



**Tomáš Sedláček,**

***Economics of Good and Evil: The Quest for Economic  
Meaning from Gilgamesh to Wall Street***

New York: Oxford University Press, 2012, 386 pages

Reviewer: Zeyneb Hafsa Orhan

### **Introduction**

The author of the book in concern is Tomáš Sedláček. Born in 1977 in Prague, Sedláček is rather a young but well-known and talented Czech economist. He got his education from Prague University. One of his main successes is that at the age of twenty-four, he worked as an economic adviser to the former Czech president Václav Havel for two years. Then he became one of the members of the National Economic Council which is an advisory body to the Czech Prime Minister. He worked there also for two years. Currently he is the Chief Macroeconomic Strategist at the Československá *obchodní banka* (CSOB), a well-known commercial bank in Czechia. Additionally, he lectures at Charles University, and also writes as a columnist.

The book written by Sedláček is titled as Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street. The book was firstly published in 2009, and it had its second edition in 2012. The book received the Wald Press

@ Asst. Prof. Dr., Istanbul Sabahattin Zaim University. hafsa.orhan@izu.edu.tr



Award in 2009, and Deutscher Wirtschaftsbuchpreis (Frankfurt Book Fair Award) in 2012. Furthermore it was translated into twenty one languages including Turkish.<sup>1</sup>

The book consists of fourteen chapters starting from The Epic of Gilgamesh, and ends with Masters of Truth. Between these two, there are chapters focusing on the main economic ideas of different time periods following each other (nearly) chronologically. Thus the book can easily be accepted as a book on history of economic thought, though a unique one. In fact Brittan (2011) calls Sedláček's book as "effectively a critical history of western (economic) thought."

## Evaluation and Discussion

The aim and peculiarity of the book is set forth in the very first sentence of the book which reads, "Reality is spun from stories, not from material," a citation from Zdeněk Neubauer, a famous Czech philosopher. The question to be asked here is "Why stories?" Because, argues Sedláček, human beings have always searched for a meaning in this world, and stories have helped them in that regard. One of these stories belongs to economics not in a sense as we understand it today but as something which is (or was) the subject of religion, theology, ethics and philosophy, i.e. a breathing part of human life till the age of modernism. Thus, with direct words of Sedláček, it is literally foolishness to assume that the quest for economics started only after the emergence of modern science. Therefore, the aim of this book is briefly to explain the (true) story of economics which especially takes into account "non-modern" structures of it such as religion and ethics. Since stories are generally constructed upon two sides that are good and evil, this book which attempts to explain the story of economics is also based on good and evil as its title suggests.

One of the main arguments and starting points of Sedláček is that economics is normative, contrary to how it is defined today. Ironically, as he reveals, even to argue that "economics should be a positive science" is itself a normative statement! Therefore, this book is about "metaeconomics" meaning economics beyond modern economics, one which is interwoven with religion, philosophy, history, anthropology, culture and psychology.

As it was mentioned above, the book can be taken as a history of economic thought which elaborates different periods chronologically yet in a different classi-

1 The Turkish translation of the book is titled as *İyi, Kötü & Ekonomi: Gilgamiş'tan Wall Street'e İktisadi Anlam Arayışı*. It was translated by Alpogan Sabri Erdoğan and published in 2017.

fication than the one shared by mainstream economics starting from Greeks, continuing with Smith and then with modern economics. Instead, Sedláček follows a classification which starts by the epic of Gilgamesh in which he assumes we can find the very early reasoning examples concerning economics. He asserts that we can deduce the following from the epic; a specific point of view towards labour, becoming civilized and its negative aspects, the issue of development in general and the problem of happiness in that regard, and the essence of human being –whether it is good or bad. The author seems to have reached an important conclusion regarding the last issue; if human being is accepted bad *per se*, it means that the human being needs a tight control and management over himself/herself such as suggested by Hobbes. In my opinion, the total refusal of private property rests on a similar thinking, that human beings cannot decide and control their property properly.

The period of ancient Greece was preceded by the times of Old Testament (Judaism) and followed by New Testament (Christianity) in the chronological classification of Sedláček. His main focus regarding the period of Old Testament is the character of Judaism turning its face towards this world and its bounties –which sounds more of a secular position. Sedláček also makes an interesting assertion that the story of the Prophet Joseph can be read as the first (known) business cycle in economic history.

Ancient Greece is important since it is the cradle of western philosophy, civilization, and economics. In Ancient Greece, we have two sources for two methodological approaches for today's economics; rationalism coming from Plato and empiricism from Aristo. Yet Sedláček puts a special focus on Ksenophon as the peak of political economics at that time thanks to his subjective value theory and stress upon division of labour –not of course exactly in the same sense in modern economic theory. Furthermore, there is stress upon two extreme groups whose ideas have also had impact on today's economics; epicurean and stoics. Sedláček distinguishes these two groups according to their aims which are symbolized by MaxU (maximization of utility) for the first one and MaxG (maximization of good) for the second one. As it can be understood, the first one is also the one which is followed as the current methodological approach of economics since the birth of utilitarianism. His definition of something called MaxG is a new and important thing.

When it comes to Christianity, it is said to be comprised of Judaism, Greek philosophy and idiosyncratic idea of salvation. Sedláček cheerfully points out that New Testament consists mostly of economic stories, and even some of the main concepts in it refer to economics such as gospel which means gift, or New Testa-

ment itself which means debt/burden<sup>2</sup>. In Christianity, St. Augustinus is mentioned as the continuation of Plato whereas St. T. Aquinas as the continuation of Aristo. By the dominance of the ideas of the second one, comes a more moderate approach towards this world, Sedláček argues.

Based on a citation from Piero Mini who argues that the point of view of economic theory is Cartesian, Sedláček turns his direction to Descartes, the father of Cartesianism. With other aspects of the age of science that are mechanics, mathematics, determinism and rationalism, Cartesianism provides theoretical background for modern economics instead of beliefs and religious teachings including ethical concerns. Even though Sedláček offers a detailed analysis of Descartes, it would be nice to see who was influenced by him afterwards and in what way among economists.

It was mentioned in the previous paragraph that modern science replaced beliefs and religious teachings including ethics. It could be discussed here whether modern economics is totally free from ethics or it has some kind of ethics whose aspects are cut from the religion. Rather, Sedláček prefers to continue with the argument that in economics, the process of what I can call as secularization was helped by the coinage of an important concept called “invisible hand.” On contrary to the general acceptance, Sedláček argues that the coinage of the term does not belong to Adam Smith but Bernard Mandeville (1670-1733). One of the names from whom Mandeville was influenced was aforementioned Descartes. Sedláček turns Mandeville into a target for putting ethics aside thanks to his idea that welfare is indifferent/neutral to ethical behaviour.

When it comes of Adam Smith (1723-1790), the so-called founding father of modern economics, I think Sedláček makes one of the best attempts in revealing and explaining what is seen as “contradiction” by many in Smith’s ideas. The author attributes such a contradiction mainly to two-sided heritage of Smith, meaning the one in *The Theory of Moral Sentiments*, and in *The Wealth of Nations*. As another important revelation, Sedláček constructs a metric on which different ideas are listed from the one closest to utilitarianism without any ethical concerns to the furthest one in that regard. The listing is as follows; Mandeville, mainstream economics, Epicurism, utilitarianism, Judaism, Christianity, Stoicism and Kantianism.

2 It should be noted here that the Arabic word used for religion in general sense and Islam in particular is *din* and one of its meanings is also being debtful to God in ultimate sense.

With the rise of modern economics, interconnected ideas of growth, greed over consumption and debt came into scene, more than ever and in new formats. Of course, the mutual effect of modern economics on the aforementioned ideas can be made evident in more detail however Sedláček's intention and effort of including such subjects as separate chapters in a book which can be seen as a history of economic thought is applaudable. The author also suggests a theoretical solution for all these new aspects of modern economics; "Sabbath (fruitful retreat) economics" instead of ascetics. Sedláček finishes the book by concentrating on the current exaggerated or off-track role of mathematics (and also being analytic) in economics.

All in all, the power of the book of Sedláček comes from his brave attempt of focusing on things which have long been neglected by modern economics such as religion, ethics, and psychology. In doing this, he uses the strength of rhetoric depending on stories/narratives enriched by movie mentionings as well.

Of course, as anything else in this world, the book has some points to be criticized such as repetitions of some subjects between different chapters or lack of detail in some parts of the book. Also, since the book focuses on narratives, it is not strange that the book itself has a narrative depending on the story of the author. Thus, maybe due to "bad" history or "bad" interpretation of the history of his country with Marxism, it can be sensed in the book that the author is very much unhappy about it without saying it loud or in detail. In that sense, it could be interesting to read a narrative-based Marxist criticism from the author; maybe an "anti-Ayn Rand version" of economic narratives. Lastly, by mentioning the critiques of Koehn (2011) who argues that "These are elegant words, but what precisely do they mean for the study and practice of economics today?", we can say that there could actually be more implications for today's economic curriculum and practice.

## **Implications for Islamic Economics**

What is left untouched on purpose in Sedláček's version of the history of economic thought is Islam. I respect his decision of not touching upon something about which he does not have much to say. But that does not change the fact that Islamic economics which is theorized to be depending on Islam's rules and values is taking place more on the agenda of economics today. Thus, the book of Sedláček needs to be supported by inclusion of a chapter in that sense because he himself asks in the book "why would not we swim against the current (main "stream" current) and look at economics from the perspective of theology, sociology and politics?" This is exactly what Islamic economics aims to do with its definition of "looking at

economics from Islam's perspective" (Orman, 2014). In that part I will attempt to fill this gap partially by following the abovementioned steps of Sedláček for Islam and Islamic economics.

What are the first examples regarding economics in Islam? In the Qur'an, the first human beings and Prophet Adam's sons' (Cain and Abel) attempt of showing gratitude to God (Allah) by giving from what they have economically produced (grain from the first son and animals from the second one) may be taken as the very first example. Besides that, there are lots of direct or indirect references to economic reasoning in the Qur'an from different time spans which require separate researches.

One of the narratives about economic reasoning in the Qur'an belongs to the Prophet Joseph as also mentioned by Sedláček. There is even a specific surah with his name in the Qur'an. How would it look like then if one reads the narrative of the Prophet and the so-called business cycle from Islam's perspective? Such a question is asked and tried to be answered by Ahmed, Meera and Collins (2014).

Another important question asked by Sedláček is about the connection between wealth, and being good or bad. That issue is a concern of Khan (2019) who attempts to understand the relationship between ethical behavior, and material well-being and happiness from an Islamic perspective. Though it is a nice attempt, Khan tries to fulfill his aim interestingly from a very positivistic way of thinking.

The issue of prohibition of interest is one of the main pillars of economics in Islam, which also was the case for Judaism and Christianity before. In fact the word interest in Judaism tells an interesting story; *neshék* meaning "the bite of a snake" since interest is assumed to "kill" people slowly but painfully as a snake bite does. In that regard, an interesting reading of interest and money from an Islamic perspective comes from Thomas (2005) who argues that accepting interest on the basis of time value of money is a kind of *shirk* (sin of practising idolatry) since it attributes time a power disconnected from God. Furthermore I can say that today interest is being attempted to be legitimized through Mandeville-type of point of view explained in detail by Sedláček because it is accepted as a "necessary sin."

On the other hand, Smith's famous term "spectator" is a focal point of Reda (2018) whose aim resembles Sedláček's because Reda attempts to make comparative analysis of Islamic economic thought through concepts instead of periods or names. Reda criticizes the term with the following words: "The "impartial spectator," an idea that is central to Smith's moral philosophy, is inherently subjective,

lacking a given ethical framework that can establish moral objectivity or permanency... From an Islamic perspective, the conscience constitutes both a descriptive and normative role, and is therefore more than a mere spectator. It is an internal “witness” or judge that intends to educate rather than appease, and to seek justice rather than praise.” (Reda, *ibid.*)

Sedláček argues in the book that people before science did not worry of lacking evidences thus, they did not feel ashamed of the beliefs of faith and accepted them freely whereas today we hide these beliefs into our (economic) assumptions without proving them. In my opinion that could be the power of Islamic economics, i.e. openly and proudly putting its beliefs into economics. One of the problem solving suggestions of such a point of view towards economics would be being “mediocre” in which sabbath economy mentioned by Sedláček can be a part.

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