

# **Virtues and Economics**

## **Volume 1**

### **Series Editors**

Peter Rona, University of Oxford

Laszlo Zsolnai, Corvinus University of Budapest

### **Editorial Advisory Board**

Helen Alford, Pontifical University of St. Thomas Aquinas (“Angelicum”), Rome, Italy

Luk Bouckaert, Catholic University of Leuven, Belgium

Luigino Bruni, LUMSA University, Rome and Sophia University Institute, Loppiano

Georges Enderle, University of Notre Dame, USA

Carlos Hoevel, Catholic University of Argentina, Buenos Aires, Argentina

John Loughlin, Blackfriars Hall, University of Oxford and Von Hügel Institute

David W. Miller, Princeton University, USA

Sanjoy Mukherjee, Rajiv Gandhi Indian Institute of Management Shillong, India

Mike Thompson, GoodBrand, London, CEIBS Shanghai, and University of Victoria, Vancouver, Canada

Johan Verstraeten, Catholic University of Leuven, Belgium

Stefano Zamagni, University of Bologna, and Johns Hopkins University – SAIS Europe and Pontifical Academy of Social Sciences, Italy

The series is dedicated to virtue ethics and economics. Its purpose is to relocate economic theory to a domain where the connection between the virtues and economic decisions, as that connection is actually experienced in everyday life, is an organic component of theory rather than some sort of an optionally added ingredient. The goal is to help develop a virtue-based economic theory which connects virtues with the contents of economic activities of individuals, unincorporated and incorporated economic agents. The primary context is Catholic Social Teaching but other faith traditions (especially Judaism, Islam, Hinduism, Buddhism, and Confucianism) will also be explored for their construction of virtues in economic action. Special attention will be made to regulatory and policy issues in promoting economic justice.

The series connects virtue ethics with the core of economic theory and practice. It examines the basic and irreducible intentionality of human activities concerned with the production, distribution and consumption of goods and services. It considers the incommensurability of values as the central problem of economic decision making and examines whether that problem can be overcome by any means other than practical reason.

This series will cover high quality edited volumes and monographs.

More information about this series at <http://www.springer.com/series/15627>

Peter Rona • Laszlo Zsolnai  
Editors

# Economics as a Moral Science

 Springer

*Editors*

Peter Rona  
Blackfriars Hall  
University of Oxford  
Oxford, UK

Laszlo Zsolnai  
Corvinus University of Budapest  
Budapest, Hungary  
European SPES Institute  
Leuven, Belgium

ISSN 2520-1794

Virtues and Economics

ISBN 978-3-319-53290-5

DOI 10.1007/978-3-319-53291-2

ISSN 2520-1808 (electronic)

ISBN 978-3-319-53291-2 (eBook)

Library of Congress Control Number: 2017936974

© Springer International Publishing AG 2017

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Printed on acid-free paper

This Springer imprint is published by Springer Nature

The registered company is Springer International Publishing AG

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

# Preface

The book is an attempt to reclaim economics as a moral science. It argues that ethics is a relevant and inseparable aspect of all levels of economic activity, from individual and organizational to societal and global. Taking ethical considerations into account is needed in explaining and predicting the behavior of economic agents as well as in evaluating and designing economic policies and mechanisms.

The unique feature of the book is that it not only analyzes ethics and economics on an abstract level but puts behavioral, institutional, and systemic issues together for a robust and human view of economic functioning. It sees economic “facts” as interwoven with human intentionality and ethical content, a domain where utility calculations and moral considerations co-determine the behavior of economic agents and the outcomes of their activities.

The book contains selected papers from international workshops that we co-organized with the European SPES Institute in Cambridge, Oxford, and Leuven. The first workshop, entitled *The Economic and Financial Crisis and the Human Person*, was held at the Von Hügel Institute, St Edmund’s College, University of Cambridge, in 2013. It addressed the need to rebalance material and spiritual values in economic policy and business functioning. The second workshop, entitled *Teleology and Reason in Economic and Social Affairs*, was organized at Blackfriars Hall, *University of Oxford*, in 2014. It explored Catholic social teaching for analyzing today’s pressing economic and financial problems. The third workshop, entitled *Virtues and Vices in Economics and Business*, was held at the Catholic University of Leuven in 2015. In applying the tradition of virtue ethics, participants discussed new models for encouraging virtuous action in business and economic policy.

This book is the first of the series of volumes under the general title *Virtues and Economics* dedicated to exploring the connection between virtue ethics, economy, and theories about the economy. The series is an attempt to redefine the domain of economics so as to provide the foundation for reestablishing the spiritual nature of man when acting as economic agent.

The book employs the personalist approach that sees human persons – endowed with free will and conscience – as the basic agents of economic life and defines human flourishing as the final end of economic activities. The book intends to demonstrate that economics can gain a lot in meaning and also in analytical power by reuniting itself with ethics.

Oxford, UK  
Budapest, Hungary

Peter Rona  
Laszlo Zsolnai

# Acknowledgment

The editors would like to acknowledge the financial support provided by the Mallinckrodt Foundation of the workshop held at Blackfriars Hall in 2014.

# Contents

## Part I Introduction

- |          |   |           |
|----------|---|-----------|
| <b>1</b> | <b>Why Economics Is a Moral Science</b> .....     | <b>3</b>  |
|          | Peter Rona  |           |
| <b>2</b> | <b>Issues and Themes in Moral Economics</b> ..... | <b>11</b> |
|          | Laszlo Zsolnai                                    |           |

## Part II The Moral Foundations of Economics

- |          |  |            |
|----------|--|------------|
| <b>3</b> | <b>Economics as if Ethics Mattered</b> .....   | <b>21</b>  |
|          | Stefano Zamagni  |            |
| <b>4</b> | <b>Teleological Reasoning in Economics</b> .....   | <b>43</b>  |
|          | Luk Bouckaert  |            |
| <b>5</b> | <b>Economic Rationality Versus Human Reason</b> .....  | <b>57</b>  |
|          | Laszlo Zsolnai   |            |
| <b>6</b> | <b>Rediscovering a Personalist Economy</b> .....   | <b>69</b>  |
|          | Hendrik Opdebeeck  |            |
| <b>7</b> | <b>Happiness and Human Flourishing</b> .....   | <b>79</b>  |
|          | Knut J. Ims  |            |
| <b>8</b> | <b>Understanding Financial Crises: The Contribution<br/>of the Philosophy of Money</b> ..... | <b>95</b>  |
|          | Antoon Vandavelde  |            |
| <b>9</b> | <b>Economics and Vulnerability: Relationships,<br/>Incentives, Meritocracy</b> .....         | <b>107</b> |
|          | Luigino Bruni  |            |



### **Part III Companies and Their Management**

<b>10 Ethics, Economics and the Corporation .....</b>	<b>131</b>
Peter Rona	
<b>11 Are Business Ethics Relevant? .....</b>	<b>163</b>
David W. Miller and Michael J. Thate	
<b>12 Economy of Mutuality .....</b>	<b>175</b>
Kevin T. Jackson	
<b>13 Economic Wisdom for Managerial Decision-Making.....</b>	<b>199</b>
Mike Thompson	

### **Part IV Economic Policy and Economic Development**

<b>14 Catholic Social Thought and Amartya Sen on Justice .....</b>	<b>215</b>
Johan Verstraeten	
<b>15 The Theological Virtue of Charity in the Economy: Reflections on “Caritas in veritate” .....</b>	<b>225</b>
Helen Alford	
<b>16 Ethics of Development in the Age of Globalization .....</b>	<b>233</b>
Zsolt Boda	
<b>17 Transdisciplinarity, Governance and the Common Good.....</b>	<b>249</b>
François Lépineux and Jean-Jacques Rosé	

### **Part V Conclusions**

<b>18 Agenda for Future Research and Action .....</b>	<b>271</b>
Peter Rona and Laszlo Zsolnai	
<b>Index.....</b>	<b>275</b>

## About the Editors

**Peter Rona** is fellow of Blackfriars Hall, University of Oxford, where he teaches courses in economics and the philosophical foundations of the social sciences. He obtained his BA degree in economic history (cum laude) from the University of Pennsylvania and his law degree from the University of Oxford (first class) in 1964. He was an associate of the Washington, D.C., law firm, Arnold & Porter, and a counsel to the US Department of Commerce before becoming the personal assistant of Lord Richardson, governor of the Bank of England. He joined the Schroder Group in 1969 as the general counsel of its operations in the USA and became the president and chief executive of the IBJ Schroder Bank & Trust Co. in 1985. In 2003, he joined the faculty of Eötvös Loránd University where he taught public international law, and in 2006, he was made an honorary professor there. His published articles include a study of the Euro and an examination of the philosophical foundations of economics.

**Laszlo Zsolnai** is professor and director of the Business Ethics Center at the Corvinus University of Budapest. He is president of the European SPES Institute in Leuven, Belgium, and co-chair of the Future Earth Finance and Economics Knowledge-Action Network in Montreal. Laszlo Zsolnai's recent books include *The Palgrave Handbook of Spirituality and Business* (2011, Houndmills, UK, New York, NY: Palgrave Macmillan), *Beyond Self: Ethical and Spiritual Dimensions of Economics* (2014, Peter Lang Academic Publishers, Oxford), *The Spiritual Dimension of Business Ethics and Sustainability Management* (2015, Springer), *Post-Materialist Business: Spiritual Value-Oriented in Renewing Management* (2015, Palgrave Macmillan), and *Ethical Leadership: Indian and European Spiritual Approaches* (2016, Palgrave Macmillan). His website is <http://laszlo-zsolnai.net>.

## About the Authors

**Helen Alford** is professor and former dean of the Faculty of Social Sciences at the Pontifical University of St. Thomas (“Angelicum”) in Rome. She originally trained as a manufacturing engineer at Cambridge University, UK, and her PhD thesis concerned human-centered technology and its potential for the humanization of work in manufacturing. She is the author with Michael Naughton of *Managing as if Faith Mattered: Christian Social Principles in the Modern Organization* (2001, University of Notre Dame Press). Her more recent book, edited with Francesco Compagnoni, is *Preaching Justice: Dominican Contributions to Social Ethics in the Twentieth Century* (2007, Dominican Publications, Dublin, 2007). Helen Alford is author of numerous articles and papers in the areas of human-centered technology, Catholic social thought, corporate social responsibility, and business.

**Zsolt Boda** holds an MA in economics and a PhD in political science. He is director of the Institute of Political Science, Hungarian Academy of Sciences, and associate professor at the Business Ethics Center, Corvinus University of Budapest. He has coedited and written books in Hungarian on corporate ethics, political theory, and environmental politics and policy. He has published several papers in academic journals and books on international ethics involving the fair trade problematic, trade and environmental issues, and the politics of global environmentalism.

**Luk Bouckaert** is emeritus professor of ethics at the Catholic University of Leuven, Belgium. He is a philosopher and an economist by training. His research and publications fall within the fields of business ethics and spirituality. In 1987, he founded with some colleagues the interdisciplinary Centre for Economics and Ethics at the Catholic University of Leuven. In 2000, he started the SPES Forum (Spirituality in Economics and Society) and in 2004 the European SPES Forum which he chaired as president until 2014. His recent publications in English include *Spirituality as a Public Good* (coedited with L. Zsolnai, 2007), *Frugality: Rebalancing Material and Spiritual Values in Economic Life* (coedited with H. Opdebeeck and L. Zsolnai,

2008), *Imagine Europe* (coedited with J. Eynikel, 2009), *Respect and Economic Democracy* (coedited with Pasquale Arena, 2010), and *The Palgrave Handbook of Spirituality and Business* (coedited with L. Zsolnai, 2011).

**Luigino Bruni** is professor at LUMSA University in Rome and serves as international coordinator of the Focolare Movement (“Economy of Communion”). His recent books include *The Wound and the Blessing: Economics, Relationships, and Happiness* (2012, New York, New City), *The Genesis and Ethos of the Market* (2012, London, Palgrave Macmillan), *In the Beginning: An Economist Reads the Book of Genesis* (2016, London, Palgrave MacMillan), and *Handbook of Research Methods and Applications in Happiness and Quality of Life* (with P. Porta, 2016, Cheltenham, Edward Elgar).

**Knut J. Ims** is professor in business ethics at the Department of Strategy and Management at the Norwegian School of Economics. He has a PhD from the School of Economics and Legal Science, Gothenburg University, Sweden. He is a member of the Business Ethics Faculty of the CEMS – Global Alliance in Management Education. His recent publications include *Business and the Greater Good: Rethinking Business Ethics in an Age of Crisis* (with L.J.T. Pedersen, 2015, Edward Elgar, Cheltenham, UK, Northampton, MA); “Product as Process – Commodities in Mechanic and Organic Ontology” in *Ecological Economics*, 110 (2015) pp. 11–14 (with Ove Jakobsen and L. Zsolnai); and “Deep Ecology and Personal Responsibility” in L. Zsolnai (Ed.): *The Spiritual Dimension of Business Ethics and Sustainability Management* (Springer, 2015).

**Kevin T. Jackson** is professor and Daniel Janssen chair at the Solvay Brussels School of Economics and Management in Brussels, Belgium. He is a scholar in international business ethics, global economic governance, and legal philosophy. His research papers have been published in *Business Ethics Quarterly*, *Journal of Business Ethics*, *Brooklyn Journal of International Law*, *Harvard Journal of Law and Public Policy*, and *Law and Philosophy*. His *Charting Global Responsibilities: Legal Philosophy and Human Rights* (University Press of America, 1994) was presented as a gift to His Holiness the Dalai Lama by the US State Department.

**François Lépineux** is professor at Rennes School of Business, France. After graduating from HEC Paris School of Management in 1990, he has carried on various research and consulting activities. He received his PhD in management science at the Conservatoire National des Arts et Métiers (CNAM) in Paris. He has coedited two books with Professor Henri-Claude de Bettignies: *Finance for a Better World: The Shift Toward Sustainability* (2009, London, Palgrave Macmillan) and *Business, Globalization and the Common Good* (2009, Oxford, Peter Lang Academic Publishers).

**David W. Miller** is director of the Princeton University Faith and Work Initiative. He also serves as president of the Avodah Institute. Before joining Princeton, his

previous appointment was at Yale University, where he served as the executive director of the Yale Center for Faith and Culture and taught at both the Divinity School and School of Management of Yale University. David Miller brings an unusual “bilingual” perspective to the corporate world and the academia. Before receiving his PhD in ethics, he spent 16 years in senior executive positions in international business and finance. He is the author of *God at Work: The History and Promise of the Faith at Work Movement* (2006, Oxford University Press). Alongside his work at Princeton, David serves as an advisor to CEOs and senior executives in matters pertaining to ethics, values, leadership, and faith at work.

**Hendrik Opdebeeck** is professor of philosophy at the University of Antwerp (Belgium) where he is affiliated with the Centre for Ethics. He studied philosophy and economics at the universities of Leuven and Ghent where he obtained a PhD with a dissertation on E.F. Schumacher. His research interest is focused on the cultural-philosophical backgrounds and effects of globalization. Opdebeeck is member of the Board of the European SPES Institute. His recent publications include “Responsibility in a Globalised Environment” *Journal of Global Responsibility* (2012, 3(1), p. 111–120), “The Wisdom of Mercy as the Foundation of Business and Peace” in L. Bouckaert and M. Chatterji (Eds.): *Business, Ethics and Peace* (2015, Emerald), and *The Point of Philosophy: An Introduction for the Human Sciences* (2015, Peter Lang, Brussels).

**Jean-Jacques Rosé** is researcher at the Norbert Elias Center, EHESS – CNRS, Marseille, France. He is a former associate professor at Paris-Sorbonne University and former CEO of ID FORCE – FCA communications consulting. He is now vice-president of the Association for the Development of Education and Research on Corporate Social Responsibility (ADERSE). He is particularly interested in the application of lexical analysis methods to business ethics, corporate social responsibility, and sustainable development literatures.

**Michael J. Thate** is research associate at the Faith and Work Initiative, Princeton University. Prior to coming to Princeton, he was a lecturer of New Testament Interpretation at Yale Divinity School. His research interests revolve around the formation and reception of discourses, particularly religious and scientific. His books include *Remembrance of Things Past?* (2013, Mohr Siebeck). For 2016 and 2017, he is a recent recipient of the Alexander von Humboldt fellowship in Germany.

**Mike Thompson** has served alongside entrepreneurs throughout his career. His business and academic career has focused on responsible leadership and corporate governance. His books are *Wise Management in Organisational Complexity* (edited with David Bevan, 2013) and *Suited Monk Leadership* (with Raf Adams, 2014). Mike Thompson is visiting professor of practice at the China Europe International Business School (CEIBS) in Shanghai and at the University of Victoria in Canada.

He serves on the boards of Good Leaders Online (GLO) and GoodBrand, the sustainable enterprise consultancy.

**Antoon Vandeveld** is professor at the Centre for Economics and Ethics and the Institute of Philosophy of Catholic University of Leuven, Belgium. He served as dean of the Institute of Philosophy between 2006 and 2013. Formerly, he was teaching at the University of Antwerp and Erasmus University of Rotterdam. He was guest professor at the universities of Tilburg and Nijmegen (the Netherlands), Bandung (Indonesia), and Stellenbosch (South Africa) and at the Université Nationale du Rwanda. He published many articles, mainly in the field of economic ethics and political philosophy, for instance, about philosophy of social security, migration policy, responsibility for future generations, altruism and the logic of the gift, liberalism, and communitarianism. His books include *Is Inheritance Legitimate?: Ethical and Economic Aspects of Wealth Transfers* (with G. Erreygers, 1997, Springer), *Gifts and Interests* (2000, Peeters), *Autonomy & Paternalism: Reflections on the Theory and Practice of Health Care* (with Th. Nys and Y. Denier, 2007, Peeters), and *Justice, Luck & Responsibility in Health Care* (with Y. Denier and C. Gastmans, 2013, Springer).

**Johan Verstraeten** is professor of social ethics at the Faculty of Theology and Religious Studies, Catholic University of Leuven (Belgium), where he is coordinator of the Research Unit Theological and Comparative Ethics. He teaches Christian social and political ethics, ethics of peace, war and international relations, business ethics, leadership, and spirituality. He was extraordinary professor of business ethics at the Tilburg University from 1995 to 1997. His recent publications include “Spirituality as Source of Inspired, Authentic and Innovative Leadership” in P. Nullens and J. Barentsen (Eds.): *Leadership, Innovation, and Spirituality* (2014, Peeters, pp. 81–97) and *Language and Silence. Towards Leadership Without Fear* (in Dutch, 2014, Averbode).

**Stefano Zamagni** graduated from Catholic University of the Sacred Heart in Milan in 1966. He received his PhD from the University of Oxford. From 1973 to 1979, he was a professor at the University of Parma. Since 1979, he has been a professor at the University of Bologna. His additional activities involved include serving as a visiting professor at Bocconi University (Milan) since 1985 and as an adjunct professor at Johns Hopkins University (Bologna Center) since 1983. Zamagni is the author of several books, including *History of Economic Thought* (1995 and 2005); *Living in the Global Society* (1997); *Non-profit as Civil Economy* (1998); *Economics: A European Text* (2002); *Multiculturalism and Identity* (2002); *Relational Complexity and Economic Behavior* (2002); *The Italian Non-profit at the Crossroad* (2002); *Civil Economy* (2004); *A Civil Economic Theory of Cooperative Firm* (2005); *Markets, Money and History: Essays in Honor of Sir John Hicks* (with R. Scazzieri and A. Sen, 2008); and *Dictionary of Civil Economy* (with L. Bruni, 2009).