



Economics and ethics

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ARTICLE

Economics and ethics: Is economics a moral science?

Prof Finn Olesen

Some data-driven economists argue their discipline aligns with the natural rather than social sciences and is therefore devoid of moral dimensions. Prof Finn Olesen challenges this view and explores the ethical foundations of macroeconomics through the lens of the history of economic thought.

Introduction

This article discusses whether economics must include ethical aspects, focusing on a macroeconomic perspective. As such, does the modern macroeconomic mainstream – the *New Neoclassical Synthesis* (NNS), with its empirical Dynamic Stochastic General Equilibrium (DSGE) models – and other more heterodox schools of macroeconomics need to consider some aspects of morality?

Somehow, the troublesome economic years following the 2008 global financial crisis, often termed the Great Recession, operated as a kind of eye-opener concerning the theoretical and empirical validity of the macroeconomic mainstream. As such, it was argued that the NNS was too far away from the facts of reality. As we know, historically, modern economies do not always perform to perfection. They do not usually operate around an intertemporal equilibrium path of optimality. Sometimes, economics are hit hard by severe shocks, as illustrated recently by the COVID-19 pandemic and the Ukraine War.

In the real world, involuntary unemployment may be seriously present at times, as many non-mainstream economists of a Keynesian kind have repeatedly argued for years. However, the macroeconomic mainstream, and economics in general, may be exposed to a different kind of criticism. What about ethical aspects?

To some economists, the discipline of economics should not escape the fact that it is, at least to some extent, based on ethical and moral aspects. Historically, it was generally accepted that economics had to include ethical considerations, as Wittmer¹ and Best and Widmaier² argued. Later, in our modern time, it became acceptable to focus on primarily positive economic aspects only. Rooted in deductive logic, most probably inspired to a considerable degree by the work of Milton Friedman, who was one of the foremost proponents of positive economics, using almost only an approach of formal mathematical reasoning as the only acceptable way of doing relevant economics, the road towards the establishment of the modern macroeconomic understanding of NNS with its DSGE models was paved.

However, should modern macroeconomic mainstreamers and more heterodox-minded economists not concern themselves with ethical aspects? The answer to this question is affirmative from the present author's perspective. As behavioural economists have argued for many years, real human beings, not textbook-like robots, inhabit economies, and when they act economically, they often also include some ethical considerations. And so do governments, at least to some degree. Suffice it to mention that the concern for environmental sustainability is high on the public agenda nowadays.

More so, normative aspects in general colour human behaviour as their decision-making is "... well grounded in beneficial values and value systems ... values are encoded in culture ... [and] ... habits influence actions that in turn reinforce habits".³ Furthermore, when we act, we are at least somewhat motivated by ethical considerations. Primarily, of course, when we act as we often do with "... a desire to improve the well being of others".⁴

Although many economists might probably agree with the statement that economics "... is thought to rely on the hardheaded calculation of rational self-interest; ethics is often portrayed as mushy do-goodism",⁵ this article aims to argue that economics must accept that it needs some form of ethical foundation. As such, it discusses why economics, with a particular focus on macroeconomics in modern times, needs such kind of anchorage. Economics should not try to escape the fact that it is a moral science. Also, including ethical considerations in economic reasoning goes a long way back.

Back then, in the early days of economics

In ancient times, to discuss economic matters, the Greeks, Romans and early Christian contributions included aspects of the quality and justice of life. To them, prices should be set so that they are seen to be both just and fair.⁶ More so, when acting economically, market performance also had to include some aspects of trying to do good, thereby aiming to apply the ethics of love. Back then, dealing with economic matters was always contextualised within a given ethical framework.

1. Wittmer, 2017

2. Best and Widmaier, 2006

3. Stevenson, 2002, pp. 263, 265

4. Ibid., p. 268

5. Wight, 2015, p. 3

6. Normally, a just price might be defined as whatever amount that is traded voluntarily between a willing buyer and a willing seller.

However, a complete focus on the economic processes of a market economy had to await the publication of Adam Smith's *Wealth of Nations* in 1776. To many, Smith is seen as the founding father of economics, giving it status as a genuine scientific discipline. Furthermore, it must be remembered that Smith started by addressing ethical aspects when he wrote *Theory of Moral Sentiments*, published in 1759. Therefore, Smith is often seen as one who argued that society must have an ethical foundation. As Friedman⁷ sees it, Smith somehow used the same guiding principles to analyse how individuals, as real humans being influenced by various motivations and personal psychological states, carried out their economic behaviour within a given social setting in both his books. When acting economically, it must be remembered that we all, in many respects, have very "... strong instincts for sociability".⁸

Smith wrote his visionary economic doctrine of future capitalism based on this understanding. A new kind of economic order would benefit many, as they could now live a better life without fighting fiercely for their basic needs, thereby transforming them into less selfish and more morally enriched human beings. Moreover, when society changes over time, such transformation processes always hinge on more than just pure economic aspects. Therefore, Smith argued the need to include political, historical and cultural aspects to understand the true nature of such transformation processes. More so, it was pivotal to him that such transformation processes had to respect and

protect the individual's behaviour. No wonder Adam Smith is seen as one of the founders of liberalism. In sum, Adam Smith would characterise economics, as John Maynard Keynes later did, as a moral science as expressed by Montes,⁹ who states: "Smith considers ethics to be a social phenomenon simply because a man [sic] without society cannot have a sense of good or bad".

Later, economics developed, primarily through the influence of David Ricardo, the Marginalists and the advocates of neoclassical economics, to become a discipline that focused more on pure economic aspects. Alternatively, as Crespo¹⁰ points out: "Economics was born and thrived over many centuries as a moral science ... it abandon its ethics-based quality under influences of an epistemological framework meant for natural sciences and an agnosticism about its ends, which has reigned over a significant part of modernity".

Given this development, ethical and moral aspects, perhaps with early contributions of welfare economics as an important exception, were no longer attractive to most economists, as pure deductive theorising hardly left any significant role for morality and ethical considerations in economics.

Modern mainstream macroeconomics

Mainstream macroeconomics generally relies heavily on the existence and strength of the market mechanism and is firmly grounded on a kind of neoliberal ideology.¹¹ Somehow, modern

7. Friedman, 2011

8. As Wight sees it, 'Feelings, rather than rational calculations, are the mechanism through which nature adapts humans for successful cooperation in society, according to Smith'. (Wight, 2015, p. 6)

9. Montes, 2019, p. 3

10. Crespo, 2013, p. 65

11. To some, this kind of market fetishism must be criticised. As an example, Nothelle-Wildfeuer (2018) argues that seen for a Catholic perspective, such an understanding is much too narrow. It lacks the most needed concerns for the poor, the deprived and the outcast. The happiness of the individual must not be seen in isolation. As a fact, we know that humans interact as social members of society. As pointed out by Nothelle-Wildfeuer (2018, p. 85), the economic game should basically be all about concerns "... of ineluctable standards of humanity and justice, of fundamental values of social and economic order that is ultimately implemented in the inner core of our culture and is constitutive of a viable relationship between the economy and social responsibility". That is, without some kind of morality and inclusion of ethical considerations, economics becomes empty – it becomes out of sync with facts of real life.

macroeconomics includes some, although often hidden, normative values. For instance, accepting and applying a neoliberal ideology has somewhat restrictive consequences concerning the design of economic policy, e.g., guidelines concerning formulating an optimal monetary and fiscal policy. However, applying such a neoliberal ideology includes more than just these economic policy aspects. It also generally colours how institutional changes in society are determined and which changes are taken to be desirable (and needed).

Based on this ideology, the vision has been to set the forces of the market free to ensure that efficiency and optimality are bound to be the twin outcomes of markets that work to perfection. Therefore, to most economists, there is no alternative, at least not a relevant one, to a free market economy. To them, more markets are far better than fewer markets, as there must be less regulation. The price vector and relative price relationship changes constitute the rules of the game of economics. Such a mechanism ensures that the macroeconomic outcome always benefits society and its citizens.

Such an implicit moral dimension has been termed a kind of mundane morality described as one that obeys "... the generally accepted rules and norms of engaging in impersonal exchange, such as being honest, keeping our promises and contractual obligations, respecting the property rights of others, and not intentionally harming others".¹²

Although such a description might be correct in normal economic circumstances, we know at times it is not, for instance, documented in the years up to the Great Recession, as pointed out by Galbraith:¹³

"The general model of bank-financed, credit market-financed activity in the run-up to the Great Crisis was suffused with criminal behaviour. When it became clear that all of the major institutions with which one has to deal – the commercial banks; the investment banks; the rating agencies; the regulators – are part of, complicit in, or accessories to a vast criminal conspiracy, then there is a tendency to lose trust in such people and the system as a whole."

That is, as Rodrik¹⁴ points out, the neoliberal paradigm has its shortcomings, as it has "... widened inequality within nations" that "did little to promote the climate transition, and created blind spots ranging from global public health to supply-chain resilience". In short, the neoliberal ideology is too much out of sync with critical real-life phenomena. Therefore, Rodrik advises economists to be more humble and not acting as first-best purists, focusing only on gaining efficiency and optimality. They need to accept the validity of second-best solutions and political constraints when advising politicians on economic policy matters.

Furthermore, the macroeconomic mainstream might have inhabited the economy with economic agents modelled as rational 'economic men' capable of being transformed in the aggregate to become representative agents. His quest to gain intertemporal optimality makes every market clear and ensures a macroeconomic output of full employment in the long run. To some (most) economists, the rational economic man – the *homo economicus* – follows the methodological rules of doing pure positive economics.

12. Lee and Schug, 2011, p. 75

13. Galbraith, 2016, p. 16

14. Rodrik, 2024, p. 10

Furthermore, such a 'model man' is typically equipped with extreme superpowers that allow him to know everything of interest.¹⁵ To him, situations of bounded rationality are not a matter to consider seriously. However, households and firms act under bounded rational conditions in real life. That has been known to economists for years. It all somehow began with the pioneering work of Herbert Simon, studying firms' behaviour in the late 1940s. Later on, in more modern times, Daniel McFadden and Daniel Kahneman focused on the behaviour of households. Together, they and many other economists laid the theoretical foundation for modern behavioural economics, which has a view on economics that is much more in accordance with real-life empirical facts.¹⁶

Furthermore, as was the case for firms, households seemed to behave the same way as firms did; they also conducted their economic life using a 'rules-of-thumb' strategy when unfolding their economic behaviour to perform in the best way possible. They ran out of obvious reasons for something less than optimality in an uncertain economic environment. They accepted second-best solutions and were happy with a behaviour characterised by satisficing.

Accepting that macroeconomics can be modelled using a representative agent is to accept that macroeconomics should be seen as a positive science (probably also due to the influence of Milton Friedman's advocacy of instrumentalism

as a valuable methodology for economics). Macroeconomics should not focus on normative considerations. Therefore, modern mainstream macroeconomics generally skips moral dimensions besides discussing the mundane morality mentioned above. However, it has to be remembered that the concept of *homo economicus* is normative-flavoured. It is value-laden and thus a postulate of a specific scientific model illuminating a particular kind of a set of economic and social relations as explained by Ballor:¹⁷

"Social scientific models such as *homo economicus* give us a picture of the human person. In this way, they presuppose and represent an anthropology, an understand of the human person."

Ballor argues that scientific, social models are not solely descriptive. They, at least to some degree, are prescriptive.¹⁸ So, choosing a particular social model to implement is vital for how theory should be constructed and analysis should be conducted.

However, economics is not only about normative statements. To a considerable degree, economics deals with positive economic aspects. Throughout history, many economists have participated in the quest to formulate fundamental economic law-like relations or statements.¹⁹ As Richards²⁰ emphasised, one should be very careful to suggest that these relations – or laws-like tendencies – are equivalent to laws of physics. Those are not in the

15. Within the field of microeconomics in general, the understanding of the concept of the economic agent is much broader – take behavioural economics as an example – in this respect, microeconomics has developed to become a game of economics that better comports with the facts of real life, compared to that of most mainstream macroeconomics. More so, one should probably separate the ontology of microeconomics from that of macroeconomics as they describe fundamentally different economic universes. Basically, microeconomics uses an atomistic ontology whereas macroeconomics of a Keynesian type uses a broader ontology as it includes social entities and forces combined with some kind of microeconomic foundation. To a true Keynesian, macroeconomics is in general more than just the sum of individual actions. Therefore, they argue that microeconomic optimality does not necessarily lead to optimal macroeconomic outcomes.

16. See, e.g., Thaler, 2016

17. Ballor, 2022, p. 18

18. Therefore, it matters what we teach and learn about economics as models "... are means of teaching us about ourselves and can become literal models for us to emulate". – Ballor, 2022, p. 18

19. As such, Richards (2020, pp. 122–124) presents a list of 'thirty truths' that economists might agree about that they know as facts or law-like statements.

20. Richards, 2020, p. 120

same category. Instead, these tendencies could be "... discoveries, regularities and principles". Furthermore, it must be remembered that economics is embedded in a normative – value-laden – framework and contextualised in a given societal, institutional set-up. Also, Richards²¹ somewhat ironically points out, in economics, "... moral and philosophical questions tend to surface faster than they can be buried".

However, from the Friedman-like perspective on methodology, mentioned above, economic theories and models may be built on unrealistic assumptions. These could be acceptable if the theories and models could produce excellent predictions. Unfortunately for the modern macroeconomic mainstream, many would argue that empirical evidence does not support most of its predictions. On the contrary, many mainstream macroeconomic statements are proven wrong by historical facts. This is exactly what Katarina Juselius, a renowned Danish economist, has argued for years.²² So much so that she²³ concludes that "My best guess for an empirically relevant theory in macroeconomics would be Keynesian macroeconomics with a fully incorporated financial sector and with expectations based on uncertainty, loss aversion, and imperfect/incomplete knowledge".

Furthermore, modern mainstreamers try to apply a unique approach to macroeconomics, which is in good accordance with the strategy implemented by Robert Lucas in the 1970s when he sounded the trumpets of the rational expectations revolution and the need to give macroeconomic theory an explicit traditional choice-theoretic microeconomic foundation. He claimed that if his efforts were crowned by success, one would no longer need to distinguish between macro- and microeconomics. The two would coincide with the term economics.

Furthermore, success indeed was achieved in the following years. We know this from the history of economic thought.

Many (most) mainstream macroeconomic textbooks present a world of perfection to their readers. Economics students typically learn only to be concerned with studying the economy's supply side, as demand-side effects are generally of no importance except minor disturbances to the economy in the short run. These textbooks present a macroeconomic understanding to students that is out of sync with real-life facts. It does not depict the kind of complexities that we find in empirical data. No wonder economics students worldwide have recently demanded more realism in the mainstream macroeconomic curriculum.

Be that as it may, we know that normative aspects are essential for human beings. Norms and values are determinants of human behaviour, and humans have many social relations to perform as they primarily interact with one another. Furthermore, human behaviour is, of course, purposeful. Therefore, highlighting the consequences of focusing on norms and values should be included in textbooks in economics (micro- as well as macroeconomics), as *homo economicus* do not inhabit our economies. It is people who shape culture, and patterns of cultural change over time, thereby somehow continuously transforming the minds of human beings. As Wight²⁴ sees it, economists should accept that *homo economicus* has a twin brother named *homo empathicus* as humans live in socially embedded societies and as such, they engage with others in crucial ways. Thus, "Human nature is ... complex and contradictory: sometimes selfish, sometimes altruistic, and sometimes just".²⁵ As economists, we need to

21. Ibid., p. 119

22. See, e.g., Juselius, 2009, 2011

23. Juselius, 2023, pp. 312–313

24. Wight, 2015, p. 19

25. Ibid., p. 5

acknowledge this. To Raworth,²⁶ we should aim for an "... ambitious and holistic goal: human flourishing on a thriving, living planet". And as Deaton²⁷ points out, focusing only on quantitative variables is too one-sided a strategy – the wellbeing of humans has to do with more than just money and consumption. Such a strategy misses qualitative aspects of human life. Unfortunately, economists have "... largely stopped thinking about ethics and about what constitutes human well-being".²⁸

To sum up, modern democratic societies change by the people's will, and the way people act is coloured, to a certain degree, by ethical and moral considerations.

John Maynard Keynes: Economics is a moral science

To Keynes, economics was a discipline that had to include ethical considerations that he understood early on as a young student in Cambridge. As Mitchell²⁹ writes, "... a concern for ethics permeated Keynes's thinking throughout his life". Keynes, *the philosopher*, inspired Keynes, *the economist*, throughout his life when he wrote on economics. Therefore, from his perspective, economics had to be a moral science.

Keynes argued his point of view in his correspondence with Roy Harrod in 1938, reviewing the pioneering econometric work of Jan Tinbergen:

"Economics is a science of thinking in terms of models joined to the art of choosing models which are relevant to the contemporary world. It is compelled to be this, because, unlike the typical

natural science, the material to which it is applied is, in too many respects, not homogeneous through time ... Progress in economics consists almost entirely in a progressive improvement in the choice of models ... I also want to emphasise strongly the point about economics being a moral science. I mentioned before that it deals with introspection and with values. I might have added that it deals with motives, expectations, and psychological uncertainties. One has to be constantly on guard against treating the material as constant and homogeneous."³⁰

As Keynes understood economics, no unique model can be applied to all relevant economic problems. Contrary to what many modern mainstreamers might believe, the quest for finding such one model is a futile task. To Keynes and the post-Keynesians, economics is 'the art of choosing' the suitable model for analysing the problem. Which model to choose for analysis is, to some degree, also context-dependent, as the macroeconomic landscape changes over time. Such changes over time are, of course, determined by various factors. For apparent reasons, economic and political aspects play a significant role in such transformation processes. However, development over time is sometimes also dependent on some ethical considerations, as human beings who interact with one another in such processes act based on various motives, of which ethical and moral concerns colour some.

The core elements of Keynes's view on the nature of economics were probably formed as a youngster under the influence of the philosophy of G.E. Moore,³¹ who influenced his decision to

26. Raworth, 2024, p. 13

27. Deaton, 2024, p. 21

28. Ibid.

29. Mitchell, 2017, p. 29

30. CW, XIV, pp. 296, 300; bold is in the original.

31. See Mitchell (2017) on reflections about Keynes's ethics, especially concerning various aspects of economics, and the influence of Moore on Keynes's understanding of ethics and morality in general.

break with Benthamite utilitarianism.³² As stated by Craufurd Goodwin, from Moore Keynes understood that it was necessary to focus on the philosophical aspects of the purpose of human life when working as an economist. As such, Keynes advocated that the essential values in human life "... lay in states of mind resulting from the pursuit of truth, beauty, and love".³³ Therefore to Keynes, the crucial political problem was how to combine "... three things: economic efficiency, social justice, and individual liberty",³⁴ the right way.

Skidelsky³⁵ points out: "Philosophy provided the foundation of Keynes's life. It came before economics; and the philosophy of ends came before the philosophy of means ... It was an outlook which also enabled Keynes to exert moral authority. His calculations and actions were in the service of ends he believed to be true".

Seen from the perspective of Skidelsky, it therefore makes sense to assume that "Keynes took his moral philosophy seriously; that he felt a need for 'true beliefs'; that he needed to justify his actions by reference to his beliefs; that his actions were in fact influenced by his beliefs".³⁶

Although Keynes had traces of the mainstream thinking of his time included in his *The General Theory*, his understanding of economics in general and the conduct of individual behaviour was much richer and more broadminded than a typical mainstreamer in the 1930s. He knew that households and firms had to act economically in an environment of uncertainty and various imperfections. They did, in general, not behave

as postulated by mainstream economic theory. They acted imperfectly, making the outcome of their behaviour less than perfect. In many important ways, they were somehow restricted from gaining optimality. With this understanding of individual behaviour, one could argue that Keynes has traces of being an early behavioural economist.

To most modern post-Keynesians and many other non-mainstreamers, the view mentioned above on economics being a moral science still applies to modern economics. To post-Keynesians and others, the economic system is seen as a non-repetitive (non-ergodic) system. They describe it as an open, socially dependent and changeable system characterised by various path dependencies. As such, the macroeconomic landscape changes over time. At times, even of a significant magnitude. Mainstreamers, however, see things differently. They instead understand the economic system as a repetitive (ergodic) system, thereby arguing that it is a closed system that, to a certain degree, is deterministic.

The two camps hold and advocate different kinds of methodologies. Methodological aspects matter, as most non-mainstream economists argue. Methodology governs as a paradigmatic frame in the structure and content of a given theoretical understanding. Alternatively, as the most influential post-Keynesian economist Victoria Chick repeatedly argued throughout her life, methodology should be taken seriously: 'You cannot just do economics. It would be best if you considered **how** to do economics'.³⁷

32. As Keynes himself stated in 'My early beliefs' in 1938, "The influence ... [from Moore's book] ... was not only overwhelming ... it was exciting, exhilarating, the beginning of a renaissance, the opening of a new heaven on a new earth, we were the forerunners of a new dispensation, we were not afraid of anything" (CW, X, p. 435). As such, to Keynes, conducting a good human life was all about the need of acknowledging that "... one's prime objectives in life were love, the creation and enjoyment of aesthetic experience and the pursuit of knowledge" (Ibid., pp. 436–437).

33. Goodwin et al., 2009, p. 3

34. Ibid., p. 9

35. Skidelsky, 1992, p.133

36. Ibid., p. 147

37. As Victoria Chick stated in an interview with Armstrong (2020, p. 22), "I think methodology is terribly important, because people who don't look at that level do ridiculous things". On the economic and methodological understanding of Victoria Chick, see Olesen (2023).

Conclusion

In essence, economics is about human behaviour. It is about how households and firms plan and act on expectations in an uncertain environment with various imperfections when deciding what to do. Furthermore, people generally use more information than just knowledge about prices and price relationships when they act economically, and they use information, some of which concerns ethical aspects. It also covers, to some degree, information based on norms and values. In real life, firms and households act as human beings and not as how robots are supposed to do.

Even in our modern time, we must acknowledge that ethics somehow provides "... the institutional framework within which economic activity unfolds ... Ethical beliefs and practices make up the formal and informal rules that generate trust, promote interdependencies, and spur work productivity in a myriad of ways".³⁸ Furthermore, such a view on economics has severe practical consequences, as Wight argues: "An economist who ignores larger moral road signs in making policy choices is thinking incompletely and thus failing to think critically about the issue".³⁹ Note that intergenerational aspects are often somewhat suppressed in political debates on economic matters. Take environmental sustainability as an example. For years, a necessary unequivocal agreement has been lacking among some politicians regarding the severity of this problem. Only recently has it seemed that more or less all now understand the urgency of finding the right strategy for coping with this paramount issue.

As argued by O'Hara,⁴⁰ to deal with environmental sustainability aspects in economics the right way – for instance, by formulating a social welfare function

– demands that you include ethical concerns, as ethical norms determine what is desirable and socially acceptable, because "... conceptions of ethical behaviour shape our interactions as well as our assessment of these interactions as appropriate/inappropriate ... right/wrong". Although utilitarianism might be the most used principle among economists, there are alternatives such as discursive ethics and ethics of care, which are more broadminded and inclusive ethical principles, as O'Hara points out. Likewise, to focus on environmental sustainability aspects calls for policy action of some kind. As discussed by Mazzucato,⁴¹ when substituting a public good perspective with one of global public goods, it is important to address the following five pillars: 1) purpose and directionality, 2) co-creation and participation, 3) collective learning and knowledge-sharing, 4) access for all and reward-sharing, and 5) transparency and accountability. The gains of doing so are noticeable:

"By fostering a collaborative approach, where knowledge is shared, rewards are socialised, and accountability and transparency are at the forefront, the common good can effectively guide societal actors towards creating public value that is not only shared, but also sustainable."⁴²

Rowthorn⁴³ states that moral behaviour has to do with a concern for considering the interests of others when acting, for instance, economically. As such, moral behaviour is, to a certain extent, coloured by some elements of "... sympathy, benevolence, fairness, duty and commitment ... [therefore] ... Morality can be seen as a form of social capital".⁴⁴

38. Wight, 2015, pp. 8, 7

39. Ibid., p. 21

40. O'Hara, 1998)

41. Mazzucato, 2024

42. Mazzucato, 2024, p. 17–18

43. Rowthorn, 1996

44. Ibid., pp. 16, 22

The late Pope Benedict XVI stated that morality is fundamentally theologically grounded and that there are limits to the advantages of running for too much determinism in economics. As such, one must acknowledge that:

“A morality that believes itself able to dispense with the technical knowledge of economic laws is not morality but moralism. As such, it is the antithesis of morality. A scientific approach that believes itself capable of managing without an ethos misunderstands the reality of man. Therefore it is not scientific”.^{45, 46}

Unfortunately, modern economists, in general, do not emphasise these matters. To them, economics is not a moral science. Economics, as they often argue, is much more natural science-like than a purely social science discipline is commonly supposed to be. However, we as economists – mainstreamers as well as others – must acknowledge that neither our modern society nor the economy can function properly without some moral guidelines:

“Our understanding of social institutions and organisations is inadequate unless we appreciate the moral motivations of individuals within them, and how those institutions help to sustain and replicate these moral sentiments.”⁴⁷

Although perhaps most macroeconomists traditionally believed that they could work theoretically very satisfactory without having to include core elements of an ethical and moral framework in their understanding, Dutt and Wilber⁴⁸ argue that this could change in the future as “... it is increasingly being recognised that ethics and economics cannot be kept separate”.

So, we need to go back to basics. Adam Smith, the founder of economics, and Keynes got it right from the beginning. Economics is (and ought to be) a moral science.

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45. Ratzinger, 1986, p. 204

46. To Ratzinger, accepting the normative dimension in economics is straightforward. It should be evident even to economists that “Today we need a maximum of specialized economic understanding, but also a maximum of ethos so that specialized economic understanding may enter the service of the right goals. Only in this way will its knowledge be both politically practicable and socially tolerable” (Ibid.).

47. Hodgson, 2014, p. 84

48. Dutt and Wilber, 2010, p. 4

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