

**Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street**

Thomas Sedlacek. 2011. New York: Oxford University Press. ISBN 978-0-19-976720-5, \$27.95.

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Crossing disciplinary boundaries is a risky venture for scholars, but Sedlacek seems to have successfully accomplished this in a manner that is not overly esoteric. I have had the opportunity to read and review a number of books of this genre, and this is one of the few that had me hooked from the very beginning. Having said this, readers need to be cautioned that I am an economist, and scholars in the fields of theology, history, philosophy, etc., may therefore find gaps or distortions that have escaped me. Sedlacek's target audience seems to be fellow economists whom he perceives as having been 'indoctrinated' into falsely believing that their chosen discipline is purely value free: a perception that he partially attributes to their excessive reliance upon mathematics as a tool of discourse. He argues, moreover, that this conventional approach is intellectually untenable, and seriously impedes the application of economics to the real world (p. 9). For Sedlacek mathematics has become the modern form of economic story-telling, (i.e. meta-narrative), and one with its own innate limitations and distortions. The antithesis to this view can be found in Levitt and Dubner's, *Freakonomics*, as they open with the assertion that, "Morality . . . represents the way that people would like the world to work—whereas economics represents how it actually works"(11).

In contrast to the obvious hubris of Levitt and Dubner, Sedlacek doesn't purport to provide us with a set of definitive methodological answers, but does call for a more robust and humble economics discipline, that is more fully integrated with the humanities and social sciences: "If this book inspires new insights in fusion of economics with these other area, then it has fulfilled its reason d'être" (11). Critics of orthodox economics, both internal and external, will find this an appealing book, and defenders will perhaps find it to not be as threatening as it seems to be on the surface. Individuals doing "real world" application in fields like economic development will find an affirmation of what they are already doing.

One of the strengths of this book is the clear structure, which he lays out in the introduction. This book is composed of two parts, as Sedlacek writes: "In the first part we look for economics in myths, religion, theology philosophy and science. In the second part, we look for myths, religion, theology, philosophy and science in economics" (p. 7). He refers to this as the search for "meta-economics." Underlying this overt structure are a group of seven themes which provide a matrix for joining the two parts

together:

1. The Need for Greed: The History of Consumption and Labor
2. Progress
3. The Economy of Good and Evil
4. The History of the Invisible Hand of the Market and Homo Economicus
5. The History of Animal Spirits
6. Metamathematics
7. Masters of the Truth

In addressing the question “What do economists believe?,” Sedlacek’s focus is upon examining the standard “neo-classical” tradition that effectively dominates the discipline of economics. While he observes that this tradition is clearly rooted in western intellectual movements, Sedlacek does not purport to take us on an exhaustive study of these intellectual traditions. He also notes his intentional omission of references to non-western traditions merely due to their minimal influence in the development of neo-classical economics.

Part I begins with the Gilgamesh Epic, and attempts to illustrate how many current themes and issues confronting modern economies find their antecedents in the attempts of earlier societies to make sense of their world. Each chapter in the first part concludes by highlighting specific themes embedded in the stories of that epoch. In this chapter, for example, he notes “. . .[W]e have seen how specialization and the accumulation of wealth was born, how holy nature was transformed into a secular supplier of resources, and how humans’ individualistic ego was emancipated. This moment . . . paradoxically relates to an increase in individual dependence upon other members of society” (p. 43). The subsequent chapter on the Old Testament provides some of what many readers will see as standard fare concerning the relationship of humans to creation, the linearity rather than cyclical nature of human history, etc. Key insights involve the central role of morality in human welfare, a concept of social welfare that pays special attention to the poor and vulnerable, and the idea that growth in utility is a means rather than an end. This is the chapter where theologians will weigh in and certainly find flaws that will escape the lay reader.

The next two chapters cover what I think are the most perceptive and helpful part of the book, and which are crucial for explaining some of the criticisms of mainstream economics that he develops in Part II. Chapter 3, looks at Ancient Greece and explores the struggle between the Epicureans and Stoics, and in particular the question of utility vs. good as the ultimate goal. One important and ironic observation he makes regards Adam Smith, the purported patron saint of orthodox economists, and his overt rejection of the Epicurean agenda with its emphasis upon satisfaction/

utility-concepts that have become foundational to orthodox economics (p. 127). He expands upon the idea articulated by “. . . Michael Polanyi, the twentieth century philosopher, that even science, is ‘a system of beliefs to which we are committed’ ” (p. 108). He forcefully challenges economists to answer the question as to whether they truly believe their models, or admit that they are merely useful myths (p. 109).

Chapter 4 examines the economic insights offered by Christianity, and teases out implications that go beyond merely calls to individual moral choice. Sedlacek unearths many valuable insights as well as controversies and one of the most novel has to do with debt. He observes that, “Forgiveness (of debts, sins) is the key feature of Christianity, which makes it unique among the major religions,” and that it is not based upon some sense of just deserts. He then jumps ahead chronologically to the crises years of 2008 and 2009, noting that “Our modern society, paradoxically, cannot function without the institute of this unfair forgiveness of debt” (pp. 134-135). Before working with Sedlacek’s volume, I had just completed reading David Graeber’s *Debt: The First 5000 Years*, and was immediately struck by the profoundly similar insights generated by these very different books.

Chapters 5 and 6 then draw respectively upon the works of Bernard Mandeville and Adam Smith. While noting that many modern economists might tend to see Mandeville and Smith as part of the same intellectual tradition, Sedlacek quotes Smith himself as observing that Mandeville’s teachings are, “. . . in almost every respect erroneous” (p. 185). From Sedlacek’s perspective the irony is compounded by the fact that he finds in Mandeville the foundations of the model of humans employed by modern orthodox economists—*Homo Economicus*. The chapter on Smith then raises some further questions regarding the presumed continuity between the views of Smith and modern orthodox economists, suggesting that many modern heterodox economists in fact follow more closely in the footsteps of Smith.

Part II then pulls together all the themes teased out in Part I to show how modern mainstream economics continues to draw upon these earlier “myths” to construct its own meta-narrative of economic analysis, while simultaneously asserting the proposition that it is value free and objective. Sedlacek writes “What economics has actually developed is Bernard Mandeville’s system of thought, which Smith refused. The study of economics has shifted from a moral science to merely a mathematically allocative science. I am convinced that it should have developed the latter but not neglected the former” (p. 269). The arguments of Chapters 13 and 14 are then the key to the whole book.

In chapter 13, titled “Metamathematics,” the author continues to work the theme enunciated earlier regarding the excessive and inappropriate reliance of economists on mathematics as a tool of inquiry. Instead of

working from reality to decipher and develop the appropriate mathematical tools, “economics, it would appear, frequently does the exact opposite: It creates models of world (and man) in such a way that they fit mathematics” (p. 290). In chapter 14, entitled “Masters of Truth,” he attempts to bring everything together, noting how the discipline of economics differs from other sciences in the way that it constructs its own reality. He offers a masterful metaphor of creating a scaffold in order to construct a cathedral. Whereas the physical sciences construct their theories (scaffolds) and then relax the assumptions (remove the scaffolding) to reflect reality, for economists the scaffolding is their reality. If one breaks down the assumptions/scaffolding, the “. . . whole cathedral would fall apart” (p. 303). By this point in the book Sedlacek is either preaching to the choir or has lost his audience as it would be hard to adopt a middle position. Sedlacek is not asking readers to abandon standard neo-classical economics, but rather to recognize both its inherent limitations and the valuable insights that can be garnered from other cognate disciplines. His ultimate dream would perhaps be that every professional economist be re-educated in fields such as philosophy, history and sociology: “I believe that to make economics more relevant, we need more meta-economics.” (p. 324).

Sedlacek exposes the existing “normative” foundations of orthodox economics, and in the process offers a challenge to Christian economists to abandon the façade of positivism, and to overtly explore the moral dimensions of their analysis. A number of years ago a member of the Association of Christian Economists sent out the following note on the web:

With some frequency students and faculty ask me what the discipline of economics has to say about justice. I find myself disappointed in my own answer—maybe this is because grad school curriculum was virtually silent and /or I have not read widely enough.

Sedlacek wants Christian economists to become prepared to face the question rather than side-step it. This is a book that I would highly recommend, especially to Christian economists who already sense a need to expand their understanding of their own discipline beyond mere mathematical expertise, and who also feel a need to intellectually connect with their faith and values. While accessible to readers outside of the discipline of economics, it will probably not engender much interest from readers unfamiliar with some of the methodological controversies that separate economics from the other social sciences and humanities.

**References**

**Graeber, D.** (2001). *Debt: The first 5000 years*. Brooklyn, NY: Melville House.

**Levitt, S., & Dubner, S.** (2006). *Freakonomics: A rogue economist explores the hidden side of everything*. Rev. ed. New York: HarperCollins. ■