Reckoning with Markets: Moral Reflection in Economics

James Halteman
Edd Noell
New York: Oxford University Press (240 pages)

In this new volume targeted to undergraduate students of economics, James Halteman and Edd Noell lament the fact-value distinction found in modern economics. This distinction is usually framed within neoclassical economics by way of the dichotomy between "positive" and "normative" economics. Bade and Parkin's *Essential Foundations of Macroeconomics* (2013), a typical introductory textbook, provides a standard articulation:

> Disagreements that can't be settled by facts are *normative statements*—statements about what *ought to be*. These statements depend on values and cannot be tested.… Economists as social scientists try to steer clear of normative statements.… Disagreements that *can* be settled by facts are *positive statements*—statements about what is.… A positive statement … could be right or wrong, and it can be tested" (13).

Reckoning with Markets provides a brief history of the unhitching of economics from its roots in moral theory and discusses a few heterodox challenges to the neoclassical approach. It concludes by suggesting that a multidisciplinary approach to the modern practice of economics would provide a richer understanding of human choice and action than currently found in the discipline.

According to the introduction, the book began as a project of Professor Halteman's. Professor Noell joined the writing team after providing many insightful comments on Halteman's earlier chapter drafts. In particular, Noell brought especially helpful insights from his knowledge of biblical literature and the medieval period.

The book is organized around a fascinating and immediately engaging rhetorical trick: The entire project is framed as an academic conference attended by all major economic thinkers throughout history. Chapter 1 serves as the opening plenary session of the conference: a session attended by Aristotle, Adam Smith, Karl Marx, John Maynard Keynes, Friedrich Hayek, Milton Friedman, and Amartya Sen—to name but a few. In the plenary, each speaker takes a turn at the microphone and reflects on economics as it relates to moral thought. What makes this chapter especially riveting is that the authors have done the hard work necessary to incorporate direct quotations from each thinker during his turn at the microphone. For instance, the Hayek speeches quote Hayek directly, and the Sen speeches quote Sen. Halteman and Noell also include meticulous references for each quotation. These quotes make the opening plenary especially compelling, and they also keep the authors honest: Halteman and Noell are not merely saying what each figure might have said, but the authors skillfully express each thinker in his own words at every opportunity.

The remaining chapters serve as the breakout sessions at the conference and are organized as follows. Chapter 2 gives a brief history of ancient economic thought including Aristotle, the Stoics, and the Hebraic tradition. The discussion reveals the deep roots of economics in moral theory—whether among sacred or secular thinkers. Especially intriguing is the inclusion of Hesiod—certainly not a household name among most economists. Each chapter concludes with a short vignette about an economist relevant to the chapter's narrative. In this case, the vignette discusses Aristotle and the purpose of life.

Chapter 3 covers the life and work of the Scholastics, where the discussion is organized primarily around Augustine and Aquinas. While the chapter is adequate, I would have much preferred to see it include a serious conversation about the Scholastics of the Salamanca School. For more on the Salamanca Schoolmen, see Alex Chafuen's *Faith and Liberty* (2003).

In chapter 4, the authors grapple with the so-called Adam Smith Problem: Reconciling Smith's moral theory found in his *Theory of Moral Sentiments* with the crucial role of self-interest in his later *Wealth of Nations*. The authors see Smith as conflicted about the source of natural law—admitting an origin of the ordered world while falling short of subscribing to any particular religious tradition.

Chapter 5 describes the ensuing divorce of modern economics from its moral theory tradition. In their eagerness to be taken seriously in their science, economists such as David Ricardo and William Stanley Jevons increasingly focused on economic modeling and empirical analysis. A glaring omission from this chapter is the role played by John Neville Keynes in articulating once and for all the delineation between the positive and normative in economics. Chapter 6 follows by discussing three heterodox voices critical of neoclassical economics—Marx, Hayek, and Veblen—though each from its own perspective.

The authors use the remaining three chapters of the book to argue their main thesis: that the rational-choice model of neoclassical economics is too narrow a view of the human person, and that economics could benefit from incorporating discoveries from related disciplines that also study human choice and action. One sentence from the text captures well their view: "Unless a more holistic approach to economic analysis becomes part of the economist's tool kit, the social and cultural richness that comes from a contextual, historical, and interdisciplinary methodology will continue to be lost and our understanding of how the social order evolves will be lacking" (135). Their alternative—one they call "sociopolitical economy"—would more actively seek to incorporate institutional, cultural, psychological, and religious influences in our understanding of the economic actor.

This book has obvious adoption potential as a text for advanced undergraduate economics students—especially those at Christian colleges and universities—and could serve as a springboard for meaningful discussion. Yet the book is not without its weaknesses. First, given the argument the authors are making, I am surprised that they do not refer to related arguments made by Reformed economists such as John Tiemstra (e.g., *Reforming Economics*, 1990). Second, I am perplexed by the authors' willingness to portray J. M. Keynes as a voice sympathetic to the moral tradition of economic thought. On the contrary, Keynes was willing to manipulate humans into the actions that would steer the economy toward full employment, while neglecting the uniqueness of each of us. For Keynes, employment and income are all that matters. As he put it, "Consumption—to repeat the obvious—is the sole end and object of all economic activity" (*The General Theory*, 1936

[2013], 104). Any complete vision of the human person must come to terms with the simple fact that each of us has unique circumstances, aspirations, gifts and talents, and callings. Keynes appears to be more concerned with keeping people busy rather than seeing them as God's image bearers who are seeking to continue his creative work.

Nevertheless, Halteman and Noell's critique of mainstream economics is an engaging read, and its meticulous documentation makes it a useful roadmap for anyone interested in tracing the moral foundations of economics. This is a book I am sure that many of my colleagues who are teaching at Christian colleges and universities will want to use.

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The Great Persuasion: Reinventing Free Markets since the Depression

Angus Burgin

Cambridge, Massachusetts: Harvard University Press, 2012 (320 pages)

In the wake of the Great Depression, a small band of thinkers from both sides of the Atlantic, including Friedrich Hayek and, eventually, Milton Friedman came together to restore the free market against the apparent success of Keynesianism, fascism, Nazism, communism, and every form of economic planning in between. These men acknowledged that markets do not always produce noble outcomes and that some regulation was needed. They differed on the ability of markets to produce moral outcomes, on their proper role in advocating for markets, and on other important matters. As historian Angus Burgin illustrates, however, they built ties across physical and philosophical differences. They eventually formed the Mont Pelerin Society in 1947 and through their work laid the foundation for the market-based policies of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom.

Burgin's inspiring chronicle of the individuals, ideas, and institutions that rescued and revived the free market between the 1930s and 1980s arrives as defenders of the free market are again on the defensive. This timely book provides historical context to the moral case for markets. The examples of Hayek and his colleagues offer both inspiration that the task is attainable and also caution about the potential to keep friends away or divide allies.

Today's defenders of free markets benefit from what Burgin describes as the "cascading effect that minor institutional influences can have on an intellectual career." There are endowed chairs, institutes, and entire colleges devoted to the project of keeping lit the flame of economic liberty, in addition to state and national think tanks, numerous networks, conferences, and publishing opportunities. If one has a good idea, there are many more opportunities for it to enter the discourse. Of course, one of the best marketers of free markets was Milton Friedman, who took advantage of every forum available and created new ones, such as his *Free to Choose* video series on PBS, along the way.