

# Chapter 5

## Moral Economics – A Theoretical Basis for Building the Next Economic System



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**Abstract** This paper explores the concept of moral economics in the author's own, complex interpretation. Moral economics is a new approach to the structure and nature of the economic system, suggesting changes at several critical points. The paper is an interdisciplinary work between philosophy and economics, shifting from theory to practice, past to present, and balancing between the normative and the positive. The purpose is to change the economic understanding and the perceived economic logic through incorporating the moral factor into comprehensive models.

### 5.1 Introduction

This paper aims to give a sketch – on this scale and in this scope, it can only be called a sketch – of moral economics and of the moral economy. Moral economics is not a well-established economic philosophy as of yet. In more recent interpretations, it is a new school of economic thought, still searching for and paving its own ways and opportunities.

The moral economy interpretation of this paper aims to provide smoothing and completing elements to the existing system. However, moral economics also aims to redefine economics as we know it today, by adding the moral factor to its implications. The new concept emphasizes the finite nature of humankind's resources, the interests of the community beside the interests of the individual, takes into account the needs of future generations, and calculates with giving other species space and opportunity to live (Tóth 2016, 38). In the current interpretation, the points to be highlighted most should be that – as a philosophy of economics – it is organized for sharing, and that it includes rational selflessness in its mechanisms.

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Not making this connection between morality and economics could cause harm. *“In fact, separating morality from economics, which seems like a disciplinary “purification,” is actually the regression in the development of economics.”* (Wang 2015, 84).

### **5.1.1 Outline and Method**

In terms of research questions, there are multiple goals. The questions can be grouped into four main categories, whereupon each main chapter responds respectively.

First, the questions regarding the taxonomy of moral economics: Where are its roots? How did the term shape and change its meaning during the past centuries? How can it be applied at present? Where can moral economics be located on the shaded map of the economic systems?

Second: Is the moral structure of society and the resulting mechanism corresponding to the Smithian view and its interpretation? Is the bottom-up system of capitalist mechanisms sustainable for modern economies? Is it reasonable to build an economic system on individual selfishness?

Third, the questions aimed at the apparatus of moral economics: What are the mechanisms and structures that would make it work? What does equilibrium mean in moral economics, or more accurately, where is the point of equilibrium to be reached in this proposed new context?

And fourth but not least, the question connecting the previous findings to the present: What are the current tools of migrating into the moral economic system?

Throughout the paper there is a shift from theory to practice orientation, as well as from a future-view to a focus on the present. Further, it is neither clearly positive, nor purely normative. The attempt to establish a unified and complete system of moral economic thinking tilts it slightly into the positivist direction, but its context and place on the economic spectrum lends it a normative nature. The normative nature should not be perceived as a weakness, as contemporary economists, such as Tomáš Sedláček (2012, 21), argue for the normativity of economics itself.

### **5.1.2 Baseline Assumptions**

The need for cooperation is rather a feature of the community, and extrinsic to individuals, stemming from the lifestyles they created for themselves. The need to help others, to respect others and to lift them up, on the other hand, is intrinsic to individual human mechanisms. This need can be called rational selflessness. One aim of the paper is to demonstrate how economics works better, i.e. how its models form a more comprehensive system, if the moral factor is incorporated, both on the individual level, and in terms of mechanisms.

The paper describes economic orderliness as follows: A community has economic orderliness, if the needs of the individuals are fully satisfied, without exceeding the individual need-targets, i.e. without wasting resources, and if satisfying needs is secured for the future by interacting sustainably with the environment.

The novelty of this definition lies in the emphasis on needs and precision. This type of precision implies effective distribution. The first part foreshadows the requirement for quantifying human needs. The second part of the definition is not novel, yet it has to be stated as a prerequisite for economic orderliness.

Moral economics holds a non-hedonist view about the overall good. It is not the pleasure in itself that needs to be maximized, but, rather, order. This order has three components that are rules going against present-day tendencies:

First, on an individual level, the goodwill for the whole has to overcome the ego, i.e. people have to become conscious of the causes and consequences of rational selflessness. Individuals should have enough information, an overview and an understanding of the system, so that they recognize the benefits of sharing assets and joys with fellow humans. Secondly, pleasure of any type is more valuable if it is given to those more in need of it. As Tóth (2016, 200) writes: “*Material growth of the strong at all costs should not be replaced by de-growth or zero growth, but by the growth of the weak, as their utility – and thus the objective utility of those in more advanced situations – is greatly increased by their material growth*”<sup>1</sup> Thirdly, and finally, during all the production and distribution, the environment has to stay in a sustainable state.

To summarize the above paragraph: Human economic consciousness has three levels in moral economics, and only a system in which all the three rules are kept, and selflessness is expanded to the whole, can be called a moral economy.

### 5.1.3 The Approach

As moral economics in the broader context is a relatively new theory, it has to be stated that the current interpretation is that of the author of this paper. It builds partially upon relevant literature, but goes beyond that in many aspects, beginning with the basics of the approach.

The paper has five underlying axioms not all of which have scientific proof at present. In certain cases, we are talking about concepts having been debated already for thousands of years, and it is not within the scope of this paper to give proof or answers to the related philosophical questions. However, the axioms need to be enlisted, as they are necessary for sketching the moral economy.

Firstly, morality’s objectivity is assumed as a premise. Although this assumed objectivity does not give direct aid in certain moral dilemmas or lawsuits, it

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<sup>1</sup>Own translation. Original in Hungarian: “*az erősek mindenáron való anyagi növekedése helyére nem a csökkenés vagy zéró növekedés kerül, hanem a gyengék növekedése, hiszen az ő hasznosságukat – és ezzel a fejlettek objektív hasznosságát – nagymértékben emeli az anyagi növekedés*”.

strengthens the intuitive stance that moral advancement is meaningful, and that progress has a certain direction. With regard to morality's definition, the paper borrows from Wang Xiaoxi (2015, 56), a contemporary Chinese economist, the following sentence: "*Scientifically, ethics has the function of encouraging people to constantly improve themselves, and at the same time, continually cherish and improve the interpersonal relationships within co-existence, so as to build a better living environment based on the concept of rational existence, pushing forward sustainable social development.*"

Secondly, humankind is seen now as an entity that constitutes one big community. Not only among historians is this evident, but also for the CEO of the largest social media corporation: "*History is the story of how we've learned to come together in ever greater numbers – from tribes to cities to nations. (...) Today we are close to taking our next step.*" (Zuckerberg 2017). Beside the social aspect, this statement is also valid for economics. However, a healthy balance is carefully intended to be kept between the individuals' and the community's emphasis, throughout the entire paper.

Thirdly, it is assumed that humankind has a goal: to increase human well-being. It is being achieved by progress that is linear to some extent.

The fourth premise is that of rational selflessness. It is an intrinsic human need of certain altruism. This need is definitely quite high up on our needs pyramids, but it does exist and influence humans. To confirm the existing relationship between the needs pyramids and morality, Wang (2015, 68) should be quoted again: "*man has his own different kinds of unique pursuits, among which, those at higher levels are all related to mortality*".

Fifth but not least, this paper takes the stance that individual human needs are not infinite, nor are they insatiable. Growing expectations may be experienced when needs on higher and higher levels get satisfied, but these expectations are just recognitions of needs which already existed and they do have a rational end, which would be more visible in an orderly and just world, tailored to people's needs.

These axioms may be a matter of faith, but some voices already echo that so are the axioms of mainstream economics (Tóth 2016, 198; 284). The special reason for that these axioms had to be stated is their intuitive nature. Although – as will be seen in the forthcoming chapters – the moral economic models, principles and suggestions are intended to be built up rationally, the system stands on intuitive axioms, mostly.

## 5.2 Conceptual History and Ideological Context

The following two chapters delve into the conceptual history of moral economics and its ideological context. In the former, the paper examines roots and historical appearances of the concept, in the latter, whether it is suitable for being the next paradigm. This is a crucial part, because it also helps to understand what the current

concept of moral economics distances itself from, and what it is debating, or at least being critical of.

### 5.2.1 *A Brief History of the Moral Economic Concept*

The concept of the moral economy and of moral economics used in this paper is not to be confused with the concept which is examined in the context of eighteenth century peasant economies, and for which we find the first results when searching by the words “moral economy” on the Internet.<sup>2</sup> The term moral economy has been brought to the historical agenda by the British historian E. P. Thompson in a 1971 article (*The Moral Economy of the English Crowd in the Eighteenth Century*), but the way he used it, it remained “bound to a specific epoch and a particular historical context” (Götz 2015, 147). According to the Swedish historian Norbert Götz, “the concept [the moral economy] has the potential of improving the understanding of modern civil society.” Götz also expressed his concern of Thompson’s concept of the moral economy having in fact no moral implications, while Thompson himself was “concerned about the conceptual preservation of the historical context that he had assigned to the term and about a possible loss of specificity upon its free adaptation by others.” (2015, 153). This indicates a rather significant tension between near-past and present interpretations, but tensions exist even amongst the present-day versions of the moral economy.

For example, this paper separates itself from those moral economic concepts which have their emphasis on religion or emotions, without directly linking them to or embedding them into economics. The relevant Hungarian literature on *emotion-economics* and *humane economics*<sup>3</sup> can be named, written about by the economists Balázs Hámori and Gergely Tóth respectively. According to the author of this paper, moral economics should be a broader term, as the aforementioned approaches “do not address economic issues in the way they are commonly understood” (Götz 2015, 147).

The term *moral economy* has already had several other appearances throughout history. The two words are stemming from Latin and ancient Greek respectively. As per Götz, the word *moral* did not need to be added to *economy* until the middle of the eighteenth century, as the word *economy* contained morality self-evidently. The very first emergence of the compound is believed to have taken place in 1729, “in a sermon preached before the University of Cambridge”. The time the term appeared second was in the *Athenian letters*, published in 1792 (circulated privately about fifty years earlier already): It “was used in a letter purportedly written by the Persian King Smerdis corresponding with his agent in Athens at the time of the Peloponnesian War”, referring to deity, similarly to the first occurrence. The third (Anglo-Saxon)

<sup>2</sup>This search was carried out through Google on the 2nd of September 2017.

<sup>3</sup>Translated by the author from the Hungarian terms “*érzelemgazdaságtan*” and “*humánökonómia*”.

appearance came about in 1762, in a poem of Amyas Bushe, celebrating “*the harmony of the human will that was equally determined by reason and passion*”. Meanwhile, Rousseau discussed moral economy in his *Encyclopédie* article, with a similar connotation of justice and balance. An explicit meaning of the term *moral economy* was applied by other authors, e.g. Fortunato Bartolomeo de Félice (1769), Louis-Claude de Saint-Martin (1774), Johann Friedrich Wilhelm Jerusalem (1774) and Johann Friedrich von Ungern-Sternberg (1785), who “*contrasted the physical economy of all creatures with the moral economy particular to the human condition*”. So did the *Encyclopædia Britannica*, in its third (1797) edition. “*By the end of the eighteenth century the term ‘moral economy’ became part of the title of a French dictionary distinguishing political, civil, and moral economy (Beauvray, 1770) (Götz 2015, 149).*”

Later on in the eighteenth century, “*the French administration in the Rhineland (...) expected seats of higher education to establish ‘un Professeur d’économie morale’*”, which was rather an evolutionary exploitation of the concept. Staying at the topic of the French Revolution, “*Michio Shibata frequently used moral economy when discussing food riots in the ancient régime and the Parisian sans-culottes in the revolution.*” Also, the economist Jean Herrenschwand “*deduced ideas about the evolution of increasingly advanced economic systems*” “*in his principal work, De l’économie politique et morale de l’espèce humaine*” (1796) (Götz 2015, 150). It is worth mentioning Adam Smith at this point, who has not used the term moral economics himself, but whose legacy is occasionally spoken of by some of his disciples and his modern exegetes as his *moral economy* (Götz 2015, 153–154).

There were several religious interpretations of the moral economy in the eighteenth and nineteenth centuries, and it was the radical reformers who employed the concept to the largest extent (Götz 2015, 150–151). From the early nineteenth century on, the term moral economy “*could be associated with both capitalism and socialism*” (Götz 2015, 151). The next chapter will expound on the relations of these ideologies and economic paradigms with moral economics in more detail.

After the publication of E. P. Thompson’s 1971 article “*references to moral economy have proliferated [...] as a slogan of critics of the market system*” and many more extended notions have been established, in the non-profit sector as well. Whether the emphasis is on the word “moral” or on “economy” varies (Götz 2015, 155–57).

Science fiction has produced a variety of moral economic worlds, e.g. through the pen of the author Thomas Dick (Götz 2015, 151). The space civilization called *Mül* from the French science fiction comic series *Valérien and Laureline* (1967–2010) also has certain features of moral economics. Later on in the paper it will be shown that although humankind does not have *Mül converters* (creatures being able to replicate anything they eat), an orderly economy in harmony with nature (such as that of *Mül*) is feasible for humans too.

None of the enumerated approaches and interpretations correspond to the moral economic concept of the current paper. Attempts to broaden the meaning of the moral economy are only of recent origin. There is no group in the academic sphere yet, who would call themselves moral economists or representatives of the moral economy. The term moral economics has not officially been used in the academia so far, as the mechanisms and a comprehensive economic description have not been elaborated on yet.

The moral economic concept in this paper is not a reference to certain economic relations, or any particular dimension or sector of the economy. It is a synonym for the ideal structure of the economy, constructible by humankind, so it is encompassing a larger system than the concept of the modern market economy.

### 5.2.2 *Ideological Context and Positioning*

Moral economics is a new economic paradigm applicant, a position for which there are not many applicants. Even the contemporary Polish economist Grzegorz Kolodko's *Chinism* (Kolodko 2018, 23) is claimed to be a transition period only, no matter how long it will last.

For many decades, the economic profession has excluded (or at least not seriously considered) opportunities of third (or fourth, etc.) variants to be economic paradigms. The reason for this may lie in the nature of the alternatives, which have actually never stepped out of the socialism-capitalism dichotomy. Ideological debate has mostly been about choices between the two (with significant systemic shortcomings) and trade-offs of their different variations. Moral economics has more dimensions: explanations, principles and solutions (which will be presented later on) that are solving or dissolving its predecessors' problems, at least in theory.

At present times, China is a self-proclaimed socialist system (Wang 2015, 57) yet it has mixed features of, and even distinguishing elements from the two major economic system-types. Socialism and capitalism, two mammoth-ideologies of economics and politics (and even culture), have enormous literature,<sup>4</sup> and for most of the twentieth century it was these two which "*functioned and confronted each other in practice*" (Kolodko 2018, 2).

Regarding the economic ideologies, recent generations have not inherited a consensus over the different meanings attributed to them. In fact, there is still a "*confusion in definitions and the lack of methodological discipline*" (Kolodko 2018, 2). The reason for this is to be sought (partially or mostly) in the differing variations of these economic regimes, not only in space, but also in time (Kolodko 2018, 3), which already raises two questions for moral economics. Namely that if it is to be the next economic system, should it be universal, or universal only to a certain extent, and

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<sup>4</sup>The best known contemporary Hungarian economist, János Kornai, has a life's work on these topics.

whether the universality of an economic system would be an obstacle for its implementation in terms of the respect for local culture (the word local could encompass whole continents here, as it may stand for certain regions). In fact, the paper does not go as far as implementation. The moral economy may at the end of the day be a better or a worse system than theoretical moral economics, scientific moral economics, or – one dare say – textbook moral economics have ever prescribed.

Socialism in the twentieth century in general was too ambitious compared to the historical settings, its technological means and the available knowledge. For moral economics, all three factors have changed. The distance between the present situation and the declared goal is estimated to be measurable in units of decades or even only years.

Kolodko (2018, 2) describes capitalism very shortly compared to its scope as “*a socio-economic system based on private capital aspiring to maximize its profits*”, but even this concise definition is in a major contradiction with moral economics, which is based on needs (including the need to help others) and aspires to maximize well-being rationally.

In his conference paper about Chinism, Kolodko (2018, 3–6) enlists a number of economic system variations from the socialism-capitalism range (or rather plane). Just to name a few examples: classical capitalism, ideal communism, socialism with Chinese characteristics, state capitalism, the ideal social democracy, the social market economy of Scandinavian countries, post-communism, post-Soviet state capitalism, emerging markets with a socially-oriented capitalist economy and contemporary capitalism. The variables of his categorization were borrowed from the late Italian economist Mario Nuti, and are as follows: dominant public property and enterprise, equality and large public consumption, economic democracy and participation, social control of the main economic variables (employment, income, accumulation, growth, inflation, internal balance, external balance). If we ignore some dimensions of moral economics, and try to force it onto this scheme, we may say that this perpendicular projection stands closer to the existence of all these factors than to their nonexistence. Based on the strict evaluation (Nuti’s method of categorization) of these factors, the moral economy’s projection is 37.5% capitalism and 62.5% communism, but these numbers are illustrative, and are not suitable for drawing conclusions.

Moral economics is no different from other ideologies in that it aims to create the perfect economic frame for human coexistence and cooperation. It is new in that however – as this paper claims – it is the first category on the extended (multi-dimensioned) taxonomic map of economic systems that has found the models constituting the perfect frame, and although the statement is not empirically proven on the larger scale yet, most of the upcoming chapters are contributing to its verification, while leaving an open door for falsifiability, down to the system’s axioms and *raison d’etre*.

### 5.3 Adam Smith Revisited<sup>5</sup>

This chapter aims to provide a fresh approach to Adam Smith’s moral and economic ideas, relying to a certain extent on the original works, *The Theory of Moral Sentiments* (1759) and *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), but also taking new secondary sources into account. Some of the broadly accepted, interpreted (and misinterpreted) ideas are challenged, in the context of the international political economy discipline.

Adam Smith (1723–1790) was definitely at the right time (at the dawn of industrialization, and the Scottish Enlightenment) in the right place (Scotland, Britain) with his ideas, but presently, these ideas need to be revisited. His ideas have been very influential, but are still controversial, often just cherry-picked by philosophers and politicians from both sides of the political spectrum (BBC World Service 2017).

The research questions for this chapter start out from a chapter of Varoufakis’ book *Foundations of Economics: A Beginner’s Companion* (1998, 16–21). In both of his major works, Adam Smith attempted to justify human systems (that of morality and that of the economy) through inherent mechanisms of the individuals and their interactions. The two models are actually similar in their framework, but not necessarily flawless.

#### 5.3.1 *The Moral Structure of Society*

In early political economy it is common to see references to morality (Sayer 2000, 84). In his work *The Theory of Moral Sentiments* – which is in the views of many rather of psychological character than of philosophical – Adam Smith built a moral system based on individual judgements and empathy (incorporating the notion of the “*impartial spectator*” in his model), “*rather than beginning from a philosophical vantage point above those judgements*” (Stanford Encyclopedia of Philosophy 2013). He adopted a bottom-up approach (BBC World Service 2017), a method which he exercised in *The Wealth of Nations* as well. Still, Smith was a moral universalist, who followed the Stoic tradition, thinking “*that our moral feelings extend, if to a lesser degree, to all rational and sensible beings*”, and who aspired to provide “*a structure for morality that reaches out across national and cultural borders*” (Stanford Encyclopedia of Philosophy 2013).

The moral picture and stance regarding society in *The Wealth of Nations* seems to be in contrast or disconnected from that in *The Theory of Moral Sentiments*. In Varoufakis’ interpretation of the former, Smith’s pragmatist attitude suggested that

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<sup>5</sup>This chapter is largely based on an essay from the author of this paper, with the title *Adam Smith Revisited – An Inquiry into the Present-day Relevance and Applicability of his Major Works*, handed-in for the subject *International Political Economy*, 2017/18, I. semester at the Budapest Business School – University of Applied Sciences.

it is not in the (direct) interest of the merchant and capitalist class to contribute to the good of society. They are guided by greed, and if it was not for the automatic coordination, they would not take the actions that enhance public good (Varoufakis 1998, 18). Smith understood self-interest in *The Wealth of Nations* differently than in *The Theory of Moral Sentiments*. In the latter, he appeared to understand that selfishness is a misconception of self-interest, whereas in the former, he abandoned the moral structure. In *The Theory of Moral Sentiments* Smith is aware of the superiority of morality, in which “*a virtuous agent sees things that others do not*” and where morality “*is a way of co-operating with the Deity*” (Stanford Encyclopedia of Philosophy 2013).

In a world that is growing closer together, but is also quickly growing apart through its unprecedented interconnectedness, new levels of moral consensus rise, whilst previously hidden differences in people’s views come to light. Still, at present day, humankind has a broader knowledge about morality, as well as a more elaborate picture of the moral structure of society and of entrepreneurial morality, than back in Smith’s times. The general worker (or employee), who is also a consumer, has a better opportunity to see how he contributes to the flows of the economy. This type of inclusiveness and the feeling of being part of something bigger make it easier to be compliant with corporate guidelines, or the economy in general. In addition, boundaries between today’s “capitalists” and the employees are fading on multiple frontiers, for example through promotion and shareholdership at the workplace, or through broadly available opportunities of entrepreneurship. Furthermore, through the – by now almost mandatory – CSR approach, as well as their mission statements, firms of different sizes have started to cultivate their moral capital. In moral economics, this is considered to be a step forward theoretically, no matter whether it happens impeccably in practice or not. Modern entrepreneurs openly express how their businesses operate for the good of society and many of them engage in philanthropic activities.

### ***5.3.2 The Durability of a Bottom-Up Economic System***

Economic systems have boundaries from below and above, thus the Smithian automatic coordination has its limits (Varoufakis 1998, 17). This holds true even in the current market economy. Regarding the lower boundary: the economic mechanism depicted by Smith is not effective enough to reach those on the bottom of society. As for the upper boundary: environmental harm would be escalated through pure capitalism. The economy as a growth machine is externally not sustainable.

It is not uncommon in economic philosophy, that the answers generate further questions. The question arising from the previous paragraph is whether – with the required measures taken – Smithian capitalism is suitable for the economic realm within the mentioned boundaries. This is not a hypothetical question, as developed countries are – from this viewpoint in slightly different ways – trying to tackle the global problems beyond the lower and upper boundaries, i.e. poverty and climate

change. Between those boundaries (and in reality extending over them) their markets function in capitalist structures.

Economic durability lies in a state of equilibrium. On an ever-perfect market, Smithian capitalism is leading to the equilibrium of supply and demand. But the problem lies not in market imperfection. It is the wrong choice of factors for equilibrium. A bottom-up economic system, where supply and demand meet each other, may have the value of freedom of choice, but is not completely secure on the macro-scale. If, however, the choice of factors for equilibrium falls upon the needs of the population, and upon their potential output, a more complete and perfect economic system can be created. This is a top-down approach, and as history has proven (through several failures), humankind has technically not been ready so far for the shift. This paper aims to make a point for humankind to rely less on the Smithian *unintended consequences* in economics. Under present-day circumstances it is more reasonable to cultivate states' moral functions than denying these functions and keeping the role of the state minimal. From today's perspective, Smith's political views may seem distorted. "*He believed that states could and should re-distribute wealth to some degree, and defend the poor and disadvantaged against those who wield power over them in the private sector*", yet he was sceptical towards progressivism and "*suspicious of large-scale plans for the reform of society*". "*He was one of the earliest and most fervent champions of the rights and virtues of the poor*", but his "*writings are permeated by a lack of respect for the sorts of people who go into politics*" (Stanford Encyclopedia of Philosophy 2013). Derived from the quoted contradictions, it is not possible to create a harmonious social and economic system solely based on Smith's legacy.

### ***5.3.3 Wrong at Its Roots – What the Broader System Is Actually Built Upon***

Adam Smith discovered several features of society's economic design (the power of labour division, supply and demand dynamics, and the *invisible hand*), but in the explanation, he laid the wrong foundation stone. This paper argues that the economic mechanism of the whole system (i.e. society, national and global) is not built upon selfishness, but on needs. Selfishness is a negative trait, whereas needs are natural phenomena, and thus neutral.

The world is very complex from the needs aspect. At the moment, in an extended need-sense, most of humankind is still just trying to survive. However, many in the developed world have realised that humankind would get faster over this problem if they cared about those most in need. This recognition can be traced back to sufficient knowledge and information, which most people in Adam Smith's time, and even Smith himself may not have had.

A system built primarily on selfishness will fail on the long term. Proof for this are models of game theory (Adami and Hintze 2013) as well as scientific

alternatives to the *homo oeconomicus* (Alger and Weibull 2013). Selfishness does not pay off on the long run, and the *homo moralis* has better chances of success in evolution, than the *homo oeconomicus*.

Varoufakis (1998, 21) writes in his interpretation of Smith that “*as capital accumulation and economic growth gather pace, the inequalities between classes will shrink; people from different backgrounds will start moving closer together on the ever rising escalator.*” In the twenty-first century, other tendencies are to be observed. The scissors are not closing – they are opening: “*How can we decide whether there is a net gain to society? In his invisible hand statement, Smith refers to the annual revenue of society or the national income, as we would say today. This indicates that society gains if the winners in the process of structural change gain more than the losers lose. But this is not an entirely convincing argument. Suppose that those who gain are already well off while the losers live in poverty. Would we not in this case hesitate to say that the invisible hand of the market works in the interests of society? And if so, what principles should guide our aggregation of individual interests into a measure of the interest of society as a whole?*” (Sandmo 2014, 7).

By now, economics has well-grounded evidence and explanation for the opening scissors in social wealth. As Thomas Piketty (2014, 571) asserts in the Conclusion of *Capital in the Twenty-First Century*: “*The principal destabilizing force has to do with the fact that the private rate of return on capital (...) can be significantly higher for long periods of time than the rate of growth of income and output (...). The inequality implies that wealth accumulated in the past grows more rapidly than output and wages. (...) The entrepreneur inevitably tends to become a rentier, more and more dominant over those who own nothing but their labor. Once constituted, capital reproduces itself faster than output increases*”.

Be it said in Adam Smith’s defence: His ideas were consistent in the context of his own times, the times of small manufacturers, and competition seemingly becoming ever more perfect.

## 5.4 Mechanisms and Structures

At this point the paper turns to the actual micro – and macro-level models of moral economics. In the first three chapters, there is an arc to be observed, along which moral economics rebuilds economics itself. It goes back to the very basics, and has a different starting point. It starts from the selflessness of the individual, and builds the system up to the dynamic equation of aggregate needs and output, through introducing the sharing multiplier. The consequent three chapters expound on these models, and fine-tune the system created.

### 5.4.1 *Homo moralis and Rational Selflessness*

In the context of this paper, the concept of homo oeconomicus is a marginal one. This view is borrowed from Ingela Alger and Jörgen W. Weibull (contemporary economists), more specifically from their paper “*Homo moralis – preference evolution under incomplete information and assortative matching*”. Therein they write that “*the more general notion of homo moralis (...) should replace the more special notion of homo oeconomicus (with zero degree of morality) as a benchmark for human motivation*” (Alger and Weibull 2013, 29). The two researchers are not alone in opposing homo oeconomicus to be the general economic motivational notion. However, it is their understanding of the individual as an economic being that stands closest to this paper’s stance: “*We call individuals with such preferences homo moralis and the weight attached to the moral goal the degree of morality. A special case is the familiar homo oeconomicus, who attaches zero weight to morality. At the other extreme one finds homo kantiansis who attaches unit weight to morality* (Alger and Weibull 2013, 4). Wang (2015, 56) takes a similar stance: “*The fact is, in actual economic activities, that the subject thereof is the “moral man”, bringing with him economic, social, and environmental responsibilities, whose content is much richer than the “economic man.” Therefore, in terms of production, man is certainly controlled by certain consciousness and guided by certain values. The moral consciousness of man directly affects and restricts his enthusiasm and energy release.*”

What the current paper is adding to the homo moralis notion is locating and describing its selflessness dimension. About two and a half centuries ago, Adam Smith (1759, 1) wrote: “*No matter how selfish you think man is, it’s obvious that there are some principles (...) in his nature that give him an interest in the welfare of others, and make their happiness necessary to him (...)*”. The human trait called rational selflessness in this paper is rational, because – ideally – humans would realize under certain circumstances (i.e. having enough information and knowledge) that using more resources would only lead to waste rather than increase well-being, so they would redistribute resources among community members. For multiple reasons this mostly does not happen. The general mindset sees the system as open, growth possibilities as infinite, and finally, needs as insatiable. Neither of these three are true in moral economics. We live in a closed system with limits, and the individuals’ consumption can be stopped at a certain level while maintaining their well-being sustainably. However, once the latter recognitions reach collective consciousness, following self-interest (as per the *invisible hand*) will be accompanied by a certain self-control.

In fact, the notion of *the invisible hand* can also be interpreted in the moral context, as Wang (2015, 57) did it: “*As an invisible “hand of rationality” or “power of rationality”, morality realizes the rational operation of all kinds of capital involved in production, guiding people to maximize profits.*” Parallels may also be drawn between rational selflessness and the *objective self-interest* defined by the Hungarian economist Laura Baritz: “*Real human needs and interests incorporate wanting*

*others' to fare well.*"<sup>6</sup> And putting it in the negative way, as Wright (1999) quotes Herbert Spencer: "*No one can be perfectly happy till all are happy.*"

Rational selflessness as a mechanism has two theoretical proofs: One is that humans cannot reach the top of their needs pyramids until others have reached similar levels of well-being, because the "*respect for others*" need – leading optimally to moral self-justification – would not be satisfied. The other is that humankind cannot climb higher on the progress pyramid without increasing cooperation. The two phenomena are linked, as cooperation lifts others up. This is one genius of human design, and may be a reason for the "*link between human nature and human history*" (Wright 1999) in the current paper's interpretation, namely, that the needs pyramids and the progress mountain are linked.

### 5.4.2 *The Sharing Multiplier*

This chapter will aim to describe how sharing multiplies the benefits gained from sharing value. The value shared could come from multiple sources: from sharing information, knowledge (know-how or know-why), (best) practices, certain services (e.g. entertainment-related), or even physical property (flats, cars, laptops, etc.). Examples of non-shareable goods include food and water, but through organizing, wasting any of it can be avoided.

For the sake of simplicity, let the value of the shared good be 1. Every person in the model owns something of value 1. One connection or one share between two people also has the value of 1, as derived from rational selflessness. The number of people is a positive integer:  $p$ . If we share something, we are creating a higher value than that of what we share. As with sharing a psychological need of sharing or helping is satisfied, the value increases by the number of the connections between people ( $[p \times (p - 1)]/2$ ). If they are all connected to each other, and if they all share what they own ( $p \times 1$ ), the value formula looks like this:

$$p + ([p \times (p - 1)] / 2)$$

Simplified:

$$(p^2 + p) / 2$$

This is  $(p + 1)/2$  times more than  $p$  (the number of people) itself, which was the initial value of the to-be-shared good, as everyone had 1. So if we want to create extra value through sharing,  $p - i.e.$  the number of people willing to share value – needs to be at least 2, because that is when the multiplier is bigger than 1:

$$(p + 1) / 2 > 1$$

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<sup>6</sup>Tóth quotes Baritz (2014, 59). Own translation. Original in Hungarian: "*Az ember valódi szükségletében, önérdékében a mások jóllétének akarása is benne van.*"

### 5.4.3 *The Basic Equation*

The difficulty of writing moral economic equations lies in the fact that they aim for creating and describing an economically perfect world, while the world has never been perfect as far as we know.

Let us use the following signal letters to describe the moral macro-equilibrium:

$p$  = population number

$O$  = potential output (positive) of human activities ( $= f(p)$ )

$N$  = needs ( $=f(p)$ ); In reality, people have several different needs, but these will be seen as unified in this chapter, as the complexity of measuring needs exceeds the scope of the paper.

Ideally, i.e. if the systems of distribution worked perfectly, humans only needed to produce as much output as is required to satisfy their needs. Thus the following equation can be written:

$$O = N$$

Both sides of the equation are population dependent, so this equation defines the ideal population number (at a given level of technology). An estimation of how these functions would look like and how they would intersect can be seen in Diagram 5.1. At a given level of technology (*ceteris paribus*), it is assumed that the potential output equals

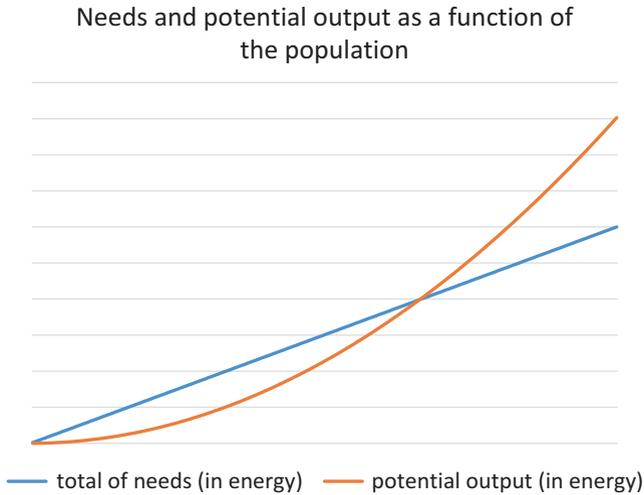
$$p + ([p \times (p - 1) / 2])$$

where  $p$  is the number of people, and  $(p \times (p - 1)/2)$  the number of their connections (best case scenario – they are all connected). This function represents the value people create by themselves and by sharing.

As is visible on the diagram, an intersection point exists. At a population number below that point potential output is less than the needs to be satisfied. When translated into a realistic economic scenario, this means scarcity. Exceeding the ideal population however also leads to economic problems: unemployment, waste of resources, and an economic crisis requiring artificial demand boosts.

As this diagram stands for a given level of technology, this is also the main determinant of and the main limit to the ideal population number. When writing “level of technology”, each level can be understood as a stage of materialized cooperation, including connectedness, with an ever-improving infrastructure. Levelling up in technology terms requires historic discoveries and inventions, e.g. from the past: fire lighting, the alphabet, the compass, the printing press, the steam engine, the telegraph, etc.

The model assumes that no output is wasted. This requires us to consume everything we produce. Recycling and renewable energies are thus crucial. The human



**Diagram 5.1** Total of needs and potential output as a function of the population. (The diagram was established by the author)

input into these industries has to be incorporated into the calculation of potential output, so that all human potential is realized while producing exactly as much as is needed. On the other side of the equation, punctual and up-to-date need-quantification is just as important, as already pointed out in the paper.

The diagram is only for the illustration of the relationships' (between population number, needs and output) nature, as it is beyond the scope for this paper to calculate the needs and potential output of billions of people, who are not even fully connected, as of now. Also, the needs and the output functions are currently more sensitive in reality, as there are several influencing factors. However, in theory, this (Diagram 5.1) is what aggregate needs and output look like in the moral economy. Thus it is not the numbers, and not even the ratios on the diagram that are realistic and important, but the form of the needs and the potential output functions.

Factors that diverted attention from this rather evident relationship, and that hid the form of the needs and output functions, were: the lack of connectedness, the dependence on non-renewable energy resources and the belief of human needs being infinite and insatiable.

#### ***5.4.4 The Moral Economic Measurement of Inequalities***

The following micro-indicator of task sharing's inequality can be applied to labour division, if the tasks are measurable, despite the differences in the nature of tasks. Let us assume that two people (who represent the micro-level) are supposed to share

a task. The basic indicator of the inequality of task sharing between two people can be calculated as follows:

$$U = (||I_1 - I_2||) / (I_1 + I_2)$$

With words: The unfairness factor equals the absolute value of the difference between the individual commitments, divided by the sum of the input of the individuals.

As the absolute value of the difference is in the nominator, the lower the value of the whole indicator, the better (the less unfair the task sharing). The lowest possible value is 0, the highest 1. If the value is 1, that means one of the individuals is completely relying on and exploiting the other.

For the distribution of wealth between two people, an equation of a similar structure can be used:

$$U = (||W_1 - W_2||) / (W_1 + W_2)$$

According to the concept of rational selflessness, inequality of wealth (or income) affects well-being negatively. Analogously, inequality of task sharing affects productivity negatively.

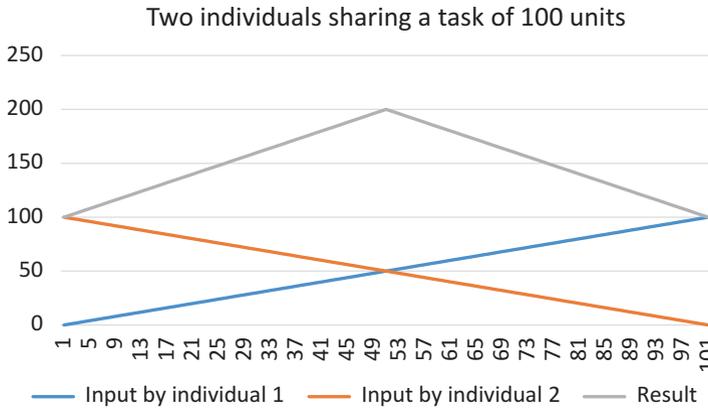
On the micro-level, both the level of well-being and that of productivity have to be multiplied by  $(2-U)$  in order to get a result. If  $U$  is 0, that gives the potential well-being or productivity, without inequality, i.e. the double of the assumed basis. The Swedish proverb “*Shared joy is double joy*” comes to the mind.

An illustration of task sharing can be found on the diagram below. The “Result” curve, which has the value  $(2-U) \times 100$ , mirrors the moral economic fact that sharing has added value, manifesting itself in positive externalities (Diagram 5.2).

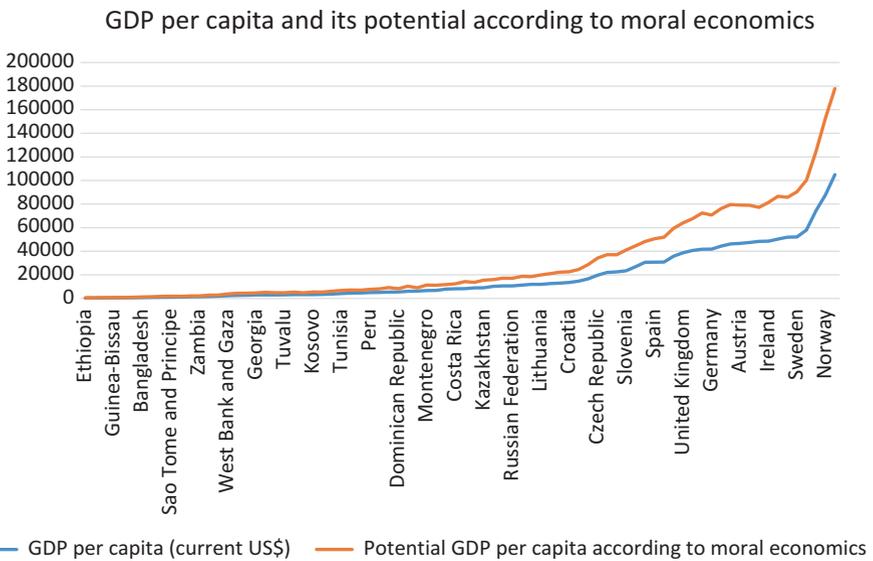
On the macro level, it is similar to say that a country’s GDP would have the potential to be: the given GDP + the given GDP multiplied by  $(1 - \text{the Gini coefficient})$ .

Potential means that this would be the given country’s GDP, if there was an equality in distribution and sharing tasks. To illustrate this, the author extracted GDP/capita data for the 80 countries where the Gini index was available for the year of 2010. (The reason that the year 2010 was selected is that this is the latest round year with the most available data.) The numbers have been sorted by GDP/capita ascendingly. As is visible from the diagram, equality would make the biggest efficiency difference in the relatively wealthiest of the countries, some of them with relatively wide income gaps (Diagram 5.3).

The prevalence of rational selflessness however (which is a requirement to achieve the full potential of a given community) depends on the level of interconnectedness. Interconnectedness in a given community can be measured by the number of existing connections (or opportunities to connect), divided by the number of all possible connections:  $r / ((p \times (p - 1)) / 2)$ . If this ratio reaches 1, the community is fully connected. The more interconnected a community, the higher there are the



**Diagram 5.2** Task sharing and its efficiency according to the laws of moral economics. (Established by the author)



**Diagram 5.3** GDP per capita and its potential according to moral economics. (World Bank 2010; and edits by the author)

chances for rational selflessness to create mechanisms driving the community towards fairness, thus also towards higher levels of productivity and well-being. This sub-conclusion, and the equations presented in this chapter together are a starting attempt to give the (moral) economic justification of equality.

## 5.5 Tools and Solutions

This chapter is about relating certain phenomena in the economy to moral economics, because they can function as tools to reach a higher state of well-being.

### 5.5.1 Robotization and Universal Basic Income

We have a quick and massive robotization process on our threshold, which promises to lead to abundance, yet threatens with the devaluation of many human activities and jobs. Many believe that this will be the first era, where we can eliminate the human factor from the production process.

Meanwhile, the policy of Universal Basic Income is emerging as a potential solution to present-day economic problems. “*Governments around the world are evaluating its use, and some are embarking on pilot studies*” (Coppola 2017). Some would call UBI the social vaccine of the twenty-first century. Their approach has similar characteristics with the hope of fully automated luxury communism (Sadowski 2016).

Robotization trends are interlinked with Universal Basic Income proposals. This is perfectly illustrated by the 2015 EU *Draft Report with recommendations to the Commission on Civil Law Rules on Robotics* (Delvaux 2015). The report came to public attention mostly through introducing the concept of electronic persons (Delvaux 2015, 12) but it refers to the new industrial revolution, likely to be unleashed by “*sophisticated robots, bots, androids and other manifestations of artificial intelligence*”, and also expresses the “*concerns about the future of employment*” (Delvaux 2015, 3). It considers the cases of autonomous vehicles, medical robots, and human repair and enhancement, just to name a few examples (Delvaux 2015, 8–9). Up until now, this plan is the most comprehensive and detailed public legal document on the two, linked issues of robotization and Universal Basic Income. The comprehensiveness lies in the suggestion of “*a coherent approach to regulation at European level*” (Delvaux 2015, 4) and in inviting all Member States to seriously consider a general basic income in the light of the possible effects on the labour market of robotics and AI (Delvaux 2015, 10).

Moral economics supports robotization, as it drives us towards sustainability. The challenges robotization poses to the labour market (i.e. the challenge of unemployment) can be neutralized by the many more potential channels, connecting people in need to those with the solutions. However, the system may indeed need buffers, such as Universal Basic Income. Critics could ask how motivation to work would be sustained. The response is that meaningful work is a human need as well.

### 5.5.2 *Blockchain in the Moral Economy*

The moral economy could draw on blockchain technology, mostly because of the accountability aspect arising from the potential use of smart contracts, but also because of yet undeveloped implementation ideas and opportunities, such as a common blockchain calendar. According to *The Economist*, blockchains are “*a way of making and preserving truths*” (*The Economist* 2015). The moral economic implication of a blockchain calendar is that important actions and events are “*set in cryptographic stone*” (*The Economist* 2015) enforcing honesty and fairness, both characteristics of the moral behaviour set.

Accountability contributes to order as an important feature of orderly social systems. Blockchain provides the technological – and to a certain extent even the legal – infrastructure for accountability and transparency. Some developers in the so-called “Crypto Valley” (Zug, Switzerland) are already sketching applications of blockchain, in which all state expenditures, i.e. the whole government budget is traceable. The implementation of these “social smart contracts” is said to be an ultimate game-changer in the operations of politics ((Mohácsi 2018).

But as the paper shall stay more or less within the boundaries of economics, the focus will now be turned on the moral economic aspects of implementing blockchain technology in order to reach an accountability coverage, meaning that for all possible event outcomes (especially those negatively affecting humans) somebody can be held responsible. Moral economics is designed for sharing, and this raises a privacy concern, at least as long as the privacy-transparency gap has not been bridged. Through accountability and its legal consequences, the checks and balances of the legal framework to sharing could be planted. This would prevent the abuse of information on the sites and applications through which sharing is organized. The latter statement’s significance is shown by a tendency: the currency of value in certain fields, especially online, is shifting from money, through personal information, to trustworthiness.<sup>7</sup> Although, as Sedláček (2012, 117) would argue: money itself, as a social abstraction, is based on trust, an unwritten social contract, detached from matter, space, or even time (2012, 122).

Also, there is word about an “Internet of Value” (Mohácsi 2018). This “Value Web” would make value exchange “*as easy as exchanging information today on the web*” (Larsen 2015). Furthermore, the author of this paper envisions a blockchain based calendar, where people could share and verify events, actions and plans throughout time. And there exists the institution of smart contracts. The paper will not go into detail regarding smart contracts, but one feature of them needs to be mentioned: They are deterministic. They cover all possible scenarios and enable a complete scenario analysis (Mohácsi 2018). This characteristic combined with the blockchain calendar could ultimately lead to predicting humankind’s future together.

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<sup>7</sup>For more information in this topic, see the 2012 TED Talk by Rachel Botsman: *The currency of the new economy is trust*. [https://www.ted.com/talks/rachel\\_botsman\\_the\\_currency\\_of\\_the\\_new\\_economy\\_is\\_trust/transcript?nolanguage=eg](https://www.ted.com/talks/rachel_botsman_the_currency_of_the_new_economy_is_trust/transcript?nolanguage=eg) (Accessed March 28th, 2018).

In one sense, blockchains are trusted third parties (The Economist 2015) and in a more subtle, moral one, they fulfil the role of impartial spectators, with enforcing morality through being “*truth machines*” (The Economist 2015).

### 5.5.3 *Artificial Intelligence and the Internet of Minds*

When you look beneath the roiled surface of human events, beyond the comings and goings of particular regimes, beyond the lives and deaths of the “great men” who have strutted on the stage of history, you see an arrow beginning tens of thousands of years ago and continuing to the present. And, looking ahead, you see where it is pointing. (Wright 1999)

Channelling creates a network, and the most comprehensive network known today is the Internet, not just in itself, but interweaving our infrastructure in many ways (for example as the Internet of Things). An enhancing technology to this network is artificial intelligence. AI is currently an “*aspirational term reflecting a goal*” (Pavlus 2017). This goal is to be achieved by making progress in machine learning, deep learning and developing neural networks (Pavlus 2017). Much of our image about AI and its future is speculation. In general, opponents of AI and robotization view the opportunity of singularity with scepticism. They imagine a world, where nature and human life are completely simulated, all data is stored, retrievable and evaluated, and machines can answer all questions and remember everything that has ever happened. They fear the loss of basic human characteristics and peculiarities (MAK 2017).

This view, generalized, resembles the furthest look into the future. On the mid- and short term, we find scientists, and leaders of giant technology companies worrying about artificial intelligence, for example: the late physicist and cosmologist Stephen Hawking, Bill Gates and Elon Musk (Balkam 2015). For part of the general public, the spread of artificial intelligence and robotization gives the impression of a threat to privacy, jobs and potentially their safety. However, we might have several reasons to change this perspective and to embrace AI. It is already made use of in combatting infectious diseases, tackling gun violence, fighting cancer and sight loss, and managing energy supply – just to cite a few examples (Gray 2017). Changing to an AI interwoven system is sometimes compared to other events in the history of technological development. “*AI will enliven inert objects in the way electricity did over 100 years ago*” (Balkam 2015). Thus, “*We should view AI not as something competing with us, but as something that can amplify our own capabilities*” (Gray 2017).

Given the benefits from AI for the healthcare and security sectors, AI could also help humans fill economic knowledge and information gaps in order to satisfy all needs, by – in general terms – filling the spaces and connecting the dots of the economic system. Early movers have already spotted this opportunity, for example in the real estate industry (Sicklick 2017).

The most developed and feasible network we can imagine at present is the Internet of Minds. This network would connect and give access to each other’s

thoughts. Implementing this network, potentially enhanced with artificial intelligence, would most probably lead to opportunities not even known as of today to humankind. There have been recent events which mark the first milestones of the process. Last September, an article emerged stating in the title that “*Researchers Have Linked a Human Brain to the Internet for the First Time Ever*” (Caughill 2017). The move turned the brain into a node in the system. For now, the experiment was one directional, but “*In future, there could be information transferred in both directions – inputs and outputs to the brain*” (Caughill 2017).

The internet of minds would be a new means for transparency, and a new type of organism. Its creation would be a moral revolution in itself. The Finnish computer scientist Harri Valpola has already started laying down the technological basics for an internet of minds. From the perspective of this paper, one of Valpola’s statements has unique importance: “*In the first wave of AI you had to be a programmer. In the second wave of AI you have to be a data scientist. The third wave of AI – the more moral you are the better*” (Manthorpe 2017).

In the current interpretation, morality in the field of AI is not only needed in order to create moral AI beings. Artificial intelligence – whatever its form may be – would soon recognize the genius design of humankind, where morality is the crucial strategic element of sustainability. Thus, humans would also need to be moral in order to cooperate with AI, a more knowledgeable entity or entities than humans themselves, for their own good.

The previous statements, of course, only hold true if morality is naturally a positive function of intelligence, especially from the point on when human capabilities are surpassed by AI. However, this paper assumes that, similarly to the other five axioms laid down at the beginning.

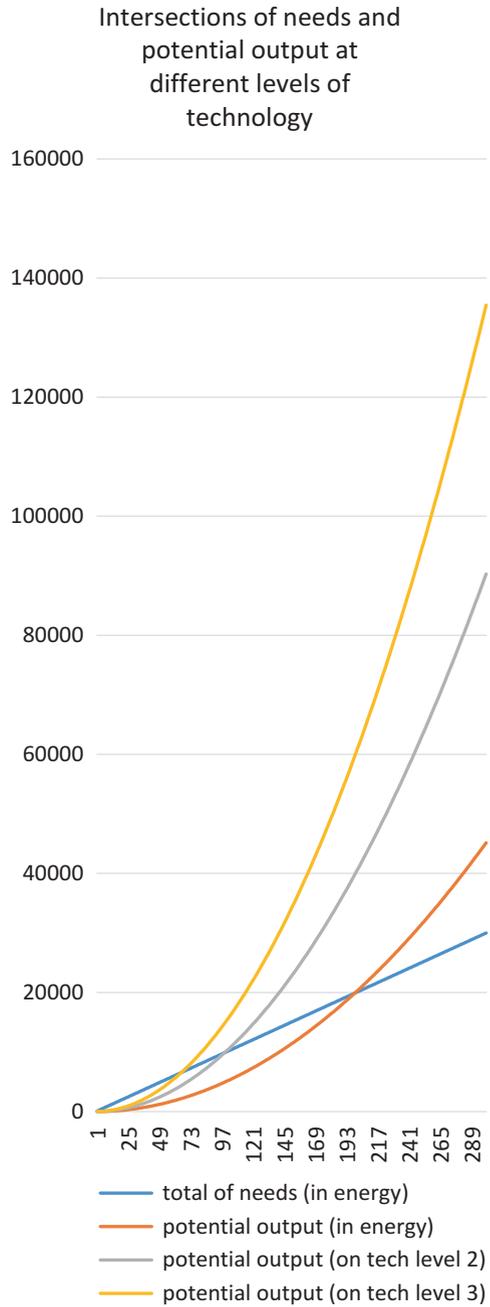
## 5.6 Outlook (Into Space)

Elon Musk once said: “*I would like to die on Mars, just not on impact*” (AI-Greene 2013). If moral economic tendencies are projected on the more distant future, the renowned tech entrepreneur proves to have reached a very logical conclusion.

Further improvements in technology would demand lower and lower population numbers, according to the basic equation. The reason for that: the decreasing intersection point of total needs and potential output. If we use the level of technology as a multiplier of potential output, the quadratic function “draws closer” to zero, with every improvement. With rising technology levels, fewer and fewer people are needed to sustain themselves while their needs are staying satisfied. Following this logic would lead to a diminishing population and the end of humans as a species.

An exciting way not to become extinct is to find new purposes, such as inhabiting other planets. This would lead to “*Making Humans a Multi-Planetary Species*” (Musk 2017) (Diagram 5.4).

**Diagram 5.4** Intersections of needs and potential output at different levels of technology. (Own design)



## 5.7 Conclusion

Part of the physicist profession is still on the quest for a unified theory, and so are certain economists in their own field. The author of this paper believes that regarding economic theory, the unified theory must lie in moral economics, or that at least it is the clearest path thereto. The conclusion of this paper is aimed at supporting the previous statement, through drawing the very essence from the paper and through presenting the consequences.

The paper started with formulating its purpose, and introducing the axioms which moral economics stands on: that morality is objective, further, that human-kind constitutes one big community whose goal it is to increase their well-being, that human motivations include rational selflessness, and that human needs are neither infinite, nor insatiable. Upon these axioms the paper has started to introduce a new school of economics.

A whole chapter was dedicated to being clear about the meaning and the ideological position of the moral economic concept. The usage of the words “moral economy” and the apparently newly coined term “moral economics” are reflecting in this paper a different approach from any earlier attempt, in their comprehensiveness, their strength through the arguments and models, and their completeness. It was not mentioned in the ideological chapter yet, but it can be drawn as a conclusion from subsequent chapters that – in a rather political context – the moral economy unites the freedom of a bottom-up with the security of a top-down society.

The reflection on Smithian economic theory has shown how we are witnessing today, in real-time, the proliferated successes and malfunctions of the mechanisms Smith described over two centuries ago. However, present-day capitalisms are different from “pure” Smithian capitalism. The systems contain morality. Several firms and owners of capital have recognised that fostering and cultivating corporate morality pays off on the mid- and long term. Furthermore, a top-down perspective is starting to make more sense than continuing with bottom-up mechanisms, at least over the limits of sustainability, i.e. in poverty alleviation and environment protection.

Models were formed where economics and ethics could coherently and logically be fitted into. Economic value can be stabilized through adjusting the factors influencing aggregate demand and supply (needs and output), and striking a balance between them. Economic order (or orderliness) is to be taken more seriously and to be acted upon with more responsibility, on the level of a closed system, i.e. incorporating our natural environment into the economy.

At the heart of moral economics lies rational selflessness, a relatively undiscovered side of economic behaviour and an inherent attribute of humans. Rational selflessness was discovered by the author as a hidden building block of the Maslowian (Maslow 1943) needs pyramid, and then made it far in the theory of this paper as a determinative human feature, as well as a motivational concept. The connections between the models, leading to find the intersection point of the needs and output functions, were established through rational selflessness.

The multiplier effect of sharing value and tasks contributes largely to moral economics' feasibility. The sharing multiplier is a combinatorial one, on which the output function is based, but its underlying philosophy has an effect on sharing from even between as few as two people, up to nations' economies.

Creating order through channelling needs and their responses has power. Through making motivation and information meet, it brings humankind to a shift, for which it is more than ready. The shift involves the implementation and maintenance of artificial intelligence, applying the policy of Universal Basic Income, implementing blockchain technology broadly and creating a transparent environment, amongst other measures. Regarding blockchain, the paper projects the invention of a blockchain calendar which would ultimately extend the accountability coverage, thus creating a "blockchain of good." The Internet of Minds was also envisioned.

The mechanism of the intersection point (that of needs and potential output) drawing closer to zero, and thus human work and input becoming less needed, can be compensated with setting further goals, such as inhabiting other planets. This, of course, has second priority at the moment to creating order in the current system. However, the preparations for the more distant future can already be a part of the current order.

With regard to further research opportunities, there is both space for research in the theoretical and in practical directions.

In the theory, the exact concept of economic value in the moral economic context requires further exploration, both in narrower and broader interpretations. Also, the concepts of rational selflessness and order could be deepened, in the philosophical sense, meaning that they should be deconstructed first. Questions arise where they came from or how they came into being, and whether the answers to these questions contribute to the philosophy of moral economics.

The moral economic stance on fair distribution should be clarified, answering the questions when and to what extent there should be equality, and on what basis, other than the human needs. As the models have shown, there might be more justification to moral economics than to a simple egalitarian utopia. Moral economics does not define concrete taxes or concrete ratios for fair distribution. Equality is aimed for on the very long (secular) term.

The practical research possibilities all relate to the implementation of moral economics. Firstly, the equation of aggregate needs and potential output should be translated into real numbers, through quantifying the level of technology as well. Second, the exact mechanism of channelling and how it makes improvements ought to be explored and be described with examples, in order to justify more-than-zero-sumness. As a value and moral economic tool, transparency should be incorporated, which largely contributes to channelling. Morality should also be studied on the level of institutions, organizations and companies.

After reaching the national level in moral economic studies, the research will not be far from establishing country specific implementation plans, including assessments of potential negative consequences, if the measures were applied too early. There should be an emphasis on bringing different moral systems closer together, and on learning from each other. From the Chinese perspective, for example, it seems

that “the most developed countries in the world (...) they have never really understood the special roles played by morality in the economy” (Wang 2015, 55). This shows that global knowledge about morality still needs to be integrated. To quote Wang (2015, 72) again: “... moral capital realizes its value through its own value progress. On the one hand, such progress mainly lies in the improvement of various expressly stated moral norm systems, and the rationality and feasibility of expressly stated moral regulations and rules. On the other hand, it lies in the constant assimilation between not expressly stated moral spirits, moral beliefs and moral concepts”.

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