

Blighted by a neoliberal vision

A rebel economist shows how the discipline lacks both compassion and a sense of responsibility

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Kate Raworth's new book, *Doughnut Economics- Seven Ways to Think Like A 21st Century Economist*, was published to much public acclaim earlier this year. In it she argues that the mindless pursuit of limitless economic growth has had some extremely undesirable side-effects economists have for long ignored or trivialised, especially the ever-rising inequalities and environmental devastation.

This is something Amartya Sen too is concerned about, observing that the acceleration of economic growth has coincided with unprecedented environmental plunder.'

The 'Doughnut' in Raworth's book needs some explaining. It is a stylised diagrammatic representation of a doughnut with its trademark hole in the middle. She uses it to illustrate an alternative contemporary model of economics resting on 'a social foundation of well-being that no one should fall below and an ecological ceiling, of planetary pressure that we should not go beyond. Between the two, she tells us, lies a safe and just space for all.'

Renegade economist

Raworth takes on the entire pantheon of economists from Adam Smith onward with verve and sneering erudition. She is clearly derisive of a century and more of efforts to float economics as a science complete with complex formulae and pointless diagrammatic representations, while callously disregarding real life concerns and issues. Here she joins EF Schumacher in demanding that economics be reinvented as a discipline 'as if people mattered.'

At the heart of Raworth's book is her contention that economics has become hopelessly outdated, sustaining a 1950s mindset that has consistently failed to take a long view of things. She is critical of the neoliberal kind of economics that has emphasised on GDP growth regardless of all the adverse consequences it has entailed and wonders how 'this single, narrow metric' can 'still command such international attention?' Even the "hallowed creator of national wealth, Kuznets," Raworth tells us, had cautioned that we must be discerning enough to keep in mind distinctions between 'quantity and quality of growth.'

Raworth engagingly captures the growth of economics as a discipline from pre-modern times in ancient Greece to 'arrive' at its neoliberal 'free market' version. From small beginnings in 1947

in a gathering of some of the world's leading economists in Mont Pelerin, Raworth tracks the increasingly influential and unstoppable run of neoliberal economics to this day.

The original aim of neoliberalism, to arrest totalitarianism in its tracks, Raworth explains, 'morphed into a hard push for market fundamentalism.' In a take, so identical in tone and language to that of the American political scientist Susan George (who surprisingly finds no mention in her book), Raworth shows how big businesses and billionaires, who benefit most from neoliberalism, 'funded university professorships and scholarships and built an international network of free market think tanks including the American Enterprises Institute and the Cato Institute in Washington DC and the Institute of Economic Affairs in London,' ensuring that neoliberal economics became influential while gaining a stranglehold on leading institutions such as Harvard and LSE.

Neoliberal economics also gratuitously ignored the contribution of the household and unpaid work, gave short shrift to commonly owned resources while calling for their privatisation. The neoliberal approach also trivialised society itself, ignoring its important role in building strong political engagement and promoting democracy. Worst of all, Raworth tells us, the neoliberals treated the Earth as an inexhaustible resource up for free and unchecked exploitation.

Raworth brings out in detail how by 'putting blind faith in markets – while ignoring the living world, society and the runaway power of banks' -- neo liberalism has taken 'us to the brink of ecological, social and financial collapse.' 'It is time', she announces, 'for the neoliberal show to leave the stage,' with a new century demanding a different kind of economics, 'better suited to our times.'

Raworth has a chapter for each of the seven aspects she believes should be at the heart of the transition from neoliberalism to a new economic paradigm, among them, adopting her Doughnut model that moves the focus from the need for economies to grow even if they do not thrive, to one that makes it thrive whether or not they grow. She also expects her model to help see the big picture of an economy, respect the Earth and nurture social connections so fundamental for democracies to thrive.

Raworth also brings out how important it is to empower the state to take care of things only it can manage, such as providing health and education. Her model, she asserts, will also consciously promote and acknowledge the contributions of the households and the commons as much as it will, that of the market. Raworth also envisages that her model will replace neoliberalism's 'rational economic man', with socially adaptable humans who will collaborate and cooperate. Raworth believes that her model will create an economy which will reduce inequalities by being distributive and regenerative by design while moving it away from a 'growth will clean it up again' approach.

Raworth is a realist. With much of the world's population under 25 she expects GDP to grow but hopes her model will help achieve it through the adaptation of technologies that leapfrog 'the wasteful and polluting ones of the past.'

Doughnut Economics is an important contribution to economic thought. It is so rich in detail and so full of insights that it is hard to believe it has been written by a single individual. It is the one book that deserves to be read by all our policy makers, if only to convince them that there is a workable alternative to a 'grow now fix later,' kind of economic growth which has taken China irretrievably down to the sewers.