

*Erasmus Journal for Philosophy and Economics,*  
Volume 4, Issue 2,  
Autumn 2011, pp. 89-96.  
<http://ejpe.org/pdf/4-2-br-4.pdf>

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**Review of George F. DeMartino's *The economist's oath: on the need for and content of professional economic ethics*.  
Oxford: Oxford University Press, 2011, 264 pp.**

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What, if any, ethical issues arise in the practice of economics? Should advice on handling any such issues be encoded by organisations of economists, and if so how?

The financial crisis of 2008 is the immediate prompt for these questions. However, DeMartino's concerns extend beyond those addressed in works aimed at the general public, most dramatically in the film *Inside Job*. Namely that if prominent economists produce expensive reports certifying the health of banking institutions, and if those institutions then promptly collapse in a welter of debt, one has to doubt either their insight or their probity.

But even in a world in which all economists were not only perfectly honest but also masters of the knowledge that they profess, economists could still behave unethically in the sense that interests DeMartino. Even if economics is thought to be a science—and thus 'true' in the sense in which physics might be said to be true—it implies (social) engineering, in other words action that is immediately directed at affecting human functioning and thus potentially compromising autonomous agency. Moreover, this is an implication that few economists, of any persuasion, have been reluctant to draw. Whether the economist believes that perfectly competitive markets constitute the beneficent natural order of the world and the actual ills of the world result from the machinations of monopolists, or whether she believes that markets are inherently prone to generating instability and inequality, practical policy measures are implied. Few indeed, according to DeMartino, are the economists who have shrunk from top-down implementation of those measures, no matter how drastic the short-term implications for the human populations affected.

Thus the central concern of this book is the fact that economics has *public* consequences. If there are *private* (or, better, individual) ethical issues when (say) the economist faces pressure to produce work which

lends intellectual support to policies decided in advance of the evidence that is supposed to justify them, that is a second-order issue. The really important problems arise when honest policy-makers are policy-enforcers.

Whether one considers the dismantling of financial regulation that allegedly created the conditions for the crisis of 2008; the foisting of the Washington Consensus on developing economies; 'shock therapy' in post-1989 transition economies; or the 'economics of control'—which DeMartino, following Colander (2005), identifies with the post-World War II mainstream—economists have advocated and helped to implement measures that created winners and losers, at least in the short term. In many cases these policies were not clearly supported by the populations affected, and in some cases economists advocated quick action precisely to forestall any political mobilisation against them. Jeffrey Sachs, for example, said that his advice to officials in post-1989 Eastern European economies was to “figure out how much society can take, and then move three times quicker than that” (Sachs 1991, cited on p. 9).

In thus operating on conscious individuals who have their own views on the nature of the problems that they face, and on what remedies may be acceptable, economics does not resemble engineering, but medicine—a profession which has the oldest formal ethical code, and whose first principle is well-known even among non-professionals: 'First, do no harm'. This insight is, literally, at the centre of DeMartino's work: “Those who occupy positions in which they can [...] significantly alter the life chances of others necessarily traverse dense ethical thickets”, he points out on the penultimate page of Part I of his two-part book (p. 116).

In Part I DeMartino makes his case for professional economic ethics, which he takes to be conclusive. Part II is devoted to considering what such an ethical code might contain, a discussion which he is careful to specify is not conclusive, but intended to found a program of research and debate. In fact DeMartino looks forward to a new academic field treating the ethics of economics.

Part I begins by setting the scene, with chapter 1 concluding with the insistence that the destination—ethics—must not be conflated with a code of conduct: “Professional ethics involves intellectual and pedagogical practices and traditions, not a list of rules that can be tacked to the cubicle wall” (p. 14).

The next two chapters take us through the varied settings in which the applied economist may work, and the kinds of ethical challenge that may face her in such situations.

The fourth chapter demonstrates both that DeMartino's concerns are far from novel and that a reluctance to deal with them is rooted in American progressivism's conflicting commitments to social reform and to objective scientific practice, a conflict played out in the early history of the American Economic Association, where the latter commitment had won a decisive victory by 1920. One might think that commitment to (supposedly) objective science would conduce to a concern with professional standards, but of course the substantive content of mainstream economics includes reasons to be sceptical of professional claims to self-regulation, on the grounds that well-intentioned or not the effect is to establish a cartel.

Thus chapter 5 explores the grounds on which economics has resisted self-development as a profession on the lines of medicine. Though DeMartino does not put it quite like this, one might say that economics has not disdained designation as a profession, but has declined the responsibilities that professional status entails. This, he asserts, is due to the fact that neoclassical economics is committed to a consequentialist approach to the evaluation of action: only the outcome is relevant, never the intention. This has the disturbing implication that a value-free science might licence behaviour that is value-free in a different sense—that lying, cheating, and stealing might be condoned if they lead to the best outcome for society (in the judgement of the scientist).

At this point, DeMartino is ready to set out his own arguments. Chapter 6 is negative, in that it rebuts the economic case against economic ethics. In the first place, if one renounces ambitions for a code of conduct, one allays suspicion of the sanctions that would be necessary to police such a code (such as a licensing body). To the average economist, following in the steps of Adam Smith, such sanctions look like thinly-veiled contrivances to protect economists from market forces, rather than to protect the public from economists—an outcome which would indeed be ironic.

The foregoing is an important practical point. Intellectually (but hence also practically) more interesting is the way in which DeMartino turns the claim of ethical neutrality against itself. Economists may claim to be 'only' advising, and that therefore they are absolved

from two central ethical problems, that of compromising the autonomy of the advisee, and of responsibility for the consequences of their advice (since the advisee is free to take it or leave it, the responsibility lies with them). But this will not do. The possession of expertise inevitably gives the advisor causal influence over the decision, through choices about the weighting of arguments and their framing, and about the options outlined (the last especially important in the light of 'unambiguous' evidence that the inclusion of irrelevant options can affect choice).

The following chapter moves on to the positive case for professional economic ethics, beginning with establishing that economics is indeed a profession on the grounds that it involves use of abstract knowledge, has social significance, claims expertise, and that its practitioners (when practising) claim to be and are recognised as governed by role-specific norms rather than general norms of human conduct. (DeMartino adds a fifth ground; that most economists are employed in bureaucratic institutions. This seems thin: while little is known about Hippocrates—and even the eponymous oath may post-date his life—it seems clear that he was never an employee of anything resembling (say) the Bureau of Labor Statistics. As we shall see, it also appears to lead DeMartino into circular reasoning.)

The core of DeMartino's argument is the following claim: 'economists enjoy authority and exert influence over others by virtue of the intellectual monopoly they hold over a body of knowledge that is vital to social welfare' (see p. 106). Thus even (perhaps especially?) a strict consequentialist ought to recognise at least one ethical principle: 'First, do no harm'. But if one accepts that individual autonomy is a basic value (and mainstream economists, with their doctrine of consumer sovereignty, should be the last to find this problematic) the exercise of expertise puts the economist in the position of balancing harms: on the one hand the inevitable harm to one's advisee's autonomy, and on the other hand outcomes that are sub-optimal (in other respects) that may result from trying to avoid compromising autonomy. (If a doctor fears that fully-explaining a known effective treatment may lead the patient to reject it, should she give the explanation?)

DeMartino builds what he calls an 'escalating case', in that while this first argument for ethics is meant to be conclusive, it is strengthened by its three successors. Firstly, the modern economics profession enjoys institutionalised power: whether through devising structures for

economic exchange or directly disbursing resources, economists govern. Secondly, economic interventions affect different groups differently; even policies believed to benefit all in the long-run are likely to produce short-term losers. One might think that this fact already directly posed ethical dilemmas but, DeMartino notes, economists rarely hesitate even where compensation for the losers is unlikely. Finally there is the question of uncertainty. Even if our theoretical knowledge was perfect, our factual knowledge cannot be. Yet on many (maybe all) issues, economists disagree profoundly about how we should understand the world. Thus error and unintended consequences are unavoidable, as are the ethical issues attached to acting in such circumstances.

This last point is the basis of a serious charge in Part 2, when DeMartino moves on to consider what things, or what sorts of things, a code of ethics for economics might include. For radical uncertainty requires some prudential principle (for which 'first do no harm' is not necessarily the only candidate). But in a variety of episodes (the Washington Consensus, transition economies, financial deregulation) economics chose exactly the opposite principle, that of maxi-max: of all possible alternatives, choose the one whose best possible outcome is better than the best outcomes of the alternatives *regardless of the probability of its coming about*.

This may lead, in DeMartino's words, to an attitude that is "hubristic and ideological rather than humble and pragmatic" (p. 151), but is it unethical? Yes, because it obviously violates the prudential principle, but also because it leads to violation of the principle of autonomy: the need to respect the agency, integrity and self-governance of those the professional seeks to assist. In particular, it ignores the principle of prior informed consent which other professions, such as medicine, have arrived at.

As mentioned, the second half of the work sketches out a variety of issues that might inform DeMartino's projected discipline of economic ethics.

The first is what might be learned from the experience of other professions (chapter 8). The prudential principle and prior informed consent have already been mentioned, and the latter leads directly to the next issue considered by DeMartino, that of 'dirty hands': can it ever be justifiable to do wrong with a view to doing right?

Then there is the problem of 'many hands': organizations may do wrong even though all their members appear to be acting impeccably

when judged by professional norms and/or their institutional role. Since, as a matter of empirical fact, many economists are employed by large organizations what one might call the ethics of bureaucracy must inform the ethics of professional economics. However, recall that this fact about employment is one of the reasons DeMartino gives for considering economics to be a profession in the first place. Hence there seems to be a problem of circularity: work in bureaucracies creates ethical problems for economists because they are professionals, and they are professionals because they work in bureaucracies. Does the same argument apply to janitors? (Janitors in evil organizations face ethical problems, but that does not mean that they are professionals in DeMartino's sense.)

Also relevant here, of course, are the second-order issues mentioned at the beginning of this review, namely conflicts of interest and corruption, but these are not confined to economists (or, indeed, to professionals). However, as DeMartino points out in chapter 11, economics cannot import wholesale the lessons learned in other fields.

One area where economics will have to find its own way, he suggests, is econometrics (a brief but pertinent literature review is provided). This seems to be right, but while DeMartino goes on to provide a useful discussion of the issues involved in the growing field of experimental economics I could not find anything that seemed unique to economics, as opposed to medical research, say.

More convincing, as an argument for the distinctiveness of *economic* ethics, is the discussion of economic democracy (following on from the principle of informed consent) and hence the ethical imperative to promote the capacity of communities that find themselves the object of economic policy prescriptions—the capacity, that is, to discuss and (presumably) reject the economist's proposals if they choose.

Finally, and especially to be applauded, there is a call for intellectual pluralism. DeMartino usefully notes that this is an obligation on the profession as a whole, but the extent to which, or in what way, this is an obligation on individual economists is a different question.

Both in construction and exposition the book displays the carefulness and clarity that characterises the best philosophical writing. DeMartino works through his arguments thoroughly but concisely, not shrinking from exploring the ramifications of his points, but not pursuing them further than is needed to grasp the issues in question. The care and clarity of his writing should make it impossible for a

careful, honest reader to misinterpret what the author is arguing. Hence he provides a fruitful basis for the further debate that he calls for, whether or not one is persuaded by his particular case (although this reviewer is persuaded).

Since initiation of a field of enquiry is the circumspect ambition of the author, it is unfair to complain about alleged omissions, so instead I offer some suggestions for enquiry.

Firstly, DeMartino rightly says that an ethical economics should be a pluralist economics, where schools of thought are assessed by what they may be able to contribute to our understanding, rather than dismissed *a priori* because of theoretical commitments. But one might want to consider what if any commitments are ruled out on ethical grounds—an issue that DeMartino himself raises implicitly in his rejection of the ‘economics of control’ and of the maxi-max principle.

Secondly and relatedly, chapter 12 provides a discussion of what might be involved in training ethical economists. But this is essentially a pragmatic programme (‘how to train ethical economists?’). Thus, surprisingly, it appears to justify such training on consequentialist grounds (‘if we do not do this, the result will be unethical practice’). But one might also consider the ethical case for ethical training, namely that in failing to alert our students not only to pluralist economics, but to economic ethics, we are failing to develop their autonomy and capacity for self-governance.

Finally, DeMartino’s discussion is almost wholly concerned with the state of U. S. economics. This is perfectly sensible given the latter’s leading role in the profession, but it would be a great shame if this hindered DeMartino’s reception by those whose background and situation is different. The book begins and ends with a vision of future commencement ceremonies at which new economists raise their hands and recite in unison *the economist’s oath*. In cultures where graduation has more the overtones of conclusion than commencement, this may seem strange. In ones where school children do not begin their day in class with a recital of the “Pledge of Allegiance”, it may seem cloying or even rebarbative.

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