

NICO VORSTER

AN ETHICAL CRITIQUE OF MILTON FRIEDMAN'S DOCTRINE ON
ECONOMICS AND FREEDOM

Nico Vorster

School of Ecclesiastical Sciences, Northwest University, South Africa.

Email: nvorster@telkomsa.net

Abstract: Milton Friedman was one of the most influential economists of the twentieth century. Many of the neo-liberal views that he advocated were adopted in the 1980's by Western countries such as Britain and the United States. This essay focuses on Friedman's views on politics, economics and freedom. The first section discusses his perspectives on the relation between capitalism and freedom, the nature of markets, his understanding of equality and of the social responsibility of business. The second section attempts to provide an ethical critique on Friedman's separation between economics and ethics, his concept of the market, his views on freedom and equality and the implications of his economic doctrine for human identity. The third section offers some key ethical principles that may help to reform modern capitalism.

Key Words: Economics, Freedom, Neo-Liberalism, Moral parameters, Christian ethics, Ecology, Free market, Capitalism, Consumerism, Milton Friedman

Introduction

Milton Friedman was one of the most influential political economists of the twentieth century. He received the American Economic Association's John Bates Clark Medal in 1951, the Nobel Prize for Economics in 1976 and the United States' Presidential Medal of Freedom and National Medal for Science in 1988. Friedman made a great impact on the discipline of economics as a monetary theorist, applied econometrician and narrative economic historian. He is widely credited for his contribution to modern labour economics and for changing the direction of macro-economic theory¹. Friedman's influence was not restricted to the academic discipline of economics, but also extended to the realm of politics. He acted as an adviser of Barry Goldwater, Augustine Pinochet, Richard Nixon and Ronald Reagan and became politically the most influential economic theorist of the last quarter of the twentieth century. The economic programmes of Ronald Reagan and Margaret Thatcher's incorporated four neo-liberal elements that Friedman strongly campaigned for: 1. lower rates of taxation; 2. lower state contributions; 3. a free market instead of state regulation of industry and 4. the stable growth of the amount of money in circulation².

This essay is concerned with Friedman's core beliefs on politics, economics and freedom that are mainly found in his books *Capitalism and Freedom* (1962), *Free to Choose* (1980, co-authored by his wife) and *Tyranny of the Status Quo* (1984). An ethical re-appraisal of Friedman's views on politics, economics and freedom is particularly important at this time. Many analysts attribute the 2008 financial crisis directly to the neo-liberal deregulatory economic policies that were adopted since the 1980's by Western Countries such as Britain and the United States. It's argued that these deregulatory measures lead to irresponsible lending by banks, unethical practises in stock markets and a culture of spending among consumers that in turn caused a global credit crunch.

Aim and method

The first section of this essay will discuss Milton Friedman's views on economics, politics and freedom. The historical origin of his thinking will be discussed as well as his perspectives on the relation between capitalism and freedom, the role of self interest in the economy and the neutral nature of markets, his understanding of equality and the social responsibility of business. The second section will provide an immanent ethical critique on Friedman's thinking. Immanent criticism is a form of critique that endeavours to penetrate the premises of a thinking system and to reveal anomalies in that system. The last section of the essay will

attempt to define some key principles from a deontological ethical perspective that might help to reform the free market economic system. It will be argued that economics and social responsibility cannot be separated, that moral parameters need to be applied to the free market economy and that the ecological impact of economic actions need to be taken seriously.

Friedman's doctrine on economics and freedom.

Friedman's views on politics, economics and freedom can be characterised as neo-liberal. Neo-liberalism emerged in the 1940's in reaction to the British Keynesian state, the New Deal welfarism in the United States and socialism in Europe. Intellectuals such as F.A Hayek, Ludwig von Mises, Alexander Rüstow and Michael Polyani argued that in order to oppose these collectivist trends liberalism had to undergo a major process of intellectual reinvention where classic liberal tenets were reinterpreted on a new ideological terrain³. The Mont Pelerin Society was established in 1947 as the international meeting ground for academics and intellectuals who were broadly liberal in their views, and who were critical of collectivism. Their aim was to reinvent a coherent liberal philosophy for the twentieth century. Milton Friedman attended the founding meeting as a representative of the United States. It was here under the influence of the Philosophical radicals – Dicey, von Mises, Hayek and Simons – where Friedman's views on politics and economics took shape. He spent the rest of his career opposing the interventionist strategies and powers that achieved their optimum configuration in the period during 1945-73. During this period, Keynesianism, was regarded as the most effective economic and political strategy for capitalism. The state assumed a variety of responsibilities and deployed fiscal and monetary policies to stabilize business cycles and demand conditions⁴. Friedman articulated his scepticism of organised capitalism most vividly in his 1962-book *Capitalism and Freedom* where he criticised twentieth century liberals for betraying freedom by regarding welfare and equality as either prerequisites of or alternatives to freedom⁵.

By the end of the 1980's neo-liberalism had, largely due to the efforts of Friedman, successfully redrawn the terms of the debate, sidelining both Keynesianism and socialist alternatives. It became the dominant paradigm that shaped the economic policies, not only of states, but also the international agencies of the global order.

Capitalism and freedom

In his book *Capitalism and Freedom* Friedman argues that economic freedom is an end in itself and also an indispensable means toward the achievement of political freedom⁶. Capitalism founded on voluntary

exchange among well informed agents is, according to Friedman, the only economic system that can guarantee true political freedom. By enabling people to cooperate with one another without coercion or central direction, it reduces the area over which political power is exercised⁷. Capitalism provides a firm foundation for the maintenance of freedom where it already exists and a powerful impetus to its development where it does not exist, because bilateral voluntary exchange creates gains for both parties, and the more widespread its use, the more widespread is its gains⁸. Market economies in which consumers are free to choose are, therefore, both more efficient and ethically superior to command and control economies.

Friedman strongly believed that the scope of government must be limited. While government promises to preserve freedom, and may act as an instrument to that end in certain respects, it simultaneously represents a concentration of power that constitutes a threat to freedom. The government is unable to respond to, nurture or enhance the variety and diversities of individual action. Governmental power thus needs to be dispersed and decentralised so that freedom can be preserved⁹. A market economy is able to limit governmental power, because economic power can be dispersed¹⁰. By relying primarily on voluntary co-operation and private enterprise the private sector becomes a check on the powers of the governmental sector¹¹. Friedman deplored state intervention in free market economies because these so-called protective measures are only means to exploit the consumer¹². Tariffs, restrictions on international trade, high tax burdens, regulatory commissions, government price and wage fixing and a host of other state interventions only give individuals an incentive to misuse and misdirect resources. To Friedman the Great Depression was, far from a sign of the inherent stability of the private enterprise system, a testament to how much harm can be done by mistakes on the part of a few men when they wield vast power over the monetary system of a country¹³. Government must not be assigned any functions that can be performed through the market because voluntary co-operation are then substituted by coercion¹⁴. The role of government is to do something that the market cannot do for itself, namely to determine, arbitrate and enforce the rules of the game. Its major function is to preserve law and order, to prevent coercion of one individual through another, to enforce private contracts, to define the meaning of property rights and to enforce it, to foster competitive markets and to provide a monetary framework¹⁵.

Friedman proposes that the public sector must become more free-market orientated by being exposed to competition and the conditions of demands and supply. The injection of competition in the educational sector would for instance promote a healthy variety of schools and also introduce flexibility into the schooling system. Centralization in schooling has meant larger size units, a reduction in the ability of

consumers to choose and an increase in the power of producers¹⁶. The benefits of a free market approach would be to give parents greater control over their children's schooling and to make the salaries of school teachers responsive to market forces. The size of a school would be determined by the numbers of customers it attract, not by politically defined geographical areas¹⁷. This is also true with regard to the medical sector. Private enterprise can conduct medical affairs more economically than government¹⁸.

The role of self interest in the economy and the neutral nature of markets.

In his attempt to help re-invent liberal philosophy Friedman adopted the philosophical notion of Adam Smith that individuals in a free market economy are lead by an invisible hand to promote an end which was no part of their intention. The basic hypothesis of the invisible hand argument is that a social outcome which is elusive when pursued directly can sometimes be brought about by arranging for the individual members of a society to pursue an assortment of more immediate and more manageable objectives, perhaps even objectives which give every appearance of being at odds with that outcome¹⁹. According to Friedman unintended mutual benefit emerges in a free market from the complex interactions of individuals in pursuit of their self interest, because, so long as cooperation is strictly voluntary, no exchange will take place unless both parties do benefit. By pursuing his own interest the individual promotes the well being of society more effectually than when he really intends to promote it through altruistic measures²⁰. The central defect of welfarism, according to Friedman, is that it seeks through government to force people to act against their own immediate interests in order to promote a supposedly general interest²¹. At the heart of the welfare state lies the use of force because it takes away from some to give to others, making people who could have become self-reliant individuals, wards of the state. Civil liberty is thus seriously threatened²².

The promotion of self interest, in contrast, is one of the strongest and most creative forces known to man and is linked to people's longing to live according to their own values²³. With the notion of self interest Friedman does not mean myopic selfishness. It is whatever a participant has an interest in, whatever he values and whatever goals he pursue²⁴. The great virtue of a free society is that it permits these interests full scope and does not subordinate them to the narrow materialistic interests that dominate the bulk of mankind. That is why capitalist societies are less materialistic than collectivist societies²⁵.

According to Friedman²⁶ the central feature of the market organisation of economic activity is its neutrality. The outcome of the market is an unintended consequence of the complex articulation of a multiplicity of individual decisions, unanticipated conditions and

unforeseeable circumstances²⁷. A competitive market is in essence impersonal. No one participant can determine the terms on which other participants shall have access to goods and jobs. The price mechanism is the mechanism that performs this task without central direction, without requiring people to speak to one another or to like one another²⁸. Prizes perform three functions in organising economic activity: first they transmit information; second they provide an incentive to adopt those methods of production that are least costly and thereby use available resources for the most highly valued purposes; third they determine who get how much of the product.

The market also prevents one person from interfering with another. The consumer is protected from coercion by the seller because of the presence of other sellers with whom he can deal, while the seller is protected from coercion by the consumer because of other consumers to whom he can sell. The employer is protected from coercion by the employer because of other employers for whom he can work. The market does this impersonally and without centralized authority. An impersonal market separates economic activities from political views and protects men from being discriminated against in their economic activities for reasons that are irrelevant to their productivity. No one who buys bread knows whether the wheat from which it is made was grown by a communist or Republican²⁹.

Capitalism and equality

Friedman does not view equality as an alternative to or prerequisite for freedom. It is rather a corollary side effect of freedom. The heart of the liberal philosophy is a belief in the dignity of the individual, in his freedom to make the most of his capacities and opportunities, subject only to the provision that he does not interfere with the freedom of other individuals to do the same. This implies a belief in the equality of men in one sense, and in their inequality in another³⁰. Each man's equal right to freedom is an important and fundamental right precisely because men are different and one man will want to do different things with his freedom than another. The liberal will therefore distinguish sharply between equality of rights and equality of opportunity, on the one hand, and material equality or equality of outcome on the other. Material equality is a desirable by product of a free society but not its major justification³¹.

Seen from this perspective, capitalism actually promotes equality because it is based on the principle of voluntary exchange, it provides opportunities, allows for social mobility and it distributes the benefits of free enterprise widely. No economic system in history has improved the welfare of human beings more than capitalism. It has lead to less inequality than alternative systems of organisation and has greatly lessened the extent of inequality. Though the capitalist principle of

payment in accordance with product can be, and in practise is, characterised by considerable inequality of income and wealth, it is, according to Friedman, frequently misinterpreted to mean that capitalism and free enterprise produce wider inequality than alternative systems and, as a corollary, that the extension and development of capitalism has meant increased inequality³². The great achievement of capitalism has not been the accumulation of property, it has been the opportunities it has offered to men and women to extend, develop and improve their capacities³³. Equality should not be measured by differences in levels of living between the privileged and other classes, but by the steady improvement in the level of the well-being of the poor, even if their relative economic position continues to decline³⁴. Literal equality of opportunity is not possible and it should not be interpreted as a literal ideal. Equality of opportunity simply spells out in more detail the meaning of personal equality and equality before the law. Like personal equality, it has meaning and importance precisely because people are different in their genetic and cultural characteristics, and hence want to pursue different careers. In contrast to equality of outcome that reduces liberty for all because it wants to achieve fair shares for all, equality of opportunity is an essential component of liberty because it enhances liberty³⁵.

According to Friedman capitalism has reduced social discrimination significantly through market orientated principles. The preserves of discrimination in any society are the areas that are most monopolistic in character, whereas discrimination against groups of particular colour or religion is least in those areas where there is the greatest freedom of competition³⁶. There is also an economic incentive in a free market to separate economic efficiency from other characteristics of an individual. A businessman or an entrepreneur who expresses preferences in his business activities that are not related to productive efficiency is at a disadvantage compared to other individuals who do not have such preferences³⁷.

Friedman's conclusion on equality is that a society that puts equality ahead of freedom will end up with neither equality nor freedom. The use of force to achieve equality will destroy freedom, and the force introduced for good purposes will end up in the hands of people who use it to promote their own interests. A society that puts freedom first will end up with greater freedom and greater equality, because equality is a by product of freedom³⁸. Freedom means diversity but also mobility. It preserves the opportunity for today's disadvantaged to become tomorrow's privileged, and in the process enables almost everyone to enjoy a fuller and richer life³⁹.

The social responsibility of business

Friedman wrote a very influential essay published in the New York Times on 13 September 1970 with the title *The social responsibility of Business is to increase its profits*. This article expanded on a chapter in his 1962 book *Capitalism and Freedom* and is consistent with his philosophical view that an economy ought to be driven by self interest. The essay's premise was that business only has one responsibility – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. Few trends would, according to Friedman, so thoroughly undermine the very foundation of a free society as the acceptance by corporate individuals of a social responsibility other than to make as much money for their stockholders as possible⁴⁰. A corporation is an instrument of the stockholders who own it. Executives of a public corporation have a fiduciary responsibility to the shareholders of the firm that gives them the right to use corporate resources only to increase the wealth of those stockholders by seeking profits. Executives are not civil servants and have no right under their contract to act on their own preferences, to make discretionary decisions or to expend resources of the firm to achieve social goals that cannot be directly related to profits. Any social action would require a business manager to spend money that was rightfully the property of employees and even customers. According to Friedman no manager can tax the shareholders. If the manager spends the money in a different way than the owners would have spent it, he is in effect imposing taxes, on the one hand, and deciding how the tax proceeds shall be spend, on the other.

A second reason why a manager cannot spend funds for social causes is that insofar as his actions raise the price to the consumer, he is spending customer's money. Insofar as his actions lower the wages of some employees he is spending their money. Therefore, so long as there is corporate tax, there is no justification for permitting deductions for contributions to charitable and educational institutions. Such contributions should be made by the individuals who are the ultimate owners of property in society⁴¹. People who urge corporations to make charitable contributions are fundamentally working against the economic principle of self-interest and are undermining the basic nature and character of a capitalist society⁴².

An immanent ethical critique

Friedman is correct that, seen from a historical perspective, the capitalist system is a more successful economic system than any other. The welfare state has failed because redistribution underemphasizes

achievement and rewards laziness, excessive taxes leads to massive tax evasion, welfarism creates a culture of indebtedness, the funding of unproductive jobs heightens labour costs and a higher standard of living can only be achieved if it corresponds with economic growth. However, the 2008 crisis has also shown that we need a new kind of capitalism with a deeper sense of morality. The neo-liberal version of capitalism that Friedman advocates is for various reasons not the solution.

The relationship between ethics and economics

A weakness in the neo-liberal version of capitalism is its neglect of ethical issues. Milton Friedman encapsulates the distinction between ethics and economics in terms of normative economics and positive economics – the latter being the true science of economics⁴³. Positive economics is, according to Friedman, in principle independent of any particular ethical position or normative judgements. It deals with *what is* and not with *what ought to be* and its performance is judged by the precision, scope, and conformity with experience of the predictions it yields⁴⁴. According to Friedman positive economics can make a better contribution to economics than normative economics because it can be an objective science, in precisely the same way as the physical sciences, and is focussed on making predictions about the economic consequences of certain actions, rather than from fundamental differences in basic values, differences about which men can ultimately only fight⁴⁵. Moral responsibility is an individual matter, not a social matter⁴⁶. Conduct that accords with market criteria are considered as more beneficial by Friedman's, than conduct that defies market criteria. Such conduct is considered by him as artificial.

According to Sen⁴⁷, Friedman's method of positive economics has not only shunned normative analysis in economics but it also had the effect of ignoring a variety of complex ethical considerations which affect actual human behaviour. K  ng⁴⁸ notes that Friedman reduces the whole ethic of the economy to the demand for and promotion of the freedom of the individual. There is no principle for the interaction between individuals, other than the widest freedom possible. Society and the state have nothing to prescribe to the individual. Whether the individual receives his freedom generously or selfishly is irrelevant, as long as he respects the freedom of the other. This methodological and philosophical premise leads Friedman to separate ethics and economics as well as individual and social ethics in a simplistic manner.

All dimensions of life, also economics, need to be subjected to ethical and human criteria for the sake of human beings. The economy is not value-free and it is not governed by economic laws, but it is determined by the actions of people. Where people operate and make decisions ethical norms and values are at stake. Ethical deliberations can never be totally

inconsequential to human behaviour⁴⁹. Even the free market economy cannot escape nor ignore ethical issues because what scholars label as free market forces are actually the outcomes of the playing out of human actions, behaviours and attitudes – which are deeply rooted in the quality of human characteristics⁵⁰. Contractual relations that are intrinsic to the operation of the market are themselves grounded in non-contractual shared moral understandings, because legal regulation always need some social consent based upon a shared moral understanding⁵¹.

The outcome of a transaction or agreement between two parties also has ethical implications. Though a transaction might be advantageous for the contracting parties, it also might be highly disadvantageous for third parties. It may, for instance, adversely affect the air we breathe, the water we drink and restrict the natural resources that are available to us. If economics is left mechanically to an impersonal neutral market third parties might become victims of processes outside of their control. Far from being an instrument of freedom, the impersonal neutral market then becomes an instrument of oppression.

Though Friedman recognises that economic transactions and activities have a neighbourhood effect, he does not sufficiently take into account the real impact of such effects on society. Friedman's answer to the problem of neighbourhood effects is rather precarious. According to him the market provides the most efficacious and expedient solution to economic problems. It assures that only those actions are undertaken for which the benefits exceed the costs, because the exchange process will not be entered unless there is a perceived potential benefit to be gained. Generally, it is no easier for government to identify the specific person who are hurt and benefited than for market participants, and no easier for government to assess the amount of harm or benefit to each⁵².

Smart⁵³, however, rightly notes that Friedman answers the question on how the economic activities of a large number of people can be coordinated by generalizing from a model of a simple exchange economy, as if cooperation remains individual and voluntary in a complex enterprise and money exchange economy. The mutual advantageousness of voluntary exchange transactions is obviously correct when applied to two person exchanges, but it is not clear how the voluntary exchange system, if established as the centrepiece in a free market society, provides the key to the promotion of everyone's advantage⁵⁴. Benefit for some does not guarantee benefit for all. Contemporary capitalism is a competitive private enterprise economy that operates in a significantly different manner from a simple exchange economy composed of independent households. Commercial enterprises are much more than benign or neutral intermediaries between individuals in their capacities as suppliers of service and as purchasers of goods. The market must, therefore, be supplemented by regulatory measures that protects the consumer from avaricious sellers and protect society from the spill over effects of

inconsiderate market transactions. Regulation is also needed when some participants are able to control the possessions and goods of a market to such a degree that the market freedom of others is violated⁵⁵.

Friedman's neglect of ethical issues for the sake of a purely economic approach can furthermore be seen in his view that business has no social responsibility except to make profits. Morality is thus reduced to business. Any concern for the well-being of employees, the local community or nation would disturb the natural rational flow of the market and bring artificial elements into the market. In fact, Friedman's economic theory only knows a collection of individuals doing business rationally, united merely by their obligation to freedom⁵⁶. Küng⁵⁷ rightly states that such a capitalist business policy destroys the bonds on which a society depends for its continued existence. Shareholders are not the only constituents of a business, but there are many stakeholders affected by a corporation's actions.

Friedman's a-moral approach to the social responsibility of business also cultivates a culture of greed among business people. The maximisation of profit necessarily will lead to excess, because no moral limits are set for profiteering. If profit is the only concern of a corporation, and if the task to formulate the rules of the game is shifted to government, nothing will constrain the activities of businesspeople because there are no internalised ethical principles on the basis of which business people will act nor any public interest or common good to serve. Businesspeople will consequently attempt to influence politics in every way possible to see to it that laws serve their own profit seeking interests. The inherent danger of a culture of greed is that more and more of the resources of communities and natural environments are claimed without obliging the individual to contribute more.

Friedman's separation of economics and ethics also has severe consequences for the relationship between the economy and the environment. Environmental degradation is, according to Friedman, acceptable insofar as the benefits exceed the costs to the people involved:

The real problem is not 'eliminating pollution', but trying to establish rules that will yield the 'right' amount of pollution: an amount such that the gain from reducing pollution a bit more just balances the sacrifice of the other good things – houses, shoes, coats and so on – that would have to be given up in order to reduce pollution. If we go farther than that, we sacrifice more than we gain⁵⁸.

The costs of ending pollution entirely are, according to Friedman, excessive, compared to the gains. The best mechanism to respond to

pollution is the price mechanism. By imposing a pollution tax the costs born by the community would be put back onto the polluter⁵⁹.

His approach to ecological problems is, however, thoroughly anthropocentric. Nature has in his thinking no inherent dignity or value apart from its worth for humans. The problem of the environment is simply approached from the perspective of the benefits and costs for people, while the long term significance of pollution for the environment itself is not taken into account adequately.

The myth of a neutral market

The market is in Friedman's thinking an objective external reality - a mechanism that is central to the allocation of resources in an economy and the primary source of authentication and validation. It is regarded by him as a decentralised, yet organised process of exchange, subject to a general system of law, in which calculating individuals compete, take decisions, enter into transactions and reach agreements⁶⁰. The implication of Friedman's view is that the market process cannot be regarded as subject to moral criticism and that it would be inappropriate to apply criteria of justice to the market process and its outcomes, because such criteria would disturb the immanent rationality of the market. But is the market really an objective system? Does order in the marketplace emerge spontaneously and harmoniously without design or social engineering? What reasonable basis could there be for the expectation that the public interest will be unintentionally served by the uncoordinated economic decisions of individuals if these decisions are based on a mere instrumental conception of rationality such as the pursuit of self interest?

A fundamental weakness in Friedman's philosophical premise is that he borrows Adam Smith's concept of the invisible hand to support his belief in a neutral market system, but he does this without paying attention to the ethical principles of prudence, justice and benevolence in which Adam Smith embedded his views. Smith underscored values other than self-interest, such as fairness and justice for all, and envisioned economic transactions within an overarching moral framework. He based his ethical code on the virtue of sympathy⁶¹. Macleod⁶², furthermore convincingly shows that Friedman gives a wrong interpretation of Adam Smith's argument. Whereas Friedman understands the unintentional goal that the invisible hand serves to be making everyone being better off, Smith understood it as maximising the society's gross domestic product. There is, off course, no necessary connection between the two. Friedman also sees voluntary exchange arrangements in a free market society as the reason why the general pursuit of self interest can promote public interest, whereas Smith, though endorsing the voluntary transactions

principle, does not relate it explicitly to the promotion of the public interest⁶³.

A further problem with Friedman's understanding of the market is that he simplistically equates the market with coordination through voluntary cooperation. Markets, however frequently exhibit disorder and produce disorganisation in social and economic life. Smart⁶⁴ rightly states that Friedman offers no analytic justification for the equation of the market with voluntary cooperation and the state with coercion. Having choices should not be conflated with having the power or disposition to achieve what you want. The free market economic system has, for instance, come increasingly under the influence of large corporations. The access that consumers have to independent information about goods are, compared to the volume of advertising and the scale of promotions, relatively scarce. Customers don't simply receive what they want. The assumption that everyone ends up satisfied with the outcome of transactions and that everyone obtains what they want seems naïve and ignores the fact that markets are not free from coercion.

Friedman does not consider the issue of how discriminating the exercise of economic strength might be in practise. The idea that economic strength might be employed in such a manner as to erode and undermine democratic political freedoms is not entertained at all. There is no consideration of the possibility that rather than being a precondition for political freedom, the development of capitalist economic life might have other more undesirable political effects. The market form of organisation, for instance, represents one of the most interfering and intrusive influences in people's lives and is increasingly becoming a potentially coercive force to which people are involuntarily exposed.

Friedman's assumption that unlike political power, economic power can be widely dispersed, is also questionable⁶⁵. The reality of economic competition between companies on the one hand and countries on the other suggests otherwise, as does the fast growing imbalance exemplified by the rising economic and political influence of multinational companies and the declining economic and political sovereignty of nation states. The global financial crisis that began in 2008 is a clear indication that the market can fail as a regulatory instrument and that there is a need for the implementation of external regulative measures to bring order in the economy.

Freedom and equality

Friedman assumes that a free market capitalist system fosters freedom and therefore will enhance equality. However the concept of freedom that he uses is fundamentally flawed, because it is largely negative and procedural in form. Emphasis is placed on the right of the individual to be free of external constraints so that he can be free to

choose and pursue his individual self interest. Autonomy and self determination lies at the heart of his concept of freedom. Yet for autonomy and self determination to be realised certain attributes and capacities are needed. In other words, some positive content must be given to freedom. The free market cannot foster the attributes and capacities necessary for the individual to make autonomous decisions. Smart⁶⁶ rightly notes that for autonomy to have value non-market institutional spheres, such as the educational, cultural, familial and associative spheres needs to be protected from market forces. Friedman, however, does not restrict free-market logic to the economic system but applies such principles to nearly all spheres of life such as education, health and welfare, thereby transforming these non-market spheres into commodities that are subject to sale in the market, or indirectly by being subject to the norms and meanings of the market. In doing so, he neglects the significance of non-market relations for the development of the capacities required to exercise self-determination.

Friedman's concept of equality of opportunity, is as flawed as his concept of freedom, because it does not address the crucial question whether the conditions in and through which autonomous agency is to be constituted is fair and favourable. What about those people that do not have equal access to education and jobs because of a lack of resources due to the systemic legacy of political discrimination on the grounds of race or gender? The definition of equality as equality of opportunity will necessarily be detrimental to the social development of such groups of people and will lead to their further marginalisation.

Friedman, furthermore, accentuates the voluntary cooperative nature of the free market system, but underemphasizes the effects that continuous competition has on society. Competition does not always create opportunities, but might also inhibit opportunities, because there are always losers in a competitive environment. Where individuals compete against each other for scarce economic resources, they often attempt to outwit their competitors through methods which are neither fair nor healthy. In fact, the policy of unrestricted market logic advocated by Friedman has led in many cases to rising inequality, poverty and social exclusion, because not all people are able to compete on an equal footing. Interests of people are at times in conflict and not all individuals are equally equipped to protect and promote their interests. The expected benefits from transactions often do not agree with the actual benefits because factors such as a lack of information or incompetence are often present in exchanges. The only way to address the shortcomings in the exchange system is through regulation, something that Friedman oppose fervently.

The global economic system of free trade is currently anything but beneficial for greater equality, because there is no state intervention and the number of losers therefore far exceeds the number of winners.

International corporations have become powerful political forces. In some cases their budgets exceeds the gross domestic production of nation states. Third world countries are often exploited by multi-national companies that use cheap labour, dump waste in poor countries and degrade the environment through unsustainable economic activities. Farmers, entrepreneurs and traders in third world countries find it very difficult to compete with first world countries, because they don't have the same resources as their counterparts in first world countries, and therefore struggle to find markets for their products. In short, the market system alone cannot be relied upon to provide basic needs in respect to food, shelter health and education. Some kind of distributive justice will always be needed.

Capitalism and identity

Friedman's preoccupation with autonomy has the potential to give rise to excessive forms of individualism exhibited in the continuous play with identity. Capitalist co-modification leads to a proliferation of increasingly unstable, fluid, shifting and changing identities, because of a constant movement and a perpetual pursuit of innovation⁶⁷. In a sense capitalism continuously attempts to destabilise identity in order to re-establish a new kind of identity that will be open to new products. People's lifestyles need to be adjusted frequently through advertising and campaigning in order to replenish the consumptive capacity of individuals so that new sources of capital income can be accumulated. The condition of being satisfied or contented with one's lifestyle is anathema to a society that requires its members to be actively participating consumers. Consumers are often encouraged to spend more than they can afford on consumption in order to keep the economy operating at a high level⁶⁸.

The excessive importance attached to autonomy and movement in capitalism, furthermore, leads to the erosion of authority. Smart⁶⁹ rightly states that where an excessively individualistic form of autonomy gains currency, a tendency towards excessive self assertiveness is likely to develop, and an unwarranted contrast tends to be drawn between 'autonomy and authority'. There are contexts in which assent to authority is rationally justifiable and consistent with the exercise of autonomy and there are also public domains where an attitude of altruistic service ought to weigh more than the pursuit of self interest.

The deformation of social institutions is a further consequence of the disproportionate emphasis on movement, continual competition and accumulation that a neo-liberal approach to capitalism brings. Families and communities are, because of the shifting nature of a capitalist society, continuously confronted with the possibility of losing their jobs or losing their businesses. This brings financial and psychological upheaval and causes anxiety and anger.

Friedman's extension of the free market logic into non-market spheres also has a profound influence on the traditional roles of professionals such as teachers, doctors and professors. He frequently invokes the idea that the individual should not be constrained by any authority other than his own reason in defence of the market. The potential implications of the coercive use of authority for autonomy are thus used as a reason why market forces should be extended to other spheres of life that formerly have been exempted. Friedman assumes that self-interest is the motivating factor, not only in the economic sphere but also in the public sphere and that workers in health care, education and welfare are not motivated by a public service ethos but - as is the case in the private sphere- by self interest and the maximisation of their utilities. An extension of market logic to the public sphere is therefore perfectly legitimate.

Professionals, consequently, become producers and students and patients become consumers. Heelas and Morris⁷⁰ state it eloquently:

The intention is that people will have to exercise initiative, compete for 'consumers', cost their activities and think of themselves as 'producers', if they are to prosper, let alone retain their jobs. In this fashion, the discipline and rigour of the market helps to construct a mode of selfhood defined in terms of the virtues of enterprise.

The change of identities that the free market logic enforces upon professionals necessarily means that the direction of projects, activities and research are driven by consumer choices and not necessarily by the interests of the common good. Contrary to the idealistic argument of the invisible hand theorists that consumer choice naturally directs the interests of the common good without willing or knowing it, is the reality that consumer choice and interests of the common good do not always correspond, because there are values that are preconditions for the well being of a society, but that do not necessarily coincide with the preference of the consumer. The ecological crisis is a stark reminder that consumer taste is not an omnipotent force that can be relied upon to serve the common good in all circumstances. In fact, consumerism is one of the major causes of the current ecological crisis that has irreversible global effects on the environment. The same is true with regard to the HIV/Aids pandemic. There is a huge consumer demand for the sex industry, but the financial benefit that the sex industry brings for some, is outweighed by its negative effects on the morality and physical health of society.

The identity shift of the professional also has a downside for the client, because the quality of service that a person receives depends upon his ability to afford such services. For instance, the quality of healthcare

that a person receives within a strictly free market orientated system is not determined by the scale of his medical need but by his ability to pay for services rendered.

A deontological ethical response

The 2008 financial crisis is a clear indication that neo-liberalism is not a sound economic doctrine and that capitalism needs to be reformed. The scope of this essay does not allow for a comprehensive discussion on how capitalism ought to be reformed. I will therefore conclude by identifying some key deontological ethical notions that might help to reform capitalism:

- A positive concept of freedom is needed that combine the exercise of freedom with social responsibility.
- Moral parameters need to be set to limit the influence of the market on non-market spheres.
- Economic activities need to be ecologically sustainable.

A deontological approach might be helpful in offering principles that can provide capitalism with a deeper sense of morality. With its emphasis on rights that correlates with duties it might help to struck a healthy balance between the interests of the individual, community and environment. The following ethical principles can be of value for modern economics.

A positive concept of freedom

It has been noted earlier that Friedman's concept of freedom is largely negative and procedural in nature. Human liberty consists for Friedman in being free from any constraints that are not voluntarily assumed. The result is that he reduces morality to what is profitable and pays virtually no attention to the importance of the common good that transcends the merely profitable. Friedman construes the human being as a *homo economicus* that is inherently self-interested. He therefore approximates human behaviour in economic matters by self-interest maximisation.

However, no economy can function properly if the pursuit of self-interest is the only driving force behind it. The market place needs values that are not self-regarding because the quality of human relationships is crucial to the functioning of an economic system. Self-interested behaviour erodes the social conditions necessary for the sustainability of markets by rendering social relations and commitments precarious and fragile⁷¹. If the maximisation of profit is the only concern of economics we must be prepared for serious social conflicts and crises. It is clear that the

principle of freedom ought to be combined with the principle of social equilibrium so that freedom does not undermine social justice.

A more holistic understanding of freedom is needed that fosters positive human traits. Freedom is part of the structure of the human being, and is therefore an inviolable part of being human. A positive concept of freedom entails that it is always exercised within the framework of justice and love. True liberty is not the freedom to do whatever one wants to do, but to do whatever one wants while respecting the basic rights of others. Positive freedom stresses that the rights of individuals and the community are related concepts and must be balanced in a way that does not violate the dignity of either the individual or the community. Since individual identities are shaped in and through networks of social relations the good of individuals is achieved by promoting the good of their communities⁷². Not all things that are successful in a material sense are therefore morally good⁷³. Everybody have a responsibility to respect existing laws, contribute to the common good, consider the impact of their actions on the security and welfare of others, to promote equity and to protect the interest of future generation by pursuing sustainable development⁷⁴. Positive freedom counteracts greed and instils in people a sense of moderation and modesty. If the positive dimension of freedom is disregarded, a community will lack a sense of moral responsibility and will succumb to greed and materialism.

A positive understanding of freedom implies a close relationship between freedom and equality, because equality is the positive dimension of freedom. Because freedom is an inviolable characteristic of being human, basic liberties need to be taken for granted and are not subject to political bargaining or to the calculus of social interests. It is, however, not a requirement for a just society that all basic freedoms should be equally provided for. Just social conditions are more important than the right of the individual to enjoy the greatest possible freedom. Rather, freedoms should be adjusted when they clash with each other, so as to provide one coherent scheme equally shared by all members of society. Some freedoms are more essential than others, and more important for a coherent, stable society.

Positive freedom will entail that corporations and business have an obligation towards the common good and therefore must develop the means and the norms to monitor its own actions and to shape itself as a moral agent⁷⁵. The shareholder theory of Friedman that encourages self serving managerial behaviour ought to be replaced with a stakeholder theory that broadens the responsibility of business to appreciate and protect the intrinsic worth of the claims of all legitimate stakeholders⁷⁶. Businesses should be willing to sacrifice material gain and be satisfied with lower profits and income in order to serve higher ethical goals⁷⁷, the economy must be organised in such a way that it shows social concern for the poor, there must be a symbiosis between business practises and an

ethos of human rights, wages must be fair, and the conduct of business ought to be organised in such a way that ecosystems are protected.

Setting moral parameters for the market.

Friedman tends to elevate the economic dimension of life above all else by using the free market as a totalised all encompassing concept. However, there are spheres of social life that needs to be protected from market forces, because market relations encroach on more areas of modern life and as they do so are transforming more and more social goods such as science, art, culture and religion into commodities. The market economy is not an end in itself; it must serve people's needs not subject them totally to the logic of the market⁷⁸. Three ethical principles might be helpful in setting moral parameters for the free market. These are the Roman Catholic principles of solidarity and subsidiarity and the Neo- Calvinist concepts of sovereignty and universality in own sphere. Though they are derived from religious value systems, they can be applied to the economic sphere without enforcing religious beliefs on society.

The principles of solidarity and subsidiarity are principles of responsibility. Solidarity calls for political and social balance and the furthering of the common good. It articulates the notion that the social and economic spheres of life form an organic whole. Beside individual and personal responsibilities there are also social responsibilities. Responsibilities, therefore, need to be allocated in such a way that the majority of the members of a community participate in decision-making processes. Applied to economics it would mean that the economic interests of the individual are subject to the general well being of society. Individuals and corporations ought to take into account the social costs of their economic actions. The common good remains the supreme value and goal of the economy, whereas the market and competition are means and instruments of the economy not goals in themselves.

The principle of subsidiarity states that what the individual can do on their own initiative should not be done by the community, and what the smaller community can do of itself should not be done by the larger community or the state. The value of this principle for economics is that it ascribes a role to the state in the economy, thus legitimising the regulation of economic activities, but it simultaneously limits the role of the state in the economy, by giving it authority to intervene only when all other measures are inadequate.

The Neo-Calvinist concepts of sovereignty in own sphere and universality in own sphere entail that there are self evident universal and constant norms that governs the different societal spheres. The economic order is thus seen as part of a larger social order. Different societal spheres contain immanent norms that control the processes involved. These

norms governing social processes are, however, not automatic, but demand human ethical decision-making.

The principle of sovereignty in its own sphere states that different institutions and associations each has its own intrinsic nature, law of life and area of competence. Internal laws and the law-making power of non-state associations are not delegated by the state. Law-making power is therefore plural in nature. Every sphere is autonomous in its own right and has its own sphere of power. Dooyeweerd based the idea of sphere sovereignty on the notion that the various modal aspects of reality – the juridical, pistic, biotic aspects etc – are irreducible. Each aspect is distinct in character and cannot be ignored or treated as if it were something else, without producing antinomies, contradictions or dialectical tensions⁷⁹. Whenever a principle valid in one sphere of life – such as bios, or the economic factor, or the aesthetic law of form – is absolutised and imposed upon other spheres, it becomes authoritarian. In Marxism-Leninism for instance, the economic principle is no longer restricted to the economic sphere but determines the theme of all history. The same is true of neo-liberalism that applies market logic to non-market spheres.

Whereas the principle of sovereignty in its own sphere guarantees the irreducibility of different spheres and protects their distinct laws, the principle of universality in its own sphere expresses the universal coherence of each aspect in its own particular structure. Every sphere has a nuclear moment that has an original meaning for that sphere alone. Yet there are other structural moments, or analogies, in each sphere that point to other law spheres⁸⁰. The nuclear moment of the state is juridical in nature. However, the state also has an economic dimension that does not define the essence of its existence, but is part of it, and therefore relates it to the economic order. The economic order is therefore related to other spheres of life, but it must not determine other spheres of life by undermining the basic structure and function of such spheres. Market logic must for instance not influence health care in such a way that the quality of health care that a person receives is determined by his financial means and not the extent of his need.

Ecology

Sustainable and utilisable natural resources are a prerequisite for a life of dignity.⁸¹ The current ecological crisis may lead to bloody wars in future because of the rapid decline in resources. In contrast to economic production, the environment and resources cannot be increased at will. Economics will therefore have to re-orientate itself on ecological goals and combine economic rationality with a basic ethical orientation⁸². It needs to take account of the social and ecological costs of economic activities to both the present generation and those to come and it must respect the

finitude of the resources upon which it depends and the carrying capacities of the environment and society in which it is embedded⁸³.

Neo-liberal economic theory is fundamentally hostile to the environment, because it is in effect a theory of excess that teaches that production, consumption and profit must be maximised through competition in the markets that is driven by self-interest. However, the philosophy of maximal economical growth can no longer be accepted as morally justified. Rapid depleting environmental resources and climatic changes are stark reminders that maximum economic growth and human development are not sustainable. Human justice cannot be realized if it does not correspond with ecological justice. Maximal growth philosophy needs therefore to be replaced by a philosophy of efficient economic growth, just distribution of social goods, ecological sustainability and moderate consumption. Efficient economic growth will entail developing clean technology, using renewable energy, promoting consumer preference for products that are environment friendly and using methods such as the carbon footprint and environmental space methods that provide precise guidelines to determine the extent to which consumption levels are exceeding the carrying capacity of the environment in which individual societies live.

To encourage efficient growth a stricter national regulation of markets as well as a global regulation of markets is needed. Only governments can create and enforce environmental regulations and devise more environmental friendly incentives for markets to respond to. The global human rights discourse also needs to be redefined. Modern society requires an universal ethical and legal discourse that can correlate human dignity and ecological justice, human rights and the integrity of nature, and the rights of the present generations and future generations. While first and second generation rights are universally protected in human rights instruments, the same cannot be said for environmental rights. Though efforts are made to inscribe environmental rights into human rights instruments, environmental rights still do not enjoy the same legal status as first and second generation rights because of conceptual difficulties. Current human rights discourse still emphasise the autonomy of the human being at the expense of the whole relational structure within which human life is embedded. A theory of rights is therefore needed that directs itself to the whole of creation as such rather than only to human society's dependence on its natural environment or its survival.

Conclusion

Neo-liberalism has placed a wedge between business and ethics. This resulted in perpetual gross misconduct in the market place. The 2008 financial crisis was caused by irresponsible lending by banks,

overspending by consumers and an overall culture of greed and selfishness. It is clear that the neo-liberal version of capitalism is too idealistic, simplistic and morally unsophisticated to provide a solution to complex economic issues. The capitalist economic system must be reformed economically, legally and ethically. If not the consequences might be disastrous. We need an organised capitalist system that have regard for the importance of the human relations that underlie all transactions and that takes social justice, equity, fairness and the preservation of the natural environment seriously.

References:

Adjibolosoo, Senyo. "The quest for liberalism and improvements to the *liassez fair* economic system: the significance of the human factor to self-interest". *Review of Human Factor Studies*. 9, 1 (2003).

Butler, Eamonn. *Milton Friedman – a guide to his economic thought*. New York, NY: Universe Books, 1985.

Dooyeweerd, Herman. *Encyclopedia of the Science of Law*. Volume 1. Transl. Robert.N Knudsen and A.M Cameron. New York : Edwin Mellen Press, 2002.

Dooyeweerd, Herman. *A New Critique of Theoretical Thought*. Volume 1. Transl. D.H. Freeman and W.S Young. Grand Rapids, Mich: Presbyterian and Reformed Publishing Company, 1969.

Friedman, Milton and Friedman, Rose. *Free to choose*. New York, NY: Harcourt Brace Jovanovich, 1980.

Friedman, Milton and Friedman, Rose. *Tyranny of the status quo*. New York, NY: Harcourt Brace Jovanovich, 1984.

Friedman, Milton. *Capitalism and freedom*. Chicago: University of Chicago Press, 1962.

Friedman, Milton. *Essays in Positive economics*. Chicago: University of Chicago Press, 1953.

Gustafson, James M. *A sense of the divine. The natural environment from a theocentric perspective*. Cleveland, Ohio: Pilgrim Press, 1994.

Heelas, Paul and Morris, Paul. "Enterprise culture: its values and value". In: *The values of the enterprise culture – the moral debate*. Paul Heelas and Paul Morris (eds.). London: Routledge, 1992.

Hoyt, O'Connor. "Economic development and the common good: Lonergan and Cobb on the need for a new paradigm". *Worldviews* 11 (2007).

Kouwenhoven, Arlette. *Inleiding in de economische ethiek*. Nijkerk: G.F Callenbach, 1989.

Küng, Hans. *A global ethic for global politics and economics*. London: SCM Press, 1997.

Laidler, David. "Milton Friedman – a brief obituary". *European Journal History of Economic Thought*. 14, 2 (2007).

Macleod, Alistair, M. "Invisible hand arguments: Milton Friedman and Adam Smith". *The Journal of Scottish Philosophy*. 5, 2 (2007).

Novak, Michael. "Wealth and virtue: The development of Christian economic teaching". In: *The capitalist spirit. Towards a religious ethics of wealth creation*. Peter. L Berger (Ed.). San Francisco, Cal.: ICS Press, 1990.

Rothchild, Jonathan. "Ethics law and economics: Legal regulation of corporate responsibility". *Journal of the Society of Christian ethics*. 25, 1 (2005).

Sen, Amartya. *On ethics and economics*. Oxford: Basil Blackwell, 1990.

Smart, Barry. *Economy, culture and society. A sociological critique of neo-liberalism*. Philadelphia, Phil.: Open University Press, 2003.

Turner, Rachel S. "The 'rebirth of liberalism': The origins of neo-liberal ideology". *Journal of Political Ideologies*. 12, 1 (2007).

Van Gerwen, Jef. "Corporate culture and ethics". In: *Business ethics: Broadening the perspectives*. Johan Verstraeten (Ed.). Leuven: Peeters, 2000.

Notes:

¹ David Laidler, "Milton Friedman – a brief obituary", *European Journal History of Economic Thought* 14, 2 (2007):373-381, 373.

² Hans Küng, *A global ethic for global politics and economics*, (London: SCM Press, 1997), 190.

³ Rachel, S Turner, "The 'rebirth of liberalism': The origins of neo-liberal ideology", *Journal of Political Ideologies* 12, 1 (2007):67-83, 67.

⁴ See Barry Smart, *Economy, culture and society. A sociological critique of neo-liberalism* (Philadelphia, Phil.: Open University Press, 2003), 81.

- ⁵ Milton Friedman, *Capitalism and freedom* (Chicago: University of Chicago Press, 1962), 6.
- ⁶ Friedman, *Capitalism and freedom*, 8.
- ⁷ Milton Friedman and Rose Friedman, *Free to choose*, (New York, NY: Harcourt Brace Jovanovich, 1980), 21.
- ⁸ David Laidler, "Milton Friedman – a brief obituary", *European Journal History of Economic Thought* 14, 2 (2007):375
- ⁹ See Milton Friedman and Rose Friedman, *Tyranny of the status quo*, (New York, NY: Harcourt Brace Jovanovich, 1984), 42, 199.
- ¹⁰ See Eamonn Butler, *Milton Friedman – a guide to his economic thought*, (New York, NY: Universe Books, 1985), 207.
- ¹¹ Friedman, *Capitalism and Freedom*, 3.
- ¹² Milton Friedman and Rose Friedman, *Free to choose*, 62.
- Milton Friedman and Rose Friedman, *Free to choose*, 50.
- ¹⁴ Milton Friedman and Rose Friedman, *Free to choose*, 38, 39.
- ¹⁵ Milton Friedman and Rose Friedman, *Free to choose*, 2, 27, See Butler, *Milton Friedman – A guide to his economic thought*, 204-206.
- ¹⁶ Eamonn Butler, *Milton Friedman – a guide to his economic thought*, 191.
- ¹⁷ Eamonn Butler, *Milton Friedman – a guide to his economic thought*, 199.
- ¹⁸ Eamonn Butler, *Milton Friedman – a guide to his economic thought*, 144.
- ¹⁹ Alistair, M. Macleod, "Invisible hand arguments: Milton Friedman and Adam Smit", *The Journal of Scottish Philosophy* 5, 2 (2007):103-117, 103.
- ²⁰ Alistair, M. Macleod, 133; Milton Friedman and Rose Friedman, *Free to choose*, 31.
- ²¹ Friedman, *Capitalism and Freedom*, 200.
- ²² Milton Friedman and Rose Friedman, *Free to choose*, 149.
- ²³ Milton Friedman and Rose Friedman, *Free to choose*, 149.
- ²⁴ Milton Friedman and Rose Friedman, *Free to choose*, 47.
- ²⁵ Milton Friedman and Rose Friedman, *Free to choose*, 201.
- ²⁶ Milton Friedman and Rose Friedman, *Free to choose*, 14-15, 119.
- ²⁷ See Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 83.
- ²⁸ Milton Friedman and Rose Friedman, *Free to choose*, 33.
- ²⁹ Milton Friedman and Rose Friedman, *Free to choose*, 21.
- ³⁰ Milton Friedman and Rose Friedman, *Free to choose*, 195.
- ³¹ Milton Friedman and Rose Friedman, *Free to choose*,.
- ³² Milton Friedman and Rose Friedman, *Free to choose*, 168.
- ³³ Milton Friedman and Rose Friedman, *Free to choose*, 169.
- ³⁴ Milton Friedman and Rose Friedman, *Free to choose*, 171.
- ³⁵ Milton Friedman and Rose Friedman, *Free to choose*, 163-164, 166.
- ³⁶ Friedman, *Capitalism and Freedom*, 109.
- ³⁷ Friedman, *Capitalism and Freedom*, 109.
- ³⁸ Milton Friedman and Rose Friedman, *Free to choose*, 181.
- ³⁹ Milton Friedman and Rose Friedman, *Free to choose*, 182.
- ⁴⁰ Friedman, *Capitalism and Freedom*, 233.
- ⁴¹ Friedman, *Capitalism and Freedom*, 135,
- ⁴² See Friedman, *Capitalism and Freedom*, 135.
- ⁴³ Jonathan Rotchild, "Ethics law and economics: Legal regulation of corporate responsibility", *Journal of the Society of Christian ethics* 25, 1 (2005):13-147, 123.
- ⁴⁴ Milton Friedman, *Essays in Positive economics* (Chicago: University of Chicago Press, 1953), 4.

- ⁴⁵ Milton Friedman, *Essays in Positive economics*, 4-7,
- ⁴⁶ Milton Friedman and Rose Friedman, *Free to choose*, 135.
- ⁴⁷ Amartya Sen, *On ethics and economics*, (Oxford: Basil Blackwell, 1990), 7.
- ⁴⁸ Küng, *A global ethic for global politics and economics*, 191.
- ⁴⁹ See Sen, *On ethics and economics*, 4. Arlette Kouwenhoven, *Inleiding in de economische ethiek*, (Nijkerk: G.F Callenbach, 1989), 148.
- ⁵⁰ Adjibolosoo, "The quest for liberalism and improvements to the laissez faire economic system: the significance of the human factor to self-interest", *Review of Human Factor Studies* 9, 1 (2003): 89.
- ⁵¹ Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 108.
- ⁵² Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 254-255.
- ⁵³ Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 92.
- ⁵⁴ Macleod, "Invisible hand arguments: Milton Friedman and Adam Smith", 107.
- ⁵⁵ See Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 92.
- ⁵⁶ See Küng, *A global ethic for global politics and economics*, 191.
- ⁵⁷ Küng, *A global ethic for global politics and economics*, 180.
- ⁵⁸ Milton Friedman and Rose Friedman, *Free to choose*, 257.
- ⁵⁹ See Butler, *Milton Friedman – a guide to his economic thought*, 217.
- ⁶⁰ See Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 83.
- ⁶¹ See Rothchild, "Ethics law and economics: Legal regulation of corporate responsibility", 129. Senyo Adjibolosoo, "The quest for liberalism and improvements to the laissez faire economic system: the significance of the human factor to self-interest", 54-103, 54. Michael Novak, "Wealth and virtue: The development of Christian economic teaching", in *The capitalist spirit. Towards a religious ethic of wealth creation*, ed. Peter. L Berger (San Francisco; Cal.: ICS Press, 1990), 51-80, 63.
- ⁶² Macleod, "Invisible hand arguments: Milton Friedman and Adam Smith", 112.
- ⁶³ Macleod, 116.
- ⁶⁴ Smart, *Economy, culture and society. A sociological critique of neo-liberalism*, 93.
- ⁶⁵ Smart, 94.
- ⁶⁶ Smart, 98.
- ⁶⁷ Smart, 100.
- ⁶⁸ See Smart, 108.
- ⁶⁹ Smart, 100.
- ⁷⁰ Paul Heelas and Paul Morris, "Enterprise culture: its values and value", in *The values of the enterprise culture – the moral debate*, eds Paul Heelas and Paul Morris (London : Routledge, 1992), 13.
- ⁷¹ See Hoyt-O'Connor, "Economic development and the common good: Lonergan and Cobb on the need for a new paradigm", *Worldviews* 11(2007): 203-225, 203.
- ⁷² See Hoyt-O'Connor, 208.
- ⁷³ See Koos Vorster, *Christian attitude in the South African liberal democracy*, (Potchefstroom : PTP Publications, 2007), 120.
- ⁷⁴ See in this regard Küng, *A global ethic for global politics and economics*, 226.
- ⁷⁵ See Vorster, *Christian attitude in the South African liberal democracy*, 130
- ⁷⁶ Rothchild, "Ethics law and economics: Legal regulation of corporate responsibility", 136. Jef van Gerwen, "Corporate culture and ethics", in *Business ethics: Broadening the perspectives*, ed. Johan Verstraeten (Leuven : Peeters, 2000), 43-78, 55.
- ⁷⁷ See Vorster, *Christian attitude in the South African liberal democracy*, 119.

⁷⁸Vorster, 211.

⁷⁹ Herman Dooyeweerd, *A New Critique of Theoretical Thought*, Volume 1 (transl.) D.H. Freeman and W.S Young, (Grand Rapids, Mich.: Presbyterian and Reformed Publishing Company, 1969), 102-104.

⁸⁰ See Herman Dooyeweerd, *Encyclopedia of the Science of Law*. Volume 1 (transl.) Robert. N Knudsen and A.M Cameron (New York : Edwin Mellen Press, 2002), 103.

⁸¹ In a Christian perspective, the value of human beings lies in their relatedness to God. This presupposes certain inviolable entitlements and correlating duties. Human beings are, however, also participants in a divinely created relational structure whose maintenance is a prerequisite for the realisation of human dignity. Christian theology therefore cannot accept pantheism nor biotic equalitarianism that ascribes all beings the same value. Humans have natural rights to use natural resources to satisfy human needs, but also the moral responsibility to safeguard the relational structure that God created. This entails that humans must care for and nurture the natural environment.

⁸² See Küng, *A global ethic for global politics and economics*, 234.

⁸³ See O' Connor, "Economic development and the common good: Lonergan and Cobb on the need for a new paradigm", 211.