Preface

Halfway through the second decade of the twenty-first century the state of the world is experiencing a degree of political volatility and economic uncertainty not unlike the situation 100 years ago. Admittedly, the main event is not global warfare but the proliferation of regional and civil wars and the aftermath of the Great Recession of 2008 that casts a shadow over what had been the confident predictions of peace and prosperity following the collapse of the communist bloc at the end of the preceding century.

Post 9/11 and after 2008 the major Western economies have gone through a decade of stagnation. Economic growth as conventionally measured has been weak or non-existent, even in the capitalist centre, the United States of America. The real material living standard of a majority of citizens in the advanced nations has frozen or gone backward. At the same time, profits have never been higher and the fruits of capitalist enterprise more unequally distributed. There is a pervasive feeling in those societies that something is wrong. It’s not supposed to be this way. There appears to be a hollowness at the core of society that overlays the strictly material basis of dissatisfaction. There is, in fact, an ethical crisis – a sense that the things that are valued as aspects of a full social existence and give meaning to life are disappearing.

Economics as a discipline – notwithstanding the genuine commitment of most economists to improve the lives of their fellow human beings – has some responsibility for this state of the world. It is not simply that orthodox economists were blindsided by the Great Recession, unable to foresee and thus forestall the crisis, but that they and the governments they advise have been unable to fix matters after the event. After the initial shock had worn off, it was pretty much business as usual. It was all an aberration, no one could have known what came down the road, just one of those mysteries in life. Most economists shrugged and went back to their models, the very ones that had so dramatically missed the main event. After a brief burst of Keynesian pump priming, the policies of fiscal restraint and austerity were back.

I argue in this book that economics as a social and policy science must make room at the centre for two key frames, two sets of lenses through which to view what is happening and what might happen. First, human
beings as social actors are influenced in their complex behaviours by ethical or normative concerns. Values matter at the coalface of economic and social life. Moreover, values emerge within particular, historically defined situations. They are not exogenous data for the purpose of idealized models of reality; they are reality. Second, people engage in economic and other activities from positions of unequal power. This too is an ontological given and must be explained and the consequences accounted for in what is happening and what governments need to know when developing and implementing policy. Ethics matters in another sense. It is not enough for economists and governments to know how values and norms emerge in a community and how they are likely to influence behaviour. Economists and policy makers should themselves have a clear normative commitment to guide their actions – what they think it worthwhile to understand and act upon. This is, of course an ethical statement in itself, as the emphasis in the preceding sentence attests.

The approach presented draws upon arguments from contemporary political philosophy concerning social justice, while situating the development of orthodox economics within a tradition of moral philosophy stretching back to the eighteenth century. I have tried to keep the number of references quoted to a manageable level and resisted as much as possible the temptation to indulge in war by endnote. To this end, I have relied upon a limited number of relevant references in the text, though when it seemed useful, directed the reader to further sources in the notes.

NOTE

1. Throughout the book I use the terms orthodox, mainstream and neoclassical economics interchangeably.