

The Ethics-Economics Nexus: Contrasting Views from Classical to Modern Schools of Economic Thought



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Abstract

The relationship between ethics and economics has remained a central and evolving concern throughout the history of economic thought. Although neoclassical economics has long sought to establish itself as a value-neutral science, this effort has not erased the deep ties between moral philosophy and economic theory. Addressing the fundamental question of whether economics can truly function independently of ethical value judgments, this paper rigorously examines the ethics-economics nexus through the tripartite lenses of utilitarian, deontological, and virtue ethics. This study contributes to the literature by challenging the fragmented view of ethics in modern economics and re-evaluating the continuity in classical thought—specifically the integrity of Adam Smith’s moral and economic vision. Furthermore, it analyzes contemporary divergences found in heterodox approaches like socioeconomics. Ultimately, the paper argues that acknowledging economics as an inherently value-laden field, rather than treating ethics merely as a palliative measure, is essential for a comprehensive understanding of social reality.

Keywords

Ethics and economics · Virtue ethics · Adam Smith

Jel Codes

A13, B12, and B31



Citation: Yılmaz, İ. (2025). The ethics-economics nexus: contrasting views from classical to modern schools of economic thought. *İstanbul İktisat Dergisi–Istanbul Journal of Economics*, 75(2), 600-613. <https://doi.org/10.26650/ISTJECON2025-1804254>

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 2025. Yılmaz, İ.

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Ethical debates are directly or indirectly at the centre of the changes in the history of economic thought. Although neoclassical economics, the dominant economic paradigm of the last century, aims to bring economics back to the social sciences in the form of a value-neutral and technical science by excluding ethical elements from the discipline of economics - even if it claims to be the social science closest to the edge of natural sciences with this attitude - it is undeniable that there has always been a strong link between ethics and economics from the perspective of the history of economic thought. Contemporary economic discourse frequently posits that proposing an ethically neutral economic system is a timeless, immutable reality. However, various schools of economic thought have continuously reexamined the role of ethics in the economy—both by reflecting on past experiences and envisioning future global scenarios. Thus, the link between ethical frameworks and economic processes is inherently reciprocal and continuously evolving.

The epistemological basis for the intersection of ethics and economics, when viewed through the lens of economic philosophy, is fundamentally grounded in the fact-value problem and the corresponding positive-normative cleavage (Wilber, 2004, p. 426). This distinction recalls the debate between a value-laden and value-neutral science of economics, as is the case in all disciplines in the social sciences. According to the view that considers economics as a value-neutral science, there is a sharp distinction between “what is” (fact) and “what should be” (value). Positivist approach, which deals with facts, argues that since we have access to the empirical world through objective observations, there is no reason for scientists to think about what ought to be. This view, which is based on the Humean philosophy that makes a categorical distinction between fact and value, has become the dominant view of economics over time, and neoclassical economics has kept ethical values away from the core of the discipline. Specifically, economics disguised its inherently value-laden premises about the social world by postulating them as universal principles. This manoeuvre, in turn, allowed the field to dismiss inquiry into the ethical origins of these principles as merely obstructing its methodological development towards a natural science.

Thomas Kuhn is the strongest opponent of the Humean approach in the fact-value distinction. According to Kuhn (1970), it is impossible to talk about objective views of the empirical world. Instead, value-laden theories help explain the empirical world. Because all scientific theories are fundamentally informed by a particular worldview, this worldview necessarily composes a scientific paradigm, which dictates the framework through which each theory offers its explanations. Since different worldviews offer different subjective explanations of the empirical world, any phenomenon that claims to explain the empirical world is necessarily far from universal. All scientific studies of the economic world contain value-laden theories, assumptions, inferences, and explanations. Neoclassical economics, for example, is philosophically rooted in a worldview that defines human welfare as the pursuit of maximal happiness. This foundational assumption dictates the reliance on core theoretical constructs, including self-interest, utility maximisation, cost-benefit analysis, and the ranking of preferences. All these are based on an *a priori* worldview (Wilber & Hoksbergen, 1986). While the Kuhnian approach, which is examined through the fact-value distinction, draws economics back into a subjective field, it also reminds us of the impossibility of an economics discipline devoid of ethics by emphasising the importance of worldview and paradigm shift. Therefore, rather than accepting neoclassical economics as a social science that produces objective knowledge about the empirical

world, it would be more accurate to consider it as a theory that is value-laden and therefore open to subjective evaluations.

Consistent with this presupposition, scholarly investigations in the field typically address the relationship between economics and ethics through two fundamental approaches. The initial approach seeks to accommodate ethical behaviours and evaluate them against the core tenets of economic theory, but only insofar as they comply with the foundational assumptions of mainstream economics. In this approach, the effects of factors such as social norms, individual behaviour, self-interest, and altruism within the existing economic system form the basis of the relationship between ethics and economics. As can be seen, the first approach aims to adapt ethical behaviour to the transformation of economics rather than critically addressing the relationship above. The alternative approach, by contrast, adopts a critical methodological stance to examine ethics in economics, moving well beyond the constraints imposed by orthodox economic assumptions. This philosophically grounded approach contends that the mainstream economic interface with ethics is unduly constrained, requiring that the established connection be comprehensively deconstructed and methodologically reformed. This could manifest itself in a more pronounced utilitarianism as the dominant ethical stance, but it could also be informed by other ethical systems, such as deontology and virtue ethics. Ultimately, the choice of which ethical stance interacts with the economic system is fundamentally a matter of methodological commitment (White, 2018, p. 47). While the economics-ethics relationship has been primarily enriched by heterodox circles, mainstream economics continues to address this issue within its agenda. However, its engagement—in stark contrast to the heterodox approach—has delineated an intellectual trajectory for the discipline that is neither critical nor methodologically expansive.

This study rigorously examines the nexus between ethics and diverse approaches within economic thought. Specifically, it evaluates the core theses of mainstream and heterodox perspectives on the economics-ethics relationship against the three principal ethical frameworks: utilitarian, deontological, and virtue ethics. Furthermore, the paper analyzes criticisms and contributions to the ethics-based assumptions of neoclassical economics through the lens of prominent economic thinkers. Thus, the historical interactions between ethics and economics are comprehensively addressed, considering both distinct economic schools of thought and contemporary economic philosophers in the field.

Modern Economics and the Utilitarian Tradition

Following this general summary of the discipline's approach to defining, developing, and delimiting the economics-ethics relationship, the analysis will now turn to consequentialist ethics, specifically the utilitarian philosophy that underpins contemporary ethical categories within the field of economics. Neoclassical economics techniques, such as cost-benefit analysis, preference ordering, utility maximisation and prioritisation of social welfare, are based on a consequentialist understanding of ethics. Accordingly, economic preferences and behaviours, such as individuals and societies maximising their benefits on the basis of maximum happiness, consumers spending for material satisfaction, firms acting with a profit motive when making decisions, and governments measuring the level of social welfare with national income, focus on the results of economic activity and the net benefit it creates (White, 2019, p. 54). Consequentialist or utilitarian ethics has been the dominant view in modern economic thought for the last century. Although the broader historical trajectory is the subject of more comprehensive work, it is crucial to recognise that the marginalist revolution and the ensuing mathematization of economics were the inevitable result of the utilitarian viewpoint, functioning as a positive ethics restricted solely to the measurable aspects of economic life.



The utilitarian tradition, which constitutes the conceptual orthodoxy in the relationship between economics and ethics, retains its status as the mainstream view in the 21st century, influencing everything from academic curricula to governmental economic policy. Nevertheless, crossfield and interdisciplinary studies that approach economics from both traditional and heterodox perspectives provide a rich discussion platform to bring ethical diversity and change to the field. In contrast to utilitarian ethics, which centres on the consequences of action (outcomes), virtue and deontological ethics represent two other major ethical systems in the extant literature. Specifically, virtue ethics emphasises the moral character and inherent endowment of the economic agent, whereas deontological ethics places primary focus on the intrinsic ethical quality of the action itself, independent of its result. While these ethical approaches find grounds for reconciliation with the utilitarian tradition, it is also possible to observe them as a strong alternative to the consequentialist tradition.

Thanks to these approaches, economic developments of the last century have gained diversity in bringing together ethical elements with the economic system. For example, sub-disciplines such as development economics, welfare economics, social choice theory, behavioural economics, experimental economics, and neuroeconomics have filled the moral problems that the market economy has failed to provide. Methodologically, these new fields of economic studies, with mixed ethical propositions, drew on the utilitarian tradition but borrowed the basic approaches of other ethical systems (Adler, 1992; Akerlof, 1970; Kumar, 1996; Storr, 2010). For instance, constitutional economics has emphasised deontological concepts such as justice and rights (Buchanan, 1990), feminist economics has developed an ethics of care that prioritises disadvantaged and vulnerable groups in society (Knobloch, 2019), and contemporary scholars such as Sen (1987) and Nussbaum (2011), who advocate the capability approach, have put virtue ethics back on the agenda of neoclassical economics.

The fact that the search for ethics in economics has created such a diverse and lively debate, especially in the last century, is closely related to the deepening inequality created by the capitalist market economy as a system that produces high levels of prosperity in the post-industrial period. Indeed, the inadequacy of economic policies in dealing with the problems of poverty, unemployment, and underdevelopment, increasing ecological imbalances, and chronic financial crises in the contemporary period (Aliber & Kindleberger, 2015) have paved the way for a paradigmatic ethical re-examination of the capitalist system. In this context, the fact that Adam Smith's (2012) *The Wealth of Nations*, which was a constant reference in explaining the moral and philosophical foundations of today's market economy, has gradually been replaced by the popularisation of his earlier work, *The Theory of Moral Sentiments* (1982) (see: Dwyer, 2005; McCloskey, 2008; Sen, 2010; Winch, 1992). However, despite all these developments, it would be appropriate to remind that utilitarian ethics prevails to constitute the dominant tradition in economic schools. What is promising, however, is that the lack of diversity in the relationship between economics and ethics has gradually been disappearing as virtue and deontological ethics are increasingly being applied in different fields of economic modelling. The ethical inquiries directed by various economic schools of thought towards the market economy, along with the subsequent search for alternative solutions, play a pivotal role in shaping this complex scholarly landscape.

Ethical Pursuits from the Perspective of Schools of Economic Thought

Economic approaches are subject to several classification criteria, but the fundamental split into capitalism and socialism is the most frequently used dichotomy for analysing economic systems. A further classification employed involves the concepts of orthodox and heterodox economics, which serve to delin-



create the boundaries between the prevailing theoretical framework and its academic challengers. On the other hand, the temporal flow about the developmental stages of the history of economic thought allows us to generalise as classical and neoclassical economics. The concentrated focus on specific dimensions within modern economic analysis has served as a catalyst for the development of heterodox movements such as feminist economics, behavioural economics, institutional, environmental, and radical political economics. To analyse the shifting dynamics between economics and ethics, the study first organises its historical inquiry around the pre-Smith/post-Smith divide. This demarcation is established due to Adam Smith's pivotal position as an intellectual nexus, given the timing of his work and his deep engagement with Enlightenment moral philosophy. Moreover, Smith stands out among moral philosophers as one of the few who accurately foresaw the implications of industrialisation, including its ethical consequences, precisely at the genesis of industrial capitalism. For these reasons, the pre-Smith and post-Smith divisions are critical for explaining the transformation of the relationship between economics and ethics. In addition, the ethical perspectives adopted by distinguished economic thinkers, spanning from classical to neoclassical economics, are analysed individually in a dedicated section. Finally, the views of economic thinkers of the last century who advocated deontological and virtue ethics as an alternative to utilitarian ethics are discussed thoroughly.

Ethical Orientations in the Pre-Smith Political Economy

Smith's time coincided with a transitional period in which the social consequences of the Age of Enlightenment were gradually settling in and at the same time the intellectual preparations for industrialisation began to mature. On the other hand, the pre-Smith period basically reflects a social and economic life in which scholastic thought was highly influential on the entire social life and was subject to divine order based on church authority (Méda, 2018). This period, which Western scholars define as the darkness of the Middle Ages and the great economic thinker Schumpeter (1954) calls "The Great Gap," can be considered the pre-modern period closest to the modern period.

Economic activities in this period have a breadth that is not limited to the market. However, the phenomenon we call the market does not claim to have self-regulating autonomy by making sense of its existence and function in a set of norms derived from social values. Consequently, the market can be more accurately conceptualised as a value-laden institution subject to the realisation of social interests, rather than an autonomous entity possessing an intrinsic objective function or one superordinate to societal values and norms. This market structure, which Polanyi (1944/2020) defines embedded economies, did not superordinate to social values, norms, and traditions. As Polanyi emphasises, the rules of these markets are embedded in social values, including ethics. However, the market economy that emerged in the 19th century aims to create its autonomy by removing its economic objectives from the social sphere. Therefore, it is difficult to talk about a transdisciplinary discipline of economics that clearly distinguishes itself from other social sciences during the pre-Smith period.

Although Polanyi's embedded economies thesis for the pre-modern period has been subject to various criticisms (Granovetter, 1985; Konings, 2015; Krippner, 2001; Sayer, 2007; Zelizer, 2005), his proposal of embedded societies fills an important gap in the relationship between economics and ethics within the scope of this study. In the Polanyian framework, embedded economies are institutionally governed and constrained by the common ethical values established and maintained by the societies in which they operate. Going further back in history, the application of Aristotelian ethics, also known as *Nicomachean ethics*, by scholastic thinkers in the economic field points to embeddedness from another perspective.

The most salient indicator of this subordination is the ethical justification underpinning the historical prohibition of usury by the Church. The embeddedness of ethics in economic thought took on a different dimension, especially in the 18th century, but it can be said that this change occurred because of the long transformation in social life in the West brought about by the Enlightenment philosophy rather than 'an instantaneous change' (Hirschman, 2013).

Just before moving on to Smith and the post-Smith period, it would be appropriate to briefly mention mercantilism, the school of thought that sharply separates economics from moral philosophy. Mercantilist thought fundamentally posited that government regulatory interventions were the key to national wealth. Simultaneously, however, this school of thought actively endeavoured to excise ethical considerations from the economic sphere, thereby challenging a long-standing tradition that extended from Aristotle and Thomas Aquinas through the medieval Scholastics (Galbraith, 1991). Adam Smith criticised the practice of mercantilist thought and its theoretical background with its moral aspects and economic inconsistencies. Smith's critiques of mercantilist thought found their clearest articulation in his two seminal works: *The Theory of Moral Sentiments* (TMS) and *The Wealth of Nations* (WN).

Adam Smith's Moral Synthesis: Bridging Sentiments and Wealth

Although renowned as the founder of modern economics, Smith was equally explicit about his role as a moral philosopher. The ethical propositions presented across TMS and WN are consistent, demonstrating an integral and persistent connection between the economic and ethical domains.

For Smith, economics as a science, or political economy as he called it, is subordinate to moral philosophy. His appeal to a world of concepts that includes moral virtues such as justice (not distributive but commutative), frugality, prudence, temperance, moderation, and charity in his seminal work of WN reflects Smith's belief in the economic-constructive power of ethics. However, Smith's ethics is based on a mixed understanding of ethics that draws on pagan, Christian, and Stoic philosophical traditions in contrast to the Christian ethical world of asceticism (Haeffele & Storr, 2019, p. 18). A wide intellectual background, from Plato to the Stoics, from his teacher Francis Hutcheson to his contemporary Hume, was influential in Smith's intellectual world. Smith, in alignment with his contemporaries Hume, Kant, Bentham, and Locke, was committed to divorcing the foundation of ethics from religious doctrine, specifically that of Christianity. He endeavoured to create an immanent, secular ethics, one predicated on an epistemology intrinsically linked to and defined by the material world, as opposed to a transcendent, disengaged moral philosophy (McCloskey, 2008, p. 66).

While TMS frequently foregrounds ethical concepts, their presence does not persist with the same degree of intensity in the later WN. This difference in emphasis led to a long-standing debate in the history of economic thought known as the "Das Adam Smith Problem." Originating from the German Historical School, this argument posited a contradiction between the altruistic "sympathy" in TMS and the "self-interest" in WN. However, contemporary scholarship largely rejects this dichotomy, viewing the two works as complementary parts of a unified system. Göçmen (2007) argues against this alleged inconsistency, emphasising that Smith's conception of a commercial society is deeply rooted in moral philosophy, where the economic agent is never fully detached from their social and ethical obligations. Similarly, Vernon Smith (1998), through the lens of experimental economics, demonstrates that human behaviour in markets is not solely driven by rigid self-interest but is also governed by the propensity to truck, barter, and exchange within a moral framework. Adam Smith's chief concern in this work is the origin of national opulence; departing from the mercantilist focus on specie accumulation, he posited that wealth resided in the productive capacity and efficiency of a

nation's resources. Reminding that national wealth requires free trade as opposed to state intervention and the vital importance of the capital accumulation regime in this process, Smith defends his entire economic theory on the basis of ethics. The economic functionality of core concepts in WN —such as productivity, the division of labour, self-interest, and the invisible hand— is fundamentally interdependent with Smith's comprehensive moral landscape. (Finn, 1982, pp. 254-255).

The Positivist Turn: From Classical Thought to the Marginalist Revolution

The era immediately following Adam Smith, encompassing the lives and works of his contemporaries and disciples, is formally designated as the period of classical political economy. In this period, Smith left an important ethical legacy to his contemporaries and followers. Malthus, who was one of the first to inherit this legacy, used an ethical approach parallel to Smith's in all his political economy works and associated economics with morality and politics rather than mathematics. Unlike this tradition, the first deviation from Smithian thought comes from Ricardo. According to Ricardo, economics is a technical science rather than a moral one. This is because the technical aspect of political economy requires strict mathematical assumptions and abstractions between rents, profits, and wages. This approach constitutes the first deviation from the Smithian position to the marginalist revolution (Alvey, 1999, p. 59), which is the inevitable outcome of methodological debates in economics. As the Ricardian perspective gained gradual ascendancy and became the intellectual core of the classical political economy, his successors fully consolidated this viewpoint. Mill played a critical role in redefining the methodology of the classical political economy, moving it towards the positive realm. He accomplished this by foregrounding the necessity of separating “what is” (positive facts) from “what ought to be” (normative values), arguing that the former is the exclusive domain of scientific inquiry in economics.

Subsequently, the foundational figures of the early neoclassical period, notably Jevons and Marshall, proclaimed the demise of the “political economy” following the marginalist revolution. This intellectual shift established the groundwork for the institutionalisation of economics as a mathematized, technical science during the nineteenth century. Jevons was resolute in his commitment to expanding the disciplinary integration of economics with the natural sciences, initiating this effort with a stringent critique of the labour theory of value, which had been principally developed by Ricardo. In this sense, Jevons reconstructed economics as “social physics,” and in his 1871 work *The Theory of Political Economy*, he removes the moral concern by claiming that the biggest obstacle to the development of economics as a natural science is the lack of statistical knowledge and a technique devoid of mathematics (Jevons, 2013, p. 84). Marshall's efforts mirrored those of his contemporaries, culminating in the formal abandonment of the political economy and the adoption of economics, a designation that endowed the discipline with a universal scope and continues to be the valid standard today (Alvey, 1999, p. 63). Marshall's legacy is defined by the methodological trajectory he set, ensuring that mainstream economics, from the early neoclassical era forward, remains an autonomous discipline centred on the study of empirical data and its policy implications.

While grounding economics within the philosophical tenets and ontological boundaries of the Enlightenment tradition, neoclassical thinkers sought to reconstruct the discipline as a pure natural science, akin to physics. This methodological commitment ultimately led to the analytical reduction of the entire sphere of economic activity to the confines of the market mechanism. Consequently, their analytical framework was constructed to function in accordance with the laws of supply and demand, while its ethical legitimacy was entirely derived from utilitarian principles. Considering this approach, under perfectly competitive market conditions, individuals exhibit a utilitarian typology that absolutizes pleasure, distances themselves from



pain, and maximises their utility and happiness. This idealised agent, termed *homo economicus*, assumes prominence as the foundational consumer, basing all economic decisions and transactions on the pursuit of maximising marginal utility (Finn, 1982, p. 259). The late neoclassicists who inherited early neoclassicism took this legacy one step further and brought economics together with empiricism under the name of ethical neutrality and completely closed the doors of political economy to methodological debates. Lionel Robbins (1932), one of the most influential advocates of the late neoclassically, declared this transition as a manifesto in his 1932 work 'The Nature and Significance of Economic Science'. Consequently, the adoption of a scientific methodology dictates that every economic proposition must undergo empirical testing, thereby mandating the categorical exclusion of moral and normative issues.

Ethical Contours of Economic Orthodoxy and Heterodox Challenges

While on the one hand, the ethics and economics nexus has been debated by classical to neoclassical scholars, it paved the way for the rise of methodological debates on economic theory and its moral implications. The prominent schools amid this debate are the German Historical School and the Austrian School. The famous methodological debate (*Methodenstreit*) took place between these two schools, with historical thinkers such as Schmoller, Hildebrand, and Knies on one side and neoclassical thinkers such as Walras, Menger, and Jevons on the other. While the historical school criticised the methodology adopted by the Austrian school, they mostly criticised the abstractive, deductive, and unrealistic assumptions adopted by the neoclassicals in economic theorising. Instead, they presented an approach that takes a holistic view, envisions an organic society, and describes phenomena through empirical observations (Shionoya, 2001). The Austrian School, conversely, adopted a dissenting stance against the scientific and empirical generalisations of neoclassical economics that sought to emulate the natural sciences. Leading proponents, such as von Mises and Hayek, challenged these positivist claims while simultaneously upholding the foundational tenets of economic orthodoxy concerning methodological individualism and the subjective nature of value. The ethical dimension inherent in the Austrian economic approach is substantially rooted in the utilitarian tradition. Specifically, the core tenet of their methodological individualism demonstrates a clear affinity with consequentialist ethics.

Institutional economists constitute another school of thought that can be categorised as heterodox. While its old and new variants have created different intellectual distinctions over time, in terms of its basic approach, institutional economics differs significantly from mainstream economics, even though its connection with ethics does not create an epistemological break. Today, almost all institutional economists owe a debt of gratitude to Thorstein Veblen for his contribution to institutional economics. According to this school, the fundamental failure of mainstream economists stems from ignoring the institutional factors that shape, transform, limit, and determine the economic behaviour of individuals. However, contrary to the main arguments of the orthodox view, institutional factors reveal the existence of a subjective and context-dependent economic system rather than a universal, abstract, and general one. Similarly, institutionalists argue that the social dimension should be emphasised against the prevailing view of atomistic individualism. Given this framework, their ethical vision of economics can be characterised as a social welfare ethics, assessing the desirability of economic institutions based on their aggregate outcomes (Finn, 1982, p. 266).

In synthesising these perspectives, we conclude that the diverse ethical approaches across contemporary schools of economic thought exhibit three fundamental points of convergence. The first shared feature is the adoption of a fragmented, rather than holistic, perspective towards values and norms, despite minor internal variations. In essence, these schools treat ethics as a remedial intervention, serving merely as a



palliative measure for specific problematic areas, rather than as an integral force permeating the entire economic sphere. The targeted ethical efforts of dissenting schools, such as feminist economics, environmental economics, and behavioural economics, serve as clear illustrations of this fragmented approach. These fields emerge primarily as corrective responses to specific ethical omissions within mainstream theory. Secondly, the integration of ethics and economics is commonly structured as a non-essential, consensual pairing. This structure dictates that ethical principles possess a discretionary, not a mandatory, role regarding the theoretical integrity of an economic model. Finally, instead of questioning market ethics under the influence of the utilitarian tradition and its unequal consequences, the understanding that presents consequentialist ethics as a prerequisite for modern economics is a common feature of contemporary economic schools (Finn, 1982, p. 268).

Contemporary Ethical Frameworks in Economics: Utilitarianism, Deontology, and Virtue Ethics

Although the axiomatic status of utilitarianism and consequentialist ethics, as previously noted, remains the dominant view within the discipline of economics, a host of alternative ethical systems have been increasingly articulated over the last half-century to offer new perspectives and solutions to the persistent socioeconomic problems engendered by global capitalism. Thus, there is a recent movement in economic thought to leverage these pluralistic ethical traditions and prioritise alternative moral methodologies, thereby departing from the pervasive influence of utilitarian ethics.

To recall again, utilitarian ethics focus on the consequences of actions and looks for ethical dimension—if any—only in the outcome of the action. Therefore, it is inappropriate to look for a moral element in an unfinished action. In this respect, since utilitarian ethics focus on the outcome of the action, it is also synonymous with consequentialist ethics. However, what is important here is that utilitarians claim the outcome to be morally measurable. Therefore, factors such as goodness, pleasure, and happiness constitute the moral criteria to be taken as the basis for this measurement (Araz, 2018, p. 31). According to Bentham, the most accurate criterion for the individual who makes a moral choice in the equation of pleasure and pain is money:

“The thermometer is the instrument for measuring the heat of the weather: the barometer for measuring the pressure of the air. Those who are not satisfied with the accuracy of these instruments must find out others that shall be more accurate, or bid adieu to Natural Philosophy. Money is the instrument for measuring the quantity of pain or pleasure. Those who are not satisfied with the accuracy of this instrument must find out some other that shall be more accurate, or bid adieu to Politics and Morals” (quoted in Poole, 1991, p. 5).

In the utilitarian tradition embraced by neoclassicists—a tradition notably subjected to critique by Amartya Sen (1989)—the primary ethical question revolves around the rational integrity of the Homo economicus individual's role as a perpetual utility maximiser. Thus, if all individuals maximise their utility, individual and social good will be achieved. All the economic subcategories developed by neoclassicists such as interpersonal utility comparison, Pareto optimality, and welfare economics, have developed assumptions and theories based on this form of utilitarianism (Wilber, 1998, p. 40).

Deontological ethics, one of the contemporary critiques of utilitarianism, advocates the correctness of the method instead of the goodness of the results. In other words, the source of morality should be sought

in the action itself, not in its consequences. For an action to have a moral value, the result of the action cannot be a necessary condition. According to Kant's categorical imperative, one of the most important representatives of deontological ethics, the moral rules embedded in actions gain a universal dimension over time, and every individual must act in accordance with these rules (Martins, 2017). The moral duty to refrain from lying, for example, is derived from the requirement that the maxim of one's action must be capable of being willed as a universal law. A society where lying is universal would lead to the collapse of trust and mutual understanding.

Deontological ethics, on the other hand, considers morality as a duty independent of the consequences of action. In light of universal norms, duty ethics is an obligation that we should adopt based on the justification of the action rather than focusing on the benefits our actions provide us. From these premises, we can infer that deontological ethics substitute principles and rights for preferences and welfare (White, 2019, p. 54).

Reflections of deontological ethics can be found in different economic schools. These include socioeconomics, post-Keynesian economics, old institutional economics, political economy, environmental economics, and feminist economics. Among these, socioeconomics deserves special attention for its explicit integration of ethical dimensions into economic analysis. Pioneered prominently by Etzioni (1990), socioeconomics challenges the neoclassical reduction of the individual to a mere utility maximiser. It proposes the "I & We" paradigm, arguing that individuals act not only according to their self-interest ('I') but are simultaneously driven by moral commitments and social bonds ('We'). By acknowledging that economic decisions are embedded in social structures and ethical values, socioeconomics aligns closely with deontological perspectives, suggesting that moral duties often override pure utility calculations. The adoption of deontological concepts by mainstream economics, on the other hand, is mostly realised by schools such as new institutional economics and social choice theory (Van Staveren, 2007, p. 24). In both approaches, whether orthodox or heterodox, deontological concepts, such as social norms and rights, have a limiting effect on economic choices. While mainstream economists limit these concepts to private property law and contracts, especially new institutional economics makes deontological ethics more salient in economic propositions by establishing additional moral rules through formal and informal institutions.

In general, heterodox schools are more likely to resort to deontological ethics because they seek to fill the moral vacuum created by the freedom of today's free market economy with universal rules. For example, this approach suggests that global problems, such as unemployment, poverty, and environmental degradation, or in the language of economics, negative externalities, which arise when the market is left to its own devices, can only be addressed through a universal understanding of ethics. From this perspective, for example, the Sustainable Development Goals can be seen as a deontological attempt to put the global moral degradation caused by utilitarian ethics back on track.

Beyond consequentialist ethics, which locates the source of morality in the outcome of an action, and deontological ethics, which grounds morality in the inherent nature of the action itself, the third ethical framework increasingly utilised by contemporary economists is virtue ethics. This approach fundamentally asserts that the source of morality resides in the agent or the moral character of the actor. Given that the agent's decisions are necessarily shaped by their sociocultural context, virtue ethics offers a non-universalistic framework that integrates considerations of both consequences and duty, thereby transcending the strict limitations of the other two propositions (Van Staveren, 2007, p. 28). Contemporary economists, who do not deviate from the basic paradigm of neoclassical economics but try to reformulate the moral deviations

created within this system, frequently refer to virtue ethics. Among them, names such as Amartya Sen (1979, 1987, 2010) and Deirdre McCloskey (2008) emphasise the need for a new and correct reading of Smith for the elimination of today's systemic problems by mostly working on the misinterpretation of Smith (Putnam, 2003, p. 400). On the other hand, names such as Alasdair MacIntyre (2007), Susan Wolf (1982), and Michael Sandel (1998; 2013) try to develop virtue ethics based on evaluating morality within the social conditions in which individuals live. Popular economic perspectives, such as experimental economics and neuroeconomics, explain the fallacy of reductionist and abstract propositions based on rational choice theory and justify the reason why individuals behave beyond these assumptions on ethical grounds (Haeffele & Storr, 2019, p. 14).

Among the views mentioned above, Sen is one of the most ambitious names in the effort to reunite virtue ethics with utilitarian philosophy (see: Hausman & Mcpherson, 1993, p. 692; White, 2018, p. 51). Sen, who criticises the consequentialist, welfarist and maximisation-based approach of neoclassical economics through the capability approach (Levent, 2013, p. 129), talks about the combination of two dimensions in the relationship between economics and ethics, one Socratic, which explains how the individual should live, and the other Aristotelian, which describes a good society (Sen, 1987, p. 3). The first concern the aspect of ethics directed towards individual motivations, whereas the other is the aspect of ethics that provides social gains.

The final figure meriting specific mention for the fundamental reconstruction of individual and social welfare outside the strictures of neoclassical approaches is John Rawls. In his famous "Theory of Justice" and his concepts of the "veil of ignorance" and the "original position," Rawls reintroduced ethical elements into economics from a different angle. In this context, for example, Rawls (1971) proposes the development of a welfare function based on the primary social good, such as education and attainment of a livable income level, and its measurability, instead of standard utility maximisation and preference ordering. Similarly, using the analogy of the veil of ignorance, Rawls (1996) argues that in the initial state, individuals will be reminded of their moral duties that will enable them to distribute social rights justly, free from the social conditions and boundaries in which they find themselves. In this respect, Rawls pushed the possibilities of a nonutilitarian consequentialist ethical theory.

As can be seen, different ethical approaches have become increasingly popular among economic thinkers of the last century. Although this popularity has not been reciprocated at the level of global economic policies, it proves that the link between ethics and economic schools of thought is still fresh and making significant progress.

Conclusion

The integration of ethics constitutes the most methodologically challenging, yet fruitful aspect of economic inquiry. This ethical imperative establishes a direct link between economics and philosophy and exposes the systemic roots of current global economic crises. Thus, the ethical debate has simultaneously created intellectual intersection points and methodological schisms among disparate economic schools. The relationship between ethics and economics, which meets at the crossroads of all secular pursuits that will enable societies to live together in peace and tranquility, determines the economic components of social formation. In the utilitarian view, while the model assumes that each individual adheres to a rational choice framework guided by a hedonistic calculus, it remains analytically cognisant of the free-rider problem, where certain individuals benefit without contributing. In this situation, known in the literature as the free-

rider problem, some people create a moral problem on the basis of the weakness and unobservability of the effect of engaging in behaviour that violates the general set of rules observed in society. The classic solution to this instability is the imposition of a coercive system, such as that advocated by Hobbes; however, the economic challenge of mitigating free-riding through formal institutions (e.g., the state or the market) remains considerable. To overcome this difficulty, Adam Smith proposed a virtue-based solution, highlighting concepts like charity, generosity, and fellow feeling. Smith contended that when individuals act with these virtues in the market, an invisible hand effectively secures commutative justice.

Deontological and virtue ethics attempt to offer different ethical solutions to the same problem. In virtue ethics, the moral equipment that individuals should possess is at the centre of contractualist social theory, while deontological ethics sees everyone's compliance with universal moral laws as the only solution for social peace and tranquility.

The totality of macromeasures currently deployed to counteract global economic crises reflects a complex mixture of the three discussed ethical systems. Moreover, the scope of these global initiatives—from the environmental focus of the SDGs to the systemic concerns of the Great Reset and the moral imperatives of inclusive capitalism—serves as a collective acknowledgement that the foundational link between economics and ethics has been severed. This ethical severance inevitably manifests as the aggressive conduct of the human species, the primary economic stakeholder, towards all cobeneficiaries of the Earth's finite resources.

In response to this predicament, various economic schools of thought exhibit clear ethical divergences; however, these approaches are not entirely distinct, sharing a broad set of intersections. Putnam (2003, p. 409) effectively illustrates this interdependence using the metaphor of a multi-legged table: since removing any one leg, which represents a distinct ethical system, would cause the structure to collapse, each system is demonstrably complementary to the others.

Presently, the discipline of economics exhibits a theoretical resistance to abandoning the value-free ideal and the inherent relationality and interdependence among ethical systems. It continues to present its core assumptions, largely derived from utilitarian philosophy, as axiomatic universal truths, thereby marginalising rigorous ethical debates from its central agenda. Nevertheless, owing to a burgeoning interest in ethics from both mainstream and heterodox schools of thought, a notable pluralism of ethical approaches has successfully emerged within economics.



Peer Review	Externally peer-reviewed.
Conflict of Interest	The author has no conflict of interest to declare.
Grant Support	The author declared that this study has received no financial support.

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