

We are where we are....

“Our economy must grow to support a money system that requires growth, but is challenged by an energy system that can't grow, and both of these are linked to a natural world that is rapidly being depleted.”

Chris Martenson, Crash Course



Challenges

The Context: the 'triple crunch' and opportunity to rethink 'economics'

Economic/financial crisis, climate change and energy insecurity,

Opportunity to rethink both the dominance of one way of thinking about the economy – namely neo-classical economics – and the pressing need for alternative perspectives on what we mean by economics .

In particular we need to end the fiction that economics is a 'value free zone' and return to conceptualising our public discourse about the economy in terms of political economy .

The Emperor has no clothes?

"Those of us who have looked to the self-interest of lending institutions to protect shareholder's equity -- myself especially -- are in a state of shocked disbelief... The whole intellectual edifice, however, collapsed in the summer of last year"

Former Federal Reserve Chairman Alan Greenspan, 2009

"Its only when the tide goes out do we know who's naked"

The Emperor still has no clothes...but has some fancy equations instead

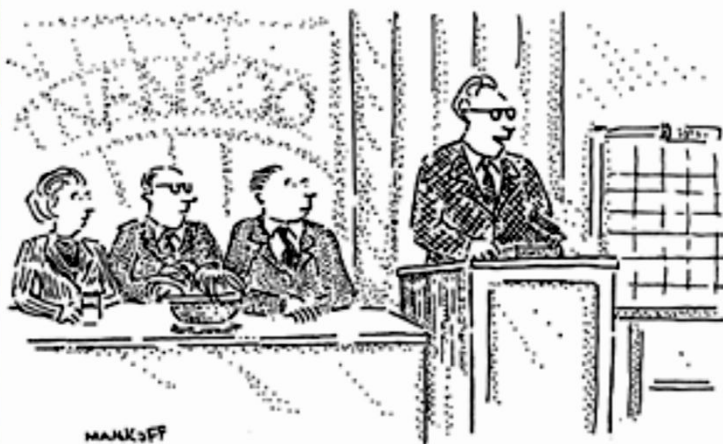
The increasing statistical and mathematical specialisation of orthodox economics does not hide its underlying ideological and ethical value basis.

It is as political as any other theory of how the economy should be organised and what the role of the state and civil society should be.

Now more than ever in our public discourse we need an honest debate about our economic future which includes those underlying value and political perspectives.

Debates about the economy are far too important to be left to self-declared 'economic experts'

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"And so, while the end-of-the-world scenario will be rife with unimaginable horrors, we believe that the pre-end period will be filled with unprecedented opportunities for profit."

Ideas and power

Orthodox economics does not describe how the world is but prescribes how it ought to be

The dominant economic thinking we see and hear in the media is limited, limiting and only ONE WAY of viewing and organising the economy

It is not a 'value-free', objective, neutral form of knowledge perspective...there is no value-free economics...

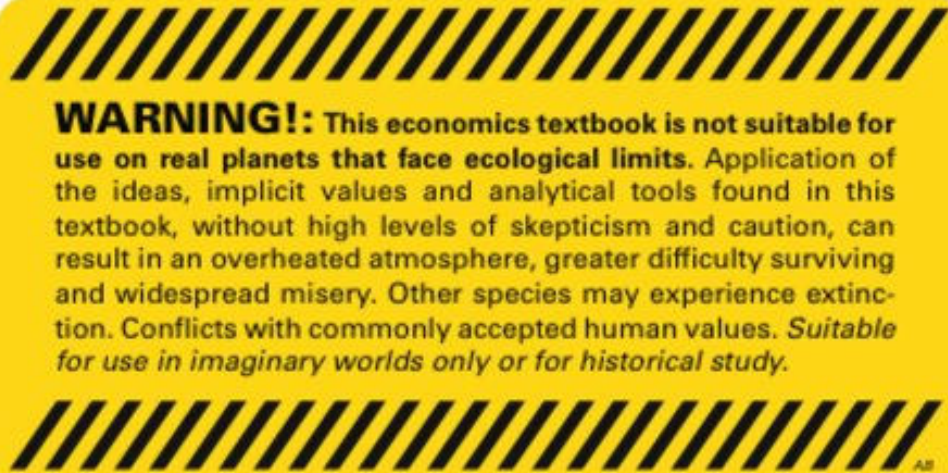
But the reality is this dominant form of economic thinking ('neoclassical economics, neoliberal economics') is powerful and shapes how government, the media and ordinary people view the economy and what 'economics' is...

'Nuff said....

"Economics is an overall, absolute essential. The laws of supply and demand come pretty close to absolute truth – or to absolute reality – as you do in this world. If that's what you mean by totalitarianism, then I plead guilty."

**Sir Mark Moody Stuart,
former Director of Shell**

'Toxic Textbooks' campaign



A return to political economy

This economic and ecological crisis should be used to dethrone the orthodox economic view – which failed by its own logic to predict the crisis

And question any strategy for recovery based on some short term pain (austerity) to enable us to return to the 'good times' of pre 2008 crash

Which fundamentally misunderstands that a route back to 'business as usual' is impossible (at the same time as being undesirable).

A plea for economic pluralism

It is worth remembering that (orthodox) economists are asked to answer questions, not because what they say is 'true' but simply because they are asked.

We need to have a variety of ways of thinking about the economy and see what answers they provide as part of a discussion about different forms of political economy.

We don't accept one way for the organisation of the polity so why should it be any different with the economy?

Towards a Green, Sustainable Economy

Green Political Economy - One such explicitly political and normative approach to the economy which does question this 'business as usual' approach

Oh....and also backed by peer reviewed science.

If the transition to a low-carbon energy economy is necessary what are the desirable features of such a transition?

Here Green Political Economy can lead the way in asking basic questions which this current situation requires -

What's the economy for?

What are markets for?

What does or should a market based/organised economy deliver?

Focus on the structural imperative for 'economic growth'

Questioning the cosy consensus around orthodox economic growth

Normative implications and assumptions –

Economic growth as a substitute for greater socio-economic equality

So long as the pie is growing it doesn't matter about your relative share

So if you want a less unequal society or world, orthodox economic growth is NOT the way to go about achieving it

Growth is needed in other parts of the world

Growth and Inequality

“growth becomes a vital issue because of the lack of an adequate (or indeed any) distributional theory within mainstream economics...In practice economic growth has acted to deflect questions of redistribution”.

(Jon Mulberg, 1992)

If the U.S.A. is living a five planet lifestyles...someone somewhere else is not getting their 'fair share'



Sustainability

Towards 'one planet living'

Biophysical limits: The Real 'Fundamentals'

In a climate changed, carbon constrained world how can a sub-system (the human economy) exponentially grow within the fixed parameters of the larger ecological system?

- Given the economy's complete dependence upon nature we need to change our economic model.
- We must stop treating the planet as though it's a business in liquidation.
- **Mother nature does not do bailouts!**

Why should it take an economic recession to reduce ecological damage?



Mainstream economists vs Mother Earth

What would an economy look like that recognised biophysical reality?

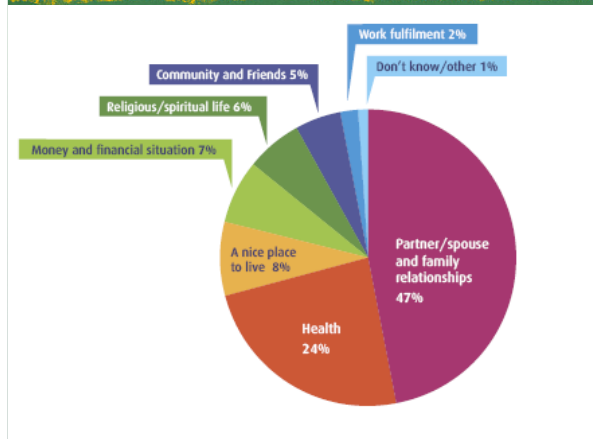
“Contrary to the implications of comparative advantage, more than half of all international trade involves the simultaneous import and export of essentially the same goods. For example, American import Danish sugar cookies, and Danes import American sugar cookies.

Exchanging recipes would surely be more efficient.”

Herman Daly (1993) ‘The Perils of Free Trade’, *Scientific American*, 50-57, (former chief economist, World Bank)

What would an economy look like designed by a scientist and cognisant of laws of nature and not by an orthodox economist?

Contemporary Green economics: high levels of human flourishing while minimising energy and resource use



Increase the efficiency of the economy to increase human flourishing, not the efficiency of production

Beyond the obsession with 'productivity'

What does state policy look like if its orientated towards increasing human flourishing, not orthodox economic growth?



The real reality of the situation?

“The main factors associated with wellbeing include relationships with friends and family, good health and community. When asked what they value most, people tend to rate non-monetary aspects of their lives above their financial situation. Once basic needs have been met, increases in income are not mirrored by equivalent increases in wellbeing. *There is also evidence that in Europe, wellbeing is associated with the relative equality of society*”.

Bacon, N et al, (2010), *The State of Happiness: Can public policy shape people's wellbeing and resilience?*, p.16

Sufficiency, Sustainability and Human Flourishing

UK Cabinet Office's Strategy Unit report,

“above a certain threshold of consumption, there is no clear relationship between economic growth and quality of life.” (Foley, 2005)

The Swedish EPA has called for strategies to target both the supply (production) and demand (consumption) sides through the propagation of eco-efficiency in production and by embedding a notion of 'sufficiency' in consumption.

“The ultimate question facing today's society in developed countries is whether consumerism actually contributes to human welfare and happiness...” (EPA, Sweden, 2005)

From Economic Growth and Consumption to Economic Security

"the most important determinant of national happiness is not income level – there is a positive association, but rising income seems to have little effect as wealthy countries grow more wealthier. Rather the key factor is the extent of income security, measured in terms of income protection and a low degree of income inequality." (Emphasis added)

International Labor Organisation, (2004),

Security for a Better World



Beyond GDP and 'economic growth'...

"The Gross National Product counts air pollution and cigarette advertising, and ... the destruction of the redwood and the loss of our natural wonder in chaotic sprawl ... Yet [it] does not allow for the health of our children, the quality of their education, or the joy of their play ... the beauty of our poetry or the strength of our marriages ... it measures everything, in short, except that which makes life worthwhile". Robert Kennedy, 1968

From 'Buildings, Banks and
Boutiques' to?

**consumption
will fill
the void**



To...Libraries, Laundromats and Light rail?

Beyond 'business as usual'

Collectivisation of consumption (if not
production)

If we're socialising risk (bank bailouts etc) why
not socialise other aspects of the economy?

Transition to a sustainable, green economy will
be based on more shared forms of reduced
consumption

Thanks for listening....





'Our current model of growth, based on material consumerism, needs to be replaced. The irresponsible lending that fuelled this growth is now causing misery to people across the country, saddled with debt they are struggling to repay. Forever buying more and more things does not improve our wellbeing and cannot be sustained with the Earth's finite resources. The economic crisis has forced a rethink of our financial systems'.

Jo Swinson, Liberal Democrat MP, former chair, All Party Parliamentary Group on Wellbeing Economics

Policies to promote well-being not economic growth

adjusting redistributional policies to reflect the impact of relative as well as

absolute wealth and income on life satisfaction

refocusing parenting programmes to emphasise parental wellbeing as well as children's wellbeing

promoting activities with strong correlations with wellbeing, such as neighbourliness, volunteering, exercise and work in older age

promoting the importance of participation in the arts and sports as much as spectating.

changing school curriculums to promote emotional resilience,

refocusing healthcare to emphasise patient experience and wellbeing as well as clinical interventions, particularly in relation to long-term conditions and the end of life

shifting the balance of healthcare to emphasise mental health and psychological fitness

changing community development and planning policies to avoid measures that damage community connectedness, such as major roads that run through the middle of communities, and promoting initiatives that help build social networks

emphasising policies to reduce fear of crime and promote safety as well as focusing on objective crime levels