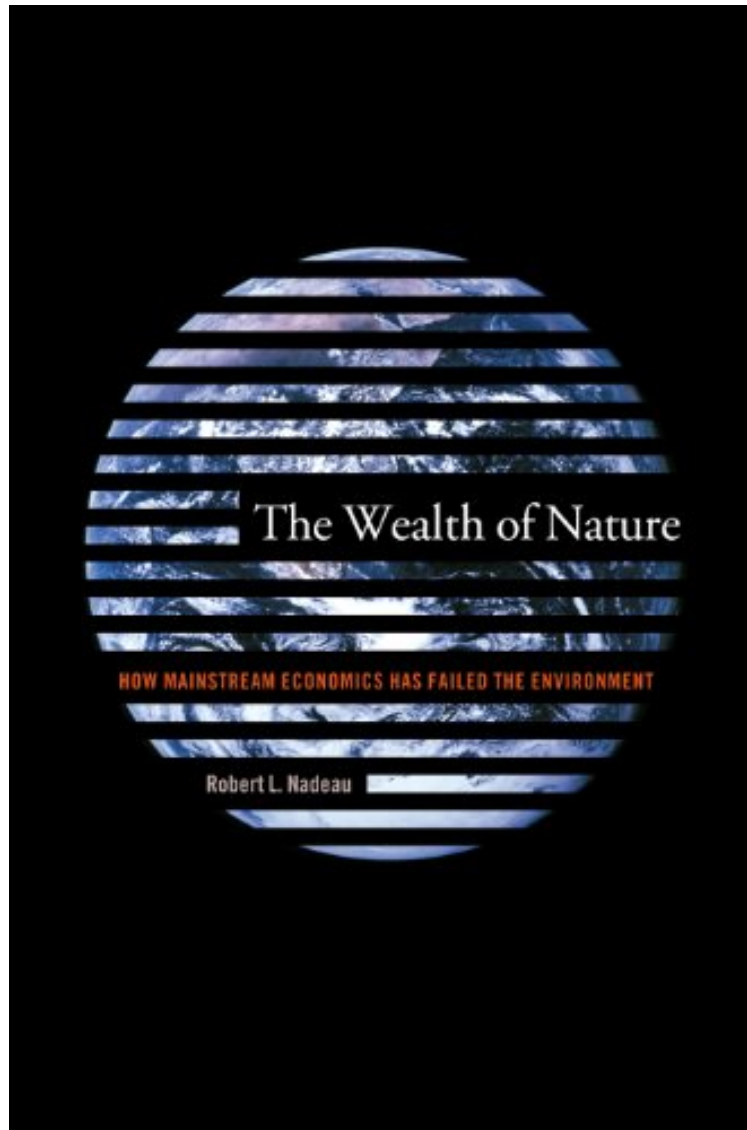


[E-BOOK] The Wealth of Nature: How Mainstream Economics Has Failed the Environment

The Wealth of Nature: How Mainstream Economics Has Failed the Environment

Robert L. Nadeau

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Robert L. Nadeau : The Wealth of Nature: How Mainstream Economics Has Failed the Environment before purchasing it in order to gage whether or not it would be worth my time, and all praised The Wealth of Nature: How Mainstream Economics Has Failed the Environment:

0 of 0 people found the following review helpful. the book is built on a very bad premise to begin withBy Scott S. BaumannFor starters I freely acknowledge that I did read this book in its entirety and I further admit that I probably never will. As one of the other reviews state, the book is built on a very bad premise to begin with. The author

essentially tries to say that economic theory is wrong because it is failing the environment. However, nobody ever said economics was going to save the environment. In fact, economics has nothing to do with protecting the environment. The argument in this book is akin to saying the theories of geometry are wrong because they don't tell me how to love my cat.

4 of 6 people found the following review helpful. Wrong about Adam Smith; Right about neoclassical economics
By Michael Emmett Brady
The author creates a huge problem for himself in his book due to his bizarre interpretation of Smith, based on Smith's one line use of the term "the Invisible Hand" (Smith, *The Wealth of Nations*, 1776, p.423, Modern Library (Cannon) edition with the forward by Max Lerner) in his *The Wealth of Nations* (WN). I can find no support in WN for the author's claim that Smith purportedly argued that there were natural laws of economics that worked in a clock like, pendulum fashion supporting a policy of laissez faire, "free market", libertarian capitalism. In fact, just the opposite is the case. The author is correct about the approach of neoclassical economics. He is correct that they attempted to base economics on a false analogy involving utility and energy. Utility was to economics what energy was to physics. One could then just reinterpret the calculus based mathematical physics analysis prevalent in the physics of the 1860's to found a mathematical science of economics. The author believes that it was Jevons, Menger, Edgeworth, Pareto, and Walras who were responsible for the creation of the "modern" economics approach based on utility maximization. He comes to this conclusion based on an assessment of the work of Philip Mirowski. Mirowski is only partially correct. The real founder of modern economics was not Menger, Pareto, Walras, etc., but Jeremy Bentham. Keynes knew only too well how powerful Bentham's viewpoint was. That viewpoint was that all men were capable of calculating the odds (accurately estimating the probabilities and risks) and maximizing their utility (pleasure) while minimizing their disutility. Bentham's followers were James Mill, David Ricardo, J B Say and Nassau Senior. It is in the guise of Subjective Expected Utility (SEU) Theory, which is just Bentham's 1789 work dressed up in mathematical garb, that neoclassical economics finds its most advanced expression. In summary, it was Bentham, not Smith, who was the last of the virtue ethicists, who is the real founder of neoclassical economics. Bentham, not Menger, Walras, Edgeworth, Pareto, etc., founded the concept of maximizing your utility (Pleasure). Menger, etc., just dressed up Bentham in a more difficult language of "mathematical physics". The author needs to revise this book.

6 of 10 people found the following review helpful. Interesting exposition on the central themes in economics
By A Customer
Nadeau's thesis is that much of the mathematical basis of economics is essentially fallacious, or rather that its association with 19th century physics is a weak point, not only because the variables in the equations were arbitrarily related to the physics of the era, but also because 19th century physics is of course no longer accepted as the way the universe really is, having been replaced with relativity and quantum mechanics. He also shows that Adam Smith's original ideas were subjective in that he fitted his "the universe is a piece of clockwork machinery" ideas into a theory that had no necessary connection with reality. I found this all really interesting. The result is that we have no particular reason to accept what economists routinely tell us about the planet and "how the world works". Their model may work when they pick the parameters to be measured, but when we have other parameters it fails. The environment is a case in point. Nadeau says that is not surprising that neoclassical economics is not a lot of use in "saving our environment". He suggests some ways that people can attempt to get a more meaningful way of accounting for the environment, but this part is necessarily less interesting in some ways than the earlier critique, if only because the author does not have "the answer". But then who does? Anyone interested in the environment and economics can read this book with profit. It is not a technical read, it is definitely for an interested layperson, and it does have something solid to say and something that, I for one, did not know before reading it.

Virtually all large-scale damage to the global environment is caused by economic activities, and the vast majority of economic planners in both business and government coordinate these activities on the basis of guidelines and prescriptions from neoclassical economic theory. In this hard-hitting book, Robert Nadeau demonstrates that the claim that neoclassical economics is a science comparable to the physical sciences is totally bogus and that our failure to recognize and deal with this fact constitutes the greatest single barrier to the timely resolution of the crisis in the global environment. Neoclassical economic theory is premised on the belief that the "invisible hand"—Adam Smith's metaphor for forces associated with the operation of the "natural laws of economics"—regulates the workings of market economies. Nadeau reveals that Smith's understanding of these laws was predicated on assumptions from eighteenth-century metaphysics and that the creators of neoclassical economics incorporated this view of the "lawful" mechanisms of free-market systems into a mathematical formalism borrowed wholesale from mid-nineteenth-century physics. The strategy used by these economists, all of whom had been trained as engineers, was as simple as it was absurd—they substituted economic variables for the physical variables in the equations of this physics. Strangely enough, this claim was widely accepted and the fact that neoclassical economics originated in a bastardization of mid-nineteenth-century physics was soon forgotten. Nadeau makes a convincing case that the myth that neoclassical economic theory is a science has blinded us to the fact that there is absolutely no basis in this theory for accounting for the environmental impacts of economic activities or for positing viable economic solutions to environmental problems. The unfortunate result is that the manner in which we are now coordinating global economic activities is a program for

ecological disaster, and we may soon arrive at the point where massive changes in the global environment will threaten the lives of billions of people. To avoid this prospect, Nadeau argues that we must develop and implement an environmentally responsible economic theory and describes how this can be accomplished.

From Publishers Weekly Although economics may still be described colloquially as the "dismal science," Nadeau (*S/He Brain: Science, Sexual Politics, and the Myths of Feminism*) argues that the propounders of classical and neoclassical economic theory, from Adam Smith in the 18th century to the present, have been mistaken in asserting that economics is a science. Through careful textual analysis, the author explains how economists, using outmoded metaphysical assumptions originally propounded by Smith in *The Wealth of Nations*, deceived themselves into believing that there are natural laws of economics. Furthermore, these misjudgments were compounded in the 19th century by the use of now discredited mathematical formulas, in which economic forces were perceived by economists in the same way physicists perceived principles of physics. The title of this book is an ironic play on the title of Smith's seminal explanation of capitalism. Unfortunately, the author contends, the continuing formalistic misapprehensions of economists spell possible global environmental catastrophes. These dislocations will result from outdated economic theories that do not take into account the physical realities of the world. The writer proposes a reordering of economic studies that will include an awareness of the vital interplay between ecology, natural resources, trade and population. This well-annotated, scholarly treatment of a dense subject is written in a lively style and will appeal largely to serious students of economics, history, ecology and philosophy. Copyright 2003 Reed Business Information, Inc. Of inputs, outputs, and invisible hands: a prolegomenon to a future economics that takes environmental costs fully into account... there's a new accountant in town, and he's counting megawatts and felled forests. (Kirkus s) This well-annotated, scholarly treatment of a dense subject is written in a lively style. (Publisher's Weekly) *The Wealth of Nature* makes a convincing case that there is no logic in assuming that neoclassical economics can account for the environmental impacts of economic activities or indeed find economic solutions to environmental problems... The book has already been acclaimed as 'an important book on a critical issue' that will help readers to understand the weakness of much of the argument that surrounds conventional economic thinking. (J. N. R. Jeffers *International Journal of Sustainable Development*) A valuable and very timely book, one that should be read by anyone interested in economics and ecology in our rapidly changing global economy. (Dale Towell *Science Books Films*)...effective introductions to vitally important topics notoriously difficult to do justice to... (Zoe Young *Times Literary Supplement (Economics)*) The connections he makes between economics and the natural sciences are as fascinating as they are inspired. His ideas are unique, packed with substance, and bundled together with persuasive arguments. (Todd Wellnitz *Ecology*) This author is to be applauded for...initiating what should be a new conciliatory dialogue on economics and the environment (Christopher P. Dunn *Quarterly of Biology*) About the Author Robert Nadeau is an interdisciplinary scholar and an historian of science and is currently a professor at George Mason University. His books include *The Non-Local Universe: The New Physics and Matters of the Mind*; *The Conscious Universe: Parts and Wholes in Physical Reality*; and *S/He Brain: Science, Sexual Politics, and the Myths of Feminism*. He lives in Fairfax, VA.