



# DOES ECONOMICS TRUMP ETHICS? DOES IT PAY TO BE GOOD?

Tomas Sedlacek has shaken the study of economics as few ever have. Named one of the 'young guns' and one of the 'five hot minds in economics' by the *Yale Economic Review*, he serves on the National Economic Council in the Czech Republic, where his provocative writing has achieved bestseller status. How has he done it? By arguing a simple, almost heretical proposition: economics is ultimately about good and evil.

Economics is touted as a science, a value-free mathematical inquiry, he argues, but it is actually a cultural phenomenon, a product of our civilization. Its origins as a discipline lie in philosophy, and its concerns should be as much about societies' values as about abstract mathematical modelling.

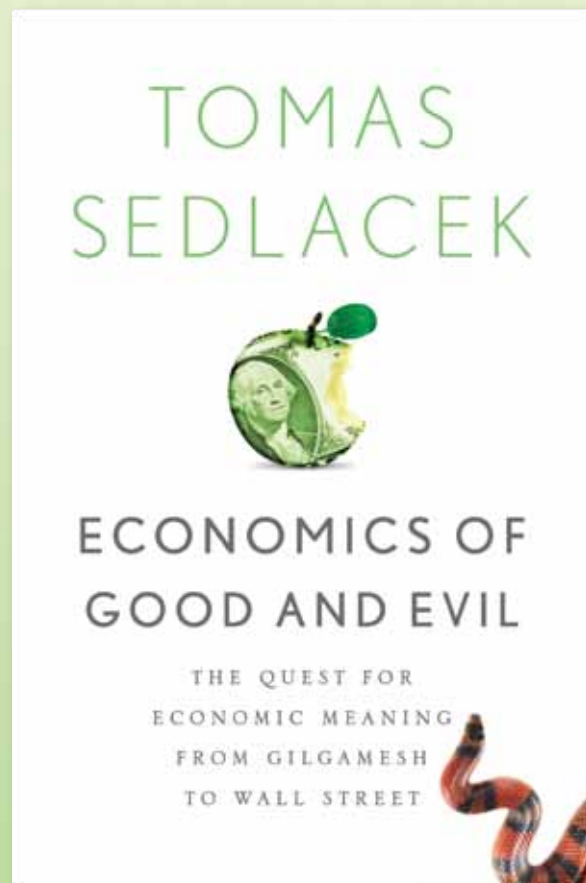
Sedlacek gives a *tour de force* exploration of economic thinking, broadly defined, over the millennia. He mines the resources of myth, religion, anthropology, and the arts, ranging from the epic of Gilgamesh and the Old Testament to the emergence of Christianity, from Descartes and Adam Smith to *Fight Club* and *The Matrix*.

At a time when national and international attention is on the ethics of the market, he blows open our thinking with provocative questions: Is growth the only answer? Are we addicted to desire? Does it pay to be good?



TOMAS SEDLACEK is the lead economist of the Czech Republic's largest bank. The Czech edition of his book sold 50,000 copies, and has been turned into a three-man play which is selling out the Prague National Theatre.

He is speaking at the Royal Society of Arts in London on 16 June, and there are plans to tour the UK with the play.



*'Tomáš Sedláček belongs to the generation who promise a new view on the problems of the contemporary world... Instead of self-confident and self-centred answers, he humbly asks fundamental questions: What is economics? What is its meaning?'*

From the Foreword by **Vaclav Havel**, former President of the Czech Republic

June 2011 | Hardback | 384 pp | 978-0-19-976720-5 | £16.99 |

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UNIVERSITY PRESS

'This book is composed of two parts: the first part looks for the economics in myths, religion, theology, philosophy, and science. The second part looks for the myths, religion, theology, philosophy, and science in economics. We need to go beneath the surface of and discover the ideas that have become the dominant yet unspoken assumptions in our theories.'

'It's not maths or formulas or the computers that determine how economies work, it's basic human instincts. To truly understand how our economies work - and don't work - look to the past, to see how people behave, how they have always run their businesses, farms, and households. Patterns of human behaviour are astonishingly consistent throughout history.'

'Economic questions were with mankind with long before Adam Smith. The issue of good and evil was dominant in classical debates about economics, yet today it is almost heretical to even talk about it.'

'All of economics is, in the end, economics of good and evil. It is the telling of stories by people, about people, and to people. Even the most sophisticated mathematical model is, de facto, a story, a parable, our effort to (rationally) grasp the world around us. Economics – like all science – is more or less sophisticated storytelling for adults. We are people of words, and stories.'

'Money can travel in time – mainly thanks to interest rate. You always borrow from your own future, whether you are a government, a company, or an individual. All thinkers of old warned against the use of interest, but we have made it a cornerstone of capitalist economy. We are riding on a very curious, strong and untamed force – all our sophisticated mathematical models will never master the strength of money-time travel, we will never be able to anticipate future. No wonder this force kicks around and creates havoc from time to time.'

'Today we are intoxicated by the idea of progress, but in the very beginning, the idea of progress was non-existent. Time was cyclical, and humanity was expected to make no historical motion. How did we come to today's progression of progress, and growth for growth's sake?'

'Economics as a science is a clear follower of the hedonistic approach equating goodness with utility. But the hedonist program—maximize your supply of goods until it reaches your demand for good-- has not been fulfilled, although we have tried very hard for many generations.'

'The only thing we don't have enough of - in your generation and civilization - is scarcity. Scarcity (the very subject of official definition of economics) is in scarce supply. We should rethink our focus of economics: it no longer should be a science of scarcity but a study of abundance - and how to survive it.'

'We thought that consumption leads to saturation of our needs. But the opposite has proved to be true: the more we have, the more we want. Every need satisfied want begets a new one and leaves us wanting. For consumption is like a drug.'

'Perhaps our era will go down in history as the Debt Age. In recent decades, our debt has risen not out of shortage, but of surplus, excessiveness. Our society is not suffering from famine, but it must solve another problem—how to host a meal for someone who is full?'

'The paradox is that we must — often artificially — create shortage. Only in shortage is there adventure, and therefore entertainment and meaning of life as well.'

'The key message is this: We should change the way we drive from MaxSpeed to MinDebt, and slow down to Economy drive.'

