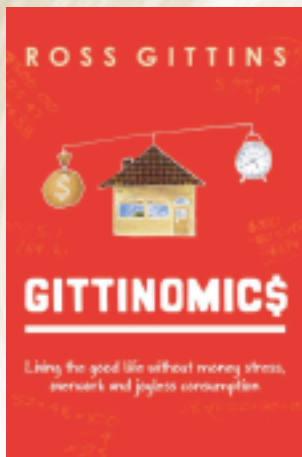




GITTINOMICS

REVIEWED BY ROBERTA KWAN



Gittinomics

Ross Gittins
2007, Sydney: Allen & Unwin

It's somewhat ironic that my first contribution to *Case* is to review a book about a subject I've consciously avoided for most of my life—economics. However, one of the few economics writers whose work I have found interesting is Ross Gittins who, in the past 30-plus years, has written countless articles for the *Sydney Morning Herald* and *The Age*. My interest in Gittins' work is probably due to the fact that, as he says in the introduction to *Gittinomics*, he's seen his role as an economics commentator change from convincing his readers of the merits of economic rationalism to providing his readers with a critique of economics.

Thankfully, in *Gittinomics*, Gittins continues this role of critiquing and, in so doing, leads dubious readers like me fairly painlessly and very helpfully through a range of macro and micro economic concepts. Gittins' thesis is that economics is "the study of mankind in the ordinary business of life" (p1), and so understanding the economy will help ordinary people going about our daily lives to maximize our utility. In economic terms, utility is satisfaction. Maximum utility comes from understanding and controlling our

lives so that we are doing those things that most satisfy. As the cover of the book states, Gittins wants to help us live "... the good life, without money stress, overwork and joyless overconsumption".

Gittins seeks to do this by moving beyond economic rationalist explanations (or what he sometimes refers to as conventional economics) concerning the ordinary business of our lives in the personal (for example, housework, children etc.) and public (taxes, health care etc.) realms. It seems that one of his main aims in the book is to highlight the inadequacy of these explanations, which, according to Gittins, stem from the sidetracking of economics from the goal of helping people maximize their utility to "helping societies maximize their production and consumption of goods and services" (p10). For example, Gittins challenges the idea of countering the effects of the decreases in the percentage of the population participating in the labour force (due to the ageing population) by quickening the growth of

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GDP through micro-economic reform and growing the productivity of labour. This, he says, is "the commercial message from the economic rationalists" (p164). In contrast, Gittins asks why it isn't possible to increase taxes, especially when these extra taxes will go towards services such as public health care.

Gittins asserts that there is a need to look to the relatively new discipline of "behavioural economics". "Where conventional economics confidently assumes us to be 'rational' in our decisions—to be always acting with clear-headed

self-interest—behavioural economists know our decision-making to be often far from rational. Conventional economics is notorious for its poor record in predicting human behaviour ..." (p6) So, for example, in a conventional economics model, work is considered to be a "disutility", whereas behavioural economics tells us that work does contribute to our utility because through work we gain self-identity, friendships and purpose and values in our lives. "So work turns out to be both a means to an end (as the economists assume) and an end in itself (as the economists don't assume)." (p31)

There are two key assumptions in this book that are, I believe, worth thinking through from a Christian perspective. The first is Gittins' view that materialism, indeed, "heightened materialism" (p14) as he puts it, is characterising and driving our society. He explains that this heightened materialism is prominent within officialdom—politicians giving priority to economic growth and the policy advice of economists—and has

been absorbed by most individuals—we have become "hooked on consumption" (p188). Across many of the topics covered in the book, Gittins turns to materialism to at least partially explain why things are the way they are. For example, the rationalising of higher education so that its purpose is growing labour productivity has contributed to university courses concentrating on more "vocational" subjects and students focusing on the monetary benefits of their studies rather than on the benefits of learning per se.

Gittins says that our addiction to consumption is a result of at least three attitudes: we have extraordinarily high expectations when it comes to the quality of our lives (for example, believing that we can't afford what we "need" because our needs are never-ending); we are driven by a concern to seek status (and so we buy "positional goods" (p11) in order to show our superiority over others); and we have swallowed the "false promise of materialism" ("that the next dollar we spend will be the one that finally makes us happy"). (p191)

Much of what Gittins writes about materialism and our human natures that cling to it reflect the words of the Bible. The teacher in Ecclesiastes knew about the motivation of seeking status. He termed it envy: "And I saw that all labour and all achievement spring from man's envy of his neighbour."¹ Jesus made it clear that being hooked on consumption is contrary to the life of a disciple who shouldn't worry about food and clothes (the things the "pagans" run after) but should seek first God's kingdom and his

for status, or do I view him with love? Am I prepared to step off what psychologists term the "hedonic treadmill" (knowing that materially I already have much more than food and clothes) and practice thankfulness to God and contentment in all circumstances³?

The spotlight Gittins shines upon our heightened materialism also helps us understand our 21st century psyche. I found Gittins' analysis of our saving very illuminating. In 1975 Australian households saved 16 per cent of our after-tax income. We now "save" minus 3 per cent. Gittins suggests that the widespread availability of credit means we no longer need to save for what we want. As a result we no longer need to practice delayed gratification or, in economic terms, "deferred consumption" (p.92). I wonder if the loss of the practice of delayed gratification in spending is easily absorbed into our attitude to the spiritual blessings from God that won't be fully realised until he takes us to heaven. It is easy to lose sight of the glories of

money Gittins gives what he calls "research-based answers" (p239) to tell us what will increase our happiness. Accordingly, non-materialistic values, good friends and family, acting compassionately, doing the things we enjoy, retraining the way our minds think about the world, acting happy, exercising, getting adequate sleep and taking care of the soul all contribute to our happiness.

Our return to the topic of happiness leads us to Gittins' second key assumption: that utility or happiness is the goal of our lives. And it's at this point that the Bible parts company with Gittins. Christians can generally agree that engaging with the list in the previous paragraph will benefit a person's happiness—our satisfaction with life. And many of these good things have been given to us by God.⁴ The issue isn't so much with Gittins' means to happiness but that happiness itself is the goal. The Bible tells us that the goal of life is not to maximise our satisfaction and happiness, in the way Gittins conceives of these things. Rather, as the apostle Paul says, the surpassing greatness in all of life is knowing Christ⁵ and the goal of life is to glorify God⁶. This is in a different realm to the good life into which Gittins offers to guide us.

Aside from a sometimes patronising tone and some sweeping generalisations, I found this book helpful in that it increased my understanding of the impact of economics upon the way I live my ordinary life, caused me to evaluate my values in light of its exposé of materialism and gave me some helpful insights into what drives our society. But in the end it replaced one agenda—economic rationalism and heightened materialism—with another—the "good life" and happiness—all of which fall far short of God's perfect agenda for our lives. ©

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righteousness, trusting in God to provide.²

This must be one of the hardest commands in the Bible for Western Christians, including myself, to seriously obey. Indeed, in an undisguised gibe at the church, Gittins suggests that materialism is so insidious that "... even many of our clerics have failed to detect its rising influence. Or maybe they're not game to challenge it for fear of offending too many parishioners. Either way, they don't inveigh against greed and envy, but stick to fighting less controversial evils such as homosexuality and women priests." (pp234-235)

Before Christians begin to inveigh against greed and envy we need to reconsider our attitudes and behaviours: do I view my neighbour with envy, as someone with whom I am competing

eternity because we aren't particularly good at waiting. This also presents a challenge as we seek to share the good news of Jesus (which says that eternal life after death is the greatest blessing of submitting to and trusting in Christ), in a society that is no longer used to delayed gratification and is bedazzled by the false promise of materialism.

So, materialistic values are shaping our society and the individuals within it. But do they make us happy? Do they maximize utility? This is the subject upon which Gittins focuses in the final chapters of his book. And to simplify his answer—not really. Gittins cites various research findings from across the western world to show that increasing one's intake of money is quite inefficient at increasing one's happiness. In place of

ENDNOTES

- 1 Ecclesiastes 4:4.
- 2 Matthew 6:24-34.
- 3 1 Thessalonians 5:18 and 1 Timothy 6:8.
- 4 1 Timothy 4:5 and James 1:17.
- 5 Philippians 3:8
- 6 1 Corinthians 10:31.