

# From economics to human-omics

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The first rule of economics states: you do not talk about ethics. We have been trained to not only ignore but even be cynical about the whole question of public good. To quote St. Paul in the Epistle to the Romans, Ch. 8: "I want to do good, but I end up doing evil." Economists are taught to rely on the mysterious workings of the invisible hand of the market. This invisible hand represents exactly the opposite: an individual wants to do evil, but it turns out to be for the public good. This in turn completely fills the vacuum of any ethics. There is an automatism, called the invisible hand of the market, which turns vice into public benefits. In retrospect, it is really true that economics, or banking in this case, is value-free?

Economics tries to pretend that it is. It means to be absolutely beyond good and evil, to quote Nietzsche. It pretends to be scientific and positivistic, while it appears to have nothing to do with opinions or any value statements. I claim exactly the opposite is true: today economics is full of values determining what is and isn't important in life. It tells people what they should strive for in their lives, emphasizing that profit is a huge value; efficiency is a huge value; value freeness is a huge value. This is a perfect trick: it appears that economics act as an arbiter of values, but in fact it's really economics that tells you what the value of milk vis-à-vis the value of Coke is. Eventually, the market becomes a deity and we rely on it.

## Predicting the future

The core idea of banking is the idea of an interest rate. Our belief that we can calculate it, the *modus vivendi* of economics, poses the first problem. All economic models, starting with the model of the well-known *homo oeconomicus*, are special-purpose vehicles for one thing only, and that is calculation.

Until 150 years ago, the interest rate was predominantly an ethical issue. This is a fine case study of how economists reduce a subject, rid it of all ethical content and present it as a technical discipline. However, several literary examples stress that the interest rate is always an ethical issue: from Aristotles, the Holy Quran, the Bible, to the Hammurabi Codes from Babylonia and even Shakespeare's "The Merchant of Venice". All texts have one interpretation in common: they warn us not to use interest rates — especially not against our brothers.

Do we understand the interest rate? Of course not. If we knew how to calculate proper interest rates, then Greece's bankruptcy would be business as usual. Because banks have been lending money to sovereigns for hundreds of years to hundreds of different states. The attractor over interest rate is the probability of bankruptcy. Not only can we not establish it, we can't really insure ourselves against it, either.

So interest rates work very well when the sun is shining — unless something happens. Interest rates are an anti-proxy against bankruptcy. When you're lending out money, you have one crucial question in mind: what's the probability that this person will return it to me? Since there's no way for us to properly calculate that, there are terrible buffer zones and we have to be terribly fussy. Interest rates serve as a proxy for trust. To a close friend, someone you trust, you will give a very low or zero interest rate. To a stranger, who you don't trust, the tendency will be to give high interest rates. Trust is fuzzy; interest rates are exact. Exactness in this case is not helpful in any way.

We have to be aware that we are dealing with a very powerful energy, which we cannot master. In the 21st century, we cannot calculate proper interest rates. We'll never be able to do so. Why? Because the future is uncertain. We can't predict it, not even with the best of mathematics.

For 2,000 years, top theologians have been debating whether God knows the future, whether or not it is technically or philosophically or in any other way possible that this being knows the future? Yet, there's still no answer. But economists pretend they do know it.

The fact is, we cannot see into the future, and even if we could, we cannot see past the decision that we can't understand. Sociologists don't believe in human freedom so much, they believe in social structures. Psychologists don't believe in human freedom, but rather in archetypes. But economists believe that human beings are indeed free. But then again, we don't allow it in our models, because we live under the dictate of mathematics of rationality and utility calculus.

## Values in economics

In our lives, there are many values. Some values have a price, and there is nothing wrong with that. A pen has a value for me, and it can have a price. I can sell it, I can buy it — this is a value, it has a price. Then there are other values in our lives that do not have a number. Every now and then I'm asked to describe what the inflation rate is going to be. Every time



I answer: "I don't know. Nobody knows and whoever claims that he knows, is lying." Then I'm asked about next year's gross domestic product. And my answer is: "I don't know." Financial analysts will always give you exactly the same answer: "Well, I don't know. Don't be silly, I don't have a crystal ball, but 3.2." The result of economics or any mathematical calculation of value should always be considered at a little bit of a distance.

Is there something wrong with banking? Yes. As with everything that's human. We have a tendency to fetishise economics. There is nothing wrong with economics as long as we don't believe it too much; as long as we don't believe our models too much. The very problem with economics was that we were too exact. If we would have been a little more fuzzy and a little less certain, it would have worked quite well.

## Economics and myths

Is there anything wrong with economics? No, but we must understand that it's not the deity that we have been trying to turn it into. It is not an omnipresent, omniscient market that always knows better than everybody else, including the actors themselves. We must understand that there is no such thing as the unorchestrated orchestrator, which is yet another name for the invisible hand of the market. You mustn't orchestrate it — it will orchestrate you. Markets are — quoting Nietzsche — human, so human. Markets are not godlike, they are not omnipotent, they won't lead us out of all trouble that exists on the face of the earth. That's why we need to defetishise them, and we need to get rid of this religion called economics.

We should not look on economics as a neutral body in the way that physics is, but we should look at it as a religion. It tells people what to do, what to value, how to think,

that you should be rational, that you shouldn't be emotional — that's a huge normative or value statement. But it is not value-free in any meaning of the word. It tells you, for example, that egoism is good. This is the famous saying: greed is good. But this is, of course, a little bit overdone, but we all get the point, we all get the irony. This is the new religion. This is the new ethics. Try to maximise the utility. This is the basic point of economics for an individual, as well as for the company: try to max your utility, which is a value statement.

So this is how we economists believe our own myths. Sallustius, who was a pre-Socratic philosopher, said a wonderful thing: myth is something that never happened, but it's happening always. *Homo oeconomicus* is a fine example of a myth like that. Have you ever met *homo oeconomicus*? No. But then again, everybody is one. Even if you are a mad person, you're a *homo oeconomicus*. It never happens, but it's happening always.

You can't fight a myth with facts. In other words, everybody pretty much knows that we can't predict the future. Predicting our weather requires one of the most difficult mathematics. You need the most advanced computers to compute the wrong weather predictions. During the Second World War, the fighters needed weather forecasts in order to know where to fight and how to fight. There was a unit who was responsible for forecasting the weather, and the generals continuously asked them: So, what's the weather going to be like tomorrow? And they answered: Well, we can't tell, we don't know, it's complicated. You have to give me something. But it's unreliable. Well, I know that it's unreliable, but I still want it. And this is how we treat economics. We really still believe that we can roughly predict the future.

We all should try to work in the system. That's why I don't really believe in individual effort but rather in a systemic effort. I don't think it's a Messiah that we need — I think a system is required that actually makes incentives in a way that it is rational for you to act well. Whereas the system the way it's defined today, it works against this. It is very often irrational. As I understand it that's why the GABV strives to make a difference. That's a lot of your effort. That's why you're going up against the stream.

Changing the banking sector, yes, it can be done. But it's impossible without the GABV. You cannot have banking without values. How would you lend to anybody? The question is what values those are. You cannot not believe in anything, you even have to believe in atheism. You have to believe a scientist or somebody else. We don't understand gravity or quantum. But we believe in them. So you can't exit the value system; but you can influence it or it will influence you. —