

Economic Justice: A Preludium

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Meta-ethical Sound Bites

One premise of the course is that knowledge of normative political philosophy can lead to better economics and better policy analysis (as well as better citizenship).

Moral philosophy is inevitably intertwined with normative political philosophy.

What we may or may not do to one- another limits what we can legitimately do through the state. Some of our reciprocal obligations are enforced through the state, some are matters of personal responsibility but both appeal to the same deeper principles.

The personal is political, was indeed a rallying slogan of student movement and second-wave feminism from the late 1960s. Interestingly, a right- wing thinker like Nozick agrees, while Rawls tries to keep the right (pertaining to society) totally separate from the good (pertaining to the individual). To validate our premise we'll discuss some doubts about moral knowledge. This will lead us (fleetingly!) to the realm of meta-ethics: the study of the nature, scope, and meaning of moral judgments.

Emotivism(aka Boo and Hurrah Theory)

In a nutshell: "morality is just a matter of how you feel: moral claims cannot be discussed rationally."

But: Reducing morality to feelings contradicts our experience. For instance we may prove negative feelings (e.g.envy or rage) and be ashamed of these feelings.

Moral claims can be discussed as all claims by using arguments and evidence. We look for premises that others agree on and then use logic to try and enlarge the area of agreement. We can check the coherence or generalizability etc of a claim, or consider its practical consequences.

Many moral disagreements can be solved in this way.

Example: the maxim " it is good to break promises" is unlikely to make sense because if it were universally accepted nobody would believe promises anymore. Hence it is self-denying.

Moral Nihilism

In a nutshell: "There's no rational way to resolve moral disputes because moral claims cannot be true or false".

A moral nihilist believes there are no moral properties or facts which hold objectively beyond our contingent interests.

Moral statements have the same status as the following: "the present king of France is bold". The statement is puzzling because it sounds false but also its negation sounds false (against the law of excluded middle). B. Russell argues that the statement and its negation are both made of two parts: the common first part is "there exists such a thing as the present king of France" and the second part is "this thing is bold/not bold".

Since the first part is false neither statement is true: both are meaningless. Similarly moral judgements would be just meaningless because they talk of something which does not exist.

Moral Nihilism II

But: However moral judgements are certainly a part of reality as experienced by us. Indeed they are omnipresent in our interactions with others...

Is any form of behavior really acceptable e.g. torturing someone for one's amusement?

Can you believe this to be acceptable? If you do not then you are not a moral nihilist.

Moral Relativism I

In a nutshell: "Morality is relative: it depends on circumstances"

Ex. you can lie to save a life, but not for your own petty interest.

But: Nobody denies that what a general moral rule (e.g. do no harm) dictates in particular cases you have to specify the relevant conditions. In greek tragedies any course of action is wrong. This is the essence of tragedy. But greek tragedies are (also) a reflection on what is right and wrong.

Moral Relativism II

In a nutshell: “Morality is just a matter of social conventions: whatever a society believes is right is automatically right (“for that society”).

But: Among the Vikings during the funeral of their master female slaves were first raped and then killed.

The U.S. Constitution permitted slavery until 1865 (it was abolished in Russia only in 1861).

Does this mean that an external observer (or indeed some internal moral "pioneer") cannot judge if a social practice is just? If social consensus guaranteed its own correctness, then defenders of minority views would automatically be mistaken.

Morality as Human Endeavour

The belief that morality is a human construction (indeed so is science!) does not deny its sense.

Of course when people benefit from doing evil, they may be deaf to rational argument. It took a civil war in addition to the arguments of abolitionists in order to eliminate slavery in the US, but without those arguments there would not have been a movement opposing slavery.

Morality as Oppression

Sometimes people feel that holding moral convictions leads to intolerance and dogmatism.

But one is not intolerant if he also recognizes his own fallibility and openness to learn from different views.

Indeed people who are genuinely tolerant are not moral skeptics: they believe that those who are intolerant are wrong.

In other words tolerance is a moral concept.

Economics and Ethics I

Lionel Robbins wrote : “It does not seem logically possible to associate the two studies [ethics and economics] in any form but mere juxtaposition. Economics deals with ascertainable facts; ethics with valuations and obligations” (1935, pp. 148–9).

The separation between facts and values, now recognized as incredibly difficult to capture, was central in logical positivism (previously known as logical empiricism).

Logical positivism’s central rule was the verification principle, according to which:

“the only meaningful propositions are those that are logically true or those that can be verified by sense experience”.

The quoted sentence is however itself neither empirically verifiable nor logically true and so it does not respect the criterion of meaningfulness it states. A very sharp critical analysis of the principle is in Willard Quine’s “Two Dogmas of Empiricism”.

Economics and Ethics II

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A leading critic of logical positivism was Thomas Kuhn, who looking at the history of science noted that the notion of scientific truth, at any given moment, is defined by a consensus of a scientific community.

However saying that the scientific activity of researchers is inevitably guided by their subjective views (a point made by Max Weber in 1917) does not imply that "everything goes".

The alternative to the absolute need not be the arbitrary. For a middle ground position see C. Elgin:

<https://eric.ed.gov/?id=ED313296&msclkid=e7833a44c4b011ec9796461aa82>

Economics and Ethics III

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Leaving aside the separability of facts and values in the natural sciences, we will now show how difficult it is to separate them in economics. We will focus on three aspects:

- 1) Public decisions on economic matters can seldom be taken on purely technical grounds.
- 2) The economic behavior of agents is influenced by their moral attitudes.
- 3) Ethical assumptions are embedded in both normative and positive economics.

1) Public decisions on economic matters can seldom be taken on purely technical grounds. One could argue that ethics is not important for economists because their task is to determine how to achieve the ends that policy makers, who in a democracy (should) represent the general interest pursue. Ethics has a role in the definition of the goal to be reached (say G) but not in the determination of the means (M) and therefore in finding the optimal policy (X).

Economics and Ethics IV

Objection: is the separation of ends and means possible? X may reach goal G but M may contradict some other social goal. So to decide which is the best policy the economist should obtain from the policy maker the ranking of all social goals and determine the consequences of all possible alternative policies with respect to all of these goals. This is unrealistic. In fact, no existing moral system is refined enough to rank all social goals and economics cannot calculate all the possible outcomes of policies. Real policy making relies instead on partial moral rankings of policies: both policy makers and economists "learn by doing" about relevant aims and means.

Economics and Ethics V

DeMartino (2022) argues economists should be made aware of *econogenic* harm, the same way physicians are aware of iatrogenic harm. He advocates the urgency of an economist's oath based on the recognition of the current limits of economic knowledge. He stresses the size of potential harm that even well intentioned policies can do in the face of uncertain scenarios, when it is impossible to attach probabilities to events or even figure out which are the relevant events and circumstances (the famous unknown unknowns of Donald Rumsfeld, US Secretary of Defense 2002).

Stuckler et al. (2009) estimates 10 million excess deaths occurred in Russia with the collapse of the Communist Regime and the shock therapy of privatisation of firms and liberalization of markets that followed under the tutelage of leading Harvard economists.

2) **The economic behavior of agents(both individuals or social groups and organizations) is influenced by their moral attitudes.**

Is the idea of economic man—the rational and self-interested Homo economicus— enough to understand how people respond to punishments, and other incentives? Consider:

People do not steal only because of the law.

People do not shirk on their job only for fear of being fined.

Workers may accept a steeper pay scale if they are less inequality averse.

Individual moral attitudes are on their turn influenced by the social and economic environment. Policies that follow from the Homo economicus paradigm may “crowd out” ethical and generous motives and thus backfire.

3) Value assumptions are important in both normative and positive economics.

Few would deny that normative (prescriptive) economics (e.g. optimal taxation) incorporates values. Are the values common in economics e.g. Paretian Welfare Economics postulates(consumer sovereignty, non paternalism and unanimity) so self evident? They are not, as we will see. The concept of rationality, which is crucial in positive neoclassical economics, has itself an evaluative content. It does not just describe how people choose, prefer, or reason, but also how people *ought* to choose etc. Most data in economics are themselves socially constructed. Values affect both which economic data are collected by states and international organizations and how.

Which: for instance data on the distribution of income and wealth are not as widely available as data on inflation or GDP.

How: The calculation of GDP does not include house work. Is this because housework was traditionally done by women and therefore considered less important? Neither it include environmental costs. Is this because these are often externalities? Is something not priced by the market less important to gauge?

We have argued that economists must learn from philosophers, but the viceversa is also true. As Atkinson (2009) writes: " the relation between economics and ethical principles is not linear but rather iterative. Examination of the implications of moral principles in particular models may lead to their revision. By applying ethical criteria to concrete economic models, we learn about their consequences, and this may change our views about their attractiveness"

Justice: Yes or No

N. Chomsky and M. Foucault debated on human nature at the Eindhoven University of Technology in the Netherlands, on 22 October 1971. They also touched the theme of justice.

Chomsky defends the idea of justice and its motivating power for social change, Foucault sees it as irredeemably tainted by its origin in a society burdened by class oppression.

<https://www.youtube.com/watch?v=xpVQ3l5P0A4>

<https://www.youtube.com/watch?v=WU2CnLuQrN8>

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