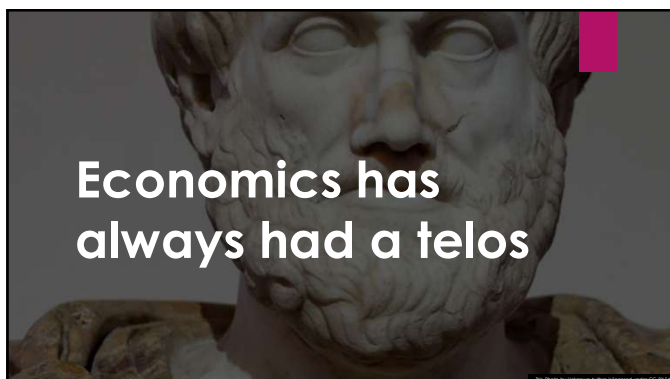


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3

Economics as Moral Theory

- ▶ Aristotle ("nature" paradigm)
- ▶ Scholastics ("God" paradigm)
- ▶ Adam Smith & the Physiocrats ("reason" paradigm)
- ▶ Natural Law



4

The Nature Paradigm

- ▶ Nature has purposes, and human excellence consists in the fulfillment of those purposes
- ▶ We derive wisdom from our understanding of nature
- ▶ Wisdom shapes our daily affairs



5

The God Paradigm

- ▶ We are created by God and exist not only within nature; we are placed **over** nature
- ▶ Our economic activity is structured by God's design
- ▶ We are His stewards in the world, and the world works best when our lives conform to His design




6



The Reason Paradigm

- ▶ Human beings are rational
- ▶ Human beings act sensibly
- ▶ Economic needs and behaviors can be understood through a lens of rationality
- ▶ Reason could extend to moral reason – including teleology


7



YOU WILL SPEND MANY YEARS
IN COMFORT AND
MATERIAL WEALTH
06 10 13 17 18 23

A Consumption Paradigm?

8

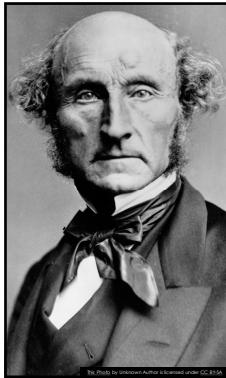


A Fact-Value Fracturing Begins

Ricardo (1772 –1823)

"...it is not the province of the Political Economist to advise: - he is to tell you how to become rich, but he is not to advise you to prefer riches to indolence or indolence to riches"

9



Homo economicus

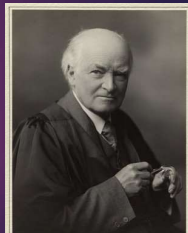
"It [political economy] makes entire abstraction of every other human passion or motive; except those which may be regarded as perpetually antagonizing to the desire of wealth, namely, aversion to labour, and desire of the present enjoyment of costly indulgences."

--John Stuart Mill, 1836

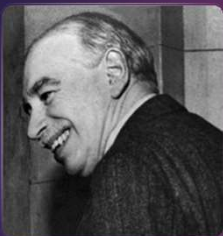
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J.N. Keynes and *Scope and Method* (1891)

- ▶ Solved the British version of the *methodenstreit*
- ▶ Became the definitive articulation of the Cambridge method
- ▶ Made room for the historicists, but subsumed within an economics built around abstract theory and deductive reasoning



11



John Maynard Keynes

- ▶ British economist, 1883–1946
- ▶ Father—and namesake—of Keynesian macroeconomics
- ▶ *The General Theory of Employment, Interest, and Money* (1936)

12

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Under the Bloomsbury Spell

- ▶ Like-minded *intellectual pleasure-seekers*
- ▶ Disdained traditional values
- ▶ Wealth and consumerism were distractions from life's richness
- ▶ But only a few understood
- ▶ The few must shepherd the masses


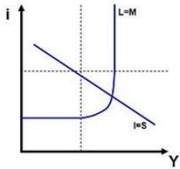
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Mill's *homo economicus* presumed

- ▶ Teleology is assumed away
- ▶ "Animal spirits" drive human action – not reason and purpose
- ▶ *Homo economicus* isn't just a construct; he has taken center stage

"Consumption – to repeat the obvious – is the sole end and object of all economic activity."

14

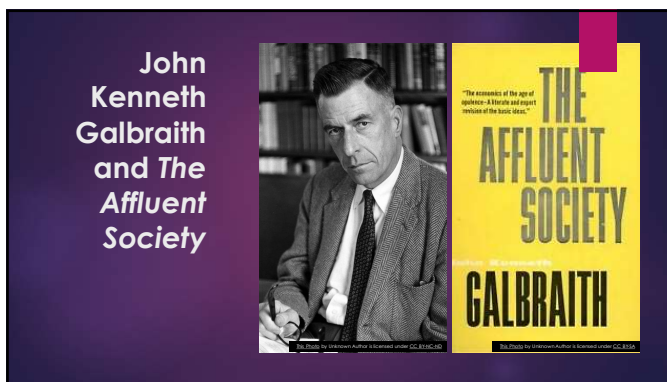



Mr. Keynes and the "Classics"

15



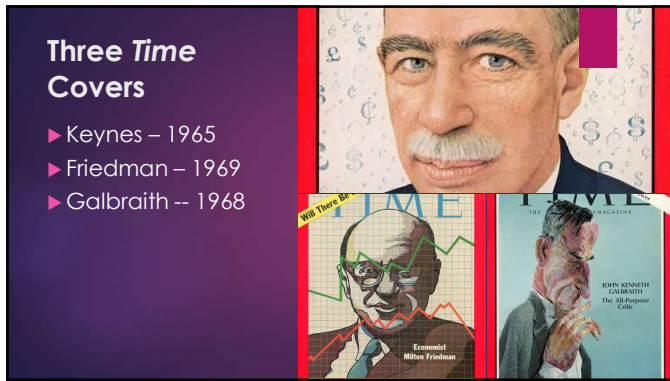
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21



The difficulty lies not so much in developing new ideas as in escaping from old ones.
— John Maynard Keynes

The Legacy of Keynes

A PURPOSELESS
LIFE OF
CONSUMPTION

22



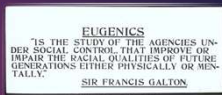
An Empty Anthropology

Flawed anthropologies lead to flawed economic policy. The Keynesian ideal is imbued with the notion that if we simply know enough economics then we can manipulate people into actions that create maximum employment. **Consumption is objectified.**

23

► The Keynesian ideal caught hold in the same period that **men and women of science began to believe that systematic management of human beings was both possible and useful** in all areas of society. (e.g., Dewey)

► **Keynes served as Director of the British Eugenics Society** from 1937 to 1944. As late as 1946, shortly before his death, Keynes declared eugenics to be "the most important, significant and, I would add, genuine branch of sociology which exists."



An Empty Anthropology

24

An Empty Anthropology

- ▶ Economics is not about systematic management! For example, **even the very expression "the economy" is a modern invention. Keynes uses it only once in the *General Theory*.**
- ▶ In his book *Rule of Experts*, Timothy Mitchell asserts that as late as the 1930s, no one used the definite article in front of "economy." The word "economy" meant something like frugality or good stewardship.

25

Death Is Not the End of Life!

- ▶ Our lives persist long after we're all dead
- ▶ We'll never return to a broadly-shared paradigm like the "nature," "God," or "reason" paradigm – yet we must identify broadly shared moral visions
- ▶ Otherwise we become a society of zombies, lacking clear vision and purpose
- ▶ Economists need to be more honest about the limitations of *homo economics*

26
