max violates two central principles that are now central to virtually all bodies of professional ethics. These are the duty to avoid harm (the principle of beneficence, which comprises non-malfeasance) and the duty to respect the autonomy of those whom the professional serves. Autonomy is reflected widely today in the requirement that those on whom the professional acts must be afforded the opportunity to provide informed consent before the professional takes action. The principle presumes that the person or group being served (and not the professional) ought to be recognised as the rightful architects of their life plans.

As concerns harm, it is difficult to imagine a more dangerous decision rule than maxi-max. If anything, it maximises exposure to potential harm in its discounting of intervention failure. None of us alive today has applied maxi-max in our own lives—the evidence is that we are here, alive, whereas had had we embraced maxi-max, we'd be long dead. In regards to autonomy, maxi-max does no better. It leaves it to the professional to decide which course of action is best. It does not require informed consent before imposing dangerous economic experiments on communities that would never give consent, were they to be empowered to decide for themselves. Indeed, in the professional context maxi-max draws its moral backing from paternalism, which explicitly denies the autonomy of those whom professionals purport to serve. Maxi-max puts the professional squarely in charge.

If the argument that the profession has implicitly adopted the maxi-max decision rule is correct, then it ought not be surprising that in the name of social welfare the profession has committed professional atrocities, attended by gross violations of human rights and substantial economic suffering and even death, all the while purporting to do what's best for others. The profession presumes that its warrant for acting in these ways is given by its expertise, which has been taken as justification for exploiting professional authority to advance social welfare. Underlying these claims is an ethical naïveté, systematically cultivated by a profession that has dismissed its ethical responsibilities.

I'd suggest that if we understand professional ethics properly, as engaging these matters, then it becomes clear that professional ethics should be a concern of heterodox economists. A consistent concern of those on the left is economic democracy, by which is often meant the economic empowerment of working people and the dispossessed. This idea pertains to governance within the workplace, and it pertains to economic governance at the level of society (and policy). But at the moment, the economics profession has positioned itself in a manner that interferes with the attainment of that goal. The language and methods of economics preclude meaningful assessment of our work by outsiders. And that manoeuver, of cultivating authority and power over others, even if with the best of intentions, has the effect of undermining economic self-governance.

From an ethical perspective, economic expertise is inherently fraught. It is at once necessary, and deeply problematic. The problem is that the cultivation of economic expertise also produces relative economic ignorance of those we purport to serve—and this ignorance gives us power. And yet, we tend to overlook this dilemma. The field of professional economic ethics would place these issues squarely on the agenda. The questions 'what does it mean to be an ethical economist, and for economics to be an ethical profession?' turn out to shine a light on fascinating, difficult and vitally important issues that we as a profession have no right to ignore.

Professional Ethics and Economic Education

How might a tradition of professional economic ethics alter our thinking about economic teaching? It follows from the foregoing that ethical economic training would work to reduce the expertise gap between economists and others, while illuminating the limits to economic science and practice. Undergraduate economic education, where we confront both economics majors and those students who will take just a course or two, provides the opportunity to foreground the mysteries surrounding economic phenomena, and that infuse economic science. It could and should emphasise what we don't know today and what we can't know in principle—especially about the future effects of economic policy interventions. Training might encourage our students to learn 'the way of ignorance', as Wendell Berry (2005) describes it. Berry urges us to recognise rather than repress the limits of what we know and can know, and to face the difficult challenges associated with acting ethically in a world that defies our control. In that kind of world we stand to do much harm as we try to do good. Berry's way of ignorance requires us 'to be careful, to know the limits and the efficacy of our knowledge' (Berry 2005, ix–x). Awareness of the limits of our knowledge directs us to consider carefully the scale on which we ought to work:

> By propriety of scale we limit the possible damages of the risks we take. If we cannot control scale so as to limit the effects, then we should not take the risk. From this, it is clear that some risks simply should not be taken. Some experiments should not be made (ibid, 66).

At present, economics cultivates arrogance as a professional virtue. We reward intellectually aggressive 'hedgehogs' who know 'one big thing' and seek, 'under the banner of parsimony, to expand the explanatory power of that big thing to "cover" new cases'—even though research shows that across the professions and disciplines this kind of professional does a very poor job of explaining the world (Tetlock 2005, 20). Teaching that is informed by professional ethical sensibilities to others would keep in view always that we are instructing future consumers of our services, and it is our duty to train them not to expect too much of us—and to be ever wary of economic hedgehogs. Emphasis must be placed on the limitations to mainstream economics, to be sure, but to heterodox economics as well. In policy discussions, for instance, we might advocate what David Colander calls the 'muddling through' approach rather than the 'economics of control' approach to policy (Colander 2005). Muddling through entails being honest with ourselves and those who rely on our expertise that we can't know in advance just what outcomes will follow from any particular policy intervention, and so we'd better be prepared to learn from our mistakes and adjust accordingly.

Ethics-inspired recognition of the limitations to economic science provides strong ethical support for the demand for genuine pluralism in economics—in the classroom, and beyond. When we have influence over others, but when we cannot be sure that our interventions will bring about the goals they seek, we face a duty to promote multiple voices in our field. To do less—to present our preferred approach as the only possible approach—is to deny the autonomy of those we serve. Autonomy requires confrontation with genuine choice when that is available. Closed-mindedness and hubris close off the appearance of genuine choice, and thereby substitute paternalistic judgment for self-determination.

Graduate Level Training

Graduate economic education ought to seek to produce 'ethical economists'. These would be professionals with technical expertise of all sorts, to be sure, but also with deep awareness of the ethical landscape of the field. Graduate training would seek to enhance *phronesis*, or practical wisdom, *empathy*, and *humility*. A good economist would be defined by these virtues and not just by his/her mathematical prowess.

How might this be achieved? Many ways come to mind. For instance, graduate training might include extended, deep immersions in the communities that economists in training hope to serve. Immersions would seek to cultivate intimacy with others, not professional detachment. One existing example is the 'exposure and dialogue programmes (EDPs)', which place development economists in the homes of the very poor, so that they can begin to understand both the people they target in their policy work, and the context in which these policies will be implemented. One important ongoing EDP project involves members of India's Self Employed Women's Association' (SEWA), Women in Informal Employment: Globalizing and Organizing (WIEGO); and the economists from Cornell University. EDP members have written about the extent to which the EDP has altered the worldview of the Cornell economists who have participated (Kanbur 2001; Chen et al 2004; DeMartino 2011). Moreover, the profession might give serious consideration to the introduction of internships and especially apprenticeships, under direction of professional ethicists and others, as a regular feature of PhD training. Field assignments of this sort might help to cultivate alternative ways of knowing economic actors and economic practices and institutions, while highlighting the virtues of ethnographic research; and allow more generally for leaning from fields that economists tend to ignore, like anthropology and sociology. They might also give students a chance to learn-by-doing in situations where their work is overseen by others, to prevent their causing harm as they gradually develop the hard and soft skills needed to be a competent, ethical economist.

Conclusion

Economists have always taken the view that professional economic ethics would be a nuisance—a hindrance to its project of promoting social welfare. My sense is that the mainstream in economics very much wants to restrict the focus of professional ethics to narrow questions like conflict of interest disclosure. After all, the mainstream of the profession risks a substantial loss of authority, autonomy and influence over others, were professional economics as I've described it here to flourish.

Heterodox economists on the left and the right have an opportunity and even a duty to do better. We can begin to flesh out the field of professional economic ethics by subjecting many aspects of economic practice to ethical critique. We can work to narrow the expertise gap to expose the primary fraud in our profession—the intellectual fraud that is perpetrated whenever economists pretend or presume to know more than they do know, or possibly can know; and when they claim the authority provided to them by their science to dictate how others must live.

As economists, we have a duty to undermine the power over others that economic expertise now affords us. It is a duty not to replace the orthodoxy with heterodoxy in the halls of power—but to diminish our standing by democratising economic governance; by altering the relationship between economist and community. Professional economic ethics would provide a firm footing for advancing that project.

Acknowledgements

Thanks to Gary Mongiovi for insightful comments on the previous draft, and to Galen Smith and Patrick Sutherland for research and editorial assistance.

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And the Real Butchers, Brewers and Bakers?
Towards the Integration of Ethics and Economics

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Abstract

The difficult dialogue between human rights and business shows that neither the adoption of codes of conduct nor the enforcement of legal norms would overcome the supposed incompatibility of ethics and economics. Such a general supposition is the effect of a narrow understanding of economic activities, which in turn is the result of both neoliberal ideology and the traditional externalising approach of economics. I stress the necessity of the integration of ethics and economics, which would require not only the broadening of the economic horizon, but also the redefinition of the status of economic theories. I propose to conceive of this redefinition as a shift of the theoretical allegiance of economic conceptualisations, from the supposedly descriptive natural and social sciences to the discourse of politics.

Keywords: economics, ethics, politics, externalities, Johan Galtung, human rights, Karl Polanyi, Amartya Sen, Adam Smith

The Difficult Dialogue of Human Rights and Business

'At the dawn of the 21st century, one of the most significant changes in the human rights debate is the increased recognition of the link between business and human rights' (Office of the High Commissioner for Human Rights, OHCHR, 2000a). Within human rights discourse, this link is fostered by a growing demand for the public accountability of business subjects. Within the business community, the need for an engagement in human rights is mostly the result of the growing weight of human rights claims over business decisions. Already in 2000, a survey by the Ashridge Centre for Business and Society reported that human rights issues caused 36% of the biggest companies to abandon a proposed investment project and 19% to disinvest from a country (OHCHR, 2000b). However, the increasing interest of companies in human rights is also an outcome of the positive reinforcement that these very companies received as a result of the choices of the consumers. Firms that revamped their public image in regard to human rights issues were generally rewarded by increased selling. Moreover, the rising public awareness of human rights also influences the choices of companies through the personal attitudes of their employees. Nevertheless, so far neither successful human rights claims, nor the increase of selling or the goodwill of employees could grant that firms were generally respectful of human rights.

A more systematic effort in this direction was the voluntary adoption of ethical codes of conduct by some companies. Such codes set guidelines for business practices concerning fair employment rules, workers' health and safety, and environmental standards. Of course, in order to be at least minimally effective, a code of conduct for national and transnational companies should explicitly include their contractors, so that firms would accept responsibility also for the practices of their business partners. However, the most ambitious attempt to promote voluntary self-restrictions in business practices did not produce the hoped outcome. This initiative, dubbed the Global Compact, was launched in 2000 by the United Nations. Its target was to have companies, UN agencies, labour and civil society jointly support nine human rights principles (UN, 2004) (a tenth principle was added in June 2004).

Nevertheless, the Compact lacked any system of real control, because the main corporate participant to this initiative, the International Chamber of Commerce (ICC), fought against any form of monitoring or enforceability. In August 2003, the UN Sub Commission for the Protection and Promotion of Human Rights attempted to overcome the limitations of the Global Compact, by approving the Norms on Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (SCPPHR, 2003). Moreover, on the 20th of April 2004, despite the strong opposition of national and international corporate organizations, such as the already mentioned ICC, the International Employers Organisation, the US Council for International Business and the Confederation of British Industry, the UN Commission on Human Rights requested the Office of the High Commissioner for Human Rights to focus on the definition of companies' responsibilities in relation to human rights (UNCHR, 2004). After that date, the only other notable UN initiative was the 2011 endorsement of the Guiding Principles on Business and Human Rights, which were still far from enforceable.

Ethics and Economics: an Invitation to Drink and Drive?

Even enforceable norms that hypothetically stated the accountability of companies in regard to human rights issues would not yet pursue the integration (or, borrowing from Polanyi, the re-embedment) of human rights principles within economic activities. Because these (hypothetical) norms would be imposed as external rules over business subjects, they would not challenge the idea that ethics and economics are essentially incompatible matters. As Amartya Sen wittily underlined:

> 'Many people are reluctant to mix ethics with economics, and will refuse to get into ethics and development […] in the same way they would turn down an invitation to drink and drive' (Sen, 2000, p. 1).

In other words, from a business perspective, ethics is considered at best as a luxury, and at worst, as a hampering factor. More generally, inasmuch as not only businesspeople but also the general public are not able to transcend the divide between economic facts and ethical values, they all hold human rights (and ethics in general[1]) as a more-or-less acceptable obstacle to the flow of economic activities. Hence, regardless of whether they are implemented by voluntary choice or by legal enforcement, human rights have to make their way against the tide of the common understanding of the economy. Such a movement upstream substantially hinders human rights implementation. Moreover, if we maintain that human rights and business interests are essentially in contrast, we must admit, following the *iron lady*, that there is no alternative.[2]

On the contrary, I propose to challenge the very assumption of a fundamental divergence of human rights and economic activities. Of course, I do not deny the sociological evidence according to which, in Sen's words, the association of human rights and business is generally perceived as an invitation to drink and drive. Nevertheless, rather than considering this sociological evidence as the effect of the supposed essential (and contrasting) properties of human rights principles and the economy, I

[1] I suggested (2011) understanding human rights as a generalised prescription rather than a description of a universal human endowment. On that basis I relate here to human rights as a particular instantiation of ethical concerns.

[2] Whilst this famous sentence can be traced back to Herbert Spencer, Margaret Thatcher's first documented use of it is in the form 'there really is no alternative' at the Press Conference for American correspondents in London, on 25 June 1980.

would suggest understanding the current perceived contrast as the effect of a specific way to conceptualise economic activities. Whilst this specific way is deeply rooted in economic thought, over the last forty years it took the clear-cut and simplistic shape of neoliberal ideology.[3] I contend that if we want to build a theoretical perspective that pursues 'the integration of the role of the norms and values with economic reasoning' (Sen, 2000, p. 8), we should challenge neoliberal ideology, but also the more general externalising approach of economic theories, which is well grounded in the history of economic thought.

The Neoliberal Wasteland and its Modern Rhetorical Grounding

> 'In 1945 or in 1950, if you had seriously proposed any of the ideas and policies in today's standard neo-liberal toolkit, you would have been laughed off the stage or sent off to the insane asylum' (George, 1999, p. 1).

Unfortunately, over the last forty years, neoliberal thinkers successfully strove to mould our economic reality, by presenting their thin abstractions as economic facts, i.e. inevitable natural facts. Of course, we all know that economic facts are far from inevitable. They are the results of complex human activities, such as planning, taking decisions, building relations, defining values and negotiating. They are neither acts of god nor nature, but social activities. Nevertheless, neoliberalism succeeded in making again commonsense the concept of a natural course of the economy, as opposed to the unnatural intervention of the state. This means not only overturning the economic visions and policies that preceded the neoliberal tide, but also denying world economic history, in the name of abstract natural laws. According to the neoliberal vulgate, such natural laws are supposed to be constantly at work, and humans are likewise supposed to comply with them by following their natural personal interest. Neoliberal economists often appeal to Adam Smith as a witness:

> 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love' (Smith, 1776 (1976), pp. 26-27).[4]

We may easily admit that this sentence can help us to clarify why we seek exchange. However, following Sen, we may also notice that the sentence tells us nothing about the conditions that are necessary to enable exchanges. For example, in order to negotiate and implement a contract we need more than motivation. The actual operation of exchanging contracts requires institutions for legal enforcement, for monitoring, for audit and accounting, and behavioural ethics. Smith knew it well, but his neoliberal epigones prefer to let the contracting actors perform in a social vacuum. In the abstract atmosphere of the neoliberal wasteland, abstract individuals unfettered by social ties perform abstract economical acts with the only motivation of self-interest. On the contrary, real butchers, brewers and bakers are nodes in a social network, which shapes their actions and which is in turn shaped by their agency. Smith had no doubt that such interaction could not be reduced to mere self-interest. Moreover, also the concepts of 'self' and 'interest' are problematic, because they also are shaped through social interaction. How was it possible then that the neoliberal simplistic models were taken into account as a

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[3] Neoliberalism is not, strictly speaking, an economic doctrine. Whilst after 1979 it became an umbrella label for the general ideological background of mainstream economic policies, it accommodates various and even conflicting streams of economic thought. In general, these streams, from Friedman's Monetarism to Lucas' New Classicism and Hayek's Austrian School share little more than methodological individualism and the faith in the self-adjustment ability of the market.

[4] In *The Theory of Moral Sentiments* (hereinafter TMS) Smith replies to his mentor Hutcheson: 'Benevolence may, perhaps, be the sole principle of action in the Deity. […] But, whatever may be the case with the Deity, so imperfect a creature as man, the support of whose existence requires so many things external to him, must often act from many other motives' (p. 305).

representation of reality, and that they attained a commonsense status? I suggest that neoliberal theorists could not only rely on media and financial resources (which poured into neoliberal campaigns) but also on the powerful rhetorical apparatus of modern thought. For example, their appeal to Smith and his butcher, brewer and baker exploited the centuries-old modern rhetorical tradition of constructing apparently self-evident ideas through the use of parables.

Modern thinkers often spoke in parables, though they slightly twisted their biblical models. Whilst biblical parables describe a specific situation in order to allude by analogy to a more general meaning, modern parables describe a situation that is also an instance of the intended general meaning. For example, Smith mentions the butcher, the brewer and the baker as particular cases of the economic subject, whose behaviour they represent in the parable. Smith tells us the parable, because he wants us to agree on the behaviour of this economic subject produced by the division of labour.[5] For this purpose, he refers to the butcher, the brewer and the baker, whose behaviour we understand by personal experience, which is the specific experience of economic exchange.

In the neoliberal generalizations, the butcher, the brewer and the baker are not only examples of the economic subject, but also of human subjects in general. On the contrary, Smith appeals to the butcher, the brewer and the baker only to describe a particular aspect of human behaviour. In order to illustrate human motivation in general, he makes use of different parables, such as that one of the man 'curious in watches.' Though 'the sole use of watches […] is to tell us what o'clock it is' (1759 (1976), p. 180), the watch enthusiast sells his watch that falls behind two minutes a day 'perhaps for a couple of guineas, and purchases another at fifty' (p. 180). Here Smith's character exemplifies a psychological motivation that exceeds both reason and custom, and which can hardly be recast in the frame of utilitarian or rational choice explanations of human behaviour. Moreover, according to Smith, because 'the proud and unfeeling landlord' (p. 184) displays a natural selfishness and rapacity, it is for the invisible hand[6] of Providence to distribute to the poor 'that share of the necessaries of life, which they would in vain have expected from his humanity or his justice' (p. 184). As a moral philosopher who praises human sympathy and engages in economic inquiry following a practice that through Hutcheson and Carmichael reaches back to Grotius and the prior Scholastic tradition, Smith is hardly recognizable in the cherry-picked neoliberal quotes that claim him as a mentor.

However, as previously recalled, the appropriation of Smith by neoliberals follows a more general modern pattern. Modern thought made us used to dealing with abstract subjects by using parables, which surreptitiously turn specific subjects into generalisations. Because we were taught to conceptualise this technique as the process of logical abstraction, we could no longer recognise it as a rhetorical strategy. By using this same strategy, modern thinkers constructed several abstract subjects. For example, the parables that narrated of a native Polynesian generated the abstraction of the Good Savage. In a similar way, the idealized description of philosophical dialogue produced the Kantian Reflective Subject (and his Habermasian late avatar). As early as mid-nineteenth century, the Smithian butcher, brewer and baker were blamed as the representatives of the Egoist Bourgeois[7] who, under the later shape of the Socialdarwinian Subject, ended up being claimed as the natural inhabitant of our contemporary neoliberal wasteland. This wasteland, namely the world and the economy as construed in neoliberal terms, is necessary because abstract subjects cannot survive in the world inhabited by real Polynesians and real butchers. A clear-cut and unilateral abstraction such as the purely self-interested *homo œconomicus* requires a likewise clear-cut abstract reality: the objective nature devised by modern science. This

[5] Smith observes that in the absence of a market, the division of labour cannot take place, so that 'in so desert a country as the Highlands of Scotland, every farmer must be butcher, brewer and baker for his own family' (1776 (1976), p. 31).

[6] Three invisible hands appear in Smith's texts, and they belong to Jupiter (in the *History of Astronomy*), to Providence, explicitly (in TMS) and to Providence, implicitly (in *The Wealth of Nations*, hereinafter WN) respectively. Their role radically changes with the change in attribution, as the first hand embodies the exception, whilst the other two hands embody the rule (Macfie, 1971).

[7] Raphael and Macfie recall in their introduction to TMS (p. *20*) that 'the charge of materialism (meaning an egoistic theory of human nature) in WN was made by Bruno Hildebrand as early as 1848 in *Die Nationalökonomie der Gegenwart und Zukunft* (Frankfurt).'

objective nature, in turn, is impartially ruled by universal laws, whose main modern instance and model was the Newtonian gravitation law.

A Double Move: Economy In, Externalities Out

When Smith and Ricardo constructed Classical Economics, they had in mind the model of a universal system ruled by universal laws.[8] Especially in its most sophisticated formulation by Marx, value theory was shaped on the model of conservation laws devised by physicists and chemists. The term with which Marx defined his new concept of labor-power, namely *Arbeitskraft*, combined the two words *arbeit*, i.e. work, and *kraft*, i.e. force, which were used by Mohr and Helmholtz in their definitions of the principle of conservation of energy. Moreover, economic theory was the expression of the bourgeois, which the normative and coercive powers, namely the Church and the aristocracy, long allowed a very limited autonomy. Thus, the bourgeois remained used to looking from a very limited angle at the cost and benefits, 'only considering their own firm and that which could be monetised, leaving out the rest of society and leaving out the "externalities"'[9] (Galtung, 1986, p. 97). It is not surprising that Smith, Ricardo and Marx conceived of economic activities as a separate and coherent system ruled by the law of value. This law was supposed to operate as a natural law, although Marx delimited its functioning with the chronological boundaries of the historical capitalism, to say it with Wallerstein. However, Marx too accepted to limit economics to the traditionally accountable goods (to which he added his new notion of human labour-power), because his aim was not to improve the system but to underline its contradictions. Hence, externalities remained outside the economics of both the supporters and the critics of the supposed economic system. As Galtung recalled:

> 'Later on, economics developed from business economics to national economics, treating the country like a firm, repeating the same mistake at the level of the world system, resulting in a fragmented world, a segmented vision. The externalities were never brought into the scheme' (1986, p. 97).

On the contrary, externalities should be integrated into the economic discourse 'to bring it into harmony with the expansionism of the economic practice, to make the practice transparent' (p. 99). Of course, Galtung's understanding of externalities is much broader than the notion first hinted to by Sedgwick, then named as 'external economies' by Marshall and finally redefined by Pigou. However, already in the 1950s externalities were generally no longer a subset of the broader category of the 'divergence between social and private net product' (Pigou, 1932, p. 183), but they rather defined the whole latter category, and even more (Samuelson 1966). Nevertheless, at least until the recent focus on climate change, economic discussions of externalities revolved around the issue of compensation, often as a sequel to the debate on the Pigouvian proposal of taxation. In contrast with this approach, Galtung claims that '*each externality constitutes its own ethical universe* and has to be dealt with separately and seriously, not monetized to cancel out the others' (1996, p. 166).

However, we may ask ourselves which externalities should be recognised, and how they could be integrated in an expanded economic thought. Hence, at the risk of being *naïve*, I will attempt to theoretically grasp externalities. We may begin with a tentative definition of externalities as everything economic thought either ignores or attempts to neutralize by assimilation. We could then further restrict the focus to external events and conditions that affect and are affected by economic activities. We could

[8] Toulmin (1998, p. 338) argues that Smith's 'personal project was to develop an overall vision of the universe - we might even call it a "cosmology" - of which he fully completed only this history of astronomy, and he abandoned this ambition only when he saw that it was too vast to finish in his lifetime.'

[9] Externalities are here understood in broad terms, to be discussed below.

then try to map the huge area covered by this definition by using different criteria. One criterion could be the distinction between positive and negative externalities. Some examples of positive externalities could be the benefit of learning, improved social relations, the sense of cohesiveness and the sense of achievement. Negative externalities could be represented by pollution, depletion, dependency and deprivation. We may also look at externalities from a different angle, by considering the opposition between the formal economic sector and the informal or invisible one. This invisible sector would include the shadow work (Illich, 1981), i.e. all the human activities that are necessary for survival in addition to the activities that are economically acknowledged. For example, Max-Neef remarked:

> ‘In Sweden, time budget studies have shown that the working time in the formal economy, private and public sectors, amounts to 6 billion hours per year. The volume of work in the so-called ‘white’ economy, which only includes house-work (cooking, cleaning, washing), shopping, work with children, upkeeping, travel and a miscellaneous category, amounts to almost 7 billion hours per year’ (1986, p. 48).

If such was the proportion in a Northern country, we could argue that the overwhelming majority of survival activities in a Southern country are performed without economic recognition. We might think to internalize these activities, by turning them into waged work. Nevertheless, in this case we may wonder by whom, how much and with what resources this work could be paid. It is likely that, at least in the South of the world, these questions would not find a realistic answer. Moreover, the same strategy, i.e. making externalities measurable in money terms, was already applied by conventional economists to environmental issues with very limited success. The battle to monetize the environment, started as early as the 1920s by Pigou and Von Mises, is being lost because of technical difficulties and because the environmental impact on the poor would be underestimated in any case. On this regard, we may recall the current example of insurance companies’ compensation criteria, which are patently discriminatory against the poor.

Moreover, besides the technical and financial difficulties, we could question the ethical, social and political aspects of reducing people, attitudes and the environment to money value. As Polanyi warns, this might just help extending commercial norms into new spheres (Polanyi, 1968). However, the internalization of externalities would not necessarily imply that these externalities must fit conventional economic categories. Externalities would not even necessarily need to be quantified. If our aim is to broaden the economic horizon, so that it could take better account of human economic activities, we should recognise that quantitative analysis is neither the only way to do it, nor maybe the best one. Though the quantitative approach plays a major role in economics, it cannot explain economic activities without the contribution of qualitative descriptions (both explicit and implicit). Of course, we can abstract for theoretical purposes from the concrete circumstances of economic dealings, and we can summarize economic transactions with mathematical formulas. Nevertheless, this is just the accounting practice hinted to by Galtung. Actual economic activities imply not only calculations, but also many other aspects that exceed calculations. The work of Sen began to make this long hidden excess recognisable also within economics (Sen, 1999). The indicators introduced by Sen in the technical apparatus of economics are not reducible to quantitative analysis. Moreover, the incorporation within economic theory of such indicators as personal, physical and mental wellbeing, agency and self-esteem gives us a glimpse of the integration of ethics and economics.

A Modest Proposal: Towards a Change of Theoretical Allegiance

I argue that the integration of ethics and economics would also require a redefinition of the status of economic theories. Such a redefinition may well imply a shift of the theoretical allegiance of economic theorizations, from the framework of the supposedly descriptive natural and social sciences to the discourse of political theories, which could better tackle the complexity of human economic activities. Of course, the political discourse I am considering here goes well beyond its narrow modern Hobbesian frame, and it includes the book A of the *Politics* in which Aristotle invented Western economics. Moreover, the redefinition of economists as political theorists would hark back to the classical tradition of political economy, which nonetheless we can now reconsider in the light of the acknowledgement of the performativity of science. In this case, we are no longer bound to accept that political economists simply described their object. I would instead suggest that political economists constructed the economy as a concept by integrating the speculation of the Physiocrats into a two-headed ontology, which was centred on both Market and Value (Baldissone, 2008). On the basis of these two conceptual poles, political economists devised the economy as a system, which was endowed with global properties. Whilst the Market was attributed the ability to restore equilibrium, Value was credited with the capacity to reveal itself through prices by Smith and Ricardo. Though Marx deemed the extraction of surplus value as an absolute obstacle to the local convergence of values and prices, he nonetheless postulated the global equivalence of the sum of the prices of production of the total social product with the sum of its values.

Moreover, economic theorists in general tacitly agreed on splitting the descriptive side of their theoretical constructions from the prescriptive side of dictating economic policies. Even Marxist economists could easily bracket epistemological subtleties by focusing on economic objectivity, albeit within the historical limits of a specific mode of production. With undoubtedly different view and scope, but with a similar claim to portray how things stand, Neoliberals successfully appealed to the fundamentalist ontology of the Market. Their approach resembled the equally successful fundamentalist strategies of both Christian Reformation theologians and early modern natural philosophers. As shown by Feyerabend and Latour, these theorists presented their objects of faith, god and nature respectively, as the source rather than the result of their activities of controversy settling. In the same way, Neoliberals not only derived their prescriptions for economic settlements from their idealised view of the Market, but they also successfully inspired the attempts of financial, industrial, educational, media and governmental actors to shape actual markets. Hence, after forty years, neoliberal prophecies are more likely to self-fulfil, to say it in Merton's terms. In other words, it is nowadays more probable that a social actor would embody neoliberal economic assumptions and perform as an atomised entity who seeks only to maximise her individual advantage. This is not a new result, as Polanyi already showed how economic theories played a major role in shaping the economy and in establishing the labour market.

However, whilst we may acknowledge that *homo oeconomicus* does (sometimes) exist, we would understand *him*, following Callon, more as a result than as a presupposition of economic activities. This understanding would involve the exposure of the founding narrative of economic thought, that is the severance of economics as a discipline from economy as a thing. Of course, such a severance is a more general feature of modern sciences, which boasted their separation as descriptive theories from their described objects. We are now able to see this alleged severance as an effect of the historical context of modernities rather than an epistemological datum. Nevertheless, even the acknowledgment of the performativity of science would not necessarily free economists from the compulsion to emulate physics or biology and to be the Newton or the Darwin of their discipline. On the contrary, the reframing of economics as political theory could produce the theoretical reversal of Polanyi's great transformation, by immediately re-embedding the *oikonomia* into the social fabric. We may hope that the economics to come will at last dispose of both good and bad abstract subjects, and it will open a fruitful dialogue with the real Polynesians, butchers, brewers and bakers.

Acknowledgements

I am grateful to Angelo Fusari, Frederic Jennings, Dave Taylor, Sheila Dow and Mitja Stefancic for their helpful comments.

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