that the clinical portion of medical education is referred to in many medical schools as the “cynicals” (271).

Another virtue of this book is May’s consideration of professional ethics within the context of religious faith. In spite of the fact that the vast majority of Americans describe themselves as “religious,” most contemporary texts on professional ethics typically treat Christian moral principles briefly, if they are mentioned at all, in a historical section and then move on to something more “objective.” In contrast, May believes that Christian sacramental theology and Old Testament exegesis are relevant to, among other things, considerations of engineering ethics (109). In another place, after describing the theological debate over the significance of our being created in the image of God, he then illuminates the relevance of that debate to business ethics and corporate governance (144). It is as rare, as it is enjoyable, to find a chapter on business ethics that illustrates a point by referring to Balaam’s ass from the Bible’s Book of Numbers (158).

In my opinion, although the above strengths predominate, a few weaknesses run through this work. First, while the text excels at paying attention to the social implications of professional conduct, it only pays minimal attention to the well-being of professionals themselves. Professionals are almost exclusively considered as an instrumental means to social goods. A virtue, a disposition to action, is an element of a person’s character. While others certainly benefit from a professional’s mastery of various virtues, the main beneficiary is the professional himself or herself. The professional who is honest, truthful, or concerned with the common good is, according to Aristotle, that much better a person and thus, that much better a professional.

Second, the book displays a consistent distrust toward corporations, market forces, and individual self-interest while, in my opinion, underestimating the risk to the professions from governmental regulation. In repeatedly recommending regulation as a solution to perceived defects in the professions, May is advocating a cure that most professionals find worse than the disease (272). Self-regulation, at least in significant part, is an essential characteristic of the professions. The greater the legal regulation of a profession, the greater role that lawyers play in governing that profession. For example, when medical students graduate today, they frequently take a modified version of the Hippocratic Oath that includes the promise to “give no medicine that is illegal.” In doing this, doctors give, unknowingly, to be sure, their obeisance to lawyers.

May repeatedly suggests that market-based incentives for giving clients what they want are corrupting. As an alternative, he promotes paternalism as an ethical mandate that requires “professionals to address the deeper needs of their clients and patients and not just [the clients] marketplace wants and desires” (10, 38). In saying this, it seems to me that he gives too little responsibility or credit to the clients and places a frightening amount of power in the hands of professionals. I want my doctor to follow my express wishes, not his or her judgment of my “deeper needs.” —Nicholas C. Lund-Molfese

Integritas Institute, University of Illinois, Chicago

Ethics, Economics, and Freedom: The Failure of Consequentialist Social Welfare Theory

Timothy P. Roth

Aldershot, United Kingdom and Brookfield, Vermont: Ashgate Publishing, 1999 (111 pages with bibliography and index)

Timothy Roth’s volume, Ethics, Economics, and Freedom, addresses the behavioral assumptions, internal consistency, and ultimately, the failure of social welfare theory, which has come to be important in economic debates over what constitutes good social policy and institutional objectives. This is a book for the specialist, written in predominantly academic language. It is not an easy read and is not likely accessible for the reader who does not have some formal background in economics or political philosophy. It is more for the academic economist or political philosopher who does foundational work that undergirds public policy. Here, the book is very helpful in identifying the logical flaws in both the economics and the ethics of the prevailing social welfare theory.

Chapter 1 provides the overall outline and thesis of the book. Roth argues that social welfare theory is based on neoclassical economics with its efficiency standard assumed to be value-free. He rightly points out that it is anything but. Rather, it has strong consequentialist moral philosophy at its heart and, thus, has a value system undergirding it. Once this is brought into the open, social welfare theory can be more fully analyzed and critiqued. As an alternative, Roth suggests more of a contractarian approach in which there is space for rights and their corresponding obligations, ethical behavior, and justice.

Perhaps the most helpful part of the book is the initial material, in which Roth insightfully points out that the behavioral assumptions underlying neoclassical economics are inadequate. A human being is clearly more than a homo economicus who atomistically and autonomously acts to maximize self-interest. Roth insists, correctly so, that this view of a human being ignores the multifaceted range of constraints that govern pursuit of self-interest. Chief among these are ethical norms that restrain opportunistic pursuit of self-interest and provide a substantial benefit to the economy—minimizing of transaction costs. This is a critical point for the market system and one for which Adam Smith’s contribution has been forgotten—that trust among the participants in the economic system is essential in keeping transaction costs down, and when trust breaks down, the costs of doing business increase due to both internal problems such as oversight within a firm, and external factors such as increasing regulation and litigation. As Roth puts it, “respect for rights and correlative duties and trust as the essential lubricants of an increasingly impersonal market economy” (12). This is why, for example, the response to the recent plethora of accounting scandals has called for a renewal of trust between corporations and investors. The suggestion that trust has broken down is rightly considered a serious one. Roth maintains that “It is clear that
the functioning of markets depends importantly on the intervention of ethical
constraints” (13).

Roth’s other significant contribution in the book deals with the consequentialist
underpinning for social welfare theory. This is a helpful one, since it is still widely
assumed, at least in popular circles, that neoclassical economics is value-free. This
has important implications for social welfare theory as it tries to accommodate its conse-
quentialism with rights, liberties, and freedom. Roth points out that rights are irrecon-
cilable with consequentialist considerations, and at times, utilitarian considerations of
efficiency may be contrary to widely accepted rights. This point could have easily been
extended. It is not uncommon in the critique of utilitarianism by moral philosophers
to suggest that the evaluation of outcomes can work only if one “smuggles in” principles
from a more deontological moral system. That is, what constitutes a bad outcome is, in
large part, dependent on one’s prior commitment to principles, or rights. It is also true
that the critique of Amartya Sen is correct—that, rights and liberties tend to be over-
looked in many utilitarian social welfare systems, and they are judged by the outcomes
produced (37). Sen rightly observes that it is difficult to adhere to strict utilitarianism
and to protect rights at the same time. To make the social welfare system more of a
hybrid system, which includes both utility and rights, does not help—it only makes the
system attempt to accommodate two diametrically opposed components.

Roth proposes a more contractarian approach as an alternative, with emphasis on
justice and procedure. These views of justice do not fit well within a consequentialist
approach and enable institutional assessment in ways that a utilitarian framework does not.
In the final chapter, he applies this approach insightfully to a variety of issues such
as growth of government, corruption, and transition to market systems. This list could
have been extended for some length, but the application is helpful and takes the book
out of the strictly theoretical realm.

Overall, the book makes a solid contribution though it can be difficult reading at
times for the nonspecialist.

—Scott B. Rae
Talbot School of Theology, Biola University

Equity As a Social Goal
Cathy Buchanan and Peter Hartley
Wellington, New Zealand: New Zealand Business Roundtable,
The Terrace, 2000 (246 pages)

Buchanan and Hartley have given us a comprehensive inquiry into the fairness of our
modern societies, with the hope of offering their readers a basis for a really ethical
society, one in which everyone can get a fair shake. Is it possible, they ask, to make
equity our objective, rather than just plain money-making or material advancement?
“Equity As a Social Goal” covers the waterfront of welfare economics and finds its
analysis mostly inconclusive. It finds that efficiency creates inequality and that equal-
ity itself is illusory (5). All the proposals for leveling the differences between humans
and for redistributing incomes are impractical and generally lead to worse conditions.

We are introduced to all the traditional mathematical measures of welfare, such as
Pareto optima, the Gini coefficient, the coefficient of variation, utility functions, and
social welfare functions. Each is dissected and is found to be utopian and unworkable,
most often involving concepts that only offer unsolvable measurable problems, or they
rank higher incomes indifferently with respect to lower incomes, or they betray a spirit
of envy rather than of compassion on the part of their adherents. The Gini coefficient,
for instance, which shows the percent of total income that a portion of the population
earns, “appears to reflect an envy of high incomes as much as compassionate concern
for the poor” (128).

Very gratifying is the authors’ rejection of the role of government in redistributing
incomes. Transfer programs are not only costly, but they tend to displace private wel-
fare and to reduce work incentives, altering the ethics of marriage and family.
Governmental agencies are either unworkable monopolies or are incapable of control-
ling the private firms they engage, the latter most often becoming the prime benefici-
aries of the programs they serve. In the case of education, the reader is startled with the
assertion that “the extra taxes that middle-class families pay over their lifetimes exceed
any savings they accrue from not having to pay for competitive private education” (167).

The authors oppose progressive taxes, which distort decisions and involve high
administrative costs while creating multiple disincentives. The motivations for advo-
cating them are often not compassion for the poor, but again envy raises its ugly head
(135, 183). For these reasons a flat income tax with zero marginal rates is proposed:
“A far better system involves taxing everyone at the same tax rate and using the welfare
system to provide transfers to the poor” (184).

The authors, however, do not despair in their search for some golden rule of equity;
they find one bright light that most of us would accept: compassion for the destitute
poor. In this one instance they open the door to governmental assistance for those per-
sons whose standard of living is unacceptably below what a fair shake would imply.
And they hold that most of us, though not unanimously, are compassionate toward the
poor and are willing to share part of our own, even at the forced hand of the govern-
ment—but never the false solution of relieving poverty as an excuse for promoting
equalization or projects that benefit the hangers-on or the suppliers and agents.

Without pretending to appear as conservatives, our authors seem generally to favor
the conservative or libertarian approach toward an equitable economics, whether it be
lower taxes or reduced governmental intervention or less feeding at the public trough.
There are, however, some points on which a lover of freedom feels less than happy
with this book. The authors, though citing many excellent sources, recognize no clear
starting point in social science. Our inherited wisdom is summarized in all sorts of
opinions. Every agonizing welfare concept is rehashed over again. They offer no initial
core of principles other than a vague preference for liberty and efficiency. There is no