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[W]hat is at issue is really a vast cultural orientation, how an entire society, not a mere limited body of professionals, thinks about economic life. (288)

To be reasonably grounded, economic action must be placed within the greater context of human existence and an understanding of the nature of man and of the good life. However, at least since the eighteenth century, Western society has tended to ignore these "big questions" in its economic decision making, suspending all belief in a greater purpose or meaning to human existence, and treating economic activity as a separate, scientific sphere to be managed by "experts." In effect, "(w)e bracket our deepest concerns and carry on with economic life as though they were irrelevant. And this is irrational." (287-288) This paper reviews the intellectual history of perceptions of the economic realm and its relation to the rest of life, beginning with Aristotle, and concluding with Mandeville, who introduced much of this modern orientation.

### OVERVIEW

History affords us a variety of alternative ways of understanding the economic realm. For example, Aristotle's position may be called noble enablist (human wellbeing emerges from what we do and what we become, not from what we have). The medieval position was extratemporal instrumentalism (behavior within the economic realm must be governed by anticipation of extratemporal rewards and punishments, to be meted out by God), while Calvin took a position of extratemporal dramatism ("Economic behavior does not cause extratemporal rewards but manifests one's character within that drama." (304)). The Renaissance perspective was scientific and aesthetic progressivism (the goal is general human progress, especially in the aesthetic and scientific realms; economic achievements are to be judged against this standard).

One strand in Marx may be called mass enablist ("the economic realm is a necessary evil to be passed through historically so that most of mankind can live outside that realm" (ibid.)), while another strand was human transactionism (an economy is judged according to its ability to create meaningful, transformative roles for people).

Other possible perspectives include instrumental consumptionism (the belief that greater consumption increases wellbeing), international supremacism (the purpose of the economy is maintaining the state's international position), and economic liberalism ("good" is whatever people think it is, and the function of the economy is to enable as many people as possible to

pursue what they think good.) This paper will sketch out the process through which we arrived where we are, in a culture that is largely governed by instrumental consumptionism and international supremacism, but also paying lip service to economic liberalism.

## **ARISTOTLE'S VIEW OF THE ECONOMIC REALM**

In contrast to some of the "confused" doctrines of his day that associated human happiness with pleasure and amusement, Aristotle argued that happiness is not a kind of experience, but a kind of life. Specifically, it is a kind of life that involves expending effort in the pursuit of excellence and virtue. In his view, "the good life is one in which a person most fully, and at the highest level of excellence, fulfills his deepest nature." (289) Such a way of life is not a means to other ends -- including feelings and sensations -- but an end in itself.

Within this framework, economic activity is only indirectly necessary to the good life; there are strict limits to the value of economic activity. Aristotle contrasted "goods of the soul" such as fortitude and wisdom, for which greater amounts produce greater utility, with "external goods" such as wealth and power, which are only beneficial in limited amounts. He essentially made the first statement of the principle of diminishing marginal utility, taking the especially radical view that the marginal utility of excessive amounts of external goods declines not just to zero, but actually becomes negative. This theory can thus be translated into an argument for limiting growth, which can be harmful to human wellbeing beyond a certain point.

Aristotle also distinguished between two forms of the "art of acquisition." The first, "natural" form of this art is concerned with management of the household and acquisition of the resources needed by the household (e.g., through fishing, farming and herding). The second form is based on retail trade and reflects an "unnatural" concern with obtaining ever higher levels of income. Here human personality and capacities are separated from their proper function of pursuing virtue, and become distorted as they are placed entirely in the service of earning money. It is not, however, particular economic activities that Aristotle criticized here, so much as the outlook and form of life. For Aristotle it was essential that economic life not be treated as a separate realm, but that it be rooted in a larger understanding of human fulfillment and the good life.

Aristotle believed that there are naturally higher and lower classes of humans, and that slavery for the lower classes is just and for the good of all. He thus accepted mass poverty as a natural condition, and never concerned himself with the issue of generating sustained economic growth to provide for the development of the poorer segments of society. It was only in the eighteenth century that the claims of the masses to higher levels of human development found expression. In the 19th Century Marx synthesized this mass perspective with Aristotle's view of the place of economics in human life, giving rise to a powerful new vision of the place of economic growth within the story of human development.

## **THE ECONOMIC THOUGHT OF THE REFORMATION**

During the Middle Ages, economic interests were subordinated to a concern with salvation. Economic activity was fully subjected to the rules of morality that bound all individual conduct, and efforts to increase material wealth above a basic level were condemned. However, this

attitude eventually broke down, not as a result of theoretical challenges, but due to the onslaught of sustained economic growth.

Reformation thinking emerged in the sixteenth century as a reaction against this collapse, but within this reaction there were two very different attitudes toward economics. Luther's goal was the restoration of medieval principles uncorrupted by the commercial spirit. Calvin, on the other hand, accepted commercialism, but sought to restrain it with a moral creed; the work ethic developed on the grounds that work was a means for expressing virtue, not for achieving consumption. The economic realm then became the place where an individual's very identity -- and thus his fate -- were revealed; "Puritans produced not in order to consume, but in order to be." (297) While Calvin's creed certainly does not imply a complete reversal of virtues and vices, it does reflect a major shift in emphasis among the virtues. In contrast to the medieval period, sloth is now a more serious a sin than covetousness.

### **MANDEVILLE AND THE FABLE OF THE BEES**

Early in the eighteenth century, Bernard Mandeville published a poem entitled *The Fable of the Bees: or, Private Vices, Publick Benefits*, presenting a view of the economic realm that reflects a dramatic break with the past. He begins by promoting the radical thesis that vice is economically beneficial. Analyzing consumption, for example, "he looks at what lies behind the demand curve, and finds vice and folly, vanity and envy and the fashion industry! Yet he embraces it all," (299) because it produces the benefits of jobs, higher income, and material comforts of life - - in particular, for the poor.

More importantly, Mandeville goes a step further, separating economic life from more transcendent human concerns. Assuming a violent and competitive international arena, he argues that a prosperous and powerful economy is the most important goal. Any behavior is acceptable in pursuit of this end, regardless of whether it violates religious or moral ideals; traditional virtues such as frugality and honesty are even condemned as likely to get in the way of achieving the economic aim. Mandeville is "thoroughly divorced from the religious world view that characterized both the Reformation and the medieval world." (301) "(H)e simply is not seized by the project of our becoming very different than we are. . . all that matters is simply that we be better off." (301) Mandeville's poem provides a remarkably good portrayal of the present orientation toward economic life, which is so different from those that preceded it.

### **THE MODERN VIEW OF THE ECONOMIC REALM**

Today we evaluate economies in terms of three main indicators -- the unemployment rate, the growth rate, and the inflation rate -- but these are means to other ends, not ends in themselves. Low unemployment is valued both for its distributional effects and because it indicates that productive resources are being fully utilized to raise income levels. Growth also leads to higher levels of income. Income is of interest because of its presumed contribution to wellbeing; the modern economic conception of wellbeing equates it with utility, which is in turn a function of the level of consumption, and hence of income. This way of thinking reflects both economists' understandings and the cultural orientation of our entire society, but there is nothing inevitable

about it; even in the West it has only been influential for the last two hundred years, while the history of economic thought extends back at least three millennia.