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The Dismal Science: How Thinking Like an Economist Undermines Community

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The separation of professions," wrote Adam Ferguson, friend to Adam Smith and the father of sociology, in 1767, "seems to promise improvement of skill, and is actually the cause why the productions of every art become more perfect as commerce advances."

Whence Smith's "division of labor", modern economic growth, and all our joy. On the other hand, said Ferguson, and Smith, its "ultimate effects serve in some measure to break the bands of society ... and to withdraw individuals from the common scene of occupation, on which the sentiments of the heart and the mind are most happily employed." Whence the class struggle, anomie and bowling alone.

That's the story Stephen Marglin tells. On the downside, to which he devotes most energy, he explores in open-handed and often graceful prose "what is lost in ... economic development ... when markets become a sphere unto themselves".

What we lose is community. Why? In large part, Marglin says, because economists and calculators have told us that greed is good. In 1630, the Puritan John Winthrop, whom Marglin admires, noted that "every man is born with this principle in him to love and seek himself only". You can see it in your three-year-old grandson. But in the Britain of the late 17th and 18th centuries, the principles of a war of all against all, or at any rate the principles of a three-year-old, came to be seen as the sole springs of action: "from virtue to vice in a century", as Marglin puts it. It's an old story, of a corrupting commerce, and a theory of commerce, that leaves the *polis* undefended and the glory of Europe extinguished forever.

Yet Marglin is a modern economist and calculator, though an unorthodox one, and so he feels bound to mention the upside. He realises that bourgeois life has enriched us all. He realises, as many of his allies on the Left do not, that just now, in 2008, the ability of ordinary people (well, Chinese and Indian people, but there are quite a lot of those) to get the food and housing and education they want is increasing faster than at any time in world history. A few more decades like this and we all, from Mumbai to Manchester, will have gas barbecues and degrees in Eng Lit and life expectancies into the eighties.

But in the already rich countries, Marglin asserts, "we've had enough". When "Christ (or Marx) takes possession of our soul", John Winthrop continued, we will "entertain each other in brotherly affection ... having before our eyes our commission and community in the work".

That's the end of history for the Left, too. Marglin's belief that the history of all hitherto existing societies is the history of class struggle fits uneasily with his criticism of lack of community. When will we cease from strife? Marglin's philosophical criticism of economists is that since Jeremy Bentham (1748-1832) and especially since Paul Samuelson (born in 1915) they have worshipped "algorithmic knowledge" such as the man Max U who populates economics. Strife rules.

But "experiential knowledge", called "tacit knowledge" by Michael Polanyi (one of the writers important to his theme whom even this widely read economist has not read), Marglin argues, bulks more in our lives.

And that's true. It takes a community to raise a child to be more than a three-year-old, and it takes stories and metaphors told in communities to make a social science. One may dispute Marglin's retailing of the Left's economic history, from R. H. Tawney to Robert Allen (and indeed Marglin himself). But one can only applaud Marglin's readable contribution to the undermining of Max U.

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