Explaining perverse resilience in mainstream economic theory and policy propositions: an evaluation of competing hypothesis.

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Abstract

Mainstream economic theory and the economics profession have provided remarkably resilient intellectual cover (or discursive support) for several decades for a set of core public policy positions that contribute to undermining sustainability and prospects for long term human development. These policy positions are not well supported theoretically or empirically and on occasion, dramatic economic events such as the 2008 financial crisis increase public scepticism of economics’ claim to be a science. The core policy positions of interest are that a healthy economy is necessarily a growing economy, that wellbeing increases as consumption increases, that wealthier societies take better care of the environment and that biophysical limits to growth are illusory or can be transcended. Each of these policy positions is supported by elements of mainstream economic theory. The resilience of these policy positions and attendant theory to external scrutiny is all the more remarkable when one considers accumulating evidence that economic activity organized in accordance with these core policies is undermining social-ecological systems and achieving unsatisfactory human wellbeing; the emergence of ecological economics, which offers a critical perspective on mainstream economic theory; challenges to the desirability of these core policies from the environmental and social justice movements.

We first provide evidence is support of our claim that mainstream economic thought has served to provide stable intellectual cover for these core policy positions and has resisted adaptation to new theoretical insights and that this resilience has been perverse. We then evaluate leading hypotheses for explaining the resilience of economic theory, including:

- that mainstream economists are not implicated and that mainstream theory does not support the core policies, rather, other actors comb through economic theory and mobilize ideas that support the core policies and downplay ideas that would undermine them
- because economies are path-dependent complex adaptive systems, the phenomena of interest elude prediction or translation into theoretical propositions; accordingly, the resilience of economic theory is a side-effect of inherent limits in its scope for improvement
- that elites nurture theorists and schools whose research products are congenial to their pecuniary interests, while depriving knowledge producers whose outputs are less congenial of resources and exposure

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that a series of events (e.g., the publication in 1948 of Samuelson’s influential textbook) led, without active shaping by particular interests, to a profession and a body of knowledge that is insulated from other disciplines and disconnected from the real world.

that the sociology of the economics profession (e.g., gatekeeping, self-selection into the profession) combined with the institutional environment of the academy (e.g., the focus on publication, codification in textbooks) fosters incremental theorizing and limits possibilities for reorganization and release.

while economic growth and consumerism are transitory phenomena, economic theorists are shaped by the social and economic context in which they live.

Our results help explain the perverse resilience in economic theory mobilized in public fora to support the ‘conventional wisdom’ regarding the characteristics of a healthy economy. It helps prioritize interventions for fostering transformation to a new knowledge domain more relevant to sustainability.

Keywords: discourses, education, narratives, path dependency, resilience, transformation, power, resistance