The Study and Promotion of Integrity and Responsible Leadership in Economics

Doug Palo
Co-Director of the
Association for Integrity and Responsible Leadership in Economics and Associated Professions (AIRLEAP)

Presentation to the
USDA Economists Group
Washington, DC
October 29, 2007
How many of us remember Wassily Leontief?

Professor Leontief was known for many things:

• Winner of the 1973 Nobel Prize in Economics
• Professor at Harvard in the 1930s and 1940s
• Father of Input-Output Analysis

But, he was also known for being one of the many prominent economists who raised concerns about integrity and responsible leadership in economics.
In his *Presidential Speech* to the American Economic Association in December 1970 Wassily Leontief said:

“Uneasiness … is caused *not* by the irrelevance of the practical problems to which . . . economists address their efforts, but rather by the palpable *inadequacy of the scientific means with which they try to solve them.*”

“Continued preoccupation with imaginary, hypothetical, rather than with observable reality has gradually led to a distortion of the informal valuation scale used . . . to assess and to rank . . . scientific performance.”
The Issue of Integrity in Economics is as At Least as Alive Today as it Was in Leontief’s Time

- Examples abound:
Until now, however …

- The expression of concerns and ideas for improvements have come primarily from individual observers, who have not been unified, and have not been successful at inducing positive change.
- The only real effect has been the generation of literature on the topic, which has largely been ignored by the profession overall.
- Most of the discussion of integrity and responsible leadership in economics has been expressed by groups that either:
  - **Support particular ideologies**, where they discuss the topic in relation to their ideologies, such as “Econ Journal Watch” (supporting “free markets”) and the “Post-Autistic Economics Network” (for “non-neoclassical” economics).
  - **Focus on intellectual history** and prepare scholarly discourse on the topic designed for an audience that is only a tiny fraction of the economics profession, such as the “International Network for Economic Method.”
- By being divided among ideologies and very different audiences, the proliferation of expressed concerns and proposed solutions has never been unified, and thus, for the most part, *has gone nowhere*.
- There has GOT to be a better way!
Enter: AIRLEAP = Association for Integrity and Responsible Leadership in Economics and Associated Professions (AIRLEAP.org)

• Founded in 2006 with the Mission:
  – “to promote integrity and responsible leadership in economics and related professions … by fostering and disseminating useful and influential thought.”
  – to ask whether “the behavior of economists in their profession is consistent with the greater goals of society and the most basic principles of integrity and responsible leadership.”
  – to identify, analyze, and offer solutions, so that the work of economists can become as useful and beneficial to society as possible.


• In August 2007, officially recognized by the IRS as a charitable, nonprofit organization, exempt from Federal Income Tax.

• In September 2007, joined the International Confederation of Associations for Pluralism in Economics (ICAPE).
AIRLEAP asks the Important Questions about Economics that No One Else Seems to be Asking, Such As:

• Is the recognition of ideas in economics (in articles, dissertations, books, etc.) based on the actual usefulness, validity, and scientific merit of those ideas?
  – Or is it based on homage being paid to prominent economists who already received recognition for similar ideas?
• How much time and money are spent in the generation of esoteric research that is of little or no real value to society?
• How many listed authors of economic articles and books contributed little to the work, but were in a position to receive credit for it, while those who deserved the most credit did not receive it?
• How often are economic statistics prepared by organizations with vested interests in the values of those statistics, and to what extent are their results verified for objectivity and scientific validity?
• Are positions in the economics profession filled by organizations trying to find the best-qualified individuals, or are they filled on the basis of connections and other noncompetitive means?
Who Are We? Our Directors Include (1):

- **Connie Chang**
  (Chair of AIRLEAP’s Board of Directors)
- Research Director and Chief of Staff for the
  Under Secretary of Commerce for Technology, Technology Administration
- Her perspective:
  - “Millions of taxpayer dollars are spent on evaluation …
  - The validity of these evaluation efforts depends . . . on the integrity of the evaluator . . .
  - The issue of ethics and integrity in the economics profession … is vitally important.
  - This issue must be addressed in order to ensure that our policymakers continue to trust the work that we do . . . .”
Who Are We? Our Directors Include (2):

Deirdre McCloskey, Distinguished Professor of Economics, University of Illinois.
Leading authority on the "rhetoric of economics."

She remarks:

- I certainly support the goals of AIRLEAP, and think it can be an effective response to a problem that economists think that ethics in their works and in their policies is optional, or is so easy (utility rules!) that nothing needs doing...
- that dishonest refereeing or a misuse of statistics will be corrected by an ethical invisible hand...
- I don't think so, and neither does AIRLEAP."
Who Are We? Our Directors Include (3):

- **Gary Hoover**, Associate Professor of Economics; Assistant Dean for Faculty and Graduate Student Development; University of Alabama.


- His Perspective:
  - “Having done quite a bit of research on plagiarism in the economics profession, I can say definitively that there is a great and pressing need for an organization like AIRLEAP.
  - In a recent survey, 67 percent of professional economists agreed that a code of ethics is needed in the profession.
  - It is time to make that a reality.”
Who Are We? Our Directors Include (4):

- **George DeMartino**, Associate Dean of Graduate Studies, and Associate Professor, University of Denver.
- Completing the book, *‘I Do Solemnly Swear’: On the need for and content of professional economic ethics*, (University of Michigan Press).
- He remarks:
  - “The economics profession has by now achieved enormous influence . . . economists are more powerful today than at any time in the past.
  - But with this influence come ethical and professional obligations for which the practicing economist, by virtue of the narrowness of his/her training, is poorly equipped.
  - AIRLEAP can do much to correct this professional failing. Not least, it is working to promote an ethical awakening of the profession that is by now long overdue.”
Who Are We? Our Directors Include (5):

- **Brooks Robinson**, Vice-President and Senior Research Economist for Analysis, Institute for Triple Helix Innovation
- Former Chief, Government Division, Bureau of Economic Analysis
- He remarks:
  - “It is paramount that we receive and respond to economic information that satisfies ‘efficacious’ criteria, i.e. . . . that is evidenced-based, accurate, and does not violate ethics principles. . . .
  - Non-effficacious economic information has the potential to bring down the ‘house of cards’ that we call our economic system, which is based, in large measure, on trust and credit.
  - AIRLEAP will help reduce the probability that we will awaken in the morning with our roof in our lap.”
Who Are We? Our Directors Include (6):

- **Steven Payson, Founder and Executive Director of AIRLEAP;** and Commerce, Science and Technology Fellow (Department of Commerce)
- He remarks:
  - “In public debate over political issues, economics is often perceived as the most important field there is.
  - And yet, in reality our work is largely confined within isolated clubs, where we are asked primarily to imitate and pay homage to our clubs’ selected leaders.
  - Can leadership within economics transcend the self-servitude of our clubs, and . . . venture beyond our pride in our mathematical aptitudes, and our complacency in playing the games that advance our careers?
  - I think we can, and this is why I support AIRLEAP.”
**Who Are We? Our Directors Include (7):**

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<tr>
<th>Director</th>
<th>Position</th>
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<tbody>
<tr>
<td>Francis McFaul</td>
<td>Private Consultant in Information Technology</td>
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<td></td>
<td>Specialist in database development for major organizations (both private and governmental) in the Washington DC area.</td>
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<td>Doug Palo</td>
<td>Program Manager</td>
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<td>Office of Policy, Program, and Employee Development; Food Safety and Inspection Service, US Department of Agriculture.</td>
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<tr>
<td>Zhi Wang</td>
<td>Senior Economist, International Trade Commission</td>
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<td>Research Fellow, Global Trade Analysis Project</td>
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## Our Current Activities and Projects (1)

- **Conducting Monthly Meetings** in the Washington, DC area, to promote honest and open discussions about integrity and responsible leadership in economics and associated professions.
Our Current Activities and Projects (2)

- **Running a Survey** on how people perceive economics and the economics profession in relation to the issues of integrity and responsible leadership.
- Once enough data are collected, AIRLEAP will analyze and publish the results of this survey.
Our Current Activities and Projects (3)

- Publication of AIRLEAP’s web-based newsletter, *Ethical Economics Support*, containing the latest news about the organization, plus essays pertaining to AIRLEAP’s mission.

- All AIRLEAP members are encouraged to submit essays to *Ethical Economics Support*, and may opt to appear as anonymous authors.

- The last two essays were:
  - “AIRLEAP’s Greatest Dilemma: Walking the Line Between Study and Action”
  - “The Asian Game of ‘Go’ as a Metaphor to Describe the Survivability of Esoteric Subfields”
Our Current Activities and Projects (4)

- Maintaining an **Annotated Bibliography** of published research on integrity and responsible leadership in economics.
- The references in the bibliography are categorized by subject area.
- Each reference contains a link to more information about the reference (or to the reference itself if it is posted on the web.)
- AIRLEAP volunteers, authors of AIRLEAP-related work, and visitors to our website are asked to propose additions to the bibliography (using a form provided in the website).
- An automated system allows these suggested additions, once approved, to be incorporated into the bibliography appearing in AIRLEAP’s website.
Our Current Activities and Projects (5)

- Giving presentations about AIRLEAP to other organizations, like the American Friends of the London School of Economics and the USDA Economists Group.

**Washington, DC: Speaker Series**

**Economics as Art, Science, and “Science-Agnostic”**

Steven Payner, Chief, Special Studies Branch, Bureau of Economic Analysis

The 6th Speaker Series features innovative presentations by US authors in the Washington, DC area.

**Event Date:** Wednesday, June 27th, 2007 at 6:00 PM

**Location:**

1111 19th St NW, Suite 1102
Washington, DC 20036

A wine and cheese reception will follow the lecture.

For questions, please contact: Steven Payner, steven_payner@bea.doc.gov

**AIR LEAP, The International Policy & Economics Leaders Series (IPS)**

Mar 30: **AIR LEAP, The International Policy & Economics Leaders Series (IPS)**

May 19: **AIR LEAP, The International Policy & Economics Leaders Series (IPS)**

**Featured Speaker:** Doug Palo, Co-Director, AIRLEAP

The Association for Integrity and Responsible Leadership in Economics and Associated Professions (AIRLEAP) is a nonprofit organization concerned about the issues of integrity and responsible leadership in economics as they relate to economic discourse, economic decision making, and the career development of economists and related professionals.

**USDA Economists Group**

**CURRENT EVENT:**

**SEMINAR:** The Study and Promotion of Integrity and Responsible Leadership in Economics

**Date:** Monday, 29 October 2007

**Time:** Noon - 10:00 PM

**Place:** USDA South Building Cafeteria (in the back of the cafeteria) 1400 Independence Ave. SW (Smithsonian Metro) Washington, DC.

**Sponsor:** USDA Economists Group www.USDEconomists.org

**Featured Speaker:** Doug Palo, Co-Director, AIRLEAP
Projects Now Being Planned (Short-term)

- **Summer Internship Program**
  - Thanks to a generous contribution from the Kiva Foundation, AIRLEAP will hire a summer intern for 8 weeks to write a literature review on integrity and responsible leadership in economics.

- **Presence at the Allied Social Science Associations / American Economic Association meetings in January 2008**
  - With other members of the International Confederation of Associations for Pluralism in Economics (ICAPE), AIRLEAP will display its literature (like the survey and newsletter) and promotional items (like t-shirts) in an exhibitor’s booth.

- **Preparing Research Papers and Organizing Sessions for Upcoming Economics Conferences**
  - Such conference papers will be posted on AIRLEAP’s website.
  - Additional speaking events will be sought for AIRLEAP researchers to present their findings.
Futuristic Projects Dependent on AIRLEAP’s Growth

- AIRLEAP Trademark is awaiting final approval from the Patent and Trademark Office (for use in literature and promotional items).
- Development of Monthly Meetings in Additional Regions of the World (not just in Washington DC), organized by regional offices.
- AIRLEAP’s own technical journal, books, and educational videos.
- **AIRLEAP’s own annual conference**, with international recognition and participation.
- Establishment of an AIRLEAP pool of experts that can be commissioned by other organizations (including governmental organizations) to perform research, or provide educational services, relating to integrity and responsible leadership in economics.
- Developing the capability to establish a peer-review service to organizations and to individuals, that offers objective, scientific, and responsible assessments of work done in economics.
1. By its very name, does the “Association for Integrity and Responsible Leadership in Economics and Associated Professions” (AIRLEAP) insinuate that the economics profession is inherently lacking in integrity and responsible leadership?

– **No.** AIRLEAP fully recognizes that integrity and responsible leadership do exist in the economics profession.

– However, AIRLEAP does realize that there is room for improvement in the areas. In our view, our commitment to integrity and responsible leadership requires us to identify, and to act on, the situations that do warrant improvement.

– AIRLEAP is not running a “witch hunt.” Its goal is not to embarrass or demean particular individuals or organizations, but to help them achieve the recognition and respect that they, themselves, would want to achieve.

– AIRLEAP’s attitude is positive; AIRLEAP is “for” economics, not “against” it.
Frequently Asked Questions about AIRLEAP (2)

- **But don’t all professions have problems with regard to integrity and responsible leadership?**
  - Isn’t this common knowledge (and don’t the leaders of AIRLEAP realize this)? Why should economics be singled out?

**AIRLEAP’s answer to this set of questions has separate parts.**

- First, it should be noted that the prevalence of any problem should not, in itself, justify a tolerance for that problem. Apathy may grow in situations where people believe nothing can be done, and that any proposed solutions are naïve, or even foolish. Yet, history has shown that the optimists can sometimes be right.

- AIRLEAP is *not* a “neutral observer of all fields,” that somehow decided to single-out economics as needing the most attention.

- Members of AIRLEAP focus on economics for one simple reason: It is their own field of study. (Just as other fields have their own associations for integrity, like the “Association for Integrity in Accounting.”)
Frequently Asked Questions about AIRLEAP (3)

• How does AIRLEAP compare to organizations that critically examine the field of economics
  – Unlike other organizations that have expressed some of the same goals, AIRLEAP neither advocates, nor criticizes, any particular school of thought in economics.
  – Except for AIRLEAP’s one stated ideological commitment to integrity and responsible leadership, it is “ideologically neutral.”

• Shouldn’t anyone who considers joining AIRLEAP first address whether his/her own, personal opinions match AIRLEAP’s?
  – There are no opinions to match!
  – Each individual who supports AIRLEAP has his or her own specific opinions.
  – The only thing AIRLEAP supporters have in common is the realization that there is room for, and cause for, improvement in economics in terms of integrity and responsible leadership.
But What is “The Model” … What is the Solution?

• There is no single “model” to address integrity and responsible leadership in economics — this is an entire field of study in itself.

• Indeed, if the answer were simple, it would have been solved decades ago.

• On the other hand, perhaps there is a simple model and a simple solution after all! (next slide)
The Solution

• **Face the Facts**: Several problems have been identified in the literature and are commonly known simply from casual observation by experts in the profession — these problems are not secrets!

• Such problems include, for example, a tendency for some economic studies to be esoteric exercises with little practical value, and a tendency for recognition to be based, in part, on cronyism.

• What appears to be lacking most is commitment by individuals to address such issues, without debating about ideological preferences that are actually peripheral to these rather-simple problems.

• **The solution, therefore, is for economists to organize, develop, and publicize their thoughts on how to promote integrity and responsible leadership in economics, and be committed to stand by their words.**

• Apathy and insecurity must be overcome for this to happen.

• Once economists do “get involved,” the rest will be easy.