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The book “Economics, Sustainability and Democracy: Economics in the Era of Climate Change” authored by Christopher Nobbs lays out an ambitious goal to answer the question how economics should be conducted in twenty-first century liberal democracies. In Nobbs’ view, the theoretical toolbox and associated policy advice of contemporary orthodox economics is both fundamentally inadequate and conceptually flawed. For the author, these shortcomings are demonstrated by the manifold practical failures of “extremist” (p. 91) libertarian economic policies that rely on the ideals of privatization, deregulation, tax reductions and minimal social entitlements and which have failed to deliver both income equality and economic growth. The same policy prescriptions have also led to a “market failure on the greatest scale the world has seen” (p. 161) – the burning issue of climate change – as well accelerating environmental degradation and the looming challenge of resource scarcity. In the book, these are all discussed collectively under the label of “C21E problems.”

The argument laid out by the author is threefold. Firstly, the libertarian approach to economics is described as “practically and ethically inadequate” (p. xx) to address the challenges facing the twenty-first century world and economics; secondly, also its predecessor, the welfarist view on economic conduct, is argued to have serious limitations in this respect. Finally, “an overarching economics based on ecological principles” (ibid.) to adequately respond to the set of C21E challenges is constructed. In this process, the author takes a clear normative and political stand: in Nobbs’ view, “sustaining human life on the planet at an adequate level of well-being is a meaningful goal” (ibid.) and this goal can be best achieved within the tradition of political liberalist thought.

Nobbs begins his endeavour by laying out the key concepts and theories of and approaches to orthodox economics through a “narrative on the history of macroeconomics” (p. 7). What is constructed is a development path beginning from the key concepts of classical economic theory, followed by the neoclassical views combining influences derived from the classics to new ideas of “methodological individualism, marginal utility, marginal productivity, and the notion of maximizing behavior” (p. 12), the Keynesian ‘revolution’ emphasizing the role of state and government spending, and ending with the neoliberal views

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that have gained significant foothold in the latter half of the 20th century. The ways in which the concepts and assumptions of macroeconomic theory have been reflected on microeconomic debates – among others on key issues of welfare and rational choice – are also discussed. The author concludes that “microeconomic activity, despite the fluidity with which it naturally occurs in daily life, is a very complex matter” (p. 44) and that the correspondence between the scientific models and real-life behaviour and preference remains generally low, which leaves orthodox economic theory unable to account for the very phenomena it is attempting to explain.

In the second part of the book, the author draws attention to the ethical dimensions and value biases embedded in orthodox economics and the closely associated tradition of liberal political thought. For Nobbs, the question of ethics plays out at three levels in the context of economics; the levels of the individual, the society and the state, and at the level of theory on the procedures and the constitution of the state itself. However, ethical considerations have been to a great extent sidelined from economics despite the profoundly ethical nature of key concerns such as whose welfare and utility should be and are addressed and affected. In Nobbs’ view, the self-centered rationality embraced by orthodox economics “fails to provide an ethical theory adequate at the level of society” (p. 59): thus an approach to ethics of a more substantial and comprehensive nature is required, and “common sense reflection draws us towards utilitarianism” (p. 60) despite its acknowledged flaws.

Nobbs describes the history of (political) liberalism as “a project of the Enlightenment: anthropocentric, individualistic, secular, giving primacy to reason as the source of authority” (p. 61). Much of the discussion in the book revolves around the debate over the role of the state within the liberal tradition in relation to markets and market actors which is polarized between the principles of minimal state intervention and laissez-faire of libertarian thought and the Keynesian views embracing the role of the state’s “economic measures towards improving the social conditions of citizens” (p. 69) and in balancing market fluctuations and correcting market failures. Discussions on the relationship between the state and the individual are also closely intertwined with the understanding of what is meant by freedom. The definitions range from freedom as ‘negative’ or as “absence of restraint” to freedom as ‘positive’ or as “ability to do or be” (p. 68), both invoking very different ideas on the role of the state in relation to individuals as (economic) actors. Nobbs articulately positions himself in these respects by stating in his call for a new and improved economics that “[i]t would be unconscionable if the transition were not to be a planned transition and one in which government has a significant role to play” (p. 220).