

Editorial

HOMO ECONOMICUS VIS-A-VIS HOMO ETHICUS

Economics and Ethics are fundamental to human life and wellbeing and they are so intertwined in many ways that one cannot discuss one without some direct or indirect reference to the other. Most significant human practices have both economical and ethical dimensions and there are many lively interactions between normative economics and moral philosophy. Though ethical concerns may not be the primary focus of economic theories they are inescapable for economic praxis; on the other hand, in a market driven world, ethics must also pay attention to economics.

Whether the successful conduct of businesses and economy can and ought to adhere to ethical standards and support the social good is especially significant in the light of the recent economic turbulences. Are organizations designed purely as profit making mechanisms that cannot afford to consider ethical principles as they have to survive under conditions of harsh competition or can adherence to ethical principles actually be beneficial to economic success?

Economics deals with the production, distribution, and consumption of goods and services and with the theory and management of economies or economic systems. Ethics is a system of moral principles, a system of rules for regulating the actions and manners of people in society. So, if you have good ethics, you will have good economics; conversely, if you have good economics you will have good ethics. This idea, however, does not seem to be working in the contemporary world, forcing us to question what is good economics that would pay attention to ethics. When the world's economic wealth is growing impressively, the scandal of inequalities, corruption, new forms of poverty and exploitations are on the increase. Human rights are often violated; multinationals pose threats to local industries and initiatives; international aid is used irresponsibly for selfish motives. *Homo ethicus* cannot remain insensitive to the inequalities that persist in the world of *Homo economicus*. It is becoming increasingly important to bridge the two worlds. Exploring the interrelations between Economics and Ethics, the Centre for the Study of World Religions (CSWR), Dharmaram Vidya Kshetram, Bangalore, and Globethics.net India jointly organized a one-day workshop in collaboration with the Economics Department of Christ University and some of the papers presented are included in this issue of the *Journal of Dharma*.

As economics deals with ascertainable facts and ethics with valuations and obligations, some economists of the twentieth century hold that economics as a value-free or ethics-free science. Others like Amartya Sen, on the other hand, think that modern economics has been substantially impoverished due to growing gap between Economics and Ethics. Roy Palatty in his article, “What Can Ethics Learn from Economics?” argues that Sen’s alternative methodology to address issues of justice helps to show that economics is not an ethics-free science and that the search for transcendental solutions on ethical issues is neither necessary nor sufficient. Economic practices involve self-interests, welfare of others and wellbeing of the environment and these involve ethical principles and judgements. Ethical deliberations on economic policies and practices should reflect on how to eliminate remediable injustices around us rather than to define just society in terms of necessary and sufficient conditions. To identify and address patent injustices in our world, Sen prioritises a comparative approach to justice (*nyaya*) over any identification of a perfectly just social arrangement (*niti*) and we must shift our priorities from transcendental theorising towards thinking about justice-enhancing changes. Comparative approach retains ideals, envisions targets, and engages ranking of different alternatives; it is a work in progress.

Sustainability ethics banks on the program of sustainable development, which, however, is riddled with ambivalence between the weak form or economic sustainability and the strong form or world sustainability. The article “Sustainability Ethics and the Eco-Feminist Ethics of Care” by Rica de los Reyes Ancheta rejects the weak form of sustainability as untenable and endorses strong sustainability substantiated by the principle of care in eco-feminist ethics. Using the ecofeminist practice and language of care, she successfully interprets the Biblical notion of *rada* (dominion) as a capacity to care. The sustainable world is viable only via the ethics of care and a nation is achieving sustainable development only if its economic development improves the total quality of life of every citizen, including future generations. Hence, the ecosystem is to be treated not as a subsystem of economics but economy as a subsystem of the ecosystem. Individual and institutional self-interest must be challenged by ethical positions of compassionate solidarity and community care.

Willard Enrique R. Macaraan, in his article “Basic Ecclesial Community Based Economics of Compassion,” provides a concrete example of a project where ethics of care is practised. He takes into account the fact that people, individuals, institutions and Governments and

NGOs have started to realize that doing economics is not always within the realm of rationalized calculations but must look after the human person. By employing an interdisciplinary dialogue between theology and economics the author draws a moral-cultural framework towards a compassion-based economics in the form and practice of Basic Ecclesial Communities (BECs). What he promotes is a person and community oriented market economics, an economic moral-cultural framework based on Jesus’ praxis of compassion.

“Corporate Social Responsibility: Myth and Reality,” by Gerard Rassendren and T. Sagar Prasad, examines the concept and practice of Corporate Social Responsibility, showing the conflicts between economics and ethics. Companies nowadays strive to be socially conscious in the way they do business by taking up CSR activities besides maintaining profitability. Similarly, consumers modulate their purchase choices to be made up of products that have been produced and marketed through socially responsible processes. In the actual business practice, however, profit is a requirement while ethics of social conduct in business is an expectation and, therefore, often commerce takes precedence over ethical behaviour. The proverbial ‘self-interest’ of Adam Smith pervades both the material and the moral spheres of human activity and thought processes. CSR to be an effective reality, ‘Welfare of all’ needs to be a decision, not merely an emotion. The community and its wellbeing cannot be incidental to business choices, but the very rational ground for the existence of those choices. The core of the shift is from, ‘I am, therefore we are’, to ‘we are, therefore I am.’

The globalized era of the twenty-first century is witnessing a drastic decline in moral and ethical standards in all spheres of life, including economics. This deterioration in moral standards is all pervasive and has assumed a cross-national and multi-disciplinary character. The article “Ethics and Global Finance,” by Anju George, is an analysis of our financial system in the backdrop of the recent economic crisis. Going beyond the economic dimensions, an attempt has been made to bring out the reasons that emanated from the failing moral and ethical standards that culminated in the Great Economic Crisis of 2007-2008. It analyzes why unlike the other sectors of the economy, a deterioration of ethical behaviour in the financial transactions has to be viewed with much more vigilance. Let the global financial meltdown at the dawn of the twenty-first century be an eye-opener for the financial world to re-inject the systems with their lost ethics is the claim of the paper.

Capitalism is based on the core principles of private property/self-interest, capital/profit-making and labour, and liberal democracy. Such principles have generated standard economic practices which through time have impinged on people's homes, neighbourhood, villages, and nations. In his article, "Impingements in Capitalism: Decoding an Obscure Factor in Ethical Analysis," Ferdinand D. Dagmang uncovers the insidious ways capitalism has impacted on life and points out the analytic potential of impingements in (1) reconnecting the private-public disconnect in a world pervaded by capitalism, (2) internalizing what has been considered as externalities by economics, (3) tracing the psycho-neurological genesis of impingements and (4) tracking down the interlocking development of capitalist institutions and persons. These approaches are used to aid and expand the ethical evaluation of capitalist actions and structures, leading toward proposals for the ethical solutions to some problems unearthed by the concept of impingements.

Stephan Rothlin, in his article "Economic Growth and the Impact of Christian Ideas in Post-Maoist China," examines critically and creatively the Post-Maoist economic transition from mass poverty to a global powerhouse. China's growth strategy followed a standard, mechanistic recipe for catch-up growth that is relatively undisputed in mainstream Economics. However, the unintended side-effects of this growth, such as environmental destruction, corruption, and lack of transparency are now China's major problems which are significantly connected to the disregard of individuals and institutions for the negative externalities that their actions may cause. The author suggests that the moral wisdoms, embedded in all major Chinese religions including Christianity, hold some of the missing piece(s), required to make China's development model sustainable. Due to his own background, the author concentrates on using examples of Catholic Social Teaching, when illustrating how religions' moral insights may make relevant contributions to China and the wider field of economics. In his view, the theological conception of Trinity is a perfect model of relationship and an alternative to an economic model which still seems to be defined on a narrow egocentric view on the "*Homo Economicus*."

Have a great time with the *Journal of Dharma* examining critically and creatively the interface of Economics and Ethics!

Jose Nandhikkara, *Chief Editor*