

Title: While mainstream economics despises ethics, heterodox economics should enhance it.

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Abstract

A great effort has been made in the history of economic science to eliminate any aspect that can be considered as ethic from the foundations of economics. Hume himself believed that economics as a positive science tends to ignore the influence of morals on individual actions. In the work of economists, moral norms are not invoked. This paper analyses the moral and ethical criteria underlying the theories of rational choice in neo-classical economics and the modern liberal schools (Austrian, Chicago and Neoinstitutionalist). In the last thirty years, heterodox economics and moral philosophy have renewed a conversation that was interrupted during the heyday of positivist methodology.

An analytical model in terms of "values-results" is proposed where ethical and justice criteria arise from the existence of a framework of progressive values. In this latter case, mechanisms for regulation and control of the economy are strengthened, and "participative and deliberative democracy" acquires a key position among the agents who make up a socio-economic system. Democracy is conceived in deliberative terms. Reciprocity, publicity, and accountability are the chief standards that regulate the conditions of deliberation.

Existing values (ethical framework) in society and economics are the nutrients that feed a certain type of behaviour and also influence formal institutions. The institutions of a more formal nature (politico-legal normative space) are also expressions of power relationships, and may in turn influence changes in the system of values in effect.

Our schema of institutions-results has to express, in some manner, those internal movements in all sections of the economic system: in the field of ethical values, in its socio-cultural bases as well as in its formal and informal norms. There may be socio-economic systems where values like the structure of formal and informal institutions are conservative, and on the other hand, cases where the values are progressive and reinforce the elements of regulation, control and greater democratic participation of the different social groups (Tool 1993; Bush 1987). In both cases, the results are very different. We will show a operating framework where progressive values would prevail.