

Rethinking Economy in the Light of Covid-19

This document contains two submissions to the Heywood Foundation for its 2021 Public Policy Prize (<https://heywoodfoundation.com/>). The motivation behind the prize was that "sometimes the best ideas come from unexpected people and places" so anyone could enter. Two submissions were invited:

1. "What is a key challenge or opportunity presented by the COVID-19 pandemic and its consequences?" 300 max words.

2. "In the case of a problem, how might we fix it? In the case of an opportunity, how do we capitalise on it?" 1000 max words.

I thought that to rethink the economy away from harmful sectors might be a good answer to that, and the "how" can be with Dooyeweerd's aspects.

Since the panel of judges included politicians like Michael Gove, I decided to enter ideas about rethinking the economy in the light of Covid-19, not with any idea of winning a prize, but because I wanted these ideas to be read by someone. Something might lodge in their minds for later.

This document contains two entries that, together, suggest how the economy might be reorientated, using Dooyeweerd's ideas.

1. How do we Wisely and Urgently Reorientate Our Economy?
2. Speedy Research to Provide Wisdom for Recalibrating our Economy

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Heywood 1. Problem/Opportunity

How do we Wisely and Urgently Reorientate Our Economy?

Covid-19 shrank our economy, by cutting many non-essentials. Interestingly, sectors harmful to climate and biodiversity were materially affected. It may be beneficial to reorientate economies away from sectors high in harmful non-essentials. But how? The twin crises of climate change and biodiversity loss make that question urgent.

Covid-19 has revealed some benefits of doing this. But to do this wisely, as deliberate policy without injustice or undue suffering, we must understand which sectors of the economy are worst in harmful non-essentials. We should prevent them re-growing without alienating people.

Mark Carney, ex-Governor of the Bank of England, in his 2020 Reith lectures, said, "In deciding which sectors of the economy to open and close, policy makers must weigh up externalities" such as biodiversity loss, climate change and obesity among others. Our economy depends on the environment, so such externalities must be included in economic calculations alongside metrics like GDP. Professor Sir Partha Dasgupta demonstrated how this may be accomplished, in his Review for HM Treasury, The Economics of Biodiversity.

However, his Review was general. Externalities are not all of the same kind, and many are harmful and non-essential. To identify and tackle the worst cases of harmful non-essentials with wisdom, we must understand how to:

- (a) deal with different types of externality,
- (b) judge good from harm arising from economic activity,
- (c) judge which harmful activities are non-essential,

and judge each sector accordingly. This will augment Dasgupta's Review.

Regrettably, one will search in vain for such understanding, so research and debate are needed. However, we do not have time to wait for full research programmes to be completed. We should begin a programme of speedy research that will provide sufficient understanding to make a start.

Heywood 2, Solution/Capitalisation

Speedy Research to Provide Wisdom for Recalibrating our Economy

In Response to "How do we Wisely and Urgently Reorientate Our Economy?"

That argues that Covid-19 offers us an opportunity to reorientate our economy, away from sectors that do most harm to climate, biodiversity and other "externalities" [Carney 2020; Dasgupta 2021], and calls for "speedy research" to prepare understanding of:

- (a) types of externality,
- (b) good and harm arising from economic activity,
- (c) which harmful activities are non-essential,

sufficient to identify and tackle the worst cases.

It would seem naive to think this is possible, given that some of these topics have been debated since Aristotle, but my experience over 25 years of research is that the realist ontology of Dooyeweerd can shortcut some of those debates without reduction. I propose pieces of speedy research using this to give us sufficient initial wisdom to recalibrate the economy without injustice or undue suffering.

1. Conceptual Framework

Dooyeweerd's ontology offers a ready-made, comprehensive, well-formed, soundly-based categorisation, covering natural, individual, social and societal aspects together:

- Quantitative aspect concerns: amount
- Spatial: continuous extension
- Kinematic: movement
- Physical: energy, matter
- Biotic-Organic: life
- Sensitive-Psychic: feeling/response
- Analytical: distinction

Technical-Formative: creative power
Lingual: signification
Social: social interaction
Economic: frugality
Aesthetic: harmony, enjoyment
Juridical: appropriateness, justice
Ethical: self-giving love
Faith: beliefs, assumptions, expectations, aspirations, commitments.

This has proven useful in research and analysis across many fields [Basden 2019]. Being intuitively understood, Dooyeweerd's aspects do not depend on academic experts to mediate them to practitioners.

All aspects are equally important. Thus the economic aspect is one among others and should be neither unduly elevated nor reacted against. For example, biodiversity (biotic aspect) cannot be reduced to economics.

2. Externalities

Externalities are diverse, unaccounted-for consequences of human activity enabled by economic activity. Their many types may be differentiated by identifying the aspect(s) that make them meaningful. Examples include:

Spatial: Geographic location
Kinematic: Transport
Physical: Climate
Biotic-Organic: Biodiversity, health
Sensitive-Psychic: Mental health
Technical-Formative: Technologies, techniques
Lingual: Language
Social: Relationships
Aesthetic: Life enjoyment
Juridical: Justice
Ethical: Pervading attitude, trust
Faith: People's aspirations, expectations.

Dooyeweerd's aspects can help analysis of multiple externalities of all kinds together. This can augment Dasgupta's [2021] proposal.

Policy that elevates one aspect as all-important above others (e.g. the economic), encourages harmful externalities. Each aspect offers irreducibly distinct kinds of law, which determines how externalities operate and interact, so every aspect must be given due respect.

Speedy Research 1: Catalogue types of externality and how they operate and interact in terms of aspects.

3. Harm and Good of Economic Activity

Externalities can be good or harmful. Each aspect defines a different kind of basic, important good. For example, the unexpected benefits that Covid-19 revealed include:

Generosity, Volunteering, Care: ethical aspect
Commitment: faith
Cooperation: social, aesthetic
Enjoying nature: biotic, aesthetic, psychical
Innovation: technical-formative.

Each aspect also defines corresponding harm. Examples of harmful effects of economic activity might include:

Climate disruption: physical
Pandemic, Biodiversity loss, obesity: biotic-organic
Mental stress: sensitive-psychical
Relationship breakdown: social
Waste: economic
Fragmentation, lack-of-enjoyment: aesthetic
Injustice to less-developed nations; inequalities: juridical
Selfishness, lack of care: ethical
Materialistic aspirations: faith

Speedy Research 2: Catalogue types of harm and good meaningful in each aspect, and how each affects the others. Identify harm/good ratio of each sector of the economy.

4. Non-essentials.

Some aesthetic non-essentials are good when all enjoy them (e.g. art, sport, leisure). A surfeit however is harmful. Wealthy economies and cultures exhibit surfeit of harmful non-essentials. Covid-19 revealed non-essentials: e.g. half UK's trucks were "parked up" because they had been carrying non-essentials [<https://www.rha.uk.net/news/2020-04-april/roadway-update-8-april-2020>"].

To act wisely in reorientating economies, we must understand what leads to non-essentials. Examples:

Economic: Market forces and government subsidies
Aesthetic: Allure of non-essentials
Juridical: Policies
Ethical: Selfishness, greed, unconcern
Faith: Hubris, unhealthy aspirations.

The latter two especially influence the direction of our economic thinking and policy-making, towards either responsibility and generosity or biodiversity loss and climate crisis.

Speedy Research 3: Identify non-essentials. Review their operation. Understand each aspect in encouraging surfeit of non-essentials.

5. Shrinking Harmful Sectors

The pandemic offers us an opportunity to ensure that sectors high in harmful non-essentials are not boosted, but shrunk. The worst offenders may be identified by the research above.

Example: Aviation has a high harm/good ratio and much is non-essential, yet many governments have given airlines subsidies. Hepburn’s [2020] survey of bankers, governments and academics finds that grants to airlines is the least economically effective and most environmentally harmful of 25 fiscal stimuli.

But what about jobs in sectors we shrink? Jobs provide resource and purpose in life, but are only one way to do so, others being voluntary work, home-making, social security, etc., which Covid-19 has shown are important. Integrate jobs with these. This may be done by understanding the aspects that make them meaningful (economic, ethical, social and juridical respectively).

Vested interests, however, might resist this, by elevating their own favourite aspect(s). The answer is neither antagonism nor acquiescence but to investigate how all the other aspects are also important.

Speedy Research 4: Understand how each aspect enables and resources reasonable human living. Provisional plan for jobs.

6. A Speedy Research Programme

Provisional skeleton plan (months):

1-2: Research team familiarises with Dooyeweerd’s aspects and their multiple application to externalities, good, harm, non-essentials and the nature of jobs.

3-5: Initial application of aspects to each, sources: literature / focus-groups

6-9: Intensive empirical studies of each by aspect

10-11: Writing initial report

12: Release initial report so that worst-case economic activities may be identified and planned for

13-24: Refine all research.

This is challenging, requiring a Covid-19 spirit of urgency, commitment, cooperation, resourcing and cross-fertilization. But it is possible.

References

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Dasgupta, P. 2021. The Economics of Biodiversity. Treasury.
Hepburn C. et al. 2020. Will Covid-19 fiscal recovery packages accelerate or retard progress on climate change? Oxford Review of Economic Policy, 36(21), S359-81.
