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Depth Economics: A Review of Tomas Sedlacek, *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street*

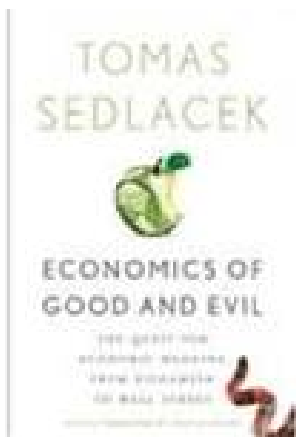
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Tomas Sedlacek, *Economics of Good and Evil*. Oxford: Oxford University Press, 2011.

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If, for a moment, we accept the economic consensus view that growth is the solution to the current economic crisis, one “growth area” we might observe is the crop of books and articles about that same crisis. As the great economist John Kenneth Galbraith once quipped: “Economics provides gainful employment for economists.”

The books inevitably differ in their approach. Some like Gillian Tett’s *Fools Gold* (2010) take an anthropological and historical approach telling the story of bankers who felt they were “Masters of the Universe.” Others like *The Times*’ Economic Editor, Anatole Kaletsky (2009 and 2011) look for solutions and question the economic consensus of the past 30 years by suggesting the subject has become

too mathematical and divorced from reality. Indeed, Kaletsky goes as far as to suggest economists are in part to blame for the current crisis because they have spent too much time looking at their models rather than reality.

This would seem fertile ground for those of us with an integral persuasion. Ken Wilber (94) has spoken about integral business. Yet, so far, I have seen little about an integral economics with the exception of Christian Arnsperger's *Full Spectrum Economics*, which has an introduction by Wilber. There is also Lessem and Schieffer's *Integral Economics*. Unfortunately, I have only been able to read extracts from these, their being prohibitively expensive for someone, like me, on a limited budget. A look on *Amazon* suggests this will be remedied soon. In the meantime, Tomas Sedlacek's *Economics of Good and Evil* has appeared at a lower price. I suspect it will have much of interest for those of us who are integrally minded, and perhaps to those less sympathetic to traditional economic thinking.

This book is unlike any economics text I have ever read—and I have read quite a few, having an incurable addiction to them. Sedlacek's name was unknown to me until I came upon this book. Yet his “conventional” economic credentials are impeccable: a lecturer at Charles University, Prague, who has also been named by the *Yale Economic Review* as one of the “five hot minds in economics.” He has also been economic advisor to a leading Czech bank, his country's government and not least to its former President, Václav Havel, who contributes a foreword to the book.

It was the former President's name that especially attracted me initially. Having as much a partiality towards Jung as Keynes, the phrase “economic meaning” in the subtitle struck a chord in me. Meaning is not a word I associate with economists. Few make existential statements or refer to emotional issues in their work. Although no lesser economist than John Maynard Keynes regarded the subject as a “moral science” (Skidelsky, 89), morality and ethics seem to have been taboo subjects amongst economists in recent years.

By way of contrast, I do associate Havel with thinking outside the usual boxes, linking ideas that would not seem associated with one another, and a range of interests beyond the usual academic consensus. An example of this is his interest in transpersonal psychology. In 1993, while still President of the then Czechoslovakia, he was patron and guest of honour to a conference of Stanislov Grof's International Transpersonal Association (ITA) in Prague, though in the end he was unable to attend because of a political crisis. Grof also records that in private conversations, Havel expressed an interest in “the implications of transpersonal thinking for politics and economy” (Grof, 69).

I therefore came to the book expecting something different from the run-of-mill economic text. In this Sedlacek does not disappoint. A look at the index and bibliography immediately suggests a very different kind of economist. He is as likely to quote Mircea Eliade as Milton Friedman. There are names like Clarissa Pincola Estes, Erich Fromm and Joseph Campbell, references to Tolkien, the *Hitchhiker's Guide to the Galaxy*, English poetry (how many Czech poets do most English readers know?) as well as films such as *The Matrix*. Yet this intellectual breadth is combined with a lightness of touch that shows through in flashes of wry humour—in

my experience, a typical Czech characteristic.

The book itself is an exercise in meta-economics rather than an attempt to solve the current economic crisis. The essential thesis is that economics is about how we decide what is good and evil, and hence a moral subject. Early in the book it is suggested that Adam Smith, generally regarded as the father of economics, was in fact reframing and summing up various forms of wisdom that were previously available in other ways. These he explores in depth.

The book consists of two parts. The first looks for “economics in myth, religion, theology, philosophy and science” (Sedlacek, 7). The second looks for “myth, religion, theology, philosophy and science in economics.” The journey begins with a look at one of the earliest recorded examples of literature, the ancient Mesopotamian poem, *Epic of Gilgamesh*.

Sedlacek wryly calls his “the first feeble attempt to understand the epic from an economic standpoint” (20). Yet behind this self-deprecation there is a serious point. The Gilgamesh epic deals with matters like friendship, civilization, and the conflict between wilder and cultivated aspects of human nature. He defends his application of economic thinking to the epic with the following reasoning: “ancient stories, images and archetypes . . . are with us today and have co-created our approach to the world, as well as how we perceive ourselves” (5).

The use of the word “archetype” is also significant. Sedlacek has clearly read a great deal of Jungian thinking. Readers of this book may be fascinated (or maybe outraged?) at the application of methods of Jungian writers such as Marie-Louise von Franz and Robert A. Johnson to economics. Yet it is fascinating to see how this term might apply in economics, not least because it establishes straight away a deeper basis to what is commonly perceived, not least by economists, as the motivation of economic behaviour.

Economists of recent years have tried to make economics a “hard” science. Though there have been notable exceptions, this has been the approach which has predominated. Sedlacek has no problem with the application of so-called “hard-scientific” methods and mathematical modeling as far as it goes. But as he frequently points out, economics is about more than mathematics and science. In emphasising such approaches the subject has developed some serious blindspots, not least a failure to connect economic behaviour to some of the most important motivations that drive human behaviour.

As well as greed and self-interest, he sees archetypal patterns as being the roots of what Keynes (104) termed “animal spirits” for the non-rational driving forces of human behaviour. The term has recently attracted renewed interest, being the title of a best-selling book by two economists George A. Akerlof and Robert Schiller. Their book revives interesting questions for economists about the influence of psychology on the economy and is worth a look. But it also left me unsatisfied because the authors did not go much further than naming some of the spirits. Sedlacek does go deeper, arguing also that, “Our modern economic theories based on rigorous modeling are nothing more than meta-narratives retold in different (mathematical?)

language” (5),

Having linked mythological precedents to economic models, Sedlacek’s focus moves to the influence of the Bible on economic values. There are separate chapters on both Old and New Testaments (the latter interestingly subtitled “Spirituality in the Material World”). There then follows an additional chapter on the Ancient Greeks. Sedlacek sees a link between spirituality and economics, because spiritual attitudes are acted out in the world. He also points out that a great number of Old Testament passages reference the concept of commerce and apply economic metaphors connected with payment and market trading, raising questions about the cause of misfortune and whether such things are caused by lack of moral virtue. These are Biblical equivalents to financial misfortune looked at from moral and metaphysical viewpoints rather than budgets and statistics.

In these discussions, Sedlacek also looks at attitudes toward work and the tradition of having a Sabbath. He points out that the economies of the West have, paradoxically, moved in the direction of working longer hours despite becoming richer, perhaps over-emphasising the work ethic. This he contrasts with the Ancient Greeks who tried to define what made for “the good life” and who held the view that work is not necessarily virtuous. He argues that these have an important contemporary resonance because much of the current economic consensus remains concerned with scarcity in modern economies where people don’t need to worry about survival.

The book moves to modern philosophy. There is a discussion on how the Cartesian split between mind and body made it possible for philosophers to define humanity by its reasoning capacity, but to the neglect of feeling. The author actually goes as far as to describe rationality as the “religion of our time.” This is perhaps a familiar thesis, but again it is rare to hear economists discussing how a philosophical bias can affect an economic viewpoint. To demonstrate how this has happened in economics, Sedlacek cites a famous economics text book that has diagrams in it resembling those from a physics textbook, making the point that economists have tried to portray themselves as hard rational scientists.

When Sedlacek turns his attention to the role of vice and greed in the economy, the principal text he examines is a long poem called the *Fable of the Bees* by Bernard Mandeville. Mandeville argued that there is a lot of hypocrisy in human nature. We rail against vice and try to wipe it out, yet we yield to it and even owe a great deal to it. Wiping out evil, according to Mandeville will destroy society’s prosperity because vices create a demand for goods such as food, buildings and clothing that provide people with employment and create wealth. Thus there is an economic rationale for businesses to satisfy the needs that vice creates.

Mandeville is seen by Sedlacek as the first advocate of the “greed is good” philosophy famously espoused in the film *Wall Street*. The *Fable* itself provoked controversy in its own time. Some see a similarity between its arguments and Adam Smith’s term the “invisible hand,” which he used to name the process by which individual self-interest benefits the whole of society. This is a touchstone of free market ideology. But here, we learn that, though Smith coined the phrase, he was

far from trying to justify the worst in human nature. Indeed, much of his writing is aimed at contradicting Mandeville. The term “invisible hand” was used, as is demonstrated in the book with admirable thoroughness, by Smith in several different contexts suggesting that more recent uses of the term are far from what he actually meant.

There may be other surprises here for ardent free marketers who regard Smith as their patron saint. Smith was not against all forms of governmental intervention in business. He even favoured protectionism to help new industries. He was in favour of competitiveness and self-interest, but this was only a part of the equation. Smith was also interested in what he termed “moral sentiments,” which include empathy, altruism and sympathy, the feelings that bring people together for a common good. These are equally, if not more, important than self-interest as the building-blocks of a society and are as much a part of the “invisible hand.”

In the light of this, Smith’s view of human nature becomes considerably less reductive than has been presented by economists. Smith sees human nature as being motivated in several directions. The one surprise to me here is that Sedlacek, who frequently draws on Jung in his discussions, does not use the term Shadow. Even so what he argues here is that all human nature is relevant in economics, the good and the bad, and that both of these sides have roles in the creation of an economy as has been discussed in literature for thousands of years.

This is where the first half of the book ends. The second part is entitled “Blasphemous Thoughts” and looks at the relevance of all these poetic, mythological, and philosophical roots to contemporary economics and the current debt crisis. In doing this Sedlacek does not suggest measures to solve the current economic crisis. Instead he looks at how economics and attitudes need to change in facing current problems, which he sees as a process of transformations of the archetypes that lie deep in our psyche. Thus, he looks not to an economist (Schumpeter who talked about “creative destruction” might be one) for ideas in how to facilitate this change, but to Jung: “What we have stored somewhere in our unconscious can be recognised best in times of crisis. It is in the most unexpected, the most terrifying chaotic things that reveal a deeper meaning, Jung writes. For him, the breaking point was what he built on.” (Sedlacek, 213)

It is interesting for me to see talk about the “unconscious” here because the idea of rational expectations has taken a heavy grip in economics. Yet it was not always so. Keynes, for example, often cites Freud in his writings. By contrast, nowadays economists are happier with ideas from cognitive psychology, which perhaps reflects their bias towards the rational. Sedlacek goes further still than the behavioural economists in embracing the irrational, even talking about the importance of dreams in the following passage:

Our dreams are still with us—and influence us more than we think. Not just in dreams, but during the day as well. If we are to indulge a dream of progress, and if we are to believe in the imperative of constant increases in the standard of living, then it is precisely this dream that forces us to get out of bed every Monday morning and work on things

we do not enjoy, which we do not find fulfillment and meaning in, or which we literally find repugnant (208).

What follows are chapters on how to rebuild economics. Sedlacek questions some of the most basic assumptions that have become the conventional wisdom of economic thinking such as the constant need for economic growth in wealthier societies such as in Europe and America. He points out that many economic ideas are principally about scarcity, and hence that the economics' ideas of competition and growth might not be as essential in wealthier societies as is assumed. Indeed, he points out in recent years many of the wealthiest societies have been working for longer and longer hours beyond the justification of producing what meets human needs. His suggestion is that the alternative to growth is not poverty and austerity, but what he calls Sabbath Economics, which allows both for work and play. The economy is not society even if the two need each other.

Sedlacek is not partisan in the way of some other economists. He sees the subject in a pluralist way, as a study of human behaviours. But he wants economics to do more. Mathematical models say little without the context of the stories behind them, which may bring in moral and existential judgments. Applying a "middle way" approach, he wants these models as part of an incorporative economics that takes in the full complexity of human nature including aspects outside the economic sphere. He states, "Studying economics without studying *beyond* economics can never lead to the fuller understanding of human behaviour. And as such, neglecting these metaphysical issues can lead to a dismal economic behaviour. I am afraid that mainstream economics is close to it" (Sedlacek, 283)

Based on this, I would suggest Sedlacek is seeking to heal and transcend the mainstream, not to slay and bury it. Another way to put it is that Sedlacek's approach is integral at least in spirit. Interestingly, this approach is also closer to the work of great economists like Smith and Keynes than that of many contemporary economists. Like psychology, economics has benefited from the use of scientific and statistical methods, yet is also one of the humanities, dealing with peoples' individual and collective stories that don't always fit into statistics. EF Schumacher (199) once suggested that economics ought to be a branch of human wisdom rather than a science. *Economics of Good and Evil* can be seen as a passionate case for restoring the wisdom into economics, and a reminder that the wellsprings of that wisdom remain deep inside ourselves.

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He is also a poet and translator. His poems and translations (from French and German) have appeared in literary magazines. Some of these have also been translated into German and Romanian and broadcast on Romanian Radio. His first pamphlet collection, *The Gods have Become Diseases*, was published in 2006. He is currently working on his first full collection. He also collaborated in the translation into English of the poetry book *Deepening the Mystery* by Romanian poet Christiana Maria Purdescu.