

Economics for Humans

Julie A. Nelson. 2006. Chicago: The University of Chicago Press. 164 pages. ISBN: 0-226-57202-1, \$16.00.

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In *Economics for Humans* Julie Nelson aims to bridge the gap between those who exalt economics and downplay ethics and those who exalt ethics and condemn or seek to isolate “economic values.” She wrote the book because ever since she made the decision to study economics as an undergraduate student, she has felt pulled in three seemingly opposing directions. She explains that her economist self admires the beauty of the economic machine metaphor taught to her in traditional economics classes. However, her ethical self, concerned with moral decision making and interpersonal, caring relationships, rails against the injustices generated by the economic machine. And lastly, her female self desires to embed personal concern and attention in an impersonal economic world.

Readers of *Faith & Economics* will not find a lot that is new to them in this book, given that a primary purpose of the Association of Christian Economists is to incorporate Christian values and ethics into the economics profession. Even so, readers may find value in discussing the book’s main themes with colleagues, students and business contacts.

Nelson’s main arguments are as follows:

- The idea that economic systems are inanimate machines operating according to amoral laws is a belief, not a fact.
- This belief has harmful effects—for life on the planet, for human society, and for individuals in particular.
- Understanding that economies are vital, living, human-made, and shaped by our ethical choices can help to improve our decisions—both individually and as a society.

The book’s opening chapter, “Tending the Body,” traces the history of economics from its early concern with bodily provisioning, through the mechanical imagery introduced by Adam Smith, and on to contemporary popular and academic discussions. Nelson asserts here that the metaphor of the mechanistic, amoral, clockwork economy has particular historical roots, and that it is not based on empirical evidence.

The author notes that early scientists and economists did not see any conflict between science and religion and philosophy. In fact, they would have seen that the world could be both mechanical and full of purpose and value because it had purpose and value in the Clockmaker’s (God’s) eyes. However, Nelson explains, later scientists and philosophers separated the notions of the Clockmaker from their work and economists followed the

same course, increasingly seeing their work as the objective study of the “drives” and “mechanisms” that run the economic “machine,” and ignoring questions of a moral or spiritual nature.

While asserting the values promoted by the pro-market position (which Nelson also sees as a pro-business position), such as the importance of producing goods and services that support survival and flourishing, job creation, and opportunities for creativity and innovation, Nelson questions the assumption that all good things are produced by the automatic functioning of the market system. She disagrees with the pro-business assertion that poverty, unemployment, social distress, and environmental damage arise from obstructions to the workings of the system rather than from the market mechanism itself. The author supplies a good response here to those critical of the pro-business position, saying that critics with no experience in the business world do not understand its workings or that they are idealists who do not recognize the benefits the economy provides. However, Nelson states that the low opinion that pro-business people hold of their opposition does not create a good foundation for dialogue, and that the primary reason she wrote this book was to create a healthy dialogue between opposing sides.

The author also discusses the development of academic economics, starting with John Stuart Mill’s idea of “economic man” as a rational being interested only in his own material gain. Then she explains how academics in the late nineteenth century explicitly borrowed calculus-based models from developments in mechanical physics, using the ideas of function maximization for firms (maximizing profits) and households (maximizing utility). Nelson asserts that this mechanical image is so deeply ingrained in academic economics that it is rarely questioned, and it leaves little if any room for discussions of ethics, in order to keep it objective and value-free. The problem, according to the author, is that this view says nothing about what happens if markets are complex and messy, and nothing about issues of fairness, health, survival, or sustainability.

The next chapter, “Tending the Soul,” traces the history of criticisms of the market by sociologists and philosophers. The author affirms some of the criticisms while questioning others. She explains that pro-ethics people who are articulate about care and relationships and critical of markets, corporations, or capitalism tend to support the idea that, when it comes to economic decisions, people are inevitably self-interested calculators and are helpless in the face of economic laws. They do not question the notion that markets are machines driven by self-interest. In this view, ethics is important as a “mop-up operation.” At the same time, critics of the pro-business perspective assert that the profit motive is inconsistent with

moral values. The author's concern is that these views hinder constructive dialogue with pro-business factions and lead only to discussion of solutions that would beat back the economic machine through grass roots efforts or government regulations. These views also assume that the world of business is completely at odds with the world of morals and care.

Nelson points out three problems that arise from the separation of pro-market ideas from moral issues. First, the anti-business viewpoint assumes that self-interest is not a factor outside of the market sphere, when in fact people in nonprofit organizations or in caring professions also act in self-interested ways. Second, since money and power are treated as morally suspect, people who possess them, such as corporate executives, and who might be willing to engage in ethical discussions, may be ostracized from such discussions. Third, without a constructive dialogue, it will be difficult to rein in the growing momentum in the world for a pro-market viewpoint.

In the chapter entitled "Bringing Body and Soul Together," Nelson demonstrates that the failure to adequately integrate economics and ethics lies in the failure to question the metaphor of the economy as a machine. She points out that even though science has moved away from the "world is a machine" metaphor, economics has not, and she makes it clear she believes this is a huge problem. Not only is the metaphor significantly incomplete, she writes, it is also damaging, since it has encouraged the development of naïve and irresponsible pro-business policies along with naïve and impractical anti-market alternatives.

Nelson suggests a new metaphor, *the economy as a beating heart*, to bring together the "pro-economic" and "pro-ethics" positions. Specifically, she writes that aesthetic, moral and spiritual development, creation of healthy, respectful relations between people, care and concern for the weak and needy, and ecological balance and sustainability can peacefully coexist with the production of goods and services that support survival and flourishing, the creation of job opportunities, and opportunities for creativity and innovation.

The basis of her argument is that life experience tells us that ethics is relevant to economics. She proposes the heart metaphor because the heart is an organ of circulation essential for maintaining life and because it is the center of love and courage. Thus, the metaphor can be used to describe an economy that creates the flows of provisions that sustain and enrich people's lives, symbolizes our deep attachments to each other, and reminds us of our responsibility to others. To remain healthy, writes Nelson, our economic life must be vital, caring, and responsible.

The next chapter, "Love and Money?," addresses some significant questions. For example, can someone doing caring work also legitimately be in the job "for the money"? In addition, can an employer hiring

someone as a “resource” also treat that person as a human? She answers these questions in the affirmative. Nelson cites research that shows that money payments tend to crowd out intrinsic motivations when people feel they have to hand over control of their actions to someone else in order to receive payment for them. In contrast, when money payments are perceived to be acknowledging accomplishments, they can reinforce workers’ interior motivations and satisfaction.

In the chapter “Business and Ethics” Nelson extends her arguments from the individual to the organization and asserts that ethical behavior is neither intrinsically at odds with organizational profit-making nor guaranteed by nonprofit goals. She explains that the profit-maximization concept was not developed on the basis of the study of business firms nor because of legal requirements. Rather, the concept originated from prominent “Chicago School” economists in the late decades of the twentieth century who wanted to see a patina of scientific rigor used in the study of corporations. The chapter discusses many research findings regarding what truly motivates corporate behavior (much of which is inconsistent with a pure profit motive); it suggests that organizations pay active attention to ethics, and that concerned outside groups should provide oversight.

The final chapter, “Keeping Body and Soul Together,” summarizes the book’s themes and encourages people, in their roles as citizens, workers, parents, employers and shareholders, to hold corporations accountable to ethical standards. It talks about the crisis in care-provision in America caused by labor shortages and high turnover rates in particular care professions (such as nursing), and the need for better pay and managerial practices in organizations providing care to people. The chapter also discusses crises in business, calling for both outside pressure as well as pressure from within to bring about real change in the ethics of businesses. Nelson calls on corporations that take the lead in social and environmental responsibility to raise these issues in their industry associations and other prominent arenas.

After reading *Economics for Humans*, I hesitate to recommend it glowingly to *Faith & Economics* readers for reasons outlined below. At the same time, books that address ethics and economics deserve our support, because they support a primary goal of our Association. One concern is that Nelson offers a very harsh criticism of the neoclassical economics training that most of us have received, so many economists may take issue with her main points. Similarly, the book’s title may be off-putting because it implies that people who hold to neoclassical economic assumptions are somehow inhuman. At the same time the book provides intriguing ideas, examples and information that can provide the basis for important dialogue about the future of our discipline and

the role of ethical decision-making in economic analysis. Also, the beating heart metaphor is quite intriguing and it could have interesting implications for future research and for how economics is taught.

Another concern is that her argument that life experience tells us that ethics is relevant to economics does not have a very strong foundation. I would argue that our Christian beliefs, along with those of other faith traditions, teach us that ethics is relevant to all aspects of life, including economics. Perhaps this is what Nelson meant, but she does not develop her argument from a faith perspective, even though she does say her spirituality was a reason for writing the book.

Further, men may take issue with the idea that females tend to be concerned with personal relationships more than males. I certainly know many men, especially in Christian circles, who also care about personal issues and would agree with her main arguments. So it seems that the author did not need to mention gender at all in her explanation for writing the book.

Lastly, it is unclear who the intended audience is. Because she provides lengthy explanations of *economics*, *profit maximization*, and other basic terms, the book seems to be intended for a non-economist audience, yet at other points Nelson seems to be addressing economists and policymakers. ■