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“Complex Econogenic Harm: Identification as a First Step Towards Redress”

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Abstract

This paper contributes towards recent research exploring ethical standards for economists as experts, experts with legal discretion to intervene in the economy in attempt to improve outcomes. The canonical example of this is the compensation principle where those who suffer losses are compensated by those who gain, i.e., the Slavery Abolition Act of 1833 where slave-holders are compensated by the British parliament when slavery is made illegal. This is a clear case where loss is identifiable and therefore compensation is made possible in financial terms. DeMartino and McCloskey (2016) call economic policy-derived losses “econogenic harm”. However less quantifiable econogenic harm is possible; policy consequences which can cause complex, varied and dispersed subjective psychological harm (civic alienation, loss of self-respect, creation of fear, empathy towards those adversely affected by policy) making compensation more difficult. The paper proposes certain cases of complex econogenic harm. We propose that a Socratic approach is to first to *identify* this harm as a precursor towards *redressing* this harm. Examples given include rent-seeking induced harm in green energy policy, regressive monetary policy, and trade policy with the ‘developing’ world which perpetuates poverty.

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