

THE EFFECTS OF CHANGING WESTERN
WORLDVIEWS ON MORALS AND ETHICS
IN ECONOMICS: A PROTESTANT
PERSPECTIVE

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Nerusha Appalraju

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“God’s unfailing love for us is an objective fact affirmed over and over in the scriptures. It is true whether we believe it or not. Our doubts do not destroy God’s love, nor does our faith create it. It originates in the very nature of God, who is love, and it flows to us through our union with His beloved Son, Jesus Christ” - Jerry Bridges

I would like to give thanks to my Lord and Saviour Jesus Christ; it was only by His complete and everlasting love and by His strength, wisdom and fellowship that I was able to complete this thesis.

I would also like to thank my supervisor Dr Doreen Bekker for her contribution and Professor Geoff Antrobus for his support as co-supervisor.

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Nerusha Appalraju

ABSTRACT

The World Economics Association held an online conference in 2012 where they published many papers on ethics in economics. The topic of ethics in economics became more serious and popular following the 2008 financial crisis. However the case for a professional code of ethics in economics is difficult to introduce and implement due to the multidisciplinary approach of the discipline. Therefore authors such as Dow (2012), De Martino (2012), Freeman (2012) and Earl (2012) urged economists to start thinking about ethics in economics from a pluralistic view.

This thesis studied the effects of changing Western worldviews on morals and ethics in economics from a Protestant perspective. Numerous authoritative sources were considered and used to create a discussion and analysis of how diverse Western worldviews impact on the type of economics which is prescribed and practiced. It was found that different Western worldviews create various standards of understanding and evaluation, which result in varying opinions on what constitutes as morally or ethically acceptable within the discipline of economics.

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Chapter 1

The context of the research and method used

The World Economics Association published an online series of papers (2012) dealing with the subject of ethics in economics. It seems that the aftermath of the 2008 financial crises re-alerted some economists to the issue of ethics, or possibly the lack thereof in economics. In the series, authors like Baldisonne (2012), Dow (2012), De Martino (2012), Radford (2012) and Ulrich (2008) urged economists to start thinking about ethics in economics. As Radford (2012:1) put it 'It is time to address the question of professional ethics in economics head on'.

Dow (2012:1) uses the metaphor of the economist as doctor and the economy as patient to explain the severity of the financial and economic crisis of 2007. Dow (2012:1) suggested that the patient was still suffering from the side-effects as a result of the fatal illness that it incurred, but asked to what extent the doctor should be held responsible? Radford (2012:1) proposed that economists should become more rule-abiding like doctors are in the medical profession. Radford (2012:1) used medicine's famous injunction of 'first: do no harm', in stressing the need for economists to consider the importance of ethical considerations with regard to the teaching of economics as well as the discipline of economics in general. However, Broome (2000:1) was of the opinion that even when ethical considerations with regard to some economic decisions are made, it still often results in conflicts of interest which can sometimes make the injunction of 'first do no harm' difficult in economics.

Ethics in economics is the application of a system of moral principles to the discipline. The recognised rules of conduct that pertain to a specific class of human actions, to a culture or a group are also defined as ethics. When reference is made to ethics in economics what is meant are the principles that underpin the economic theories, such as 'rational man' (rationality), the 'invisible hand' and 'self-interest' (Hodgson, 1998:168; Herfeld, 2012: 74; Sen, 2010: 5; Sharma, 2007: 3; Van Staveren, 2007: 22). The concern is not only with the principle in relation to its economic relevance, but also the wider moral motivations and the institutions which are required to support the principle that is embedded in the economic theory.

The root of the ethical problem seems to be the same root of many of the problems in the discipline. The multifaceted study of economics, which includes everything from the Classical economists to heterodox economists, makes addressing the issue of ethics and developing a

code of ethics a very difficult task (Freeman, 2012:1; Birks, 2012:38; Baldisonne, 2012:10). The different schools of thought that exist within the study of economics breed economists that teach, publish, advise and represent along the lines of their chosen body of knowledge. The varying and sometimes contrasting economic ideologies that exist can make it very difficult for economists to agree on some of the very basic principles within the discipline. Authors like De Martino (2012:49), Birks (2012:38), Harrison (2012:7-14), Baldisonne (2012: 56-59), Freeman (2012: 1) and Ulrich (2008:6-8) agree that the differing views of, for example, heterodox and neoliberal economists concerning ethics, is one of the main arguments as to why a code of ethics cannot exist.

Cramp (1982:1) therefore suggested that a consideration of the Western worldview¹ could assist in explaining the relevance of and addressing the state of morals and ethics in economics as a discipline². An historical analysis of the Western worldview, its development and the progression in relation to its impact on economics also becomes important and necessary in order to investigate the state of morals within the discipline. The type of economics which is practiced or taught takes place in a cultural setting. The cultural setting is important as it would impact on the thoughts and decisions of individuals who are living in that setting. Individuals will use a cultural setting to derive a framework and a set of beliefs about the world. This framework helps to understand man's economic place. Therefore the culture of the West will assist in understanding some of the economic actions and decisions of an individual impacted by various worldview progressions.

The historical formations and process of the Western worldview helps in understanding the culture of the west, however it will also help to understand how individuals' view key concepts within economics (Note, 2013:82). Furthermore, the historical development of the Western worldview (for example from theism to deism) assists in understanding why various schools of thought exist within economics. The chronological explanations of the progression of worldviews will also highlight how different opinions on what constitutes as moral and ethical exist and how these are included or not included in the approach to economics.

¹ Societies which are based on the worldview developed in Western Europe; a worldview can be described as a collection of values and beliefs about life, which is usually common to individuals. It informs individuals on how to act, behave and feel about the world that they live in. Chapter 2 is an analysis on the formation of the Western Worldview.

²Hereafter 'economics as a discipline' will be referred to as economics

According to Hare (2010:1), religion and morality have been closely intertwined since the beginning of Western thought, suggesting that religion and morality have been inseparable until very recently, and that a moral vocabulary can be deeply rooted in history. Therefore, religion becomes an important concept in the analysis of morals and ethics within economics. As pointed out by de Waal (2010), ‘It is impossible to know what morality would look like without religion, we would have to visit a community that is not now or never was religious’.

Bloom (2012: 184), de Waal (2010: 1) and Smith (2005:28) are of the opinion that religion plays an important role in the formation of morals and values amongst individuals. Religions use holy texts and proclamations of authority figures to make explicit moral claims which the followers of the religion accept as the truth. The followers would accept the moral claims because the source is trusted and is accepted on faith (Bloom, 2012: 184). de Waal (2010:1) and Smith (2005: 29) stressed the need for communities to have a moral code or a cultural set of rules and values, and also agree that religion is key in creating fundamental moral principles and values, some of which are passed down from generation to generation or gained through participation in religious institutions.

Sharma (2007:3) proposed that the impact of religious institutions, religious beliefs and the analysis of certain economic schools of thought are important factors in the understanding of the formation and existence of moral principles, values and ethics in economics. According to Hawkins (2010:1) the study of economics is a “soft science” and when theories do not have perfectly clear definitions with parallel ideologies they tend to evolve over time. “They are a bit like religion, where for example Lutheran, Episcopalian, Protestant, and Catholic all are variations of Christianity” (Hawkins, 2010:1).

Therefore it would seem that it is necessary to investigate the impact of the institution of religion and more specifically the dominant religion in the West, Christianity and specifically Protestant views; this is to determine the impact that Church doctrine and biblical scripture had on economic thought and on the formation of economics. There are fundamental differences between the Roman Catholic denomination and the Protestant denomination. Some of the fundamental differences include the view on ‘sola scripture’, the Protestant denomination view the Bible as the only source of revelation to Christian believers. The Roman Catholic views reject the doctrine on ‘sola scripture’; they do not believe the Bible alone is sufficient. They believe that the Bible and Roman Catholic tradition are equally important for the believer. Therefore the Roman Catholic beliefs of purgatory, the acknowledgement of the saints and

worship of Mary create big differences between Protestantism and Catholicism. For this reason the breadth of the inquiry was deliberately narrowed and only the Protestant view was chosen to be discussed in this thesis. Therefore, the further suggestion that ethical standards and principles which are inherited through religious practices and religious institutions declined as the western world (mostly in the northern, central and eastern parts of Europe) became more secular, is also an important consideration. In other words, the possible effects of the worldview progression on the underlying moral and ethical principles of economics, also needs to be subjected to scrutiny.

The title is accordingly: The effects of changing Western worldviews on morals and ethics in economics: A Protestant perspective.

The main goal of the thesis is to establish the effects of changing Western worldviews on morals and ethics in economics from a protestant perspective.

The following sub-goals will contribute to the main goal:

- How Protestantism has influenced morals and ethics underlying economic thought.
- To examine the extent to which moral principles underlying economic theory have been included or lost as the development of the Western moral and ethical worldview changed.

This thesis takes the form of an extended literature study which to some extent is interdisciplinary in nature. The main focus, however, remains the analysis of certain aspects of economics. The approach to the research is post-positivist. A descriptive study of the formation, development and progression of the Western worldview assists in categorising the various shifts in economic schools of thought. Furthermore an historical analysis of the progression of the Western worldview (for example from theism to deism, deism to naturalism, naturalism to atheism/agnosticism) also assists in determining the state of morals and ethics in economics at various time periods. More specifically, in order to address the main goal of the research the following will be done.

Firstly, the formation process of a worldview will be explained in chapter 2 in order to understand how a worldview is developed. Explaining the formation process of a worldview is necessary as it assists analysing the changes in the Western worldview and its effect on morals and ethics in economics. The formation process (see section 2.2 and figure 1.1) that is

developed in this thesis consists of four stages. Stage one to three explains the various levels of development involved in the formation process of a worldview (see section 2.2.1-2.2.3). The fourth and final stage introduces a framework of six elements (see section 2.3) which are dependent on and developed from the first three stages of the process. The six elements in the final stage are developed in order to determine and analyse the changes that might have occurred from one worldview shift to another.

Thereafter, chapters 3 through to 5 focus on the progression of the Western worldviews. Cramp (1982:2) used a framework of Western worldviews to explain how the view of economics would be influenced by the change from a Christian perspective to other progressed views. His framework was used as a base to help create a chronological framework (figure 1.1). The framework should be viewed as a timeline which assists in the explanation of how one worldview progressed to the next (also referred to as a worldview shift). Events such as the enlightenment era and progressions of culture and history changed some peoples' individual experiences of the world (Cramp, 1982:2). As a result, such events throughout history have changed the way in which individuals were able to view the world (Note, 2013). These changes are referred to as the progression from one worldview to another and this progression can also be referred to as a shift in worldviews.

As the Western worldview progressed, more types of worldviews (theism, deism, naturalism, nihilism, existentialism, pluralism) were added to those faced by individuals. However, even though the number of possible Western worldviews increased as the experience of the world changed, some individuals' worldviews were not altered as a result of their experience of the world being altered (some people remained theist, even though deism had become more common). Therefore the purpose of figure 1.1 is to provide a framework to visually develop the line of argument through the worldview progressions. The framework serves as a map to explain how the following chapters will be discussed. Furthermore the framework indicates that various worldviews are linked and associated with different approaches of economics.

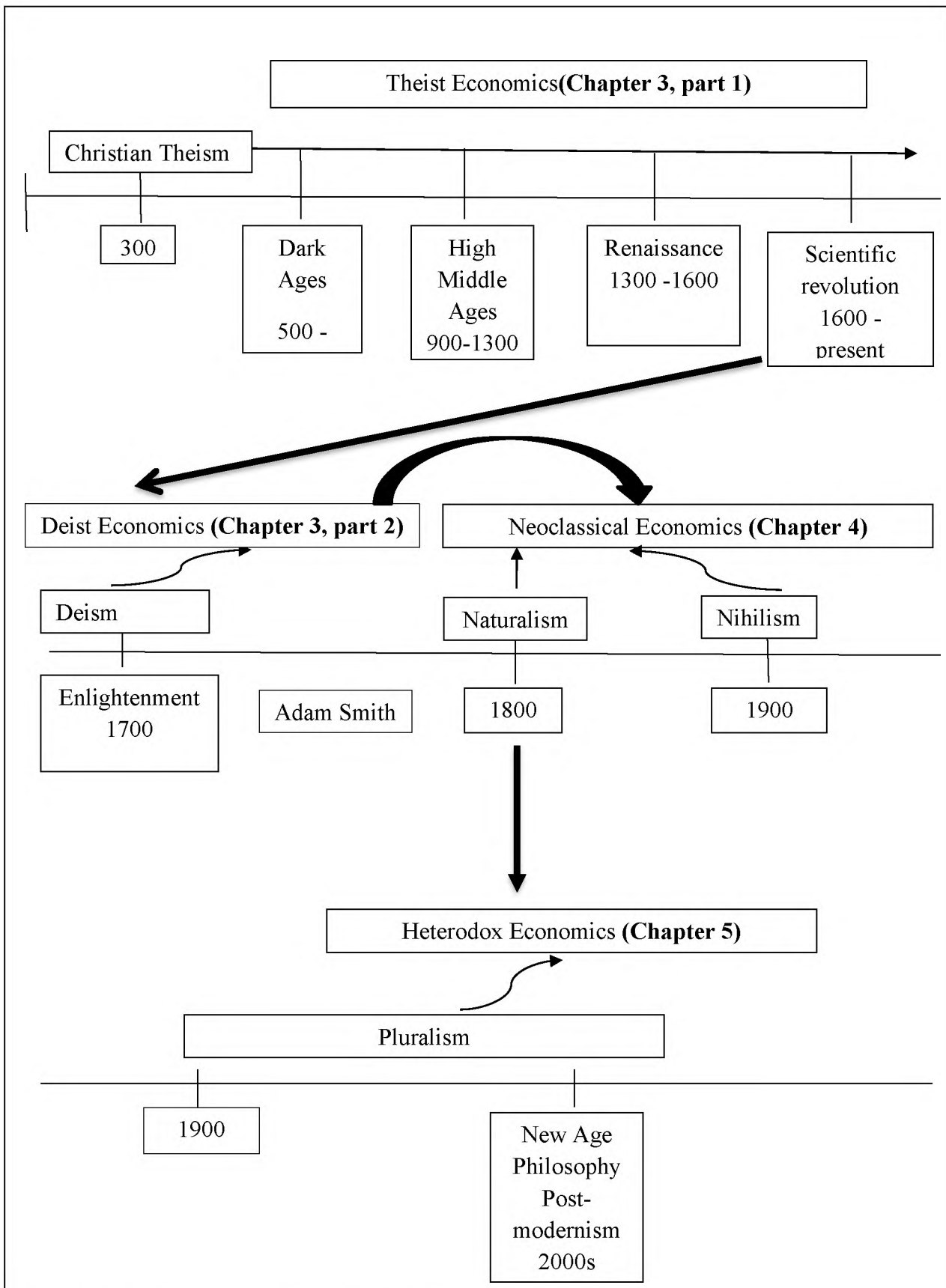


Figure 1.1 Overview and the progression of worldviews

Chapter 3 discusses the first theme from the timeline and consists of two parts. The first part focuses on the influence of Protestant Christianity on economics (1600 AD). Biblical scripture and authoritative commentary on biblical scripture are used to create a discussion on the views of the Old and New Testament on economic thinking and behaviour that will assist in the analysis of how/whether Christian moral principles and values form/formed part of the ethical framework and decision making in the discipline (Nigosian, 2007; Tardo, 2013:1).

The second part of chapter 3 introduces the first worldview shift according to the chronological timeline from theism to deism (1600-1700). In this part the impact of the enlightenment era on the worldview of deism is discussed. The second part of Chapter 3 also focuses on the work of Adam Smith (1759; 1776) and on his philosophical opinion with regard to commercial society, a higher power and on value judgements such as liberty, justice and prosperity (Fleischacker, 2011:24; Sen, 2010; Smith, 2005:18; Whitham, 2010:167).

As the timeline progresses, more worldviews are added. Only the approaches of economics which relate to these various worldviews are examined. Each of the worldview progressions are linked with a category of economics. Chapter 4 considers how the influence of deism (1600-1700), naturalism (1700-1800), nihilism and existentialism (1900s) impacted on economic thought. These worldviews are combined to explain how each of these worldviews had an influence on neoclassical economics. The main aim of chapter 4 is to examine the Western worldviews that best describe the neoclassical economics approach. Wilber's (2013) analysis on 'Ethics in neoclassical theory' assists in the discussion on the morals and ethics which are included in this approach.

Finally, an historical analysis of the progression of the Western worldview leads to a focus on heterodox economics. The theme of pluralism is used to explain the worldview that is associated with the heterodox approach. Several categories of pluralistic philosophy are examined in order to introduce three approaches to heterodox economics namely, feminist, religious and green economics. These approaches of heterodox economics were selected as examples which are centred on being morally responsible. Thereafter an examination of heterodox economics is done to reveal how the approach attempts to include morals and ethics into the discipline of economics. Therefore figure 1.1 depicts the chronological framework of the thesis and as such could be viewed as a map to develop the line of argument through the chapters.

Chapter 2

The formation of a worldview

According to Alfred Marshall (1920:12) “Economics is study of man in the everyday business of life”. The ‘everyday business of life’ would have to take place in a cultural setting which impacts on the type of goals that are pursued and the techniques which are appropriate for that pursuit (Cramp, 1982:1). Using a cultural background, economic agents and analysts are able to derive a framework for understanding a set of presuppositions about the world and (economic) man’s place in it. In order to have an understanding of the economic actions and analytical discussions of that activity, an understanding of the progression of culture and its worldviews is required, as it plays an important role in shaping the experiences and interpretations of individuals.

A culture is by nature an historical process (Cramp, 1982:1). The culture of a particular society is rooted in the underlying interpretations of what is called a ‘worldview’. Explaining the historical process and formation of a worldview assists in understanding the development of culture (Note, 2013:82). The historical development of a worldview and the shift from one particular worldview to another (for example theism to deism) is key in understanding the fundamental progressions of economic schools of thought and the evolving theories that exist in the discipline. Furthermore, understanding culture through an explanation of the historical development of a worldview will highlight the different influences which impacted on how morals and ethics were formed in a society.

2.1 What is a worldview?

Note (2013:83) describes a worldview as a set of bodies of knowledge. This set allows individuals to construct a global image of the world; it also enables individuals to understand as many elements of their experiences as possible. A worldview can also be described as a map that individuals use to orient and explain themselves. From this map they are able to act and put forward prognoses and visions of the future (Note, 2013:83). According to Cramp (1982:1), a worldview can be referred to as a world and life view and is said to be universal in two senses. Firstly, that everyone has a view of the world and is in a sense a ‘philosopher’ In other words each individual has a frame of reference which is used when confronted with

ethical issues by virtue of being alive. Secondly, the frame of reference can also be used by people to interpret all their experiences.

Van der Walt (2002: 1) defines a worldview as an individual's perspective on created reality. Explained further it is an indication of an individual's place in the world, where an opportunity exists to fulfil a cultural task, the direction of which is provided by the laws of something or by someone who the individual regards as an absolute authority in life. A standard to evaluate proper behaviour is therefore required, having a worldview acts as that standard. This enables an individual to know, or decipher what is right and what is considered as wrong, and the knowledge of what is right and what is wrong creates a moral framework.

A worldview is usually made up of various elements that contribute to the formation of that worldview. The elements can also be described as sources of information which assist in an ordering process to form a worldview (Van der Walt, 2002). These elements such as the concept of god, the view on being human and others are a result of the categorization stage (stage 3) within the formation process explained in section 2.2. The elements are ordered and each element reflects and explains the dominant thought pattern (for example theism) throughout the process (Clarke and Day, 2009). The formation process of a worldview is particularly important in explaining how a worldview is brought into existence. However it is important to note that the explanation of how worldviews come into existence may vary according to studies that have been undertaken, some of which will be discussed.

2.2 The formation process of a worldview

Much has been written about the formation of worldviews. Olsen *et al* (1992) consider the formation of worldviews to be one that is strongly associated with an individual's belief or belief system. According to Olsen *et al.* (1992: 13) a belief system is an aspect of life which holds true regardless of any evidence that tries to disprove the belief. Therefore the principles contained in the belief system play an important role in the formation of an individual's worldview. Van der Walt (2002) is somewhat similar to that of Olsen *et al.* (1992) with regard to a belief system. However, Van der Walt (2002) concentrates on how beliefs within the Christian worldview have changed; he looks specifically at how the understanding of Christianity has evolved in both the Western and African worldviews throughout history.

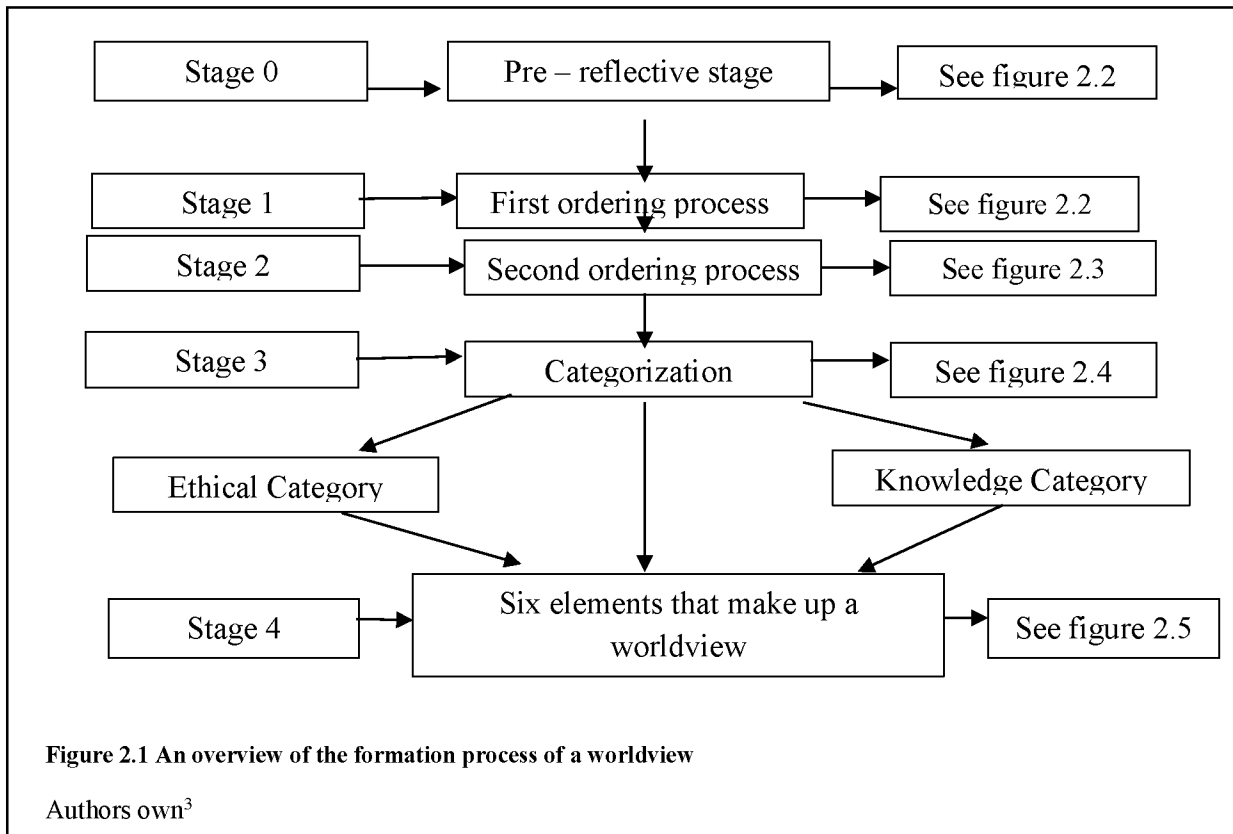
Heylighen (2000:457) describes the worldview formation process using an approach that relies on a specific framework which places emphasis on the elements of a worldview, where each of the elements act upon each other in the forming and conceiving of a worldview. When referring to the elements, what is meant are concepts such as ‘importance of religion’, ‘language’ and ‘tradition’.

Evitts *et al.* (2010:1) suggests that interconnectivity or relationships are a central principle in the formation of a worldview. Relationships and interconnectivity are described as the essence of the living world. According to Evitts *et al.* (2010:1) a worldview is further described as being central to what the world is, how the world has been shaped over time and how individuals are able to live within the world.

Note (2013:84) on the other hand introduced the concept of an ordering process, in which there are two stages (stage 1 and stage 2). Thereafter, a process of categorization (stage 3) of the processes involved in the two stages of ordering occurs. The process of categorization assists in building ethical and knowledge categories, which are important as they help to build the necessary elements (stage 4), that the worldview is based on.

The formation process of a worldview can be explained and analysed in a number of ways; each study can focus on and consist of different methods. The method that is chosen is sometimes done in order to focus on a specific aspect within a worldview. For example, a researcher might choose to use a method that investigates how religion influences ethical and moral constructs amongst individuals. Therefore the researcher could construct a formation process which relies on how religion impacts on the ethical and moral categories within the worldview.

The framework chosen to explain the formation process of a worldview in this study draws on Note’s (2013:84-92) analysis from the pre-reflective stage through to the formation of the ethical and knowledge categories. These two categories then form the base of the final stage of the process, which draws on the work of Van der Walt (2002) and his use of a set of elements in the analysis of specific worldviews. In the final stage (stage 4), the formation process explains how the views contained in a set of foundational elements are able to change and how the process of change within these elements contribute to shifts in individuals ‘worldview (from theism to deism). A visual representation of the framework is depicted here to assist in the explanation of each individual stage in the formation process.



Source: Authors own (2016) based on Note (2013) and Van der Walt (2002)

2.2.1 Stage 1: First – ordering process

The first stage is called the first-ordering process. The aim is to make reality more comprehensible. According to Note (2013:84) the processing at this stage makes use of conceptualisations, and is not a conscious process. It is done at the pre-reflective level (see figure 2.2). This stage occurs from experiences of the outside-world before any conceptual notions take place, and is built on what people have feared, questioned, experienced and loved. The implicit, pre-reflective categories are usually different for each culture and are largely dependent on time and place which form the basis of experience (Note, 2013:84). The first-ordering process (stage 1) determines the starting point from which the understanding of the world is built on. The initial view of the world stemming from individual experiences of the outside world sets a foundational view; from this stage more categories (ethical and knowledge) can be deduced.

³ Authors own: Everything is the candidate’s work except where otherwise referenced. The figure was created by the author, information was adapted from the other authors referenced.

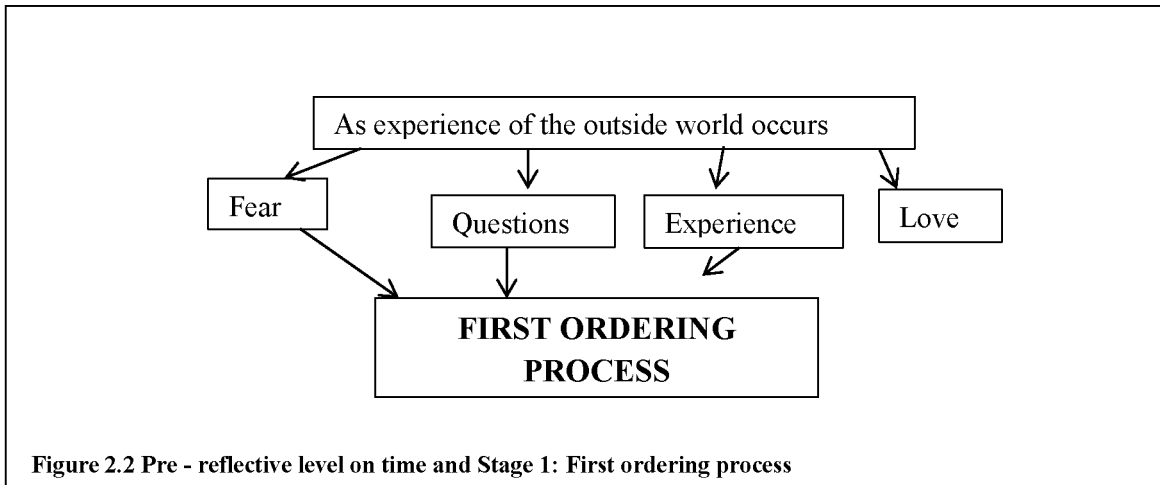
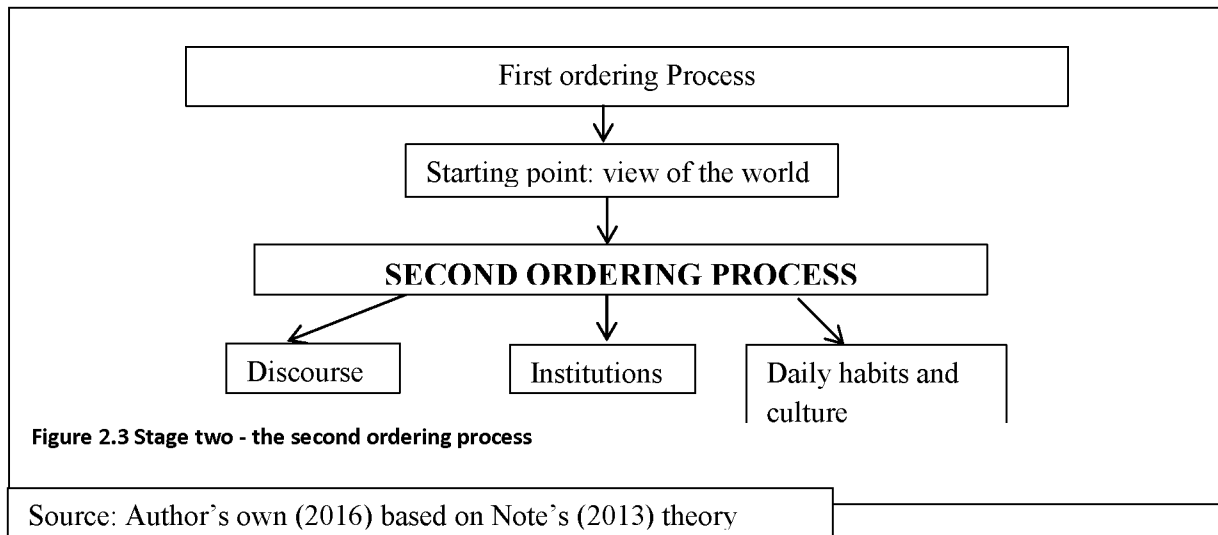


Figure 2.2 Pre - reflective level on time and Stage 1: First ordering process

Source: Author's own (2016) based on Note (2013) and Van der Walt (2002)

2.2.2 Stage 2: second ordering process

The first ordering process is fundamental for any culture. Following the first ordering process, a model, sketch map or a frame can be deduced which assists in understanding the surrounding phenomena. The second ordering process defines the cultural realm, it helps to understand surrounding phenomena (Note, 2013). The difference between the first-ordering categories and the second ordering categories are not always clear. The first ordering process results in the starting viewpoint of the world. The second ordering process builds on from the starting point; this stage is where the conscious order processing occurs. The starting point or the initial view of the world is the basis for the sketch map or frame to be built. The second-ordering process manifests in at least three ways. Firstly, the initial view of the world can be densely ramified through language, such as discourse, philosophical writings, oral traditions, moral sagas or fairy tales. Secondly, institutional structures of a society are largely dependent on the process (such as the church and the government) and thirdly, this process then becomes manifest in daily habits or specialised cultural events (see fig 2.3).



2.2.3 Stage 3: Categorization – the ethical and knowledge category

The end of the second stage leads to a stage of categorization, which is the third stage in the worldview formation process. This stage of categorization is based on the discourse, institutions, daily habits and culture which influence decision making and the way of life for an individual. The third stage results in the development of two categories; the ethical category and the knowledge category (Note, 2013).

2.2.3.1 The ethical category

The ethical category assists in orienting an individual in terms of the expected moral behaviour. A fundamental question which is at the basis of human existence is what kind of life should an individual live. A worldview assists in orienting people and provides understanding of who they are and who they want to be (Note, 2013:86).

Ethical aspects of life, the world and what is acceptable have always been an important factor in human development, holding a worldview which is ethically acceptable appeals to most individual players within the workings of the world (Clarke and Day, 2009). Note (2013:86) goes further to explain that the worth of an individuals' life will always be measured by the ethical aspects of a worldview, and that the identity of an individual will be intrinsically interwoven with these ethical aspects. Therefore the role of discourse, institutions and culture would have a big part to play in the formation of the ethical category (see figures 2.2 and 2.4). An example of this can be explained; a Christian believer could rely on the Bible, the church and Christian culture in the formation of a Christian ethical category. Hence the Christian

believer lives their life according to their constructed Christian ethical category (Clarke and Day, 2009; Note, 2013).

2.2.3.2 The knowledge category

Elements under the knowledge category also influence the way in which individuals orient themselves and the way in which visions about the world are created. It is believed that the acquisition of the knowledge category will lead to a better understanding and control of the world where greater insight of the world is experienced, and individuals will be able to counter the undesirable effects of other human beings (Note, 2013:87). However, only a part of reality can be comprehended, and it is believed that what is seen corresponds to external reality.

According to Note (2013:90) ‘looking’ is what makes sense, and making sense of something can be seen as ‘ordering’. Making sense and ‘ordering’ is viewed as being able to interpret the world and occurrences within the world, but also bearing in mind that it is impossible to have a complete overview of all aspects of reality (Note, 2013:90-91). It is therefore suggested by Note (2013:91) that reality is indeterminate, that the result of reality is not predictable. One reason for this is that an individual is interwoven in a reality that they themselves perceive; therefore a change in the participation of the individual can result in a change to the perceived reality.

In addition, the knowledge and ethical categories can be intertwined and are directly dependent on each other (see figure 2.4). However, it can be argued that as the knowledge category becomes more developed (the acquiring of more and more knowledge through life experience and studious undertaking) it can contribute directly to changes in the ethical category. The knowledge and ethical category together are responsible for the formation of the specific elements (see section 2.3) which contribute to the completion of this worldview process (see figure 2.4 and 2.5).

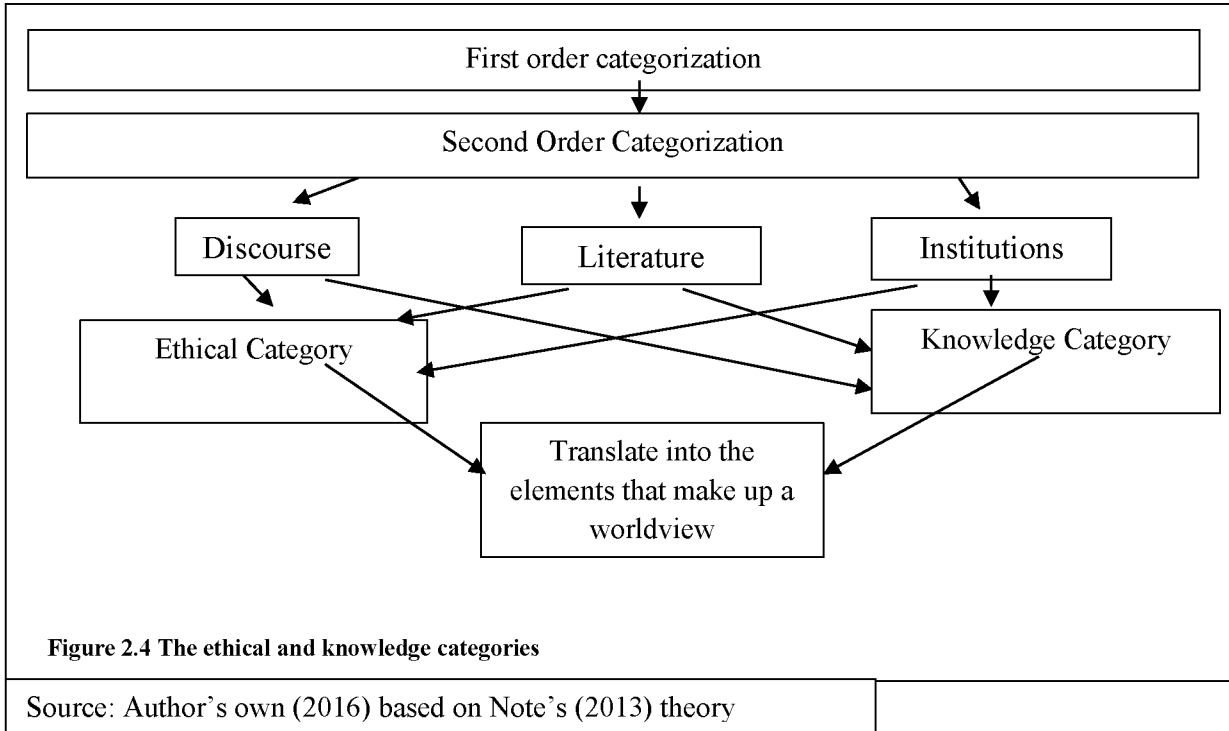


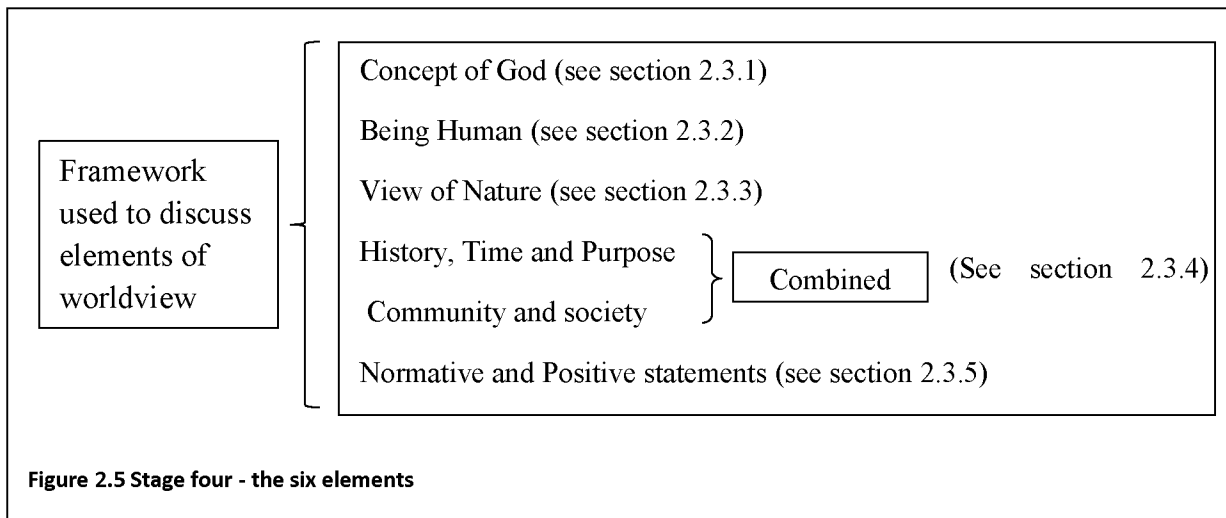
Figure 2.4 The ethical and knowledge categories

Source: Author's own (2016) based on Note's (2013) theory

2.3 Elements of a worldview

According to Van der Walt (2002:23) a worldview consists of at least six elements or components which have an influence on the type of development that a culture would achieve. The fourth stage of the formation process of a worldview incorporates Van der Walt's (2002) study on the elements of a worldview. This is the final stage of the formation process (figure 2.5). The various elements at this stage work together in defining the worldview; the function of the elements describes the type of worldview that is held by an individual. The categories of elements used in the study of worldviews may vary according to researcher or author.

Most of the elements used here are elements used by Van der Walt (2002) in his own studies. Another reason as to why these elements were chosen is that they were thought to be most useful and beneficial to illustrate and explain the progression of the Western worldview and its impact on economics as a discipline. The six elements that will be discussed are: the concept of God, a view on being human, the view of nature, the view on community or society, the view of time and history and lastly normative and positive statements.



Source: Author's own (2016) based on Van der Walt (2002) and Cramp (1982)

2.3.1 The concept of God

One of the ways in which the concept of God in relation to the Western worldview can best be understood is through the progression of worldviews. The concept of God will now be discussed according to the various Western worldviews.

2.3.1.1 *The theist view of God*

The Western worldview in the 1500's and in the years prior to the 16th century was predominantly theistic. Theism meant that God was viewed as an important factor in the creation of the world and all that was in it. God was viewed as the creator and 'sustainer' of the universe, therefore the role that God played was necessary in the workings of the world. A theistic belief meant that the concept of God was the acceptable and dominant view held by individuals at the time (Cramp, 1982: 3).

According to Cramp (1982:3) in the progression of the Western worldview (and the resultant progression of economic thought), the concept and role of God as the Supreme Being then changed. This happened largely because of the first and second ordering processes of individuals changing (see figures 2.2 and 2.3). As this happened, both the ethical and knowledge categories changed (see figure 2.4). For example, within the ethical category the understanding of rationality and self-expressionism conformed to the sentiments that influenced the altering worldview (Note, 2013:86). In the progression from a view that is largely theist to one that was deist (or for example from deism to naturalism), the underlying sub-categories of the worldview were also altered.

2.3.1.2 *The deist view of God*

The shift from a theistic worldview resulted in the shift from theism to deism. Both theism and deism acknowledge the concept of God. Deism also incorporated the concept of God to the extent to which God is acknowledged as the creator of the world or universe. However, God was no longer acknowledged as the Supreme Being necessary in the workings of the world. In other words; the world is able to sustain itself through the various actors (e.g. economic, rational man). This view was explained using the example of God being the clockmaker and individuals as the clockwork. Deism expresses the idea that God (the clockmaker) made the clockwork, however the clockwork once created does not require the clockmaker to function (to run the world through time control) (Hefelbower, 1920).

It was during the change from theism to deism and subsequently to other worldviews such as naturalism, nihilism, atheism and agnosticism that the concept of God changed. Indeed, in some worldviews God does not exist at all. Cramp (1982:2) described the progression of the Western worldview with specific reference to how Christianity had been viewed. A further major shift in the Western worldview with respect to ‘the concept of God’ (embodied in theism and deism) came from a change to the worldview of naturalism.

2.3.1.3 *The naturalist view of God*

The worldview of naturalism is explained in section 2.3.3 dealing with the element of “the view of nature”. However, the worldview of naturalism defines the law of nature as the ‘guiding hand’ or supremacy in the world. Naturalism can also be defined as nature being the only reality, which can be discovered through experience, reasoning and science (Laudan, 1990). Therefore the concept of God in naturalism believes that the world and universe is guided by the law of nature or natural occurrences and not by a supreme God or deity.

2.3.1.3 *The Nihilist view of God*

Nihilism and the concept of God can be explained through the definition of the word. ‘*nihil*’ is Latin which means ‘nothing’ or ‘not anything’. When ‘*ism*’ is added to ‘*nihil*’ (‘nihilism’), it means the belief in nothing or the disregard and rejection of the objective truth, social conventions or moral meanings (Nihilism, 2013:1). Nihilism is associated with a view that opposes religious authorities as well as being in opposition to traditional values. The nihilism movement of the 1960s was a youth movement (Russia, America) that no longer believed in the ideals of their elders. Religious authority and religious beliefs associated with previous generations were considered to be unnecessary. It was an attempt to reinvent and develop views on personal development, social and political beliefs that were different or contrary to those

expressed in the past (Cline, 2012:1). Nihilism as a philosophy can be described as a sceptical look at absolute concepts. The concept of God was challenged as being an illusion (a concept that could not be proven or did not exist) and these illusions according to the nihilism movement, had to be denied (Cline, 2012:1).

2.3.1.4 The Pluralist view of God

The worldview that incorporates pluralism as the main theme would consider and accept a variety of views with regard to the concept of God; pluralism uses multiple approaches and methods in the interpretation of a concept (Merrigan, 1997:687-688). Therefore a pluralistic worldview would consider different and various themes, religious beliefs and a mind-set that does not conform to a single philosophy and view (Dow, 2012:1). Pluralism in relation to the concept of God could mean the opposite of a monotheist view. It can also be described as an incorporation of multiple religious views. The same view of pluralism in relation to the concept of God or religion exists in the discipline of economics as well. The pluralist approach to economics is best associated with the heterodox approach to economics, which is an umbrella term used to describe a variety of schools, approaches and traditions to the study of economics and the economic behaviour of individuals (Freeman, 2012:1; De Martino, 2012:1).

2.3.2 Being human

A worldview acts as a map, guiding and orienting individuals in their thought processes (how to process and categorise information), their actions (how to act on that information) and their experiences (specifically how to interpret personal individual experiences) (Cramp, 1982:1). Therefore an opinion on what constitutes being human and the importance or role of being human will vary according to the specific worldview that an individual holds. Clarke and Day (2009) suggest that a worldview explains the nature of a human being as well as the interconnected relationships of human beings. According to Note (2013:87-88), it is within this element of understanding what it means to ‘be human’ that individuals are able to orient themselves, and answer questions such as “who am I” and “what do I want to become”.

The explanation of being human according to the nihilist view is an interesting one and it brought a new perspective of what this meant. The nihilist sought to provide insight on what it meant to be human by removing the traditional influence that was attached from other worldviews. The thought pattern associated with nihilism was to establish and introduce a new way of being human, one that relied on the development of the individual and reliance on ‘self’,

separate from ‘God’ or principles inherited from generations past. The nihilist movement in Europe and America, best explains the conscious movement from other worldviews which relied on inherited traditional, religious, social, political, moral norms and values (Cline, 2012:1). The youth movement in the 1960s sought to create a personal development structure that was fundamentally different to what was traditionally acceptable. The intention of the individuals involved in the movement, to no longer believe in the ideals of their elders, reveals that there was a change in the view of what constituted being human (Nihilism, 2013:1; Cline 2012:1).

The element of being human in a worldview means that individuals use their own view of the world to understand what their role is. As previously mentioned each worldview is unique to an individual. As the individual adopts a worldview which assists them in their ‘way of life’, they begin to interpret and understand their own concept of reality (Note, 2013:88). Reality can be defined as ‘the state or quality of having existence or substance’. Therefore, reality in a sense could be interpreted as ‘having an existence’, and existing as human can be interpreted as being human.

In the progression from theism to deism and then to other worldviews such as naturalism, nihilism and pluralism, the view of reality associated with being human began to incorporate the idea of rationality (Cramp, 1982:1). The view of reality associated with being human meant that illusions associated with religion and a way of life were challenged. This meant that rationality and reality became concepts which were interpreted as self-reliance and autonomy. Rationality as described by Savant (2010:1) is the natural result of free thinking and a brain that strives to maintain its freedom from being manipulated by concepts such as supernatural causation or revealed knowledge.

According to Note (2013:88) a popular Western worldview of being human meant that an individual relied on their own efforts. The notion of self-reliance and autonomy⁴ is related to the view of rationality and the Western world considers working hard as the best way in order to be successful and achieve success. Therefore it is within this context of rationality that individuals are able to understand themselves. Note’s analysis in relation to ‘being human’ is relevant here because her research was done at a time when the Western world had already experienced various shifts in opinions and views. The view of being human that Note

⁴ Autonomy which is referred to in the text means independence, self-rule or self-sufficiency.

(2013;88-89) discusses contrasts with the view of being human that was discussed earlier in theism where self-reliance and a view of reality were more mindful of and based on the concept of God. The view of reliance according to the theist meant relying on God and the belief was that living according to the word of God brought success in all areas of the life of the believer. The believer did not only rely on working hard, but their faith in God produced favourable results which rational thinking could not explain. Therefore the believer gave up their own autonomy to receive this favour and assistance from God. Note's (2013) analysis on the Western worldview of rationality revealed a contrast to the theist meaning of reliance on God. The current Western world view of self – reliance and autonomy which only came from the individual were seen to be the key concept leading to self-sufficiency and success. The views from the theist perspective and Note's analysis reveal a difference in the understanding of reliance and success, this example shows how differing opinions relating to one concept can create a shift in worldviews to occur.

2.3.3 View of nature

The 'view of nature' (the element) is not the same as the worldview of 'naturalism', although some could confuse the two terms. Each individual can have a view of nature; this is different from being a 'naturalist'. Nature usually refers to the world in its physical form. The word natural is usually defined as something that has not been modified by human actions. However, if 'ism' is added to the word 'natural', the meaning and context change. Naturalism refers to a worldview that an individual can possess. Naturalism is the belief that nature is all that there is and is generally unmodified by anything other than itself (Laudan, 1990).

Therefore naturalism as a worldview holds that 'nothing that is not part of the natural world affects it'. It is the denial of supernatural events, forces or entities (Copp, 2002). The dominant view within the worldview of naturalism is that the 'laws of nature' allow for actions, a way of life and events within the world to take place (Cramp, 1982:4). It is also important to note that the worldview of natural sciences did not develop from the worldview of naturalism, although they both developed at the same time (Cramp, 1982:5). The 'view of nature' (the element) can also be one that is heavily associated with scientific abstractions and theories. For example the evolutionary theory of Darwin, the enlightenment era and the theory of the big bang are also closely associated with and can influence the view of nature as an element of a worldview. The view of nature in all of these events is central to how the world is viewed, Darwin's view of

nature and 'created man' influenced his worldview, likewise if the big bang is viewed as an explanation of how the world was created then the view of the world would stem from this belief.

Darwin's evolutionary theory challenged religious perspectives which claimed that the creation of human beings occurred, was dependent on and resulted from a Supreme Being or a God that 'created man'. The idea that 'man is created in the image of God' or God is responsible for the creation is one of the big challenges of religion and Christianity for Darwin (Darwin, 1859: 158-159). Darwin (1859) suggested that human beings evolved from previous forms of creation. His theory is often associated with a scientific, natural and evolutionary theory which is often in conflict with 'illusions' associated with a more religious or spiritual theory.

Other theories such as the Big Bang and the enlightenment era have also provided scientific explanations and solutions which challenged the need for an 'illusionary' figure or belief that could not be proven. This element is important, as an individual's view of nature will reveal their position on the concept of God. If an individual views nature as an element which created itself is self-sufficient and reliant on nothing but itself, then this view of nature in some cases influences an individual's worldview. For example, God as sovereign categorizes an individual as theistic, God as just the clockmaker categorizes an individual as deist, and God as nature would categorize an individual as a naturalist. Therefore the view of nature (as an element), also has the ability to significantly impact the worldview of individuals.

2.3.4 History: time and purpose and community and society

An understanding of the nature of history varies according to the worldview held. History incorporates the topic of time and purpose. Different worldviews understand or grasp the nature of history based on the various presuppositions contained in them (Clarke and Day, 2009). A worldview can be described as built-up knowledge that has been gathered throughout history (over time), and which is reflected in the experiences of one generation to the next (Van der Walt, 2010:34). However, there are times when ideas are borrowed from other cultures or are forced thoughts about reality imposed by other cultures. Note (2013:90) is of the opinion that what does or does not constitute as objective reality, impacts on how history is portrayed in the different worldviews that individuals possess. What actually reflects as reality is what most worldviews try to answer; quite interestingly the answers vary according to different doctrines contained in various worldviews.

The different cultures around the world all have their own specific ways of ordering reality through the first and second ordering processes (see figure 2.4). According to Van der Walt (2002:1) the worldview of an individual within a society is usually influenced and shaped by the 'membership' that the individual holds in that society. 'Membership' referred to here is the individual's participation, involvement or sense of belonging in a society. As layers of experience accrue to that individual, their worldview can either be strengthened or weakened and then possibly challenged (Cramp, 1982; Clarke and Day, 2009). Therefore the impact and influence of historical events and the concept of time and purpose directly affects how an individual chooses to order their experiences. Their view of the world is either changed by this or remains the same.

The effect of an historical event has the ability to alter the concept of time, space and culture which in turn can alter the purpose and lifestyle of individuals. When the lifestyle or purpose of an individual changes the likely affect can alter the membership the individual possesses in a community or society (Olsen et al, 1992:1). Historical events such as wars also have the ability to alter the worldview of groups of individuals, such as a community or society. This can happen as the result of displacement during the aftermath of a war, or through terrorist and genocide attacks like the extermination of the Jews and various other hideous crimes against humanity. Therefore, it is within the element of history, that communities and societies exist.

Changing views throughout history have the ability to shape how communities and societies are formed. An example of this would be the post-Apartheid South Africa. The newly democratic state (historical event) not only caused the restructuring of the South African economy, but it also created new communities and societies which were built around it. This historical event contributed to a change in the worldview of many South Africans and was based on a free and equitable state. The change in the worldview, contributed to the change in the inherent culture of communities and societies governed by the South African government.

The progression or shift in the view of the world and its relationship with historical events together with intellectual theories challenge historical thought. These progressions in worldviews and theories contribute to a shift in the thought patterns, ordering processes of individuals and in the way they categorise information. Therefore, as the concept of what constitutes reality changes, the views of the world and of life might also change. The concept of history in a worldview is dependent on past events, which has the ability to change

perceptions and presuppositions of individuals in the present, and which allows for the shift or progression of a worldview in the future (Boumans and Davis. 2010:1).

2.3.5 Normative and positive statements

The final element that will be discussed in relation to the formation of a worldview is that of normative and positive statements. The normative refers to what ought to or should be done, and according to Hands (2009:18) the normative (ethics and other) are included in economic theorizing. The positive, involves statements that are more objective in nature, and are centred on a positive philosophy of science which views science as objective and value-free. Boumans and Davis (2010) are of the opinion that the standard (orthodox) view amongst economists is that economics is a positive, value-free science which has no place for value-judgements. Therefore, the intention is to investigate how positive statements became the dominant view in economics as a discipline. The question to ask is whether disciplines such as economics had in fact conformed to the dominant worldview associated with a positivist view (Hart, 2013:1).

It can be argued that a positivist opinion was accepted through the enlightenment era as well as during the advancements in science and technology. Science and innovation started to prove that human invention could create a certain self-sufficiency, individuals could be in control of their lives (Boumans and Davis, 2010). The view of: “if it can be proven then it must be correct” as well as the fast paced technological inventions created a sense of security in manmade produce and goods (Robbins, 1935). Therefore, the need to rely on a higher force or view which focused on ‘what ought to be done’, one which interfered with the “value-free decisions” of gain, quickly became a choice and not a necessity for individuals. This created a sense that humans could be in full control of their environments and their resultant fates. At this time reasoning and science started to replace the authority associated with religion, and marked the beginning of a positivist’s regime (Marcum, 2003).

On the other hand, normative statements which usually contain the words ‘should’ and ‘ought’ produces a conscious thought amongst individuals, one which is very much associated with codes of ethics (and religious texts) which invite or encourage individuals to be more mindful of certain aspects in their decision making processes (Hutchinson, 1964:18). Normative statements are often contrary to positivist statements. Positivist statements place less emphasis on what ought to be done, thereby creating opportunities for individuals to make decisions on matters which can be proven and based on objective reality (Robbins, 1932, 1935; Friedman,

1953). The distinction between normative and positive statements, allows for disciplines such as economics to rely more on the positivist approach (Friedman, 1953:4).

According to Beggs (2015:1) it can also be argued that a positive approach to economics is to test something without the consequence of a decision which is determined from a personally held view. The positive approach to economics is usually tested through a scientific method, thereafter the normative view can be weighed against the positive results. A normative view can be related to the positive outcome or results, however the normative will incorporate opinions and underlying morals of the individuals making the statements (Beggs, 2015:1). Therefore, the positive approach to economics is used to produce fact that can be tested, but the normative can also be used to make recommendations to support the results or facts.

Hutchinson (1964) argues that economics exists in order to provide policy advice, and that policy advice cannot be void of value judgements associated with economic problems. However according to Hart (2013) some individuals are of the opinion that economics should only exist as a positive science and any room for a normative discussion or any influence that other disciplines provide distract from the positive approach that it should take. Therefore, it seems that the discussion of normative and positive statements and the role that it plays in economics is dependent on the worldview which is held by the individual.

2.3.6 Summary of the six elements

The six elements that were discussed (Concept of God, being human, view of nature, view of history and culture and society, and normative and positive statements) give an insight into the kind of category considerations which would make up the ethical and knowledge categories contained in a worldview. The elements that were explained here are ones that would best describe the progression process of the Western worldview with specific reference to the changing morals and ethics in economics as a discipline. Each progression from one worldview to another would have experienced changes in one or more of these six elements. As the elements change, this causes the ethical and knowledge categories to change, having a resultant effect on the second and first ordering processes, and therefore the pre-reflective could also be altered.

2.4 Conclusion

There are a variety of formation processes which explain a worldview. The formation process explained here is used in order to understand the underlying thought patterns which were included in the approach to economics. The development of a worldview reveals the various ways in which morals and ethics are perceived, included or not included in economics. Furthermore, the progression from one worldview to another reveals the varied perception of what is morally or ethically acceptable.

The formation process of a worldview indicates that varied opinions can exist, it also indicated the importance that a worldview can have on the thought patterns and behaviour of an individual. Furthermore, specific elements which make up a worldview are personal to the individual and in most cases are built from the pre-reflective and first order processing stages. Explaining the formation process of a worldview also assists in differentiating between the themes of the following chapters, and assists in understanding how different worldviews lead to different approaches of economics being practiced and accepted.

Chapter 3

Theism, deism and Adam Smith

This chapter consists of two parts. The first part of the chapter examines the relationship between the worldview of Christian theism and economics. The second part introduces the worldview shift from theism to deism (1600-1700 AD). The philosophical work of Adam Smith is also introduced and discussed within the worldview shift. Adam Smith published his work during the time that the Western worldview experienced a shift in the thought patterns of individuals (theism to deism). Therefore, it is relevant to discuss the work of Adam Smith with reference to this worldview shift.

The aim of the first part of the chapter is to analyse the influence that the Christian faith had on economic thinking and behaviour. Christianity as a religion provides scriptural references and instructions on every aspect of the social and personal life of an individual. Both the Old and New Testament of the Holy Bible provide scriptural references as to how individuals of the Christian⁵ faith should administer their finances and steward themselves towards the economy and others. The chapter firstly examines the Old Testament scripture relating to finances, it looks at the scriptures in the Old Testament that comment on stewardship principles and the other necessary personality traits that lead to good economic practice. Thereafter the New Testament teachings of Jesus Christ will be examined, specifically the teaching of Jesus' parables in relation to economics.

The second part of the chapter begins by introducing the worldview progression from theism to deism. An explanation of deism and the traditional deist view on economics assists in understanding the difference between the view of theism and deism. The first Western worldview progression helps to understand that large or small variances in thought patterns can contribute to changes in how an individual views the world. Adam Smith as an economist and philosopher is discussed to explore whether the change from theism to deism had an impact on his worldview; the intention is to try to understand more of Adam Smith's view and to discover whether the economics that he prescribed was inclusive of moral and ethical constructs.

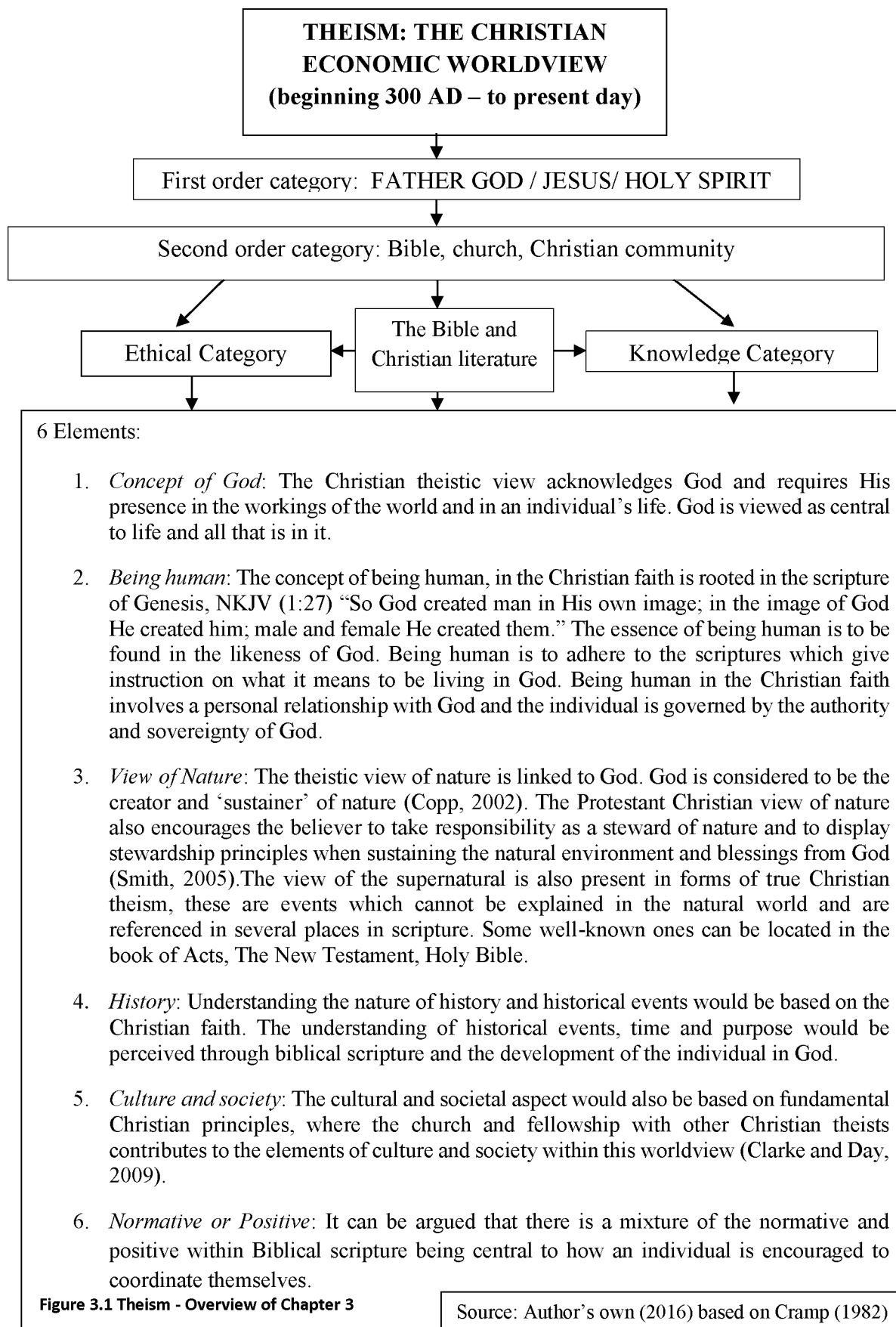
In Chapter 2 (figure 2.1), an overview of the formation process of a worldview is introduced; the figure (2.1) was used to construct a framework (see figure 3.1) explaining the Christian

⁵ Thereafter where 'Christianity' is mentioned it refers to Protestant Christianity

Protestant theistic worldview. This framework (figure 3.1) was used as a base in order to understand part one of this chapter (3). It explains how the first and second ordering processes and the ethical and knowledge categories are built up from the Christian Protestant perspective.

The framework (figure 3.1) begins with the first ordering process and is built on the trinity (Father God, Jesus and Holy Spirit) within Christianity, explaining that the foundation of this worldview framework is based on Christian theism. The second ordering process carries on from the first, stemming from the belief in the trinity. This stage typically uses the Bible, the church and the Christian community to inform and build up the ethical and knowledge category. Therefore, the ethical decisions that a Christian makes originate from the ethical category, which are also based and dependent on the knowledge category and both categories (stage 3) rely on the second ordering process (The Bible, church and Christian community).

The ethical and knowledge category are also important for the six elements of the worldview analysis, as all of the elements would be impacted by the stages in the worldview formation process which precede the final stage (stage 4). For example, the view on being human (element 2) according to the theist would be based on scriptures based in the Bible: man is made in the image of God (Genesis 1:27, NKJV). This framework (figure 3.1) should assist the reader in understanding the thought (The Holy Bible, the Church) behind a Protestant Christian view of good economic decisions and behaviour.



Authors own: Everything is the candidate’s work except where otherwise referenced.

3.1 Theism: The Christian Protestant perspective

Religion can be described as a way of life, where the believer of a certain faith is influenced by the ideas, commentary, scriptures and commandments which are contained in and form part of the religion. Participation in any kind of religion is believed to influence the worldview and resultant thought pattern of the individual who participates in that religion (Feuerbach, 2008). Christianity is one such religion that has one of the largest followings in the world today. There are many denominations of the Christian faith; however, there are three primary divisions under which most of the other variations of Christianity can be classified. These three primary divisions are known as Roman Catholicism, Eastern Orthodoxy and Protestantism. Within these primary divisions various opinions and beliefs concerning Christianity exist which explains the various churches that exist and are classified under these divisions (Nigosian, 2000). Therefore, it would make sense that the view of a certain form of Christian denomination might differ from others, for this reason only one of the primary divisions of Christianity - Protestantism - has been chosen as the main focus of the study and chapter, therefore the influence of Protestant Christianity on morals and ethics in economics (Nigosian, 2007).

The relationship between economics and Protestant Christianity can be understood through the concept of 'stewardship'. Within a worldview that is focused on theism or has a theme that is very theistic in nature, God is believed to be sovereign over everything that encompasses the earth, the heavens, the universe and everything in it (Smith, 2005). God is seen and believed to be the mastermind behind the workings of the world; it is a belief that rests entirely on faith in God. Therefore, there is a belief in God, and the perception of God as being personal, present and active in the governance and organisation of the world and universe (Note, 2013:83).

Stewardship of the household, of individual possessions or being a good steward towards others was seen as the main economic activity of Protestant Christianity or Christian economics. Therefore, the main moral and ethical considerations which might have been inherited through the belief of Christianity would come from the extended belief structure and way of life of being a Protestant Christian (Smith, 2005). The main theme when examining how much of the Protestant Christian morals and ethics have influenced economic thought and behaviour would be to understand the Sovereignty of God in the Protestant religion.

3.1.1 The sovereignty of God

The sovereignty of God is key in explaining Christian morals and ethics within the discipline of economics. When referring to the sovereignty of God, what is meant is that God is revered and respected above oneself and any other individual. God is viewed as sovereign in everything, all aspects of the human life. Therefore, economic activity and economics as a discipline would be centred on the main theme, which is the reliance and belief in God. It is within this key concept that the theme of stewardship can be explained, in that the sovereign God is viewed as having absolute ownership over all property (Eissfelt, 1965). All property belongs to God, and God delegates to individuals the responsibility of acting as good stewards of this property. Being a good steward did not only apply to property, but the stewardship of an individuals' money, stewardship of the household, the church as well as being a steward to others (charitable deeds) and economic activities that include morals and ethics (Smith, 2005:32). These morals and ethics have been and can be drawn from biblical scripture and from living a Christian way of life.

3.1.2 The obedience to God

Understanding the sovereignty of God, leads to another concept which is very closely related, namely, to God being viewed as sovereign, which is obedience. Under Mosaic Law, the act of obedience is considered to be linked to material blessings and wealth. Obedience to God means adhering to the word of God, being obedient in prayer and in personal perceptions of God. Acting in obedience to God is also a sign that the believer views God as sovereign. Therefore, viewing God as sovereign assists the believer in acting obediently towards God (Feuerbach, 2008).

3.1.3 Sovereignty and obedience two key principles to stewardship

Sovereignty and obedience go hand in hand in explaining the economic life of a Protestant Christian (see figure 3.2). The sovereign God is respected and accepted as being above anyone and everything else. As an act of obedience the believer adheres to biblical scripture and the word of God regarding all aspects including economic (North, 1973). Obedience to God results in the fulfilment of scripture regarding stewardship and economic activity. Sovereignty creates a reverence for God and a necessary fear of disappointing God that creates an ability for the Christian believer to be obedient to God. It creates a voluntary obedience to the scriptures,

commandments and the will of God. Therefore, the figure (3.2) shows how ‘sovereignty’ and ‘obedience’ work together and together these two concepts further assist the Christian believer to be a good steward of God. This is very clear in the Old Testament. Some basic applications of stewardship can be found in the books of Leviticus, Deuteronomy and Proverbs (section 3.2.1.1). Initially stewardship meant being a steward of an individual’s household and all economic activity was linked to this task. Stewardship was closely linked with the ownership of land. A good steward was one that was blessed enough to have ownership of land, to farm the land and make a living from stewarding the land (Feuerbach, 2008).

3.2 The Bible

The Bible⁶ is the only authoritative source that most Christian denominations use as their book of reference in their worship of God. Within the worldview of Christian theism, the Bible is used to inform believers on how to live according to the word of God. The Bible will be used as a source to make reference to the relationship that Christianity has with morals and ethics in economics. Various branches of Protestant churches as well as individuals will interpret scripture differently, however in an attempt to exclude bias; other authoritative sources which give commentary on biblical scripture will also be used. The New Testament provides scripture after the arrival of Christ and is based on the teachings of Christ, His disciples and appointed apostles. The Old Testament reads differently to the New Testament, therefore the analysis of the Bible in this section is split into two sections also. The first part of the analysis is based on the Old Testament (see section 3.2.1) and then the second part moves onto the New Testament (see section 3.2.2); both sections of the Bible were reviewed in order to provide a discussion on Christian morals and ethics in economics.

3.2.1 Old Testament interpretations of morals and ethics in economics

There are 39 books in the Old Testament, 17 of those books explain and tell the story of the history of God and His people, 5 are classified as wisdom, poetry and praise books and the other 17 books can be described as books of prophecy. Only some of the books in the Old Testament will be used to explain the Protestant Christian morals and ethics in economics.

⁶The Bible consists of two major sections, the Old Testament and the New Testament scriptures. The Old Testament provides scripture on the history of God and His people before the birth of Christ.

3.2.1.1 Some principles of godly living in the Old Testament: stewardship, the sovereignty of God and obedience to God

Leviticus (25:23, King James Version) describes the ownership that is associated with God. God possesses the land and the believer acts as the steward, "The land is mine; for ye are strangers and sojourners with me". This scripture explains that God, the King of the people, is the real proprietor of the land, and He gives it to the people only as tenants. This scripture confirms the sovereignty of God, and also the reliance on God as the personal provider who is present in earthly matters (Feuerbach, 2008).

The book of Proverbs is one in the Old Testament that provides practical applications for the basic principles of godly living. The book sets out the relationship between stewardship, sovereignty, obedience and the resultant blessings that come from practicing these principles. Proverbs (10: 3-5, 15-17, King James Version) refers to work ethic and practical rules for business, "He becometh poor that dealeth with a slack hand: but the hand of the diligent maketh rich" and "He also who is slothful in his work is a brother to him that is a great waster" (Proverbs 18:9, King James Version). There are also various verses (7,14,23-27) in Proverbs 29 which give advice on charity and stewardship (Eissfelt, 1965). The scriptures in Proverbs introduce another Christian moral aspect which is closely linked with prosperity and wealth, which is righteousness. In the Old Testament the principle of righteousness is associated with being in right standing with God, which brings blessings both material and non-material. "Riches profit not in the day of wrath: but righteousness delivereth from death" (Proverbs 11:4, King James Version). "He that trusteth in his riches shall fall" (Proverbs 11:28, King James Version). Righteousness is also associated with prosperity and wickedness is described as sinful, however it is important to note that prosperity or blessings do not only refer to material possessions and physical wealth, it also refers to spiritual, emotional and relational success (Fox, 2007).

Therefore according to the Old Testament, viewing God as Sovereign results in being reliant on and respectful to God. Understanding the sovereignty of God leads to obedience and the desire to be righteous before God (Feuerbach, 2008). The resultant effects of these basic principles lead to blessings and prosperity, which assists in achieving the overall economic goal within the Christian faith: being a good steward. The Old Testament also gives warning to believers that God should remain Sovereign even when or after the riches and blessings are received.

As mentioned in Proverbs it was considered ethical to be charitable, to be a good steward to others, and to participate in honest labour which assisted in being in right standing with God (Smith, 2005). However in Psalms, the Psalmist warns not to make being wealthy by receiving riches the main goal of their lives which distracts from the biblical main goal: to be faithful to God and consider Him as the main priority. Psalm (62:10, King James Version) warns, "If riches increase, set not your heart upon them". "A faithful man shall abound with blessings: but he that maketh haste to be rich shall not be innocent" (Psalm 28:20, King James Version). These scriptures also highlight the fact that emotional wellbeing, spiritual purity and a relationship with God far outweigh the success of riches and wealth.

The Old Testament is very much focused on the individual relationship with God, the individual and complete obedience and reverence to God will result in His favour over His people. The favour that the believers receive is in terms of provision, especially economic provision (Feuerbach, 2008). However, the moral and ethical message which is intertwined within the scriptures explains that economic success should not be sought above honest labour and good stewardship. "Honest labour is blessed by God, yet riches are not to be sought as an end" (North, 1973:228, Fox, 2007). Again the book of Proverbs 28:22 reiterates this, "He that hasteth to be rich hath an evil eye, and considereth not that poverty shall come upon him". In other words, "Better is little with the fear of the Lord than great treasure and trouble therewith" (Proverbs 15: 16, King James Version).

Therefore, according to this viewpoint the possession of wealth and economic success tell an individual much about his standing with God. From the above scriptures it becomes clear that obedience to God is rewarded with wealth, but also that wealth should be used as a charitable activity. Deuteronomy, Samuel, Proverbs and the book of Chronicles provide guidance on how a believer should use their earnings as a good economic steward. These will now be discussed.

3.2.1.2 The law of charity

According to Deuteronomy (15: 7-8, King James Version), "If there be among you a poor man of one of thy brethren within any of thy gates in thy land which the Lord thy God giveth thee, thou shalt not harden thine heart, nor shut thine hand from thy poor brother. But thou shalt open thine hand wide unto him, and shalt surely lend him sufficient for his need, in that which he wanteth." Deuteronomy (15:9, King James Version), warns against turning away from charitable duty and the result of doing so, "Beware that there be not a thought in thy wicked heart, saying, The seventh year, the year of release, is at hand; and thine eye be evil against thy

poor brother, and thou givest him nought; and he cry unto the Lord against thee, and it be sin unto thee.” These scriptures give instruction on charity, assisting another individual in any form can be described as a form of stewardship also. Being a good steward is an act of fellowship to other believers and to strangers and is encouraged in most books contained in the Old Testament (Fishman, 2002; North, 1973; Eissfeldt, 1965).

The book of Proverbs gives scriptural requirements to show thankfulness to God by being charitable towards others, "He that oppresseth the poor reproacheth his Maker: but he that honoureth him hath mercy on the poor" (Proverbs 14: 31, King James Version). Further Proverbs 25:21-22 suggests that, "If thine enemy be hungry, give him bread to eat; and if he be thirsty, give him water to drink: For thou shalt heap coals of fire upon his head, and the Lord shall reward thee". This leads to the notion that being charitable is not only a morally acceptable duty for the Christian but being charitable to both fellow believers and non-believers are for the glory of God. Another important point is that regardless of social status or having economic success or not, both poor and rich are equal before God (Fox, 2007). "The rich and poor meet together: the Lord is the maker of them all" (Proverbs 22:2, King James Version). Before God, all are equal, and God is no respecter of persons (II Chron 19:7, King James Version). As taught by the prophets in the Old Testament, compared with God, man is merely a creature and is seen as a sinful one before the Holy God. However, God ordains and gifts people with specific attributes which gives each individual a position and function in the life of a believer and in the kingdom of God (Isaiah 64:6, King James Version).

3.2.1.3 Obedience to God leads to prosperity

Deuteronomy (28:8, King James Version), highlights how the obedience to God can lead to prosperity, “The Lord shall command the blessing upon thee in thy storehouses, and in all that thou settest thine hand unto; and he shall bless thee in the land which the Lord thy God giveth thee.” Deuteronomy (28:9, King James Version) mentions that the keeping of God’s commandments leads to a blessed and holy nation, “The Lord shall establish thee an holy people unto himself, as he hath sworn unto thee, if thou shalt keep the commandments of the Lord thy God, and walk in his ways.” Verse 11, further elaborates on the blessings of obedience, “And the Lord shall make thee plenteous in goods, in the fruit of thy body, and in the fruit of thy cattle, and in the fruit of thy ground, in the land which the Lord sware unto thy fathers to give thee.” The book of 1 Samuel (2:7, King James Version) also highlights prosperity as the result of obedience, “The Lord maketh poor, and maketh rich: he bringeth low, and lifteth up.”

3.2.1.4 The summation of major themes in the Old Testament scriptures

When God is seen as sovereign over everything, it leads to obedience to God through the fulfilling of the requirements set out in the scriptures. The sovereignty of God and obedience together produce the practice of stewardship. Furthermore, stewardship and diligent labour will produce wealth which is a sign of God's blessings (Feuerbach, 2008). Practicing stewardship reflects righteousness and the fulfilling of God's commands is favourable and beneficial for a communities' prosperity. Another act which results in God's favour is the act of charity, which is categorized as a form of stewardship. Showing obedience to and viewing God as sovereign results in rewards or blessings from God. However, if a nation experiences prolonged periods of poverty then it is usually a testament for the need of repentance amongst the nation's communities and individuals (Smith, 2005).

3.2.2 New Testament Interpretations of morals and ethics in economics

The New Testament is focused on the life of Jesus Christ as well as the events following His death. His teachings were recorded by His disciples and appointed apostles. The New Testament repeats the main economic themes which are in the Old Testament, therefore Christ's teachings relied on these scriptures and were aimed at fulfilling the law contained in the Old Testament (Matthew 5:39-41, King James Version).

The worldview of individuals that existed in Old Testament times (Moses and the Israelites) would have been different to that of the individuals that Jesus was preaching to in New Testament times (The Hebrew Nation). According to North (1973:219), Jesus Christ assumed that the provisions contained in the Old Testament were valid in practice, however His teachings were adapted to suit the situation of the people to whom He was preaching. For example the Hebrew Nation was in subjection to the Roman Empire, therefore His teachings focused on the plight that they found themselves in. Jesus used the provisions of the Old Testament and adapted it where necessary (North, 1973:223). During the time in which Jesus taught and preached, obedience to the Roman law with regards to economic affairs was very important and resulted in social peace being maintained (North, 1973:230). Although Jesus' teaching was in response to the Roman law, He was not a social reformer with a social message; His message was within the framework of the Old Testament economy.

Most of His messages sought to reach out to the captive people under the Roman law. These were people who were forced to pay unfair taxes and who were oppressed by the corrupt

dealings of tax collectors (Robinson, 1914). Jesus adapted his teachings and parables to suit the plight of the individuals that He was engaging with (the Sermon on Mount that was presented to the Jews, was an ethic that was suited for a captive people).

Most of Jesus's teachings which can be related to and interpreted as economic matters were taught through His parables. All economic teaching by Jesus was exclusively limited to the economic framework of His spiritual parables. Jesus' parables confirm the scriptures in the Old Testament. He used the Old Testament and made reference to them when relating and teaching His parables. The economic advice that the New Testament offers connect with those found in the Old Testament; similarities between the Old and New Testament scriptures are the right to ownership of private property and the related responsibility of pursuing godly stewardship as well as extending stewardship in all forms of interaction regarding monetary value and assistance (Bailey, 1946). The New Testament also places significance on the obedience to God, which as discussed earlier is a main theme in the Old Testament. It can therefore be argued that both the Old and New Testament interpretations of economic morals and ethics are essentially focused on the worldview of Christian theism.

3.2.2.1 Jesus' economic teaching from the parables

The parable of the talents

The parable of the talents in the book of Matthew (25:14, King James Version), could be interpreted in various ways. Firstly it indicates that a man has the right to take usury (in this case earn an interest) on business investments. The parable tells the story of a man who entrusts his gold to his three servants; two of the man's servants take their portion of gold and are able to increase its value through their willingness to see it grow in value. However, the third servant in fear of losing the gold buries it and earns no return in his administration of his master's wealth. It has been suggested that the parable in fact illustrates the failure to increase and reap the benefits of spiritual gifts given by God (Via, 1965). In this parable Jesus uses the return on investment to illustrate that man should under the authority given by God, use their spiritual gifts to advance the kingdom of God (Corinthians 1: 7-11, King James Version). Jesus gives both practical economic and spiritual advice through the parable. It could also be argued that this parable further illustrates that Jesus encouraged individuals to make wise investments. In this case the parable was used to give advice on monetary investments, but also it can be taken

further to show that time well spent, diligent labour and wise investments reap increased rewards (Via, 1965).

The fear of the third servant who buried the gold, also illustrates that although the servant had good intentions in preserving the gold and not losing its value, he did not manage to increase its value because of his fear. In the New Testament this could relate to the faith that Jesus taught his followers to have. Faith in the master (God) yields rewards (blessings) and increased faith yields increased rewards. The third servant out of fear preserved the coin, but if in faith He had invested it, his master would have been more pleased (Kirkland, 1977).

The parable of the labourers in the vineyard

The parable in Matthew (20: 1-16, New King James Version), tells the story of a landowner and his labourers. The landowner hires a group of people in the morning, and he offers to pay them a denarius⁷. Later in the day, he finds another group of people willing to work and hires them and offers them each the same amount, one denarius⁸. Then later in the afternoon, the landowner finds yet another group of people and hires them, again for the same denarius. At the end of the day all three groups of workers are paid the same amount. However, the group of workers that was hired first began to complain. They felt that they had worked the longest and produced most of the work and therefore assumed that they would receive more pay than the others. The landowner explained that they will be paid the amount that they had all agreed on.

This parable which is similar to the parable in Matthew chapter 25, offers a defence for free business activity. In economic terms it would indicate fairness between employees and adherence to contracts entered into. Furthermore, this parable relates to the landowner: in economic terms the landowner can be referred to as the employer. The landowner is given right to his freedom of economic or business activity and decides to be generous in his remuneration of the workers, “Is it not lawful for me to do what I wish with my own things? Or is your eye evil because I am good?” (Matthew 20:1-16, New King James Version).

The parable indicates a very important ethical and moral principle. The landowner has free will in his economic undertaking regarding employment, his generosity is not contractual and he is

⁷A Denarius was a Roman silver coin. It was the principal silver coin of the Roman commonwealth. Each labourer in the parable received this denarius, referring to the ordinary pay for a day's labour.

⁸ Each person/worker received one denarius.

not bound by any outside agreement, other than the agreed upon contract. It also illustrates that his generosity shown to the last group of people which while undeserved, displayed that charitable deeds can exist in economic situations (Kirkland, 1977). The spiritual context in this case is that before God all men are seen as equal (Via, 1965). In the New Testament this applies to the concept of salvation. Whenever one chooses to accept the gift of salvation (believing that Christ died on the cross for all humanity), the gift remains the same and is equal for all who choose to accept it.

The parable of forgiveness

The third parable that will be discussed illustrates the concept of forgiveness and explains how forgiveness can be enjoyed as both a spiritual and economic principle. The parable tells the story of a steward who is forgiven a large sum of debt that he owed to his lord. However, the steward then goes out and demands that a small debt that is owing to him by another be repaid (North, 1973, Kirkland, 1977). This parable and the resultant scriptural commentary reveal that Christian charity is a recommended act of fellowship. This is further acknowledged by Luke's account of the Sermon on the Mount. "And if ye lend to them of whom ye hope to receive, what thank have ye? For sinners also lend to sinners, to receive as much again." "But love ye your enemies, and do good, and lend, hoping for nothing again; and your reward shall be great, and ye shall be the children of the Highest: for he is kind unto the unthankful and to the evil" (Luke 6:34-35, King James Version). While this parable might not be one that is very well received economically, the moral behind the parable explains God's demand for mercy, in the sense that Christians are not to press a man beyond what he is capable of paying (Robinson, 1914).

3.2.2.2 Christ's rebuke of the moneychangers in the temple (Matthew 21:12)

In Matthew (21:12 - 13, New King James Version) Jesus walks into the temple courts, where he finds money changers, people who are trading. He immediately overturns their tables and drives them out of the temple. Jesus then says: "It is written that My house will be called a house of prayer, but you are making it a den of robbers" (Matt 21:13, New King James Version). This scripture can be interpreted as Jesus's disapproval of people using the holy temple (or the church) to conduct business (North, 1973: 226). Christ did not attack the activity of business, but businesses that were masquerading as charitable organizations. His actions serve as a teaching, that the church should not be used as a disguise for economic gain. It can also be interpreted further; charitable activities were not to be used to seek any profitable gain.

Jesus does not criticise the act of buying and selling or the behaviour of the money changers, but He was not in favour of monopolistic privilege that was being enjoyed in the temple (Bailey, 1946). The teaching from this scripture made it clear that the church should not masquerade as a charitable organization; there should be a distinction between the place that is used to worship God (it should remain holy) and a place that is only used to conduct business.

3.2.2.3 Wealth according to Jesus and the scriptures

Matthew (19:24, King James Version) comments on the possible success of a wealthy man entering heaven, "And again I say unto you, It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God.." There are many interpretations of this scripture, however only two interpretations with reference to wealth will be looked at.

The first interpretation considers that the needle that Jesus was referring to is actually the Needle Gate. The Needle Gate is supposedly a low and narrow after hours entrance found in the wall surrounding Jerusalem. It was purposely small for security reasons and the only way that the camel could go through it was by stripping the saddles and packs, the camel would then have to crawl underneath it on its knees. Therefore, the person travelling with the camel should not have too much with him/her as it would make this journey very difficult (a person that is very wealthy needing to go through the needle gate would struggle).

However, some scholars believe that there is no evidence of this gate, so the explanation of Jesus using a hyperbole for emphasis is accepted, which is the second interpretation (Feuerbach, 2008). The second interpretation uses Christ's words to serve as a warning, being wealthy can be dangerous to a man's soul and that it is impossible to be saved by a man's own merits or wealth. People are saved by God's gift of grace, mercy and faith; the gift of salvation cannot be earned (Ephesians 2:8, New King James). This second interpretation of the parable can be linked to Matthew 5:3. It is the poor in spirit who inherit the kingdom of God. The rich man is often blind to his spiritual poverty because he is proud of his accomplishments and has contended himself with his wealth. Therefore, the scripture is understood to mean that a wealthy man is as likely to humble himself before God as a camel is to crawl through the eye of a needle. In other words, it is difficult for a proud wealthy man to enter into the kingdom of heaven and gain eternal life.

However, if individuals who are wealthy are able to be good stewards of their wealth they will find it is easier to adhere to the moral and ethical constructs pertaining to good economics contained within scripture. Again the theme of stewardship is presented (being a good steward

of wealth); stewardship was also presented in acting charitable towards others (see 3.3.3). Good stewardship was the main theme throughout all three parables that were discussed (a steward of the master in the parable of talents, a generous steward in the parable of the Denarius, and the steward to others through the forgiveness of debt (Smith, 2005:18).

3.3 Summation of the Old and New Testament economics

The economic ethics and morals that can be found in the New Testament come from Christ's teachings through His use of parables and further instructions on proper economic dealings which can be found in the epistles and are centred on the message of the gospel of Christ. The New Testament is consistent with the main themes in the Old Testament, however it is also different as consideration is taken of the audience of that time (North, 1973). The message that God is sovereign over all His creation and liberal in His forgiveness is evident in both the Old and New Testament. The main theme of sovereignty in both the Old and New Testament is also consistent with the over-arching theme of Christian Theism. Therefore, within the Old and New Testament, that God is viewed as sovereign this view leads to the fulfilment of a good code of morals and ethics for the believer who identifies as a Protestant Christian (Feuerbach, 2008).

The analysis of the Old and New Testament scriptures conclude the section on Christian theism, the main aim of this worldview analysis (theism) was to discuss the chronological impact of Christian Protestantism on the western worldview. Therefore, the main authoritative source of the faith was explored (The Bible). The conclusion of the discussion of Christian theism leads to the examination of the first worldview shift that happened, from theism to deism (1600 - 1700). The next section discusses deism and the impact that it had on the western worldview of morals and ethics in economics. Section 3.4 provides an introduction and discussion on deism while section 3.5 focuses on how the shift from theism to deism would have impacted Adam Smith's thoughts on society and economics. As the chronological worldview shifts occur (see figure 1.1 pg. 6) other sources linked with the Christian Protestant worldview will be discussed.

3.4 Deism - A traditional deist view of economics

The origins of deism dated back to the late 1600's. The deist view became very popular around the 17th and 18th centuries, around the time of the Age of Enlightenment, a movement that

originated in Europe. It was a cultural movement by intellectuals which began in the late 17th and early 18th century. It sought to emphasize reason and individualism rather than tradition. This cultural movement is one that is important when examining the history of economic thought, as the contributions made by individuals (like Adam Smith with *An Enquiry of the Nature and Causes of The Wealth of Nations*, 1776) to the discipline of economics did so at this time (The Age of Enlightenment) (Hefelbower, 1920). The purpose of the Age of Enlightenment was to initiate reformation amongst individuals in society; it was introduced by challenging the thought surrounding tradition and faith (Bonoan, 1992). In an attempt to challenge ideas that people had become accustomed to, the very ideas or thinking based on a very traditional background centred on a faith were challenged. Deism encouraged this challenge by asking that thought based on tradition and religion be tested for its authenticity or “trueness”.

Deism was similar to theism in one respect which is the belief in one God. The view associated with deism was contrary to theism in that it found fault with organised religion and supernatural events such as miracles, the distrust of scriptures and the trinity (Note, 2013:85). Deists are individuals that only know God through reason (rational thought), the law of nature and not by revelation or supernatural manifestations (miracles) (Hefelbower, 1920). While Christian theism is based on scriptural evidence, the teaching of Christ and the belief in spiritual manifestations (North, 1973: 219 -230), deism encouraged individuals to find meaning in thought or religion which could be tested and present evidence and explanations which rested on clearly stated principles. Theism advocates for total belief in the scriptures and a faith in a God which cannot be tested through human reasoning (intellectual interchange) and scientific testing (Bonoan, 1992). Therefore, the major difference between these two worldviews is that deism with its influence from the Enlightenment era encouraged individuals to explore their intellectual ability through rational thought and so the acceptance or traditional belief in religion solely based on the authority of scripture and supernatural manifestations were challenged.

Some describe the Enlightenment era as a revolution in human thought and the driving force behind deism. The movement of enlightenment introduced scientific thought, which promoted scepticism and an intellectual interchange (Bonoan, 1992). The intellectual interchange was based on encouraging individuals to arrive at conclusions regarding tradition, religion or the way of life by using rational thought. The individual was encouraged to reach clearly stated

principles using logic and their conclusions or principles should be tested against any evidence (in the case of religion: religious scrolls and of tradition: historical material, artefacts or books) that were available. Furthermore, once the principles were derived and the conclusion reached, individuals were then encouraged to be open to religion being revised if any new evidence presented itself (Bonoan, 1992).

3.5 Max Weber's analysis of the Protestant ethic

Max Weber did a variety of work on ethics and matters relating to economics. This section considers Weber's analysis of Protestantism in relation to economics. Previous sections looked at the positive influence of Christian Protestantism on economics by considering the Biblical influence on morals and ethics in economics. Weber's (1958:3) analysis takes an opposite view; it looks at how a form of Protestantism led to the acceptance of economic activity which eventually removed the need for traditional theistic morals and ethics (Biggart, 2002). Therefore, this section discusses Max Weber's analysis of how Protestantism can be contrasted to the traditional view of theism.

In his book called *The Protestant Ethic and the Spirit of Capitalism*, Max Weber (1958) looked at the influence of certain religious ideas on the development of an economic spirit, specifically at the link between the spirit of capitalism and the rational ethics of Protestantism. Weber's aim was to understand how capitalism developed to the degree that it did in the West (Biggart, 2002). An attempt was made to link the development of 'modern capital' with the rationalization of the Western world. Weber observed occupational statistics of countries with mixed religious compositions and found that business leaders, owners, higher skilled workers and personnel identified as being Protestant (Weber, 1958:4-5). This was attributed to historical circumstances (the Protestant reformation). It was thought that the rich or wealthy converting to Protestantism led to a revelation that people who were economically well off were more likely to accept revolution like the Protestant movement (Paul, 1985). Freedom from economic traditions might cause one to doubt religious traditions. However, the reformation did not displace or challenge the church, but substituted one practice of church for another (North, 1973).

In the '*Protestant Ethic and the Spirit of Capitalism* (1958)', Max Weber explained how Protestantism contributed to the development of the spirit of capitalism. However, he also argues that the links between the Protestant ethic and the spirit of capitalism do not correlate.

Weber (1958:13) argues that certain religious groups contributed to a modern spirit of capitalism. He observed the correlation between being Protestant and business. Weber's (1958:36) intention was to explore the relationship between religion and the potential cause of the modern economic conditions that were happening at the time. He was of the opinion that this "modern spirit of capitalism" saw profit as the means to an end goal, and pursuing this profit was viewed as being virtuous. Weber's main goal was to understand where this 'spirit' originated from and he looked to Protestantism to provide a link or an answer.

According to Parsons (1974:200) "for Protestantism the so-called visible church became essentially an association of believers with a common interest in fulfilling the conditions for salvation prescribed in the Bible, including especially cognitive understanding of those conditions". Parsons (1974:200) also explains that one of the most significant changes that the Protestant church brought was the elimination of the conception of sacraments⁹ from the Catholic Church. Parsons (1974:200) further explains that this elimination is the actual 'quasi-magical'¹⁰ operation of what he refers to as divine grace. Max Weber was of the opinion that divine grace deprived the Protestant church of a status of a 'gnadenanstal'¹¹ which is described as an institutional provider of grace. Weber (1958:121) also quotes Sebastian Franck saying that as a consequence of Protestantism, "every man was expected to be in essence a monk" and it was from these thoughts Weber set out his analysis of the Protestant ethic (Parsons,1974:201).

Weber (1958:54) set out by first explaining his traditionalist view of Christian Protestantism which is different to the traditionalist view (i.e. theism) that was discussed earlier. The traditionalist view that was discussed in relation to the worldview of theism (section 3.1) focused on biblical scriptural references which pertain to the Protestant Christian view of a biblical economic lifestyle. The traditionalist view was based on the authoritative source of the Holy Bible and commentary provided by other sources which focused on those specific scriptures (North, 1973).

⁹There are seven sacraments in the Catholic Church: Baptism, Confirmation or Chrismation, Eucharist, Penance, Anointing of the Sick, Holy Orders, and Matrimony.

¹⁰It is when people act as if they erroneously believe that their own actions have an influence on the outcome, but they do not really believe that it does.

Weber (1958:26) provides a different view of traditionalism, one which focuses on examples of the 'traditional role of the labourer or entrepreneur'. He gives an explanation of his view of what an entrepreneur and labourer is and this forms the basis of his traditional view of Protestantism. The explanation of a traditionalist spirit is different to the capitalist spirit, but is not focused on religious traditionalism, more of a leisurely view towards life instead of frugality. Weber (1958:56) then moved on to focusing on four denominations of Christian Protestantism, these were analysed to make the link between the Protestant ethic and the spirit of capitalism, namely Calvinism, Pietism, Methodism and the Baptist sects.

Weber (1958:15) sets out to explain the need to pursue profit. The capitalist ethic that Weber refers to is the act that contributes to earning more and more money, which is viewed as the end goal or aim. However, it is not done in order to purchase mainly goods (Biggart, 2002). According to Weber (1958:53-56), this form of Protestantism leads to the understanding that earning money is reflective of virtue and success in an occupation. The idea of possessing this ability in an occupation forms the basis of the ethic associated with the capitalist ethic. Weber (1958:103) explains that it then becomes an obligation for the individual that holds the occupation to achieve this 'ethic'. Weber's argument starts to take shape as he argues that in order for the dominance of the capitalist ethic to exist, it had to originate somewhere. It had to become popular as a way of life that was accepted by individuals. Therefore, in order to explain the origin, Weber (1958:56) took an in depth look at some of the variants of Protestantism; this was done in order to find the link between the Protestant ethic and the spirit of capitalism.

Weber (1958:54) used some forms of the Protestant denomination to explain how a "spirit of capitalism" was created. Weber's analysis revealed how a 'certain' type of ethic based on Protestantism (the belief of predestination) initiated the move away from the Christian ethic of the Holy Bible. Weber (1958:55-56) explained how the view of predestination and rational pursuit of salvation is specific to Calvinism, Pietism, Methodism and Baptist sects (a specific Protestant ethic) and that these believers considered 'economic prosperity' to be an 'ethic', a reason to pursue an accumulation of profit. Weber's (1958:35) analysis of the rational pursuit of salvation led to the emergence and an acceptance of the 'spirit of capitalism'. Furthermore, it is suggested that the acceptance and conformity of this 'spirit of capitalism' eventually led to a decreased reliance on the biblical Christian Protestant ethic and lifestyle which then led to embracing and practicing other worldviews and lifestyles.

The first denomination of the Protestant reformation that Weber included in the analysis is Calvinism. Calvinists believed in predestination, the belief that God already determined who is saved and who is not. As Calvinism developed, Calvinists looked for confirmation of their salvation; they looked to success in the world and worldly activity for confirmation. Therefore, the ability to acquire profit and material possessions became signs of favour from God (Paul, 1985). This is one form of the Protestant denomination that Weber (1958:56) used to indicate how parts of the reformation contributed to this spirit of capitalism (Biggart, 2002). Other denominations such as the Pietists, Methodists and the Baptist sects also had similar opinions that contributed to the spirit of capitalism, but to a lesser degree (Paul, 1985). Weber (1958:33-34) used his analysis to further explain that as these beliefs and the quest for confirmation of salvation continued to be sought through financial and material acquisition, it started to break down the traditional economic system. Weber (1958:14) explains that thinking and beliefs such as these contributed to modern capitalism. However, Weber (1958:14) did state that he did not wish to suggest that Protestantism was responsible for modern capitalism and the 'spirit' that is associated with it. His main goal was to find similarity, a link between the Protestant ethic and this 'spirit of capitalism'. Weber (1958:61) also suggested that believers in these forms of Protestant denominations looked for rational examples of salvation, and further that their superstition of the supernatural led them to accept this form of confirmation of faith or salvation.

Therefore, capitalism emerged and contributed to belief that God's favour is evident in profit accumulation and material possession, individuals linked their form of happiness with this thought. It was then further suggested that as individuals became satisfied with this 'spirit of capitalism', the Protestant values and ethics were no longer necessary (Paul, 1985). This new ethic then started to emerge as an acceptable view of life; therefore, the 'spirit of capitalism' became useful for modern economic activity and replaced earlier worldviews (Weber, 1958:118).

Weber's (1958:54) study on the Protestant ethic revealed that this form of protestant thought is in contrast to the view of the Christian theism discussed in section 3.1. Max Weber's analysis also reveals how the shift from the traditional view of theism and the Holy Bible to a Protestant ethic which relied on individual success and performance could occur, indicating how different views of the Protestant religion or ethic had probably initiated a worldview shift from theism to deism.

Weber's analysis was criticized for an oversight of historical evidence with regard to capitalism; he was further criticized for incorrect theological interpretation and for only associating Protestantism (and not Catholicism) with the 'spirit of capitalism'. Weber was influenced by Benjamin Franklin's writings. According to Pierotti (2003) Franklin saw the early indications of a spirit of capitalism before the capitalist order happened in America. Weber quoted and made use of Franklin's writings in his own work, he was of the opinion that Franklin preached a particular ethic and did not just give advice about how to make one's way in the world. Weber has been criticised for misunderstanding Franklin. Dickson and McLachlan (1989) are of the opinion that Franklin's writings are evidence against the existence of the spirit of capitalism. They argue that Franklin offered prudential advice and not an ethos on how to accumulate wealth. They further suggest that Weber misinterpreted Franklin's writing as a moral end, but were in fact a set of virtues that if practiced would bring a beneficial outcome for the people who practice them (Dickson and McLachlan, 1989:83). Dickson and McLachlan (1989) do not invalidate Weber's methodology or his Protestant ethic work rather they disagree with Weber's use of Franklin's writings as the only evidence to explain the 'spirit of capitalism'.

Weber also received criticism from historians who claim that capitalism was a growing force before the Protestant reformation. The other big criticism that Weber received was that it was not asceticism that drove capitalism but rationality (Pierotti, 2003). According to Pierotti (2003:1), historians H.M Robertson (1935) and Amintore Fanfani (1935) have argued that Catholicism also had an influence on capitalism. Robertson explains that Protestantism and Catholicism stressed the same precepts in the 16th and 17th century. Fanfani disagrees with Weber that Protestantism helped to develop the spirit of capitalism in Europe; he further argues that Europe had already experienced capitalism before the Protestant revolt for at least a century (Pierotti, 2003).

Gregg (2013) and Mackinnon (2010) also argue that Weber did not properly consider The Westminster Confession¹² which informed the Calvinist and Presbyterian theology. Gregg (2013) finds it difficult to reconcile the notion of the "calling" from Weber's view with the Westminster Confession. The confession is clear on the fact that an individual's worldly vocation should be distinguished from his ultimate calling. The Westminster Confession also stresses that believers should not be distracted by their worldly vocation and should always

¹²The profession of faith that dominated Calvinist and Presbyterian theology from the sixteenth century onward

focus on their heavenly calling. Furthermore, the Confession also advises believers to concentrate and devote themselves to the calling which will make them most serviceable to God and not to a vocation that will only bring them worldly rewards.

More empirical evidence also suggests that the pursuit of profit, trade and commercial success was evident among the city states of medieval and the Renaissance Northern Italy as well as the Venetian Republic which had great influence on merchant activity long before 1517 (Gregg, 2013). Pierotti (2003) suggests that historical evidence shows that the Middle Ages experienced an advanced state of market-driven economic development. The Medieval period was characterised by a lot of innovation with regard to business organization, the financial and banking sectors also started to experience a level of sophistication which is known as a common practice today.

These findings and criticisms sought to prove that the growth of capitalism and the 'spirit of capitalism' cannot only be associated with one form of Protestantism. The historical evidence of a capitalist mentality and behaviour pre-reformation also suggests that Weber did not consider this information in his thesis (Pierotti, 2003). While some of his critiques agree with him that capitalism did experience high growth post-reformation and amongst countries in West who strongly identify as Protestant, some of his other critiques are less forgiving for disregarding the role that Catholicism played. They are also highly critical of his theological errors and lack of consideration with regard to historical evidence (Gregg, 2013).

“It is simply to note that much of Weber’s particular analysis is very questionable and that this should be acknowledged by economists, historians, and above all, by Catholics. How ironic it would be if the last people to believe in Weber’s Protestant ethic thesis were Catholics!” (Gregg, 2013:1).

Weber mainly faced criticism for his lack of acknowledgement that Catholicism had on the growth of capitalism, he was also criticised for not considering historical evidence which shows the growth of capital before the Protestant reformation. These criticisms suggest that Weber’s analysis is heavily based on one viewpoint because there is little to no consideration of the existence and evidence of historical events and other determinants of the growth of capitalism. Furthermore, it can be argued that this makes Weber’s analysis questionable and weakens his argument on the origin of the spirit of capitalism. Weber’s critics also highlight an important aspect of considering various factors of evidence and information which can have an impact

on an outcome or analysis. This aspect of consideration is discussed in more detail in Chapter 5 on pluralism and the heterodox approach to economics.

Weber's analysis used religion (the Protestant ethic) to explain the existence and growth of a spirit of capitalism. Adam Smith also used his religious belief to enlighten on his view as a moral philosopher and economist. The next section analyses Smith's attempt at combining his moral viewpoint with the economics that he prescribed, one of the main goals of the next section is to highlight Adam Smith's underlying value judgements behind his interpretation of economics.

3.6 An analysis of Adam Smith: the economist and philosopher

The work of Adam Smith and his contribution to economic thinking and the discipline is relevant to this discussion as well. He is well known as the father of economics and his findings and some of his concepts have become the foundation of the mainstream economics that is taught and accepted today (Wells, 2012:1). In order to correctly understand Adam Smith's interpretation of economics and his thoughts on value judgements (both moral and ethical), his overall worldview needs to be understood (Werhane, 2006). This can only be done by examining how he viewed normative subjects in relation to economics. In other words, what was Smith's view on religious activity and could this have impacted on his thoughts on economics? In order to understand his worldview in relation to the economics that he prescribed and promoted, it would seem appropriate to start by understanding more of Smith the individual, Adam Smith was raised as Presbyterian. Both his parents identified as being Presbyterian and it has been documented that Smith was a regular attendee at the Scotland Presbyterian Church (Oslington, 2013:1). Theology had an influence on Adam Smith and that can be seen through his consideration of and mention of a 'deity', 'the author of nature', 'the great director of nature', and 'lawful superior'; all of which are mentioned in one of his published works: *The Theory of Moral Sentiments*.

Adam Smith is best known as an economist, although some may not be aware that Adam Smith was also a moral philosopher. It can therefore be argued that Smith had a theological element or background to his understanding of how the world worked. However, it cannot be categorically stated whether Smith identified with being a theist, deist or neither (this is discussed in more detail in section 3.6.2). The sections that follow explore Adam Smith's role

as a moral philosopher and economist. The discussion attempts to analyse the extent to which his view on morals and ethics may have impacted on economics that emerged from his work (Werhane, 2006; Oslington, 2013:1). The goals of the following sections are to examine whether economic concepts could be combined with the understanding of his logic expressed in his more philosophical work and if it gives an opportunity for the normative to be applied to his concepts.

3.6.1 Adam Smith and the invisible hand

One of the concepts for which Adam Smith has become well known is his “invisible hand” comment. It has become widely accepted as a theoretical approach or reasoning to suggest that markets are efficient and do not require any external intervention or guidance (Wells, 2012:1). The common view associated with the ‘invisible hand’ is that: the private self-interested actions of individuals, which are facilitated through free markets, generate results that are good and will benefit all. This view is believed to be driven by self-interest and is sometimes backed up by Adam Smith’s (1776:19) famous quote: “It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest” (Werhane, 2006:205). However, in order to understand more about this view, it is worthwhile to investigate where in Smith’s work the term appears.

The term ‘invisible hand’ first appeared in *The Wealth of Nations* (1776); the foundation of this concept (from the neo-classical view) is based on a few quotations which make reference to this ‘invisible hand’. It is important to note that Smith only in his 1776 book mentions the term once (Smith, 1776:364). Some author’s feel that the term ‘invisible hand’ was isolated and was subsequently made to be understood differently to what it should have been. Authors such as Fleischaker, 2011; Oslington, 2011 and Werhane 2006 argue that Adam Smith should be considered for his other contributions as a theologian, anthropologist and economist, they agree that the ‘invisible hand’ should not be so widely accepted as the summation of his work. Is it then safe to assume that this quote might have been analysed in a very narrow way? What if the invisible hand according to Smith meant something totally different to what it is now so famously thought to represent? For example, could the ‘invisible hand’ that Smith was referring to be the invisible hand of the ‘deity’, ‘lawful superior’ or ‘author of nature’?

3.6.2 An analysis of Adam Smith’s worldview

It has already been established that Smith had a religious background (specifically Presbyterian). However, in order to consider whether or not his economic concepts included normative considerations his worldview would first have to be discussed. Given that Adam Smith's most famous published works were produced during the period of the enlightenment era, it would suggest that Smith might have been one of those intellectuals that identified with the deist movement (Oslington, 2011:1). His theological view, does not specifically make reference to or acknowledge the Christian perspective, however it does strongly suggest a view that is mindful of the belief in a God.

For example, "Every part of nature, when attentively surveyed, equally demonstrates the providential care of its Author, and we admire the wisdom and goodness of God even in the weakness and folly of man" (Adam Smith in Oslington, 2011:1). The reference to the 'Author' in the quote from Smith explains that in order for every part of nature to be sustained and taken care of, God needs to be present and every part of nature's existence demonstrates the goodness of its 'Author' (God). The statement also makes reference to the wisdom and goodness of God, and suggests there is acknowledgement of God as supernatural. This also seems to contrast with the scepticism of belief in the miraculous presented by deists (Anderson, 1988).

Smith (1759:192) furthermore suggests confidence in human nature: "the governing principles of human nature, the rules which they prescribe are to be regarded as the commands and laws of the Deity." While this suggests confidence in human nature, importance is also placed on the 'Deity' and on the governing principles of human nature, which reflect the laws of the deity (Oslington, 2011:1). In this extract from Smith's work there seems to be much more acknowledgment and consideration of the traditional rule concerning adherence to a form of commandments. It is however vague as to whether this is recommending that the commandments of God should be prescribed as the governing principles or if the governing principles that drive human nature be prescribed as the commands and laws of the 'Deity' (Anderson, 1988).

The philosophical or theological interpretations of Smith's work can, according to the chosen view of interpretation reflect a view that is associated with either a theist or one associated with a deist. If Adam Smith's work is interpreted from the theist view then it would be linked with the Christian religion, belief in supernatural miracles, the authority of Holy Scripture and the reverence of God. Whereas if Smith's work is interpreted from the deist view it would not be based on the traditional acceptance of religion, but encourage the believer to acknowledge God

only as creator. The individual is capable of intellectual interchange and rational thought which does not require a reliance on God. Supernatural occurrences and the authenticity of scripture were encouraged to be tested, but natural and factual responses were encouraged to be accepted (Hefelbower, 1920).

The importance of the interpretation becomes significant when analysing whether there had been any normative value judgements applied to the economics of Smith. A theist view of economics proposed by Smith would have been very closely associated with religious ethic and it would be prescribed by a specific religion. A worldview which is predominantly theistic would encourage individuals to translate the religious ethic into all aspects or spheres of life, therefore the economics of life would be an extension of that religion (Clarke and Day, 2009).

An orthodox deist view in association with the enlightenment movement, promoted an intellectual move away from what was at that stage considered to be the norm. The consideration of this view would therefore be more suited to the 'invisible hand' view that is associated with the widely accepted neoclassical approach to economics.

Identifying Adam Smith's worldview could assist in understanding whether or not there may have been a moral objective to his writing, which might reveal an economics that can be discussed and justified in explicitly moral terms. This type of economics could include a market economy and division of labour that not only depends upon and produces prosperity but also freedom and justice, particularly for the poor (Wells, 2012:1). Therefore, in an attempt to understand more about Adam Smith's worldview some of his observation about society will now be discussed.

3.6.3 Adam Smith's commercial society

Adam Smith was in favour of a commercial society and it is believed that Smith's commitment to realistic liberalism led him to endorse it (Oslington, 2011). Adam Smith's support of the commercial society makes it difficult to identify where exactly his worldview might fit in, theist or enlightened deist. Some describe him as an enlightened liberal, others feel that his background as a Scottish Presbyterian as well as his 'religious' opinions make him a theist (Werhane, 2006). He preferred the commercial society over any socio-economic policy and believed that the most people possible could live decent lives within the commercial society (Oslington, 2011). But according to Wells (2012:1) Smith was not the blind zealot for the

market that he is now portrayed to be. Smith was aware of the possible ethical shortcomings of the commercial society. Wells (2012) also suggests that Smith tried to use his work as an ethical project, he tried to educate on the ethical aspects of hard work.

Smith's goal of realistic liberalism, does suggest that perhaps he was aligned with the enlightenment movement and he could be described as an enlightened intellectual. Even if this was the case, his commitment to the ethical approach to the discipline should not be overlooked.

Adam Smith's type of commercial society encouraged individuals to pursue economic wellbeing and advocated that everyone had equal access to operate in an economy; however, he did it by attempting to educate people on how to be conscious of the plight of unequal prosperity (Oslington, 2011). Smith prescribed that the people involved be mindful enough to act out beneficence. Smith comments on how the happiness of mankind can be achieved through the practice of our moral considerations:

“the happiness of mankind, as well as all other rational creatures, seems to have been the original purpose intended by the author of nature, when he brought them into existence ... By acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power the plan of Providence” (Smith, 1759:166 in Oslington, 2013:1).

Oslington (2013:1) is of the opinion that the quote indicates Smith's faith in human nature. He suggests that Smith believed that if left to freely pursue justice and freedom, the society would be able to endogenously produce a social order that is capable of co-ordinating moral and economic conduct. He further advocated that there be no interference from religious or secular authorities, a kind of social order that can be achieved without centralised direction or coercive moral policing.

According to Wells (2012:1), Smith was not interested in achieving a perfect social order, but he was interested in how the world worked and how it could be improved. He attempted to do that through the analysis of the new socio-economic order (the commercial society). This is evident in his opinion regarding prosperity, justice, freedom and liberty; these terms offer an explanation of how Smith thought a commercial society should operate under moral consideration and beneficence. Each one of these headings (prosperity, justice, freedom and liberty) act as themes which describe how Smith's commercial society can exist when these are present.

3.6.3.1 Prosperity

Smith was of the opinion that equitable prosperity should occur in society, which according to Wells (2012:1), Smith advocated through increasing the role of markets in the economy. Smith believed that changes in the political economy would lead to changes in the market structure of the economy. He believed that doing this would lead to rewards from technical innovation and efficiently organised labour, ultimately leading to an increased level of productivity. But how does that benefit the poor? How does it lead to a more equal spread of prosperity amongst a society? Wells (2012:1) suggests that this could occur in two ways. Firstly, if producers are left to freely and fairly compete with each other to produce cheaper and better quality products for the public, it will lead to a natural tendency of the market price decreasing to its cost of production. This would result in fewer profits for producers and more affordable products for consumers (the forces of demand and supply are working well). Secondly, it is suggested that there is an opportunity for labour productivity to increase, as more of the population would be able to offer their labour and individuals are able to exchange their labour for a larger amount of goods. It was proposed that the purchasing power of a society's ordinary citizens would increase. According to Werhane (2006), Adam Smith cared that the poor benefit from an increased purchasing power or from prosperity:

“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they, who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged (Smith, 1776:70).”

The implication is that Adam Smith intended prosperity to be equitable. His proposed approach was one that demonstrated Smith's understanding of a commercial society. His approach used the efficiency of the free market to explain how an equitable prosperity could occur without external interference (Wells, 2012:1). The 'free and fair' market approach to equitable prosperity without policing or external intervention (total trust in the efficiency of the markets), might seem like a bizarre approach to gaining an equitable prosperity (an approach that is mindful of the less fortunate). However, the free market approach which was suggested by Smith, ('free and fair'), may not be the same as the approach reflected in the present day discipline of economics.

Nevertheless, Oslington (2013:1) explains that Smith emphasized that he was not interested in a perfect social order, but his intentions and opinions do suggest that he did advocate for a fair and equitable society. The importance of his belief of equity and fairness is what drives the call

for prosperity. Therefore, it can be suggested that Smith's presuppositions of what constitutes a 'free and fair' market economy within a commercial society, drives the motive of prosperity. Albeit that Smith was in favour of the commercial society, his original presuppositions, undertones of moral reverence for a higher being and overarching concern for equity amongst the majority, play a significant impact on the type of economics that he prescribed (Anderson, 1988; Werhane, 2006). Likewise, his sentiments regarding justice, freedom and liberty also reflect his desire for equity within a market system.

3.6.3.2 Justice

According to Wells (2012:1) Smith also advocated fairness and equity above economic efficiency and he expressed this through his strong dislike of the mercantilist approach to economics. Smith was against the arguments for the protection of producer profits, which he also termed crony capitalism. Smith argued that such policies (whether they were in the form of subsidies or regulations that were put in place to restrict competition) were an 'intellectually bankrupt, morally corrupt rhetoric veil' that acted as a masquerade for what were taxes against the poor (Oslington, 2013:1). Oslington (2013:1) further explains that Smith argued against these policies because it discriminated against one group of people (the poor) in order to benefit another group of people (the rich) which was a violation against fair play (Oslington, 2013:1).

"To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects (Smith, 1776:73)".

Oslington (2013:1) explains that Smith used this view of justice to argue against the adoption of a 'crony capitalism'. His view of justice was also central to his proposed 'system of natural liberty'. This proposed system was characterised by a level playing field and a commitment to fair play. Smith also argued that the institutional arrangements that decide the gains from economic efficiency should be fair (Oslington, 2013:1).

Smith's dislike of mercantilist economics is also relevant to his view on justice. He believed that Mercantilist policies were used unjustifiably. These policies were successful in nationalising the corporate town model of the feudal system, in doing so great economic gains were achieved due to the increased size of the market. However, this also led to the acceptance of the underlying ethics of monopolist tradesmen and manufacturers, who began to lobby and collectively bargain for 'self-serving rights' and privileges at the political level, instead of competing on equal levels at the market level. The view was that the actions of these

monopolist tradesmen and manufacturers when coupled with political influence, led to unfair economic regulations which resulted in other parties being worse off. This type of economic policy undertaking promoted a political ideology, the type of ideology and economic policy that was contrary to Smith's proposed 'system of natural liberty' (Wells, 2012:1).

3.6.3.3 Freedom from domination

In contrast, Smith argued that the commercial society produced freedom from domination. Wells (2012:1) is of the opinion that Smith felt that the feudal society which preceded the commercial society created relationships of dependence. The relationships were characterised by lords exercising their absolute power over their tenant farmer subjects. Smith believed that the commercial society changed the nature of those relationships; the commercial society transformed those relationships into formal consensual relationships between independent parties which promoted economic productivity (Wells, 2012:1). Werhane (2006) explains that the freedom of acquiring agency as an individual in a market economy is one of the more important aspects that Smith argues for in his proposed approach of 'natural liberty' within a commercial society, but is also an overarching goal in his prescribed economics of society (Werhane, 2006).

3.6.3.4 Liberty

According to Wells (2012:1), freedom from constraints, freedom from domination and freedom of moral autonomy were central to Adam Smith's economics. However, it would seem that Smith is famously associated with the first of these, the freedom from constraints. This is due to his endorsement of 'natural liberty':

“Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men (Smith, 1776:548).”

The fight for liberty was not only against the mercantilist policies which reduced and distorted competition. The freedom for liberty extended to the fight against the impertinence of governments who try to manage people's affairs on their behalf. Smith felt that individuals should use their freedom of liberty to gain control over their right to sell their labour, as the right to sell their labour was their only means of subsistence. According to Oslington (2011) Smith was interested in deprived wage labourers gaining liberty to change and improve their occupations, negotiate wages and even to relocate. More importantly he argued that it disrespected the natural right of individuals to not have control over and make decisions that were of the greatest concern to them.

3.6.3.5 *Morality*

It is clear from the analysis of Adam Smith's views of morality and economics that he considered morality to be compatible to and an integral part of the commercial society. Smith's belief in justice, equity, fairness and freedom within a commercial society further supported his sentiments regarding personal autonomy. It is also apparent that Smith advocated that self-determination should be seen as a virtue, so that every individual has an opportunity to nurture a determination to achieve success (Smith 1776; Oslington, 2011 & 2013:1).

Furthermore, it becomes clear that Smith suggested that circumstances could hinder or facilitate how the basic moral requirements for self-development are formulated (Oslington, 2011). If a level of increased wealth and security which followed from proper administration of justice could be experienced, then individuals would be better equipped to have the luxury of being able to reflect and make decisions beyond their daily subsistence. It was suggested that freedom from constraints allowed individuals to take control of other important aspects of life such as religion and they were able to do this while earning a living (Smith 1776).

3.6.4 Summation of the Adam Smith analysis

This analysis shows that indeed, Adam Smith the economist was also Adam Smith the moral philosopher. His invisible hand does not appear to be representative of a cold, ghostly, morally devoid approach to the study of economics. Furthermore, his pursuit of the commercial society did not include a type of economics which can be described as value free. According to Wells (2012) Smith's intention was to prescribe a different approach, the type of commercial society that he envisaged was one that was mutually beneficial and inclusive. Smith prescribed a different type of commercial society, one which was not devoid of the bigger moral societal picture. He advocated for a type of economics that could have achieved gains, productivity, equity, profitability and a surplus for all, but was also one that was inclusive of morals and ethics (Werhane, 2006). He acknowledged the human aspect to the approach; individuals were not just economic agents participating in an invisibly controlled economic machine. Smith acknowledged the societal agent, the individual agent, and the importance of a holistically successful individual (Oslington, 2011; Wells, 2012).

These extracts from Adam Smith (1759) beautifully summarize his desire for equitable happiness and equity.

"When we thus despair of finding any force upon earth which can check the triumph of injustice, we naturally appeal to heaven, and hope, that the great Author of our nature will himself execute hereafter, what all the principles which he has given us for the direction of our conduct, prompt us to attempt even here; that he will complete the plan which he himself has thus taught us to begin; and will, in a life to come, render to everyone according to the works which he has performed in this world. And thus we are led to the belief of a future state, not only by the weaknesses, by the hopes and fears of human nature, but by the noblest and best principles which belong to it, by the love of virtue, and by the abhorrence of vice and injustice" Smith, 1759:243).

"the happiness of mankind, as well as all other rational creatures, seems to have been the original purpose intended by the author of nature, when he brought them into existence ... By acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power the plan of Providence" (Smith, 1759:160).

Indeed, these quotes reflect his abhorrence of injustice. However, more importantly his reverence of the 'supreme' or a higher power is clear (Anderson, 1988, Oslington, 2013). Whether he can be described as having been an enlightened liberal, deist or theist, his moral and ethical obligations are clearly defined and cannot be ignored (Werhane, 2006).

3.7 Conclusion

The economic morals and ethics that are derived from the Christian faith focuses on the sovereignty of God and the main belief is that God is a very necessary factor in the workings of the world. To an individual that possesses a theist worldview, God is a necessity and individuals are reliant on God in their daily undertakings. The theistic Christian view of economics is one that was inclusive of social interaction. In a sense individuals were encouraged in their daily economic transactions and dealings to be mindful of the social implications that could occur or arise. Therefore, this kind of economics was presented as a social discipline, and was considerate of the social interaction processes involved. However, it is also imperative to point out that this type of economics was not considered to be a separate discipline. Christian economics is not detached from the worldview or perhaps the lifestyle of an individual that identified as Christian. What was known to be 'economics' both in the Old Testament and the New Testament were simply Christian guidelines of ethical or moral conduct associated with economic behaviour. Economics from a theistic view is not considered to be separate from the overall religious worldview, but is simply a part of the whole. Therefore, the ethical and moral considerations that are considered important in the practiced religion as a

whole, also apply to the different parts that are associated with or make up part of the daily decisions made by an individual.

The section on the '*The Protestant Ethic and the Spirit of Capitalism*' (1958) revealed that the Protestant ethic can be understood and implemented in many different ways. Weber's (1958) analysis revealed that different forms of Protestantism lead to different understandings of Christianity, which can result in different sects of Protestantism and different Christian Protestant worldviews. Each type of Protestant sect can choose the extent to which they rely and conform to scripture contained in the Holy Bible, therefore the interpretation and implementation of Christian Protestant ethics and morals is dependent on how the individual wishes to pursue life.

The analysis of Adam Smith revealed a side to him that is different to some of the narrow associations of the invisible hand and the resultant self-interest understanding from the butcher, baker and brewer quote. His quotes and thought on the commercial society revealed a deep rooted moral and ethical consideration for the betterment of all. As previously mentioned it can be argued that his view can either be described as theist or deist, but what is known is that he had a consideration of a 'deity', a 'supreme', and this consideration is present in his moral teaching and commentary. The analysis on Adam Smith's economics revealed that he was interested in the improvement of individuals' physical wealth, but was equally concerned with equitable approaches to prosperity, increased social status and the success of all individuals.

Chapter 4

The impact of changing Western worldviews on neoclassical economics

This chapter will focus on neoclassical economics and the impact of changing Western worldviews on this economic approach. The aim is to find common features between the views contained within Western worldviews and some concepts of neoclassical economics. The worldview formation process (section 2.2) is used to investigate the impact of the Western worldview on neoclassical economics. Each stage in the formation process is used to determine common features and similarities between the different Western worldviews (deism, naturalism, science, nihilism and existentialism) and neoclassical economics.

The term neoclassical economics has changed over the years, therefore the analysis begins by explaining how and why the term has changed. This is done in order to provide an initial understanding of the neoclassical economic approach. The discussion forms the foundation for the analysis of morals and ethics within the neoclassical approach.

The analysis of morals and ethics is centred on key economic concepts within neoclassical economics with the goal of exploring the underlying value behind concepts such as rationality and self-interest. The discussion includes Wilber's (2013) constructed worldview on his perception of neoclassical economics. This will provide a link to analyse the value behind concepts of rationality, individualism and self-interest.

4.1 The Western worldview behind neoclassical economics

The Western worldview behind neoclassical economics can be impacted by many different views. The chronological Western worldviews is used to investigate how much of an influence deism, naturalism, science, nihilism and existentialism had on morals and ethics in neoclassical economics.

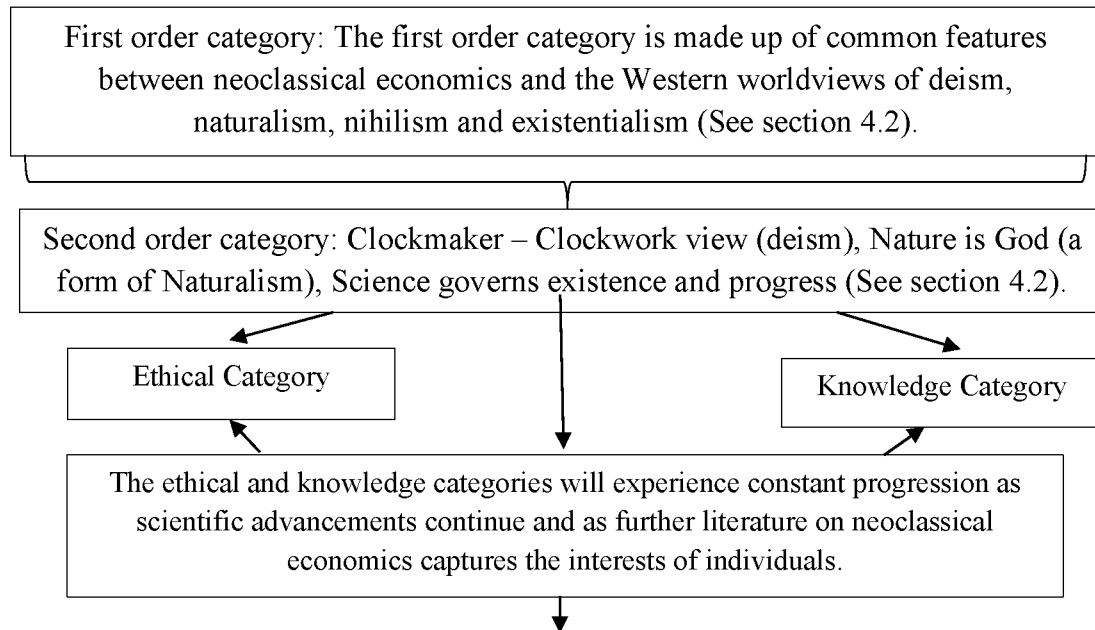
The structure used to investigate the Western worldview behind neoclassical economics is based on the same worldview formation process explained in Chapter 2 (section 2.2). The first stage (first order category) discusses the common features and similarities between neoclassical economics and deism, naturalism, science, nihilism and existentialism (section 4.2). This discussion should build up an understanding of the views that might have impacted on

neoclassical economics and helped to form a basis for the second stage (second order category) of analysis. The second order category is based on specific features and concepts (clockwork universe, nature as a form of God and science as a main driver of economics) which assist in understanding the moral and ethical undertones of neoclassical economics.

The first and second order category stages results in a categorization process (stage 3 chapter 2, section 2.2.2), this process uses the information built up in the first two stages to create an ethical and knowledge category. These categories will always experience constant progression as science advancements and academic knowledge based on neoclassical economics progresses. The ethical and knowledge categories are important as they explain how the morals and ethical considerations are thought up and developed. The ethical and knowledge category is also important for the creation of the six elements of the Western worldview behind neoclassical economics.

Together the two categories (ethical and knowledge) and the six elements (see figure 4.1) will help to create the discussion on the analysis of morals and ethics in neoclassical economics (section 4.2). The progression of the Western worldview (figure 4.2 and 4.3) and section 4.2 provides an explanation of how a worldview can change from a religious one to one that is more focused on individual or rational thought (a move away from Protestantism), which also ties in with Wilber's (2013) constructed worldview based on his perception of neoclassical economics (section 4.3.1). Therefore morals and ethics based on the simplified assumptions, the background to self-interest, self-interest in neoclassical economics and the holistic approach to self-interest are all based on the understanding that the progression of Western worldviews impacted on neoclassical economics (depicted in figure 4.2).

THE WORLDVIEW BEHIND NEOCLASSICAL ECONOMICS



6 Elements

1. *Concept of God*: The difference from the theistic view of religion and the neoclassical view of God, is that God is present and relevant in theistic economics (Van der Walt, 2010). Whereas in the neoclassical view, the concept of God is personal to the individual and is not a central aspect to the approach. Views associated with the enlightened deist, the view of science and naturalism are consistent with and support the neoclassical economic approach to God.
2. *Being a human*: In the neoclassical view being a human is linked with rationality, in order to make decisions which maximise personal utility and self – interest. Being human is summarised in the simplifying assumptions of the economic man or homo economicus (Nelson, 2003).
3. *View of Nature*: An example of the neoclassical view of nature is the approach towards environmental economics and sustainability strategies.
4. *Historical*: Historical advancements through science or technology have improved the approach to economics (new methods of research, internet, economic programs of analysis have contributed to the approach).
5. *Culture and society*: Culture and society have become accustomed to neoclassical economics being the mainstream approach; the neoclassical approach is familiar to economic scholars and economists (Hefelbower, 1920; McNeill, 1998; Copp, 2002).
6. *Normative or Positive*: It can be argued that the neoclassical view is both a normative and positive approach, however some believe that the mathematical, graphical and scientific approach of neoclassical economics makes it more of a positive approach (Hart 2013)

Figure 4.1 The Western worldview behind neoclassical economics - Overview of Chapter 4

Source: Author's own (2016) based on Cramp (1982).

4.2 The impact of various Western worldviews on neoclassical economics

It has been suggested that various Western worldviews have had an impact on neoclassical economics. A chronological representation of the Western worldviews will assist in identifying which ones share thought patterns which are similar to the neoclassical approach. Figure 4.2 shows a timeline of the Western worldview in relation to neoclassical economics, and figure 4.3 indicates the influence that some of the worldviews might have had on the neoclassical approach to economics. Therefore, this section discusses the extent to which the Western worldviews can be linked with and have accommodated the neoclassical approach to economics. It should also provide an analysis of the thought patterns and human behaviour associated with neoclassical economics.

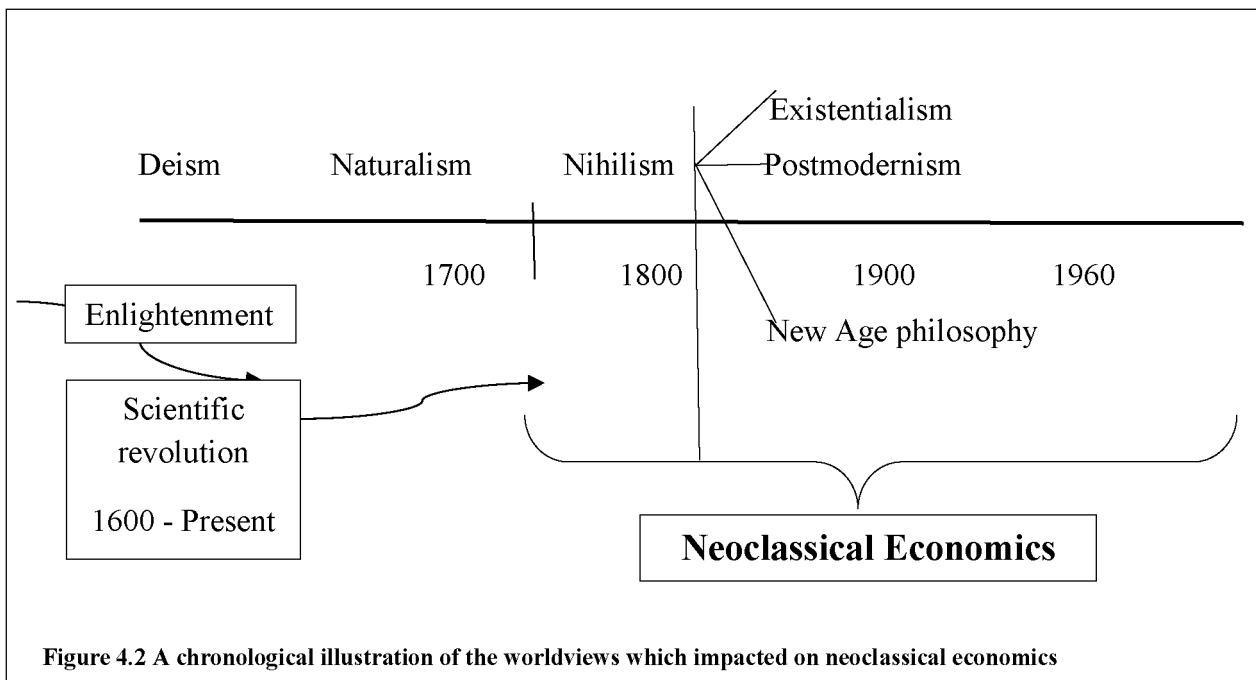


Figure 4.2 A chronological illustration of the worldviews which impacted on neoclassical economics

Source: Authors own (2016) based on Cramp (1982)

A constructed worldview associated with neoclassical economics

Worldviews which might have impacted on the morals and ethics within neoclassical economics:

1. Deism
2. Naturalism
3. The scientific revolution
4. Nihilism
5. Existentialism

Figure 4.3 Western worldviews which can be linked with neoclassical economics

Source: Author's own (2016) based on Cramp (1982)

Certain Western worldviews would have more in common with neoclassical economics than others. The Western worldviews with thought patterns and core beliefs which relate to this approach to economics will now be discussed. The aim is to explain how the chronological progression of Western worldviews may have influenced neoclassical economics and the similarities between them will be analysed.

4.2.1 The impact of deist thought on neoclassical economics (The clockwork universe)

As previously mentioned, the deist movement offered a view that acknowledged the existence of a higher being, but there was no need for the deity or God to be present in order for the world to sustain itself. Deism was the first worldview which explained that the individual can operate separately from God. Deism also describes the world as a clockwork universe. God as the clockmaker and the maker of the universe and humans are described as the clockwork that runs the clockwork universe (the world). The clockwork universe runs as a closed system of cause and effect. In the closed system (in other words the closed system) the internal elements do not interact with their environment. Therefore, the pieces of the clockwork (the humans) are responsible for producing the cause and effect within the clockwork universe through their daily contributions and activity which creates the cause (the first event) and results in the effect, an outcome (the second event).

The link between neoclassical economics and deism is reflected in the clockwork universe. In neoclassical economics, the economy is formed naturally through aggregated human action, similar to daily contributions and activity from the clockwork (humans) within the clockwork universe. Therefore, the economy forms through groups of people who leverage their unique skills, interests and desires to trade. The unique skills, interests and desires to trade help to create the economy. The clockwork (humans) running the clockwork universe in deism is relatable to neoclassical economics too, as it is the human action of the economic agent (human/clockwork) that allows the economy (clockwork universe) to function.

4.2.2 The impact of naturalism on neoclassical economics

According to Sire (2009) naturalism is the belief that matter exists eternally and is all that exists. Naturalism is also based on a closed system of cause and effect; there is no existence of God in this view. Sire (2009) suggests the human aspect here is viewed as being “complex”; “the personality is an interrelation of chemical and physical properties we do not yet fully understand”. The naturalist view suggests that morals and ethics are related only to human beings and values are considered to be manmade.

The similarities between naturalism and neoclassical economics would be the cause and effect within a closed system, which is also a similarity between the deism clockwork universe and neoclassical economics. However, one suggested similarity between neoclassical economics and naturalism has been the law of nature through demand and supply (Copp, 2002). In naturalism matter and the earth are sustained through a natural process, this belief links the law of demand and supply to cause and effect in a closed system of nature (Cramp, 1982:5; Copp, 2002). The human occupation on earth produces certain demands in order to inhabit the earth, and the scientific explanations of natural responses through matter and other laws of nature provides the supply for the earth to be inhabited (Laudan, 1990). This explanation of the law of nature can be linked to the neoclassical view of the economy being able to sustain itself through responses to the law of demand and supply, the invisible hand and resultant equilibriums. The neoclassical view of the economy suggests that an economy is able to sustain itself. The nature of demand and supply allow for the equilibrium level to be reached through the response of the economic agents acting within the neoclassical economic model (Schumacher, 2009).

Naturalism also introduced a scientific explanation of how the world works through the evidence of matter, and according to Nelson (2003:2) the scientific positivist view can also be linked to the neoclassical approach to economics.

4.2.3 The scientific positivist worldview and neoclassical economics

According to Nelson (2003:2) science acts as a trump card in the mainstream approach to economics. The meaning of a trump card here is that it is an advantageous move which brings about a successful outcome. Nelson (2003) is also of the opinion that economists have played this science trump card when dealing with religious and philosophical ethicists. Scientific thought helped to incorporate a methodology that can be tested and proven, providing a positivist approach to economics. As previously mentioned a positivist approach is described as a scientific method which is used to explain economic decisions. The scientific positivist thought rests on fact. This approach is important for the interwoven mathematical approach to an economic concept, for example the mathematical approach of Bentham's work on utility (McNeill, 1998). A logical approach to economics is gained from the scientist's or positivist's approach.

Nelson (2003:1) describes positivist economics as using "relatively autonomous markets that follow logic of their own, which have been separated from the culture and values." The result is a strong belief that capitalist market economies are controlled and function effectively through universal and amoral laws (Nelson, 2003:1). It has therefore become accepted that the market system is "under the control" of the logical competitive "market forces", which are believed to be fuelled by the energy of self-interest (SolFed, 2003:6-8).

4.2.4 The impact of nihilism and existentialism

Nihilists believe that God does not exist, and have the common claim that there are no moral laws and all values are relative. Nihilism challenged any type of authority and advocated the belief in the personal autonomy of an individual (Naugle, 2012). Within nihilism individuals are entrusted to live according to their passions and instincts which stems from personal autonomy. Reginster (2006) suggests Nietzsche proposed that man embrace his essential nature, that power and force were the essential keys to human advancement, confirming the belief in personal autonomy. The nihilist believed that the ideal human was beyond good and

evil, and individuals had to overcome imposed morality and authority of civilization in order to realize their personal autonomy.

Personal autonomy is also included in the explanation of existentialism which holds that people make themselves who they are and rests on the belief that the human being is central to the philosophy behind existentialism (Sire, 2009). The emphasis is therefore on the individual or human, who through their personal autonomy are able to work out for themselves who they really are. As a result, only the human existence is considered as reality under existentialism.

Personal autonomy is an important link between neoclassical economics, nihilism and existentialism. Neoclassical economics relates supply and demand to an individual's rationality and his or her ability to maximise utility or profit (Sire, 2009). The individual economic agent uses their personal autonomy to make rational decisions based on their preferences, the effective reliance on the ability of an economic agent to make utility and profit maximising decisions leads to the greatest outcome for all (at a point of equilibrium). Therefore, the outcome or point equilibrium is reached through the rational ability or personal autonomy of the economic agent (Naugle, 2012).

The views associated with nihilism and existentialism explain how the thoughts on what constituted being morally or ethically acceptable progressed as the perception of the world progressed (for example the view of what constituted being moral and ethical from Christian theism to the worldviews of nihilism and existentialism have changed). In the Christian theist view the Christian believer relied on God and the authoritative source of scripture when making economic decisions; there was no emphasis on personal autonomy. However, as the Western worldview progressed the view of personal autonomy became more popular and that of God less popular. As a result, the view of what constituted morally or ethically acceptable practices in economics also changed.

An aim of the analysis in this chapter was to explore the extent to which some of the views contained within the Western worldviews can be linked to the underlying thought patterns behind some of the concepts and theories in neoclassical economics. The similarities between neoclassical economics and the Western worldviews of: deism, naturalism, nihilism and existentialism helped to understand the thought pattern of the individual economic agent and it

also aids in the analysis of the extent to which morals and ethics are included in the neoclassical approach to economics. Section 4.1 discussed the underlying thought patterns taken from the various Western worldviews; which formed the basis for the introduction of the analysis of morals and ethics in neoclassical economics.

4.3 An analysis of morals and ethics in neoclassical economics

Dequech (2008) is of the opinion that it is not easy to define neoclassical economics. The reason given for having this view is that the term 'neoclassical' has changed over the years. Lawson (2013) takes a similar view, however his opinion on the use of the term in the discipline of economics is more critical than Dequech's view. "The term 'neoclassical' pervades the discourse of academic economics, being employed to denote a range of substantive theories and policy stances."

Lawson (2013) also suggests that the term is used loosely and inconsistently amongst its users and goes into a detailed analysis as to why this view is held. Lawson (2013:947 – 948) explains that for some people, describing an economic contribution as 'neoclassical' becomes a form of criticism. However, when this does happen, the term is used but not explained or elaborated on, and is usually meant to signal dissent. On the other hand, he explains that users of the term, who accept it for their own research or publications, mostly use it without definition or explanation, and seem to assume that any contribution they make is neoclassical in nature. Nevertheless, there are some methodologists and historians of economic thought who seek to elaborate the meaning of the term "neoclassical" with more caution (Lawson, 2013:948).

In spite of Lawson's (2013) criticisms there does seem to be some commonality with significant features present in neoclassical economics. For example, the references made to individuals, the states of knowledge acquired and the forms of behaviour that is expected (Baiman, 2012). However, Lawson (2013) requests that individuals be mindful of the minor discrepancies' which make a solid agreement of the term difficult and allows for significant variety to sneak in. Examples of these would exist in the level of information that is held by an individual; sometimes information is considered to be perfect and complete, other times it is systematically limited, and in some cases specifications of information are not made at all (Dequech, 2008). The behaviour of rationality from individuals can also vary significantly.

Lawson's (2013) analysis is interesting because it is suggested that there is significant variety in the interpretation of neoclassical economics even amongst the most cautious interpreters.

For a more nuanced view of Lawson's (2013) objections, some interpretations of neoclassical economics will now be briefly summarised. The view of the term 'neoclassical economics' according to Dequech (2008), Josan and Voicu (2013) and Baiman (2012) will be discussed, this is done in order to explore whether these explanations confirm Lawson's (2013) objections and criticisms.

Dequech (2008) explains that neoclassical economics can be categorized by three features: 1. the emphasis on rationality and the use of utility maximization as the criterion of rationality, 2. the emphasis on equilibrium or equilibria, and 3. the neglect of strong kinds of uncertainty and particularly of fundamental uncertainty.

Josan and Voicu (2013:72) suggests that the core of neoclassical economics is a number of status axioms, which are: "1. The economy can be described by economic laws; 2. The economy is composed of independent individuals; 3. The economy is stable and tends toward equilibrium; 4. Economic risk may be relatively easy managed using statistics; 5. The economy is correct; 6. Growth can continue indefinitely; 7. Growth will make everyone happy; 8. Economic growth is always good."

Baiman (2012) describes neoclassical economics as the footnote to the economics that Adam Smith prescribed, he goes on to describe the *Theory of Moral Sentiments* (1759) as built on the work of Hume and the Scottish enlightenment. It is also suggested that Adam Smith used the *Wealth of Nations* (1776) to promote competition, which exists through the invisible hand and is channelled by the self-interested behaviour of individuals. The unintended self-interest would lead to the service of the public good, which eventually leads to the promotion of the welfare of nations. Baiman's (2012) suggested explanation of neoclassical economics is then that it is: "based on the self-interested (profit and utility maximizing) behaviour of "homo-economicus" or "methodological individualism and rational action."

All three explanations of the term neoclassical economics vary. However, the points raised in these explanations which are common are: the mention of rationality, the individual's operation

in the economy and self-interest (through utility maximization). While there may be many explanations of the term neoclassical economics, the aim here was to use the explanation provided by Dequech (2008), Josan and Voicu (2013) and Baiman (2012) to indicate that Lawson's (2013) analysis on the loosely used term of neoclassical economics has some truth to it. The brief summaries of the term indicate that while the explanations of the term vary there are some common features. Those common features are often referred to as the simplified assumptions of neoclassical economics. Weintraub (2007) explains that these simplified assumptions are the foundation or core to the neoclassical approach to economics.

Weintraub (2007) suggested that there are three assumptions that can be regarded as the simplified (and common) assumptions of neoclassical economics: (1) People have rational preferences among outcomes that can be identified and associated with a value, (2) individuals maximize utility and firms maximize profits and (3) people act independently on the basis of full and relevant information. Popa (2012) also mentioned Weintraub's simplified assumptions, stating that these are behavioural assumptions which support a methodological approach. These stated assumptions by Weintraub (2007) were found to be common features of neoclassical economics mentioned in the works of Josan and Voicu (2013), Baiman (2012) and Dequech's (2008).

Therefore, although various explanations of neoclassical economics do exist, the simplified assumptions as referred to by Weintraub (2007) can be seen to be present in most explanations. Some explanations of neoclassical economics mention all of these assumptions, some base their explanation on most, while some use only one but incorporate or allude to the others.

Lawson's (2013) study on the variant explanations as well as Weintraub's (2007) contribution on the three main simplified assumptions will therefore be used to assist in this examination of morals and ethics in neoclassical economics. These three main simplified assumptions are: 1) People have rational preferences among outcomes that can be identified and associated with a value, (2) individuals maximize utility and firms maximize profits and (3) people act independently on the basis of full and relevant information; will be used. At this point it is important to mention that it is not hereby suggested that these assumptions are necessarily the only and true definition of neoclassical economics.

As previously mentioned (see section 4.3) defining neoclassical economics is not easy because this approach to economics has changed throughout the years. Another reason for this is that the term is not necessarily used in the same sense by everybody. However, the broad definition of neoclassical economics would apply to the original approach founded in the 1870s, and would be characterised by these three main simplified assumptions (Dequech, 2007). These simplified assumptions will now aid the following discussion on morals and ethics in neoclassical economics.

4.3.1 Morals and ethics based on the simplified assumptions of neoclassical economics

The main simplified assumptions have been used by economists to either support or challenge the extent to which neoclassical economics incorporates morals and ethics. Wilber (2013) uses the simplified assumptions to create what he refers to as a neoclassical mainstream worldview which he uses to analyse “the extent to which morals and ethics have been included in this approach to economics¹³. The neoclassical mainstream worldview would be embedded in a scientific paradigm, the following prepositions would exist¹⁴:

“1. Human nature is such that humans are a/ self-interested and b/ rational. That is, they know their own interest and choose from among a variety of means in order to maximize that interest.”

“2. The purpose of human life is for individuals to pursue happiness as they themselves define it. Therefore, it is essential that they be left free to do so.”

“3. The ideal social world is a gathering of free individuals who compete with each other.”

The first two propositions create a “motivating force for economic life”. Self-interest from the first proposition and satisfaction (to pursue happiness) from the second proposition to motivate people to make the best economic decisions. In other words, people are rational when making choices in order to achieve their goals, and their goals are motivated by self-interest, the third proposition (the ideal social world) creates an environment for the “force” to be in operation and it is within this environment that the neoclassical worldview can be understood (Wilber,

¹³Wilber’s (2013) constructed worldview is based on **his** perception of neoclassical economics.

¹⁴ Quotes from Wilber (2013:1) listing the prepositions.

2013). The propositions therefore reveal that individualism and rationality are important elements in understanding neoclassical economic theory.

Individualism and rationality create a social context of harmony among diverse and conflicting interests (i.e. choices) (Marcum, 2003). The combination of individualism and rationality together with the social context of harmony describes the competitive equilibrium. Wilber (2013) explains that the competitive equilibrium in neoclassical theory is an ideal, as it maximises the value of consumption and satisfies the greatest number of individuals' wants, he explains that it is the standard used to measure economic conditions. If people make rational decisions based on their uniqueness (individualism) then their self-interested behaviour would lead to their satisfaction (happiness pursued). Each individual who acts in this way therefore contributes to the creation of the ideal competitive environment and to a state of equilibrium (a social context of harmony among diverse and conflicting individual interests) (Frey, 1998).

The simplified assumptions and propositions based on the constructed neoclassical mainstream worldview highlights the individual's self – interest, rationality and pursuit of happiness (through utility maximization). Therefore, neoclassical economic theory is dependent on the “individual”, on the individual's self – interest and ability to make rational decisions, to reach utility maximization which eventually leads to competitive equilibrium.

The competitive equilibrium is considered the best for all economic situations as competitiveness and self – seeking behaviour is channelled into mutually satisfying activities (a Pareto optimum point) (Frey, 1998). Therefore, within the neoclassical mainstream worldview, emphasis is placed on the individual. The individual is encouraged to pursue self – interested gain; the individual is capable in making rational decisions and acting independently on the basis of full and relevant information. Therefore, the simplified assumptions suggest a certain capability of an individual (based on rationality and access to information) (Dequech, 2007). Importantly, the individual economic decisions lead to satisfaction, but not just individual satisfaction, the competitive equilibrium satisfies the greatest number of individual wants.

The focus on the individual and each person's self-interest ties in with one of the six elements of a worldview mentioned earlier (see section 2.3.2: on being human). This view on

individualism also correlates with Max Weber's (1958) analysis earlier in Chapter 3 (section 3.5). He explained that the desire and attempt of individuals to gain more and more led to a view that an individual needed to work very hard to retain a position of occupation which produced this kind of wealth. Weber (1958) further proposed that this idea created a different view of money and a protestant ethic reflected in the spirit of capitalism and individuals (Protestants) accepted this way of thinking as a way of life. Individualism in this context [Wilber's (2013) neoclassical mainstream worldview] is an important aspect as the element of being human is a clear focal point within this worldview. Therefore, the analysis will focus on the behavioural trait that acts as a "motivating force" and will describe in more detail, the 'individual' within the mainstream neoclassical worldview also known as Adam Smith's (1776) concept of self-interest.

4.3.2 Background to the concept of self-interest (a la Adam Smith)

Adam Smith's (1776) benevolence quote, gives an appropriate first look at how the concept of self-interest contributed to the discipline of neoclassical economics.

"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" Smith (1776:19).

This statement from Adam Smith lent itself to the incorporation of the concept self – interest within economics as a discipline. Furthermore, it provided an explanation for the idea which suggested that human nature providing and making decisions for 'self,' also meant that others would benefit (Frey, 1998:1575). Whether or not it was Adam Smith's intention to be understood in this way can never categorically be answered. This statement created awareness that the butcher, baker and brewer were producing goods for others to consume, in order to fulfil their own self-interest (Fleischacker, 2011; Anderson, 1988; Werhane, 2006). Benevolence may exist between the human interaction at the time when trading of the products and the receiving of payment for products occurs, benevolence might also come from a sense of accomplishment by the producers of the product. However, Frey (1998) explains that the benevolence does not come from the butcher, baker or brewer wanting to provide dinner for other individuals while receiving nothing in return.

The benevolence statement of Smith (1776) could have contributed to an understanding that each economic agent or individual acting in self-interest provides an opportunity in the

economy for both producer and consumer to benefit (Werhane, 2006:204). In other words, self-interest as an economic concept could have created “acceptable” confidence in individuals when making economic decisions for the self, as self-interest also creates economic opportunities for others while satisfying the self (O’Neill, 1998). The possible assurance conjured up by a concept may create security and confidence for individuals. The important point is that when people act in their own self-interest other economic agents also benefit (Frey, 1998).

It is therefore maintained that the underlying meaning of Smith’s quote was the assurance that acting in self-interest produced the most efficient and benevolent outcome for the economy, for both the individual as well as others (Frey, 1998). In other words, the individual feels secure in the knowledge that acting in self-interest was not only efficient but also positive. Therefore, individuals’ do not have to feel that making decisions only in their self-interest would be morally or ethically incorrect.

4.3.3 Self-Interest within neoclassical economics

Self-interest is a key concept and behavioural trait associated with the neoclassical economic approach. According to Frey (1998:1574) the neoclassical utility maximization model embodies the axiom of self-interest. Much has been said about the concept of self-interest in relation to ethics and economics. Indeed, within the neoclassical paradigm, self-interest makes the most sense (O’Neill, 1998). An economic agent is expected to maximize personal ‘utility’ using their personal preferences and tastes to make decisions based on income and available funds. The economic agent faces constraints of income and prices charged for goods or services. The assumption is that if income or prices vary then the economic agent will recalibrate the mixture or sequence of commodities purchased (Chong et al., 2001).

Frey (1998:1574) describes the behaviour of an economic agent within the neoclassical paradigm as the constant search for maximum utility under changing constraints. Some are of the opinion that the concept of self-interest can be infinitely expandable into other realms. Therefore, the debate that self-interest can be explained and extended into other areas or realms of an individual’s life can act as a supportive argument for those who believe in the efficiency of self – interest (Chong et al., 2001). It can then also be argued that self - interest is inclusive of ethical constructs within the discipline of economics. The argument for self - interest rests on the fact that it provides a universal explanation of human activity. Stigler (1982:104)

provides a statement for this explanation. He describes man as an eternal ‘maximizer’ of utility, he goes further in explaining that an individual maximises utility “in his church, in his scientific work, in short, everywhere” (Stigler 1982). In other words self – interest can be seen as a driving force in life and as the holistic principle to the activities of life.

It would also seem that neoclassical economics equates rationality with self – interest, where rationality is reduced to a calculation of personal gain. The individual having the ability to make rational decisions does so out of interest to the self (Stigler, 1982). Therefore, within the neoclassical approach, self – interest and rationality are viewed as being basic human traits necessary to reach a Pareto optimal state (Frey, 1998). The association makes it reasonable to then refer to self-interest as being a positive human attribute. The rational human being seeks to further the self in the economy and it is seen as being rational to maximise personal gain (O’Neill, 1998). The maximisation of personal gain involves economic decisions which reflect the self-interested behaviour of individuals, which indicates the correlation or relatedness of rationality and self – interest (Phillips, 2002).

4.3.4 The holistic approach of self-interest

The broader message found when analysing the ethical and moral constructs of the neoclassical economic framework is revealed through the concept of self-interest and the related ability of rationality (Wilber, 2013). Furthermore, the concept of self-interest is not only a concept that is essential to understanding all the other behavioural concepts that make up the neoclassical framework. Self-interest can be used as the basis for a working morality amongst economists who advocate for this type of economics (Frey, 1998; James and Rassekh, 2000). It can be argued by those who regard self-interest as an ethical construct that all human behaviour results from this concept. This is because some believe that self-interest is present even in our relations to others (James and Rassekh, 2000).

Self-interest can also be described as being the main driving force behind altruistic behaviour of an individual (Phillips, 2000; Chong *et al.*, 2001). The argument is that even when desiring that someone else to be better off and oneself to be worse off, self - interest is still present. The individual who requires someone else to be better off (by making the self-worse off) feels a certain ‘utility’ from the other being better off (Frey, 1998).

The method of reasoning is further illustrated as follows: Firstly, if a tangible product is consumed by an individual, that individual would be satisfying a certain 'utility'. It was in self-interest that a product was acquired and consumed (Phillips, 2002). For example, if a person purchases a Coke to quench their thirst, then the purchase and consumption of the Coke provides the desired utility and the thirst being quenched satisfies the person's self-interest. Secondly, it is similarly argued that being charitable or wishing for someone else to be better off also satisfies the 'utility' and self-interest of the individual. Utility is derived from receiving pleasure which comes from the charitable act or sacrifice, because such activity pleases oneself (Frey, 1998).

Therefore, what is given up for the enjoyment of others is no different to what would be given up for the attainment of, for example, a vehicle. The reason is that in both cases the individual is in a transaction to obtain what is desired. Neoclassical economics does not place importance on the source of tastes and preferences, which are a given and are described as being inexplicable (Frey, 1998). To attach a moral status to tastes and preferences which are described as personal and inexplicable does not make sense within the approach, as each individual's tastes and preferences vary (Veldhuis, 2011:1).

Self-interest in relation to tastes and preferences explains that moral status cannot be the same. This statement helps to explain how obtaining a car has the same moral intention as helping another human being. One individual's self-interest is satisfied by obtaining the car, the other individual's self-interest is satisfied by helping someone else (Phillips, 2002). The moral status might be different, but both desires are satisfied. Therefore, the source of tastes and preferences are not important, instead it is whether or not the self-interested decision provides satisfaction and maximises utility that is important.

Stigler (1982) explains that man or woman is a utility maximizer in all spheres of life: in work, and in church, in short everywhere. Stigler's (1982) explanation uses the concept of maximizing utility to illustrate the human as well as the social aspect. Here the concept self-interest is also present; to maximize utility in all spheres of life illustrates that maximum total self-utility is being achieved (Phillips, 2000). The consciousness of maximizing total utility in this explanation alludes to a self-interest that is present in all human and social contexts. In an individual's work to seek to maximize utility implies a self-benefit that is achieved from the self-interested decision to participate in that work (Chong et al., 2001; Phillips, 2000). To be a utility maximizer in his church implies a similar logic (rational decision); an individual attends

church to maximise a personal utility, further illustrating the concept of self – interested behaviour. Therefore, the holistic argument for self – interest reveals that each individual seeks to benefit from the decisions that are made, and the decisions that are made originate from the individual self – interest (Stigler, 1982).

It would seem that rationality and self–interest have taken on an important role in the analysis of ethical and moral constructs that exist within neoclassical economics. As previously mentioned (see section 4.4.3) self – interest as a conceptual idea within the neoclassical economic approach relies on its relatedness with rationality. The rational decisions of an individual within this approach are said to produce decisions that are based on self – interest. Therefore, within this approach, self – interest emerges as a human trait that is present and central to the economic agent participating in the economy (Wilber 2013:1). Theoretical assumptions aside, self – interest becomes the assumption used to describe the human aspect of the neoclassical economic approach. Therefore, self – interest also becomes the basis of analysing the ethical and moral underpinnings that exist within the framework itself. Indeed, the morals and ethics of an economic agent within the neoclassical approach clearly reveal behavioural traits that are based on personal economic interest (James and Rassekh, 2000). This is when the statement of “it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.” becomes relevant in relation to ethical and moral behaviour within economics.

4.4 Conclusion

A single definition of the neoclassical approach to economics does not exist because the understanding and approach to neoclassical economics has changed over time. However, the discussion revealed that even though various interpretations of the term ‘neoclassical economics’ exists, the original simplified assumptions or common features remain as the core foundations of the approach.

Identifying and explaining the simplified assumptions of neoclassical economics helped to identify commonalities between the various Western worldviews (deism, naturalism, nihilism and existentialism) and neoclassical economics. The analysis on the Western worldview revealed that thought patterns which are developed over time can have an effect on the theories and methodologies which are included and practiced within the discipline of economics. The identification and explanation of commonalities between some of the Western worldviews and

neoclassical economics laid the foundation for highlighting well known concepts such as self-interest, individualism and rationality as main behavioural traits. Furthermore, these behavioural traits (self-interest, individualism and rationality) were also highlighted as being necessary and efficient within the neoclassical theory, as the competitive equilibrium and Pareto optimality can be reached through the application of these concepts (O' Neill, 1998; Phillips 2002).

It was shown that decisions made within the economy and out of the economy can be described as self-interested ones. Particularly interesting were the findings by Frey (1998) and Stigler (1982) who explained that even altruistic and charitable decisions are made in self-interest. In short, both their contributions on self-interest suggested that self-interested decisions govern the decision making ability of individuals (i.e. decisions made in church, the work place, family life, personal life and economic life are all based on self – interest).

The holistic analysis of self - interest revealed that rational decisions made in self-interest are not selfish decisions, because moral and ethical decisions are also made in self-interest (Frey, 1998). Therefore, within the neoclassical worldview, the decision to act morally or ethically rests on the individual. The neoclassical worldview and theory seems to task the individual to make morally and ethically acceptable economic decisions (Stigler, 1982). Yet the varying views of the neoclassical approach to economics make having an ethical code very difficult. It would appear that it is only the common simplified assumptions that can be used when considering the inclusiveness (or not) of morals and ethics (James and Rassekh, 2000).

The overall analysis revealed that the individual is emphasized within the neoclassical Western worldview and theory, therefore the inclusion of morals and ethics within this approach also rests on the individual. There is no economic theory, policy or code which provides any explicit assistance or guidance pertaining to morals and ethics within the neoclassical economic approach. It was found that the Western worldview of individualism, rationality and self-interest that underpin the assumptions of neoclassical economics gives the opportunity to each individual to decide for themselves what constitutes being moral or ethical.

Furthermore, the development of the Western worldview according to the chronological framework based on Cramp (1982:2) (figure 1.1) indicated that worldviews such as deism, naturalism and a positive scientific view has an impact on neoclassical economics. This chapter highlighted that these Western worldviews do have commonalities with neoclassical

economics, there was no evidence to suggest that Protestant Christian morals and ethics is influential on underlying neoclassical economic thought. The morals and ethics from theism changed as the pre-reflective, first stage ordering processes (figure 2.2) and the second ordering processes (figure 2.3) developed through each Western worldview progression. Therefore, as the initial pre-reflective view of the world changes, it causes changes to how the world is experienced and these changes produce different understandings of discourse, institutions, daily habits and culture. From these changes explained in Chapter 2, the moral and ethical understanding and behaviour can be altered also. This explanation assists in understanding how the Protestant Christian morals and ethics discussed under theism are different to the underlying morals and ethics in neoclassical economics.

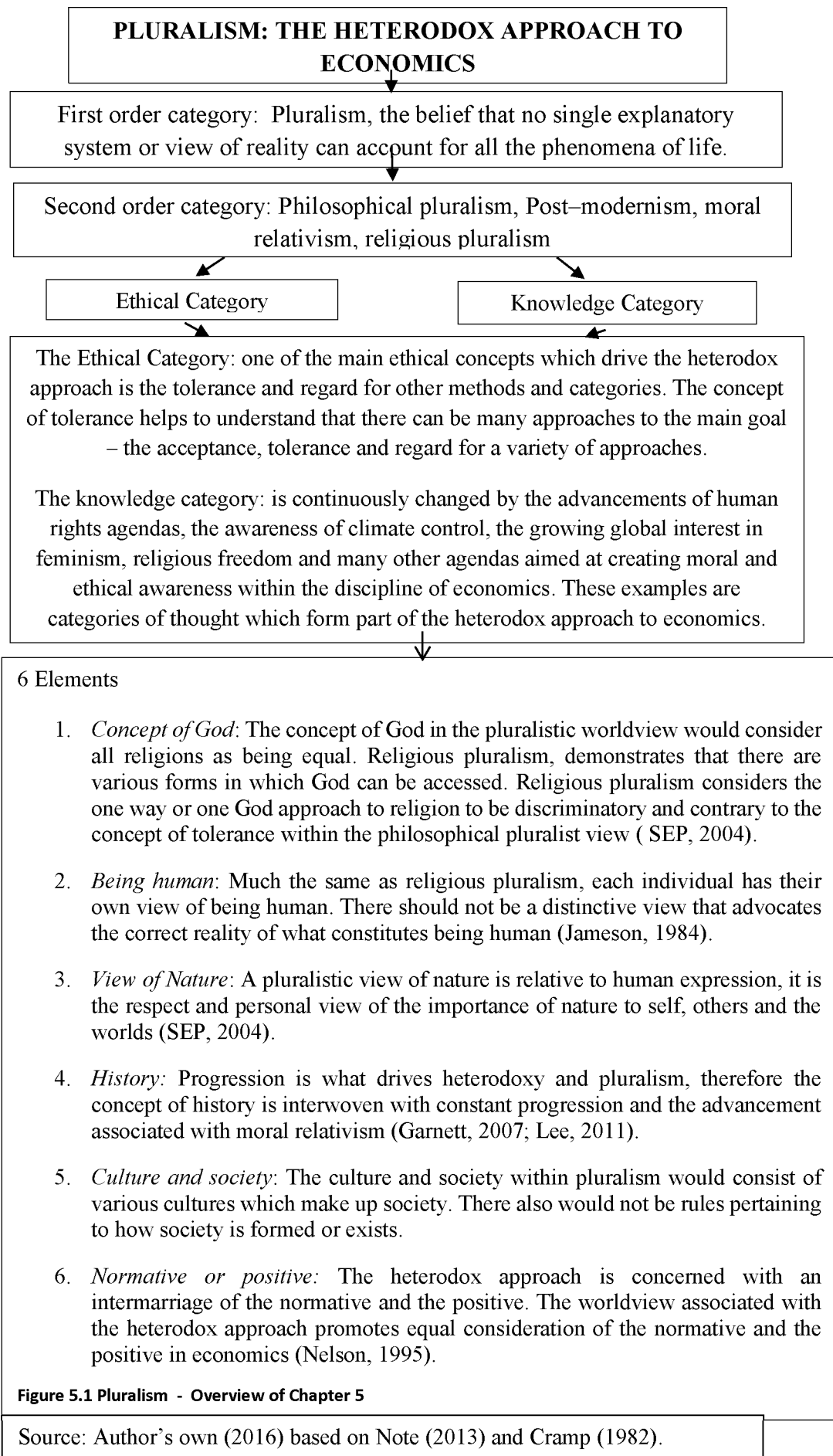
Chapter 5

Pluralism and the heterodox approach to economics

This chapter examines some of the views and practices which are associated with the heterodox approach to economics. The concept of pluralism is used to explain the approach that heterodox economics takes. Further relevant philosophical concepts are discussed in order to construct a worldview that best describes this approach to economics. Examples of heterodox economics which are based on morals and ethics are introduced and explained, these examples are used to show the link between morals, ethics and economics.

Heterodox is used as an umbrella term to describe a coming together of various traditions or projects. This approach to economics can be described as the opposite to what is commonly known as the mainstream or sometimes interchangeably, the orthodox or neoclassical approach to economics (Dequech, 2008:293). Another description of the heterodox approach to economics would include the listing of schools of thought and methodology which are usually different to the mainstream approach to economics. Some of these heterodox approaches include: post-Keynesianism, feminist economics, green economics and religious economics (Lawson, 2005: 484).

The concept of pluralism which is linked to heterodoxy facilitates the understanding of the underlying thoughts behind some of these approaches to economics (Garnett, 2007:528). Garnett (2007), Dow (2012) and Earl (2012) suggest that a pluralistic view is necessary in understanding how the heterodox approach to economics is able to be inclusive of ethics and morals. A pluralistic view is also used by some heterodox economists to provide an insight into what makes it a contrast to the mainstream approach. Pluralism can also be described as a worldview within which there are many categories of views towards life and the world. Philosophical pluralism, which is one category of pluralism, will be used to explain how heterodox economics can include morals and ethics in a more obvious way into the discipline. The concept of pluralism will then be used to provide an argument for whether further progression of the heterodox approaches to economics would better incorporate morals and ethics into the discipline.



The formation process of a worldview (Chapter 2) was also used to construct a framework based on pluralism and the heterodox approach to economics. The first stage of the category explains the Western worldview of pluralism. Each stage of the worldview formation process explains how the pluralistic worldview is used to explain key themes which help to understand some of the heterodox approaches to economics (Note, 2013).

The second stage called the second order category explains philosophical pluralism which is a sub-category of pluralism. Philosophical pluralism's core belief is the notion that individuals do not simply discover and copy a way of life through reason or through the notion that a unified reality exists independent of human beings (Miller *et al.*, 2008: 7). Instead, it focuses on a view of reality that is influenced by a historical or cultural background and is based on subjectivity and change. Some types of philosophical pluralism, such as moral relativism, postmodernism and religious pluralism will be introduced and explained later on in the chapter. Both stages 1 and 2 (first and second order categories) will be used to create a foundation or base for the analysis of morals and ethics within the heterodox approaches to economics (Note, 2013:84).

Stage 1 and 2 (first and second order categories) help to form stage three, which is divided into the ethical and knowledge categories. The categories are important because the analysis of morals and ethics in heterodox economics are based on how the categories are formed and exist. The ethical and knowledge categories give an understanding of the six defining elements which according to Van der Walt (2002) are necessary for the development of any culture. These six elements give further insight into the underlying view of how morals and ethics can be perceived in the heterodox approach to economics.

The final goal of the chapter discusses and suggests how the worldview of pluralism and the heterodox approach to economics can further create awareness and consideration of morals and ethics in the discipline of economics (section 5.4). Dow (2012), De Martino (2012), Earl (2012) and Freeman (2012) were all involved in the online conference that the World Economics Association held on ethics in economics in 2012. The authors provide examples, insights and personal experiences of how heterodox economics can improve morals and ethics in economics. Part of the analysis in the thesis looked at how the approaches to economics (Protestant and neoclassical) incorporated or included morals and ethics into the discipline.

The Christian Protestant approach to morals and ethics in economics (Chapter 3) was analysed through the discussion of Old and New Testament biblical principles. The neoclassical approach to morals and ethics in economics (Chapter 4) was analysed using the Western worldview of neoclassical economics. This was done through the simplified assumptions and through the discussion of the underlying value of concepts such as rationality, individualism and self-interest.

Therefore, in this chapter the analysis of morals and ethics with regard to pluralism and heterodox economics (section 5.4) will firstly be discussed through the pluralist code of ethics which authors Dow (2012) and Freeman (2012) support. Thereafter De Martino (2012) and Earl (2012) provide ways, in which the heterodox economist and academic institutions can teach, implement and improve professional ethics within economics. The aim of the pluralist approach is to create awareness that the multiplicity of ideas within the Western worldviews can be incorporated into improving morals and ethics in economics. This means that, for example, the Christian Protestant view of economics does not have to be exclusively linked to the religious approach, but can be considered as a relevant tool in creating awareness of morally and ethically acceptable behaviour amongst economists, academics and people participating in the economy. Furthermore, the goal of section 5.4 is also to highlight how the Western Worldview of pluralism complements the heterodox approach to morals and ethics in economics.

5.1 A worldview that best describes heterodox economics

According to Garnett (2007) a pluralistic worldview best describes the heterodox approach to economics. The general definition of Pluralism is that diverse views and approaches can exist. Pluralism is therefore the opposite of a single approach to interpretation. A pluralistic worldview suggests that many different worldviews can exist, the one worldview not taking precedence over another (Donely, 2013:1). The view of pluralism therefore suggests that many methods or adoptions are able to and can contribute to achieving an economic aim. (Healy. 2003:693). Therefore, within the pluralistic worldview a variety of ideas or thoughts from other worldviews such as (theism, deism, naturalism, etc.) and can be used to inform or be part of a pluralistic worldview.

Philosophical pluralism (second order category, stage 2 as illustrated in figure 5.1) will be used to explain how an approach to economics can be more inclusive of morals and ethics by being

open to a variety of ideas concerning reality (Miller *et al.*, 2008: 7). Since philosophical pluralism itself does not consider a specific worldview to be the correct one. Therefore, the overarching philosophy of pluralism indicates a progression of thought which describes the various methodologies and schools of thought within the heterodox approach.

5.2 Categories of philosophical pluralism which assist in understanding the approach to heterodox economics

The categories within philosophical pluralism (as seen in figure 5.1) explain how a variety of thoughts or views should exist to complement others. Moral relativism explains the various ways in which morality can be understood, placing emphasis on being tolerant of other views within a multiplicity of moral codes or considerations. Post-modernism explains the variety of ways in which culture, society or tradition can exist. Post-modernism also explains that individual expression and understanding is an important aspect and how the progression of views on being human has culminated in individualism and self-dependency being accepted and celebrated. Finally, religious pluralism explains the religious aspect of pluralism. In this category all religions are explained as being equal. Religious pluralism explains that each religion can exist and still be tolerant of the various levels of morality and ethical considerations from other religions.

5.2.1 Moral relativism

Gowans (2004) suggests that the term ‘moral relativism’ can be understood in a variety of ways. Moral relativism suggests that widespread and deep moral disagreements exist. It also suggests that the justification and truth of moral perspectives cannot be absolute as they are relative to a specific group of people (Gowans, 2004). A general definition of moral relativism is connected to a normative position of ‘how we ought to think and act towards individuals that we morally disagree with’ (Gowans, 2004:1). The common suggestion associated with moral relativism is that there should be tolerance between moral disagreements.

Moral relativism is relevant to the idea of pluralism as it presents evidence to suggest that various types of morality can exist through tolerance (Gowans, 2004). It is suggested by Garnett (2007) that moral relativism also provides evidence against diehard defenders of the mainstream approach to economics (neoclassical economics), who argue that orthodox economics is a sufficiently moral discipline. In the case of heterodox economics, the

philosophical practice of moral relativism not only provides a case for the progression of the approach (the argument that an absolute approach does not exist, especially in the case of failed results¹⁵), but also provides a strong evidential argument for ‘tolerance’ of other approaches to economics (Garnett, 2007 528).

What is meant here by ‘tolerance’? As previously mentioned, the general definition of moral relativism suggests that various types of moral disagreements exist, however a normative position of ‘tolerance’ is prescribed. Tolerance here is not referring to indifference or absence of disapproval. In the case of heterodox economics, the tolerance which moral relativism provides illustrates the extent to which a variety of other approaches of economics should be employed or considered (Lee, 2011: 541).

In other words, the ‘tolerance’ referred to here is the extent to which it is accepted that other approaches to economics are able to provide relevant and worthwhile methodologies and will assist in the understanding of the heterodox to economics.

5.2.2 Postmodernism

Postmodernism is a view that can be applied to any discipline. It can be defined as a reaction towards an assumed objectivity, reason or scientific attempt to explain reality. Jameson (1984:53) explains that postmodernism is centred on an individual interpretation of what constitutes reality and rejects conformity to one group of culture, society or tradition as being the right or correct one. The postmodern understanding is based on an individual interpretation of experiences rather than abstract realities and principles (Jameson, 1988: 12-13).

Individual interpretations of principles, perspectives and insights have resulted in a variety of approaches being introduced to the discipline of economics under the heterodox umbrella. Postmodernism has therefore provided the individual with an opportunity to research and express conscious thought and opinion on current or trending social occurrences related to economics (Sofianou, 1995). For example: the development of gender roles in labour markets or studies on how female professionals receive lower incomes in comparison to their male counterparts.

¹⁵ Failed results from for example: Structural Adjustment Programmes (SAP’s), trying to control climate change or from the 2008 financial crisis.

Postmodernism and individual interpretation have assisted in giving a voice to social and modern day constructs and have also allowed for increased awareness of these topics. Post modernism gives economists an opportunity to employ different approaches to the field of economics, assisting in the progression towards other approaches and methodologies within the discipline (Sofianou, 1995). This is significant for economists who attempt to highlight the importance of a shift from the mainstream or orthodox methodologies often associated with economics. This view also assists in creating an argument and a starting point for those who wish to displace the long term dominance of neoclassical economic theory (Ruccio and Amarglio, 2003:1).

It also seems that postmodernism has created opportunities to revive interest in morality and values within economics. More importantly, post modernism has created the opportunity for individual interpretation of morality, values and what constitutes power within economics (Ruccio, 1991:495). This has given rise to associations and student movements such as the Heterodox Economics Students Association and the Association for Heterodox Economics. According to Lee (2011:23) these student associations focus on the progression of views which encourage debate about pluralist approaches to economics by advocating for openness and tolerance. In addition, the movements have called for the reconsideration of approaches to economics which currently fails to address on-going economic problems like unemployment, inequality, poverty and climate change (AHE, 2014:1).

5.2.3 Religious pluralism

Religious pluralism is another view which explains a pluralistic worldview and is focused on the concept of religious morality. Religious morality is closely linked with moral relativism; religious morality considers that each religion might have a different view of what is considered as morally acceptable. Therefore, moral disagreements are allowed to exist (Clarke and Day, 2009). As with moral relativism, tolerance is the main criteria central to religious pluralism. Tolerance within religious pluralism focuses on the freedom to choose and participate in any religion. However, the main aim of religious tolerance within religious pluralism is not to discourage indifference, but instead a tolerance which prevents moral judgements or disagreement (Gowans, 2004:1).

How is religious pluralism relevant to the heterodox approach to economics? Religious pluralism as a theme of philosophical pluralism introduces the religious aspect or approach to

economics under the heterodox umbrella. According to Kuran (1994:769), the religious approach to economics should be considered a “competent tenet” of the variety of approaches that make up the discipline, therefore religious economics should be considered as important and relevant. Religious pluralism assists in including religious economics as one of the approaches under the heterodox economics umbrella. Religion and economics is sometimes considered as a no entry zone by some scholars, academics and economists (Kuran, 1994). Considering religious economics under the heterodox approach to economics, via platforms such as the Heterodox Economics Students Association and the Association for Heterodox economics creates awareness of and a fresh perspective on the links between religion and economics.

Furthermore, taking consideration of religious economics introduces a social aspect or a personal holistic approach to economics. As Iannaccone (1998:1465) puts it, religious economics introduces opportunities for shared economic decision making, and reconciliation of faith and finance. This gives the individual an opportunity to include personal moral thought in economic decisions and behaviour, this correlates with the New Testament interpretation of morals and ethics in economics discussed in Chapter 3. Jesus’s parables, in the gospels (in the books of Matthew, Mark, Luke and John) and on wealth gives individuals an opportunity to consider their moral and ethical position when making economic decisions. Furthermore, it explains how religion and faith in God is a holistic approach to life and should be an extension of the Christian believer to think beyond the Sunday visit to church and incorporate biblical principles in all areas of life.

5.3 Heterodox economics

A number of schools of thought can be described as or be included under the umbrella term of heterodox economics. There are also categories of economics which clearly include moral perspectives and values. A few of these types of economics will now be discussed in order to reveal and examine the link between morality, ethics and the heterodox approach to economics. The heterodox approaches that were chosen to be discussed are: feminist (5.3.1), religious (5.3.2) and green economics (5.3.3) which are centred on being morally responsible (see Chapter 1).

5.3.1 Feminist economics

Feminist economics emerged as a category of economics in the mid-1990s (Matthaei, 2005:144). Since the 1990s, feminists have initiated the challenge of and have taken position on rethinking economics. Feminist economics has introduced and highlighted topics related to women and their roles in society, it places an emphasis on gender roles in economics and introduces feminist perspectives on inequality and the topic of unpaid work within the economy (Nelson, 1995a). Initially feminist economics challenged how the mainstream approach to economics related to movements such as feminism; it also challenged the effectiveness of neoclassical economic theory in relation to women (Matthaei, 2005:144). However according to Nelson (1995b:4) feminist economics is not really concerned with attacking the mainstream approach to economics or the economists and practitioners of neoclassical economic theory. Nelson (1995b:4) explains that the main aim of most individuals interested in feminist economics is to challenge objectivity within neoclassical economics. Matthaei (2005) also adds that feminist economists are not interested in changing economic practices, instead for many the main aim seems to be to enlighten individuals that objectivity within economics can lead to a greater consideration of other approaches. Therefore, feminist economics does not try to change existing economic approaches and practices, but it does try to change the value system of economics and challenge the way we look at economics.

According to Nelson (1995b:4) not many recognize that economics as a discipline is inclusive of a value system. She suggests that many economists think that they are practicing a purely objective science. Nelson (1995b:4) further states that there is an assumption within neoclassical economics that as long as the methods and models which generate quantifiable results of a prescribed approach to economics is being practiced then objectivity and truthfulness is present. Nelson (1995a) explains that this assumption exists because it has not been challenged. Berik et al (2009:4), Day (1995:139) and Macdonald (1995: 160) agree with Nelson (1995a) that teaching only neoclassical economics can result in people thinking that this is the correct approach to economics. Therefore, it is suggested that feminist economics critiqued neoclassical theory in order to point out that a value system is inherent within the discipline. More importantly, it is creating awareness of the various approaches within economics. An increased awareness of other approaches would further add to the value system of the discipline (Macdonald 1995: 160).

Feminist economics therefore attempts to add value to an economic system through investigation and studies of gender roles within the economic household. This has led to increased awareness on issues such as skewed intra-household distributions of income according to gender in countries like China, India and Pakistan (Sen, 1984). Economic models have been created and introduced in the hope of increasing women's agency within households. Other social issues such as marriage, divorce, fertility and the well-being of children have also been included in this approach to economics. In some cases feminist economists have gone beyond the economic models and theory and have examined the legal, social and even sometimes the psychological issues which arise from intra-household decision making and well-being (Sen, 1984; Agarwal, 1999; Wheelock *et al.*, 2003).

In other words, feminist economics goes far beyond just critiquing the mainstream neoclassical theory. Matthaei (2005:144) explains that feminist economics attempts to positively contribute to the discipline of economics through the introduction of new methodologies and content. Some of the feminist economics content includes the development of gender roles in labour markets and households, which produce in-depth studies on women's paid labour supply and labour market discrimination (Wooley, 1993). Studies on the development of gender roles in the economy provide insight on the extent to which females face labour market discrimination and the resistance of entry into high level corporate positions. Another interesting study which is popular in feminist economics is the analysis of unpaid work. Nelson (1995b:5) suggests that feminist economists should be committed to increasing attention and awareness of unpaid work by including it in economic policies. The studies on unpaid work are usually aimed at highlighting the role of woman in society but they also create awareness of the gender roles that are sometimes present in the labour market and place an emphasis on the increased entrance of woman to and the role of women in the working world. Gender role studies also challenge the moral and ethical constructs on the role of the woman in the household (Nelson, 1995a).

The increase in empirical work done in feminist economics has encouraged and assisted in the development of policies aimed at addressing poverty in less developed and developing countries (Sen, 1984). Specific case studies conducted involve the work of women who are forced to seek employment to supplement other breadwinners in the home, or who have sought any form of available employment to earn income. These studies have assisted in creating more

effective ways of facilitating and improving working conditions in the relevant countries (Wheelock *et al.*, 2003).

5.3.2 Religious economics

The study of the influence of religion on economics can also be included under the umbrella term known as heterodox economics. According to Kuran (1994:769) there is definitely a separation between religion and economics and he suggests that this separation is particularly present in neoclassical economics, because it does not consider the influence of religion as being particularly important in the study of preferences. Welch and Mueller (2001) also explain that the consideration of religion when analysing economics is not thought to be as important as it should be; explaining further that the relationship between religion and economics has been left to the personal interpretations of individuals. Therefore, the presence of religious economics within the discipline is not as established as it should or could be.

However, progress has been made in order to bridge the gap between religion and economics. This progress has been attributed to religious activists seeking to introduce religious and sacred texts into secular theories, as well as to economists who have an interest in the multidisciplinary approach to economics (Kuran, 1994). Another reason for the increased interest in religion in economics is the unsatisfactory results from policies and economic realities which have not been able to address the goals and strategies aimed at improving economic conditions such as poverty, inequality and levels of unemployment (Welch and Mueller, 2001; Iannaccone, 1994; Ben – Ner, 1997).

An interesting argument in favour of more religious influence in economics is that it has been found that mainstream economic theories and methodologies do not fully reflect the cultural and societal morals and values which govern a particular country. It was further discovered and expressed that an individual who practices a certain religion becomes moulded by the inherent laws, commandments, rules and suggestions concerning behaviour of and by that religion. Many religions advise its believers on all and almost every aspect of life. Iannaccone (1994:1465) suggests that individuals who are involved in a particular religion are impacted by the moral and ethical constructs contained within the sacred and religious texts, as well as the religious social activities which form part of the religious membership. Therefore, religious membership should impact on how an individual views economics or participates in an economy (Iannaccone, 1994).

The Christian perspective of economics is seen by some as being contrary to the mainstream description of “economic man” (North, 1973) who is usually described as being rational, possessing perfect information, and is driven by self-interest with the aim to gain maximum personal utility, which relates to the neoclassical description of being human in Chapter 2, section 2.3.2.

The view is that Christian principles, and in particular three out of the four gospels are contrary to the definition of economic man, suggesting that there cannot be a positive relationship between mainstream economics and the Christian faith (Welch and Mueller, 2001:193). According to Welch and Mueller (2001) the books of Matthew, Mark and Luke in the Holy Bible can be used to explain the differences between mainstream economics and Christianity. Luke (16:13, New King James Version) warns: "No servant can serve two

masters. Either he will hate the one and love the other or be attentive to the one and despise the other. You cannot give yourself to God and money." This highlights the separation between economics and Christianity through the encouragement that it provides to Christians to heed God's word and satisfy Him before satisfying the self through economic decisions and money (Malcom, 2013:1).

Matthew (19:24, New King James Version) reads: "I [Jesus] repeat what I said: it is easier for a camel to pass through a needle's eye than for a rich man to enter the kingdom of God." The verse in Matthew is one that is often used by Christian economists who use it to explain and give commentary on what Jesus has to say about economics (North, 1973). As with the verse in Luke, this interpretation can be perceived in various ways. Some may argue that Jesus was explaining that a rich man, who carries all his possessions on a camel, will not be able to fit through the needle gate surrounding Jerusalem. However, like with other scriptures, Jesus often used parables to teach (see Chapter 3, section 3.2.2). Matthew (19:24, New King James) interpreted another way explains that being focused on earning money only to become rich makes it difficult for an individual to enter the kingdom of heaven (North, 1973). It is further suggested that a rich man can own many material possessions which would make it difficult to let go of and respond to one of the main calls of Christ: “deny yourself, take up your cross and follow Me” (Luke, 9:23, New King James).

Matthew 19:24 can also be linked to Mark (10:17, New King James Version) where a man approaches Jesus, asking ". . . Good Teacher, what must I do to share in everlasting life?" Jesus

answers: “. ... [G]o and sell what you have and give to the poor; you will then have treasure in heaven. After that, come and follow me. At these words the man's face fell. He went away sad, for he had many possessions.” Interpretations of Mark 10:17 by theological scholars, also link this scripture to Matthew 19:24, as a continuation of Jesus’ teaching on reaching the kingdom of heaven (sometimes described as the journey to heaven). While it can be argued that this piece of scripture is specific to the ‘young man’ and does not itself apply to all wealthy individuals others argue that the scripture emphasises that an individual with many possessions would find it difficult to enter into the kingdom of heaven.

According to Skinner (2012) and Lose (2012) the theme that is evident in both Matthew 19:24 and Mark 10:17 is the difficulty that comes with being very wealthy and having to give it all up to follow the life that Christ asks us to live. According to North (1973), these verses also place emphasis on the call to stewardship (Chapter3, section 3.1.3) as one of the main themes within the Bible, administering love through being charitable (being a steward to others’ needs and focussing less on oneself).

The scriptures (Matthew 19:24 and Mark 10:17) highlighted here can be very controversial if interpreted and analysed without a religious mind-set or without an understanding of Christianity. If these scriptures are read with the sole purpose of understanding the economics behind the scripture, then the religious teaching of Christ is lost and the moral and ethical teachings embedded in the verses will be lost as well. Therefore, when analysing the scriptural references in relation to economics, an understanding and consideration of the religious view needs to be equally considered with the economic view. Having an equal consideration of the economic and religious understanding will further highlight the moral or ethical principle embedded in the scriptural references provided here (North, 1973).

Welch and Mueller (2001:193) suggest that there are instances when religious beliefs can be useful or helpful in achieving economic objectives. They use the writing of Meeks (1989:30) to explain how the concept of faith within Christianity is used to support and justify the prevailing Western economy. Meeks (1989) suggests that the economy and its economic systems need to be justified and legitimated. Meeks (1989) explains that this is done by creating a level of faith for the individual within the economic system. It is suggested that the individual needs to have a certain amount of faith in the economic system in which they are operating. Having faith in the economic system justifies it, which creates a defined role and position for the individual, which enables the individual to understand their purpose and ability within the

economic system. The Christian example of faith is used to illustrate how this is possible; as the faith of Jesus is used to justify the believer, the same faith can be employed in justifiable means to sustain the economic system (the individual puts their faith in the economic system by operating in it, which results in the survival and success of the economic system).

Welch and Mueller (2001) introduce the concept of a “radius of trust” to explain how an economic system is sustained through faith by a society. A radius of trust within a society is the ability to create assurance that members of the society will honour the rules that exist in it. This example provides the understanding of how a belief in religion can contribute to a moral construct being formed within a society. If the members in a society honour the rules in the society it can contribute to the decrease of transaction costs (Welch and Mueller, 2001). This for example can be seen in the success of rural credit policies in developing economies whereby the borrowing credibility of an individual is dependent on people from the same village being familiar with each other and having a common religious belief, which results in common moral behaviour.

Christianity is also used by some Christian activists to challenge economic practices which they believe lead to immoral or unethical behaviour. Some Christian activists have challenged the US welfare system, claiming that it has contributed to urban poverty, teenage crime and the weakening of the family unit (Kuran. 1994:772). Christian activists are known to use scripture from the Bible to explain their challenges against a concept or system (Welch and Mueller, 2001). Thessalonians (3:7-10, New King James Version) is helpful in explaining the challenge by Christian activists against the US welfare namely:

“You know how you ought to imitate us. We did not live lives of disorder when we were among you, nor depend on anyone for food. Rather, we worked day and night, labouring to the point of exhaustion so as not to impose on any of you. Not that we had no claim on you, but that we might present ourselves as an example for you to imitate. Indeed, when we were with you we used to lay down the rule that anyone who would not work should not eat.”

This passage could be used to emphasize that being reliant on the assistance of a welfare program might cause dependence on a system that is external to the word of God, or God Himself (North, 1973).

If one had to take this point further, linked more with economic principles, a welfare system can create reliance where individuals are discouraged from productivity and from contributing to the overall economic system. Individuals become complacent and would not want to seek

employment, improve levels of productivity, the enhancement of human capital or increase profitability. The South African grant system is sometimes criticised because it can discourage individuals from seeking work and becoming solely dependent on receiving money from the government. The Christian principle explains that as believers, we should wherever possible choose to work, in order to display and allow their abilities to compensate anyone else who might benefit from our efforts (Smith, 2005). The scripture in Thessalonians (3:7-10, New King James Version) which encourages this Christian principle is linked with the Protestant work ethic, more especially the Calvinist approach to life that Max Weber (1958) discussed.

5.3.3 Green economics

Green economics is an interesting branch of economics which fits into the heterodox approach. The term green economics cannot be used interchangeably with environmental or ecological economics though. It has links to these two approaches to economics and is sometimes described as a sister approach to these, however it remains in a category of its own. So what is green economics? Heinemann (2006: 68) firstly points out that green economics is positioning economics in the very long-term. He suggests that this type of economics is an earth wide, holistic approach of reality in relation to nature. Heinemann (2006:68) and Kennet (2007:227) have similar views when describing the philosophy of green economics. They describe it as a celebration of diversity, ‘difference’ and the inclusiveness of the human species, nature, the planet and its system within society and community. The aim is for social and environmental justice to thrive and lead to the benefit of all.

Heinemann, (2006:68) describes the philosophy of green economics as “managing economics for nature-as-usual”, rather than it being “managing the environment for business-as-usual”. Heinemann’s (2006) philosophy further distinguishes between environmental economics and green economics. Environmental economics is described as the application of the principles of economics (often neoclassical economic principles) to the study of how environmental and natural resources are developed and managed. Heinemann’s (2006) description of green economics is the opposite of the definition used to describe environmental economics. Green economics is described as a multidisciplinary approach which is accommodative and reliant on sister approaches that provide diversity and inclusiveness such as welfare economics, feminist economics, eco-feminism, eco-socialism, environmental economics and ecological economics

(Kennet, 2007:228). Schumacher (2009:1) also considers the philosophical position of green economics and describes it as having a deep respect for nature

Green economics appeals to the moral nature of the individual, and it is critical of the Homo Economicus ideas of net benefit maximization for self through cost and benefit methods. Pearce (1992:3) suggests that people are greedy and that they need to be less greedy. He is of the opinion that being less greedy will lead to the modification of an individual's behaviour. Therefore, Pearce (1992:4) suggests that green economics rests on how to achieve the modification of peoples' behaviour. In other words, there are clear moral considerations embedded within the methodology of green economics. Pearce (1992:5) prescribes two suggestions for modifying human behaviour that rests on moral principles: sustainability and constraining human greed, both of these suggestions imply inherent moral and ethical traits of individuals wanting to preserve or sustain something which requires respect and consideration. Constraining human greed requires self-discipline and compassion, coupled with consideration for others. Therefore, it can be assumed that green economics is deeply rooted in a moral and ethical appeal to human beings.

Heinemann (2006:79) highlights how green economics has challenged the positions concerning poverty, claiming that some economic methods (such as the trickling down effect) seem to be making matters worse. Heinemann (2006) suggests that green economics analyses the full impact of theories benefiting stakeholders, with the aim of producing more and not less equity. Furthermore, green economics attempts to move away from the 'unproven possibility' that increasing the injection of components of consumption and wealth for the rich will eventually lead to the (positive) trickle down affect that will benefit the poor.

Green economics focuses on philosophical foundations to reincorporate earlier moral concerns into economics, in particular social and environmental justice, inclusiveness, equity and access (Schumacher, 2009:4; Pearce, 1992:4). Heinemann (2006:79) is of the opinion that a new economic framework is needed; one which 'makes guns, the arms trade, human trafficking, prostitution and drugs less profitable and less common economic activities.' Another suggestion from Heinemann (2006) to address poverty involves an investigation and reworking of basic production methods. His opinion is that the failure ratio of an economic theory which is supposed to address poverty is completely unacceptable and urgently calls for the basics to be rewritten.

Some economists are of the opinion that inequality and poverty are linked and if inequality is correctly addressed through economic policies it can lead to significant decreases in poverty, resulting in the improvement of economic wellbeing. The modification of individuals' behaviour as discussed by Pearce (1992) becomes increasingly more relevant when trying to enlighten people about relevant moral considerations. Pearce (1992) suggests that behaviour modification can have an impact on what is considered 'inequality' or 'poverty'. Therefore, this creates incentives to explore other methods which do not receive enough consideration and which could modify individuals' economic behaviour.

The heterodox umbrella provides a variety of approaches to economics; most importantly it encourages a pluralistic view. The heterodox umbrella allows for sharing and combining methodologies, which could be especially useful in situations where a particular school of thought has failed to improve economic conditions. Therefore, the next section considers how the Western worldview of pluralism can be incorporated with the heterodox approach in order to increase the levels of awareness regarding morals and ethics in economics.

5.4 Pluralism and heterodox economics: How do economists become more morally and ethically responsible?

Heterodox economists like Dow, De Martino, Earl and Freeman used the 2012 World Economics Association conference to enlighten fellow economists and scholars on the benefits of professional ethics in economics. Dow (2012) and Freeman (2012) suggested that a possible code of professional ethics for economists from a pluralist view is needed. De Martino (2012) and Earl (2012) provide ways and strategies for introducing and incorporating professional ethics into the classroom and lecture theatres. De Martino (2012) further suggests ways in which undergraduate and graduate level training can improve the understanding and implementation of professional ethics within the economics profession. The next two sections consider the views of these economists with specific reference to how pluralism within the heterodox approach can improve morality and ethics in economics.

5.4.1 A pluralist code of ethics for economists: the basic principles to uphold

Dow (2012) and Freeman (2012) both suggest a pluralist code of ethics for economists. Both make it clear that a detailed code of ethics from a pluralistic view would be difficult to implement, instead broad ethical principles should be enunciated and a detailed application of

a code of ethics should come from the individual's personal morality. Dow (2012) puts forward a range of possible ethical principles which include: (1) Put social interest before personal interest; (2) pursue and state the truth; (3) do no harm and; (4) respect the legitimacy of alternative paradigms.

A summary of Freeman's suggestions is that firstly heterodox economics should produce better theory and should develop and examine alternatives to those that the mainstream approach to economics incorrectly offered. Secondly he suggests that "the actual conduct of the profession the way it goes about its business needs to change". Finally, Freeman (2012) holds that the profession of economics needs a better system of regulation. Freeman's (2012) suggestions have similarities with Dow's (2012) recommendations, the main similarity being that a code of ethics should be considered from a pluralistic view. Other similarities include the suggestion 'to pursue and state the truth' and a 'better system of regulation', as well as to 'put social interest before personal interest' and the suggestion to 'change the actual conduct of the profession'.

5.4.1.1 'Put social interest before personal interest' and 'changing the actual conduct of the profession'

Dow (2012) explains that the standard ethical principle amongst professionals in any discipline should be to not advocate for an action or decision to be made that will serve the interests or benefit the professional rather than the seeker of advice. This principle is based on the presumption of asymmetric information, when the seeker of advice is not aware that an economist might be trying to serve his/her own interests. Dow (2012) goes further to say that "The whole notion of expert professional advice is based on asymmetric information. The notion is also based on the assumption that economists behave like rational economic man, that is, pursue self interest in an atomistic, instrumental and opportunistic way." Therefore, Dow (2012) suggests that a specific or detailed code of conduct or ethics might "reinforce an expectation of behaviour (if unconstrained) along the lines of rational economic man." The suggestion from Dow (2012) is that it would be more appropriate to state a general principle which encourages economists to pursue professional behaviour, stressing the need for integrity by not prioritising personal interest above social interest.

Freeman (2012) makes a similar request from economists, however he asks for the actual conduct of economists within the profession to change. Freeman (2012) suggests that the profession needs to re-evaluate the type of research that is published and how the selection and promotion process of academics within universities works, which he maintains has a significant

impact on the teaching and curriculum of economics. Freeman (2012) is of the opinion that putting social interest before personal interest also means giving heterodox economists more consideration and a bigger platform in the discipline, as this would help to better serve the public and seekers of advice who will have larger access to a variety of professional opinion on economic matters.

5.4.1.2 *'Pursue and state the truth' and a 'better system of regulation'*

The injunction of 'pursuing and stating the truth' by Dow (2012) might be a difficult standard ethical principle to get right because it assumes that a shared view of what it means to be truthful exists and as Radford (2012) previously mentioned there is no agreement on the subject matter in economics amongst economists. Therefore, a shared or similar view on truth or what it means to be truthful would be impossible to implement and Dow (2012) acknowledges that she is aware of the difficulty associated with the injunction. However, she suggests that if a general ethical principle is stated as an adjunct to the broad principle mentioned above ('put social interest before personal interest') then it would need to be received from a pluralistic perspective.

The pluralist view considers that many views of what it means to be truthful exist and according to Dow (2012) encouraging economists to 'pursue and state the truth' together with the general ethical principle to 'put social interest before personal interest' would create a more moral and ethical awareness amongst economists than trying to create and implement a detailed code of ethics. The reason given for this view is that "it would be very dangerous to be any more specific than a general injunction to pursue truth and to communicate conclusions. Any more specific rules invite censure by the dominant group of the type of analysis pursued by other groups" (Dow, 2012).

Freeman (2012) stresses the need for better regulation within the profession. He is of the opinion that there is a need to improve the integrity of economists who provide advice on policy making. Freeman (2012) also suggests that better regulation is needed with regard to professionals who provide advice to financial and corporate institutions who pay large amounts of money to receive fraudulent 'clean bills of health'¹⁶ to ensure further progress on their 'suspect' business activities. Dow's (2012) injunction to 'pursue and state the truth' is similar to the suggestion from Freeman (2012) to create better regulation by implementing a code of

¹⁶ 'Clean bill of health' refers to a clearance or certificates of approval to go ahead with a type of business of activity.

conduct or ethics using the principle of pluralism. It would seem that Freeman's (2012) need for better regulation in the profession, is better encouraged by the general ethical principle for economists to 'pursue and state the truth' whenever and wherever possible. Trying to achieve better regulation through a detailed code of ethics which prescribe 'do's' and 'don'ts' becomes dangerous and difficult, follows the same argument that Dow (2012) gives: "Any more specific rules invite censure by the dominant group of the type of analysis pursued by other groups" (Dow, 2012).

The findings of both economists' recommendations reveal that the issues which have been expressed arise from a pluralist understanding of economics and the "the profession is dominated by mainstream economics which does not share in this view" (Dow, 2012; Freeman, 2012). Pluralism takes into consideration questions of human nature and of knowledge which colour the way in which a principle is perceived and interpreted. Both authors suggest that as long as 'one grouping' dominates the economics profession and fails to recognise pluralist concerns, trying to implement any detailed code of ethics will be very dangerous especially for pluralists (Dow, 2012; Freeman, 2012).

5.4.2 Practical examples of how to teach and implement professional ethics within economics

Earl (2012) and De Martino (2012) presented papers at the 2012 World Economics Association Conference. In their papers they suggest ways in which the academic platform can be used to implement a greater consideration of ethical standards and behaviour in economics. They discussed the benefits of creating an awareness of how important it is to get students to think about the moral or ethical constructs of economic behaviour and practice. Earl (2012) shares his personal experience of introducing professional ethics in the classroom and he also offers ways in which it has worked for him:

- Giving examples of people who live their lives according to ethical principles which are against the principles of gross substitution. The example used is of people who make vegan dietary choices being mindful of how their individual decisions impact on other people and their environment (Parsons, 2000).
- By pointing out that some economists choose to incur considerable opportunity costs in financial terms because they give up opportunities to work in sectors which in their opinion are obsessed with making money at the expense of ethical considerations. Earl (2012) and Harrison (2012) note that some economists choose academia in order to

enlighten other budding economists about the importance of professional ethics within the discipline of economics

- Earl (2012) encouraged his students by stressing the need to get what he referred to as Real World Economics (RWE) perspectives into print in particular articles which reflect and explain economic matters which have real effects (physical and financial) on individuals. He used the example of how Spash (2010) struggled with his employer to get his research on carbon trading published, which eventually was published but only after he had resigned (Spash, 2010).
- Another method of teaching professional ethics that Earl (2012) used is visual media. He uses documentaries or movies to create discussions and interactive sessions about ethically questionable business and organizational behaviour.

Earl's recommendations and methods of teaching professional ethics in economics might seem contrary to what is expected from a curriculum that is based on the orthodox or mainstream teaching of economics (neoclassical). Some might consider Earl's (2012) teaching methods to be far-fetched and irrelevant within the economic academic curriculum, however according to Earl (2012) these recommendations and teaching methods are examples of a heterodox approach to learning economics. The acceptance and consideration of these approaches to the teaching and sharing of economics further illustrates the pluralistic view that economists such as Dow (2012), De Martino (2012), Earl (2012) and Freeman (2012) advocate. These economists call for an increase of plurality in order to create an acknowledgement and recognition of the variety of approaches that can exist in the economics profession.

De Martino (2012) on the other hand gives recommendations on how to facilitate professional ethics training to both undergraduates and graduate level professionals, his approach to teaching economics students and future economists about ethically responsible behaviour within the profession is centred on the 'deathly consequences of professional arrogance'. De Martino (2012) is of the opinion that economics cultivates arrogance as a professional virtue. His suggestion is instead to cultivate humility about the personal expertise and reach of the profession. De Martino (2012) emphasized the limitations of mainstream and heterodox economics; he further suggested that present and future economists must be mindful that there should not be too much expectation placed on their services. De Martino (2012) and Freeman (2012) encouraged professional economists and economists in training to be aware about the

fact that they can advise on policy outcomes, however the real measure of success once intervention of those policies happen cannot be predicted or guaranteed.

The recommendations for graduate level training include possibilities and suggestions which could really improve the awareness of ethically responsible decision making and action amongst economists. For example, it was suggested that graduate training should include “extended, deep immersions in the communities that economists in training hope to serve” (De Martino, 2012). The immersions would create a kind of intimacy with these communities and people and would ensure that the risk of professional detachment is lessened and economists have more interest in completely assisting the client or communities (De Martino, 2012). An example of this type of training is the ‘Exposure and Dialogue Programs (EDPs)’. These programs place development economists in the homes of the very unfortunate or poor. The aim or goal is for economists to understand the people that they target in their policy work. It is believed that EDP’s provide or give economists an understanding of the context within which their policies will be implemented (Kanbur 2001; Chen et al 2004; De Martino 2011).

Further suggestions given by Freeman (2012) and De Martino (2012) with regard to graduate level training is for the profession to give serious thought about internships and apprenticeships under the direction or training of professional ethicists. Freeman (2012) explains that field assignments might also create alternative methods of learning and experiencing economic actors and economies, this would allow for the consideration of learning fields which some economists tend to ignore like theology, sociology and anthropology. De Martino (2012) suggests that practical experience, training and field work gives students a chance to learn by doing and to create awareness to prevent causing harm, as they learn and “gradually develop the hard and soft skills needed to be a competent, ethical economist”.

Dow (2012); De Martino (2012); Earl (2012) and Freeman (2012) all agree that a pluralistic view and a consideration of the heterodox approach to economics will make it easier to increase and implement more morally and ethically focused decision making and practices amongst professionals within the discipline of economics. These and other like-minded economists agree that there needs to be more of an acknowledgement and embracing of plurality; the argument is that economists need to be “courteous even when they differ, to be even-handed in considering different arguments and to be open-minded in allowing for different possibilities.” According to McCloskey (1994: 99) this is an argument for ‘good conversation’ amongst economists. De Martino (2012) and Dow (2012) explain that open mindedness is

needed so that plurality and heterodox economics can make a difference in the profession where morality and ethics are concerned. They explain that open mindedness from economists is considered to be one of the most important rules because it requires economists to increase their awareness of alternative approaches.

5.4.3 A critique of the heterodox approach to morals and ethics

The heterodox economists mentioned above provided their own recommendations and suggestions on how to improve morals and ethics within the academic set up, however they failed in their attempt to challenge the mainstream approach to economics. While some heterodox economists use pluralism to explain the heterodox approach to economics, there seems to be very little evidence that pluralism has proved to be better in results produced than the flawed results of mainstream economics. Economists Dow (2012), De Martino (2012), Earl (2012) and Freeman (2012) expressed the need for economics to become more morally and ethically acceptable, however in their attempt to highlight the need for the discipline to change they failed to provide a framework or practical suggestions on how to improve the thought patterns and mind set of economists who are only considerate of the mainstream approach to economics.

It is not an adequate enough line of argument to have opinions only about how things could be improved and to bewail the lack of traction, the heterodox approach needs to also provide alternatives that will be able to shake neoclassical economics out of its dominance. One of the reasons as to why this has not happened is that by-and-large, there has not yet been a convincing effort made at developing an alternative theoretical framework.

According to Zaman (2016:1) heterodox economists need to reach an agreement on a core set of beliefs which can be used as an alternative paradigm. Zaman (2016:1) explains that currently each heterodox economist is a one-man church. However, he suggests that heterodox ideas should come together to create an alternative paradigm, one that is effective enough and able to go beyond critiques of mainstream economics. Wells (2012:1) has a somewhat similar view and is of the opinion that a heterodox economic Einstein still appears to be a long way off! Suggestions about teaching methods do not 'prove' that a heterodox approach is better, only that experience and practical field work is useful and that tertiary education institutions are not geared to providing what the work-place is currently relied upon to do.

According to Wells (2010:1) the practitioners of heterodox economics are usually found outside of the discipline, they are usually inter-disciplinary. Most of the time they belong to niches that are not so strict about maintaining a specific academic style. He explains that this could be one of the reasons as to why heterodox and mainstream economists clash within the economics arena.

Some heterodox styles like for example feminist and ecological economics have not managed to be taken seriously, one of the reasons for this could be that they do not want it strongly enough so these types of economics remain on the outside without enough fighting power (Wells, 2010:1). Sometimes heterodox economists focus more on the 'injustice' that they face because they are not taken seriously by the giants within the economics discipline and focus less on getting noticed for their actual contribution to the discipline.

Wells (2010:1) is also of the opinion that some heterodox economists suffer from an inferiority complex which makes it difficult to give constructive criticism because they are always on the defensive and this type of mentality weakens their approach further.

“They declare that they are excluded from official institutions by devious means; that mainstream economists are suppressing the truth; that mathematical economics is the devil's work; etc. In short they can come out sounding like a bunch of crazy people you would never invite to dinner” (Wells, 2010:1).

Dow (2012), De Martino (2012), Earl (2012) and Freeman (2012) were successful in their attempt to make economists and scholars more aware of the need to include a moral and ethical structure within economics. They are criticised for failing to provide a heterodox foundation or base from which an ethical framework or structure can be built. However, they did add to the dialogue (the greater need for morals and ethics in economics) which other economists started after the 2008 financial crisis.

It takes time for worldviews to change and the impact of those changes will take time to be institutionalised (Cramp, 1982:3). While there might not be a heterodox foundation to build an ethical framework for the discipline of economics. Heterodox economists are attempting to change the way economists and scholars think about and practice economics. The critique from other economists on the heterodox approach to improving morals and ethics might weaken their attempt and it might have done little to establish a serious challenge to neoclassical economics, but it does not mean that heterodox economist should stop questioning the current mainstream attempts at including morals and ethics in economics (AHE, 2014). Furthermore,

it should not deter more extensive and thought provoking research which continues to question the state of morals and ethics within economics. Research should be focused on trying to find new ways of thinking and developing new theories that will make sense of our changing world and worldviews (AHE, 2014; Dow, 2000). Creating a continuous dialogue on such matters produces opportunity for change on how the world is viewed (Chapter 2, figure 2.2). Figure 2.2 shows stage 1 of the formation process of the worldview, a change in how the world is perceived can cause a shift in the view of the world, which creates an opportunity for institutionalised change which the Heterodox Economics Students Association and the Association for Heterodox Economics associations hope for.

5.5 Conclusion

The heterodox approach to economics reflects a Western worldview that has progressed to include a multiplicity of views. The principle of pluralism working together with the heterodox approach to economics creates methods for understanding and considering other approaches and methodologies which are different to the mainstream approach to economics. Philosophical pluralism provides principles such as moral relativism, postmodernism and religious pluralism which help to understand the underlying principles of the Western worldview of pluralism. These principles assist in explaining the heterodox approach to economics.

Three types of heterodox approaches to economics were introduced in order to investigate how their specific work, publications and studies are inclusive of morals and ethics, their strategies and recommendation on how to improve poverty, inequality, sustainability and unemployment were also investigated.

A brief look at the works of Dow (2012); De Martino (2012); Earl (2012) and Freeman (2012) helped to comment on the methods and recommendations put forward by them at the 2012 World Economics Association Conference on how to improve professional ethics in economics. Their papers and methods gave recommendations and suggestions on how economists, academics and scholars can improve their own professional behaviour. However, their papers were centred on the university system at large and very little to no attention was given to the discipline itself.

While the intention to improve morals and ethics in economics using pluralism and the heterodox approach is a noble one. It was found that most of the heterodox approaches

mentioned here (section 5.4) were unable to adequately challenge the failed attempts of mainstream approaches. The lists of recommendations and suggestions did little to shake mainstream economics from its position of dominance and proved to be weak when it comes to translating these strategies and recommendations into a framework free of bias or opinion. However, it does not mean that the heterodox approach should be overlooked, the heterodox approach encourages discussion on how greater morals and ethics can be introduced into the academic and learning environment, with the hope that it would challenge the orthodox or traditionalist approach to economics. There will be critiques of the heterodox approach to morals and ethics in economics, however one cannot fault the attempt at creating an interesting dialogue and research on the topic.

The chronological framework in figure 1.1 indicated that the development of the Western worldview has an impact on the type of economics that is practiced. Chapter 3, section 3.4 also revealed that historical events such the enlightenment and progression of science and culture can lead to a shift in view of the world (progression of the Western worldview, for example theism to deism). Figure 2.1 shows the formation process of the worldview and figure 1.1 reveals that constant chronological development causes different formations of Western worldviews. However, the chronological framework also shows that many Western worldview shifts occurred (theism to deism, deism to naturalism and so on). The multiple progressions of the western worldview show that there is a plurality of Western worldviews. Therefore, an individual can choose to identify with one Western worldview or alternatively a plurality of Western worldviews can inform and impact on the morals and ethics which an individual chooses to practice. As more and more Western worldviews are formed and developed it will contribute to the understanding of a pluralistic view of the world and in turn a pluralistic view of economic approaches.

Chapter 6

Conclusions

6.1 How religion (specifically Christian Protestantism) has influenced morals and ethics underlying economic thought

The foundation of Christian theism (believing that God exists and acknowledging Him as sovereign and helper) proved to be the main influence of Christian morals and ethics underlying economic thought. The Christian believer is encouraged to use their Christian faith to make economic decisions, therefore religious activity and biblical foundation interweaves Protestant Christianity with economics. The discussion in Chapter 3 explained that if the initial experience of the world is based on the fact that God is the supreme deity, the mastermind behind creation, if He controls the world and every created thing and human beings are made in His image then the base or foundation of a worldview is rooted in Christian theism.

The Protestant Christian view of God and economics, biblical scripture as well as the Christian lifestyle provided rules and suggestions for the individuals involved in the religion to follow. Both the Old and New Testament of the Bible provided the believer with suggestions and rules as to how to steward finances and how to make economic decisions with God in mind. The Protestant Christian view prescribed a holistic approach to economic decision making, a view which encourages the individual to apply and practice Christian principles, morals and ethics to all areas of life. Economic decision making according to the bible rests on the relationship that the individual has with God, the same as with any decision made in the life of a Christian. The main theme of stewardship emerged from an analysis of the Christian approach to economics (theism, Chapter 3).

Christian believers are encouraged to act as good stewards of God, which means making economic decisions which are in line with biblical scripture. Furthermore, stewardship also called for individuals to be good stewards to others, helping in charitable or other ways which resulted in the betterment of other individuals. The examination of scripture revealed that to be a good steward, God would have to be viewed as sovereign. Understanding the sovereignty of God and viewing God as sovereign helps the believer to be obedient to God. These two realisations resulted in being righteous before God, which is foundational to and emanates from the personal relationship with God. Both the New Testament and the Old Testament revealed

that viewing God as sovereign is a very necessary requirement in understanding the Christian approach to economics. The New Testament, although focused on the teachings of Jesus Christ, was not contrary to the economics prescribed in the Old Testament.

The evidence suggests that the thoughts and actions of theism have the most influence on morals and ethics which underlie economic thought. As the Western worldviews progressed and moved away from theism the influence of Protestant Christianity on morals and ethics in economics tended to decrease and evolve around a more pluralistic, post-modern and non-restrictive inclusion of morals and ethics, which did not have specific ties with a religion per se. For example, the first Western worldview shift explained in section 3.4 (theism to deism) initiated a significant move away from the influence of Protestant Christian morals in economics.

Furthermore, the shift from theism to deism also placed emphasis on the fact that human beings have control over their own lives, therefore the reliance on God (the clockmaker) is lessened. The initial Western worldview already revealed a move away from the traditional theistic view of Protestant Christian morals and ethics. The influence of science, innovation and the positivist view created a further progression from the theistic view of Protestant Christianity. As more Western worldviews were introduced it allowed for the individual to choose which worldview best fitted or described their own understanding and experience of the world.

6.2 The extent to which moral principles underlying economic theory have been included or lost as the development of the Western moral and ethical worldview changed

The conclusion section summarized in each chapter suggested that the progression of the Western worldview caused a change in the morals and ethics that individuals possess and choose to practice. The starting point (pre – reflective) at which a worldview is formed sets the pattern for other stages of the formation process to follow. Chapter 2, section 2.2.1 stage 1 of the formation process of a worldview explained that the experience of the outside world is important because it determines the starting point from which the understanding of the world is built. Stage 0 and stage 1 were found to be very important in the formation process of a worldview (Chapter 2, figure 2.1); changes to these two stages can cause a shift or progression of the Western worldview. When there is a change in how the world is viewed, or experienced it causes changes to the discourse, literature, culture and daily habits (stage 2), which leads to

significant changes to the ethical and knowledge categories and the resultant six elements which inform the worldview. For example, a Western worldview shift from theism to deism produced a changed view of God. This caused a shift from a religious framework determining morally and ethically acceptable thinking and behaviour (theism) to a framework which places less significance on the role of God and relies more on a human interpretation of what is right and wrong. The shift from theism to deism, was a change experienced in stage 0 and stage 1, the view of how the world is managed and run changed from God (clockmaker) being in control to human beings (clockwork) being able to control their lives within the world.

The analysis could not measure or reveal the extent to which moral principles underlying economic theory have been included or lost, however, what it did reveal was that the development of the Western worldview throughout history caused a change in the manner and practice of morals and ethics. This is particularly evident in the worldview shifts in chapter 3 from theism (God is relevant) and deism (God is not as relevant but exists) to worldviews which incorporated more of a positivist scientific view such as naturalism, nihilism and existentialism (Chapter 4) where God was not considered to be present in the workings of the world. Where there was a worldview shift, it was evident that the manner and practice of morals and ethics is based on the worldview that is held. Furthermore, the progression from the Western worldviews which impacted neoclassical economics to the worldview of pluralism which impacted Heterodox economics, explained how a worldview informs and influences how economics is practiced or understood.

The shift from one worldview to another also showed that a change to just one of the six elements of a worldview, for example “the concept of God” caused changes to how the other elements of a worldview are built up within a worldview. For example, the view of ‘God’ (element 1) and the view of ‘being human’ (element 2) from the Protestant theistic view is different to the deist view or the naturalist view of ‘God’ or ‘being human’, because different worldviews create different standards of understanding and evaluation. Therefore, the type of economics which is produced, taught or practiced from the theist perspective will be different to the deist and other Western worldview perspectives.

Furthermore, the view that God exists and is an important factor in how the world works or is viewed has an impact on how people choose to live their lives and on whether they choose to consider God’s word as relevant when making economic decisions. This was explained in Chapter 3 where if God is sovereign it will result in a Christian being able to understand

stewardship principles, a necessary factor when practicing Christian principles within economics. The discussion also showed that an opposite view of the concept of God can result in different outcomes, for example, a positivist scientific view of God would cause the view of being human, the view of nature, time and history as well as culture and society to be viewed in a different way. It creates a view from a different set of eyes which will result in different considerations of what constitutes being moral or ethical in economics or economic decision making (which was explained in the worldview progression from theism to deism, Chapter 3 and further to Western worldviews which impacted neoclassical economics, Chapter 4).

As pre-reflective changes to a worldview occurs they cause further changes to other stages of the formation process, initiating new worldviews. Constant change to how the world is perceived and experienced produced continuous progression of the Western worldview. This was evident with the historical development of the Western worldview, as people became more enlightened, their view of having to be reliant on a God changed, the realisation that a different view of the world with God being totally removed was possible (the shift from theism to deism, deism to naturalism and nihilism and later to pluralism). The development of Western worldviews created a multiplicity of opportunities, which led to the pluralistic view of the world (Chapter 5), where many aspects and facets of the various Western worldviews informed the individual's outlook and view of the world. This realisation is important as it highlights that the individual has the opportunity to choose their own view of the world, one that does not have to be based on a societal, state or religious view.

A multiplicity of Western worldviews gives the individual the responsibility of deciding the importance of morals and ethics in economics. The progression of Western worldviews contributes to an evolving economics discipline. The continued progression of the Western worldviews does have an impact on the type of economics that is practiced and taught. Different Western worldviews produce different opinions pertaining to economic thought and practice; this was evident in the contrasting views on the six elements explained in Chapter 2 – section 2.3.

Furthermore, the different Western worldviews result in varying opinions on what constitutes being morally or ethically acceptable within the discipline of economics. The extent to which morals and ethics are lost or included in economics becomes dependent on the individual/human being. Ultimately the individual is tasked with the responsibility of developing their own personal worldview. A specific Western worldview (theism, deism,

naturalism or scientific positivism) can be followed or it can be based on a plurality worldview, which borrows ideas/concepts and principles from other worldviews to create a view of the world that is not restrictive and is open to constant development of new thinking and progression.

6.3 Final remarks

This thesis was aimed at analysing the effects of changing Western worldviews on morals and ethics in economics from a Protestant perspective. The findings highlight that the worldview that an individual possesses is very significant in understanding how morals and ethics are perceived. Furthermore, each worldview that is held originates from a personal formation process and each individual will have a personal ordering process based on their own experiences. The formation process discussed in this thesis places emphasis on a worldview being formed in stages, the evidence of the thesis also explains that a layering system of experiences and events allows for progression and enlightenment of the human mind. This is evident in the way that opinions and views of the world changed over time, which aided in the progression of worldviews. The examination of changes in worldviews also revealed that a change in one element, for example the nature and role of God, can contribute to a whole new way of thinking, which will ultimately contribute to a change in the view of the world.

The personal formation process of finding a view on the world also gives the individual an understanding of their place in the world, which is an important aspect, as it impacts on the individual's view and understanding of morals and ethics as well as their understanding of economics. Two concepts have emerged from an individual's view of the world, their view on morals and ethics and their view of economics. These two concepts can either be interlinked or separate, however the choice is left to the individual to decide. The protestant Christian view encourages an individual to have a holistic Christian view of everything, including morals and ethics in economics. However, a pluralistic view of the world encourages a different perspective of morals and ethics in economics, having a view of morals and ethics which does not necessarily have any connection or link with how economics is practiced.

The main conclusion of the thesis was that the development of the Western worldviews created an opportunity for the individual to decide on the morals and ethics that they choose to practice and adopt in economics. An individual's understanding and view of the world translates into their interpretation, emotions and actions regarding morals and ethics in economics. As the

Western worldview moved away from a view that was predominantly religious (Protestant Christianity), it allowed people to prescribe to their own moral and ethical framework, with which they identify and is based on the worldview they have chosen. As the changing Western worldviews occurred, it allowed for changes in the way that individuals choose to think, it changed how the world is viewed and experienced, the evidence of this is in the fact that shifts and progressions of the Western worldview are documented and studied. Therefore, the influence of changing Western worldviews have impacted on how people choose to practice morals and ethics in economics and this is evident in the contrasting views of heterodox economists and the more orthodox or traditional approach to economics. What is important to note is that the way in which morals and ethics is practiced in economics will be different for economists who prescribe to different or changing worldviews.

The topic of morals and ethics in economics is an important one, and perhaps a study on how Catholicism influences morals and ethics in economics will bring a fresh, more focused finding on the role that religion plays in economic thinking and practice. Furthermore, the topic of morals and ethics and its importance in the discipline of economics is relevant when addressing for example how anti-money laundering procedures, combating the financing of terrorism, controlling illicit financial flows and financial inclusion efforts can improve economic growth and market economies. Therefore, continued and different approaches to studying the importance of morals and ethics in economics could have a beneficial impact on economic policy making and governance.

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