

ETHICS AND ECONOMICS

Ethics Out of Economics

John Broome

Cambridge, United Kingdom: Cambridge University Press, 1999
(267 pages)

If you are seeking an ethical basis for your economic reasoning, this book may fall a bit short of the mark. It is not really a book about the application of ethical models to economics but, rather, a text about how ethicists might better use tools from the economists' kitbag.

The book is a series of papers by Broome published over a twenty-five-year period; the papers cover only three topics as he has grouped them. About a third of the book examines the relationship between preferences and value; the "utility" that economists oftentimes refer to is considered, as well as the area of preferences in general. The difficulty in the weighting of one person's preferences against another's is the basic theme here. The conclusion is that such cross-personal weightings are meaningless. The second theme considered is the nature of what "good" or "the good" means. Finally, Broome turns to the valuation of a life in the final five papers. Only these three, narrow topic areas are discussed; this is not a general treatise on either how ethics should influence economists or how economic thinking should be applied by ethicists.

The overall theme of the text is described by the example that Broome uses to engage the reader. He first explains (to ethicists, presumably) that "Economists are typically liberal, and typically they believe people should be left alone to manage their own lives.... These are nice ideas, but they do not lead to the preference-satisfaction theory of good." The example he uses to illustrate the principle is a particular case of a public good (although he does not use the term *public good* or describe the good as

being nonrival or nonexclusive). Not surprisingly, the society has some difficulty in the example, choosing to purchase (or not to purchase) the good; some strategic behavior is present and the result arrived at by society is unacceptable to Broome. What should happen? Although the democracy described in the example chose not to purchase the good, Broome believes "When we assess what is good for people, we must do so relative to some probabilities of our own. Therefore, what is good for people cannot always coincide with their preferences. This is one reason why preference-satisfaction theory is false."

All of this takes place in the book without references to the literature that some economists would consider crucial. For instance, there is no reference to game theory or its many applications to situations like many of those described in the various chapters. As Tom Sowell often points out, there is a great deal of discussion about the pros and cons of various issues, but this overlooks the crucial fact that the most basic decision is *who* makes the decision (and under what constraints and subject to what feedback mechanisms). The deciding authority is not a topic covered in any text example or article. In addition, the concept of externalities and their role in making decisions like those described is not mentioned. The literature in economics that has examined how collective choices are made is only selectively referenced here: There are seven references to 1998 Nobel Laureate Amartya Sen (as there should be in a volume with this subject), but there are no references to James Buchanan (also a Nobel Laureate) who has carried on spirited debates with Sen on just these topics. This book is well worth reading for those interested in the intersection between economics and ethics, but beware that it may not be an evenhanded discussion of the topic.

—Barry Keating
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Ethics As Social Science: The Moral Philosophy of Social Cooperation

Leland B. Yeager

Chesterton, United Kingdom; Northampton, Massachusetts:
Edward Elgar, 2001 (334 pages)

The first merit of this remarkable defense of empiricism in ethics and economics is its frank *status quaestionis* and chosen perspective. The cards are on the table from the very start, without any beating about the bush. The author's commitment to radical empiricism, reminiscent of William James, is thorough and almost passionate. His acknowledged and revered masters are Hume, Adam Smith, Stuart Mill ... all the way to P. T. Bauer and John Gray, as well as to Hayek and von Mises. Of course, Jeremy Bentham figures most prominently as the founder of utilitarianism, to the defense of whose doctrine the author devotes copious sections of the book.