

G20 climate challenge calls for a rethink of economics

November 17 2014, by Geoff Harcourt And Anne Junor



The risks facing the planet call for a new approach to economics. Credit: Red Cross/AAP

Focusing on growth, the Brisbane G20 leaders' summit has not grappled with three key issues. How much more growth can the planet survive? How can poorer nations raise their living standards to parity with the "developed" world? And within both rich and poor countries, how can a fairer distribution of the benefits of growth be realised?

The key problem of our time is the possibility of pursuing three goals

simultaneously - ecological sustainability, [economic development](#) and a more equitable distribution of wealth within and among nations.

Harvard economist Steven Marglin [argues](#) affluent nations must limit further increases in their standard of living. Priority must be given to the development goals of poorer nations and to addressing poverty in the affluent world. But even this cannot be done within current wasteful approaches to growth. A radical rethink of the foundations of economics is required.

Six economists and sociologists from Cambridge, the Hague, India, Italy and Australia [debate this challenge](#) in the December 2014 issue of The Economic and Labour Relations Review.

Back to basics - a new economics?

Macquarie economist [Wylie Bradford](#) questions the need for a root and branch alternative to mainstream economics. He argues existing theory is soundly based in a view of humanity and nature that has continually been adapted since the ancient Greeks. Bradford argues it can be adapted further to address the present circumstances.

Conversely, [Shachi Amdekar](#) and Emeritus Professor [Ajit Singh](#) from Cambridge University UK argue global warming mandates a new starting point for economics. The conventional self-interested individual is no basis for conceptualising what's needed to tackle the terrible threats to human survival resulting from modern economic processes.

New models for rich and poor

[Andrew Fischer](#), from Erasmus University, Rotterdam, says poor nations can develop, even while the [world economy](#) decarbonises.

Poorer nations need to accumulate capital to reduce poverty, and Fischer explores how the "developed" world can make environmentally-friendly changes in the composition of its consumption expenditure, to maintain effective demand in the world as a whole.

[Stefano Bartolini](#), from Siena University, provides empirical evidence that declining social capital underlies rich nations' current unsustainable economic growth. He paints a picture of isolated people in gated communities, protected by security systems, spending their leisure on over-consumption.

Bartolini provides alternative models of institutions, cities, social spaces and lifestyles, reversing the trend decline in social capital, creating benefits for both human well-being and the environment.

[Wendy Harcourt](#), from Erasmus University, provides examples of academics and grass roots activists changing the ways in which communities function, building links between neighbourhoods in rich and poor countries and regions. She outlines a new community economics, based on "meshworks" - loosely connected networks of learning.

In response to the United Nations call for post-Millennium Development Goals Emeritus Professor [Amiya Bagchi](#) of Kolkata Institute of Development Studies proposed the following:

- 1) More effective regulation of global capital, through host country requirements for local procurement and utilisation of innovations; more effective regulation of pharmaceutical patents; and closure of tax havens
- 2) Stronger environmental protection through restriction of environmentally risky oil and mineral exploration and more public funding for research and investment in renewable resources and organic

farming

3) Inter-regional measures such as a global fund to support the viability of small island nations; and enforceable international conventions on asylum seekers, with maltreatment of migrants justiciable in international courts

4) Intra-country redistribution through legislated minimum wages; gender equality in education and health care; pro-peasant land reforms, recognising women's agrarian role; and communal models of property rights for forest-using people.

Whether or not economic theory moves beyond the utility-maximising individual, the survival of the planet is likely to depend on a new growth model based on social cohesion. The blueprints exist: the planetary risk may galvanise their adoption.

This story is published courtesy of [The Conversation](#) (under Creative Commons-Attribution/No derivatives).

Source: The Conversation

Citation: G20 climate challenge calls for a rethink of economics (2014, November 17) retrieved 16 August 2024 from <https://phys.org/news/2014-11-g20-climate-rethink-economics.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--