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Should Academics Deceive? Prosocial Lying and the Problem of Paternalism

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Economists have enormous influence over the lives of others. And yet, there is no established field of professional economic ethics, where scholars explore economists' ethical challenges. Over past decade, I have been concerned about the ethical conduct of economists. Each economist is left to figure out what kinds of professional practice are and are not appropriate as they promote social betterment. Is the lack of careful inquiry into our professional duties problematic? I think it is. Here I explore just one issue that a field of professional economic ethics would investigate—whether it is appropriate for economists to lie in pursuit of the public interest.

Is deception a real issue in economics? Do economists in fact deceive their audiences? The answer is 'yes.' My view on this is not idiosyncratic...Let's see what Dani Rodrik has to say on the issue, in his book "Straight Talk about Trade."

Do Economists Lie?

From Dani Rodrik, Straight Talk on Trade

Economists over the previous decades:

"overstated the magnitude of aggregate gains from trade deals" and "minimized distributional concerns"

"endorsed the propaganda"

"parrot the wonders of comparative advantage"

demonstrate a *"reluctance to be honest"*

"fail to provide the full picture"

should have *"been more upfront"*

"shade their arguments"

purposely *"failed to engage* distributive justice issues"

worked as *"academic boosters"* of market fundamentalism

should have presented *"a more honest narrative."*

All of these quotes appear in Dani Rodrik's book, Straight Talk on Trade. In fact, all appear in the first 5 pages of the book. Others, both economists and non-economists, concur with the view that economists deceive.... NEXT

Recognition of Economic Deception, in Economics and Beyond

"It's the art of statesmanship to tell lies but they must be 'plausible lies'." J.M. Keynes to Abba Lerner (reported in Colander 2019).

"The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists." Joan Robinson

"The Chancellor of the Exchequer is not required to respond honestly to questions about a future devaluation of the currency." Philosopher Stuart Hampshire

"For just as James Bond has a "License to Kill" in the Ian Fleming books, so central bankers possess a "License to Lie" – or, putting it more diplomatically and politely, to make promises about the future that cannot be honored and often turn out to be false." Anatole Kaletsky (2014).

Note in particular the statement by philosopher Stuart Hampshire. In the essay he uses a case from economics to make the point that truth telling is not always required in professional conduct. He treats the case as obvious. If the premise is correct, the question arises: why do economists deceive? Returning to Rodrik. NEXT

Why Do Economists Deceive?

- Rodrik, standing on “the side of angels,” the free traders were reluctant “to provide ammunition to the barbarians.”
- My claim: economists engage in prosocial lying—lying in the service of others. Follows from a *paternalistic ethos*:
 - Economists know best
 - Economists *morally obligated* to do what’s right for others *even when others oppose what economists propose*
 - If deception is the best or only means to secure economists’ influence, they are warranted in deceiving (and perhaps required to do so)
 - **The Question:** Is there a compelling case for ethical exceptionalism for economists and other academics in their extracurricular activities in pursuit of social betterment?

Rodrik makes the point that economists lie in order to bring about good outcomes, or at least, to prevent bad outcomes. Economists engage in what is sometimes called “prosocial” lying. They lie for the benefit of others, not themselves. Is this practice ethical defensible, if lying is the best or most efficient means for bringing about outcomes economists know to be best? Let's turn to a case that seems on its face clear--a case where economists are required to lie (returns us to Stuart Hampshire)...

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Example: The 2008 Crisis and the Ben Bernanke Problem

Bernanke conveyed increasing confidence in the economy and the Fed's ability to manage economic affairs just as the world economy was about to implode.

Strategic Speaking about of Government-Sponsored Enterprises--Fannie Mae and Freddie Mac—July 17, 2008:

"The GSEs are adequately capitalized. They are in no danger of failing."

Two weeks later Warren Buffet warns of imminent crisis.

Three weeks later the Treasurer is authorized to purchase up to \$100 billion in Freddie Mac and Fannie Mae assets to prevent financial disaster.

What are we to make of Bernanke's intended deception?

In 2008 Ben Bernanke faced the challenge of preventing global financial crisis. To achieve that end, he lied to Congress and other public audiences. He did his best to convince the public and financial actors that all was under control. Was he right to do so? And if so, what are the implications for other economists and other publicly-engaged academics? Can/should they lie, too, when it seems that doing so is the best way to promote the public good? NEXT

Several Justifications for Pro-Social Lying

- Crisis Conditions
 - Strategic Speaking
- } The Ben Bernanke Problem
- Irreparable Professional-Layperson *Epistemic Asymmetry* (Economics)
 - Seductive but Harmful Alternatives—TINA!
 - Defensive, Deception-Countering Lies
 - Adversarial Ethics (“*My job is to load up one side of the scales...*”)
 - Deficient Decision-Makers and Decision-Making Processes
 - Consent of the Deceived (the public *authorizes* experts to lie to them)
 - ...

The case for prosocial deception seems compelling, and indeed it may be. The slide gives a partial list of the justifications for the practice. For instance, it is widely held in economics that laypersons cannot begin to make sense of their science, and so truthful statements may fail to bring about good outcomes. The parallel is with a parent who deceives a child for the child’s own good when the parent believes that doing so is necessary to protect the child. Another defense is that others lie, and so it is sometimes necessary to lie defensively, to defeat the lies of one’s opponents. But what is the downside of prosocial deception? NEXT

The Downside of Deception #1

1. **Paternalism** → An insidious form of Coercion (e.g., TINA)

Ethical Maturation in Other Fields—Medical Practice

Hippocratic Tradition & Paternalism:

- Primacy of beneficence, non-maleficence (First, do no harm!)
- Physician is authorized to make the right decisions
- Physician deception accepted in the US until the patients' rights movement of the 1960s/1970s.

Turning point: Canterbury v. Spence, 1972, US Court of Appeals (DC Cir.)

- Physician may not deceive, even for the patient's wellbeing
- *Disrupts paternalistic ethos in medical ethics*

New recognition of patient autonomy & integrity

Deception—even well-meaning deception—reflects a paternalistic ethos. Paternalism is warranted in cases like the parent-child relationship, where children are not in position to know what is best for them. Deception locates agency not in those economists serve, but in the economics profession. Medical practice was also grounded in paternalism. In the US, physicians routinely deceived their patients when they thought it helpful to do so—until a strong patients rights movement, and a series of court cases and government decisions overturned medical paternalism. Since the 1970s medical ethics have recognized patient autonomy and integrity. The patient must now be included meaningfully in medical decision-making. NEXT

The Downside of Deception #2

2. Limits to lying?

-- Can all economists lie whenever they think it's good to do so? Are there no limits on who/when?

3. Forms of lying?

-- Are all forms of lying equally legitimate? Can economists exaggerate their expertise? Is deception via acts of omission OK? Can they also fabricate data to bring about good policy outcomes?

The Problem: *If one form of lying is legitimate, why are other forms illegitimate, if the end is the same?* The question has never been posed in economics.

My sense: Economists tolerate lies to others, but do not want to be deceived.

Sissela Bok: "[Some] prefer a "free-rider" status, giving them the benefits of lying without the risks of being lied to. Some think of this free-rider status as for them alone. Others extend it to their friends, social group, or profession."

More concrete questions arise once we open the door to prosocial deception. Where are the limits to prosocial lying? Who should decide when it is OK for an economist to deceive? What forms of lying are appropriate, and which are inappropriate—and who is authorized to distinguish between them? There is in the economics profession a deep-seated hypocrisy: they tolerate deception of others, but do not tolerate situations when they are the ones being deceived. NEXT

The Downside of Deception #3

4. Deception corrodes trust...among economists

*“Never trust ... an economic consultant! ... a think-tank economist!
... a gov’t economist!*

5. Deception corrodes public trust...in all experts

*“The most serious miscalculation people make when weighing lies is to evaluate the costs and benefits of a particular lie in an isolated case, and then to favor lies if the benefits seem to outweigh the costs. In so doing, they risk blinding themselves to the effects that such lying can have on their integrity and self-respect, and to the jeopardy in which they place others.” Sissela Bok, *Lying* (1978)*

Those like Sissela Bok who have studied deception most closely have warned that even prosocial lying can have the effect of corroding trust in those who deceive. I suggest that economists have forfeited public trust, and that the loss of trust has by now been extended to other professionals—like public health experts. Unfortunately, when experts lose trust, the principal losers are those they seek to serve. NEXT

“First tell no untruth”-- An Ethical Imperative for Publicly-Engaged Academics?

“[The] precept “first tell no untruth” is the ethical equivalent, for an economist, of the Hippocratic injunction “first do no harm.” If economists unjustifiably claim truth for their statements, and if people act on these statements when different actions could have resulted in better outcomes, then harm has been done, to which the statements have contributed materially.”

-Alan Freeman (2016)

Alan Freeman has pushed back against the tendency of economists to deceive. He argues that economists should never tell “untruths.” That is, though they may and do make mistakes in their work, and in their public pronouncements, they must always speak honestly when engaging their peers and the public. This would require economists to recognize the autonomy and integrity of those they serve, just as US physicians have had to do. Doing so would mark a substantial step away from the paternalistic ethos that continues to inform economic practice.