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Ecological Economics: An Oxymoron?

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By: **Livia Gershon** | September 3, 2018 ⌚ 2 minutes

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By: [Livia Gershon](#) September 3, 2018

“Jobs versus the environment” is a constant refrain in American politics. To economist Clive L. Spash, however, **the discipline of economics doesn't have to be on the opposite side of environmentalists**. Bringing ecology to economics simply means looking at the subject through a different lens.

Traditionally, Spash writes, the mainstream economics that developed in the twentieth century has had little room for environmental issues. Microeconomics focuses on the interactions of individuals and firms, with a baseline assumption that everyone wants to maximize their consumption. Macroeconomics addresses issues like money supply, unemployment, and inflation, with its own assumption that continual growth is the primary way to judge the failure or success of an economy. Both favor the use of mathematical models, often distrusting speculation or big narratives.

The environmental movement that began in the 1960s sparked dissent within and outside of the discipline, challenging its foundations. Some ecologically-minded economists like E. F. Schumacher questioned the assumption that people are self-interested and inherently inclined to consume as much as possible. Others suggested that limits of resources and dangers of pollution could make continuous growth unsustainable.

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Spash writes that one economist, Kenneth E. Boulding,

characterized the economy as being run like the Wild West, populated by cowboys who exploited resources, chucked their waste on the ground and rode away to infinite horizons—where lay the promise of fresh resources and new environments to exploit and degrade—this was in contrast with Earth as a closed system like a spaceship.

Mainstream economics was largely ill-equipped to integrate complicated, uncertain ecological systems into its models, according to Spash. For example, economists have usually treated pollution “as a local problem between two actors, easily corrected as a one-off market failure,” neglecting the immense complexity of measuring and mitigating the effects of pollutants that drift across national borders with the wind and rain.

In some cases, environmental economists have been able to garner mainstream attention, often by putting a dollar value on ecosystems and environmental resources so that they can be considered in cost-benefit analyses. But Spash writes that they often achieved this by “simply plucking monetary numbers from the air,” which “undermines an alternative theoretically grounded research agenda.”

Where economists tend to compare themselves and their methods to physics—with “mechanistic cause-effect relationships... explaining social interactions”—Spash writes that what we may need is something more like biology. Treating the world as chaotic and evolving rather than static and deterministic means that “the future becomes uncertain in a strong sense, which denies our ability to predict.”

Rather than simply harnessing standard economic models in service of environmental initiatives like carbon trading, Spash envisions a “social ecological economics” that supports broader political participation, behavioral and systemic changes, remedies for poverty and inequality, and a challenge to the equation of prosperity with ever-rising material and energy consumption. Today Spash and other ecological economists are trying to put these ideas into practice, but they remain well outside the boundaries of traditional economics.

[Social Ecological Economics: Understanding the Past to See the Future](#)

By: Clive L. Spash

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