

**AIRLEAP Session at the 49th Annual Meetings of the Eastern Economic Association
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Session Title: Ethical Entailments of Economic Practice

Organizer: George DeMartino, University of Denver

Chair: Zoe Sherman, Merrimack College

1. Goodbye Norway: Testing Neoclassical versus Other Theories of Emigration

Amelie Constant, University of Pennsylvania; Astri Syse, National Institutes of Health, Norway; Marianne Tønnessen, Oslo Metropolitan University

Increasing numbers of migrants from all over the world move to Norway following opportunities that this high-income country can offer. At the same time, Norway is experiencing high emigration rates. Yet, little is known about why immigrants would leave a wealthy country like Norway and where they would go after they exit. In this paper we analyze these questions by testing the Neoclassical Theory of income maximization and the New Economics of Labor Migration that views migrants as target earners. These theories were developed last century to explain, mostly, a one-time permanent migration from developing to developed economies. Meanwhile, the world has experienced several permutations of migration such as return migration, onward migration, circular migration, and migration among high-income countries that question the applicability of the theories. We use rich Norwegian register data from 2014 to 2020 that contain information about immigrants' exit and country destination. We differentiate between Nordic and other immigrants. Our results show that none of the theories can explain our data by their own and the movement of immigrants in Norway is highly selective. The most likely to return and/or move onwards are the Nordic immigrants.

2. Do Economists Have a Sense of Justice?

Guillermina Jasso, New York University

As understanding increases about inequality dynamics, justice dynamics, and their link, it becomes clear that a central question pertains to the proportions of individuals who do not experience, or exercise, the sense of justice and whether this justice-obliviousness is related to other individual characteristics. One key subset consists of economists, who have argued, as Hayek put it, that "differences in rewards simply cannot meaningfully be described as just or unjust" and for whom the Ideal Economist is said to be justice-oblivious. But are economists really bereft of the sense of justice? This paper uses state-of-the-art models and methods from justice research to undertake a close examination of economists' justice life. The results in this sample are unambiguous: Economists exercise the three fairness faculties – forming ideas of justice, distinguishing between justice and injustice, and distinguishing between unjust underreward and unjust overreward. Moreover, consistent with the Hatfield-Friedman Principle that justice is in the eye of the beholder, economists disagree with each other about what is fair – the respondent-specific just reward functions indicating disagreement on the principles of microjustice, and the respondent-specific just reward distributions indicating disagreement on the principles of macrojustice. Thus, far from being justice-oblivious, economists seem no different

from everyone else routinely studied in justice research. However, it is possible that when speaking ex cathedra some economists may tend to keep money and markets out of justice reach.

3. Irreparable Ignorance and the Matter of Economist-Induced Harm

George DeMartino, University of Denver

Economists contribute to serious and even devastating harm as they aspire to do good. The most obvious cause of “econogenic” (economist-induced) harm is the uneven impact of most economic interventions. A second, equally important but less examined cause of econogenic harm is “irreparable ignorance.” Economists do not and cannot ever know enough to do much of what they are doing. Economists are taught to repress the problem of econogenic harm via the application of “moral geometry” to simplify and resolve intractable ethical problems—such as who should be harmed for the benefit of others. This paper ranges over these issues while paying particular attention to the epistemic problem, elucidating the illusion in economics that economic expertise necessarily advances over time and with it, the positive impact of economics on social betterment.

4. Economic and Ethical Valuation in Pandemic Policy

Mark Silverman, Franklin and Marshall College

In Spring 2020, the Covid pandemic presented the question of whether economic shutdowns or mitigation measures were justified. The standard answer in economics turned on cost-benefit analysis. Per this analysis, a shutdown or mitigation policy (just like any other policy) can be justified only if the benefits outweigh the costs. A frequent difficulty in applying cost-benefit analysis however is that not all costs or benefits are measurable in dollars. This is clearly the case in the context of pandemic policy, where a primary policy goal is to save lives. Lives are perhaps the paradigmatic example of a non-monetizable good. The economics profession nonetheless has a solution to this dilemma in the form of calculating the “value of a statistical life” (VSL), defined as the marginal rate of substitution between money and mortality risk. This approach, however, has the effect of reducing questions of a fundamentally ethical character, where the goods most valued are often the ones regarded as invaluable, to the familiar neoclassical language of preference and utility-maximization, where all valuation must be expressed in terms of rates of substitution. Hence, economic valuation displaces ethical valuation precisely where the latter is most salient – namely, in questions of social policy.