



# An Ethical Analysis of Neoliberal Capitalism: Alternative Perspectives from Development Ethics<sup>1</sup>

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## ABSTRACT

In this paper, the author submits the position that the worldwide capitalist economy has taken the route of neoliberal capitalism. The main distinction among market capitalism and neoliberal capitalism is the role of the private market mechanism to economic and non-economic activities. The evolution of neoliberal capitalism is historically specific. In turn, specific aspects of the free-market economics, here mentioned as neoliberal economics, are the intellectual defender of the neoliberal capitalism. The purpose of the paper is to explore neoliberal capitalism in deeper ethical terms and to offer an ethical alternative. Development ethics is an important alternative perspective to neoliberalism, which is often neglected even in the heterodox economic literature. In particular, an original ethical model, on the basis of 'social ethics', is suggested for the discovery of the meta-ethical, normative-ethical and applied-ethical orientations of an economic system and of an economic analysis. After the ethical evaluation of neoliberal capitalism and neoliberal economic analysis the development ethics alternative is recommended.

**Keywords:** Development Ethics, Neoliberal Capitalism, Neoliberal Economics, Market Capitalism, Social Ethics, the Washington Consensus.

## RÉSUMÉ

Dans cet article, l'auteur fait valoir que l'économie capitaliste mondiale a pris le chemin du capitalisme néolibéral. La principale distinction entre le capitalisme de marché et le capitalisme néolibéral est le rôle du mécanisme de marché privé dans les activités économiques et non économiques. L'évolution du capitalisme néolibéral est historiquement spécifique. À leur tour, les aspects spécifiques de l'économie de libre marché, mentionnés par économie néolibérale, sont le défenseur intellectuel du capitalisme néolibéral. Le but de cet article est d'explorer le capitalisme néolibéral en termes éthiques et d'offrir une alternative éthique. L'éthique du développement est une importante perspective alternative au néolibéralisme, souvent négligée, même dans la littérature économique hétérodoxe. En particulier, un modèle éthique original, sur la base de « l'éthique sociale », est proposé pour la découverte des orientations méta-éthiques, normatives et appliquées d'un système économique et

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d'une analyse économique. Après l'évaluation éthique du capitalisme néolibéral et de l'analyse économique néolibérale, une alternative éthique du développement est proposée.

**Mots-clés:** développement éthique, capitalisme néolibéral, économie néolibérale, capitalisme de marché, éthique sociale, Consensus de Washington.

**JEL Classification:** B50, P00, Z10

## **INTRODUCTION**

Since the financial economic crisis of 2007, the challenge for economic policies and strategies has been to reverse financial instabilities and to revive the worldwide economy. In the leading capitalist economy of the United States (US), Republican president George W. Bush failed to show the road out of the crisis. Two years later, in 2009, US citizens elected Democrats, under the presidency of Barack Obama, to this difficult situation. However, as it seems up to now, the Democrats' administration is failing to accomplish adequately the above-mentioned goal. Beyond the US economy, the years after 2007, economic crisis has affected almost all worldwide capitalist economies to a bigger or lesser extent. Thinking the financial crisis in deeper economic and ethical terms, the question that rises is "what is going wrong with the worldwide capitalist economy?" To answer the aforementioned question, we need to search the rooted functions of market-driven capitalism in the era of neoliberalism. Historically, since the 1980s applied economic policies and strategies of the Reagan presidency, the US economy takes the shape of what the present analysis names "neoliberal capitalism". In 1979, it was Margaret Thatcher in the United Kingdom that inaugurated neoliberal economic reforms. Thatcher and Reagan's reforms have led worldwide economy to the pattern of neoliberalism. The capitalist economy has always been a market-oriented economy, in which production and distribution of goods and services are regulated by a market mechanism. However, along with the market functions, a social welfare state adjusted market failures. In the era of neoliberal capitalism, the private market functions replace almost all the economic and social activities and penetrate into every sphere of human action. "The market is presumed to work as an appropriate guide - an ethic - for all human action" (Harvey, 2005, 165). This observation describes slightly the ethical nature of neoliberal capitalism as 'an ethic in itself'. However, a deeper ethical exploration is missing from the analysis.

The purpose of this paper is to explore neoliberal capitalism in deeper ethical terms and to offer an ethical alternative. More specifically, an ethical approach, on the basis of 'social ethics', is suggested for the discovery of the meta-ethical, normative and applied ethical orientations of an economic system and of an economic analysis. To my knowledge, no such methodological exploration of neoliberal capitalism has been attempted before. The advantage of this ethical approach is that it precisely codifies the means and the ends of neoliberal capitalism and neoliberal economic analysis. Students and scholars of economics and philosophy can benefit from this novel ethical exploration. Additionally, the study contributes to the discussions of understanding contemporary neoliberalism and offers an ethical pattern to future economic policies and strategies based on the good life of people and societies, social justice and environmental balance via the development ethics alternative viewpoint.

Regarding the paper structure, section one mainly refers to the economic system of the leading capitalist economy of the US, the US exported neoliberalism (through the Washington Consensus), and how neoliberal economic analysis assists neoliberal capitalism. Section two separates ‘individual ethics’ from ‘social ethics’. Furthermore, in this section the suggested theoretical ethical approach is applied to the present form of neoliberal capitalism. Section three explores an ethical alternative to neoliberal capitalism originated by the field of development ethics. Section four summarizes the results of the paper.

## **1. NEOLIBERAL CAPITALISM AND NEOLIBERAL ECONOMICS**

An economic system’s main aim is to organize human work that every society needs in order to survive. Since its constitutional foundation<sup>2</sup>, the US has been a market-oriented economy. The two basic economic functions of the economy, production and distribution, take place in the market. In turn, private property and individual rights are defended by the institutions and the law. Hence, as the study of comparative economic systems indicates, the economic system of the US can be identified as market capitalism (Rosser and Rosser, 2004). What the historical evidence determines is that US market capitalism has taken the shape of neoliberalism since the 1980s. Therefore, this analysis calls the contemporary economic system “neoliberal capitalism”.

However, there are plenty of interpretations of the term “neoliberalism”. In this study, I argue for a historically-specific agreement of dominant economics on the neoliberal agenda. Following the economic and political changes of the 1970s, nationally and internationally, this agenda mainly involves the shifting role of state policy and the free-market imperative. “The new terms of debate was set by neo-liberal economists such as Milton Friedman, Friedrich von Hayek, George Stigler, James Buchanan, Gordon Tullock, Anne Krueger, Ian Little and Alan Peacock” (Chang, 2002, p. 540). What is important is that the analytical tools and theories of free-market economics remain the core intellectual background of neoliberal theory and policy in international development. In this framework, let me state a definition by Howard and King (2004, 40) that approaches neoliberalism “as a doctrine and a related social practice. The doctrine is that all, or virtually all, economic and social problems have a market solution, with the corollary that state failure is typically worse than market failure.” According to this approach, perhaps the main distinction between market capitalism and neoliberal capitalism is the role of the market. In market capitalism, the market functions reduce their role to the production and distribution of goods and services. In neoliberal capitalism, the role of the market is extended. Beyond production and distribution of goods and services, the market mechanism extends its role in the sphere of almost all human actions. As Harvey (2005, 3) argued, “[i]t [neoliberalism] holds that the social good will be maximized by maximizing the reach and frequency of market transactions, and it seeks to bring all human action into the domain of the market”.

The present analysis approaches the term in its historical aspect. In this respect, neoliberalism can be seen as a set of applied strategies and policies that have become widespread during the last decades. Historically, the origin of neoliberal capitalism in the US

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<sup>2</sup> The Constitution of the United States was written in 1787 and it came in effect two years later establishing a democratic political system and a free market economic system to the US territory.

can be found since the late 1970s. As it is obvious, liberalism never quits influencing US economy, society and politics. A debate about state interventionism in the economy and the free market, in the sense of Adam Smith's "invisible hand", holds since the 18th century. However, it is generally accepted by economic historians that US economic policies have followed Keynesianism as the dominant applied macroeconomic and microeconomic policies since the Great Depression of 1929 and President Roosevelt's New Deal in 1933 until the middle of the 1970s.

In particular, the economic policy of the US takes the form of neoliberalism during the presidency of Reagan [1981-1989]. Even if it is a long discussion to precisely define the differences among market capitalism and neoliberal capitalism, we can clearly see the effects of neoliberalism within society as the rich groups grow richer and the poor groups grow poorer since Reagan's political reforms. Reagan's reforms or what is, in economic literature, called "Reaganomics" emphasised "the privatization of government functions, deregulation of labor, commodity and financial markets, and the balancing of the budget (or at least reduced taxes)" (O'Hara, 2006, 207). Broadly speaking, it was an effort to reduce the role of the state and to enhance the private sector and the role of the market even in non-economic activities, such as social policy, for instance. Because of the fact that these changes took place during the above-mentioned period, I maintain that neoliberalism is historically defined. Although neoliberal aspects in the US market economy have always had a significant position, neoliberal capitalism in US has become more aggressive since the 1980s Reaganomics. For the history, two years earlier, in 1979, in the United Kingdom (UK), Margaret Thatcher was elected Prime Minister [1976-1990]. Both Reagan in the US and Thatcher in the UK have established neoliberal policies to worldwide economic and social affairs. What happened in the years after is that, "[t]hose who followed, like Clinton and Blair, could do little more than continue the good work of neoliberalization, whether they liked it or not" (Harvey, 2005, 63). Therefore, because of the significance of the US policy to worldwide economy, the Reagan presidency was a turning point in the US and global social and economic history.

It is important to see the impact of neoliberal capitalism on the global economy. Neoliberal capitalism has been imposed around the world by powerful financial institutions and interest groups based in North America, and particularly in the US. This is a kind of exported neoliberalism. An applied set of neoliberal policies has taken place in many Latin American countries. For the first time, Williamson (1990a) called this imposed type of neoliberalism to Latin American countries the "Washington Consensus". Specifically, Williamson describes as "Washington Consensus" an umbrella of institutions and interests such as that of the International Monetary Fund (IMF), the World Bank, the US executive branch, the Federal Reserve Board, the Inter-American Development Bank, those members of Congress interested in Latin America, and the think tanks concerned with economic policy. Essentially, the "Washington Consensus" imposed neoliberal economic and social policies to Latin Americans.

What are the imposed neoliberal economic and social policies? For Williamson (1990a), neoliberal policies could be typified around ten axes: 1. Fiscal Discipline. 2. Reordering Public Expenditure Priorities. 3. Tax reform. 4. Liberalizing Interest Rates. 5. A Competitive Exchange Rate. 6. Trade Liberalization. 7. Liberalization of Inward Foreign Direct Investment. 8. Privatization. 9. Deregulation. 10. Property Rights. The economic policies

that the Washington Consensus urges on the rest of the world may be summarized as prudent macroeconomic policies, outward orientation, and free-market capitalism (Williamson, 1990b).

However, what were the consequences of the neoliberal reforms in the labor market and inequality as a major indicator of social and economic development? As to the first issue, Saavedra (2003), in his study of what happens to the labour markets in Latin America during the 1990s, acknowledges that the neoliberal reforms had a diminished impact on employment, particularly on the job positions related to the public sector, state-owned enterprises and protected manufacturing industries. While at the same time in the private sector, employment creation was meager with low-quality jobs. As to the second issue, Behrman et al. (2003) applied an index combining a set of policy changes in six fields according to the Washington Consensus neoliberal reforms for 18 Latin American countries for the period of 1977-1998. These fields were trade policy, financial policy, tax policy, external capital transactions policy, privatization policy, and labor policy. The authors questioned if these policy changes have increased wage differentials and income inequality. Their evidenced answer is precisely 'yes'. However, they related the profound inequality to educational level and other inefficiencies of the market structure. It is important to be mentioned that both studies are based on a mainstream economic analysis. Consequently, the Latin American experiment has evidently shown that applied neoliberal policies and strategies have failed in terms of economic and social development. Thus, more than a decade later, Williamson (2002) made a criticism of the way that policy reforms had been applied to Latin America countries and, more or less, he accepted the failure of the Washington Consensus.

Turning now to the theoretical background, neoliberal capitalism is conceptually supported by specific aspects of the free-market economic analysis. In other words, neoliberal capitalism can be perceived as the applied type of the mainstream economic theory in its most positive form. For instance, as DeMartino (2000, 4) states, "[t]he most forceful and coherent defence of neoliberalism appears in mainstream economic theory". The question that rises is what are the fundamentals of neoliberal economics in its dominant positive form?

For neoliberal economics, the end state of an economic system, what in the literature is called "a good society", is an affluent society in terms of westernized well-being (Marangos and Astroulakis, 2012, 83-84). At the centre of this discussion is the consumption of goods and services. In the ethical question, "how can a good society be achieved?", a typical answer within economists, even under alternative theoretical origins, can be found in the theory of economic growth. Nevertheless, based on the free-market economics conception, a good society is specifically determined by the amount of savings that leads to investments and to the growth of Gross Domestic Product (GDP). Economic growth leads to an increase of material consumption in terms of economic well-being, and finally maximizes individual utility through consumption, as can be measured by mainstream welfare theory. Afterwards, welfare theory, by using the utility function, measures individual satisfaction, which is mainly determined by the consumption of goods and services, and the possession of wealth and leisure time.

Hence, for a part of the supporters of free-market economics, higher GDP reflects higher economic growth and higher economic growth implies greater human well-being. Therefore,

the higher the GDP of an economy is, the higher the level of economic well-being and the better off the society will be. In the end, for the neoliberal perspective of a good life, the key element is individuals' consumption. Furthermore, neoliberal economists do not pay significant attention to the notion of "equality", precisely because they embrace economics as a value-free science. For example, the mainstream economists Kaplow and Shavell (2002, xvii) argue that social decision-making should be based exclusively on welfare theory and should not depend on fairness, justice, and/or "cognate concepts."

The fundamentals of the free-market economic analysis in the form of neoliberalism are individual and entrepreneurial selfness, property rights, and market efficiency. According to Harvey (2005, 2), "[n]eoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade." Even in this brief definition of neoliberalism, individuality overlaps social structures. At the centre of the discussion is the individual selfness as it is generally expressed by consolidated private property rights and a free market framework. "The market is an extraordinary mechanism that allows a society—any society, no matter how small or large, simple or complex—to organize the production and distribution of goods and services *efficiently*." (DeMartino, 2000, 4). In the era of neoliberalism, this premise not only refers to the market-oriented transactions such as production and distribution of goods and services, but also to almost all human and social structures such as social policy and social relations. "The market is presumed to work as an appropriate guide - an ethic - for all human action." (Harvey, 2005, 165). Thus, the market is seen as a mechanism capable of acting as an efficient guide for almost all human actions.

To better understand neoliberal market imperialism trespassing a wide range of human actions beyond distribution and production, we need to perceive neoliberalism not only as an economic system, but also as a philosophical pattern. As it is proclaimed, "[n]eoliberalism has, in short, become hegemonic as a mode of discourse. It has pervasive effects on ways of thought to the point where it has become incorporated into the common-sense way many of us interpret, live in, and understand the world." (Harvey, 2005, 3). Market efficiency, consumer choice, transactional thinking extends this kind of neoliberal market logic into the realm of social and personal relationships. As a philosophical pattern, neoliberals provide answers to questions such as, "why are we here?" and "what should we do?" To these questions neoliberals argue, "we are here for the market", and "to compete". In addition, neoliberals tend to believe that people exist for the market. The general neoliberal ethical vision is that every human being is an entrepreneur. Individuals should manage their own life as a business unit taking into account the market logic, as it is previously mentioned. Such social behaviour represents an extension of the market relations into non-economic areas of life. The dominance of market functional efficiency in all spheres of human actions hides a self-interest ethical imperialism. The neoliberal argument is based on the premise that a society is simply comprised of the sum of its individuals. Thus, in the centre of the ethical discussion of neoliberal capitalism is an individualistic ethics based on self-interest.

### **3. AN ETHICAL APPROACH OF EXPLAINING NEOLIBERAL CAPITALISM**

In this section, a theoretical approach of explaining neoliberal capitalism in deeper ethical terms is presented. The structure of this approach is based on ethical theory in the form of social ethics and the response of neoliberal capitalism to posed ethical questions.

There is a challenge of the neoliberal ethical approach of self-interest from the side of heterodox economics and social ethics. For instance, Yeager (2001, 1) underlines that “Social science helps check ethical intuitions against facts. It examines clashes among values and helps sort out the most fundamental ones. It recognizes that fact and logic alone cannot recommend private actions and public policies; ethical judgments must also enter in. Knowing that ‘good intentions are not enough’, social science insists on comparing how alternative sets of institutions and rules are likely to work”. In turn, Dugger (1977, 299) points out that “Social economics emphasizes that society is more than a sum of disparate individuals interacting in markets. It is an evolving whole which can best be understood and improved as a whole”. Most of heterodox economists argue against the neoliberal economic perception particularly to the belief that economics is a value-free science. For instance, DeMartino (2000, 47) points out that “welfarism appears to free [neoliberal] economists from the burden of making value judgments.” Therefore, he concludes that “[g]iven the goal of achieving value-free science, this result is not to be surprising: the matter of inequality and of what kind of distribution is inherently just, is by necessity value-laden.” (DeMartino, 2000, 49). Within the neoliberal economics framework, ethical and social issues as social justice, ecology, and solidarity usually are reduced to second-order issues in the discussion of a good society. Contrary to the neoliberal perception of economics as a positive science, Waters (1988, 113) argued that “the major concern of social economics is explaining the economy in its broadly aspects...Explanation includes cultural, political, and ethical aspects as they are needed for a full understanding”.

In general, ethics attempts to answer the question of how one should live or better, of what is ethically good and bad, what is right and wrong. In an abstract sense, three concepts are central to the subject matter of ethics: the good (which refers to the ideal, or the thing that is desired); the right (what is not wrong); and the ought (which refers to obligation, duty, or responsibility, both of the individual and of the society).” (Dutt and Wilber, 2010, 4).

More specifically, we can examine ethics in a twofold level - individual and social. Individual ethics is concerned with motivation, intention and consequence and with questions such as what are good and bad actions of an individual, who is an ethically good person. Whereas social ethics refers to the meaning of the good life, how society ought to be ethically structured, and finally what the requirements of a good life within society are. “All discussions of how people should behave, what policies governments should pursue, and what obligations citizens owe to their governments obviously involve [social] ethics” (Yeager, 2001, 2). In brief, social ethics presumes that society is more than a sum of individuals acting in a market-oriented framework. In a few words, social ethics refers directly to the social investigation of the question “what is a good society?”

In the field of social ethics, ancient Greek philosopher Aristotle argued that the end and purpose of the state (*polis* in Greek) is the good life of its citizens. Aristotle is one of the fathers of ethical theory and virtue ethics. “Aristotle ethics is a part and aspect of politics and

that the human good is to be achieved in and through participation in the lives of political communities” (MacIntyre, 2006, p. vii). The important thing is that Aristotle studies ethics not only at an abstract individual level, but also in relation with the society and politics. According to Aristotle’s ethical philosophy, ethics examines and determines the rules of human behaviour within society. In his works *Nicomachean Ethics* and *Politics*<sup>3</sup>, Aristotle postulates his view of human ethical behaviour, the stance of citizens to political affairs, and his proposal for a “good society.” Aristotle incorporates the concept of the “good life” not only in his ethical work, but also in his work concerning “politics.” In his view, “politics” is associated not only with the political, but also with the social and ethical affairs of a state. The individual as a citizen is placed at the centre of the discussion of “politics” and the state (*polis* in Greek) at the centre of “ethics.” In his *Politics*, Aristotle describes the “good life” as the virtuous life of every individual who, at the same time, is an integral part of a social structure that of the state. In Aristotelian ethics, the good of the state (*polis*) in its totality is perceived as superior to the aim of a “good life” of any individual separately. Therefore, Ross (1995 [1923], 120) accurately states that “Aristotle’s ethics, no doubt, are social, and his politics are ethical.” Hence, Aristotle could be considered as one of the pioneers in elaborating the concept of a “good life” within its political and social context.

Inspired by social ethics and Aristotle’s philosophy of examining ethics and politics in a common analysis, I suggest a theoretical approach of evaluating a contemporary economic system. In the present analysis, it is that of neoliberal capitalism. Referring to ethical theory, there are three common accepted ethical sub-categories; Meta-ethics, Normative Ethics and Applied Ethics (Kagan, 1998, 2; Williams, 2006, 72; Frankena, 1951, 45). The following analysis has been formulated to the investigation of the key ethical issue of the “good society”. More precisely:

Meta-ethics can be defined as the branch of ethical theory that explores, from a higher order, the nature of ethical views, assumptions, and commitments. It is an inquiry about ethical theories. Meta-ethical questions concern the meaning of ethical claims, as well as the structure and method of ethical theories. In this framework, one can raise epistemological questions, such as “what counts as the ethical truth?”, or methodological questions pertaining to the justification of ethical commitments. In short, meta-ethical inquiry is concerned with the question “what is the nature of the ethical arguments?” In the form of social ethics, if we accept that the ethical argument is “a good society”, meta-ethics answers to the question “what is the ethical context of a good society?”

Normative ethics can be described as an attempt to determine “principles” that can be used to articulate and justify ethical views, assumptions, and commitments within a broader framework of a meta-ethical theory. Normative issues usually respond to the question “how things should or ought to be?” Whereas meta-ethical questions are of higher-order, normative issues are considered as first-order – or substantive – questions. For social ethics, the questions can be posed as “what should be the relation between the means and the ends of attaining a good society?”

Applied ethics is the branch of ethical theory that investigates ethical issues in private and public life in an applied manner. In other words, applied ethics can be considered as the

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<sup>3</sup> For Aristotle’s *Nicomachean Ethics* and *Politics*, readers can consult Aristotle in Roger Grips (ed) (2004) and Aristotle in T.E. Page et al. (eds) (1959) respectively.



ethical examination of particular issues in private and public life that are matters of human life. Applied ethics replies to the question “which are the applied policy implications in any field of private or public life?” Furthermore, applied ethics aspires to solve world problems in the principles of meta-ethics and with the means of normative ethics. Some examples of applied ethics are bio-ethics, business ethics, environmental ethics and global ethics. If we put it in a questioning type from a social ethics perspective, that would be “what are the ethical guidelines in any field of public or private sector within a good society?”

It is obvious that no one of the aforementioned sub-categories of the ethical theory can be characterized as independent. They constitute a continuum rather than a sharp line. At the level of normative ethics, meta-ethical presumptions and justifications, for instance of what is right or wrong, determines the normative nature of the adopted ethical principles. While at the level of applied ethics, the normative endowment of an action, i.e. what should be done, influences the ethical content of applied policies. Hence, ethical views, statements and actions cannot be interpreted under specifically one of the three above-mentioned fields, but merely as ethical interconnections among the ethical theory sub-categories.

Let us turn now to applying the ethical model for what has been described as neoliberal capitalism.

According to the meta-ethical question that is, “what is the ethical context of a good society?” or in other words, “what is the main aim or the end state of neoliberal capitalism?”, neoliberal economics interprets the objective of an economic system as being the maximization of economic well-being on an individual basis through consumption of goods and services. The consumerist model is based on the private market. However, in the neoliberal mode, the private market has a significant role not only for the production or distribution of goods and services, but for all human activities across the board. The meta-ethical basis of neoliberal capitalism is economic well-being through a neoliberal market-oriented economy, in which all or almost all human preferences and actions can be expressed in market transactional relations.

As regards normative ethics expressed in the question “what should be the relationship between the means and ends of attaining a good society?”, in neoliberal economics, the maximization of consumption comes through accelerated production of goods and services. In other words, economic growth assures the material prosperity of individuals within society. In neoliberal capitalism, economic growth is private investment-oriented. Minimization of state intervention in the economy is also important. By definition, a private market failure is better accepted than a government failure, thus private solutions are always preferable, even in case of non-market goods and services such as social assistance. The normative-ethical basis of neoliberal capitalism is economic growth under private market relations, or in other words, a profit economy with a free private market structure.

In the economic system of neoliberal capitalism, applied ethics, that response to “what are the ethical guidelines in any field of public or private sector within a good society?”, takes the form of individual and business ethics. At the core of neoliberal economic analysis is the individual and, by extension, the business unit. It is important to mention that neoliberals usually explain macroeconomics by microeconomics tools. In macroeconomic analysis, the state or nation is usually understood as another form of business corporations or households, and therefore can be examined as a micro unit. At the level of ethics, neoliberal capitalism

cares about individual ethics based on self-interest and business ethics based on corporate responsibility. Again, the assumption is the same. The sum of individuals comprises the society and the sum of business units comprises the economy.

### **3. THE DEVELOPMENT ETHICS ALTERNATIVE PERSPECTIVE**

Development ethics is an important alternative ethical proposal to neoliberal strategies and policies that is often neglected in the heterodox economic literature. Development ethics is integrated in social ethics and it is commonly defined as the ethical reflection on the means and ends to local, national and international dimensions of development (Goulet, 1975[1971], Crocker, 1991; 2008, Gasper, 2006, Drydyk, 2013; Dower 1998; 2005). Furthermore, Marangos and Astroulakis (2010), investigating the relation of development ethics with Aristotle's philosophy, have shown that development ethics has a strong Aristotelian influence in the manner that perceives the association of politics and ethics. In the authors' words (Marangos and Astroulakis, 2010, 556), "[d]evelopment ethics implicitly espouses 'eudaimonia'<sup>4</sup> as the end state of human actions and advances this concept to the macro level of the global world." Thus, development ethics is consistent with the conception of examining ethics and politics in a common analysis, that of social ethics.

In this section, the development ethics alternative to meta-ethical, normative and applied ethical aspects of neoliberal capitalism is presented. Challenging worldwide neoliberal capitalism, development ethics precisely define that a good society is viewed not as growth in a narrow sense of material expansion of well-being, but as the qualitative enrichment of human beings in all relevant aspects of human life. Is economic growth and material prosperity an essential requirement for a good life? Yes it is. Nevertheless, it is not the only one. At the centre of the development ethics analysis are ranked the covering of people's needs at a material, cultural and spiritual level, social justice and ecological balance. Any social construction and institution should service the aforementioned aims. Development ethics cares about the microeconomic as well as the macroeconomic environment. In other words, development ethics minds for ordinary people, the smallest societal units and local communities along with national states and intergovernmental surroundings in a globalised world. Development ethics directly responds to the above-mentioned ethical discourse as follows:

To the meta-ethical question of "what is the ethical context of a good society", development ethics answers with a threefold dimension. First, development is attained by achieving "a good life" "for all persons and the whole person" (Perroux, 1981, 32). At the minimum, all people need all these goods that lead to cover biological needs, and additionally to free part of human energy in order for it to be allocated to a wider range of life aspects beyond covering first-order needs. The "good life" is perceived as the case of "being more" in challenge to "having more". The development model based mainly on economic growth has distorted the way that the "good life" is perceived: "having more" (material goods, wealth, ect.) leads to the notion of "being more" (successful, attractive, valuable) (Fromm, 2005).

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<sup>4</sup> Regarding the modern use of the term, 'eudaimonia' can be defined as synonymous to "happiness." However, a couple of alternative translations exist in the literature, e.g., "flourishing," "good life" and "well-being." For a deeper interpretation of the term, see Marangos and Astroulakis (2010).

Against this perception, development ethics talks about a “good life” in all aspects of human life, otherwise what is called by development ethicists “human ascent”. Second, development ethics advocates global justice in the form of a non-elite, nation or people, participation in social planning and outcomes. The element of “power”, in terms of national conflicts and inside the societies is distinctive in this discussion. Third, ethical development evidently supports sustainability in natural resources. Sustainability for development ethicists comprises an ethical and technical matter. Technological advances give the means of attaining sustainability; the decision to attain sustainable development is a matter of social ethics.

According to the normative ethical question of “what should be the relationship between the means and ends of attaining a good society?”, development ethics and particularly Goulet (1975 [1971]) for the first time determine a normative set of ethical goals and strategies to international development. Dower (1988; 2010) appraises this relationship under “the ethics of the means” philosophical perspective. In more recent development ethics literature, Astroulakis (2011, 224-228) [see also Astroulakis, (2013a); Astroulakis, (2013b)] arranges and examines these ethical goals and strategies of a good society from the viewpoint of development ethics and of Denis Goulet (the founder of development ethics as a self-conscious area) in particular. Ethical goals are codified in three words, that of i) life-sustenance, ii) esteem, and iii) freedom that societies and individuals ought to investigate within a value-based context of the “good life”.

In brief: Life-sustenance refers to the nurture of life, thus it maintains a fundamental element. Esteem is a universally accepted value because all human beings in all societies feel the necessity for respect, dignity, honour and recognition. Freedom is valued as a component of the “good life” in a sense that development ought to free humans from all servitudes (to others, to nature, to ignorance, to institutions, to beliefs) in order to govern themselves and determine their destiny. Ethical strategies, on the other hand, are normative judgments which provide both the notional and practical framework under which ethical goals should be discussed and policy recommendations over those goals ought to be formulated. Ethical strategies are underlined under the terms, i) abundance of goods, ii) universal solidarity, and iii) participation. Abundance of goods means that people need to have “enough” goods to have a “good life”. In addition, “enough” should be, at the minimum, all goods that lead to the satisfaction of biological needs, in addition to freeing part of the human energy toward a wider range of life aspects beyond satisfying first-order needs. Universal solidarity can be perceived as a philosophical issue, a need of all people for unity in their common fate. As Goulet (1995, 64) underlines, “[a]ll philosophies and systems of thought postulate, at least implicitly, a common destiny for humans: the fate of one is the fate of all”. Finally yet importantly, for development ethics, participation of ordinary people and local societies in decision-making is perhaps one of the main points. Both normative ethical goals and strategies are unswervingly derived from the meta-ethical orientation of development ethics.

In the level of applied ethics, development ethics is aware of the investigation of global development applied policies in a macro level while taking into consideration the micro traits of each society. In different words, development ethics, at a practical level, takes the form of global ethics (Crocker, 2008). Inevitably, the discussion on global ethics is long and the modelling of them could be even more elongated. I will stay, at this point, at the statement of Crocker (2008, 1) that “it [global development ethics] justifies, applies, and extends ethical

reflection on development goals, policies, projects, and institutions from the local to the global level”. In one of the more recent empirical studies in the field of applied ethical policies, Enderle (2010), evaluating the wealth creation from the angle of development ethics in one of the global emerging economies (that of China), evidently shows that wealth creation is far beyond growth rates. As Enderle (2010, 2) states, “[m]aking money’ can be destroying wealth, while creating wealth can be losing money.” What Enderle proves is that a good society or, in his words, “wealth creation” cannot mean simply “making money” or “maximizing profit” or “adding value” in a rather vague sense. It has spiritual and material aspects by processing production and distribution and contending physical, financial, human and social capital. Furthermore, to my sense, the concepts of the “authentic development”, as posed by Goulet (1996 and elsewhere), can also elucidate how development ethics perceives the applied ethics in a good society. Authentic development refers to the means and ends of human action, or in other words, to the vision of a better life and the way that this life can be accessed. As it is previously mentioned, development ought to respond to normative ethical inquiries concerning the meaning of the good life, the foundation of justice in society and within societies, and the stance of human individual and societies towards nature. “Providing satisfactory conceptual and institutional answers to these three questions is what constitutes authentic development” (Goulet, 1996, 197). Applied ethics, in each field of life, should correspond to the previously mentioned precision.

#### **4. CONCLUSION**

The historical analysis has shown that worldwide economy has followed a neoliberal pattern since the 1980s and the Reagan presidency in the US. The same neoliberal pattern has been followed by Thatcher in the UK since 1979. Essentially, under Thatcher and Reagan’s applied policies, the worldwide economic system have been transformed from market capitalism to neoliberal capitalism. In this paper, a fundamental difference between market capitalism and neoliberal capitalism has been pointed out. Even though neoliberal capitalism stimulates market capitalism at the level of production and distribution within the market, one main distinction could be seen in the matter of how an economic system behaves to non-market activities. In the era of neoliberal capitalism, the notion of market efficiency, as we have mentioned, overlaps almost all human relationships and activities. Moreover, even a nation or a state economy is conformed to a microeconomic unit, or worse, to a firm. Neoliberal economic analysis confronts the meta-ethical orientation or “what is a good society” as the Western consumerist society based on market efficiency.

Development ethics alters this neoliberal approach by arguing that a good society should offer a good life to all people, social justice, and environmental sustainability. At the level of normative ethics, neoliberal capitalism proposes economic growth by the use of the private market mechanism, not concerned by social solidarity, equal distribution of wealth and diminishing of inhuman situations for people and societies. Development ethics offers a bundle of normative ethical goals and strategies for a good life of people and a good society of nations. Lastly, in the field of applied ethics, neoliberal capitalism proposes individual and business selfness. In neoliberal capitalism, the ethical views of the society and economy are explained by individual and business ethics. Development ethics counteracts individual and business ethics with global ethics as a kind of social ethics in any field of private and public

life. Global ethics comprises a social guideline based on the meta-ethical and normative ethical viewpoints. At least, development ethics offers an alternative economic and social ethical perspective to the direction of a good life for people and a good society for nations.

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