

The ethics of social choices and the role of economists in a pandemic

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Abstract

I discuss here how economics can help policy makers to make hard decisions about saving lives in a pandemic. I criticise two views which may seem deceptively appealing in the public debate: First, the idea that decisions are not hard because there is no trade-off to make when considering lives saved; Second, the idea that economics provides a simple and correct way to make decisions using standard evaluations of the cost of lives saved. I argue that, in a democracy, hard decisions, involving trade-offs of lives saved versus other economic and social considerations, have to reflect the preferences of the citizens. The role of economists is to facilitate policy decision making by clarifying the moral principles people would be willing to follow when hard decisions have to be made, and to inform politicians about the specific trade-offs which would reflect these preferences.

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Introduction

The COVID-19 pandemic has compelled governments and administrations to face tough questions which are usually only considered in arcane courses about the foundations of social choices. Societies all around the world are confronted with huge losses in lives and economic well-being and governments have to decide what to do. Since different solutions affect different parts of the population differently, there is fundamentally a question about how the negative consequences from this pandemic should be shared in the population. Surprisingly (or perhaps not) there has been limited discussions about the principles to follow to guide these decisions. What criteria should governments care about? Is it the GDP, the well-being/happiness of the population, or the minimisation of the number of deaths?

I review here how social choice theory and our understanding of people's social preferences can help us navigate these difficult decision times. I start the article by arguing what the role of economic thinking is not and finish by discussing what it should be.

Two misleading views on the role of economics in an epidemic situation

Economists think about the best allocation of resources and how to make tough decisions. They typically think in terms of "trade-offs" and compare the costs and benefits of different options. In the context of a pandemic there are two views of the role of economists which, I argue, are misleading: first, the idea there is no role for economists because there are no

trade-offs to make and second, the somewhat opposite view that there are clear trade-offs and that economics provides an objectively right solution to solve them.

There is no trade-off

Policy choices require policymakers to make trade-offs. Policymakers decide, for instance, how to weigh the costs of a given policy for some people versus its benefits for others. But in the case of the COVID-19 epidemic, these costs include the death of some citizens. There is something particular about death. It is not something people experience and can come back from to tell you how it compares to other unpleasant situations. It is an end outcome which makes it hard for people to accept considering weighing it versus other outcomes. The death of a loved one is not just our loss. It is a human being with his/her emotions, thoughts and memories disappearing forever.

Psychologists have identified "taboo trade-offs": Trade-offs which are unacceptable to make (Tetlock et al., 2000; Tetlock et al., 2017). To many, trading-off deaths versus other outcomes is one of such taboos. In that view, there can't be any trade-offs; governments have to focus on limiting the number of deaths, at any cost. Accepting some deaths because the economic costs of mitigating policies (e.g. lockdowns) are too high would be immoral. Such a view can be characterised as representing "lexicographic preferences" (preferences akin to how words are ranked in a dictionary by sorting first on the initial letter and then only on the second letter). Economic considerations matter but they are only secondary to life and death considerations: there is no amount of economic gains

which can replace a lost life.

Unfortunately, avoiding unpleasant trade-offs is just not possible in a pandemic situation. Even when considering only lives versus lives, doctors have had to make choices when allocating resources to different patients. If only one ventilator is available, should it be given to an old or a young patient? A patient who will need it for a short or a long time? A patient who is critical and will die with a high likelihood, or a patient who has greater chances to survive? How should such choices be made? Which principles should be followed? There is no way to avoid making a choice. Choosing not to choose is not possible, and default options (e.g. first arrived, first served) are also a way to choose.

These scenarios are far from hypothetical; they happened in several countries. In Italy, in particular, The Italian College of Anesthesia, Analgesia, Resuscitation and Intensive Care presented a list of principles to guide such decisions (Riccioni et al., 2020). It recommended to make decisions to pursue the greater good for the largest number. This principle had several practical consequences: resources were advised to be used on younger patients who may live longer after recovery than older patients. They were also advised to use resources on patients for whom they would have a stronger effect and on those for whom the treatment would likely be shorter (making the resource available again to help another patient). In practice, it is a utilitarian approach which allocates resources by trying to maximise the total number of years of life saved. It involves trade-offs between the years of life saved for some vs the years foregone for others.¹

Beyond trade-offs within lives to save, the view that there is no possible trade-off whatsoever with other considerations does not match our moral intuitions, when interrogated carefully. Would people opt to impose extreme economic costs to save just one life in a country with several million inhabitants? What if it is the life of somebody aged 90-year-old? What if this person has an illness which means we can only increase her life by one or two years? What if these additional years of life will only be with reduced well-being such as being in a wheelchair, with limited ability to do anything? Even though this question is unpleasant asked in that way, there is a level of costs which people would think is likely too high for one life. And there are some aspects of the quality of life saved which would matter.

This statement is hardly provocative. Such trade-offs are made routinely in public health policy. When a government decides or not to invest resources in a new medical technique to save lives, it uses a cost effectiveness analysis. In the US, many of these analyses value one year of fully healthy life at 50 to 100 thousand dollars (Cameron et al., 2018). In the UK, the National Institute for Health and Care Excellence adopts a threshold of 20 to 30 thousand pounds. It means

that if a medical procedure costs more than that amount per year of life saved, it would not be recommended as being an effective use of public funding. Most people are unfamiliar with such trade-offs and feel uneasy about them. But consider what would happen without such trade-offs: in theory, a government should stop most of its investments in education and social services to invest massively in hospitals and health professionals and minimise the number of deaths in the country. By not making this choice, the government (and the citizens voting for it) are implicitly making a trade-off between years of life and other aspects of well-being in a society.

The conventional trade-offs made in public health policy have taken time to be accepted and become common practice on specific scales and in specific domains. In a situation of crisis where negative consequences appear on a different scale and in different domains, no such conventions are available. The feeling that no trade-off should be made can then have a strong appeal which can favour corner solutions (e.g. “to do all that it takes”). Corner solutions may be the one to adopt in some cases, but we should be aware of their disproportionate appeal in situations of crisis.

There are objectively right solutions to the trade-offs to make

Once we admit that there are trade-offs, another misleading view is that there are objectively right ways of solving them. Even if not spelt so explicitly, this view implicitly pervades the public debate where commentators oppose each other citing the “right” principle to look at the question. Some may, for instance, suggest that the right way of solving the trade-offs is to use monetary estimates of the value of lives lost versus monetary estimates of the well-being lost from the lockdown and the stoppage of the economic activity. A characteristic of these debates is that commentators, even when they disagree, often implicitly seem to share the view that there is one objective solution to this problem. The aim of the public debate is then to determine which one it is.

It is a psychological fact that moral principles “feel” objective (Stanford, 2018). When we assess whether something is right or wrong, we usually go beyond feeling that we think it is right or wrong and think instead that it is right or wrong “as a matter of fact.” The question of the nature of moral principles is a deep one. In the history of morality, thinkers have tried to identify principles which are objectively true.

However, modern thinkers have become more suspicious of the idea that there are objective moral laws in the same way as there are laws of physics. Without venturing into this debate, let’s state the obvious fact that in secular and democratic societies the moral principles which guide public policy can, in the end, only be the principles which are democratically accepted by a majority of the population. In a democracy, citizens are (for better and for worse) the ultimate judge about what should be done. It means that there is a hiatus in democratic societies when debates between experts are built on arguments about the “right” moral principle, without regards

¹Riccioni et al. (2020) discuss the case of the US states where point systems determine the priority of different patients for the access to scarce medical resources. One aspect of these point systems is the relative priority they give to frontline health workers who get infected relative to patients from the general population.

to what citizens actually think. Discussion about the “right” policy should either reflect principles in line with citizens’ social preferences, or principles towards which citizens’ social preferences would likely converge, if these citizens had the opportunity to consider these principles reasonably carefully.²

Whenever experts debate about the “right” solutions to the trade-offs in a pandemic, one should step back and ask: is this solution the one that the citizens would support?

Welfare considerations

Pareto efficiency

How should we think of citizens’ preferences? One option, privileged by economists, is to consider the notion of Pareto efficiency. Simply put, this notion states that if in a situation A nobody is worse off and some people are even better off than in a situation B, then A is preferable. If people are self-centred (i.e. no spitefulness or aversion to inequality) then everybody should prefer a state which is more Pareto efficient to another one. In that light, Pareto efficiency seems a very reasonable criterion. It appealed to economists in the 20th century as they moved away from psychological foundations to economic theory (Bruni & Sugden, 2007). Using Pareto efficiency does not require interpersonal comparisons of utility.³ Economists could therefore avoid two challenges: one to measure utility as a subjective satisfaction, and two to decide how to weigh different persons’ utilities.

But, in fact, Pareto efficiency is extremely limited as a guide for public policy. In practice, Pareto efficiency is a unanimity principle. And policy dilemma appear when trade-offs between losses for some and gains for others are unavoidable. It is impossible to use Pareto efficiency to advise choices between policies which are going to lead to some losses for some people.

Utilitarianism

So if we have to make choices between different policy options which are each going to lead different people to be the main losers, how should we choose? One of the most popular view is utilitarianism: the idea of maximising the greatest benefits for the greatest number or simply the sum of the collective benefits. It is the approach which was recommended in Italy to allocate scarce resources between patients (Riccioni et al., 2020). A utilitarian approach is not limited to choosing

amongst patients. The outcomes of people who are not sick would also matter in a utilitarian approach. Indeed, many commentators opposed to strict economic lockdowns have applied implicitly or explicitly a utilitarian approach: their opposition is often motivated by a view that a few (as they estimate) lives lost do not make up for the large costs for the rest of society in terms of well-being.

Such views, are often strongly rejected as being heartless. In the context of the general distaste for trade-offs with lives, these utilitarian considerations may seem to weight seemingly unimportant economic and social activities (e.g. going to bars) with the lives of people. This perception can be fostered by the use of a monetary currency to compare the gains and losses in lives (e.g. monetary value of QALYs – quality adjusted life year) and in well-being (e.g. willingness to pay to reach some level of well-being).

However, this perception is misguided. Going beyond the use of dollar values, the trade-offs involve lives vs lives. Restrictive policies such as lockdowns can put people out of work, lead them to move out of their home as they can’t pay rent.⁴ For young people arriving on the job market, it may crush their career prospects as hiring may freeze in some industries for some time, leading many not to make it in their profession of choice.

So admitting that trade-offs have to be made, a utilitarian approach is one solution. The practical implementation of a utilitarian approach is nonetheless not trivial. Following the approach in health economics, one could propose to minimise the impact of the epidemic on the loss of years of well-being by measuring the lost lives in terms of the utility value of QALYs and the loss in utility from the restriction on economic activities.⁵

When this approach is followed, it typically implies 1 for 1 comparison: the utility gained in a year of life is equal across people and the value of losses in well-being is also equal across people. While conventional, this approach is not unproblematic. It implicitly relies on the utilitarian principle and on the assumption that people have linear utilities. It is this assumption which makes it possible to substitute monetary valuations everywhere: if utilities are linear (and identical across people), then one dollar gained here is equivalent to one dollar gained somewhere else. One particular aspect of this assumption is that it is blind to distributional effects: it does not matter whether one person has her 20 years of life saved and 19 other people die or whether 20 people get one year saved each.

Even though it is routinely used in cost effectiveness anal-

²In that latter sense, it may be possible to argue that some objective moral principles exist as those that would be adopted by rational people. Whether such principles exist and what they would be is not straightforward. In any case, even assuming some principles exist, a policy will only be feasible in a democracy if citizens agree to it. It is not sufficient that they would agree to it in a hypothetical situation where they would “rationally” consider its underlying principles. Besides any ethical argument about the need to respect the democratic will of citizens, a policy can only be implemented and maintained in a democracy if it is supported by citizens. So implementing and maintaining a new policy requires to convince people that they want to support it.

³I.e. it does not require to compare the subjective satisfaction by a person in a situation A to the subjective satisfaction of another person in a situation B.

⁴The counterfactual of not having a lockdown also comes with costs: health costs but also economic costs as economic activity would drop given the risk of infections. The considerations about the costs and benefits of lockdowns are therefore not a simple case of economic costs vs health gains.

⁵Methodologically, economists typically use monetary valuations to estimate this utility. It is again important to stress that the trade-off is primarily conceived in terms of utility (i.e. it reflects our preferences). Using monetary valuation is practically convenient to get numbers reflecting these utilities. But the trade-off is fundamentally between the utility of years of lives (for some) and the utility losses in well-being (for many).

ysis in health, this utilitarian approach with linear utility functions is not “objectively right.” It reflects some value judgement about a desirable allocation of costs and benefits. Specifically, the linearity of utility function reflects a neutrality concerning the distribution of costs and benefits. Whether this approach should underlie policy recommendations or not depends on whether it reflects the choices that citizens are willing to make in public policy.

What we need is a way to assess the types of social preferences people would have when considering such decisions. Would a utilitarian approach with linear utilities reflect people’s preferences?

Veil of ignorance

To answer this question, the philosopher John Rawls (1971/2009) proposed a famous thought experiment. He invites us to place ourselves behind a veil of ignorance. Behind this veil, we would not know our position in society: we may end up old or young, rich or poor, male or female. Rawls’ thought experiment is designed to conceive the right system of institutions for society. But let’s use it here in the more restrictive situation where the only thing we have to choose is what policy to adopt when facing a pandemic like COVID-19. One solution could be to have a full lockdown which minimises the losses in lives but comes at a huge economic cost. Another solution could be to have no lockdown with substantial losses in lives and smaller economic costs.⁶ There could be a range of intermediate scenarios in between these two extreme cases. To choose what policy we should take, we would place ourselves behind the veil of ignorance and imagine the different situations we could face under different policies. For instance, under full lockdown, I could be old and live or young and face large economic costs. Without any lockdown, I could be old and die or young and face minimal costs. We would choose then our preferred option, having considered each option from all points of view in society.

Why do this thought experiment? It is not because it delivers an objectively right answer. This thought experiment is a way to represent our reciprocal social preferences.⁷ Placing ourselves behind the veil of ignorance is in itself a reflection of our concern for others and the fact that we want to give them equal weight in our consideration when looking for a solution. The veil of ignorance is then a conceptual tool to interrogate our current political positions with our moral intuitions. It can help us reach a situation where our political positions are consistent with our moral intuitions about what should be done behind the veil of ignorance (a consistency which Rawls calls “reflexive equilibrium”).

⁶Whether lockdown entail economics costs has been debated. By reducing the epidemic, some level of lockdown could potentially allow for a quicker restart of social and economic activity. It is likely too early to assess whether it is the case. It is clear, in any case, that, at the margin, a too strict lockdown will have economic costs.

⁷Reciprocal social preferences are likely universal as suggested by the presence of golden rules (“don’t do to other what you don’t want to be done to you”) across cultures all over the world (Binmore, 2005).

In itself, the veil of ignorance does not prescribe one specific solution. Different conclusions could be drawn under the veil of ignorance, reflecting different moral intuitions. One of these solutions could be the utilitarianism with linear utility functions which reflects a position of risk neutrality behind the veil of ignorance. If you only care about the expected outcome behind the veil of ignorance you will want to maximise the expected value of outcomes, you won’t care about how it is distributed.

This simple restatement of the utilitarian approach also shows why it may not reflect perfectly our moral intuitions. People may be risk averse behind the veil of ignorance. They may be worried about the worst-case scenario when they end up as one of the least lucky persons. We can either see this as a true risk preference or, rather, that we can interpret this risk preference behind the veil of ignorance as reflecting a concern for more equality. Any risk aversion will lead to choices for less difference in outcomes and to spread the gains or losses across people.

Rawls’ preferred solution behind the veil of ignorance was very different from the utilitarian one. Indeed, his primary motivation was to propose a justification for a moral approach different from utilitarianism. For Rawls, above a minimum level to guarantee for all, people would choose to ensure that the least well-off people have the best outcome possible. Transcribed in the context of health, this view would suggest that we should focus strictly on those suffering most and reduce their amount of suffering. This maximin approach is akin to assuming that we would be infinitely risk-averse behind the veil of ignorance.⁸ It is reasonable to assume that those suffering the most are those dying. Therefore, Rawls’ approach would likely support focus on reducing deaths first in a way akin to having lexicographic preferences.

Between the risk-neutral position represented by the use of QALYs and the infinitely risk-averse position reflected by Rawls solution, one can think of infinite possible intermediate solutions reflecting different degrees of risk aversion.⁹ The idea of founding social choice on risk aversion in a hypothetical situation may seem strange, but this risk aversion simply reflects a preference for more or less equal distribution in society: a distribution which we believe would be a priori agreed by all. The dual theory of choice from Yaari (1987), allows making these distributional preferences more evident. Any decision-maker maximising expected utility is choosing as if he was risk-neutral but was weighting the probability of different outcomes non-linearly. In particular, a risk averse decision-maker will act as if she was risk-neutral but was giving greater weight to the outcomes at the bottom of the distribution. So being risk-averse under the veil of ignorance is equivalent to giving greater consideration to the worst types of outcomes possible.

⁸This is the characterisation of Rawls’ position by Harsanyi (1975), even though Rawls himself rejected this interpretation.

⁹All these approaches have one thing in common, by relying on the position behind a veil of ignorance, they have an egalitarian justification as solutions which give the same importance to all points of view.

What do people want?

To guide public policy in situations of crises, we need an understanding of the types of moral preferences which people would be likely to express when having to make tough social choices.¹⁰ A simple approach is just to ask people for their preferences. When we do so, we observe that people tend to reject a risk-neutral utilitarianism and show concerns for the least disadvantaged in a population. For instance, “survey respondents generally express a strong preference for allocating resources to those with the worst initial health state” (Richardson & McKie, 2005). Such preferences are more compatible with some form of risk aversion under the veil of ignorance.

Another observation is the preferences people seem to have for what has been called the “‘Rule of Rescue’ – the imperative people feel to rescue identifiable individuals facing avoidable death” (Richardson & McKie, 2005). While intuitive at first, this rule may mean that unreasonable costs can be incurred to rescue identifiable lives: these are the soldiers’ lives people may accept to lose to save one hostage.

This rule seems to be in conflict with any type of “risk aversion” explanation under the veil of ignorance as the veil of ignorance does not reflect any concern for the “identifiable” nature of the victims. How can we explain such preferences? One possibility is that it is just a cognitive bias. Salient victims are simply given more consideration. In many cases, such a bias could lead to misallocation of resources with a few identifiable people facing avoidable deaths being preferred to a larger number of people who are not yet identified but also face avoidable death.

Another possibility is that, behind the veil of ignorance, we would want to be in a society which tries to rescue people when they are identified as facing avoidable death. Said otherwise, we would want to live in a society where we would be rescued if we were identified by society as facing an avoidable death.

To better understand people’s preference and the trade-offs they are willing to make, economists, and behavioural economists in particular, should invest the field of empirical ethics (Richardson & McKie, 2005). In order to go beyond a list of preferences in different cases scenarios, economists should investigate the underlying moral principles people are willing to uphold using an empirical social choice approach (Gaertner & Schokkaert, 2012) where the underlying principles of respondents’ preferences are elicited with economic or thought experiments.

One goal of these studies should be to go beyond the mere reporting of the preferences people give when first exposed to a specific hypothetical scenario. Instead, they should try to elicit preferences which are stable/resilient to inquiry and counterexamples. Using the notion of reflexive equilibrium, economists should aim to find principles compatible with the

widest range of applications in specific cases as possible. Any person may, at a given moment in time, hold views which reflects principles incompatible with each other. For instance, a person may feel utilitarian in some cases but prefer to depart from utilitarianism in others. By confronting people with such contradictions, they may consider changing their preferences for the principles they upheld, or for specific policies they support in some cases. It is this dual updating of principles and practical solutions which may lead to a situation of reflexive equilibrium where a person’s preferences for practical policies is supported by consistent principles.

Such research is essential to inform and guide policy decision-making. Policymakers need to have a good appreciation of which principles and trade-offs are likely to be supported in the population. And a reflexive equilibrium should be preferred because it is important to aim for positions which may resist inquiry rather than for preferences which only seem appealing in the short term. By eliciting and understanding the public moral preferences and their principles, economists can not only help politicians make the right decisions for the people they represent, they can simply help politicians make decisions instead of hesitating in the face of uncertainty.

Conclusion: the role of economists

In an extreme crisis like a pandemic, there are always trade-offs to make between all the consequences of the different policy options available. Economists have a role to help governments and administrations navigate these difficult choices. When considering what to do, governments should be wary of two things: First, the short term appeal of corner solution negating trade-offs. Such solutions may not resist the test of time when their costs are later investigated in the public debate. Second, governments should be wary of the suggestions that there is an objectively right way of solving these trade-offs. In particular, no economic formula provides the only correct solution. In the end the trade-off to make has to reflect the preferences of citizens.

In this view, the economists’ role is not to deliver to the politicians the right answers based on absolute truths emerging from their models. Their role is to facilitate policy decision making by clarifying the moral principles people would be willing to uphold under inquiry. They can then help inform politicians about the type of trade-offs these preferences would point to in specific cases where hard decisions have to be made.

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¹⁰I will ignore here the issues of aggregation of preferences and consider simply the types of preferences which would be more likely to receive majority support in a democracy.

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