

A New Framework for Ethics and Economics⁽¹⁾

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This article develops a new “ethics and economics” framework. Much of the article summarizes Amartya Sen’s critique of mainstream economics and his constructive alternative, the Capabilities approach. While Sen was awarded the Nobel Prize in economics “for his contributions to welfare economics”, his theorizing on ethics and economics is essential background to that work. After Sen’s framework is presented, I will spell out my own framework, which builds on it.

The framework in this article has six themes taken from Sen. Its foundation is an ethics-related view of motivation. Much of the framework would *not* make sense without this starting point. Sen is one of the founders of the Capabilities approach to economics. I have included two themes here in order to clarify his notion of distributive justice: 1) functionings and capabilities; and 2) social achievement. In addition to these central features, Sen also tries to incorporate three other considerations: agency; freedom; and rights.⁽²⁾ Together, these six

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- (1) This is a revised version of the first half of an Open Lecture for the Social Science Research Institute at the International Christian University delivered in September, 2014. The author wishes to thank the participants and especially Professors Takashi Kibe and Giorgio Shani for useful questions and comments. The research for this article was conducted while the author was a Research Fellow at the International Christian University, Tokyo, Japan.
 - (2) Giorgio Shani has suggested that I have insufficiently taken into account Sen’s *Development as Freedom*, where freedom becomes the end rather than a means (to wealth or some other end). To some extent it is true that, in that book, freedom becomes a sort of monolith for Sen, dragging everything else along with it. To the extent that Sen does collapse everything into

items show the considerable pluralism in Sen's approach to ethics and economics. I have added to this list three themes: "just price", ethical methodology and global achievement. Overall, I have developed an expanded framework of ethics and economics covering a total of nine themes.

The structure of the article is as follows. Section I sets out Sen's critique of mainstream economics and his framework for ethics and economics. Section II expands this framework by incorporating two themes from my earlier work (Alvey, 2011) and one entirely new theme. Section III provides some concluding remarks.

I. Sen's Framework Core

1. Ethics-Related View of Motivation

In *On Ethics and Economics* (Sen, 1987) Sen discusses five strands of the connections between ethics and economics. Nevertheless, he focusses on two main themes: "the ethics-related view of motivation" and social achievement (Sen, 1987, p. 4). This sub-section deals with the former; the next two sub-sections deal with the latter.

We should note at the outset that Sen's approach to ethical motivations is not the only one in the Capabilities school. Martha Nussbaum is much more associated with virtue ethics (which emphasizes virtues and moral character) than Sen. (Virtue ethics was implicitly a theme in the ancient Greeks. On this point, see Alvey, 2011.) In any event, the members of the Capabilities school set out to distinguish themselves from mainstream economists.

Modern economics assumes humans behave rationally. Hence, what constitutes rational behaviour is essentially the same as describing actual behaviour (Sen, 1987, p. 11). According to Sen, there are two main definitions of rationality in economics: internal consistency of choice and maximization of self-interest (Sen, 1987, p. 12). While Sen presents critiques of both, his critique of self-interest maximization is our focus (1987, pp. 12-22).

freedom, his later work is flawed. To that extent, I am following Nussbaum and the "early" Sen.

Sen says that “the assumption of purely self-interested behaviour remains the standard one in economics” (1987, p. 17 n. 12).⁽³⁾ For Sen, mainstream economics has a very “narrow characterization of human motivation,” where “ethical considerations [are] eschewed” (1987, p. 9). He has two prongs to his critique of the mainstream view: theoretical and empirical. Sen begins his theoretical critique with the ancient Greeks, notably Socrates and Aristotle (Sen, 1987, p. 2). The former raises questions about how one should live and the latter refers to the “good for man” (*Nicomachean Ethics* quoted in Sen, 1987, p. 3; see p. 2). Sen concludes that such thinkers were on the right track: “ethical deliberations cannot be totally inconsequential to actual human behaviour” (1987, p. 4). On the empirical side, he gives a number of examples showing how moral sentiments have extensive reach in explaining economic success. On the positive side, Sen refers to “duty, loyalty and goodwill” as part of the explanation for Japan’s “economic miracle” after World War II (Sen, 1987, p. 18; 1997a, p. 13). On the negative side, he refers to the corruption in Italy and the “grabbing culture” in post-Soviet Russia as having negative effects on the operation of the economy (1997a, pp. 9-10). Honesty and trust play important roles in market relations.

Two further points are worth mentioning here. First, while all human motivation cannot be reduced to self-interest (never mind reduced to money-making), Sen does not assert that all behaviour is self-less. Human motivations are complex and this richness includes ethical motivations. This is a fundamental point of departure found in Sen and other critics of mainstream economics (Alvey, 2011; see references in Sen, 1987, pp. 16-7 n.12). Second, the deviation from self-interest is not limited to “a general concern for all”; individuals may also have commitments of an intermediate level “between oneself and all” (Sen, 1987, pp. 19-20). “Actions based on group loyalty may involve... a sacrifice of purely personal interests” (Sen, 1987, p. 20). This is a segue into the theme of

(3) At times, Sen says that it is more correct to state that economists limit the self-interest assumption to “economic matters” (1987, p. 16).

agency discussed below.

Before concluding this theme, it should be noted that motivations, and the preferences associated with them, are not fixed for individuals or societies. Sen argues that solutions to some of the problems that he has identified (in the Liberal Paradox) may “lie in the evolution of preferences that respect each others’ freedom to lead the kind of life each respectively has reason to value” (2002, p. 454). He adds that “the evolution of such preferences can result from natural selection over time, but they can be helped also by conscious reflection on the nature of the problem ... , combined with the public discussion of these issues” (Sen, 2002, p. 454).

In summary, ethical motivations exist and play a role in actual human behaviour. It is on this foundation that many other parts of Sen’s work are built.

2. Functionings and Capabilities

As stated above, in *On Ethics and Economics* Sen indicates that another strand of the overlap between ethics and economics is social achievement. I argued in my earlier book (Alvey, 2011) that this concept is very dense and needed unpacking. I broke it into two parts: a) functionings and capabilities; and b) social achievement. I have retained that distinction here. Each of these themes has significant ethical information and is worth discussion for its own sake. I begin by discussing functionings and capabilities in this sub-section and social achievement in the next.

While there are various approaches to human welfare, the leading approach is based on utilitarian considerations.⁽⁴⁾ The starting point for Sen’s alternative is the concept of functionings, which he says is a development from the work of Aristotle, Adam Smith and Karl Marx. Since first sketching his ideas in 1979, this concept (and the associated capability concept) has been extensively developed by Sen and his co-authors, collaborators and followers (Sen, 1980;

(4) There are various indexes for welfare. These include opulence (absolute or relative), negative freedoms, the means of freedom, and resource holdings (Sen, 1993, p. 30; 1987, p. 55 and note).

Nussbaum, 2013; see references in Sen, 1987, p. 46 n. 16).

In articulating his view of Aristotle, Sen draws upon the writings of Nussbaum. In this Nussbaum/Sen interpretation of Aristotle, the starting point for understanding the human good, or the good life, is the function of man. Once this is clarified, one turns to consideration of human action. Functionings “can vary from the most elementary ones, such as being well-nourished, avoiding escapable morbidity and premature mortality, etc., to quite complex and sophisticated achievements, such as having self-respect, being able to take part in the life of the community, and so on” (Sen, 1992, p. 5; see 1993, p. 36-7). Unlike Aristotle and Nussbaum, who think there is just one list of human functionings, Sen argues that different societies, based on their own public discussions, will develop different lists (and weight items differently) (1993, pp. 46-7). Sen is more pluralist than others in his school, such as Nussbaum (see Nussbaum, 2013).

Sen has a rich set of human functions which underpin his understanding of human well-being. On the other hand, he does accept that, for certain types of analysis, such as “dealing with extreme poverty in developing economies,” it may be sufficient to focus on “a relatively small number of centrally important functionings,” such as “escaping avoidable morbidity and premature mortality” (Sen, 1993, p. 31; see p. 41).

We should also note that Sen argues that well-being incorporates “bonhomie and sympathy for others”: “other-regarding objectives” and “impersonal concerns” (1987, p. 89; 1993, p. 37; see 1997). Like the poverty case above, he argues that it may be useful, in certain contexts, to focus on the standard of living, which ignores “other-regarding objectives” and “impersonal concerns” (Sen 1993 p. 37). The functionings framework leaves certain questions open. Are we considering a deep or shallow set of human functionings? Do we change the assessment framework in different contexts?

Human well-being refers to living a full human life. A representation, or measure, of it must show the things that demonstrate a good life being lived. Human functioning achievements must be the focus. Possession of a certain

quantity of commodities, however, may be necessary in order to achieve human functionings. The index for human well-being is certainly neither income nor material wealth.

With this background in mind, we can now turn to capabilities. “A functioning is an achievement, whereas a capability is the ability to achieve” (Sen, 1986, p. 48). Fasting is the standard example that Sen gives to bring out his distinction between functionings and capabilities (1986, p. 49; see 1993, p. 45). Even though the person who is fasting has the *opportunity* to be well-nourished, he or she avoids consuming food (and hence lacks nourishment). This is contrasted with the situation where there are no resources for nutrition. This is starvation properly speaking. Fasting brings in considerations of choice and freedom. It is in this context that we can grasp Sen’s complete concept of the “capability to function”. Hence, “[t]he capability of a person reflects the alternative combinations of functionings the person can achieve, and from which he or she can choose one collection” (Sen, 1993, p. 31). Even if the “achieved functionings” of “the rich person fasting” is the same as the poor person starving, they “differ in their capabilities” (Sen, 1993, p. 45). Freedom is valued in this approach.

In summary, the capabilities approach is concerned with “a person’s ability to do valuable acts or reach valuable states of being”, even if they choose not to achieve them (Sen, 1993, p. 31). Sen is interested in functionings and capabilities not only from a theoretical perspective; he is an activist interested in public policy. For him, it is clear that achieving various valuable functionings may be greatly enhanced by public action and policy (Sen, 1993, p. 44).

3. Social Achievement

Once the main outlines of an understanding of human functionings and capabilities have been sketched, we have some idea of individual achievements. At this point we can also consider achievements within the larger contexts of the household and the society as a whole. Notions of distributive justice can come into play in both contexts but the main focus is the latter (Sen, 1987, pp. 32-3).⁽⁵⁾

Social achievement is an evaluation of “the good” which is broader and “more fully ethical than just efficiency” (Sen, 1987, p. 4). For Sen, it represents some benchmark of acceptable performance for the society in terms of delivery of functioning achievements.

It needs to be stressed that discontinuities can exist between functionings and capabilities on the one hand and social achievement on the other. Even if a rich notion of human flourishing applies, the standard of social success may be limited to basic functionings. Alternatively, a rich notion of human flourishing may be accepted but social success may be considered to be human flourishing for only a small proportion of the population. Sen, of course, adopts an egalitarian perspective on social achievement.

The criteria for social success must be spelt out: the breadth and depth of human functioning required. What constitutes success in terms of social achievement will vary. Is the focus only on the basic functionings? Should success incorporate all or most of the human functionings? Is an elitist or egalitarian standard to be applied (i.e. are a few or all functionings evaluated)? (In addition, means to promote functioning achievements must be investigated.)

4. Agency

If functionings, capabilities, and social achievement represent well-being in some sense, agency, freedom and rights can be viewed as things that we value which may support it, diverge from it (i.e. personal well-being), or at least complicate it. Sen gives some weight to these additional dimensions. We begin in this sub-section with the rather amorphous concept called agency and then turn, in the next two sub-sections, to freedom and rights.

In mainstream economics, an agent is often viewed as someone who acts on someone else’s behalf. Sen views an agent quite differently. For Sen, the agent is the individual but viewed from a wide perspective. He states that “An agent does things and also views actions and outcomes” (Sen, 1982b, p. 21). Agency

(5) In my book on the ancient Greeks (Alvey, 2011, p. 13) I specifically considered three tiers of analysis: the individual, the household and the city/society.

includes “valuing the various things he or she would want to happen, and the ability to form such objectives and to have them realized” (Sen, 1987, p. 59). The agent forms “goals, commitments, values, etc” and acts to fulfil them (Sen, 1987, p. 41).

In other words, agency includes the virtue of practical reason: the agent forms “goals, commitments, values, etc” and acts to fulfil them over the course of a lifetime (Sen, 1987, p. 41).⁽⁶⁾ It also includes personal responsibility for one’s own actions (Sen, 1985, p. 183).

Once again, Sen claims that he has diverged from mainstream economics. The latter would view agency as identical to well-being. For Sen, agency differs from, and is wider than, well-being. Once the assumption of exclusively self-interested motivation is dropped, we can see a divergence between agency and well-being. Agency is wider than well-being because, in Sen’s view, “[a] person may value the promotion of certain causes and the occurrence of certain things,” regardless of any impact of these developments on “his or her [personal] well-being” (1987, p. 41). In addition, agency places more weight on the person as a “doer” than in the well-being perspective (Sen, 1987, p. 59).

Agency is a very modern concept which seems to be a far cry from the ancients. Nevertheless, Aristotle placed considerable weight on the family and the household. The achievements related to these areas can be viewed as aspects of agency. Sen lists a range of subjects which may form part of agency goals: achievements for one’s family, community, class, party, or some other cause (1987, p. 43).⁽⁷⁾

As is the case with utility, agency involves “agent relative” values.⁽⁸⁾ One

(6) When we recognize and respect the person’s ability to form such goals and take action commensurate with them, we see the person through the lens of agency.

(7) Sen mentions independence of one’s country as another agency goal (1987, p. 44).

(8) Sen gives a number of agent-relative examples. For example, he says that “[i]t may be the case that parents should be specially concerned with their own children’s welfare, and this will ... entail self-evaluation relativity” (1982b, pp. 26-7). Sen defines “tie respect” as “everyone having the same aims but valuing acts directly responsive to ties”; this could be seen in the case of “everyone valuing the acts of parents helping their respective children” (1982b, p. 27).

reason for this is that “the desires, projects ... personal ties” of the agent motivate him to act “in pursuit of ends that are all his own” (Sen, 1982b, p. 23). These reasons Sen groups under the name “autonomy”. In terms of autonomy, Sen identifies a number of components, including the following two. “[A] person must have a voice on the status of her own preferences (e.g. whether... they are regrettable preferences). Second, the person must also retain the freedom to revise her preferences as and when she likes (2002, p. 617).

The second reason for “agent relative values” occurs when Sen considers rule-following or duty. He refers to the context in which individuals make claims against others, namely that they should not be maltreated in certain ways. Sen says that “What I have in mind are not the agent-neutral reasons for everyone to want it to be the case that no one is maltreated, but agent-relative reasons for each individual not to maltreat others himself, in dealings with them (e.g., by violating their rights, breaking his promises to them, etc.). These I shall collect under the ... heading of deontology” (Sen, 1982b, p. 23).

5. Freedom

Freedom plays an important role in Sen’s writings. It constitutes both another plank in Sen’s critique of mainstream economics and another matrix in his own constructive framework. For Sen, freedom is a valuable thing but complex.

First, consider its importance. We have already seen its significance for Sen in the distinction between functionings and capabilities. What we have not seen, however, is Sen’s increasing stress on freedom over the years, which is revealed by a study of his various writings (including his contributions to social choice theory). So important has freedom become to Sen in recent years that he wrote books such as *Development as Freedom* and *Rationality and Freedom*.

Tie respect means that “parents themselves should respond by taking actions benefitting their own children”; “it is not so good if the same benefits were brought about by helpful actions of strangers” (Sen, 1982b, p. 27). This involves “doer relativity” and possibly “viewer relativity” and “self-evaluation relativity” (Sen, 1982b, p. 27).

Significantly, Sen has referred to “the freedom-based capability approach” and stated that “[c]apability ... is an aspect of freedom, concentrating ... on substantive opportunities” (Sen, 2009, pp. 231, 287).

For Sen, freedom is “valued” not merely because it contributes to “achievements” such as well-being but “because of its own importance” (1987, p. 60; 1993, p. 39; 2009, p. 18). Hence, it is sensible to speak not only of well-being achievement but also well-being freedom; it is also sensible to speak of agency achievement and agency freedom (Sen, 1985; 1993, p. 35; 1987, p. 61). These categories do not make sense for mainstream economists because they assume that: 1) freedom is valuable only on instrumental grounds; and 2) “everyone’s agency is exclusively geared to the pursuit of self-interest” (Sen, 1987, p. 61; see p. 49). The monist approach of mainstream economics contrasts with the pluralism and diversity of goods found in Sen’s approach (1987, p. 62).

Indeed, freedom is so important to Sen that it is hard to find much discussion of what seems to lie at the opposite end of the spectrum: order and discipline (c.f. Sen, 1997b). Despite the importance of freedom, Sen is no libertarian. For many libertarians, the state of affairs that happens to emerge from free interactions is irrelevant. For Sen, outcomes also matter (1982a, p. 216).

Second, in the course of his writings many concepts and categories related to freedom are discussed. One of the most important distinctions is between negative and positive freedom (freedom from interference and freedom to achieve certain ends). Sen prefers the T.H. Green view of positive freedom to that of Isaiah Berlin: “We do not mean merely freedom from restraint or compulsion... When we speak of freedom as something to be so highly prized, we mean a positive power or capacity of doing or enjoying something worth doing or enjoying” (Green, 1891, Vol. III, p. 370; Berlin, 1969; see Sen, 2002, pp. 586-7). Although Sen is concerned more with positive freedom, later he claims that negative freedom is also relevant (2002, p. 587).

As we have seen above, freedom can be understood in some grand general sense but it can also be viewed as a plural concept. It turns out that there are many types or aspects of freedom; it is “an irreducibly plural concept” (2002, p.

585 see p. 658). Sen refers to, among others, personal liberty; political freedom; the process aspect of freedom; and the opportunity aspect of freedom.

At a fairly early stage in his career, Sen defined *personal liberty* as follow: “there are certain personal matters in which each person should be free to decide what should happen, and in choices over these things whatever he or she thinks is better must be taken to be better for the society as a whole, no matter what others think” (1976, p. 217).⁽⁹⁾ Such personal matters lie in what Hayek called a “protected sphere” (Hayek, 1960 cited in Sen, 1976, p. 218).

Concerning *political freedom*, Sen says that, combined with political rights, it is important on instrumental grounds and for its own sake (Sen, 2000, pp. 150-1). With regard to the former, he points out that “no substantial famine has ever occurred in any independent country with a democratic form of government and a relatively free press” (Sen, 2000, p. 152). With respect to the latter, political freedom is “a part of basic capabilities” (Sen, 2000, p. 152). The “informed and unregimented formation of our values requires openness of communication and arguments, and political freedoms and civil rights can be central for this process” (Sen, 2000, p. 152). Sen adds that it is only by guaranteeing “open, discussion, debate, criticism, and dissent” that “informed and reflected choices” emerge i.e. “new values”, including the conceptualization of economic needs (2000, p. 153).

The *process aspect of freedom* is concerned with “the procedure of free decision by the person himself” (Sen, 2002, p. 585, see p. 623). It includes “a

(9) Concerning personal freedom, Sen says there are three further aspects: power, control, and constraints imposed on others (Sen, 1982a). The first two seem similar but a key difference is that one could have great power “over decisions in certain personal spheres” but “without exercising the control oneself” (Sen, 1982a, p. 207). The third is a branch of the control view and is concerned with stopping others “from reducing a person’s control” (Sen, 1982a, p. 207). Another aspect of liberty as power which Sen thinks is important is “indirect liberty”. This arises because society cannot be organized so that each individual controls “all the levers of control over his ... personal life”. This is where the individual lacks some levers of control over his personal life but is able to rank alternative outcomes and articulate what he would have chosen if he could have chosen. Indirect liberty is when the actual outcome is the same as what the person would have chosen if the opportunity was available.

person's autonomy in the form of being able to do what she wants and her immunity from interference by others" (Sen, 2002, p. 597). Concerning the opportunity aspect of freedom, Sen says that this may include "being able to 'act' in a certain way" but it is primarily concerned with our ability to achieve: "more freedom gives us more opportunity to achieve those things we value, and have reason to value" (Sen, 2002, pp. 585, 597).

The *opportunity aspect of freedom* links back to other themes, such as functionings. Expansion of functionings, through such means as public action and policy, also enhance freedom understood as positive freedom (Sen, 1993, p. 44). For example, "freedom from hunger" or "being free from malaria" may be due to public policy enhancing the epidemiological and social environments (Sen, 1993, p. 44; 2002, p. 597).

An issue that arose in the case of agency is also relevant to freedom: the ability to revise one's preferences. Freedom of living includes the possibility of "preference revision and reform" (Sen, 2002, p. 618).

In summary, freedom is important as a means and an end in itself but it is a plural concept and complex. Once again outcomes matter. Freedom links backwards to some of the earlier themes. For example, because Sen concentrates on positive freedom, it makes sense for him to claim that "human capabilities constitute an important part of individual freedom" (1993, p. 33). Elsewhere, he says that "[c]apabilities ...are notions of freedom in the positive sense" (Sen, 1986, p. 48). Further, freedom links into the next theme because liberty and rights are interdependent and indeed, in some cases, the freedom to do something is the same as the right to do it (Sen, 2002, p. 434; 1982b, p. 11).⁽¹⁰⁾

6. Rights

Sen also sees a need to recognise rights to some degree. Once again, this forms part of his critique of mainstream economics.

Like freedom, mainstream economics sees rights as purely instrumental to

(10) The "freedom to move about without harm" is also an "elementary" right (Sen, 1982b, p. 11).

the goal of utility maximization (Sen, 1987, p. 49). Sen claims that rights may have an instrumental value but they also have importance for their own sake.

Sen claims that mainstream economics views rights as “purely legal entities” with instrumental but not intrinsic value (1987, p. 71; see p. 49). The cause is the dominance of utilitarianism in particular and welfarism in general (Sen, 1987, p. 49). Individual utilities are all that matter in welfarism. Further, the valuing of rights may conflict with the mainstream assumption in economics of universal self-interested behaviour. According to Sen, however, “[m]oral acceptance of rights ... may call for systematic departures from self-interested behaviour” (1987, p. 57). This may be due to respecting deontological constraints on self-interested behaviour (restraints “from interfering in the legitimate activities of another”) or a more wholehearted acceptance of certain rights (Sen, 1987, p. 57).⁽¹¹⁾

Sen’s view of rights is much influenced by the modern view of rights. As Sen says, “[t]he concept of universal human rights in the broad general sense of entitlements of every human being is a relatively new idea” (1998, pp. 40-3). This spirit reached a major peak in 1948 with the adoption by the United Nations of the Universal Declaration of Human Rights.

Nevertheless, modern rights tend to be robust rights. For Sen, rights tend to be contingent rather than absolute. This is a manifestation of an underlying thread of consequence sensitivity in Sen’s ethics.⁽¹²⁾ In assessing states of affairs, “the value of right fulfilment and the disvalue of right violation” would need to be taken into account (Sen, 1987, p. 73). His approach is intermediate between the narrow mainstream view of economists and the more thoroughly deontological approaches which emerged in moral philosophy in the 1970s (e.g. Rawls, 1971; Nozick, 1974).

Sen points out that human beings are interdependent and there are problems

(11) As Sen says, demands of duty can be called deontological demands (2009, p. 19).

(12) For Sen, consequentialism is the view that consequences and only consequences matter (see Sen, 2002, p. 165 n. 13). Sen says that his approach is a type of “consequence-based evaluation” (1982b, p. 30). The latter has consequentialism as a special case.

when people cannot “effectively exercise all their rights independently of each other” (2002, p. 445; see p. 446). Considerations such as this lead him to advocate a “goal rights system”. Sen defines this as “A moral system in which fulfilment and nonrealization of rights are included among the goals, incorporated in the evaluation of states of affairs, and then applied to the choice of actions through consequential links” (1982b, p. 15). He adds that such a system “permits the inclusion of rights-based considerations in the goals themselves (and thus permits its direct use in the evaluation of outcomes and consequences), but it does not deny the use of instrumental considerations as well” (Sen, 1982b, p. 16).

The rights that Sen favours are not robust rights. They are more like weak rights or contingent rights. Further, rights can be linked back to capabilities: “If all goal rights take the form of rights to certain capabilities, then a goal rights system may be conveniently called a capability rights system” (Sen, 1982b, 16).

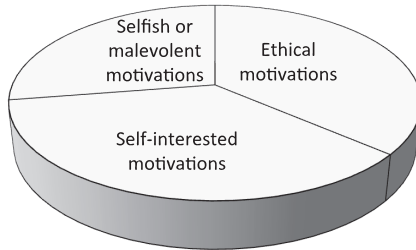
7. Conclusion

As we have seen, Sen’s approach is clearly plural. What has not been shown is that his pluralism goes further than others associated with him. For example, Nussbaum has specified a list of capabilities that should apply to all societies (2013). Sen thinks that the list of capabilities and the weightings applied to capabilities should be left for public discussion within a society.

Depicting Sen’s work diagrammatically is difficult but any representation of it would need to include at least the following frameworks: ethical motivations; functionings and capabilities; freedom; agency; rights; and social achievement. As stated earlier, ethical motivations are the basic foundation of the whole metaframework. In what follows, I depict Sen’s metaframework of ethics and economics in three tiers.

Diagram 1

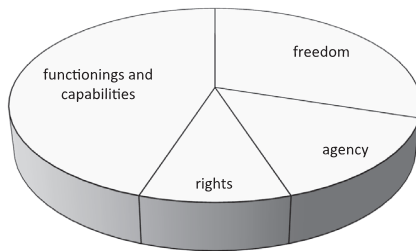
Simplified Version of Tier 1 in Sen’s Metaframework: Ethical Motivations



The first tier of Sen’s metaframework (see Diagram 1) refers to the motivations of individuals. Although it is not explicit in Sen’s work, we can distinguish between several broad categories of motivations: “the ethics-related view of motivations,” self-interested motivations, and malevolent motivations.

Diagram 2

Simplified Version of Tier 2 in Sen’s Metaframework



In the second tier of Sen’s metaframework there are a diverse range of considerations. In some works Sen emphasizes one item and in other works he focusses on another. As shown in Diagram 2, Sen incorporates functionings/capabilities, as well as freedom, rights, and human agency. Even though the functionings/capabilities framework itself is inherently a plural one, by admitting the relevance of other things, Sen multiplies this plurality. This tier of the metaframework is dominated by functionings and capabilities. Note also the large contribution of freedom (as shown in the diagram).

Diagram 3

Simplified Version of Tier 3 in Sen's Metaframework: Social Achievement



social achievement

Social achievement may be considered as the top tier of Sen's metaframework (see Diagram 3). In *On Ethics and Economics* the concept refers to distributive justice with respect to capabilities. It may be better to refer to social achievement as a mosaic representing how society as a whole is doing in the light of the achievements, freedoms, and rights of various individuals within the society. As there are many individuals to be considered, and multiple types of evaluation, we would expect to see a sort of patchwork, as show above. A set of ethical judgments is implicit here. Consider the choice of items evaluated and the weighting given to the items. In addition, ethical judgments are required concerning the proportion of the population required for success in the evaluation of any item.

II. The Expanded Framework

In this section, I present my expanded framework for ethics and economics. In addition to the six themes from Sen's metaframework presented above, I have added two themes that were included in my book (Alvey, 2011) and one entirely new theme (global achievement).

1. Ethical Methodology

There are two traditions in economics: the ethical tradition and engineering. In modern economics the engineering tradition is dominant. This makes heavy use of mathematics, which is indifferent to ethical ends. An ethical methodology

has two characteristics. First, a “moral science” adopts a method which is consistent with moral or human concerns, distinct from the natural sciences. The engineering approach seems to fit better with the natural rather than the moral science methodology. Second, a “moral science” is concerned that the study contribute to moral ends.

2. Just Price

The next theme is a notion of a “just price.” The ancient Greeks were among the first to investigate notions of market justice, notably in the just price doctrine. Such doctrines continued through the Scholastics and others for one and a half millennia. Even though the position of the Scholastics was in decline by the time of the Scottish Enlightenment, we need to keep in mind that economists may have developed a view, at least implicitly, in the just price tradition even during (and after) the time of the founding of modern economics by Adam Smith.

3. Global Achievement

Globalization and concern for global issues has a much longer history than is often acknowledged. In light of the vast literature on globalization and points raised by Sen (and others), it is important to also consider achievement on a global basis (see Sen, 2009). Issues of ethical evaluation arise here, just as they did for social achievement.

III. Conclusion

In this article I have proposed a new, expanded framework for ethics and economics, which builds on the work of Sen and my earlier book on the ancient Greeks. The framework has nine themes: an ethics-related view of motivation; functionings and capabilities; agency; freedom; rights; “just price”; an ethical methodology; social achievement; and global achievement.

The expanded framework embodies pluralism and complexity. It can be used in various ways, including the evaluation of social states, policies, and

ideas. I intend to use this expanded framework in the near future to evaluate a major thinker in the history of economic thought: Adam Smith.

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A New Framework for Ethics and Economics

<Summary>

James E. Alvey

This article is devoted to developing a new “ethics and economics” framework. Much of the article consists of a summary of Amartya Sen’s critique of mainstream economics and his constructive alternative. Second, I will spell out my own framework, which expands on that of Sen’s.

The framework in this article has six themes taken from Sen. Its foundation is an ethics-related view of motivation. Much of the framework would *not* make sense without this starting point. Sen is one of the founders of the Capability approach to economics. I have included two themes here in order to clarify his notion of distributive justice: 1) functionings and capabilities; and 2) social achievement. In addition to these central features, Sen also tries to incorporate three other considerations: agency; freedom; and rights. Together, these six items show the considerable pluralism in Sen’s approach to ethics and economics.

I have added to this list two themes from my book (Alvey, 2011): “just price” and ethical methodology. Finally, I have added an entirely new theme: global achievement. Overall, I have developed an expanded framework of ethics and economics covering a total of nine themes.

The expanded framework embodies pluralism and complexity. It can be used in various ways, including the evaluation of social states, policies, and ideas. I intend to use this expanded framework in the near future to evaluate a major thinker in the history of economic thought: Adam Smith.