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Do We Need to Re-Think Modern Economics?

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Hadas, Edward, *Human Goods, Economic Evils: A Moral Approach to the Dismal Science* (ISI Books, 2007).

Edward Hadas is a journalist and financial analyst who has worked for Reuters Breakingviews, the Financial Times, and Morgan Stanley. However, as he is keen to point out in the very opening words of *Human Goods, Economic Evils*, he is “not a trained economist”. Having a certain distance from the professional world of economics and yet knowing a great deal about it enables him to write critically about the very basis of the subject and, more importantly, about the presuppositions that many economists bring to their work. *Human Goods, Economic Evils* is, therefore, a book with big ambitions: in attempting to “combine economics with philosophy and theology”, Hadas is trying nothing less than to create a wholly new approach to economic analysis.

There are many advantages to his moral approach. The most important of these is his perception that the fundamental problem with a great deal of economic analysis is anthropological at its root. He argues that “nine bad ideas about human nature” underpin most economic texts: 1) the transcendental is not relevant to economics; 2) economics has nothing to do with morality; 3) all economic ties are contractual; 4) men’s economic behavior follows physical laws; 5) the economic life is a constant struggle; 6) perfection is within reach; 7) economic freedom is a good found in free choice; 8) the good economy is controlled by the beneficent state; and 9) economics rules.

Hadas is surely right to argue that one of the most important questions of our time—possibly *the* question of our time—is what it is to be human. Not only is this a vital question but it is increasingly one that polarises opinion. What G. K. Chesterton wrote over 100 years ago in

What's Wrong with the World? is even more obviously true today: "We do not disagree, like doctors, about the precise nature of the illness, while agreeing about the nature of health." Instead, we no longer agree about what health is: we no longer agree on what it is to be human. This anthropological confusion disfigures debate in all sorts of areas, including economics.

Hadas is also right to argue that without a transcendental understanding of humanity, there is no hope of coming to correct anthropological (and, therefore, economic) conclusions. As the Fathers of the Second Vatican Council expressed it in *Gaudium et spes*, we cannot possibly understand man without God: "Christ, the final Adam, by the revelation of the mystery of the Father and His love, fully reveals man to man himself and makes his supreme calling clear."

Hadas's willingness to rethink the very basis of economics therefore allows him to skewer some real problems. He has a particular loathing of utilitarianism and writes passionately about the various ways in which "human economics" must necessarily build on a broader, and ultimately more realistic, base than any post-Benthamite philosophy. Put simply, not everything that has value can be measured. It simply isn't true that only what is measurable has meaning.

This understanding becomes especially significant when Hadas looks at the world of work. He argues strongly against the idea "that wages should be trusted to indicate the value of labor" and criticizes "a 'market' model of economic organization. According to that model, labor is always traded for money, and money is the only standard of value". He then seeks to create a new "typology of labor that is based on what the labourer is actually doing—simply being, working with things, working with people, working for no purpose, working to destroy." By reassessing the varied nature of work, he is able to move towards a more human vision of economics than we are used to seeing.

However, there are some disadvantages to Hadas's approach as well. In his determination to start afresh, he adopts a combative tone throughout, arguing, for instance, that "most of the founding notions of the discipline are wrong and most of the supposed laws and rules are some combination of wrong, misguided, and meaningless." Economists themselves are also routinely criticised: "these are massive intellectual errors", he writes, while summarising one of his arguments, "so large that the only possible explanation for their wide and sustained popularity among so many intelligent men is a misunderstanding at the most basic level."

This combativeness sometimes generates what Hadas himself admits is "a sketch, ignoring nuances and internal disputes." His account would be more convincing if he engaged more directly with individual thinkers. The work of Chesterton, Belloc and E. F. Schumacher, for example, is largely relegated to an endnote. St. John Paul II's work and Catholic social teaching is discussed in more detail but, even here, there is little by way of a developed engagement. Hadas writes that "if I had to recommend one economic text to a noneconomist it would be John Paul II's 1981 encyclical *Laborem exercens*" but he does not give space to *Sollicitudo Rei Socialis* or *Centesimus Annus* (other than in a few endnotes).

This is a shame because the book could have been much more convincing, both within and without Catholic circles, if Hadas had entered into a more profound dialogue with the economists and philosophers he criticises. Perhaps this is clearer to us now in 2017 than it was to him in 2007 when *Human Goods, Economic Evils* was published. If it was true then that

economists worked with the assumption that “economics has nothing to do with morality”—and I have my doubts—then it certainly isn’t true now, as Tomáš Sedláček’s hugely influential *Economics of Good and Evil* has convincingly shown. What is more, both the distributist ideas of Chesterton and Belloc and the broader field of Catholic social teaching have made something of a comeback in the political arena. I am thinking here of Phillip Blond’s *Red Tory* and the Blue Labour movement here in the UK, as well as John Milbank and Adrian Pabst’s recent examination of *The Politics of Virtue*.

There should be no doubt that we have an extremely rich social and economic tradition on which to draw and that distributism and Catholic social teaching still have a great deal to offer us in the 21st Century. Our task, then, is not necessarily to start afresh but to deepen the tradition. If we can do this, as Hadas suggests and many other writers have shown, we may just find that economics need not be a dismal science at all and that human economics may still have the capacity to inspire and transform.

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