

# A New Framework for Ethics and Economics

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## ABSTRACT

This paper is devoted to developing a new “ethics and economics” framework. Much of the paper 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 builds on Sen’s framework.

Elements of this framework were developed in an earlier article on Sen and in my book on ethics and economics in the ancient Greeks (Alvey 2005; Alvey 2011). Nevertheless, this paper represents a considerable revision and expansion of the framework developed in my book. Like that earlier work, the framework for this paper draws heavily on Sen’s writings but it represents an attempt to capture more of the pluralism and complexity in Sen’s vision of the interplay between ethics and economics.

Building on Sen, I have in mind a number of characteristics for an “ethical science,” including ethical means and ends. In my earlier book I had five themes that constituted the framework for the study. Three of the themes came out of the work of Sen: an ethics-related view of motivation; functionings and capabilities; and social achievement. These, along with three additional Sen-related themes (agency, freedom, and rights), will be discussed below. The other two themes from my book were “just price” and ethical methodology. Overall, I have expanded the framework in this paper to eight themes.

**Keywords:** Amartya Sen; ethics and economics; functionings; capabilities; social achievement.

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## **1. INTRODUCTION**

This paper is devoted to developing a new “ethics and economics” framework. Much of the paper consists of a summary of Amartya Sen’s critique of mainstream economics and his constructive alternative, the capabilities approach. After this is done, I will spell out my own framework, which builds on the work of Sen.

Elements of this framework were developed in an earlier article on Sen and in my book on ethics and economics in the ancient Greeks (Alvey 2005; Alvey 2011). Nevertheless, this paper represents a considerable revision and expansion of the framework developed in my book. Like that earlier work, the framework for this paper draws heavily on Sen’s writings but it represents an attempt to capture more of the pluralism and complexity in Sen’s vision of the interplay between ethics and economics.

Building on Sen, I have in mind a number of characteristics for an “ethical science,” including ethical means and ends. In my earlier book (Alvey 2011) I had five themes that constituted the framework for the study. Three of the themes came out of the work of Sen: an ethics-related view of motivation; functionings and capabilities; and social achievement. These, along with three additional Sen-related themes (agency, freedom, and rights), will be discussed below. The other two themes from my book were “just price” and ethical methodology. Overall, I have expended the framework in this paper to eight themes.

The structure of the paper is as follows. Section 2 sets out Sen’s critique of mainstream economics and his framework for ethics and economics. Section 3 expands this framework by incorporating two themes from my earlier work (Alvey 2011). Section 4 provides some concluding remarks.

## **2. SEN’S FRAMEWORK CORE**

### **a) 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 with which he is associated. 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 economics.

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).

Sen says that “the assumption of purely self-interested behaviour remains the standard one in economics” (1987, p. 17 n. 12).<sup>2</sup> 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; 1997b, p. 13). On the negative side, he refers to the corruption in Italy and the “grabbing culture” in post-Soviet Russia have negative effects on the operation of the economy (1997b, pp. 9-10). Honesty and trust play important roles in market relations.

Two further points are worth mentioning at this point. First, while all human motivation cannot be reduced to self-interest (never mind reduced to money-making, as many economists do), 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 clearly a segway into the theme of 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.

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<sup>2</sup> At times, Sen says that it is more correct to state that economists limit the self-interest assumption to “economic matters” (1987, p. 16).

## **b) 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 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.<sup>3</sup> 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; 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). When we evaluate various thinkers, therefore, we will have to see whether they have a deep or shallow set of human functionings and whether they change the assessment framework in different contexts.

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<sup>3</sup> 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).

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 not income or 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).

### **c) 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).<sup>4</sup> 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.

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<sup>4</sup> 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.

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 capabilities? Is an elitist or egalitarian standard to be applied (i.e. are a few or all evaluated)? (In addition, means to promote functioning achievements must be investigated.)

#### **d) 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 1982a, p. 21). Agency 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). The latter is also part of agency; it includes responsibility for one's own actions (Sen 1985, p. 183). 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.

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).<sup>5</sup>

As is the case with utility, agency involves "agent relative" values.<sup>6</sup> One reason for this is that "the desires, projects ... personal ties" of the agent motivate him to act "in pursuit of

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<sup>5</sup> Sen mentions independence of one's country as another agency goal (1987, p. 44).

<sup>6</sup> 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" (1982a, 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

ends that are all his own” (Sen 1982a, 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 1982a, p. 23).

### e) 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*. 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 1997a). Despite the importance of freedom, Sen is no libertarian. For many libertarians, the state of affairs that

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respective children” (1982a, p. 27). 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 1982a, p. 27). This involves “doer relativity” and possibly “viewer relativity” and “self-evaluation relativity” (Sen 1982a, p. 27).

happens to emerge from free interactions is irrelevant. For Sen, outcomes also matter (1982b, 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 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).<sup>7</sup> 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 it contributes to economic opportunities and has a value in itself (Sen n.d.) “For example, political freedom gives voice to the vulnerable sections of the population and provides them with the power to demand and receive protective support in times of ... crisis. The fact that no famine has ever taken place in a country that is democratic and has multi-party politics and a free media, is merely illustrative of this connection.” (Sen n.d.)

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 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).

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<sup>7</sup> Concerning personal freedom, Sen says there are three further aspects: power, control, and constraints imposed on others (Sen 1982b). 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 1982b, p. 207). The third is a branch of the control view and is concerned with stopping others “from reducing a person’s control” (Sen 1982b, 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.



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; 1982a, p. 11).<sup>8</sup>

## **f) 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 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 is of universal self-interested behaviour. According to Sen, [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).<sup>9</sup>

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 its peak in 1948 with the adoption by the United Nations of the Universal Declaration of Human Rights.

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<sup>8</sup> The “freedom to move about without harm” is also an “elementary” right (Sen 1982a, p. 11).

<sup>9</sup> As Sen says, demands of duty can be called deontological demands (2009, p. 19).

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.<sup>10</sup> 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 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". This Sen defines 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" (1982a, 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 1982a, 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 1982a, 16).

## **g) 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: capabilities, freedom, agency, and rights. In addition, a wider view of human motivation is assumed than is standard in economics: ethical motivations are admitted. Indeed, 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.

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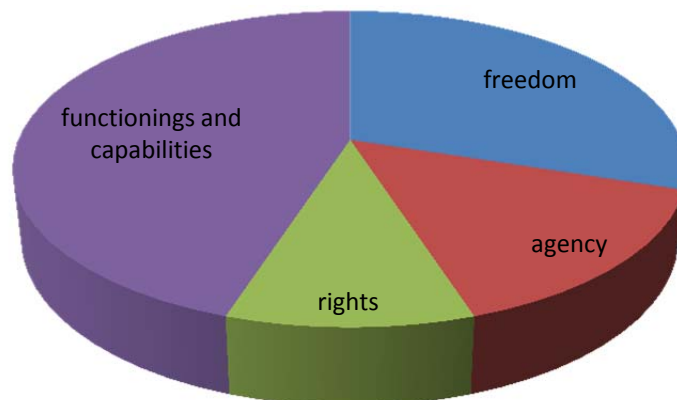
<sup>10</sup> For Sen, consequentialism is the view that consequences and only consequences matter (see Sen 2002, p. 165 n. 13). Sen says that his approach is a type of "consequence-based evaluation" (1982a, p. 30). The latter has consequentialism as a special case.

**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 above, Sen primarily adopts the functionings/capabilities framework but modifies this with things such as freedom, rights, and human agency. Even though the functionings/capabilities framework 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).



Social achievement may be considered as the top tier of Sen's metaframework (see Diagram 3 above). In *On Ethics and Economics* the concept refers to distributive justice. 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.

### **3. 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 Alvey 2011.

#### **a) 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.

**b) Just Price**

The final 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.

**4. CONCLUSION**

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

The framework embodies pluralism and complexity. It can be used in the evaluation of various thinkers in the history of economic thought. I intend to use it in the near future in evaluating Adam Smith.

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