

## ***BOOK REVIEWS***

### **Economy as a Beating Heart**

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**Julie Nelson, *Economics for Humans*, University of Chicago Press, 2006.**

Julie Nelson is not only well known as an economist, she has been a critical force in developing the discipline of feminist economics. She was a founding member of the International Association for Feminist Economics and is an Associate Editor of the journal, *Feminist Economics*. She is now beginning to draw environmental questions into her always refreshing work. But this is to run ahead.

I get the feeling that Nelson has been wanting to write this book *Economics for Humans* for many years. Her aim is to expose the outmoded metaphors and thinking at the center of much academic debate within the discipline of economics. I should say straight up that I am self-taught in the field, so I was lucky enough to avoid most of the economics that the author complains about. The book is intended primarily for a thoughtful public readership—undergraduate students of economics, graduates embarking on an MBA, or those whose studies did not take them to economics but who for some reason now need an understanding of the field.

The challenge Nelson poses in Chapter 1 is that the explanatory metaphors used in economics are woefully out of date. She points out that the image of the economy as a machine—a giant clockwork—comes from the period of the rise of capitalism and so predates 20<sup>th</sup> century understandings of physics. It has, she argues, served a particular masculinist view of economic activity, encouraging the fiction that perfect calculus equations can be solved, and thereby objective economic solutions found. As she writes in Chapter 3, the

... overly narrow and rigid image of science has become economics' Procrustean bed. Complex human relations didn't fit, so the discipline lopped them off. Relations of care—or of power for that matter—didn't fit, so they went too. "Needs" dropped onto a slag pile. Only thin concepts of self-interest, profit, utility, and maximization stayed. [p. 48.]

Nelson is highly critical of pro-business economists, who use the old metaphors to talk about globalization and corporate greed, as if these were inevitable. But she is equally critical of the economic Left—and indeed, she cites cases in which for-profit companies have acted ethically and government or non-profit organizations have not acted ethically.

She believes in the possibility of a framework for economics that allows for real human engagement in the system. Part of this project is to redefine economics by using different metaphors to describe economic processes. Nelson's concerns include ethics, sustainability, justice, creativity and responsibility, and her ideal economy would join the three pairs: love and money, business and ethics, and body and soul. In a lovely sidestepping and ironic move, Nelson proposes that we ditch the metaphor of the inexorable machine

and replace it with the metaphor of the beating heart. This is not a big step away from the ticking clock, but it is a world away in its implications. It is an organ of circulation, just as economics concerns itself with circulation; it is a vital organ—that is, if the flow of economic essentials such as goods and money cease, then the economy is in danger from heart failure. And the recent global economic meltdown suggests that the recovery from myocardial infarction is going to take some serious time. Most importantly, the heart metaphor brings emotion into economics because the heart is the center of love, of courage, care and respect. She writes: “The image of the economy as a beating heart not only brings together body and soul, but points us toward action regarding the heartaches of poverty, hunger, injustice, empty consumerism, and ecological destruction.” [p. 60.]

In Chapters 4 and 5, Nelson examines conventional approaches to individual motivation and organizational behavior respectively. She draws out examples which show that providing recompense for carers in money does not mean that the individuals will care any less. Nelson is arguing against a particularly virulent patriarchal capitalist system of care which prevails in the U.S. Again, as the system of health provisioning is sharply divided in that country, some of what she argues may not resonate in other parts of the world where welfare has remained relatively resistant to neoliberalism. Nevertheless, Nelson is able to demonstrate to U.S. readers that other approaches are not just ideologically workable but practical in the real world of the 21<sup>st</sup> century.

In terms of organizational behavior, Nelson argues against the belief that systemic forces dictate profit maximization. By her judgement, there are no laws compelling profit. An activity is profitable “if it creates something that is of greater value than the inputs used to make it.” [p. 91.] Using this definition, social, ecological, ethical and artistic value—not monetized value—could, she argues, be counted as profit. This radical idea clarifies the fact that the key point of difference between pro-business and anti-market advocates is not “profit itself, but how you measure value.”

In an economic system run as Nelson would like to see it, profit-mongering—such as we have seen with the sub-prime failures—would not be a part of the system. There would be more attention to social justice in the tradition of Marxist economics, attention to the economics of care as in feminist economics, as well as concern for ecological sustainability. In her view, such a turn is simply a matter of political will.

Nelson claims that really big profits are not created by competitive behavior, but by protecting the company from competitive market pressures. Companies that fall into this category make many discretionary decisions on their way to this outcome. [p. 105.] On the other hand, a corporation could have increased salaries to the lowest paid employees; it could have put in place ecologically sustainable practices; it could have introduced maternity leave or engaged in any other number of socially, ethically, and ecologically responsible behaviors. The decision to maximize profits is one decision among many and not inevitable. The quality of heart, suggests Nelson, is not restricted to non-profit organizations and governmental sectors.

Nelson’s humanism is an antidote to economics-as-usual, but I sometimes wanted more from this book. It is short and concise, and clearly the author’s intention is to offer a friendly introduction to a subject that many students and social activists do not want to

engage with. It is friendly, it is occasionally frustrating and limited, but it opens the way, I hope, to Julie Nelson's next book in which she will expand on her new kind of economics—this time, not just for humans, but for the entire planet.