THEORETICAL AND EMPIRICAL ASPECTS
OF THE RELATIONSHIP BETWEEN
MORALITY AND ECONOMY

Abstract. That economics is devoid of any moral, ideological, or theological philosophy is a widespread view among major economists in recent times. In relation to issues of a moral nature, modern economics is focused on key postulates such as rational calculation, scientific neutrality and basic material goals. In connection with the aforementioned gap, which is deepening, the primary goal of the paper is to point out the need to establish a new alliance between economics and morality (ethics) as a specific value criterion, all in order to better understand the complex nature of human reality and contributing to more effective and constructive solutions to economic problems. In doing so, one bears in mind the fact that attempts to portray the economy as morally neutral have largely ended in failure, or with little success.

Keywords: morality, history of economic thought, inequality, moral hazard, post-crisis values
INTRODUCTION

From the pre-classical and classical economics to the present day, within key discussions of economic goals and economic performance, there is a predominant tension between what is useful and practical (in economic, quantitative terms) and what is essentially good (in the moral-ethical, qualitative sense). Despite the abstraction of the moral dimension from the analysis and research of the economic sphere of social life, which is the main feature of orthodox approaches and mainstream analysis, in reality it almost always comes to the fore when it comes to economic relations, practice, opinion and structures.

The dichotomy of economics over moral characteristics and traits can be attributed to two main reasons. First, in the study of economic phenomena, all under the strong influence of the natural sciences, there is an intensive use of mathematical methods and models. Secondly, the very adoption of the positivist direction within economics has pushed moral issues out of it. Namely, in contrast to the normative economy, which deals with value judgments regarding the type of economic policies that need to be implemented, the positivist economy concerns the direct functioning of economic systems. In other words, within normative economic theory, the key question “what economic reality should be” is raised, while positivist economic theory is interested in “what that reality really is”, without respect for value judgments. According to the previous, as a kind of imperative in order to overcome one-sidedness, bearing in mind that positivist economic theory is based on the limited concept of rationality “homo economicus,” normative economic theory, which has its roots in “ethical” sources of today’s modern economy, must be reaffirmed and gained more important place as it belongs to her. “Only in the agreement of positivist and normative economic theories is there a solution to a more humane equilibration of globalized economic flows.”

There is no doubt that, since they are firmly rooted in itself, values in economics cannot and must not be bypassed, and what is required of the individual is the empowerment of moral forces, the promotion of public spirit, the pursuit of pluralism and voluntariness, the pedestal of human dignity, encouraging creativity, and affirming the concept of self-realization. What is indisputable, as a kind of cognitive shortcut, moral raises our ability to evaluate the actions taken according to predetermined norms and adopted rules, and thus makes our actions and the actions of others more predictable.

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3 See: Shionoya Yuichi (2005): Economy and Morality – The Philosophy of the Welfare State, Edward Elgar Cheltenham, UK • Northampton, MA, USA.  
4 http://speri.dept.shef.ac.uk/2018/10/08/towards-a-post-crisis-moral-political-economy/
The paper is divided into three parts. The first part gives a brief historical overview of the study of the relationship between morality and economics. The second part elaborates on the economic effects of morality, while the third part focuses on economic inequalities, moral hazard, and post-crisis values as new/old challenges and problems, behind which stands a strong moral logic.

1. MORALITY AND ECONOMIC INTERPRETATION – THE ORIGIN OF THE DEBATE

As a key component or factors that determine economic behavior, morality and ethics have been an integral part of economic thought since its formation within the basic postulates of Greek philosophy. The study of economics, as a segment of a more comprehensive study of politics and ethics, is still present in the Aristotelian tradition, which is confirmed by two works’ capitals, namely: *Nicomachean Ethics* (1982)\(^5\) and *Politics* (1992)\(^6\). In *Nicomachean Ethics*, Aristotle links economics to human goals, where the essential purpose of the same (as an expensive skill and method) is to increase wealth itself. Two thousand years before Adam Smith, the mentioned author makes a distinction between what we call economics: *oikonomikos* or housekeeping, which he views favorably, and *chrematistics*, which he considers to be completely devoid of virtue, and to be reduced to a mere race for as much money as possible, as a result of which those who engage in such selfish activities are social “parasites.”

Among other great names and authors who have made a contribution to the study of the ethical dimension in solving economic problems and challenges, Adam Smith (Adam Smith, 1723-1790) certainly stands out for his importance, who, in addition to being known as an economist, is also noted for his work as a moralist-philosopher. As one of the founders of English classical political economy, Smith, in his major work entitled *The Wealth of Nations* (1776), stated that while writing about the “invisible” hand of the market, little was known about ethical norms and trust - derived from moral attitudes - as key components of business without a “visible” hand of government. Smith’s key thought is reflected in the fact that economic relations cannot be viewed separately in relation to the moral notions of “sensitivity” that are operationalized through the concepts of reciprocity and trust. As Smith’s “economic” man (as a typical maximizer of benefits) from *The Wealth of Nations* does not stand out much from his “moral” man from *The Theory of Moral Sentiments* (1759), it is obvious that the father and founder of modern economic theory was in his to be strongly interested in the moral side of human existence, and that, in this regard, he wrote about morality that goes beyond the concept of selfishness.\(^7\) Therefore, a kind of balance between the mentioned two traditions and the approaches

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on which the key foundations of the modern economy are based, would be of inestimable benefit in many ways, both for the economic sphere itself and for society as a whole. Presenting theories of human behavior in his previously mentioned *Theory of Moral Sentiments*, Smith tends to believe that humans are essentially social beings, with a built-in sense of empathy and morality, without which society as a community simply could not survive and function normally. According to the mentioned author, each individual strives to maximize his own benefit and well-being, because due to the innate instinct for survival he cares primarily about himself, and therefore the capitalist society is a kind of product of capable and enterprising individuals who are able to accumulate capital. But, on the other hand, at the same time, it would be desirable and socially acceptable for such individuals (although this cannot be strictly required because each individual has the right to choose) to help those who are less able to cope in society or are poor. However, Smith puts one human trait on the pedestal, and that is an innate sense of justice as a minimum which guarantees adequate functioning in coexistence with the immediate environment. In the end, according to the mentioned author, the ideal individual is also the one who is characterized by qualities such as charity, justice, empathy, and a strong sense of self-control. According to Smith, entrepreneurs are the ones who should persistently follow in their actions such virtues as: civilization, temperament, sincerity, zeal and prudence, because otherwise trade would not make an active contribution to the moral progress of society and would not work for the common good. Smith believes that morality and virtue are the “matting” under which politics and economics are set, while his moral philosophy is based on four main pillars: ethics, justice, natural theology and political regulations calculated to increase the power, wealth and prosperity of the state.

When analyzing the relationship between morality and economics, it is important to look at the contribution that Max Weber has made in this regard in his work. The mentioned author primarily deals with the perception of Protestant ethics in the context of its influence on the “mental structure” of the population and its behavior in the economic sphere of social life - production, exchange, distribution and consumption. In his major work entitled *Protestant Ethic and the Spirit of Capitalism* the aforementioned author seeks to prove the claim that Protestant ethics - in all its manifestations and postulates, and internal moral relations and understandings - has had a huge impact on economic development and the opportunities that characterize the countries of Western Europe and North America. Weber argued that universal moral principles nurture and encourage economic growth. Contrary to Marx, who believed that the social base (economy) determines social consciousness (morality and value system), and not vice versa, Max Weber tried to show that the code of ethics and religion largely determine the form of the economic system and mode of production and that the United States, G. Britain, the Netherlands, and Germany

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owe their rapid economic growth in the 18th, 19th and 20th century to the fact that the Christian population of these countries mostly follows the Protestant tradition.\footnote{Cvjeti\v{c}anin Danijel (2016): “Moral, ekonomija i kolonijalni mentalitet” (Morality, economics and the colonial mentality), Srpska nauka danas/Serbian Science Today 2016, Vol. 1, No. 1, 66–79.}

Finally, for our analysis also relevant is the view of Keynes, who in his essay \textit{Economic Possibilities for Our Grandchildren} (1930)\footnote{Keynes J. Maynard (1930): “Economic Possibilities for our Grandchildren,” in Essays in Persuasion (New York: Harcourt Brace, 1932), 358–373.} emphasizes the importance of economic development as a springboard for strengthening moral norms and standards in society. It is about the fact that only in the conditions of reaching the ideals embodied in the slogans of the “the good life,” or the so-called “the art of living” society in its totality can experience prosperity, well-being, a high level of happiness, constructively fulfilled free time, increased consumption of cultural goods and services and the presence of other socially desirable values.

<table>
<thead>
<tr>
<th>Table 1. Post-modern Values</th>
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<tbody>
<tr>
<td><strong>Self-realization</strong></td>
</tr>
<tr>
<td>sense of the mainstream of life and work</td>
</tr>
<tr>
<td>sense of purpose</td>
</tr>
<tr>
<td>vision of opportunity</td>
</tr>
<tr>
<td><strong>Solidarity and diversity</strong></td>
</tr>
<tr>
<td>sense of community</td>
</tr>
<tr>
<td>capacity to engage with diverse groups</td>
</tr>
<tr>
<td>strong family ethic</td>
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<tr>
<td>ethic of benevolence</td>
</tr>
<tr>
<td><strong>Occupational success</strong></td>
</tr>
<tr>
<td>a sense of discipline</td>
</tr>
<tr>
<td>work ethic</td>
</tr>
<tr>
<td>capacity to resist the lure of hedonism</td>
</tr>
<tr>
<td>capacity to focus and concentrate one’s efforts</td>
</tr>
<tr>
<td><strong>Knowledge</strong></td>
</tr>
<tr>
<td>thirst for knowledge</td>
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<tr>
<td>capacity for self-education</td>
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<tr>
<td>appreciation for quality</td>
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<tr>
<td>self-esteem</td>
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In today’s world, whose primary features are an uncertain future, limited availability of information, and the dominance of opportunistic worldviews and short-term greed, there are more and more serious researchers who are inclined to claim that respect for moral norms and ethical standards is an indispensable factor for the sustainable functioning of the overall economic system. For
illustration, McCloskey\textsuperscript{11} underlines the importance of seven key virtues for the quality of middle-class economic life, namely: (1) justice (honesty and social balance); (2) temperament (humility and restraint); (3) pride (foresight and know-how); (4) faith (integrity); (5) courage (perseverance and endurance); (6) love (well-being and friendship) and (7) hope (entrepreneurship). Fogel\textsuperscript{12} deals with the identification of new values that in the post-industrial society form the backbone of the new ethical paradigm, and which in addition to being in the spirit of the capitalist system, they are, at the same time, the result: a. transitions from manufacturing to service systems, especially knowledge-based industries; b. strong information technology expansions, c. rapid growth in income levels, and d. excess free time (for detail see: Table 1.)

2. ECONOMIC EFFECTS OF MORALITY

Viewed from the perspective of assessing the impact of moral action on the economic sphere of social life, it is possible to deal with the perception of microeconomic and macroeconomic levels.

One of the fundamental macroeconomic variables around which there is a general consensus is certainly economic growth. However, in recent times, there has been an increasing number of debates on the moral side of economic growth, because it is believed that its intensification at the same time, in addition to undeniable positive benefits, produces harmful side effects in terms of deepening inequality between rich and poor and environmental degradation. In order to have a more balanced view of the concept of economic growth, and in order to make it more effective, in addition to categories such as profit, quantity, average rates, etc., it is necessary to take into account certain moral principles such as: strict discipline, patience, diversity, the importance of hard work, and a sense of duty to fulfill the commitments made. For the sake of simplistic illustration, take for example the importance of human rights (right to adequate education, right to freedom of speech, protection from subordination, right to protection of physical integrity and trial within a reasonable time, etc.) as moral norms or standards, whose guarantee is one of the most critical segments of dynamic development. Namely, as can be clearly identified in Chart 1, the level of prosperity is in direct correlation with stronger protection of human rights, ie. the better score (level) of their protection is related to more prosperous countries, with the exception of some economies that are rich in resources such as - Saudi Arabia, Kuwait, Equatorial-Guinea and others.


An economy with a low level of controversy, friction and destructive differences, is precisely the one that decides the so-called. “civilized behavior” and, as such, results in a high level of total factor productivity, precisely through the promotion of the concepts of adaptability and flexibility. The vitality of morality when it comes to its economic dimension is manifested in the fact that it raises the volume of transactions by reducing transaction costs, and on account of that, raises the overall efficiency of the economy and the wealth of society. Then, morality is effective in the fight against tax evasion, which in turn is an integral part in the fight against the gray economy. The point is that the decision on tax evasion is equally, in addition to a rational view through the prism of costs and benefits, determined by moral and wider social influences, which in turn are perceived (shaped) by compliance with other taxpayers. Despite the indisputable fact that the market economic model of development is the best guarantee instrument for solving problems such as deepening poverty, social differentiation and mass unemployment, the moral aspect of post-socialist economic transition is the fundamental determinant of policymakers’ credibility and positive response to reforms. Ethical corruption - responsibility for immorality is linked to the transition process itself in terms of the need to implement reforms such as strengthening institutional capacity, fighting corruption, deepening the rule of law, public administration and public sector reform and the like. For example, the importance of morality for economic efficiency is best illustrated by the

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high degree of bureaucratization in society, where corrupt bureaucrats in public administration can allocate budget expenditures in the direction of those segments where bribery is easier, where larger projects require more complex management such as investment to airports and highways, precisely those that are more suitable for embezzlement - therefore, the lack of moral principles follows not only the sphere of business, but also the public sector of both underdeveloped and developed and transition countries.

Finally, the very concept of sustainable development - in terms of meeting needs without endangering the environment, while preserving social justice and purposeful use of resources - is strongly based on moral values and principles\textsuperscript{14}. At the same time, sustainable development is also a matter of a broader context in relation to the economic dimension, and must be questioned through categories such as openness, altruism, honesty, social justice, solidarity, tolerance, and respect for nature, man and life - which together belong to the so-called moral “good.”

3. ECONOMIC INEQUALITY, MORAL HAZARD, AND POST-CRISIS VALUES AS THE PRACTICAL ASPECTS OF ASSESSING THE RELATIONSHIPS OF MORALITY AND ECONOMY IN GLOBALIZED ECONOMY

In almost all countries around the world, one of the most present moral concerns is related to economic inequality. This is because, in addition to strong economic contradictions, sharp economic inequalities endanger the quality of people’s lives, thus deeply violating fundamental ethical principles.\textsuperscript{15} Wilkinson and Picket\textsuperscript{16} in their research they came to a very important finding of causal nature, in the following way: the greater the inequality, the more crime, the greater infantile mortality, the more obesity, the more adolescent pregnancies, the greater gender discrimination, and the lower life expectancy. Consider Chart 2, which clearly shows the extent of global inequality, where a huge part of the world’s population still has a very low level of income. For example, related to 2003 with less than 1,090 international- $ per year, one half of the world’s population has it, noting that according to projections, global inequality will continue to decrease by 2035, so the GINI coefficient will be formed at 61.3, but will remain high.


\textsuperscript{15} More on this at: https://www.bbvaopenmind.com/en/articles/re-examining-the-relationship-between-ethics-and-the-economy/

There is a general consensus that the market is unable to guarantee social security and equality even less, which is why it is criticized from a moral perspective, while at the same time the state is called upon to “iron out” this injustice, where the question of measures and mechanisms for this purpose remains open. When it comes to the morality of redistribution, the question here is not whether the state should be engaged in order to help the most socially endangered to overcome their situation and be integrated into society. This is because by improving the position of the most endangered, in fact, conditions are created for the further general progress of the society. However, if redistribution seeks to achieve “justice” that punishes the successful and subjugates the cumbersome bureaucracy, then it is economically and morally unacceptable. Therefore, the real issue is the measures of state engagement; in other words, this engagement should not be counterproductive; it should not limit economic growth and hamper entrepreneurial initiative. In other words, the inspiration for paternalism pushes it into the sphere of what is considered as immoral behavior (abuse of the apparatus of coercion), which ultimately affects the increase of inequality in the position of individuals in society in relation to the situation she wanted to correct with her action. It is similar in the sphere of the income distribution because it is the state that creates a part of income inequality (state monopolies, special interest groups, tariffs, customs, quotas, etc.) which it wants to correct by redistribution. So, if the situation is viewed from this angle, it can be said that a
state, often led by a paternalistic spirit and taking funds from those who created them in order to give those same funds to others, actually behaves immorally in relation to most of society.\textsuperscript{17} We are interested in the “doctrine of sufficiency”\textsuperscript{18}, as a kind of alternative to the egalitarian approach, whose essence is broken in the attitude that when it comes to the distribution of economic property, what is essential is that everyone has enough, not everyone has the same, because only then there would be no moral consequence if some owned more than others.

Certainly one of the “perverse” incentives that have a negative effect on the economy concerns the so-called the notion of \textit{moral hazard}. As a relevant concept within economics, moral hazard is a typical example of the negativity of government interventions aimed at saving the banking sector, and at the same time the need to strengthen the moral collective responsibility of the financial sector. Thus, Joseph Stiglitz called the rescue of American banks a kind of socialization of losses and privatization of profits, ie “robbery of the American people.”\textsuperscript{19}, which has the immediate consequence of suppressing moral awareness in favor of materialism, where any sense of community is eroded under the influence of the doctrine of market fundamentalism.\textsuperscript{20}

The dual nature of the concept of moral hazard is reflected in taking actions that carry with them excessive risk, and in a kind of fraud and embezzlement, which is all deeply unethical. The unsustainability of the moral hazard economy is reflected in the imbalance in terms of value created in the real sector and values issued under the auspices of the financial sector, which discourages and blocks further economic transactions. Ultimately, the end effects of the moral hazard economy are well known and it results in crisis episodes due to the bursting of speculative bubbles as a consequence of the hypertrophy of financial instruments related to housing finance, and the use of credit derivatives as a key mechanism for off-balance sheet financing.\textsuperscript{21} A useful framework for understanding the mechanism of functioning of the economy of moral hazard and the way in which it results in crisis episodes is certainly J.P. Morgan Emerging Market Bond Index (EMBI) that covers emerging market bond spreads. In this regard, if we analyze Figure 1, which reflects the development of JP Morgan’s


\textsuperscript{19} For this see: Woll Cornelia (2013): “The morality of rescuing banks,” 10–14, in: Marion Fourcade, Philippe Steiner, Wolfgang Streeck, and Cornelia Woll (eds.): \textit{Moral Categories in the Financial Crisis} No. 13/1, maxpo discussion paper.


EMBI Global total-return index from 1994 and up to 2018 (December 31, 1993 = 100), the following can be clearly identified: (1) in the period 1994-1999 there is a significant fluctuation in the spread and (2) most of this fluctuation coincides with three sub periods that are respectively marked by the beginning of the outbreak of the Mexican, Asian and Russian crises, namely: December 1994, October 1997 and August 1998. In the case of all three crises, the EMBI rose far more significantly than it declined later, suggesting the general conclusion that investors themselves lost faith in emerging markets much faster than they regained it later.\footnote{Magnussen Pierre (2009). Financial Crises and Moral Hazard, Master Thesis, Copenhagen Business School, 56.} For bid-ask spreads stabilization in the case of the Mexican peso crisis of January 1995 took about six months, and in the case of the Russian and global financial crisis almost a year, while in the case of the COVID-19 pandemic and oil shocks the forecast is somewhat more favorable.\footnote{For details see: https://www.gmo.com/europe/research-library/valuation-metrics-in-emerging-debt-2q-2020/}

In order to prevent the outbreak of future crises, it is necessary to penetrate as deeply as possible into the very nature of the functioning of the mechanism of moral hazard, as one of the most layered problems of the modern economic system, and conceptualize proposals for future reform directions. A significant step in that direction is the prescribed increase in minimum bank capital requirements, under the auspices of the recent Basel III agreement, which in its business operations rely on investments in risky assets, and excessive lending. However, on the other hand, it can encourage banks to increase risk-shifting using CDS (Credit Default Swap), which is particularly attractive in the case of huge banking groups and the country is able to intervene with significant financial resources in the period outbreaks of the financial crisis. Summarizing the above, the countries at the highest risk of moral hazard are those with low potential rescue costs and large banks - which are filled with expectations that they will be actively supported in case of crisis shocks, which encourages them to easily enter into risky derivative contracts.\footnote{For detail see: Busato Francesco, Coletta C. Massimo (2017): “A moral hazard perspective on financial crisis,” Banks and Bank Systems, Volume 12, Issue 3, 2017, 298–307.} The above raises the question of what is the best option for solving the problem of moral hazard, and it is reflected in simply forcing actors to bear the costs of risky or dangerous behavior, while the mechanism of preventing it in financial markets is somewhat different, while the principle is the same – those who decide to invest other people’s money and do it in the wrong way must face the consequences of bad and reckless investing.\footnote{See: https://www.cbsnews.com/news/explainer-moral-hazard/}
Usually in periods after crisis, the need to reaffirm post-crisis moral values is strongly expressed in order to amortize far-reaching consequences in terms of further growth of social costs.\textsuperscript{26} To illustrate, the great financial crisis of 2008 is one of the kind of roadmaps that tells us about the need to remodel regulatory mechanisms and moral norms that govern politics, economics, and global interconnectedness. Thus, the World Economic Forum, in collaboration with Facebook, The Nielsen Company, and Georgetown University, soon after the crisis carried out a unique new poll over Facebook on the nature of values that should be prioritized in the concept of post-crisis management. The survey was conducted on a sample of 10 countries (United States, Israel, France, Saudi Arabia, South Africa, Germany, Turkey, India, Mexico and Indonesia), with over 130,000 respondents of which 58\% were men and 42\% women, while most were under 30 - almost 80\%.\textsuperscript{27} For us, useful data are presented in Tables 2 and 3.


### Table 2. The most important value in the global political and economic system

<table>
<thead>
<tr>
<th>Q: What is the value that you consider most important in the global political and economic system?</th>
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<tbody>
<tr>
<td>Preserving the environment</td>
</tr>
<tr>
<td><strong>Global results</strong></td>
</tr>
<tr>
<td><strong>By gender</strong></td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td><strong>By age</strong></td>
</tr>
<tr>
<td>30+</td>
</tr>
<tr>
<td>24 to 29</td>
</tr>
<tr>
<td>18 to 23</td>
</tr>
</tbody>
</table>

**Source:** adapted from WEF, 2010, 11

### Table 3. The global economic crisis as a crisis of ethics and values

<table>
<thead>
<tr>
<th>Q: In your opinion, is the current global economic crisis also a crisis of ethics and values?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global results</strong></td>
</tr>
<tr>
<td>67.77%</td>
</tr>
<tr>
<td><strong>By gender</strong></td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td><strong>By age</strong></td>
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<tr>
<td>18 to 23</td>
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<tr>
<td>24 to 29</td>
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<tr>
<td>30+</td>
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</tbody>
</table>

**Source:** adapted from WEF, 2010, 13

As can be seen from Table 2, fundamental post-crisis values for the proper functioning of the global economic and political system are considered to be those related to transparency, integrity and honesty. The previously mentioned values gain in importance as the age of the respondents grows: at the age of 18-23, 35% of the respondents give priority in importance to these moral categories; in the range of 24-29 years, 42% chose this option, and in the category of respondents over 30 years of age, 45% of them gave priority to the mentioned values. Regarding Table 3, over 2/3 of respondents (about 68%) are inclined to claim that the global economic crisis of 2008 is also a crisis of ethical and moral values, where this opinion is much more common among the elderly population - over 30 years, with 79% of respondents thinking this way.
Finally, it is useful to look at a set of ethical (moral) principles that economies around the world should consider in order to function in the interests of the planet and the people who live on it. It is about the following28:

1. The economy should meet human needs and improve the quality of life,
2. The economy is bounded by ecosystem limits,
3. Equity for present and future generations
4. Reverence for all life,
5. Appropriate scale and optimal diversity.

First, it is important to turn and shift the focus from desires to needs themselves, which would break the vicious circle of endless creation of the same. It is equally important to take care of the protection and full guarantee of social and economic rights of all human beings, because that very much determines the level of quality of life of each of them. Of undoubted importance is the turnaround in the measurement system, which would now, in addition to the most important economic indicator - GDP, give a broader picture of economic dynamics in terms of coverage and dimensions such as social stability, human well-being and environmental well-being of the planet.

Second, as the economy is bordered by ecosystem boundaries, it is important that market prices properly signal and reveal both social and environmental truth about society's opportunities, which further imposes the need for change in tax policy ranging from value added taxation and employment all the way to non-renewable material consumption.

Third, at the heart of public policy must be a universal principle of guaranteeing equal rights for all people on the planet. In other words, those who are using more than their fair share of global resources should pay rent to those using less than their fair share. Another important turn would be the efficient channeling of the power of key players and actors within the country’s market. We have in mind the view that in order to create a more sustainable and fairer world for future generations, it is crucial to correct the unequal distribution of power within the market, which would further require a change in the legislative and corporate structure. Thus, it would be necessary to investigate in detail the whole range of issues and problems related to control and ownership, whereby companies could no longer be organized for the purpose of the prime benefit of the providers of private capital.

Fourth, shifting the focus from an anthropocentric to a biocentric approach would be a real example of putting the importance of life at the forefront. This further means that such visions as those related to the symbolic, aesthetic, mystical, existential and spiritual are incorporated into development visions, which would confirm that all forms of life are recognized as an integral part of the

entire economic system. As new owners and managers of the individual, they can be within the natural planetary system in terms of land, sea, water and minerals.

Finally, policymakers need to move less within the boundaries of economies of scale (which are undeniably still vital in certain segments), but more optimal diversification is needed, which requires development on a smaller scale. The local economy in particular is the one that makes the best progress if it is characterized by a variety of businesses.

4. CONCLUSION

Despite the indisputable importance and dominance of quantitative methods in economics, one should be aware of the fact that solving problems in this area can not be achieved without considering the broader social context, where the issue of ethics and morality occupies an important place in forming certain values in terms of the same. The very essence of ethics and morality derives from the indisputable fact that economics is in its essence a social science, and that it is an inseparable segment of the wider social context.

While some economists are inclined to argue that economics and morality are by no means in a relationship of structural interaction, for most of them, on the other hand, it is indisputable that the system (models) of economics itself is firmly rooted in moral norms (set of values) which help it to function properly and effectively. This is an attitude according to which it is almost impossible to think of categories such as exchange, money, credit, division of labor, health insurance and social security network, without taking into account a certain set of moral norms and standards. Economists must also be aware of their responsibilities in terms of contributing to solving complex global problems (such as inequality, moral hazard, and offering a view of the values on which the world should rest in the post-crisis era) in a more efficient, humane and just way for which it is necessary, as a whole, to move away from the concept of value neutrality and, at the same time, establish an optimal functional relationship between economic targets and moral principles, where moral values will be the driving force for further technological and economic progress.

In conclusion, based on the previous considerations, morality and economics are indisputably involved in a monolithic and essentially inseparable analytical tissue, which raises a simple question: How much does morality cost?, to which some would be inclined to answer: it costs almost nothing, but its absence can be very expensive. “To preach morality is easy, to give it a foundation is difficult” (Schopenhauer).
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TEORIJSKI I EMPIRIJSKI ASPEKTI ODNOSA MORALA I EKONOMIJE

Rezime. Da je ekonomija lišena bilo kakve moralne, ideološke ili teološke filozofije naširoko je rasprostranjen stav među glavnim ekonomistima u novije vreme. U odnosu na pitanja moralnog karaktera, moderna ekonomija je usredsređena na ključne postulate kakvi su racionalni proračun, naučna neutralnost i bazični materijalni ciljevi. U vezi sa prethodno rečenim jazom koji se sve više produbljuje, primarni cilj rada jeste ukazivanje na potrebu da se uspostavi novi savez između ekonomije i morala (etike) kao specifičnog vrednosnog kriterijuma a sve u cilju što boljeg pronicanja u kompleksnu prigu čovekove stvarnosti i pružanja doprinosa efektivnijem i konstruktivnijem rešavanju ekonomskih problema. Pri tome, ima se u vidu činjenica po kojoj su pokušaji da se ekonomija prikaže kao moralno neutralna uglavnom završili neuspešno, ili sa malo uspeha.

Ključne reči: moral, istorija ekonomskih misli, nejednakost, moralni hazard, post-krizne vrednosti