

# Reorienting economics to social ecological provisioning

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## Introduction

Modern economics is obsessed with two goals meant to increase choice: capital accumulating growth and efficiency. These define what economists generally regard as constituting a well-functioning modern economy, which is by definition a productivist one, whether State, corporate or some other form of capital accumulating system. Both goals supply rhetorical support for ideological positions on environmental policy. For example, the belief that controlling human induced climate change should improve, not hinder, growth and that all public policy needs to be efficient, namely produce more benefits than costs, has been promoted for over thirty years by economists (e.g., Nordhaus 1994, Stern 2007, GCEC 2014). The conclusion is that only policies that promote growth and net monetary gains are deemed legitimate; that is, investing in catastrophe avoidance should give a good rate of return!

We will not rehearse here the longstanding arguments against economic growth (Spash 2021). Nor will we revisit the hidden values of efficiency and its ethically loaded conversion by economists into a weakly concealed elitist (Pareto) criteria, that allows the rich to be made better off as long as no one else is made worse off, or the further adjustment by Kaldor and Hicks into a mere potential for compensating those harmed. These issues are symptomatic of a more profound problem, that of economics supplying the wrong answers to what is of value and the basis on which we should set our priorities. The result is evident in ignoring value beyond individual preferences, the non-monetary (including unpaid care and reproductive activities) and a whole range of relationships to others—humans, non-humans and Nature. Even more fundamentally much of the economics profession fail to consistently apply their own insights to reform economics itself. Thus, addressing the environmental crisis requires that economists become far more honest about the limitations of what they can achieve, which is certainly not calculating optimally efficient prices for biodiversity or greenhouse gas emissions contra the likes of Nordhaus, Stern and Dasgupta (Spash 2002, Spash 2007, Spash and Hache 2022).

The other and related major failure of economics is its limited perspective on what constitutes an economic system and, based on promoting modern consumerist capitalism, its failure to critically investigate and realistically understand actualised structures. Expansion and accumulation under a capitalist organisation of society is premised on securing ever more low entropy resource extraction in competition with the interests of others (Georgescu-Roegen 1971), and in the process shifting costs onto others (Kapp 1978 [1963]). Accumulation through increased output of goods and services and the build-up in productive capacity requires “the colonisation of ecosystems by human activity” (Pineault 2023: 13). International trade has been a key mechanism for achieving ‘unequal exchange’, whereby labour, energy and materials asymmetrically flow from poorer to richer countries (Hornborg 1998, Dorninger, Hornborg et al. 2021). Such surplus extraction is premised on the exploitation of ‘others’—human and non-human—enabling an ‘imperial mode of living’ amongst colonising industrialised nations of both global North and South (Brand and Wissen 2017, Brand and Wissen 2021). The industrial-capitalist market economy has led to the exploitation of ecosystems as productive

forces while undermining their natural ability to sustain themselves. Similarly, it has commodified human labour while externalising the necessity of unpaid reproductive and care work (typically undertaken by women). This separation of productive from reproductive activities has led feminist scholars to define the social ecological crisis in terms of (re)productivities, which highlight the interdependence of both human and natural productive and reproductive activity (Biesecker and Hofmeister 2010).

Building from such insights, we argue that economics must be reformulated to become the science of sustainable social ecological provisioning systems that meet human needs while allowing for non-human flourishing. The argument for social ecological reform of economics is made as follows. First, we outline the current state of economic thought and its inadequacies when addressing social and ecological crises. Second, we highlight the necessity of radical social ecological transformation of actually existing capital accumulating systems. Third, emphasis is placed on reforming economics to study not just capitalism but the full variety of social ecological provisioning systems and the potential for alternative economic structures. Rethinking and reorienting economics along these lines is argued to be necessary in order to meaningfully move away from impending social ecological economic crises and recognise that addressing such crises requires a lot more than incentivising individuals to conform to limits on the scale of economic growth.

### **Economists' Failure to Reform Economics**

Economics has become obsessed with productivity and growth, which are normally placed within a set of market institutions that determine exchange prices assumed to reflect resource scarcity. These price-making markets were highlighted by Polanyi (1957) as one specific form of market institution and far from being the most desirable for running human society. The assumption that such markets reflect resource scarcity has been deconstructed by the very economists who claim this to be the case.

Advocates of the resource efficiency of price-making market allocation have put forward the concept of 'externalities', which need to be priced outside of market institutions using social cost-benefit analysis in order to correct the failure of price-making markets to take them into account. They attempt to reduce the relevance of such failures to anomalies, but this is no longer tenable given the ecological crisis, which has made evident the pervasiveness of pollution, environmental destruction and associated social harm. Kapp (1978 [1963]) explained how this involves a deliberate shifting of costs/harm in order to make money profits and that cost-shifting is internal to competitive systems, such as market capitalism, not some externality or failure. The implications of pervasive pollution was also later recognised by neoclassical environmental economists (Kneese, Ayres et al. 1970, Bohm and Kneese 1971), but its consequences for price theory have been consistently ignored. Instead an unrealistic theory has purposefully been maintained (Spash 2021).

The simple conclusion to draw is that all the prices are wrong in terms of reflecting resource scarcity and would need to be 'corrected' to reflect 'true costs'. The task is in fact one that requires total planning of the economy. Although, given the interdependence of prices, and path dependence of any adjustments on other price adjustments, what truth means here is far from clear. We could go on to discuss the flawed claims of appealing to 'true preferences', and using methods based on preference utilitarianism, and so on, but this is really just a distraction from the basic flaw of conducting economics as an analysis of optimal efficiency. In practice, pricing all the impacts of material and energy flows cannot be achieved. This means the prices actualised in any market economy are the result of arbitrary processes determining what is, and what is not, included in prices, and how prices are, or are not, adjusted. That in turn depends on the power of different vested interests and economic actors. So,

economics is no longer about anything but instituting a planned economic system, which brings into question why prices are even employed to do so.

More than this it requires rethinking economics and dropping the long standing neo-Austrian definition drawn from Lionel Robbins that restricts economic analysis to an assumed conflict between ends and scarce means. Those ends are typically regarded as derived from unlimited wants for the achievement of hedonistic pleasure from consumption of goods and services, which in the face of limited means is used to focus economics on allocating resources efficiently. The idea of leaving resources untapped or stopping consumption at a level of sufficiency is an abhorrence to the modern productivist way of thinking that expresses itself in an obsession with economic growth, maximising output, maintaining full employment as paid work, and accumulating capital. Such productivism is far from limited to economists of the orthodoxy and is common amongst Post Keynesians, Marxists and socialists, and various environmental apologists for growth (Spash 2021), all of whom equate human progress with materialist and technological development, and thus development with economic growth.

A strong productivist State may then be preferred with the proviso that it redistribute resources more equitably than under market capitalism. For example, Fine and Saad-Filho (2018: 28) argue that through increasing labour productivity the development of technology can potentially facilitate relatively comfortable lifestyles for even poor members of society despite on-going high rates of exploitation. However, such positions typically ignore supply chains and the international structure of modern economies, global care chains and the polarising tendency of capitalist development that creates a persisting hierarchy between core and periphery (Kvangraven 2021). As Hornborg (2023: 24) explains: "To celebrate this development of the productive forces under capitalism is to ignore its demands on the human time and natural space of other sectors of the world-system."

The aim of an economy should not be to grow so that a welfare State can be funded to ameliorate the social, health and ecological impacts of growth, but rather to engage directly in social provisioning that avoids exploitation and deliberate harm. Long ago, Kapp (1970) emphasised the social ecological imperative for reorienting economics towards policies addressing needs, the requirements of human life and social minima. This remains largely off economists' agenda, along with the topic of transforming economies away from divisive, destructive, exploitative, unjust and unethical provisioning systems.

### **Realism and the Necessity of Social Ecological Transformation**

Transformation can be understood as relating to a substantive change in structure. Social ecological transformation should identify and address the structure and causal mechanisms of the social ecological crisis and is radical exactly because it looks for those root causes (Spash 2017: 14). However, there are diverse opinions about what might constitute social ecological transformation, which includes on-going advocacy of green growth that co-opts and converts transformation into incremental change or transition.

Indeed, Brand (2022: 40-41) has identified a 'new critical orthodoxy' that undertakes a radical diagnosis of the ecological crisis, but then combines this with transformation as a process that is to be implemented within current institutions and without systemic change. This fails to address questions of power and domination within social institutions and relies upon a (neo)liberal political theory that leaves State bureaucracy and capitalist markets unquestioned. A promised transition from unsustainable to sustainable dynamics is based upon a low carbon or carbon-free post-fossil fuel economy that otherwise remains unreformed. It features State centred, technocratic and green growth orientated projects, and makes use of a strategic conceptualisation of transformation (Brand 2016: 24).

The popularised notion of boundaries being planetary can also justify business-as-usual with some side constraints. This aligns with the new critical orthodoxy by justifying policies such as carbon trading and biodiversity offsetting as efficient because they allocate restrictions to the least cost (financially cheapest) actors, which is code for the money income poor and disenfranchised. Social ecological economics has developed nuanced critiques of such approaches that highlight their operation in practice. Economic analysis requires attending to real social ecological structures and actual organising principles of modern economies (e.g., Spash 2024). What then becomes self-evident is how existing policies and institutions support social-economic structures based on expansion, growth and capital accumulation, which violate biophysical limits from local to regional to international spatial scales (not just planetary boundaries).

A more foundational economic analysis is required that links to the physical basis of the system. Thus, the concept of social metabolism has been developed as an analogy with biological metabolism, which emphasises the material and energy inputs (resource extraction) and outputs (waste sinks) of any society (Krausmann 2017). Societies structured to reproduce on the basis of growth and accumulation continually seek to increase the use of material, energy and labour and so inevitably violate limits (Spash 2017: 12). The basic laws of physics (conservation of mass and energy) mean the exponential growth in extraction of primary resource stocks, and filling of primary sinks in the biosphere, are fundamentally unsustainable. Increased scale of production means the size and pace of the economy continually challenges ecosystems' structure and functioning. It also means innovative new materials are continually introduced that have qualitative impacts and replace naturally sustained functions with artificial processes that require ongoing human management and intervention and so more material and energy inputs (Giampietro 2019).

### **Social Ecological Provisioning**

Lee (2012) placed social provisioning at the centre of heterodox economics and it has been appealed to by various schools of thought. The core idea is far from new. Over a century ago, Veblen understood the market as wasteful and the real economy as a social provisioning process that includes women's domestic activities (Jennings 1993). Reorienting economics to provisioning appeared in the original ideas of feminist economists (Nelson 1993), or more substantively and preferably social provisioning (Jennings 1993), because the latter emphasises community and unpaid caring activities in the (re) production of society (Dengler and Lang 2022). Spash (2024) argues that reorienting economics requires debunking economic growth and efficiency and replacing them with a goal of social provisioning set within biophysical structure, and that this could provide a unifying common denominator concept for heterodox economists.

Social provisioning is a way of understanding an economy as constituted of interdependent social processes, whereby people organise themselves collectively to "get a living" (Power 2004: 6), whether by paid or unpaid means. The goal is not individual utility maximisation but social production and reproduction aimed at improving living conditions and wellbeing. The focus of economics would then be on the institutional organisation of social activities as opposed to individual choices. The organisational structure of process for social provisioning are diverse and may involve commoning, market institutions and planning and a variety of actors such as government, unions, enterprises, households, and other configurations of group provisioning and care. Contra Polanyian claims of a divorce between formal and substantive economies, and so forms of economic analysis, all economies involve social relations of production and reproduction (Spash 2019).

Provisioning systems, whether capitalist or not, are also embedded within ecological, or more generally biophysical, systems, and subject to their capacities and limits. This means economics must relate explicitly to both ecological and social structures if it is to have any claim to conduct a realist descriptive analysis of how actual economies operate. Dengler and Plank (2023) use the term social ecological provisioning to emphasise the connections. This is regarded as an amalgamation of social processes within broader culture-nature life processes for provisioning of needs via satisfiers. They distinguish their approach from the literature on provisioning systems that has focused solely on the monetised economy while overlooking unpaid work, power and social structures of inequality and oppression. Social ecological provisioning aims to combine concerns for provisioning systems, social provisioning and the material ecological basis of how human needs are satisfied.

The theory of fundamental human needs and related satisfiers provides a conceptual framework that distinguishes between what are objective requirements and how these can be met in different ways (Rauschmayer and Omann 2017). Max-Neef (2009 [1992]) proposed thinking in terms of a matrix of existential and axiological needs, with existential ones including the needs of subsistence, protection, affection, understanding, participation, creation, leisure, identity, and freedom. Axiological needs are being, having, doing, and interaction. Human needs are considered to be finite, satiable and universal across space and time. Fundamental human needs are neither hierarchically ordered nor able to be traded against one another (Max-Neef, Elizade et al. 1991: 17). Institutional design of social systems, with their economic and political structures and specific organisations, determine how needs are satisfied. A social environment can repress, tolerate, or stimulate opportunities and the potential to meet our needs in different ways. Under market capitalism the commodification of satisfiers makes them ends in themselves and so subordinates life to the service of artefacts. An important point is that the social metabolism of an economic system follows from the satisfiers created to meet needs. For example, modern satisfiers tend to be material and energy (especially fossil fuel) intensive.

Economies structure the social arrangements for providing meaningful and caring lives through daily practices of reproduction and interaction with Nature. Modern price-making market economies misdirect meaning and care via objectifying social and Nature relations as commodities and reducing value to monetary exchange. The needs of humans for friendship and love become things to be satisfied through quantifiable commercial arrangements that allow somebody to accumulate money and profit (typically at others expense, i.e., cost-shifting). Economics then fails to achieve its aspirational goals of maximising human wellbeing let alone providing for all with equity and justice.

There is in addition to human needs the necessity of meeting the requirements of non-humans. Social ecological provisioning should certainly avoid instrumental reductionism of the non-human world to a mere resource input or set of functional structures maintained to ensure human survival. The importance of human relationships with Nature have been central to environmentalism, and have included moral, psychological and spiritual dimensions. However, as Vetlesen (2015) has explained, human to non-human relationships have tended to be converted into human interests, while those of non-human to non-human have been ignored. A humane society requires an ethics that takes into account the moral standing of non-humans and non-human collectives (e.g. species, ecosystems) on their own terms. That non-human entities have their own good is captured by the Aristotelian concept of an ability to flourish. What is encouraged to flourish, and prevented from flourishing, requires explicit ethical consideration, rather than the common disregard currently facilitating processes of on-going mass species extinction.

## Concluding Remarks

Economics fails not merely to account for biophysical limits to growth but to account for actual and potential alternative provisioning systems. Instead, talk of 'the economy' makes an implicit ontological claim that there is only a singular form of modern economy: the capital accumulating, price-making market economy. Economics has then become limited to a discussion of market capitalism and how it can be maintained in light of its evident failings. Hence, a new critical orthodoxy has arisen that seeks to maintain 'business as usual'. Recognising that there is considerable potential for alternatives to current economic systems is a first step beyond this orthodoxy. Economics must go much further to become a science of social ecological provisioning that recognises and provides for diverse alternatives to be actualised.

The bottom line is how alternative economies as ethical social provisioning systems can be made to work, how current economic and political structures operate to prevent change to such systems and how we get from here to there. Social ecological economics emphasises that there is a material, energy and so ecological dimension to economics. Reorienting economics to become a science concerned with the analysis of how to meet different fundamental human needs would mean paying attention to the ecological and social structures that enable provisioning. The social dimension of social ecological transformation also necessitates that attention be paid to the specific social context in which provisioning occurs, and this includes power structures and institutions—understood as conventions, norms, and formally sanctioned rules and regulations—that coordinate social interactions. What is required now is an economics discipline that studies the implementation of social ecological provisioning to meet human needs within an ethical framework of care and justice for others, both human and non-human. Economics in the 21<sup>st</sup> Century must address the radical transformation of existing economic structures if it is to stop the mechanisms creating social ecological crises.

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