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 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 be kept general and should concentrate on the ethics of pluralism: tolerance, even-handedness and open-mindedness, on which the interpretation of all other ethical considerations rests.

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Introduction

The crisis has brought the relationship between economics and ethics to the surface in public debate. Although the emergence of ethical problems themselves is far from welcome, what is welcome is the opportunity of this conference to address ethics as we discuss the future of the discipline. But, while some have gone so far as to call for a code of ethics for economists, the purpose of this brief paper is to urge caution and to argue that efforts be devoted instead to building a better understanding of ethics and economics from a pluralist perspective. This is approached by considering a range of possible ethical standards in turn.

There has been a build-up of discussion of ethical codes for economists, ranging from what I would classify as the scholarly ethics of professionalism within economics (referring to such matters as plagiarism) to the ethical issues which arise from giving policy advice (see Bartlett, 2009, for a review). A notable lead in this discussion has been taken by DeMartino (see eg 2010).

Here we will emphasise the epistemological underpinnings to a discussion of ethics among heterodox economists. The first issue in considering professionalism is the view taken of human nature, which differs as between mainstream economics and heterodox economics. Further, in relation to policy advice, it is important for this discussion that economics is understood in heterodox economics as being value-laden, such that the content of methodology, theory and policy advice already reflects a set of values even before we address the ethical issues which arise from the practical matters of publication and policy advice. Further, the pervasiveness of uncertainty, according to heterodox epistemology, has particular relevance for considering a code of ethics with respect to policy advice.

In what follows we will focus on a range of possible ethical principles for a code of ethics for economists.

1. 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 American Economics Association's recent extensions to its principles for authors' disclosures of potential conflicts of interest in the AEA's publications.

This principle is based on a presumption of asymmetric information - that the seeker of advice is not equipped to understand that the economist may be serving her own interests. 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.

The whole notion of expert professional advice is based on asymmetric information. The notion is also based on the assumption that economists behave like rational economic man, that is, pursue self interest in an atomistic, instrumental and opportunistic way. There is therefore a real danger that a detailed code of ethics which specifies rules will in fact reinforce an expectation of behaviour (if unconstrained) along the lines of rational economic man. 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. 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.

2. Pursue and state the truth

But the ethical issues facing economists are much more extensive and more complex than this apparently straightforward principle of academic integrity. The conventional discussion presumes that the expert knows the consequences of a course of action. If economics is, as the conventional mainstream approach would suggest, a purely technical subject, then the ethical issues are limited. As Colander (2002) suggested, there would be a distinction between technical economic theory which is value-free and a separate exercise in political economy which engages with such matters as institutional detail, politics and ethics. But if theorising itself 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).

Thus encouraging economists to pursue truth and to communicate that truth, as an adjunct to the general professional ethic discussed above, presumes some shared view as to what the truth is and how we might pursue it (see further Bartlett 2009). (As Radford, 2011, points out, there is not even agreement on the subject matter of economics.) 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.

A 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). 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.

3. Do no harm

A specific principle advocated by DeMartino (2010) (see also Radford 2011) is the equivalent of the medical ethic: 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. Some of the mainstream policy literature (particularly that on monetary policy) has taken 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. 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 probability distribution of outcomes; and indeed there may well be countervailing tendencies to compound the problem of prediction. Policy advice therefore draws on judgement about the degree of confidence in general predictions about the outcome of policy.

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 and considered the implications of this for the role of economists as policy advisers (Greer 2000). Hayek's response was to discourage policy activism, on the grounds that policy-makers and their advisers could never have enough knowledge to justify action. But Keynes's epistemology was based on his *Treatise on Probability*, where he analysed the grounds for belief on which action is based; these grounds were understood as extending well beyond rationalism. 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.

Thus the 'do no harm' principle too is open to different interpretations depending on approach to economics, and is thus unsuitable for a set of rules for professional conduct.

4. Respect the legitimacy of alternative paradigms

All the issues raised above arise from the pluralist understanding of economics and the fact that the profession is dominated by mainstream economics which does not share this understanding. Questions of human nature and of knowledge 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 mainstream 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. If it were still regarded as necessary to enunciate principles, these should be stated only in broad terms and their detailed application regarded as a matter of personal morality. Otherwise the implementation of a detailed code of ethics by the dominant mainstream group of economists could further constrain heterodox economics by imposing a mainstream 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 by presuming rational optimising individualistic behaviour to be the norm.

I would argue in any case 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.

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