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Introduction

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CRÉUM

In times of economic crisis, the gaps between economic theory and ethical questions about the distribution of benefits and burdens in society become painfully evident. The financial crisis we are experiencing since 2008 has left economists scrambling for alternative, and better, explanatory models of what has happened, let alone for answers to some of the more fundamental, ethical questions. What are the welfare implications and the distributive consequences of different regulatory regimes, be it of mortgage or derivative markets or be it of the financial transactions of individuals or the accounting standards of multinational enterprises? How should we balance these kinds of considerations against efficiency arguments of various sorts? What are the normative underpinnings of the latter?

One can only hope that those of us working at the intersection of ethics and economics will find answers to these questions over the next decade. Indeed, one can only hope that some of the overly narrow specialisation on isolated economic phenomena or abstract ethical questions will give way to more research that shows sensitivity to both economic and ethical considerations.

The two contributions to this section point to complementary fields in which research of this kind may emerge. Marc Fleurbaey's "back-to-the-future" perspective on the decade of 2012-2022 anticipates an empirical and welfarist turn in normative economics that will raise the profile of the latter within the discipline of economics as a whole. Interesting questions arise as to what such an emphasis of subjective measures of well-being would mean for theories of social justice. While it is hard to see how "subjectivists" could get around the expensive tastes objection – in short, the idea that the fact that I need $250 bottles of champagne to be happy does not ground obligations of justice towards me – Fleurbaey considers these debates will continue to attract a lot of attention whether we like it or not.

Complementing Fleurbaey's analysis, Wayne Norman's gaze into the future focuses on questions of business ethics. He calls for business ethics to bridge the gap between fundamental theories of justice on the one hand, and concrete business decisions on the other. This ambitious goal requires the discipline to do more of what Norman calls "mid-level theorizing," that is, to engage in reflexion about the concrete economic institutions that are designed to implement our abstract principles on the one hand, and that provide the contexts in which particular economic agents make their decisions on the other.

In this short introduction, I would like to generalize Norman's call for more mid-level theorizing. Theorizing at the interface of ethics and economics, which is congruent with Norman's definition of business ethics, needs an *institutionalist turn.* To answer the questions thrown up not just by the financial crisis, but also by a sophisticated interdependent economy more generally, we need normative theories that connect with the functioning of its institutions. To give an example, in order to assess and potentially remedy the distribution of work income in a society, we need to build on an understanding of the functioning of the labour market. While political philosophers over the last decades have tended to concentrate on abstract issues like the question of whether and to what extent one deserves to reap the fruits of one's natural talents, economics have by and large focused either on the incentives structures of individual agents within the labour market or efficiency questions of the latter. What we need is a theory that bridges the gap between the two.

The same applies to other policy areas. Again taking the financial crisis as a cue, what are the normative implications of the fiscal and monetary policies being pursued by governments today? Be it the purchases of government bonds by the European Central Bank or the quantitative easing pursued by the Federal Reserve in the US, the only official justifications for these unprecedented monetary policies are the demands of crisis management and the return to growth. What are the long-term distributive consequences of these policies? No one knows for sure, but this is all the more reason to invest intellectual resources to find out.

Finally, the institutionalist turn is required at the international level. The Washington consensus of purely market-based economic policy recommendations for developing countries may (hopefully) be dead, but it is not clear that alternative normative frameworks have been successfully developed to underpin the policies of international organisations. Notwithstanding the constraints of intergovernmental policy making, we need to reflect upon the normative standards against which the work of the International Monetary Fund, the World Bank, the World Trade Organization, and the growing number of other international organizations should be assessed.

Paradoxically, for people working at the intersection of ethics and economics, times of crisis are the most fascinating.