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Mainstream Economics versus Islamic Economics

By Asad Zaman

[Editor's note: this article is based on extracts drawn from a much longer paper, "Islam's Gift: An Economy of Spiritual Development", https://www.ssrn.com/abstract=3321866]

As Edward Said has explained in Orientalism, the conquest of the globe by Europe colors all European productions of knowledge about the Orient. Because of the dominance of European educational systems, these Eurocentric views have also been absorbed and assimilated by Muslims. This has caused great difficulties in the development of Islamic Economics, because Muslim scholars have attempted to reconcile two diametrically opposite views. European views give primacy to the material dimensions, while Islamic views give primacy to the spiritual dimensions of human existence.

As many authors have documented in detail, the transition from a traditional society based on Christian values to the present day secular modern society was a revolution in ways of thinking and acting. Islamic views on economic organization would be familiar to pre-modern thinkers, but alien and strange to modern scholars.

Modern economic theory takes certain background institutional structures for granted, and is strongly shaped by Western historical experiences. Nonetheless, the theory claims for itself a universal status as a science, free of its historical, cultural and institutional context.

Modern social sciences took their current shape in the early 20th century and represent a radical break from the past, even though dominant narratives of social sciences create the appearance of continuity and links to antiquity. Islamic economics can only be understood as a response to, and a rejection of certain foundational claims of Western economics. While source materials for the subject are available from early Islamic times, the separation of the economic realm, and its treatment in isolation, packaged as "Islamic Economics", is a modern response to the West. As detailed in Zaman (2008), the subject was created as an Islamic alternative to capitalism and communism, meant as an economic system for newly liberated colonies in the Islamic region. Modern economics is actually an economics of capitalism. It cannot be understood without studying the historical context of the emergence of this economic system and the associated ideologies. Since Islamic economics was initially framed as a competitor to capitalism and communism, understanding it requires analyzing the historical roots which led to the emergence of these economic systems.

Modern social sciences were born in early 20th century on the basis of a conscious effort to emulate the methodology of the physical sciences, as mis-understood by the logical positivists. This attempt to mathematicise, quantify and study general laws of motion in societies reflected a break from the past in which the study of social phenomena was more qualitative and historically oriented, aligned with complexities of human behaviour. Methodology is treated superficially in textbooks, with the result that most economists continue to believe in the central tenets of logical positivism.

Living in a market society conditions us to look at the world in certain ways which are incompatible with Islam; for example, market societies consider portions of human lives as objects which can be sold and purchased in a labour market. Explaining Islamic economics involves learning to see the world in a different way. When conceptualized as a purely positive field of study which excludes the normative and the unobservables, social science is an oxymoron. This is because our human lives are driven by our visions and conceptions of the good life and the ideal society. Excluding these from consideration leads to absurd caricatures of human behaviour like the *homo economicus* used by economists. In Zaman and Karacuka (2012), we have shown how this theory systematically blinds economists to realities of human behaviour, making them unable to understand typical human behaviours in the Prisoner's Dilemma or the Ultimatum Game. Hirshliefer (quoted in Dawes and Thaler 1988) reveals the hollowness of game theory:

The analytically uncomfortable (though humanly gratifying) fact remains: from the most primitive to the most advanced societies, a higher degree of cooperation takes place than can be explained as a merely pragmatic strategy for egoistic man.

Humanities is the study of human beings and is inherently and deeply normative. Human beings continuously make choices, and every choice is normative; making a choice is equivalent to an assertion that this particular choice should be made over all other possibilities that were available. All human action is directed towards a goal, whether this goal is explicit and understood, or whether it is only expressed by the actions, without conscious awareness of the goals. The Quran (92:4) states that "the ends you strive for, are diverse." Our actions are driven by a vast range of emotional as well as rational considerations. Even though these drivers, the motivations for our actions, remain hidden from external observers, and often even our own selves, and even though these motivations can change dramatically in the blink of an eye, nonetheless, human behaviour cannot be understood without trying to understand the purpose or life-goals of human beings.

Therefore, as a methodological principle, any study of human beings must take into consideration the normative dimension. The traditional questions: "What is the

good life?" and "What is the good society?" serve as a convenient starting point for any inquiry into the activities of human beings. Once a goal for human activity has been specified, then human behaviour can be understood as purposive behaviour, directed towards achieving the goal. We will call this the transformative element. These are strategies used by human beings to move towards their goals. To complete the analysis, it is also essential to have a descriptive component, which describes the current state of affairs. This is the starting point to which transformative strategy must be applied, to bring it closer to the ideal state. To summarize, it is constructive to use a three-dimensional framework for comparison of modern Western economics and Islamic economics:

Normative: An articulation of the intertwined concepts of the good life and the good society, which provides a normative ideal, a target and a benchmark.

Positive: A description of the institutional structures - political, economic, social, and environmental - that shape individuals and societies. This is the positive component of social science.

Transformative: Strategies for moving from the actual (positive) description towards the normative ideal.

According to the projected self-image of Western economics, it only contains the positive component—a purely objective description of human behaviour in the economic realm. The normative and transformative components are left up to the policy makers, while the economist merely provides scientific factual description of ground realities.

The fact that conventional modern economics is normative is indisputable, and yet, economists are very strongly attached to the opposite view. This conflict is hard to understand because the level of cognitive dissonance required to defend the view that economics is a positive science is similar to what would be required to defend the idea that the universe was created 6000 years ago. How apparently sane and rational humans can adhere to theories so violently in conflict with observations is itself a puzzle that many have pondered and attempted to explain. To document that this is not an exaggeration on my part, I offer here some summarized paraphrases of quotes from leading economists as evidence:

Keynes: Economists are unmoved by lack of correspondence between their theories and facts.

Solow: DSGE models are so crazy that their founders are like lunatics, and, policy making using these models could only be suitable for some alien planet, not Earth.

Stiglitz: Economists frequently make claims in conflict with easily observable facts, because economics is a religion, not a science.

Olivier Blanchard: DSGE models make assumptions profoundly at odds with what we know about consumers and firms.

Paul Romer: Macroeconomic theorists ignore mere facts by feigning an obtuse ignorance.

Paul Krugman: The Economics profession went astray because they mistook the beauty of mathematics for truth.

The full quotations from these and many other economists can be found at Zaman (2018), where I have compiled many more examples.

By assuming that human purpose is maximization of pleasure in this earthly life, the framework of modern economics excludes the spiritual concerns that are central to an understanding of the purpose of life for Muslims and for many Christians as well. This normative exclusion of beliefs different from modern secular views regarding after-life and God is described by economists as a positive and objective description of rational human behaviour. Typical economics textbooks start by arguing that human beings are purposive, and conclude that they maximize utilities, without mentioning the numerous strong assumptions required for this leap of faith. In fact, utility maximization reflects its origins in the secular modern philosophy that emerged after the defeat of Christianity in Europe. Having rejected the idea of paradise in the afterlife, secular philosophers sought to build paradise in this life, by making the goal of life the maximization of pleasure. Jeremy Bentham, one of the founders of this philosophy, explicitly aimed at banishing religion and the spiritual, and replacing it by a morality based on the pleasure-pain principle or utilitarianism.

While economists claim that the theory of utility maximization is descriptive and positive, studies of actual human behaviour show strong conflict with this theory. A massive amount of empirical evidence for violation of this theory is collected in a survey by Zaman and Karacuka (2012). The idea that neoclassical theory of utility maximization is a purely positive description of reality is a non-starter. An alternative view is to consider this theory to be normative. This is how human beings should behave, once they lose faith in God and religion. On normative grounds, this theory is disastrously wrong. Indeed, it is this failure of utility maximization as a normative principle which explains why the theory fails as a descriptive theory. It is not sensible to behave like *homo economicus*, even if one aims at maximizing pleasure in this earthly life, without any concern for afterlife. This is because the deepest pleasures that we derive from life come from our social connections—loving and being loved. Selfish behaviour of the type suggested as rational by irrational economists demeans human beings, damages their hearts and souls, and deprives them of the sources of greater happiness (Grant 2013, Nelson 2012).

For individuals, conventional economics prescribes the

norm of pursuit of selfish pleasure, packaged as "rationality". The ideal society is viewed as based on perfect competition (between individuals, between firms, and between nations), where survival of the fittest leads to increasing efficiency. The ideals of self-interest and competition stand in stark contrast to Islamic ideals of generosity and cooperation. At the individual level, ideal behaviour is based on compassion, concern, and caring for others, which leads to generosity and self-sacrifice. At the social level, cooperation and unity, based on equality and fraternity of all mankind, are strongly encouraged.

Conventional economics is consequentialist, and evaluates welfare by looking at the final consumption levels of all individuals in a society. In contrast, doing the right deed is what matters in Islam, whether it leads to success or failure in terms of current outcomes. Doing good deeds is not a matter of collecting brownie points; rather, this is the path to spiritual growth, which allows us to develop our human potential. In this way, the Islamic approach is closely aligned with the capabilities approach of Mahbubul Haq and Amartya Sen. Thus, Islamic economics is not restricted to analyzing a non-existent society composed entirely of Muslims who always behave in the ideal manner prescribed by Islamic laws.[1]

Economists propose the normative ideal of *homo economicus*, who is completely selfish, has no social concerns, calculates his advantage to the last penny, and acts according to these calculations. As behavioural economists have discovered, human beings are boundedly selfish, have bounded willpower, and bounded computational abilities. The normative ideal of Islam has been termed *homo islamicus*, and is at the opposite extreme—generous, compassionate, socially responsible, and not concerned with worldly gains or losses. Neither extreme is achieved, nor even achievable, by real human beings. Nonetheless, both serve as targets that guide actions. As a result, being taught economics leads students to act more selfishly than those in other disciplines (Grant, 2013). It is similarly true that teaching normative ideals of generosity and compassion creates and reinforces these tendencies of behaviour.

Unlike the pleasure-seeking and pleasure-maximizing robotic *homo economicus* of conventional economics, the Quran paints a rich and complex picture of human behaviour. On the one hand, humans have been created in the best of forms, with potential to reach excellence even beyond the angels. On the other hand, all of us also have the potential to be worse than beasts, and even the prophets are subject to temptations of the *nafs* (psyche/soul). We have been shown the two highways (of good and evil) and have been left free to choose between them. Behavioural economists, who discovered some of the complexities of human behaviour, have asked whether people are selfish or cooperative. Islam answers that all humans have both tendencies built into us, and we can choose between them. Because of this freedom, no mathematical formulae can define human behaviour, and patterns of past behaviour may not correctly predict the future, since humans are free to choose and to change their path.

In the long run, if a person continuously makes choices in accordance with his desires, exactly as prescribed by the "rational behaviour" theory of economists, he or she eventually become the slave of desires, or *homo economicus*. Repeated pursuit of desires damages the heart, and eventually the moral sense becomes extremely dim and unable to perceive all except the grossest of differences between moral and immoral behaviour. This is exactly the type of behaviour recommended by Jeremy Bentham, who explicitly rejected religion as a source of morality, and recommended using the pleasure-pain principle as an alternative. In opposition to the utilitarian construction of morality on the basis of pleasure and pain, the Quran (45: 23) says people who take their own desires as their god lose the ability to use all three organs: the hearing and the heart and the sight.

Have you seen he who has taken as his god his [own] desire, and Allah has sent him astray due to knowledge and has set a seal upon his hearing and his heart and put over his vision a veil?

That is, the pursuit of instant gratification blinds human beings to their own long run welfare. It is worth noting that this idea, that we must control our desires, instead of being controlled by them, is common across all religious traditions. In the Bhagavad Gita, the desires are described as the horses, which drive the chariot. They are extremely powerful when harnessed to the goals of the charioteer. However, if the task of choosing the goal is left up to the horses, they will go off the desired path, and turn to grazing at random in the forest. Similar metaphors occur in many different traditions of wisdom. We can reconsider neoclassical theory in the light of this traditional wisdom as a formula to ensure perpetual stagnation in the most primitive and infantile stage of spiritual progress, where one is enslaved by one's desires.

It is worth emphasizing this dramatic opposition between Islamic economics and Western theories. In Islam, the spiritual is primary, and the material is subordinate to it. The use of material means and efforts to achieve spiritual progress is central to Islamic economics. It is also highly unfamiliar to a Western audience.

On the one hand, we have the ascetics who renounce the world, and consider its flavours a trap.[2] On the other extreme, we have the gluttons and the gourmands who live to eat. The latter is the extremist position taken by economic theory which considers the purpose of life to be consumption. According to this theory, all our

(rational) efforts are directed towards this solitary goal, unflavoured by any social considerations. Both of these extreme positions are forbidden by Islam. Islam offers a middle path of moderation. It strongly urges the fulfilment of legitimate desires and just as strongly discourages our following illegitimate desires.

These teachings of Islam offer a very simple solution to scarcity, supposedly the central problem of economics. Islam strongly discourages pursuit of idle desires. The Quran (45:23) explains that those who make their desires their gods are blind to the realities of human existence.

Scarcity is created because economists refuse to distinguish between needs and wants, and consider the fulfilment of both to be their professional goal. For example, Samuelson and Nordhaus (1989: 26) state that economists "must reckon with consumer wants and needs whether they are genuine or contrived." This sets economists up for failure, since "wants" expand when they are fulfilled. According to Islamic teachings, "Give a man a valley of gold, and he will desire another." Islam accepts and encourages fulfilment of needs, but rejects and discourages the fulfilment of wants. This single principle is sufficient to solve the problem of scarcity; as Gandhi said, there is enough for everyone's need, but not enough for everyone's greed.

As a matter of principle (consumer sovereignty), economists refrain from studying how desires are shaped. They take the utility function as exogenous: desires are formed outside the economic system. However, Islam teaches us that our desires can be shaped by our conscious efforts. There are several strategies we can use to overcome our inclination to follow our desires. For example, the Quran (3:92) states: *Ye will not attain unto piety until ye spend of that which ye love*. By giving away what we love most, we will weaken the hold of desires on our behaviour. Similarly, fasting, staying away from food and water, teaches us control of our appetites, and leads to the purification of the heart from the love of material comforts.

As Galbraith has explained quite clearly, capitalism works in the opposite way. At the heart of capitalism is massive over-production. In order to sustain the system, it is necessary to persuade consumers to increase their desires. This is achieved by advertisements, which create desires for unnecessary objects, required to create growth. There are many ways to show that advertisers create artificial wants. For instance, Hamilton et al. (2005) found that over $10 billion worth of goods were purchased but never used by consumers in Australia alone.

Islam teaches us that the root cause of the catastrophes facing us on all fronts of human existence is our primitive and immature spiritual state—labelled *nafs-e-ammara*. Modern economic theory contributes to this disaster by encouraging us all to maximally pursue our desires, ensuring that spiritual progress does not take place. The only path to transformation lies in internal change and spiritual progress, which occurs when we suppress personal desires and strive for higher causes.

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[1] Interestingly, modern economics is restricted to the analysis of a monstrous world in which all people are cold, callous and calculating robots who behave like *homo economicus*. All the complex and sophisticated mathematical theories of economics apply only to this imaginary horror-story world.

[2] Perhaps paradoxically, one the strongest barriers to understanding Islam is prior knowledge of Christianity. This is because of the preponderance of "faux amis"; concepts which appear superficially similar, but are actually radically different. Those already familiar with the Christian concepts are lulled into complacency created by instant recognition, and fail to see the deep differences. Since it would distract from our main topic, we have not focused on highlighting these differences. We mention this here as a warning to readers from Christian cultural backgrounds.

Why Economics is Still Not a Science of Adaptive Systems

By Greg Daneke

***Gregory** A. **Daneke is Professor Emeritus at Arizona State University**. He held other faculty posts, including: Michigan and Stanford as well as working with research institutes in Europe and Canada. He has also advised government agencies, including: Energy, State, GAO, and White House. He is the author of over 120 scholarly publications and at least 1 diatribe.*

Over a hundred and twenty years ago Thorstein Veblen (1898) confronted his fellow economists with their intellectual short-comings. While rejecting biological (as well as Marxian) determinism, Veblen advocated the adoption of an evolutionary perspective involving the interaction of individuals and their institutions. Veblen's vision has been dramatically enhanced in relatively recent years by developments in computational approaches under the rubric of **complex adaptive systems theory** (see, Daneke, 1999). Nevertheless, mainstream or neoclassical economics remains mired in myth and magic, as well as captive to a pernicious ideological agenda.

Veblen also asserted that economics was more a normative philosophical enterprise than a science, and it has become increasingly less scientific since his time. However, mainstream claims to natural scientific status are still quite ferocious. Veblen began his observations with the bold declaration the French theorist (De La-Pouge, 1897) that "anthropology is destined to revolutionize the political and social sciences as radically as bacteriology has revolutionized the science of medicine (p.54)". Today, however, most observations from the other social sciences (especially regarding cultural evolution) remain an anathema to many economists. As Margaret Thatcher proudly claimed "there is no such thing as society".

Following the mainstream's failure to predict let alone explain the recent global banking crisis it came under widespread attack by pundits, heterodox economists (note, Colander, 2011), and even a couple of Nobel laureates. Nonetheless, the mainstream remains pretty much unscathed and largely unrepentant (Skidelsky, 2018). Some of the old guard has been particularly petulant, but then humility has always been in very short supply among many mainstream economists. Others merely waited for the tempest to pass, and by and large it did. Unorthodox approaches caught a bit of the short-lived tail wind, but gradually fell back into their status as tangential at best.

One particular tangent, known as complex adaptive systems (or simply "complexity", note: Arthur, 2014; Daneke, 1999; Haldane & May, 2011; Heilbing & Kirman, 2013; Keen, 2017; Elsner et. al. 2015), gained some notoriety, and several of its adherents maintained that it could ameliorate some of the more pressing issues persisting from the near collapse. Essentially complexity economics uses a variety of computational tools (nonlinear math, neural nets, cellular automata, adaptive algorithms, etc.) to simulate the co-evolutionary interaction of heterogeneous agents (exhibiting cooperative, reciprocal, and even altruistic behaviours) and their institutions. It includes elements such as path dependency (historical relevance) and comprehends feedback loops that amplify variance. Plus, it explores semi-spontaneous dynamics and the creation of novel EMERGENT PROPERTIES (where "the whole is greater sum of its parts"). The essential policy focus of complexity is the design of institutions that enhance the overall resilience of a given system. Among other things resilience emphasizes SAFE FAIL, rather than striving for the fool proof, for as Murphy's Laws maintain "fools are so ingenious". Furthermore, it includes nonlinearity which aids in the identification of cascading effects across the vast webs of commerce that present unappreciated systemic risks.

So why do so many mainstream economists continue to ignore it? While the unwritten Marquis of Queensberry rules of intellectual fisticuffs outlaw questioning the motives of those inside the status quo ante (those outside are fair game), it is impossible to ignore their ideological agenda. Moreover, the most parsimonious explanation is that mainstream economics is mostly a cult disguised as a science. And as any good study of the political economy of economics would reveal, it is so thoroughly embedded in leading universities, foundations, think tanks, the halls of power (legislative, legal, and financial), and the culture generally that prying it loose, even at the edges, is a monumental task.

Most of models and methods of the mainstream only create a thin veneer of science, and they rarely corresponds to the scientific method we learned back in grade school. Its theories are rarely inductively derived. More like a religion its canon is deductively derived from dogma. It relies upon ill-founded assumptions including, but not limited to, universal omniscient rationality, unalterable preferences, and general equilibrium (see, Madrick, 2014). It is also primarily ahistorical (path independent). Furthermore, to the extent that it is statistical, it is mostly comparative statics as well as mostly limited to the linear (e.g. regression).

The jaundiced eye turned toward recent advances in complexity economics is not the result of scientific considerations. Plus, this is not the mainstream's first bite at the apple. Following WWII, neoclassicists consciously decided to forego much of the blending of engineering,

diverse social sciences, and computational methods (known loosely as operations research), that significantly helped win the war (see, MacKenzie, 2002). They and their wealthy patrons conspired to concoct a toxic brew of anti-systems thinking. Anti-New Deal/anti-Keynesian politics, "red scare" mongering and hyper-militarism were combined with inordinate amounts of fake scientism and applied to illogically discredit most alternative methods and concepts. By the time nonlinear dynamical and computational approaches re-emerged in the guise of chaos and complexity theories in the early 80s, a small cult of neoliberal ideologues had completely captured economics as well as the lion's share of business school curricula (e.g. "shareholder primacy" see, Daneke & Sager, 2015). More critically they also over-ran the halls of power (government as well as banking). The mainstream selectively and reluctantly adopted certain conceptual devices (e.g. game theory), but only those that could be distorted so as not to challenge their ideological predilections.

The conscientious cloaking of ideology with faux science has been substantially fortified via the efforts of a small yet tenacious cadre that originated with the Mont Pelerin Society (or Pelerins for short, see, Mirowski & Plehwe, 2009). Several of its members and their fellow travelers would receive their self-anointed fake Nobel in Economics (actually the Swedish State Bank Prize). Soon after Ronald Reagan and Margaret Thatcher were exclaiming "TINA" (there is no alternative), "Neoliberalism" (or what I call ***neofeudalism***, see Daneke, 2019) really did become the only game in town as well as across the planet. Its religious elements were carved in stone (including: market fundamentalism, dramatically decreased social spending, and privatization, etc.). Plus, despite their lip service to competitive forces, the Pelerins undermined the enforcement of ant-trust laws, as well as deregulating banking and sanctioning all manner political and corporate corruption. As a result they helped enshrine a new feudal system of massive inequality, radically reduced mobility, and only slightly more subtle levels of kleptocracy than those of backward banana republics.

Following its glaring intellectual debacle, many suggested that neofeudal economics would dramatically decline; Au contraire Mon Amie. It has boldly and openly extended its once subliminal support for a rentier society. Furthermore, they have even effectively diverted populist backlashes into ultra-conservatism and racism (see, Patenaude, 2019) as well as amplifying "managed democracy" and "introverted totalitarianism" (Wolin. 2008). The supreme hypocrisy of extolling anarcho-capitalism (itself an oxymoron), while promoting oligarchy and monopoly, are perplexing enough without the virtual immolation of entire societal systems.

The election of Donald Trump may well be the harbinger of the next stage of devolution (alluded to by Veblen and others), a return to old fashioned totalitarianism. Beyond the arrival of a demonic demagogue, Hanna Arendt (1951) describes how these more virulent systems begin with subtle, yet vast, popular atomization, alienation, and undermining of the public sphere. All existing parties, leaders and policies are ridiculed. And, members of the free press are vilified. The masses that have never had much involvement with politics become agitated and mobilized. Ancient ethnic or cultural differences are amplified and scapegoats invented and harassed. Does this sound familiar? The final elements that distinguish full frontal fascism from the run of the mill version (we already have) involves accelerated surveillance and "the systematic use of terror".

Thus far neofeudal economics has merely presided over the conversion of broadly inclusive economies into withering rentier states. The immense siege engine of neofeudalism is a perpetual motion debt machine producing vast mountains of counterfeit wealth. As Schumpeter (1934) observed, economic expansions are usually followed by an over-reliance upon financialization and a decline in actual innovation. The US economy, for example, is completely addicted to mega-financialization. Meanwhile it sustains monstrous militarization amid its abject failure to address the "limits to growth" (*à la* Meadows, et.al. 1972) imposed by resource and climate constraints on a finite planet. Mainstream economists, of course, continue to deny any limits, holding that a fairy land of free markets and open price discovery will merely pluck technological substitutes out of the ether and scale them up without the real economy skipping a beat, or troubling with any negative externalities for that matter. But, the real reason for this mythology is more mundane. In a global system where money is literally "created out of thin air" via the explosion of credit and speculation on processes of repayment/rollover, growth (especially in the debt system itself) is essential. Without exponential growth, debts cannot be repaid with interest, fees, and rents, let alone payouts on piles of super-leveraged side bets.

The US economy, as Bernie Madoff tried to tell us, is one stupendous PONZI SCHEME, where more debt must be continuously created to just service the interest on existing debts, curtail fire sales or devaluations of hyper-inflated assets and/or avoid triggering cascading bankruptcies amid unpayable default swap obligations (to the tune of hundreds of trillions of dollars). This metastization of derivatives adds a whole new level of lunacy to global financial systems that drank the quantitatively juiced neoclassical cool aid (note, Williams, 2011), while partaking of other Pelerin party favours.

When rentiers rule the world, providing a thick smoke

screen for maximization of unearned and unproductive wealth becomes the *sine qua non* for economists who know on what side their bread is buttered. It is no accident that money and banking are conspicuously absent from most macroeconomic models, especially since the melding of micro and macro theory during the early reign of the Pelerins. Likewise most macroeconomists ignore the accumulation of power, and how existing institutions accelerate the maldistribution of the resources and opportunities.

Even if economists were to step up their adoption of complex systems tools and concepts, they are unlikely to break thought their self-imposed firewall regarding the actual ecology of institutions. Too many sacred cows and kleptocrats would be revealed (and reviled). Initially many who dabbled in things such as "agent-based models" assumed that they could have their cake and eat it to. That is that they could merely graft these interactive simulations (with heterogeneous agents and their evolving strategies) onto the tree of neoclassical economics, while ignoring all the existing and evolving institutions. Their little gingerbread economic person (*homo economicus*) that allows them to toss away all the inconvenient dough, could be more readily spread with unearned icing. Meanwhile, the relatively few who have come to realize that complex systems research would yield wildly different assumptions about how and for whom our economies actually work could be easily held at bay.

If economics was ever to seek to improve the human condition, let alone become an evolutionary science, it needs to follow Veblen further and embrace an institutional ecology approach (see, Daneke, 1999). Recall Veblen's *A Theory of the Leisure Class* (1899) provided a powerful critique of a previous "Gilded Age", much like our own. In his various books Veblen plumbed the societal processes that impede or enhance the functioning of the economy and highlighted those that buttressed predatory impulses. Veblen further maintained that many of the institutions of business and finance are actually a throwback to our more "barbaric" past, and often overwhelm and degrade the positive attributes of industry (1904).

When it comes to reintroducing the misplaced cultural features of political economy, the ersatz neutrality of mainstream economics invokes either a cynical technocratic (and anti-democratic) approach or a naïve (and inauthentic) anarchic utopianism. By assuming for so long that political processes were irrelevant, economists tend to take overly simplistic views toward institutional testing and redesign. I once chided my political science colleagues who were so enamoured with neoclassical applications (e.g. rational choice theory) that they were giving up their perfectly adequate inquiries to become mediocre economists. Now the case is reversed for earnest, yet ill-equipped, economists. If political economy is going to be restored via the use complexity tools and the evolutionary concepts, the various ingredients (psychology, anthropology, ethics, etc.) need to be on an equal footing.

Complexity economics without political and cultural sensitivity could merely replace *homo economicus* with *machina economica*. Even armies of widely diverse agents could produce relatively minor patterns of adaptation or exaptations after multiple exposures to the forced optimization of advanced A.I. (artificial intelligence). This would be a prime case of the curse of "getting what we wished for" when colleagues and I back at the University of Michigan touted an "artificial reality check for economists". A.I. might cast out the baby of "perpetual novelty" (note, Holland, 2014) for the sake a bigger BIG DATA bathtub. Furthermore, as the piles of "semi-unsupervised" algorithms spewing forth from "deep learning" (neural net) machines continue to displace human judgements we could find ourselves at the mercy of models more impenetrable than those currently used as an apology for widespread economic inequities and incongruities. Biases embedded in big data and amplified by tiny coding errors (plus coder biases) as well as Bayesians inferences, could give us many a distorted policy picture. With the collection and manipulation of data becoming its own asset class, who knows what mischief its owners might get up to within those proprietary "black boxes"? Reconsider the widespread wreckage owing to the role of "quants" and their arcane obfuscation of risk and reason within banking and finance.

The promise of A.I., while over-hyped for over half a century, may be finally coming to fruition. Certainly the advances in medicine and other information intensive industries could be immense. Yet, even when it is earnestly and honestly done (e.g. NOT merely applied as a tool for increased surveillance and societal atomization), A.I. and its brute efficiency aims exacerbate the classic conundrum of sustaining reasonable levels of production and consumption. To update a modern adage, "a robot can build a car [and even drive a car], but a robot will never buy a car". We have yet remotely begun to address the societal impacts of the impending advanced algorithmic avalanche.

This second and more transformative stage of the I.T. (information technology) revolution, with machines that think for themselves (but not necessarily like humans), is NOT merely another skirmish in the war on labour launched decades ago by the Pelerins and their various baby Borks from the "Law and Economics Movement" (some of which now sit on the US Supreme Court). Hard won institutions of labour justice are now being washed away in the burgeoning "Gig Economy".

The ranks of the "Precariat" (precariously employed proletariat, see Standing, 2014) will soon swell with AI induced redundancies, as well as legions of climate and conflict refugees. These displaced and disenfranchised individuals are easy pickings for any demagogue (either right or left) who promises to restore past glories or forge utopian futures.

Employment impacts may be the least of our worries, however. While weak on treatments, I.T. pundit and Harvard Business School Professor, Shoshana Zuboff (2019) has diagnosed several of the pressing societal ailments associated the so-called "internet of things" and A.I. advances in her sweeping 700 hundred page tome, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power.* After years of being a cheerleader for the information epoch, she sheds light on its darker-side. She details how the development of what she calls the "behavioural surplus" (which began with Google) is ushering in an entirely new era of monopolized and mismanaged capitalism. She even implies that this new business model is an extension of Pelerin predominance. Hoody-wearing wankers in Silicon Valley actually call this "data exhaust", and it is being reinjected to turbocharge the ancient systemic processes of expropriation and dispossession. More sinister perhaps, some of the providers of our various new tech devices not only seek to extract our very essences and commodify them, they want to radically reprogram us and sort us into A.I. invented cohorts. This can amount to "red lining" one's life before they even have a chance to live it. Worse yet, they delude themselves that their self-learning machines will somehow discover the algorithmic amalgams of large scale social control, and that the outcomes will be benign.

This resurrection of B. F. Skinner (1971) fails to recognize his backward science. In science generally, control is an exceedingly rare pinnacle of constantly revalidated predictive theorizing. As such it is far rarer, if not completely impossible (and perhaps repugnant), in the social sciences. Much like mainstream economists, Skinner began at the wrong end with strategies of behavioural modification and merely assumed he had explained away human "freedom and dignity". Nowhere perhaps is an investigation of the complex ecology (including machine behaviour) more needed than in this realm (look for, Daneke, forthcoming).

Well actually, a more dire need for a thoroughgoing ecological approach to economics has been with us for some time. It will be absolutely vital to subduing the banking, oil, and weapons axis. However, even if mainstream economists can somehow be turned to the task, I am not sure whether there is time left to rescue democratic capitalism, let alone ameliorate many of our ongoing crises. Even in the so-called "hard sciences" progress is made, as Max Plank observed, "one funeral at a time". Besides, we are dealing mostly with a culturally fortified ideological edifice rather than a social science. Furthermore, elites are unlikely to sacrifice their long-term investments in such a successfully disguised feudal restoration. Plus, in our present "alternative facts" political environment with its internet driven cynicism and nihilism, it is not clear whether proven science matters much anymore. Yet, propaganda, misinformation, political skullduggery, and economists pandering to parasites and pirates have always been vital ingredients within the evolution (and/or devolution) of economic systems. So we had better get busy immediately.

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Do We Need Environmental Ethics?

By Malgorzata Dereniowska

Environmental ethics is a field of applied ethics concerned with the ethical dimension of human relationship towards nature. The term environmental ethics covers a variety of approaches that can be roughly divided into two camps: anthropocentrism and non-anthropocentrism. Anthropocentrism refers to a human-centered approach to environmental problems that protects nature *for* humans. Radical anthropocentrism is often equated with the view that only human beings have intrinsic value, and sees nature as having only instrumental value. Non-anthropocentrism encompasses a variety of approaches connected by the belief that nonhuman entities also have value that is not reducible to anthropocentric interests. It often questions the propriety of human interests and preferences as a sufficient basis for environmental decision-making (Routley 1973). Environmental ethics is inherently pluralistic, representing a wide variety of socio-environmental values and beliefs. Its overarching goal is to prompt change in collective practices and individual behaviours.

Environmental ethics developed as a separate field of enquiry and action in response to the fact that ecological crisis is driven by human activities (Attfield 2017). Even though it is difficult to predict the scope and speed of environmental change—such as biodiversity loss, pollution, and climate change—the scientific community rests on consensus that contemporary environmental problems are humanly induced (see Gardiner 2010 in relation to climate change). This recognition led to problematising the human-environment relationship in ethical terms, and looking at environmental problems as moral ones.

Social change fostered by environmental ethics is meant to counteract what is believed to underlie the unsustainable, extractive paradigm of human activities: the attitude of dominion and the instrumentalist view of nature ingrained in the Western system of values. In this broad sense, environmental ethics advocacy diverges from the dominant neoliberal paradigm with its focus on human-centred values, markets and economic growth. But according to some environmental pragmatists, such a strong normative position and the rhetoric of intrinsic value may impair its capacity to induce a broader change because it is too detached from the existing social and political reality (e.g., Minter 2012, Norton 1984). There are also concerns about the effectiveness of grounding environmental action on moral foundations for different reasons. For example, John Pezzey points that relying on moral progress and philosophical arguments to really make a difference may be too slow; instead, appeals to solid scientific information may provide a sound and sufficient basis for expanding our horizons and motivating actions for sustainability (Pezzey 1992).

It looks as if the choice is between moral arguments and some kind of rationalism, or even scientism. Do we need an environmental ethics? I claim that we do. In face of scientific uncertainty regarding the scope of environmental hazards, we cannot avoid making judgments that are as much about values as they are about facts. Indeed, access to solid information is an important aspect of advancing environmental responsibility. But our beliefs about the world—which include moral beliefs and values—impact our perception and assessment of scientific information. Environmental ethics can facilitate expanding scientific horizons by looking outside of the box of our received systems of beliefs.

The dominant socio-economic practices exacerbate ecological problems and widen inequalities. Alternatives emerging in response to these problems call for a new societal narrative for economic practices (e.g., Daly and Cobb 1994, Söderbaum 2008). Environmental ethics articulates a trend that counteracts the extractive paradigm of human practices, unfettered economic growth, and insatiable human desires. A new societal narrative inspired by environmental ethics is based on the recognition of our share in the current, unbalanced situation. It is founded on ethical values of responsibility towards each other and the world, reverence for life, and respect towards other people and the planet (e.g., Schweitzer 1993, Leopold 1994).

The alternative paradigm informed by environmental concerns aims to challenge the status quo and implement a profound change in how we use our limited resources. That means a necessity of a complete makeover of economy, society, and individual behaviours. Such transition is urgently needed in order to move socio-economic systems towards a more sustainable and responsible *modus operandi* (cf. Dereniowska and Matzke 2014). It can be sustainably achieved by shifting emphasis on what matters to us. For example, a new narrative may promote sufficiency over efficiency and expanding our measures of success in welfare and well-being to better include environmental factors. This paradigmatic shift may also involve changing the norms of socio-economic interactions from those of competition and a search for profit towards more cooperation and appreciation of non-monetary values for a sustainable economy and society. Such a change will be more robust if it is based on a redefinition of the human relationship with nature from that of dominion over nature towards stewardship, duly noting our place within nature (not above it).

Issues linked to environmental ethics broaden the scope of a normative reflection in economics and about economics *in society*. For example, this perspective helps to account for intrinsic motivation to care for nature. For many people nature has value on its own, independently of its usefulness for humans (see a study of Butler & Acott 2007 on the social perception of the intrinsic value of nature). Environmental ethics articulates these moral intuitions and promotes environmental values in wider society. It also stimulates some game-changing concerns for public policy. For instance, without sustainable environment there can be no sustainable economy. Preserving the environment means preserving conditions of life for us and for the non-human world. Furthermore, environmental problems are transborder issues, and it is our collective responsibility to address them in a global perspective. Adequate policy solutions will require curbing economic freedom through social justice and environmental regulations. The arising questions about the limits to growth and models for sustainable economies are deeply normative and become unavoidable. To answer them, economists need to team up with environmental and social scientists, and ethicists.

What we chose to value and to preserve ultimately says something about us. Through our practiced values we are co-writing a societal narrative that shapes our society and economy. A stance that is oblivious to values in virtue of ethical neutrality is still a normative choice that says something about us. Environmental ethics can encourage us to take a stand in times of crisis. It can also inform alternative principles of resource allocation and socio-economic security. Since the economics education for the most part is driven by the perspective that separates economic reasoning from moral one, engaging with environmental ethics has potential to open up alternative ways of thinking on contemporary problems.

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