\_Is capitalism good? Should we admire hard workers who are motivated to make large profits? Does competition bring out the best in people? These questions juxtapose practices and institutions that economists study (capitalism, profits, competition) with concepts that ethicists use (good, admirable, best).

Ethics studies values and virtues. A value is a good to be achieved or a standard of right to be followed, while a virtue is a character trait that enables one to achieve the good or act rightly. For example, a list of core goods might include wealth, love, and freedom. A corresponding list of virtues—or character traits—might include the productiveness that enables one to achieve wealth, the honesty that enables one to enjoy loving relationships, and the self-responsibility that enables one to live in freedom.

\_Ethical issues connect intimately with economic issues. Take the economic practice of doing a cost-benefit analysis. You could spend one hundred dollars for a night on the town, or you could donate that one hundred dollars to the reelection campaign of your favorite politician. Which option is better? The night on the town increases pleasure. A politician’s successful campaign may lead to more liberty in the long term. We regularly make decisions like this, weighing our options by measuring their likely costs and likely benefits against each other.

\_This connects economics directly to a major issue in ethics: By what standard do we determine what counts as a benefit or a cost? A list of competing candidates for the status of ultimate value standard includes happiness, satisfying the will of God, long-term survival, liberty, duty, and equality.

Economists implicitly adopt a value framework when beginning a cost-benefit analysis. Different value commitments can lead to the same item being considered a cost from one perspective and a benefit from another. For example, those whose standard of value is increasing human happiness would count a new road to a scenic mountain vista as a benefit, while those whose standard is maintaining an unchanged natural environment would count it as a cost.

\_This connects economics to a second major issue in ethics: Is goodness or badness determined by real-world practical consequences or by some other means, such as revelations from God, faith in authorities or authoritative institutions, appeals to rational consistency, felt senses of empathy, or an innate conscience? The point for economic analysis, most of which is a matter of understanding and predicting the consequences of various actions, is that the relevance of economic analysis to policymaking depends, in part, on what one believes is the final source of value standards.

\_So far, we have two questions of ethics that bear directly on economics: (1) What is the standard of good? and (2) How does one establish that something is good?

\_A third relevant question of ethics is: Who should be the beneficiaries of the good? A common assumption of economic analysis is that individuals are rational and self-interested. The third question focuses on self-interest. Is self-interest moral, amoral, or immoral? Is morality a matter of individuals taking responsibility for their lives and working to achieve happiness? Or is morality a matter of individuals accepting responsibility for others and being willing to forgo or sacrifice for them? This is the debate in ethics between egoism and altruism.

**\_Strong forms of egoism** hold that individuals should be self-responsible and ambitious in their pursuit of happiness, that they should treat other individuals as self-responsible trading partners, and that those who are unable to be self-responsible should be treated through voluntary charity. **Strong forms of altruism** argue the opposite, holding that morality is primarily a matter of helping those who are in need, that charity is more moral than trade, and that the most moral individuals will be motivated by a spirit of self-sacrifice.

\_For example: Carly worked hard and earned $10 million by the time she was forty. She is now in semiretirement, enjoying the good life of travel, building her dream home, managing her investments, and spending time with her family and friends. Jane, by contrast, inherited $10 million at age forty, gave $9.9 million away to charity, and lives frugally on the remaining money. Which woman is more morally admirable?

\_The moral difference between egoists and altruists on these economic policy issues is between those who see employers and employees as win-win trading partners and those who see employment as exploitation; and between those who see landlords and tenants as trading value to mutual benefit and those who see poor tenants vulnerable to being taken advantage of by rich landlords.