



## LOCATION OF ECONOMIC MAN IN MORAL ECONOMY

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### **Abstract:**

As developments in modern economic sciences have increased rapidly in recent centuries, the moral position within economics has begun to shrink gradually. Living developments have prevented acting with emotions, such as moral and social benefits or social responsibility. Increasing depreciation of the concept of morality in the economy is felt more often in some economic systems and it is observed that the social values or value judgments have been damaged by putting the interests of the individuals in the forefront. However, it is pointed out that morality is important within the economy, along with the globalization, economic growth or development, it is seen that ethical values and economic values do not support each other in practice while advocating that all economic activities carried out should be done with business morality.

**Keywords:** morality, economic man, capitalism, socialism, Islam

### **1. Introduction**

Along with globalization, economic relations have developed and increased. Development of economic relations both at the local and global scale has made the level of wealth of individuals increase and individuals increasing their welfare level have increased their commercial trends accordingly. As a result, while individuals aim to maximize their own interests, they have used the opportunities provided by the economic system that they are in. While existing economic systems motivate people to consume more and earn more, it was imposed that if the person which constitute society, meets his/her own interests, social interests will be met. However, in order for

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these systems to operate properly, attention should be paid to the concept of morality and due importance should be given.

In this work, the model of the economic man, 'Homo economicus' which is trying to maximize its own interest the capitalist system, will be handled in the frame of morality and will be referred to the moral in economic systems. In addition, the place of the concept of morality in the Islamic economy and in the western economy will be compared.

## 2. Morality and Economy

Before evaluating ethics in the economy, it will be appropriate to refer to the concept of morality. According to the definition of thinkers like Charles Powers and David Vogel, '*Morality in essence; Is a process that explores what constitutes human well-being and explains the types of behaviors and decisions necessary to promote them.*' (Özgener, 2000). The fact that the concept of ethics and economy cannot be considered independently of one another arises if many economic problems are thought to arise because morals are not sufficiently absorbed and neglected in the markets. Ethical values should not be neglected while economic targets are being carried out because an economy not based on moral values cannot hold, in short, if economic values are not supported by moral values they cannot be floated. (Özgener, 2000). Recent changes have weakened the prevalence of morality within economic systems. However, it will be possible for the economics to transform into a more fundamental and encompassing consciousness by positioning itself in the moral and social sciences.

Adam Smith, the founder of modern economics, published a work called *The Theory of Moral Sentiments* before publishing his work entitled *The Wealth of Nations*, pointing out the human model of 'empathy' in this work and pointed out that this behavior will shape the emotions. But Smith, who formed the foundations of Modern Economics, then pointed out the concept of 'homo economicus', taking precedence over his own interests which are the 'economic man'.

By combining these moral characteristics with the economic people, he has come to the conclusion that they will increase the social welfare by making more healthy decisions in the market and (Bulut, 2015). Ethics in the economy must be built on personal freedom, freedom of the market and responsibility and respect for interest groups (Özgener, 2000).

### 3. Economic Systems and Morality

#### 3.1. Capitalist Economy and Morality

In the capitalist system, people are based on individuals who are self-interested and trying to make rational decisions by selfish behavior. This type of person is the 'homo-economicus' human model. In this model, it was conceived that a person would pursue personal benefit while pursuing personal interests. This understanding has led people to new economic behaviors such as money ambition and consumption curiosity. If moral values are not take into account in a manner where such behavior is acknowledged and rewarded, this environment will bring with it social, political and economic crises (Özsağır, 2016). This is the situation in the modern economy, and it is pointed out that in the Ahi troops, which persisted up to the 19th century, and were placed on moral grounds while performing their occupation, the individuals who cannot decide on any job, changing jobs and in the money ambition have become an ungodly spirit and therefore cannot become Ahi people (Öztürk, 2002). In addition, when looking at the situation in terms of abrahamic religions, it shouldn't be for a person's aim in the life to achieve maximum pleasure. This is regarded as greed because the love of money and the desire for material pleasure that fuel economic gains are all due to wanting to have. At this point, the human model of homo-economicus is in conflict with the abrahamic religions, because the abrahamic religions grasp the loathing (Madi, 2015). Moreover, even if the homo economic model accepts a certain amount of money, it will not be accepted in terms of İslamic economics as it always prefer more to less (Madi, 2015).

Since human being is at the base of economic science, it makes it possible to make choices by freeing people while making economic decisions. At this point the free individual will have to make a choice (Özsağır, 2016). Ethics in the capitalist system is regarded as a personal problem and the highest virtue in capitalist ideology is considered 'freedom'. Through this free thought, common favor will consist itself. This optimistic view of capitalism, which defended the idea that every human being would gain social favor while pursuing his own interests, has lost its importance over time (Işıktaç, 2015). In systems where the mentality prevails that the universe existed itself, there is a sense of freedom for the enjoyment of their own tastes (Madi, 2015). These human types have certain characteristics as a result of self-deciding to be a moral person or a homo economic person. Human beings have characteristics consisting of both individuals in the sense of creation. By using these features together, a more fair market structure will emerge (Özsağır, 2016).

**Table 1:** Characteristics of Human Beings

Positive Characteristics (Moral Human Being)	Negative Characteristics (Homo-economicus)
<ul style="list-style-type: none"> <li>• Rational</li> <li>• Altruist</li> <li>• Satiated</li> <li>• Appreciating</li> <li>• Patient</li> <li>• Shrink Away from Property</li> <li>• Sharing</li> <li>• Modest</li> </ul>	<ul style="list-style-type: none"> <li>• Irrational</li> <li>• Selfish</li> <li>• Greedy</li> <li>• Thankless</li> <li>• Impatient</li> <li>• Fond of Property</li> <li>• Stingy</li> <li>• Arrogant</li> </ul>

Source: Özsağır, 2016

As you see in Table 1, homo economicus does not appear to be morally adorable as it only operates with material interest in human economic activities. In such personal behavior, the concepts of moral and social dimension are excluded. However, the behaviors exhibited in society cannot be abstracted from moral and social values. The individual deprived of morality will not contribute to social benefit and will harm the soul (Özsağır, 2016). The individual who moves only with personal interests will distort the functioning of the economic system over time. The individual who operates with business moral will show rational behavior through his auto-control and reach the truths accepted by the society through the inner voice called conscience. Business ethics is defined as the ideal attitude, behavior, and way of thinking that penalize by repelling, condemning, and abandoning loneliness when he behaves contrary to the profession, adopted by all, and generally accepted (Öztürk, 2002). Every individual who takes this attitude will take care of his own interests and will not count on the public interest while carrying out economic activities.

In the capitalist economy, in fact, each individual demonstrates his willingness to work for his own benefit, and his desire to earn more money, also serves for the sake of society without the individual being aware of it. Because it helps to raise the welfare of other individuals with the help of the *'invisible hand'*. At this point, there are also opinions that show that the direction promoting the selfishness in the economy is moral rather than immoral (Aktan, 2015). But unlike those who explain it as being moral, there are too many critics about this direction of the Neo-Classical Economy. It has been criticized seriously for the 'economic man' to be thought of as a selfish, one-dimensional, self-conscious mechanical individual (Kurtulmuş, 2011).

'Homo economicus' human species have been emphasized due to being inherently unlimited in its needs in nature. Needs within this world are unlimited but resources are limited. If the moral dimension of the so-called Human being was not neglected, it could be noticed that the desires were intermixed because the desires of the

human being are unlimited. This reveals the lack of this assumed human type in the capitalist economy (Bulut, 2015).

### **3.2. Morality in the Socialist System**

Socialism has emerged as a remedy for problems such as rising unemployment and inequality, untapped labor, and has created a new type of people to solve these problems. This type of person is defined as 'social individual'. But socialism has failed to create this human type because the individual is not willing to work for a long time to increase social welfare and for these ideals (Özgener, 2000). The individual who is put forward by the capitalist system understands the struggle to maximize his own interests and considers everything as permissible, while the individual put forward by socialist system has been possessed by oppressed class.

The 'Homo economicus' human model, which confronts in the capitalist system, means 'egoist and hedonist' individual according to moral philosophy as it is an individual who struggles to maximize utility (Akyıldız, 2008). At this point, the 'social individual' in the socialist system seems more charming. Because main cause of this reasoning is 'profit' order which is expressed as the greatest injustice of the capitalism. But the profits that generate in capitalism or enter into the pocket of the owner of the capital are not reflected in the laborers in socialism. On the contrary, profits in socialism are shared by the bureaucratic upper echelons that are ossified in political and administrative positions (Özgener, 2000).

### **3.3. Financial Morality in Islam**

In the analysis of capitalism in Islamic literature, it is suggested that this human type, which is formed by the "homo economicus" in the minds of the people and constantly imposing personal interests, acting with the maxim of profit, created the bourgeoisie and capitalism. In the Islamic model, this type of human is replaced by the other altruist type of human being, and it is claimed that the injustices that capitalism has caused by this type of human being and understanding are not included in this system. The individual in this human type; Possesses a contemplative spirit that holds social benefit above its own merits Islam describes this type of human being as a Muslim who acts in a rational manner, puts his trust in Allah, an economic subject in conscious of rightful share. The Islamic approach reflects the projections of the economic area as a result of the moral values of man. These characteristics and the human type mentioned are the ideal qualities and the ideal human being (Ongan, 2008).

The capitalist system has created an egoistic type of person who does not know how to share, contributes outside the collective wills, and thinks only of his own interests. In other words, this type of human being created by capitalism moves not

with good, but with evil instincts. The Islamic economy deals not only with the question of "how" but also with the question of "why" and searches answers for them. The economics profession also reveals the reasoning power trying to answer this question. But the traditional economy does not ask why and it does not answer the question. Because 'Why' creates the moral direction of the event. Compliance with ethical principles is an indispensable rule in the Islamic economy (Güngör, 2015).

According to Islam, the interests of individuals and society are separate and independent. The interests of individuals and society must be in harmony. The individual acting according to this rhetoric prefers the interest of the society to the individual's interest. He sees the public's interest above his own interests. The mundane wishes of economic actors playing a role in economic life cannot be separated from religious life. According to Islam, all the individuals who constitute the society are held responsible for the well-being of others. Islam invites all individuals into behaviors such as conscientiousness, honesty, integrity, righteousness, regardless of status, within the economy and society. Every sector has a social, moral and ethical responsibility (Azid et al., 2008). The main purpose in the human model of Islamic economics is to win the pleasure of God. Moral man is not selfish but empathic (Özsağır, 2016). Zaim, expressing that the human model in Islam should not behave like homo economicus, characterizes Islam as "homo Islamicus" and gives Islam a new definition. The efforts to meet this person's needs and maximize his interests have re-arranged reasonably within the framework of the orders and prohibitions of Allah and can only do so by possessing and implementing Islamic knowledge (Eren, 2013).

**Table 2:** The Difference between Human Model in Islam and Homo-Economicus Human Model

	<b>Homo Economicus</b>	<b>Human Model in Islam</b>
<b>World-Hereafter Opinion</b>	Busy with world, doesn't care hereafter	Has a strong hereafter faith and acts accordingly.
<b>Material -Meaning</b>	Material is in the forefront	Both materials and spirituality is important.
<b>Moral values</b>	Moral and spiritual values are not paid attention.	Moral and spirituality values are important.
<b>Selfishness/ Altruist</b>	Selfish	Altruist, empathic.
<b>Interest Opinion</b>	Thinks welfare for own	Consider the welfare of the whole society
<b>Society Perspective / Social Responsibility</b>	Does not evaluate the collecting effect of decisions	Considers the affects of his/her decisions and acts accordingly.
<b>Expense</b>	Endless expense and consumption	Spends but does not waste.
<b>Stinginess /</b>	Stimulates stinginess	Generosity is a sine qua non.

<b>Generosity</b>		
<b>Consumption</b>	There is a tendency to consume limitless	Prefers to consume as much as s/he needs.
<b>Production</b>	Determines the production area according to its own decision.	He carries out production appropriate for religion.
<b>Attitude Towards the Environment</b>	Does not concern the environmental effects of the decisions taken regarding production and consumption.	Tries to product and consume considering the environment
<b>Confidence</b>	It does not rely on trust in its transactions,	Gives importance to faith
<b>Rationality</b>	Only by adding accounts to this world, has a rational rationality that does not take into account the effects of its activities on the outside world,	In addition to this world, considers other people, has rationality

Source: Eren, 2013

After stating characteristics of Islamic and economic man and how they act, these two types were compared and homo-economicus type was criticized at Table 2. While the capitalist system, the traditional economy, puts forward the type of economic man, the Islamic economy defines the ideal human type, who is moral.

#### 4. Conclusion

Homo-economicus human model is expressed as a hedonist and selfish individual pursuing interest according to moral philosophy. When evaluated in terms of social benefit, this individual has no meaning at all. This human type, which was revealed by the traditional economy, is defined as a being deprived of egoistic, value judgment and soulless. Human beings do not fit into a single dimension and mold. It has many features in terms of its characteristics and also contains the contrasts. So the characteristics of a person cannot be reduced to a uniform behavior. The capitalist economy overlooked the factors that influence human behavior that can be effective in the decision-making process of a person. This type of human being revealed by the neoclassicists is insufficient to explain the economic behavior of people. Because there are many factors and priorities that affect the decisions of individuals.

According to socialist economists, this type of human being defined in the capitalist economy has been criticized, while the expression of 'social individual' has been put forward and this type of human being is easily adopted by the oppressed class. Because the type of human being foreseen by the capitalist system has led to the

formation of the bourgeois sect and it has polarized society. At this point of concepts such as socialist system predicted, such as social state, social individual, equality and justice attracted people. However, when you come to the application side, equality has not brought justice; this system has become a system that the upper bureaucratic sector has worked into. The socialist system is distributed among the upper bureaucratic people to the profit mechanism which is opposed to capitalism, causes the people to become egoistic at this point, and led space that is more unjustified and a system that encourages people to become lazy. Economic systems have tended to human characteristics and formed a different human type model at making economic behavior of people come true.

Nevertheless, in the West, at Islamic world, studies have been done on at what point to consider economic activities and there is a tendency to determine the economic behavior of people. At this point, they criticized the type of human being created by the Capitalist economy and introduced a new model of human type. These definitions are expressed as moral human, altruist and empathic. Bazı yazarlar ise bu insan tipini Homo-Islamicus olarak tanımlamaktadırlar. When we look at the moral dimension of moral and economic behaviors within Islam, we form a Muslim type of person 'Homo-islamicus' against Homo-economics, who holds social benefit superior to his own benefit, has responsibilities, empathizes, believes that he should not be defeated, and believes that he will win the hereafter. This human type emerges as a human model that constitutes the ideal. They have interpreted the rhetoric of 'demanding more' and 'consuming more' discourses as opposed to this understanding of the capitalist economy. The definition of ethical human being in the Islamic economy, put forward the ability to be virtuous, and the passion to earn money and the curiosity of consumption have been criticized and considered inadequate in economic man.

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