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SINGER, P. Ethical Limits of science ignored by economists, In: the Monist **Ethics and the Limits of Scientific Freedom** Oxford University Press Vol. 79, No. 2, APRIL 1996, pp. 218-229 (adapted). Available at http://www.uni-konstanz.de/philosophie/files/ethical_limits-2013-ferrol.pdf. Accessed in May 2016.

[1] Since 2007 Western countries are experiencing an enormous economic crisis, Spain being one of the countries that are hit hardest. The economic crisis is at its roots a financial crisis. It is caused by a set of very complex factors, some of them global, others national. I am going to talk about only one of the global causes and of the ethical aspects connected to it.

[2] There exists a “Financial Crisis Inquiry Report” of 662 pages that was presented to the US government in January 2011 by the “National Commission on the Causes of the Financial and Economic Crisis in the United States”. Its “Conclusions” about the causes of the crisis, which is judged as “avoidable”, are as follows:

[3] “[...] widespread failure in financial regulation and supervision proved devastating to the stability of the nation’s financial markets. [...] dramatic failures of corporate governance and risk management at many systematically important financial institutions were a key cause of this crisis. [...] a combination of excessive borrowing, risky investments, and lack of transparency put the financial system on a collision course with crisis. [...] We conclude the government was ill prepared for the crisis, and its inconsistent response added to the uncertainty and panic in the financial markets. [...] there was a systematic breakdown in accountability and ethics. [...] collapsing mortgage-lending standards and mortgage securitization pipeline lit and spread the flame of contagion and crisis. [...] over-the-counter derivatives contributed significantly to this crisis. [...] the failures of credit rating agencies were essential cogs in the wheel of financial destruction.”

[4] The “Conclusions” close as follows: “There is still much to learn, much to investigate, and much to fix. This is our collective responsibility. It falls to us to make different choices if we want different results.”

[5] What is fascinating about this report is that nobody seems to be interested in the scientific background of all that, i.e. mainstream economic theory, which is also called “neoclassical economics”. In this scientific context I avoid the word “neoliberalism” that has become “an academic catchphrase” and a political combat term. I do this, although I share most of the political criticism that is put forward against “neoliberalism”.

[6] I would like to argue for three theses that are interconnected, two of them with an ethical dimension:

(a) The attempt of mainstream neoclassical economics to model itself after physics has failed.

(b) The failure of neoclassical economics rests largely on confounding abstract mathematical models with reality.

(c) Neoclassical experimentation that involves whole countries and societies is immoral.

[7] Ad a) Neoclassical economics is something like the common background of almost everybody who at present works as an economist with Western governments, banks, firms, and what have you. What physics and chemistry is for engineers, neoclassical economics is for business people and business related governments.

This attitude has already received a name: “physics envy”. Physics envy stands for the desire of mainstream social science, including above all economics to become a science like physics: fully mathematized and reliable like electromagnetism or quantum theory. This desire might be fueled in Anglo-Saxon countries by the linguistic peculiarity that “science” normally relates only to what we would call “natural science”. This led to a sort of inferiority complex among economists and other social “scientists”, which they tried to overcome above all by mathematizing their disciplines.

Economics has been certainly most successful in approaching this ideal. But not only mathematizing is required in order to become true “science”. What one needs, furthermore. According to aspiring real social scientists, is the hypothetical deductive method. The hypothetical deductive method is typical of natural science, but certainly not the only respectable method in town. It includes first of all constructing theoretical models, then giving testable hypotheses derived from such models, and, finally, empirical tests of the hypothesis against the reality of the social world.

[8] There is, moreover, a remarkable discrepancy between pretensions and reality. It has always been the aim of physics, and is, in fact, included in the hypothetical deductive model, to deliver “precise explanations and successful predictions”. To his great surprise, philosopher Donald Gillies, when checking the textbooks of four famous Nobel Prize winning neoclassical economists (Samuelson, Arrow, Debreu, Prescott) found that they achieved neither. This led Gillies to the

“conjecture that the use of mathematics in mainstream (or neoclassical) economics has not produced any precise explanations or successful predictions. This [...] is the main difference between neoclassical economics and physics, where both precise explanations and successful predictions have often been obtained by the use of mathematics.”

Unfortunately the pretensions of economists, driven by physics envy, have been supported by the introduction of a Nobel-Price in economics.

[9] “Fundamentalists believe that markets tend towards equilibrium and the common interest is best served by allowing participants to pursue their self-interest. It is an obvious misconception, because it was the intervention of the authorities that prevented financial markets from breaking down, not the markets themselves. (...)

RESPONDA DE ACORDO COM O TEXTO. AS RESPOSTAS DEVEM SER EM PORTUGUÊS

1) Considere o Parágrafo [1]. Qual a causa da Crise Econômica? (2,0 ponto)

Resposta: A crise econômica é causada por uma série de fatores complexos (alguns globais e outros nacionais)

2) **Considere o Parágrafo [3].** Assinale (V) para as alternativas verdadeiras e (F) para as falsas

(2,0 pontos):

(V)	O fracasso generalizado da supervisão e regulação financeira provaram-se desastrosos para a estabilidade dos mercados financeiros.
(V)	Fracasso na gestão de empresas e riscos administrativos em importantes instituições financeiras foram causas cruciais da crise.
(F)	Apesar de preparado para a crise, o governo colidiu com a falta de transparência, levando-o a um excesso de combinações arriscadas
(F)	Sistematicamente, a contabilidade provocou o surgimento da ética

3) **Considere o Parágrafo [4].** Como você resume o desfecho da conclusão? (2,0 pontos)

Resposta: Ainda há muito a aprender, muito a investigar e muito a corrigir. Esta é a nossa responsabilidade coletiva. Cabe a nós fazer escolhas diferentes se quisermos resultados diferentes.

4) **Considere os Parágrafos [5 e 6].**

Existem erros nas afirmações abaixo. Corrija-os reescrevendo cada sentença corretamente:

a) *Para o autor, é fascinante o fato de ninguém perder o interesse nas bases científicas de todo esse processo, por exemplo, na teoria econômica dominante, também chamada “economia neoclássica.*

Resposta: Para o autor, o que é fascinante (sobre este relatório), é que ninguém parece ter interesse nas bases científicas de tudo isso, por exemplo a teoria econômica dominante também chamada “economia neoclássica”.

b) *A tentativa de auto-modelagem da economia neoclássica nos moldes da física foi exitosa.*

Resposta: A tentativa de auto-modelagem da economia neoclássica nos moldes da física fracassou.

5) Quais foram as três abordagens alternativas à CSR que surgiram nos anos 1980 e 1990? Quem propôs cada uma dessas abordagens? (3,0 pontos)

Resposta:

a) Teoria dos acionistas, proposta por Pulman, 1984.

b) Cidadania Corporativa, proposta por Andriof e McIntosh, 2001.

c) Ética empresarial (nos negócios), proposta por Kilcullen e Ohles Koostra, 1999

6) Escreva VERDADEIRO ou FALSO ao lado de cada sentença.

a) Considere o Parágrafo [1]. Gray (2010) afirma que “há consenso sobre a importância do desenvolvimento sustentável, mas que não se discute sua natureza e seu significado de forma explícita”.	VERDADEIRO
b) Considere o parágrafo [2]. O único objetivo da UNEP é promover a cooperação e uma liderança sólida para o cuidado do meio ambiente.	FALSO
c) Considere o parágrafo [4]. O discurso empresarial surgiu no âmbito do debate sobre sustentabilidade e diz respeito às relações entre corporações modernas e as questões sociais e ambientais.	VERDADEIRO
d) Considere o Parágrafo [4]. A partir de uma perspectiva de negócios, a sustentabilidade refere-se à capacidade de uma empresa perpetuar-se no tempo, tanto em termos de rentabilidade, produtividade e desempenho financeiro, quanto em termos de gerenciamento de recursos ambientais e sociais que compõem seu capital.	VERDADEIRO
e) Considere o Parágrafo [5]. O texto afirma que os resultados mistos relatados nos estudos mencionados se devem ao fato de que esses estudos consideram o espectro mais amplo de controles de gestão.	FALSO