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*Reconsidering economics in relation  
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**Abstract:** The challenge of sustainable development can be approached from different angles. In this essay it is argued that one also needs to examine the present close to monopoly position of neoclassical economic theory at university departments of economics in many parts of the world. An open debate is needed about paradigms in economics as well as ideological orientations.

An alternative to neoclassical theory is outlined where individuals and organizations are regarded as political actors, each guided by an ideological orientation or mission. Reference is made to the 17 UN sustainable development goals suggesting that impacts need to be seen in multidimensional terms and an alternative definition of economics as “multidimensional management of limited resources in a democratic society” is proposed. It is argued that economics need to move away from its technocracy-oriented tendencies to democracy-oriented approaches. This is exemplified by a move away from neoclassical Cost-Benefit Analysis (CBA) to Positional Analysis as approach to decision-making and sustainability assessment.

**Keywords:** neoclassical economics, institutional economics, political economic person, political economic organization, ideological orientation, mission, multidimensional, matching process, technocracy, democracy, narrative, degrowth

## Introduction

It is not difficult to identify cases of unsustainable development. Climate change, loss of biological diversity and pollution of soil, air and water in various parts of the world are examples. But taking the 17 sustainable development goals (SDGs) sanctioned 2015 by United Nations into consideration, the list continues. Warfare is a big issue in some parts of the world, unwillingness to accept human rights such

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as the rights of indigenous people adds to the picture. Health issues at the local or global level are certainly part of the SDGs and need to be systematically considered.

Such issues can be approached directly one by one, focusing on possible practical measures. Another option is to approach signs of unsustainable development at the level of philosophy or perspectives. Mainstream ideas about positive development can be challenged and even the political economic system that exists today and that largely follows from mainstream perspectives need to be examined.

Science has a role in this, and I am thinking of economics in particular. This discipline offers essential parts of the conceptual framework and language for politics and policymaking. In terms of ideology neo-liberalism, i.e. the idea that markets and profit-maximizing businesses are helpful in dealing with almost all kinds of problems has similarly reached a dominant position. And dominant school of thought in economics and dominant ideology are not unrelated. Actually, each school of thought in economics is – as we will see – specific also in ideological terms and each ideological orientation is built on some ideas about economics and efficiency.

Today, there is a close to monopoly position for neoclassical theory at university departments of economics and a dominant position for neoliberalism as ideology in many parts of the world. At issue is now if it is wise to systematically consider alternatives at the two levels of economics paradigm and development ideology. In my experience attempts to discuss alternatives at the mentioned level of perspectives tend to be avoided by influential actors at many arenas, for example those working for newspapers or other media.

Elements of an alternative to neoclassical theory and method is first presented i.e. a view of value issues in economics, definition of economics, view of individuals, view of organizations (firms included), the concept of ideological orientation, view of decision-making and political assessment of investment alternatives.

It should however be observed at the outset that sustainability issues are also approached by scholars who are closer to mainstream neoclassical theory. Tim Jackson (2009)'s *Prosperity without Growth* is a case in point. This study is regarded as part of the 'degrowth' social movement and is discussed and compared with the proposed radical alternative to neoclassical analysis. It is finally argued that the perceived problems need to be approached from different angles. Pluralism and democracy are as relevant inside economics as in society at large.

## The illusion of value-neutrality in economics

Mainstream neoclassical economists often point to scholars in natural sciences suggesting that value issues can be kept at a distance. They act as if value-neutrality is possible or at least something to aim at. They may make distinctions between 'positive statements' that are 'descriptive' and 'normative statements' that are 'prescriptive' with 'claims about how the world ought to be' (Mankiw and Taylor, 2011, p. 32). But even so-called positive statements are part of a perspective that can be described as value-laden or ideological. Economic issues can be described in more ways than one. Gunnar Myrdal, an institutional economist dealing with development issues in different parts of the world argued as follows:

Valuations are always with us. Disinterested research there has never been and can never be. Prior to answers there must be questions. There can be no view except from a viewpoint. In the questions raised and the viewpoint chosen, valuations are implied.

Our valuations determine our approaches to a problem, the definition of our concepts, the choice of models, the selection of observations, the presentation of our conclusions – in fact the whole pursuit of a study from beginning to end. (Myrdal, 1978, p.778)

Another scholar examining work by mainstream authors as well as studies by representatives of heterodox schools of thought (institutional economists, feminist economists and ecological economists) concludes that value neutrality is an illusion (von Egan-Krieger, 2014). Economics is always political economics. And when accepting that values and ideology are involved, then one needs to relate to this 'fact'. As scholars we should rather discuss value issues openly and admit our own engagement and concerns.

This in turn suggests that economists need to make a choice between technocracy and democracy or some combination of the two. In many ways, mainstream neoclassical economics is close to technocracy in the sense of extreme reliance on experts for its recommendations. Using Cost-Benefit Analysis (CBA) in evaluating investments in infrastructure is a good example. Impacts of each alternative of choice are valued in monetary market terms according to specific ethical and ideological rules and politicians as well as other concerned actors are expected to rely on the calculations produced by the analyst. According to a democracy-oriented view, the analyst is not looking for one optimal solution but is rather illuminating an issue for different actors concerned. The normal existence of more than one ideological orientation in relation to an issue or decision situation is accepted. Since

alternatives are considered in relation to more than one ideological orientation any conclusions, for instance in the form of ranking alternatives, are conditional in relation to each ideological orientation articulated and considered. As an example, a neoliberal ideological orientation in market terms differs from sustainable development understood in terms of the mentioned 17 SDGs as ideological orientation and will very likely produce a different ranking of alternatives.

## Redefining economics

In neoclassical theory, economics is understood as 'the study of how society manages its scarce resources' (Mankiw and Taylor, 2011, p. 2). Reference is often made to 'allocation' of scarce resources for different purposes and the analysis recommended emphasizes the monetary dimension. Neoclassical CBA for evaluation at the societal level has already been mentioned. Business corporations or 'firms' are similarly expected to maximize monetary profits. When one-dimensional monetary analysis is less realistic, then the neoclassical analyst may consider so called 'cost-efficiency analysis' where the idea is to achieve a non-monetary objective at the least monetary cost. The monetary dimension is still there but analysis is now framed in two dimensions. This is, as I see it, a step in the right direction but a too limited step in relation to many sustainability issues.

Returning now to the 17 UN SDGs, it appears that a multidimensional analysis is needed. I suggest the following alternative definition of economics:

Economics is about multidimensional management of limited resources in a democratic society.

In relation to sustainable development we need an increased focus on various non-monetary dimensions. It is here argued that the idea of putting prices on all kinds of non-monetary impacts to reduce them to monetary impacts has its limits. Such a trade-off philosophy in monetary terms may be attractive to the neoclassical economist but may in fact be part of the problems faced. Reducing all impacts to their alleged monetary values will often make non-monetary impacts less visible for decision-makers and others concerned.

According to the present view, non-monetary dimensions are not being considered as 'less economic' than monetary or financial impacts. This differs from the attempt to explain the meaning of sustainable development with reference to three 'pillars'; social, ecological and economic. According to a think tank, the three pillars can be

further explained as 'People, Planet and Profit' (Frontstream, 2013). But social and ecological impacts are themselves part of resource management and can be regarded as 'economic' impacts even when monetary aspects are not part of the picture. A person can manage her or his psychic and other energy when running and can even 'save' energy for future purposes. There are furthermore often many relevant non-monetary dimensions rather than one. The relative importance of different monetary and non-monetary dimensions is regarded as a matter of an actor's ideological orientation.

Inertia of different kinds (path dependence, lock-in effects, irreversibility) can be a relevant issue in all kinds of dimensions but become particularly significant in non-monetary dimensions. Let us take the issue of construction of houses and roads for urban purposes on a piece of agricultural land. Monetary or financial costs of buying the land from farmers or other property holders as well as the monetary cost of constructing roads and houses can be estimated with some accuracy. But the fact that the change in land-use (from agricultural land to urban development) is largely an irreversible process is easily forgotten. In dealing with irreversibility and other kinds of inertia, one needs to consider the two-stage or multiple-stage character of decision-making. Will the agricultural land be needed in the future?

This is where positional thinking and Positional Analysis (PA) as an alternative to CBA comes in. Decision-trees can be constructed in attempts to illuminate the multiple-stage nature of many decision situations. Such decision-trees differ from those of conventional game theory in that one-dimensional 'pay-offs' are replaced with positional changes in multidimensional terms (Söderbaum, 2008, pp. 99-110). Results are expressed in terms of a series of positions or states for relevant objects of description with connected options.

Conflicts of interest are normally involved in decisions concerning investments in infrastructure. This brings us to the issue of democracy as part of the alternative definition of economics. 'Democracy' belongs to the category of 'contested concepts' (Connolly, 1993) in the sense that it can be defined or understood in more ways than one. For most actors in my part of the world using the term, 'democracy' is about 'listening to many voices' rather than relying on one voice. Also sustainable development (SD) which is our focus here can be described as a contested concept. Some prefer to understand SD in 'business-as-usual' terms (sustainable economic growth in GDP-terms, sustainable monetary profits in business), others recognize that we need to 'modernize' the economy and take some steps away from mainstream

thinking and activities and a third category of actors is also considering various possibilities of 'radical change'.

I believe that we also need to consider a radical interpretation of sustainable development (SD) in addition to various modernization measures (Söderbaum, 2015) but that a first essential step in a democracy is to bring sustainable development seriously to the table along with other ideological orientations including those of a mainstream kind. Making different ideological orientations visible in a public dialogue and admitting the conflicts of interest that normally exist is a more human and better strategy than leaving political and policy choices to one single actor (technocrat or dictator) with her or his particular idea of sustainable development in relation to other ideological orientations. If whistle-blowers are downplayed or eliminated from the scene then we exclude ideological orientations that possibly are essential for policymaking.

## **Political economic person and political economic organization assumptions**

In a democracy, the role of individuals cannot be limited to their relationships to markets for commodities, labour and capital (as is assumed in neoclassical theory). Individuals are also citizens with a right to participate in different ways in governance of their communities. They will be referred to as 'political-economic persons'. A political economic person (PEP) is 'an actor guided by her ideological orientation'. 'Ideology' and 'ideological orientation' stands for a means-ends relationship for the individual suggesting where to go. It is about where you are (present position), where you want to go (future positions) and how to get there (strategy or idea about relevant means).

It is true that also ideology is a contested concept. In the US context, it is sometimes used negatively even in books focusing on sustainable development. 'Beyond ideology' is the title of the Preface of Brian Norton's book 'Sustainability. A Philosophy of Adaptive Ecosystem Management' (2005). In a democracy a word can of course be used in different ways. In the present study the existence of ideology (ideological orientation) is a necessary state of affairs. Each interpretation of sustainable development for example is regarded as an ideological orientation and we need more rather than less dialogue about ideological orientations. The conflicts in front of us need to be made more visible. An actor may work to strengthen the role of some ideological orientations while counteracting competing ideas.



Politicians and political parties refer to their ideologies in attempts to be accepted by us as citizens and as voters for political assemblies. As citizens we respond by supporting some ideas and neglecting others. This suggests that also we as citizens (and in other roles) are guided by something that can be referred to as ideological orientation.

Among economists, Douglass North uses 'ideology' in a similar broad sense:

By ideology I mean the subjective perceptions (models, theories) all people possess to explain the world around them. Whether at the microlevel of individual relationships or at the macrolevel of organized ideologies providing integrated explanations of the past and the present, such as communism or religions, the *theories* individuals construct are *colored* by normative views of how the world should be organized. (Emphasis in original) (North, 1990, p. 23)

It is similarly assumed that organizations are guided by an ideological orientation or 'mission'. The simplistic idea of firms maximizing monetary profits in the interest of shareholders is regarded as a special case in favour of a more open idea about guidance where concepts such as 'corporate social responsibility' and 'fair trade' become meaningful.

## Decision-making as a 'matching' process

Human behaviour is partly habitual, partly a matter of conscious decisions. The 'ideological orientation' of an actor is helpful in both cases. An ideological orientation may be expressed in qualitative, quantitative or visual terms or some combination of the three. While neoclassical theory and method almost exclusively focuses on quantification and optimization as in the examples of the consumer maximizing utility from commodities within her monetary budget constraint and the firm maximizing monetary profits, optimization of this kind is here rather seen as an exception and special case.

In the normal case ideological orientations are expressed in many ways. They are often tentative and based on limited information. The information is fragmentary and uncertain but can still be helpful in guiding decisions. The mentioned aspects of complexity in real life suggest that decision-making in the normal case is regarded as a 'matching' process. In a decision situation, i.e. a situation with more than one alternative of choice, an actor's ideological orientation is matched against the expected multidimensional 'impact profile' of each alternative considered. Deciding

becomes a matter of looking for 'compatibility' or 'appropriateness' between an actor's ideological orientation and expected impacts. In computer language reference can be made to 'pattern recognition'. The ideological orientation is seen as a pattern of desired outcomes in visual or other terms to be compared with an expected pattern of impacts connected with each alternative of choice. Sometimes one alternative clearly appears as the most appropriate or best for the actor while in other cases none of the alternatives considered is accepted.

## Positional analysis as decision-aid

Neoclassical Cost-Benefit Analysis (CBA) is widely recommended as a way of preparing investments in infrastructure for example roads, dams or other energy systems. As institutional economist active in the field of ecological economics I suggest that we, once more, return to the previous alternative definition of economics. Multidimensional impacts should be understood in their own terms (rather than being reduced to numbers in monetary terms) and the approach should be compatible with principles of democracy.

Rather than looking for one optimal alternative as in CBA the ambition is one of 'illuminating' an issue for decision-makers and other actors, such as stakeholders and those concerned by the issue. The purpose of a study or analysis in preparation of investments then is to illuminate the decision situation in a many-sided way with respect to:

- Ideological orientation of individuals as actors, mission of organizations
- Alternatives of choice suggested for consideration in the decision situation
- Impacts of each alternative in multidimensional profile terms
- Conflicts of interest between ideological orientations and between stakeholders.

Rather than preparing decisions on the basis of one ideological orientation (as in neoclassical CBA), the analyst is supposed to listen to the ongoing dialogue, identify and articulate more than one ideological orientation, perhaps three or four, that are judged to be relevant for decision-makers and others participating in the dialogue. This is the chance for radical versions of SD to enter the scene. According to PA as method mainstream actors can no longer use their power positions to exclude radical ideological orientations. Also, the alternatives considered can be limited to 3 or 4. From the point of view of democracy the idea is to avoid or reduce manipulation as in the extreme case when only one ideological orientation and one alternative of

choice are considered. Examining and comparing only alternatives that are close to each other in kind is another way of manipulating a study. Again the 'principle of many-sidedness' is helpful. Decision situations where all politicians and others concerned share one and the same ideological orientation and thereby prefer one and the same alternative certainly exist but are regarded as an exception.

The idea is to seriously consider all the ideological orientations and alternatives, even minority views, and for politicians and other actors to learn from the information and sometimes hopefully reconsider their views through dialogue. Again a 'spirit of democracy' is expected and each actor (politician or other) should know what they are doing when voting or influencing decisions. And strengthening democracy is hopefully also a way of stimulating creativity in approaching problems as understood by each actor.

A focus on ideological orientation suggests that conflicts of interest can be illuminated. A politician or other actor may experience conflict within her ideological orientation. He or she may want to move quickly from one place to another but may realize that moving by air is costly in non-monetary terms for the larger society. There are certainly also conflicts between stakeholders, i.e. those who have something at stake in relation to the decision situation. Some stakeholders will benefit in monetary and non-monetary terms by a new road, others may regret the loss of agricultural land or degradation of ecosystems. Finally, there are conflicts at the level of ideological orientations that need to be articulated and made visible. Decision-makers are supposed to make their decisions based on their ideological orientations and take responsibility and be accountable for their standpoints.

Positional Analysis is here emphasized as being the main alternative to CBA. It should first be added that PA is further described and discussed at other places (Söderbaum, 2000, 2008; Brown et al., 2017). When choosing between approaches to decision-making and impact assessment, CBA and PA do not exclude other options. In Table 1, a distinction has been made between highly aggregated and highly disaggregated approaches and another distinction between ethically and ideologically closed and open approaches.

**Table 1.** A classification of approaches to decision-making

	Ideologically closed	Ideologically open
Highly aggregated	A	B
Highly disaggregated	C	D

Source: Söderbaum (2000, p. 80)

It is clear that CBA belongs to the highly aggregated and ideologically closed category A. Impacts are aggregated in one monetary dimension and there is an ideological commitment to market values according to specific methodological principles. PA on the contrary is highly disaggregated and ideologically more open (category D). In 'Sustainability - A Systems Approach', Clayton and Radcliffe (1996) refer to multidimensional thinking as in PA and express scepticism in relation to CBA and neoclassical economics. Environmental Impact Statements (Assessment) are similarly highly disaggregated while limited in scope to environmental impacts (Glasson et al., 1994). It should be observed that Environmental Impact Statements (EIS) are institutionalized in many countries in the sense that there are laws regulating their preparation. The idea is that decision makers should know what they are doing in terms of environmental impacts. Methods in category C can be exemplified with multiple-criteria analysis where standards for acceptance are set in each dimension while category B may refer to a method similar to CBA where all impacts are aggregated in monetary terms but where the price of each impact is an open issue for each actor. This approach still suffers from 'monetary reductionism'.

## Neoclassical economics as narrative

Neoclassical economics represents a specific ideological orientation, worldview or narrative. A simplified account of the economy may look as follows:

There are two actor categories in the economy, individuals (households) and firms. Each actor interacts with other actors in markets for commodities, labour and capital. Each actor aims at optimal solutions based on self-interest. Market interaction is understood in mechanistic terms with supply and demand as forces. Equilibrium and efficiency is attained under certain conditions (perfect information, perfect competition between firms etc.). It is admitted that single impacts on parties external to the market transaction may occur. In the case of such 'externalities' of a negative kind there is a role for the national government to apply a 'polluter-pays-principle' and in a sense 'internalize' the impact. Intervention

in markets by government should however be minimized. Firms are believed to be more efficient than public organizations, suggesting that privatization of previously communal activities is a step forward.

There are many side stories (narratives) in support of the neoclassical view. Mathematics is the preferred language to be used making quantification desirable wherever possible. The monetary dimension plays an essential role in all calculations and when preparing policy decisions. Progress in the economy is measured as increase in GDP, an indicator of the total yearly market transactions in a nation. Growth in GDP is believed to be necessary for employment and stability in the economy.

### **'Degrowth' as one among narratives to reconsider economics**

Present development is unsustainable in many ways and this has to do with dominant ideas of progress in society. Maximizing income at the level of individuals, profits in business and economic growth in GDP-terms are parts of the picture. Over the years several attempts with keywords or key phrases have been proposed to make us understand essentials of the problem(s) faced and reconsider dominant thinking patterns or narratives.

Rachel Carson's *Silent Spring* (1962) was a wake-up call for many. Among economists Kenneth Boulding recommended a view of the economy as 'spaceship earth' (1966) while Ezra Mishan pointed to *The Costs of Economic Growth* (1967). Barry Commoner's *The Closing Circle* (1971) and Friedrich Schumacher (1973)'s *Small is Beautiful* were similarly influential. In the spirit of Boulding's spaceship metaphor, Herman Daly argued that we should aim at a 'steady state economy' (1973) respecting the fact that environmental and natural resources are limited.

Among less visible attempts to reconsider progress in society 'eco-development' in the sense of ecological development was suggested by Ignacy Sachs (1984) while I pointed to 'ecological imperatives for public policy' (Söderbaum, 1982). 'Ecologization of the Economy' was the appeal of a conference in Svishtov, Bulgaria (Marinov, 1984). Later 'ecological economics' was institutionalized as a field of study with its own conferences and journals (Costanza ed., 1991). Rees and Wackernagel (1994) advocated a focus on quantitative measurement of 'ecological footprints' for individuals, cities and nations. Since then there have been many attempts to influence public debate including efforts through the United Nations,

'Sustainable Development' being a key phrase. *Our Common Future* is the title of the so called Brundtland report, presented by the World Commission on Environment and Development in 1987.

'Degrowth' is one of the more recent concepts to renew the debate and call for action. Reference can be made to a social movement with origin in Italy and France (Latouche, 2007). Also, governmental studies and the academia (Kallis et al., 2012, Haapanen et al., 2012) are involved. Rather than attempting to overview different contributions under the 'degrowth' label I will focus on one contribution that appears to play a central role. My comments are based on the 'institutional ecological economics' previously presented.

In *Prosperity without Growth*, Tim Jackson (2009) outlines a view of economics that is built upon his role as member with responsibility for economics in a UK Sustainable Development Commission. On the front page of the book we are told that 'business as usual is not an option'. We cannot any longer rely on market mechanisms and technological innovations. Economic growth does not work on a finite planet. 'The "iron cage" of consumerism' (Chapter 6) has to be confronted. Jackson reminds us of Keynesianism and the possible role of 'ecological investments'. There is a need for an 'ecological macroeconomics'.

In Chapter 2, it is argued that 'the age of irresponsibility must be ended' (p.32). When looking for villains Jackson mainly points to institutions that failed during the 2008-2009 financial crises. It is admitted that there is a 'failure in the current economic paradigm'. A new paradigm is needed for financial markets and for environmental and also social issues, for example equality.

In economics there is a close to monopoly position for neoclassical theory in university education and research. Business-as-usual in the area of economics education is however not discussed by Jackson. The idea seems rather to be to protect neoclassical theory and method and at best modify it. Neither is neoliberal ideology discussed. Personally, I believe that issues at the level of paradigm and ideology need to be illuminated. There are alternatives to the neoclassical paradigm and to neoliberal ideology.

How does Jackson's study relate to the previous distinction between technocracy and democracy? In my judgment Jackson appears as expert in an extreme sense with a technocracy-oriented approach. Issues of responsibility seem to be connected with actors as experts or in national government. But sustainability is an issue for

all individuals and organizations. I therefore argue with Panos Kalimeris (2018) that we need alternatives to the Economic Man assumptions of neoclassical theory. Reference to Political Economic Person is an attempt in this direction. Similarly, we need models of organizations that differ from the neoclassical profit-maximizing firm.

We may even need to understand economics in new ways. Monetary trade-off analysis is tempting as simplification but hardly helpful if we want to understand what we are doing in non-monetary terms. In my understanding Chapter 8 in the book and Appendix 2 about 'ecological macroeconomics' exemplify 'monetary reductionism' with equations of a traditional kind. So, as I see it, business-as-usual in university departments of economics is not an option. We may need to confront the 'iron cage' of neoclassical theory and method. But there are many cases of cognitive and emotional inertia in the economy. Large transnational corporations cannot continue as they do today if climate change and other environmental or natural resource issues are taken seriously.

Reconsidering economics is the main idea of my essay. I will now return to that story or narrative, broadening the perspective in some respects.

## Democracy as security system

Power is seldom equally shared in communities or societies. Power can be used for good purposes (according to an actor's ideological orientation) and in ways compatible with normal principles of democracy. But there can also be elements and cases of corruption and manipulation in any society. Democracy can play an important role in counteracting manipulation and abuse of power of any sort. A many-sided analysis for example reduces possibilities of manipulation of the information basis for decisions.

Even actors within universities sometimes need to be examined in relation to abuse of power. Extreme forms of technocracy are a threat and the willingness to 'listen to many voices' may be quite limited in establishment circles and elsewhere. Economics as an example may need to move some steps away from its technocracy-oriented tendencies toward a democracy-oriented discipline. The temptation to act as an expert in an extreme sense is there. It can be counteracted from within science itself or by outside pressures bringing economics into a more reasonable role and position.

A first recommendation to (us as) economists is that we should recognize that there is no exclusively scientific economics. Economics is always 'political economics'. This is equally valid for neoclassical and other economists, such as institutional economists. Value issues are unavoidable and need to be discussed openly. It should be added here that also natural scientists who participate in public dialogue about political issues such as agricultural or forestry policy need to understand the limitations of their approaches and conclusions. Problems can be formulated in more ways than one. Accusation of dogmatism can be valid for scholars who only accept so called evidence-based conclusions through some form of controlled experiments.

The close to monopoly position of neoclassical economists in economics education at universities can be regarded as a 'limited scientific and ideological dictatorship'. But also political dictatorships exist where society as a whole is potentially controlled by one person or a limited set of actors. In the extreme case there is only one vision or voice and all actors are expected to follow paths dictated by the leadership. All major arenas are controlled and protected from voices that depart too much from the mainstream.

This political dictatorship is, I believe, nothing to aim at. It is a dangerous situation for a nation and a threat to its security. We all need to listen to so called whistle blowers and more generally those with a different opinion. It can even be argued that nations with political dictatorship cannot govern themselves easily but depend on more democratic nations. Let us take the example of the use of insecticides in agriculture. If some insecticides represent a threat to biological diversity and to humanity more generally according to some scientists and other actors then a serious dialogue about these threats and needed policy changes can only take place in democratic countries. Those in charge of dictatorships can (hopefully) learn from the dialogue in other countries but will not get much help from their own scholars and citizens who see obedience to the leadership as the first priority.

But tensions between democracy and the abuse of power certainly exist also in nations such as Sweden and groups of nations like the European Union. A strengthening of democracy is something to aim at in all countries. The power of transnational corporations in financial terms and through lobbyists is an issue for all nations (Bode, 2018). This brings us to the questions of institutional arrangements in relation to sustainable development.



## **Toward a political economic system for sustainable development**

Sustainability politics is a matter for all actors in society. Individuals are 'political economic persons' and can act in their different roles as citizens or professionals by changing their life-styles or as 'influencers' in public debate. Organizations of different kinds, such as Civil Society Organizations (CSOs) and business corporations are 'political economic organizations' and can contribute positively or negatively in various ways to sustainable development.

Individuals are assumed to be guided by their 'ideological orientation' and organizations by their 'mission'. Individuals in their more private roles and as actors within organizations can internalize sustainability concerns to some extent but they are also limited by their social, cultural and institutional context. We are all part of an institutional context in the form of a global political economic system where United Nations (with its different associate organizations, such as United Nations Environmental Programme, UNEP, and United Nations Development Programme, UNDP), the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank are powerful actors. Transnational corporations are another powerful category which is challenged by some actors in relation to sustainability criteria.

Each one of these powerful organizations needs to reconsider their agenda or mission in relation to sustainable development. To facilitate such new thinking well-functioning arenas for public debate are needed. Media organizations in the form of newspapers, television and internet are significant as a form of infrastructure for public dialogue. In particular the larger media corporations certainly play an important role in this.

The present global and national political economic system gets a large part of its legitimacy from two sources; mainstream neoclassical economics and mainstream neoliberal ideology (with its focus on markets, economic growth in GDP-terms and profit-maximizing firms). If one wishes to open the door for limited or more extensive institutional change then one need to discuss alternatives at the two (interconnected) levels of economics paradigm and ideological orientation rather than systematically avoid these issues. We certainly need to replace parts of the present political economic system, which has failed in sustainability terms, with some other institutional framework. Some examples will follow.

The WTO as well as the much discussed more recent regional free-trade agreements is based on neoclassical trade theory which tells us that 'free trade' is good while 'protectionism' is bad. But some of us argue that 'protectionism' of human health, meaningful work, the rights of indigenous people and ecosystems (such as the Amazonas) is good. We also understand that the assumptions and theories of free trade are a bit strange in relation to the real world. Aggregating the different interests and impacts in one-dimensional terms in each country can only be done by reducing all possible standpoints to one single ideological orientation. There are often important conflicts of interest between stakeholders, such as workers and shareholders, in each of the trading countries.

Company law for business corporations is today close to the assumptions of maximum profits in neoclassical microeconomics of the firm. This law need to change to become compatible with the 17 SDGs. Actually, many business corporations, in particular the larger ones, today appear miss-constructed in relation to present challenges. The exclusive focus on the monetary profit motive with connected limited liability doctrine explains why transnational oil and coal companies (and related national governments) often continue to expand in directions that clearly are unsustainable. For so called small and medium-sized business enterprises (SME), limited in its operations to a city or nation, the problems may be smaller (Kras, 2019). Feed-back from governmental organizations, consumers and other stakeholders has a better chance of influencing change in the interest of sustainability.

Inequality in power has been touched upon. Another part of ambitions to reduce inequality to get closer to sustainable development focuses on income and property. Options concerning taxation systems to make them fair need to be considered. Such options are certainly a matter of ethics and ideological orientation but, again, our views of economics are there with the tendency to make self-interest legitimate.

## Concluding comments

In neoclassical theory the ambition is to present simplistic explanations of the behaviour of consumers and firms in their market context. The explanations are presented in mathematical language, preferably as equations. The present essay is instead built on the judgement that mathematics can be helpful but has its limits (Lawson, 2015). Demonstrating how the behaviour of 'all' consumers or firms can be described in specific optimal terms is of interest but our ambition is rather to

understand and influence thinking patterns and behaviour of single individuals and single firms as actors, the main purpose being to construct a conceptual framework and language that is useful in relation to present political-economic challenges.

How do we get away from the tendency to exclusively focus on the self-interest of actors in different roles? Amitai Etzioni as sociologist has advocated an 'I & We paradigm' (1988). Self-interest is potentially always there and so is interest in the outcomes for other persons. We are individuals who in different roles are part of many we-categories. We may bother about the interests of others (even in market transactions) as suggested by words such as fairness, solidarity. 'Fair trade' and 'Corporate Social Responsibility' have become issues in the real world. We may 'cooperate' rather than compete. To bring in ethical aspects of the indicated kind we need concepts such as ideological orientation or mission.

As scholars we can cooperate in attempts to make economics a more open and pluralist discipline. There is a specific journal for such purposes, *International Journal of Pluralism and Economics Education*. Thousands of persons concerned about the present situation at university departments of economics are brought together in a World Economics Association (WEA). Conferences are organized; journals and books are published by the mentioned and other organizations. Economics students go together in an International Student Initiative for Pluralism in Economics (ISIPE, 2019). 82 associations of students from 31 countries have signed the call. A related initiative is a book 'Rethinking Economics' by students representing a network advocating a pluralist economics (Fischer et al., eds 2018).

In a democracy one would expect a constructive dialogue between mainstream and heterodox economists. But such interaction seldom occurs. The neoclassical theory and method is protected with the 'Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel' and otherwise. Fortunately, there is some heterogeneity in any actor category. Some neoclassical economists are hopefully more willing to listen than others.

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