

An economics of deep transformations

Hubert Buch-Hansen [Roskilde University, Denmark],
Iana Nesterova [Roskilde University, Denmark],
Max Koch [Lund University, Sweden]

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1. Introduction

A wide range of literatures have identified the capitalist organisation of societies, and the capitalist growth imperative central to this organisation, as the root cause of the catastrophic climate and biodiversity crises. Highlighting the need to break with this imperative, a growing community of scholars conduct research revolving around the notion of 'degrowth'. While the degrowth perspective is generally viewed as anti- and postcapitalist, there is no consensus on how precisely to conceptualise degrowth. In recent works we have proposed a conceptualisation according to which it is a process involving *deep transformations* on four interconnected planes of social being (e.g., Buch-Hansen & Nesterova 2023). Here we draw on Bhaskar (2016) who proposes that social being exists and unfolds on four planes at once. These are (a) material transactions with nature, (b) social interactions between people, (c) social structure, and (d) the inner being of individuals. Degrowth transformations for example involve (a) that transactions with nature are improved via a selective and equitable reduction in matter and energy throughput, (b) that social interactions between people come to be characterised more by caring, empathy, solidarity and embracing diversity, (c) that social structures undergo significant changes, for instance involving redistribution of resources to massively reduce economic inequality and, finally, (d) that substantial growth takes place on the plane of peoples' inner being.

In our forthcoming book (Buch-Hansen et al. 2024), we theorise what such transformations entail in – and how they can emanate from – the sites of civil society, the state and business. In the present contribution we add to this perspective by briefly contemplating what sort of economics could play a positive role for deep transformations to unfold. We start out from the currently dominant perspective in economics, neoclassical economics, arguing that it constitutes an economics of *deep degradation* inasmuch as it produces harm on each plane of being. We then outline a vision of an economics of deep transformations (EDT) – a philosophically informed and genuinely interdisciplinary and holistic economics that could support change on all four planes.

2. The (neoclassical) economics of deep degradation

Much policymaking, including policies concerning the natural environment, broader society and business, is based on the ideas and recommendations of neoclassical economics. This form of economics has long been subject to invalidating critique (e.g., Keen & Morgan 2021; Lawson 1997). For good reasons. Seen from the vantage point of our perspective, neoclassical economics contributes

to produce degradation – as opposed to the needed transformations – on all four planes of social being.¹

The first plane, *material transactions with nature*, is disregarded in this perspective. Envisioning the economy in terms of circular flows of goods, factors of production and wages between firms and households, the complex interactions between economy and nature altogether fall under the neoclassical radar. The negative effects of capitalist growth on nature thus constitutes a nonissue.

As regards the second plane, neoclassical economics advocates a highly reductionist perspective on *social interactions*. These are viewed solely in terms of market-based, monetary exchanges operating under the forces of supply and demand. Societies are reduced to individuals; individuals to consumers, wage earners and investors; and firms to profit maximisers. As such, particular forms of social interactions and practices – such as wage labour – are normalised whilst others fall out of sight. This normalisation contributes to create popular opposition to measures that may be instrumental for deep transformations to materialise – a case in point being any sort of limitations of excessive production and consumption patterns.

Turning to the third plane, *social structures* are reduced to capitalist market structures in neoclassical economics. Whilst neoclassical economists generally present their research as politically neutral and objective, policies based on their perspective serve to reproduce neoliberal capitalism, thus moving societies in the opposite direction of the needed transformations. Such policies address the climate and biodiversity crises via market-oriented instruments such as carbon taxes, emissions trading and monetary valuation of ecosystem ‘services’, instead of seeking to reduce the overall size of economies to bring them within planetary boundaries.

Also in relation to the last plane, that of the *inner being* of individuals, neoclassical economics is advocating a reductionist perspective. Picturing the individual as a ‘homo economicus’, human beings are represented as greedy and selfish, incapable of acting based on other values and ideas. And incapable of self-transformation. Moreover, no differentiation is made between the wants and the actual needs of human beings.

Overall, the currently prevailing form of economics offers a grossly reductionist and harmful perspective. This perspective serves to lend ‘scientific’ legitimacy to practices and policies reproducing business as usual. Instead of providing valid answers as to how humankind can leave the path to ecosocial collapse, it stands in the way of the urgently needed transformations toward ecologically and socially sustainable societies. As such it constitutes an economics of deep degradation.

3. Envisioning an economics of deep transformations

An economics of deep transformations would differ radically on all four planes from the economics of deep degradation. While it would be able to draw on various existing strands of heterodox economics, it would also need to transcend these strands so as to take a genuinely holistic and interdisciplinary perspective on economic activities. It would, then, be an economics that engages seriously with a rich variety of other fields. At the same time, it would be conscious of its own situatedness in relation to, and its entanglement with, ethics, politics and philosophy of science.

¹ In neoclassical economics we include ‘environmental economics’ as the latter extends the neoclassical framework to address matters related to environmental sustainability.

As regards the first plane, various heterodox schools of thought in economics consider *material transactions with nature*. Different strands within the field of ecological economics are a case in point, examples including steady-state and degrowth economics. Despite considering material transactions with nature, this field is not without downsides. Recognising that economies and societies are embedded in nature should be regarded as no more than a starting point for developing an EDT. One important avenue could be to expand what is understood by the concept of 'nature'. Nature is not simply an abstract space within which societies are embedded and which imposes limits on human economic activities. And nature consists not only of ecosystems that serve as resource pools and waste sinks; it consists also of non-human beings (e.g., trees) and individuals (animals) and their communities. An EDT would need to take such beings and individuals as well as their rights and needs into account. It is also crucial to recognise that material transactions with nature are always transactions somewhere, i.e., they always occur in specific *places* with their unique constellation of natural and social structures. To begin to consider how the conception of nature can become more nuanced and place sensitive, dialogues can be initiated with fields or perspectives such as deep ecology, new materialism and human geography.

As regards the plane of *social interactions*, an EDT would break with the neoclassical aspiration to turn everything into tradeable commodities and to put prices on even the most sacred aspects of being. These aspects for example include life, health, education, care and nature. In breaking with this aspiration, an EDT can draw on a vast body of degrowth scholarship which puts commercialisation into question while pointing to the limits of markets. Such scholarship brings non-monetary forms of interactions into the economics discourse. These forms for instance comprise sharing, giving, tool libraries, time banks, repair shops and swap stations. An EDT problematises how human beings interact with one another in capitalist settings. It envisions instead different modes of interaction in economic spaces such as companies and markets, interactions premised on flat hierarchies and humane relationships. Such interactions already take place in communities and movements organising for change. Yet they have traditionally been a focal point of sociology, suggesting that this could be a relevant dialogue partner for an EDT. Moreover, to move beyond the mechanistic, utilitarian and exploitative perspective on human interactions found in neoclassical economics, an EDT can engage with the humanist tradition which outlines healthier modes in which humans can interact with one another.

As regards the third plane, an EDT would need to recognise that economic structures interconnect with other *social structures*, including institutional, political and cultural ones. Because such structures differ from one space to another, economies take different forms. That is, a variety of market economies and growth models currently exist – and degrowth economies, if they were to materialise, can thus also be expected to take a plurality of forms. A related aspect of great importance to an EDT is that, as pointed out in diverse economies scholarship (e.g., Gibson-Graham & Dombroski 2020), a great variety of non-capitalist social structures and options already exist on the margins of contemporary societies and economies. Some of these structures and options could play a positive part in transformations towards sustainable societies. With profound changes of economic structures, existing economic activities – including production, exchange and consumption – would be different in degrowth settings. A broader range of organisations of production beyond businesses would thus be studied by an EDT, cases in point being worker cooperatives, community supported agriculture, foraging and community gardening. Such an economics would take into account structures that neoclassical economics overlooks or only accounts for when monetised. Social structures would need to be guided by – and kept within a framework of – an ethics of fairness, solidarity and needs satisfaction. A dialogue with the sustainable welfare scholarship may be a useful step forward in the development of an EDT. This may especially be so in relation to the design of eco-social policies (e.g., Laruffa et al. 2022), i.e., policies capable of initiating change on the plane of social structures to

improve social equity while at the same time improving human transactions with nature. Caps or taxes on income and wealth, Universal Basic Income or participation incomes, the introduction or expansion of Universal Basic Services in areas such as public transport (e.g. subsidies for train travel) and (organically and locally produced) food provision are examples. Scholars in the field stress the importance of a deliberative moment in co-creating such policies, e.g., via citizen forums (e.g., Koch et al. 2023).

Turning to the plane of *inner being*, an EDT would be based on a view of human beings fundamentally different from that of neoclassical economics. In this context it is worth noting that the degrowth literature, and ecological economics scholarship more generally, rejects the homo economicus as an adequate conception of human beings. However, these fields have done little to discuss human nature, i.e., who we are as human beings. This is a problematic omission: if interactions and social structures are deemed necessary to be transformed by agents, it is important to have an alternative vision of what human beings are like. In considering this matter, an EDT can engage with various traditions in science and philosophy to which this contemplation has from the outset been central. Examples include various forms of psychology, for example eco-psychology and humanistic psychology, existentialist psychoanalysis and the philosophy of meta-Reality. In an EDT, the focus of economics would shift from growth in production and consumption, to inner growth and self-transformation of human beings. A key matter of concern in this respect is the question of how human beings can self-transform. That is, the formative mechanisms behind self-transformation need to be understood. These mechanisms may for instance include life experiences, access to nature, school education and lifelong learning. With an EDT being profoundly different from the currently prevailing form of economics, it follows that economics education would also need to be deeply transformed and start much earlier than at the level of higher education.

4. Concluding thoughts

Above we have outlined the contours of an economics of deep transformations, emphasising the need for it to be holistic and interdisciplinary. Existing forms of heterodox economics have taken very gentle steps towards other fields but have yet to engage with other fields deeply and seriously. Interdisciplinarity has been shallow and cautious, whereas an EDT requires an adventurous and bold approach. However, while within the heterodox economics space – maybe academia more generally – there is a felt need for increasingly interdisciplinary research to be conducted, there may also be fear of genuinely stepping into it. There can be various reasons for this. One may be that, in contemporary academia, researchers simply do not have enough time for engaging with works and humans in other fields. This presents an obstacle to an EDT given that it entails fusing economics with the range of fields mentioned above (and likely other fields as well). Simply put, slow science is a precondition for an EDT.

Moreover, it is widely considered a risky undertaking to embrace interdisciplinarity due to the specialisation of journals and university departments. This already puts ecological economics in its current form at a disadvantage. Pursuing EDT theorising may amplify this disadvantage even further, thus threatening a scholar's career and even employment prospects. Little in the existing academic system facilitates the EDT type of economics. Certainly, a scholar wishing to publish in the main journals of the field, is well advised to take the mainstream, neoclassical path, adopting its methods such as ever more sophisticated mathematical models. This is problematic as sophistication in economics need to emanate not from the use of advanced mathematical models but from deep interdisciplinary thinking.

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Author contact: max.koch@soch.lu.se

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