

ETHICS AND ECONOMICS

Teaching the Ethical Foundations of Economics

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Teaching the Ethical Foundations of Economics (TEFE) is a publication of the National Council on Economic Education (NCEE). NCEE works through state councils and affiliated collegiate centers with the principal purpose of improving K–12 economic education. The typical collegiate center is located within a department of economics and reaches out to K–12 educators in its geographic area.

TEFE is designed as a resource for high school courses in economics. Because there is so little explicit ethical content in post-secondary course materials, I explored TEFE with an eye on its potential for college courses, particularly at the principles level. (While overt or explicit ethical content in economics is modest, our moral messages at the implicit level, such as affirming utilitarianism and individualism, are quite substantial.)

The ten lessons (chapters) of TEFE ask:

1. Does Science Need Ethics?
2. What Is the Difference Between Self-Interest and Greed?
3. Do Markets Need Ethical Standards?
4. Do Markets Make Us Moral?
5. What Are the Moral Limits of Markets?
6. What Should We Do About Sweatshops?
7. Should We Allow a Market for Transplant Organs?
8. Is Efficiency an Ethical Concept?

9. Do Businesses Have a Social Responsibility?
10. What Is Economic Justice?

Each chapter on these topics provides a structured lesson plan. Detailed lesson plans are not familiar to most college teachers who are more inclined to “wing it” in the classroom. Each lesson has an overview, a list of concepts, objectives, how-to procedures, lesson materials (articles, visuals, and activities), test questions, and valuable suggestions for further reading.

TEFE addresses a wide range of familiar economic concepts. The book also attempts to incorporate instruction on approaches to ethical decisions. Three ethical theories are presented in the introduction and referred to in a handful of lessons. An outcomes-based theory of ethics maintains that the best action is the one that produces the best consequences. Duty-based ethics focuses on a set of ethical principles, duties, or rules to guide actions. Virtue-based ethics emphasizes the personal qualities (honesty, courage, loyalty, and so forth) that enable us to do the right things.

A shortcoming of TEFE is the thinness of the presentation of these ethical frameworks as compared to treatment of concepts in economics. The introduction containing the presentation of the three ethical theories is just over a page. Rectifying this imbalance is a significant challenge to efforts to integrate moral considerations into our courses at both the secondary and post-secondary levels.

Before getting to my four strongest candidates for inclusion in college economics courses, I will note one lesson that fell far short of its potential. “Is Efficiency an Ethical Concept?” piqued my interest because the efficiency concept is at the heart of mainstream economics. Moreover, I have recently struggled with the moral implications of the utilitarian concept of economic efficiency. Perhaps an effective treatment of this challenging question was beyond the scope of TEFE. In any case, the lesson did not deliver valuable content for college courses.

Turning to the positive, the nugget in “What Is the Difference Between Self-Interest and Greed?” is the Ultimatum Game. The Ultimatum Game reveals that our decisions go beyond narrow self-interest and include a sense of justice. Because TEFE was extensively tested in classrooms, one can be confident of the procedures outlined for classroom implementation of the Ultimatum Game.

“Do Markets Make Us Moral?” contains a table adapted from a 1994 *American Scholar* article by Deirdre McCloskey titled “Bourgeois Virtue.” The table portrays positive moral impacts of the market process with regard to discipline, honesty, tolerance, cooperation, courtesy, enterprise, responsibility, and accountability. The table has two columns: one for Competitive Market Values and another for Nonmarket Values. A limitation of the table is that Nonmarket Values include values fostered by governmental economic controls along with values promoted by cultural institutions. Because the former is implemented by coercion and the latter by custom or tradition, a more effective comparison would have included three columns.

“What Are the Moral Limits of Markets?” contains a superb essay, “The Moral Criticism of Markets,” by Paul Heyne. The late Paul Heyne was a master teacher of principles of economics at Valparaiso University, Southern Methodist University, and the University of Washington, and author of a popular and innovative text, *The Economic Way of Thinking*. He possessed a broad expertise in ethical theory as well as economics, earning two divinity degrees from Concordia Seminary in St. Louis and a doctor of philosophy degree in ethics and society from the University of Chicago. Scholars such as Heyne, with substantial grounding in both ethics and economics, should be of interest to economists who are looking for opportunities for integration.

The Heyne essay includes (1) the distinction between selfishness (greed) and self-interest, (2) the existence of competitive behavior in all economic systems, (3) the benefits of the market process to the poor, (4) the moral implications of the impersonal nature of many market interactions, and (5) the threat to societal cohesion resulting from centrifugal forces of the market process.

Finally, “What Is Economic Justice?” contains an experimental activity on the Veil of Ignorance approach to justice developed by philosopher John Rawls. The experiment is well-conceived and gives students an opportunity to experience more than just a mention or discussion of justice. As would be expected from a secular organization such as the NCEE, there is no treatment of religious perspectives on justice. Supplementation by Christian economists would be in order.

While *Teaching the Ethical Foundations of Economics* disappoints in some respects, the NCEE should be commended for this valuable publication. We face a paucity of resources to aid us in this endeavor, but a growing number of colleges and universities and individual faculty members seek to incorporate ethical content into courses. Additional publications by the NCEE and other organizations will be valuable to those in economics who desire a more open and robust incorporation of ethical issues into economics courses.

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Peace Through Commerce: Responsible Corporate Citizenship and the Ideals of the United Nations Global Compact

Oliver F. Williams, C.S.C. (Editor)

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Howard R. Bowen is usually credited with launching modern-day academic work concerning the role of business in society with the publication of *Social Responsibilities of the Businessman* in 1953. His query of what responsibilities toward society businessmen may reasonably be expected to assume has remained the central question of this field of