



FOR THE COMMON GOOD

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Here is a book that challenges the way modern academic economics is done. It argues that, since Adam Smith, economics has become more and more abstract and dissociated from community and the natural world. It particular, through a desire to emulate physics, it has attempted to reduce society, human work, and nature to mathematical models, and these distort or conceal the true working of society and its place in nature.

Daly and Cobb call upon eminent philosophers such as Alfred North Whitehead, Sismondo, Bageshot and others, in support of their analysis, taking from Whitehead "the fallacy of misplaced concreteness" as a critique of economics, where abstractions are applied to the real world as though it were itself an abstract model.

They demonstrate that this conventional approach to economics has three ill effects: it turns nature into an unlimited resource for exclusive human use, it removes ethics from economics, and it obliterates the historical and local ways of life of communities.

In short, it transforms society into an industrial machine aimed solely at satisfying human wants. This tendency is traced back to early economic thinking. For example, Locke firstly conceives of property as liable to 'spoil, rust, rot, and decay... thus setting a natural limit to the accumulation of wealth'. But then he claims that 'with the advent of a money economy, the natural limit disappears because money does not spoil, and wealth can be accumulated in the form of money'. At a stroke 'money' is abstracted into 'wealth', and into a form of wealth that is immune from decay and may be extended infinitely. This step, like similar steps with labour and land, marks a move to commodification and marketization of human society. Land becomes 'capital' and labour, originally understood as the *cause of production*, becomes a 'cost' of production.

Daly and Cobb draw particular attention to the disregard of land in modern economics. They note that in classical economics land, along with labour and capital, was a principle factor of wealth creation. Land means 'nature', the whole earth, the dwelling place of humanity and all other living beings. But gradually it was reduced to a resource for unlimited exploitation, then into property that can be disposed of according to the whim of the owner, then into capital, and finally into abstract 'space'. From the Georgist perspective, as well as from the environmental perspective, this abstraction of land into mere space and final disappearance from modern economics of is profound importance.

How did this gradual abstraction happen? Daly and Cobb propose that it began with the failure to see land as an *active* part of human life. Economists increasingly assumed that land was a passive element and labour an active element. The fact that nature causes the crops to grow and brings into being every other physical thing, including human beings themselves, is passed over. Nature becomes a passive resource that labour shapes into desirable things. This way of thinking has its roots, Daly and Cobb argue, not in economics as such, but in the dualistic philosophy initiated by Descartes. "Descartes divided the world into two metaphysically distinct orders: mind and matter", mind having subjectivity and intelligence, and matter producing mere 'automata'. In this way the human subject has primacy over matter. This then becomes the basis of value theory:

It is evident that this Cartesian worldview has provided the context and assumptional matrix for economic thought. For economic theory, value is to be found solely in the satisfaction of human desires. The subjective theory of value has totally replaced earlier "real" theories of value that took land or labor as the locus of value.

Despite the philosophical demise of the Cartesian worldview, it remains unconsciously pervasive in economic thinking. It sustains the opinion that 'the world' is there to be 'mastered' by human desire. Thus Daly and Cobb assert:

In short, the typical modern dualism reappears in economic theory from Adam Smith to the present. On the one side there are human beings, the satisfaction of whose wants is the single end of economic activity. On the other side there is everything else, all of which comes into consideration only as means to the end of satisfying human wants.

By assuming that only human wants are the concern of economics the real living world is abstracted into an inexhaustible resource for human consumption, abolishing the true relationship between human society and the earth. The abstracted land is neither the dwelling place of any living being nor has any significance in itself.

The end result of this story is that, despite many dissident voices, the discipline of economics has come to treat land as a mixture of space and expendable, or easily substitutable, capital. Both are treated as commodities, that is, as subject to exchange in the marketplace and as having their value determined exclusively in this exchange. Land is no longer a factor of production in any important sense. It is relegated to the level of a "residual" in econometric models that estimate the relative roles of capital and labor in production.

This book is a call to reconsider the theoretical basis of economics and to establish a holistic understanding of the relationship between the good of society and nature. ■