

spiral. He also believes that the recession following the bursting of the tech bubble was minor because of the expansionary fiscal policy implemented immediately after it. Perhaps the most surprising revelation is that the Reagan supply-side tax cuts made the Fed's life difficult as they worked to offset the Fed's tightening, which may have resulted in the Fed having to tighten more than expected. One wonders what the link between the Fed's actions and the 2009 stimulus were. Hopefully a similar book will come out in the future that answers this question.

There are simply too many interesting nuggets of information to discuss in a short book review. The book is a short, interesting read and is accessible to both professional economists and undergraduate economics students. Highly recommended.

CHRISTOPHER C. DOUGLAS

University of Michigan-Flint

The Economist's Oath. GEORGE DEMARTINO. New York, NY: Oxford University Press, 2011. Pp 272. \$35.00

Most students in their principles of economics courses often learn the adage, "Economics is the dismal science." After reading this book, readers will come away with a greater understanding of the meaning, "dismal science." Many economists love to present esoteric models and statistics, (skewed) graphs and charts as a means to present the results of their proposed policy or research. However, they often fail to understand any ethical ramifications of these policies. Why? The latter forms the core theme presented in George DeMartino's book, *The Economist's Oath*. In general, DeMartino presents a criticism from within economists' conflicts of interest and general lack of ethical principles. *The Economist's Oath* starts a dialogue among economists about the ethical content of their work. Moreover, DeMartino examines the ethical implications of the immense influence over the lives of others that the economics profession now enjoys and proposes a framework for professional ethics in economics. More importantly, *The Economists Oath* is a well-documented critique from many perspectives and serves as foundation of the increasing critiques of ethical lapses over the past few decades. However, this critique was heightened after the release of the movie "Inside Job" which received an Oscar. This movie revealed the

failures of economic analyses and the myriad of conflict of interests by economists which promulgated the financial crisis of 2008-2009. As of 2011, the financial crisis still has not been fully resolved because economists still want to engage in the same failed policies as remedies for this financial crisis.

DeMartino contends that economists are indictable for their many lapses and ideological blindness as well as conflicts of interest in their roles as policy makers, advocates and economic pundits. Not only does DeMartino discuss the ethical lapses in economics, he delves further into the problems by economists such as herd behavior, lack of concern for academic reform, their arrogance in concealing the normative nature of "the Washington Consensus" and their continued use of conventional theories of "efficient markets" and "rational actors." Despite the failures of these latter theories, economists still use them to develop policies. Readers should note that a complement to DeMartino's work is *Zombie Economics* by John Quiggin which chronicles the failures of the macroeconomic policy of the past 40 years. Quiggin focuses more exclusively on the failures of macroeconomic policies, and does not delve into the ethical lapses of economists. Briefly, Quiggin tackles some dominant themes by economists and policy-makers such as the Great Moderation, the efficient markets hypothesis, dynamic stochastic general equilibrium (DGSE), trickledown economics, and privatization. The basic premise by Quiggin is that each of these ideas has been shellacked by various events but these ideas continue to be practiced by economists and policymakers. Why do these ideas continue despite the consistent record of failures of these policies? The latter points can also be derived from *the Economists Oath*. Economists engage in policy-making but at times do not fully comprehend that these policies have an impact on people's livelihoods.

DeMartino does not just provide a chronicle of economists' failures but he also provides sensible reforms to prevent further social harm after the recession promulgated by the structural failures of the financial system which led to job losses, foreclosures of homes and lost pension benefits. It becomes more critical that many economists from academia often work for Wall Street hedge funds, equity firms, investment banks, other financial institutions and foreign governments, but fail to disclose their affiliations during the policy implementation. That is, these economists often just become cheerleaders for their affiliated firms and earn substantial rewards for these efforts. To improve the transparency

of the economics discipline, DeMartino proposes that that these economists would identify themselves as hired personnel for their affiliated firms. However, would economists be willing to change these behaviors in order to improve their ethics? The latter would be difficult to do because incentives matter to many of these economists.

The Economist's Oath has promulgated a serious discussion concerning the introduction of ethical standards into the economics profession; economists recently discussed it at the American Economic Association meetings in January 2011. In fact, in the biomedical sciences there is often a bridge of private funds to universities in the conduct of research. To maintain transparency, universities that receive private funds for biomedical research require disclosure and adhering to ethical standards. The biomedical profession is not the only profession with the adoption of such ethical standards; other professions such as political science, sociology, and psychology has adopted similar ethical standards.

Economists can alter the course of current economic policy which could have an impact for generations. Economics as a major profession does not require any professional ethics to guide its practitioners unlike other professions. Because of this lack of professional ethics, economists are not prepared to deal with the ethical challenges in which they may confront in their work. As a result, this lack of ethical preparation poses challenges for economists who could ultimately affect the outcomes of their work and influence on policy. DeMartino provides a good discussion concerning the dire need to have a code of ethics in the economics profession. Contemporary economists often develop and implement economic policy but fail to understand the impacts these policies would have on the lives of others. DeMartino's book serves as a great read for economists and noneconomists actively engaged in policy because these policies often impact others. Consequently, the development of policies needs to be crafted with care and with a careful understanding of any nuances of the proposed policy on the livelihood of others. As with any proposed change in a profession, it takes time for its members to embrace and implement this change as a means to improve the quality of lives for everyone.

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