

UNDERSTANDING SUSTAINABILITY ECONOMICS.  
THE EXAMPLES OF HEALTH AND ENVIRONMENT

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ABSTRACT

When mainstream neoclassical economics is presented in textbooks for students, the values and ideological orientation of the perspective is not discussed. In this essay it is argued that neoclassical economics is specific not only in conceptual but also in ideological terms. These value or ideological issues need to be discussed openly in a democratic society. They become accentuated in relation to present attempts to get closer to sustainable development. Economics is here understood in political terms, making democracy and ideology essential elements of a conceptual framework. Individuals are understood as ‘political economic persons’ guided by their ideological orientation and organizations as ‘political economic organizations’ guided by their mission. Even markets are interpreted in political terms as relationships and networks. The ‘trade-off’ principle in neoclassical theory and method is criticized and a careful consideration of non-monetary impacts, for example on health and environment, recommended. Inertia in its different forms (commitments, path-dependence, irreversibility) should be illuminated.

Among heterodox schools of thought in economics (e.g., Beker 2020) a kind of ‘sustainability economics’ or ‘ecological economics’ is proposed as part of a pluralist understanding of economics. It is argued that the theoretical and practical tools offered by neoclassical economics are not sufficient and indeed may be misleading in relation to the challenge of sustainable development. The kind of ecological economics advocated can be named an “institutional ecological economics” in the spirit of Gunnar Myrdal (1972) and William Kapp (1971). The naming suggests that not only minor but also major institutional change can be considered. Two examples of needed institutional change are discussed, the legal framework of business companies and the so called “Nobel Prize in Economics”.

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## INTRODUCTION

The present political economic system may be functioning reasonably well according to traditional monetary criteria, such as income for individuals, profits in business and economic growth at the level of nations. Mainstream neoclassical economics with its assumptions, conceptual framework and language contributes to make such a narrow focus on the monetary dimension legitimate. Today, it has become clear that development trends are unsustainable in important respects, for example health issues, where the recent COVID-pandemic is one example and environmental issues, where climate change is among examples.

Mainstream neoclassical economists and all those who understand development in monetary terms are facing at least two groups of challenges. One is to avoid simplification in the sense of ‘monetary reductionism’ and broaden thinking habits to systematically include various non-monetary aspects of development (the multidimensional challenge), another is to open the door for other ideological orientations where profits in business and economic growth in GDP-terms will play a less dominant role and perhaps even be subordinated to non-monetary criteria and goals such as those connected with sustainable development (the democratic challenge).

In response to the two groups of challenges, new approaches to economics are needed. In this article an attempt is made to socially construct such a conceptual framework and language for an economics more in line with present challenges.

### 1. REDEFINING ECONOMICS

The history of economic ideas is a possible starting point when reconsidering economics as a discipline. Until about 1870, economics was understood in political terms (Fusfeld 1994: 2). Research and education in economics were closely related to political issues and the discipline was referred to as “political economics” and its field of study as “political economy” (*ibid.*). But leading economists of the time wanted to make economics comparable to natural sciences, such as physics by downplaying the ‘political’ and ‘ideological’ aspect of their discipline. A kind of freedom from values or value-neutrality is possible and desirable, it was argued. Contrary to such a view Gunnar Myrdal among economists repeatedly argued that “valuations are always with us” in economics research and education, implying that we as economists should deal with them openly:

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 conclusions – in fact the whole pursuit of a study from beginning to end (Myrdal 1978: 778-779).

Recognizing that economics is always “political economics” and that values and ideology influence our work, we need to conclude that there is no economics that is exclusively scientific. What we have to offer are different versions of political economics, where mainstream neoclassical theory is one and the present kind of ‘institutional ecological economics’ another.

While neoclassical economists connect economics with “efficient allocation of scarce resources”, an attempt is here made to define economics by responding to the two mentioned challenges. Economics is then understood as: “multidimensional management of limited resources in a democratic society” (Söderbaum 2017a: 22).

## 2. THE MULTIDIMENSIONAL CHALLENGE

With the so called Brundtland report (World Commission on Environment and Development 1987), “sustainable development” became a key phrase in the debate about progress at various levels from the local to the global. It was argued that “Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs” (*ibid.*: 8). It is no longer enough to focus on ‘economic growth’ in GDP-terms and to sustain such growth in monetary terms. But it was also argued that “a new era of economic growth” is still possible and desirable for so called developing countries (*ibid.*). Some actors later pointed to a possibility of “Green growth”, other participants in the debate suggested that we rather need “degrowth” (e.g., Kallis *et al.* 2012) considering limits to natural capital and “ecosystem services”. But degrowth still refers to the monetary dimension and does not represent a clear step away from neoclassical theory.

In 2015, United Nations sanctioned no less than 17 Sustainable Development Goals (SDGs) with sub-targets and a 2030 Agenda to measure development in these terms (United Nations: 2015). Although economic growth in a traditional sense was still there as one among the goals (number 8), the

17 SDGs can be regarded as a breakthrough for multidimensional thinking. Why is this so important?

In my understanding, multidimensional thinking means abandoning the idea of a superior role for the monetary dimension in economics. This is the ‘trade-off principle’, i.e., the idea that all kinds of impacts can meaningfully and easily be traded against each other in monetary terms. Specific environmental (social, health-related etcetera) impacts can be traded at a price in monetary terms against financial impacts (such as construction costs when building a road). In neoclassical Cost-Benefit Analysis (CBA), scientifically ‘correct’ prices are suggested for each kind of non-monetary impact. But such prices represent a specific valuational or ideological standpoint which is not compatible with the democracy-oriented challenge to be discussed later.

The monetary trading philosophy does not go well with properties and understandings of many kinds of non-monetary impacts. Some actors refer to specific impacts as having ‘intrinsic values’ (or being ‘priceless’). In relation to environmental issues, inertia and irreversibility is a special concern. When constructing a road there will be changes in land-use that for practical purposes can be considered irreversible. When using fossil fuel as energy source while driving a car, each unit of CO<sub>2</sub> discharged adds irreversibly to the position of CO<sub>2</sub> in the atmosphere. If stubbornly arguing that each impact should be valued in monetary terms, it can be replied that each unit of CO<sub>2</sub> discharge can be given an infinite price in money. Inertia is a general phenomenon that needs to be considered in public and private decision-making. Taking irreversibility seriously brings us to the issue of ideological orientation and democracy.

### 3. THE CHALLENGE OF DEMOCRACY

One of the defining features of a democratic society is the existence and acceptance of actors who differ with respect to ideological orientation. There are more voices than one. Mainstream neoclassical economists tend to see ‘ideology’ as ‘given from outside’, if they at all use the word.<sup>1</sup> But ideology as well as democracy need to be part of economics.

Some economists have deviated from the mainstream by making ‘ideology’ part of their conceptual framework and analysis. Joan Robinson is one. In her early book *Economic Philosophy* she argues as follows:

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<sup>1</sup> It can be noted that neither ‘ideology’ nor ‘democracy’ is part of the Index or Glossary in Gregory MANKIW’s popular textbook *Economics* (2011).

We must go round about to find the roots of our own beliefs. In the general mass of notions and sentiments that make up an ideology those concerned with economic life play a large part, and economics itself (that is the subject as it is taught in universities and evening classes and pronounced upon in leading articles) has always been partly a vehicle for the ruling ideology of each period as well as partly a method of scientific investigation (Robinson 1962: 1).

In his textbook on the history of economic thought, Daniel Fusfeld discusses “the ideology of capitalism” as follows:

In spite of its scientific method, neoclassical economics had strong ideological implications. The theoretical model assumed the existence of a structure of economic institutions based on individuals functioning in an environment of self-adjusting markets. It pictured a private enterprise economy that produced what consumers wanted and, therefore, maximized welfare, distributed products justly, and normally operated at full-employment levels. Economic growth through saving and capital accumulation was the source of progress (Fusfeld 1994: 87).

Fusfeld clarifies further that “neoclassical economics was not a rigorous laissez-faire theory”. Government intervention of various kinds was part of the paradigm and ideology.

Douglass North is another economist who defines and refers to ‘ideology’ in his book about institutional change (North 1990: 23). A more recent case of an economist defining ‘ideology’ can be found in Thomas Piketty’s book *Capital and Ideology*:

I use ideology in a positive and constructive sense to refer to a set of a priori plausible ideas and discourses describing how society should be structured. An ideology has social, economic, and political dimensions. It is an attempt to respond to a broad set of questions concerning the desirable or ideal organization of society. Given the complexity of the issues, it should be obvious that no ideology can ever command full and total assent: ideological conflict and disagreement are inherent in the very notion of ideology. Nevertheless, every society must attempt to answer questions about how it should be organized, usually on the basis of its own historical experience but sometimes also on the experiences of other societies. Individuals will usually also feel called on to form opinions of their own on these fundamental existential issues, however vague and unsatisfactory they may be. (Piketty 2020: 3-4).

In the present essay, ideology and ideological orientation are understood in a broad sense as means-ends relationships. It is about “fundamental existential values” as referred to by Piketty, but also relevant in commonplace situations. We need an economics also for everyday decision-making. While there are stable elements in an actor’s ideological orientation there is also some variability depending on situation or context.

## 4. OPTIONS IN TERMS OF PARADIGM/ IDEOLOGICAL ORIENTATION

The mainstream idea concerning paradigms in economics appears to be that only one paradigm is correct at a time and that there is a possibility sometime in the future of a “paradigm-shift” as suggested by Thomas Kuhn in his book *The Structure of Scientific Revolutions* (1970). But since each paradigm is specific not only in scientific terms but at the same time in ideological terms, reliance on only one paradigm in social sciences (with its ideological implications) becomes incompatible with normal ideas of democracy. In economics as a discipline, we should therefore expect two or more paradigms/ideological orientations as being seriously considered. At a transdisciplinary level, it becomes even more obvious that there is a plurality of paradigms with connected ideological orientations (Söderbaum 2020b; 2021).

In Table 1, differences between the present mainstream paradigm with ideological orientation and a paradigm/ideology more in line with sustainability is broadly indicated. The two perspectives should not be understood in either-or terms. Once more, the “paradigm-shift” idea of Thomas Kuhn is misleading. Embracing some features of the suggested sustainability perspective does not mean completely abandoning all elements of mainstream thinking. In a transition period, things may happen in a step-by-step fashion for single individuals and for groups of individuals. And sometimes an actor may perceive two different perspectives as having a complementary role.

Tab. 1. *An attempt to illuminate tensions between a mainstream paradigm with connected ideology and a proposed sustainability economics paradigm and ideology*

	Mainstream paradigm and ideology	Proposed “sustainability economics” paradigm and ideology (ecological economics)
Dimensions considered	Essentially one-dimensional (monetary)	Essentially multidimensional (monetary and non-monetary)
Ideological orientation	Neoliberal ideological orientation (market), as built into neo-classical economics	Democracy-oriented: competing ideological orientations, sustainable development potentially included
View of conflict	No essential conflict (equilibrium). Values can be derived from existing markets	Conflicting ideological orientations and interests need to be respected and can play a constructive role
Kinds of analysis	Monetary optimal solutions	Monetary and non-monetary. Conditional conclusions
View of inertia	Essentially neglected (Monetary trade-off philosophy dominant)	Relevant, on the monetary as well as non-monetary side

Source: author.

In the next sections I will elaborate on the proposed sustainability economics paradigm and ideology, assuming that the reader is broadly acquainted with the mainstream perspective.

#### 5. PARADIGM: FROM TOTAL EXPLANATION TO CONCEPTUAL FRAMEWORK AND FRAGMENTARY UNDERSTANDING

The concept of ‘paradigm’ stands for theoretical and methodological perspective. Neoclassical economics is a paradigm often understood in mathematical terms as a set of equations claiming to tell us about the functioning of the present political economic system. When referring to a possible new paradigm, it may then refer to a new set of equations claiming to better explain relationships between agents in the economy and performance of the economy as a whole and parts of it.

But neoclassical economics can be understood in less ambitious terms as a specific conceptual framework and language that claims usefulness in understanding the economy and its functioning. This is a story about “firms” maximizing monetary “profits” and “consumers” choosing baskets of commodities to maximize their “utility”, subject to a monetary budget constraint. It is also about potential government intervention with measures to influence the behavior of consumers and firms, the purpose being to achieve specific goals for the economy or parts of it.

In what follows ‘paradigm’ will be understood in the second less ambitious sense as conceptual framework and language. The idea of total explanation of the functioning of the economy is downplayed or abandoned in favor of a view of paradigm as conceptual framework and language. Will ecological economics or sustainability economics as conceptual framework add to our understanding of sustainability issues when compared with exclusive reliance on the conceptual framework of neoclassical theory? Sustainability or sustainable development is then regarded as an ideological orientation that differs from the neoliberal ideology built into neoclassical theory. Will the new conceptual framework move us in the direction of a strengthened democracy?

#### 6. FROM MAINSTREAM NEOCLASSICAL ECONOMICS TOWARD SUSTAINABILITY ECONOMICS

When referring to mainstream neoclassical economics I am thinking of textbooks used in many parts of the world such as Gregory Mankiw’s *Economics* (2011). A more sophisticated and at the same time critical view of



neoclassical theory is given in Jonathan Aldred's *License to be Bad. How Economics Corrupted Us* (2019). In the present essay, I certainly advocate sustainability economics of a specific kind, but this is done as part of a philosophy of pluralism. Hopefully, there will be an increased role for ecological or sustainability economics in the future but the idea is not one of completely abandoning neoclassical theory in a paradigm-shift sense. Instead, a possibility of pluralism is invoked. While there is a certain homogeneity among neoclassical economists, there is also some heterogeneity in the category of neoclassical economists (Söderbaum 1991). As an example, sustainable development is discussed at the macro level in an OECD-study (Stiglitz *et al.* 2018). A microeconomics for sustainable development that departs from the mainstream is however still missing and the tendency is to argue in terms of "capital" of various kinds is still there. Partha Dasgupta and Ismail Serageldin refer to "Social Capital" in their book (2000) and Dieter Helm to "Natural Capital" (2015). In what follows I will compare the neoclassical view of microeconomics with the proposed ecological economics perspective.

*Individuals* and *organizations* are 'actors' in the economy. The role as consumer is not unimportant for the individual. But other roles are also potentially relevant, such as citizen in a democratic society, worker/professional, member of social organization or of political party. Reference to the individual as 'actor' and to an actor perspective represents a departure from the neoclassical idea of consumers and firms as reacting mechanistically to specific markets and cases of governmental intervention.

The individual is here regarded as a Political Economic Person (PEP) and actor guided by her 'ideological orientation'. She or he is a potentially responsible person in relation to the political economic system and a democratic society more generally. A PEP is furthermore understood in socio-psychological and cultural terms.

Similarly, a Political Economic Organization (PEO) is an actor guided by its ideological orientation or 'mission'. Profit-maximizing firms according to neoclassical vocabulary is a sub-category of PEOs. In relation to sustainable development there are also organizations focusing on health-related or environmental issues whose mission can hardly be described as exclusively maximizing profits in monetary terms. Greenpeace is an example among environmental organizations (Bode 2018). There are also various public organizations, such as universities, that can play a positive or negative role in relation to threats of climate change and other environmental problems.

Again, firms as well as other organizations are regarded as potentially responsible in a broad sense for their behavior and action. They can respond to government recommendations and interventions by internalizing or counteracting sustainability values and by participating in public debate.



*Markets* can be understood in terms of neoclassical supply and demand but also as relationships and networks between PEPs and PEOs. Such relationships and networks can be of a cooperative kind where ‘trust’ plays an important role. An actor A directly involved in a transaction with B may bother about the impacts on B as well as on third persons C and D. There is an ethical issue of fairness involved in market transactions. “No business is an island” as is the title of a book recommending network thinking (Håkansson and Snehota 2017). References to “externalities” in a neoclassical sense as in neoclassical theory is just one kind of analysis.

*Decision making* is no longer (as in neoclassical theory) exclusively a matter of search for optimal solutions in quantitative terms. Instead, the main idea is one of a ‘matching process’. An actor’s ideological orientation (mission) is matched against the expected multidimensional impact profile of each alternative considered in the decision situation. Instead of ‘matching’, reference can be made to ‘appropriateness’, ‘compatibility’ and even ‘pattern recognition’.

Neoclassical Cost-Benefit Analysis (CBA) as an approach to *assessment of investment projects* in society is here dismissed as not being compatible with democracy. Economists have no right to enter the political scene limited to their “trade-off” philosophy and ideas about correct prices. This is a specific ideology excluding other possibilities for example ideological orientations that take sustainability seriously. Instead, Positional Analysis is recommended (Brown *et al.* 2017).

*Public policy* and government intervention in neoclassical theory becomes a matter of governmental measures influencing firms and consumers, mechanistically understood. Things can certainly be achieved with such reasoning and action, but handling health and other sustainability issues will probably be facilitated if a dialogue is carried out with individuals and organizations as actors and if each actor is regarded as a policymaker potentially supporting the actual government policy. ‘Involvement’ of actors in the process of implementing policy appears as a key consideration. When the COVID pandemic (or the climate change issue) is concerned, mechanistic measures of the “lockdown” type, limiting the behavior of individuals and organizations is not the only option and can even trigger protest movements. Such movements may counteract the implementation of governmental policy. In a democracy protest movements are part of normality and often plays a constructive role.

## 7. INERTIA AND POSITIONAL THINKING

In this article neoclassical economic theory and method has been criticized for its ‘trade-off thinking’ in monetary terms and for not taking non-monetary impacts seriously. I have also argued that the CBA method is not compatible with democracy. What is then the alternative to the neoclassical approach?

A first step is to reconsider the role of an economist as expert. Rather than looking for an optimal solution, the idea is to “illuminate an issue in a many-sided way with respect to relevant ideological orientations, alternatives and expected impacts” (Söderbaum 2017b: 30-31). This is a way of bringing in more than one relevant ideological orientation in the decision situation. Sustainable development in some specific sense may enter the scene for example. Conclusions will be conditional in relation to each ideological orientation considered. The order of preference among alternatives will often differ depending on ideological orientation.

In a democracy, decision makers and all concerned by an issue should know as well as possible what they are doing when choosing one alternative before another. The role of the analyst is one of attempting to clarify the options and expected consequences as well as possible. The impacts when choosing a specific alternative can be described as:

- monetary flows;
- monetary positions;
- non-monetary flows;
- non-monetary positions.

Expected profits in a company during a year refers to a specific period and therefore is a monetary flow, while the balance sheet of a company at a specific point in time exemplifies a monetary position.

While CBA is a philosophy of aggregating all impacts, Positional Analysis rather recommends a disaggregated description of expected impacts in profile terms. Aggregation of impacts to a single number means that a specific ideological orientation is applied (telling us about how each impact should be weighted) at the expense of all other ideological orientations. The study presented by the analyst should ideally facilitate for the decision maker to take a stand in relation to the total set of expected impacts, that is to make her own specific aggregation.

Ideological orientations can partly be expressed in positional terms. ‘Sustainable development’ can be understood as “non-degradation of human health and natural resources for the present and future generations locally and globally” (Söderbaum 1982). Positional thinking also suggests

that decision-making is a multiple-stage process. The alternatives considered at a point in time are often seen as only the first step in a series of steps much like the initial moves in a game of chess. Choosing a specific step means that some future positions and steps are foreclosed while others are made possible.

This is where concepts of inertia, such as resilience and irreversibility, come in. Resilience is a concept mainly applied to ecosystems. Will an ecosystem return to previous positions after a specific disturbance? Is it possible for human beings as actors to return to previous positions when land-use has changed from agriculture to asphalt surface? Can pollution of CO<sub>2</sub> be captured and stored (Meadowcroft and Langhelle 2009)?

Decision-trees comparable to game theory can be used to illustrate options in multiple steps. Contrary to game theory, each branch ends with a new (monetary and non-monetary) position as starting point for further moves rather than “payoffs” in monetary or other terms.

There are no easy answers to questions of the above kind. Complexity must be accepted. Impacts are often uncertain and our information fragmentary rather than complete (Söderbaum 2020a). In the study made by an analyst, ideological orientations will be contested, and conflicts made visible. Actors as decision makers and in other roles who are relatively clear about their ideological orientation will have advantages in making decisions and implementing them. Abandoning the monetary trade-off principle in favor of illumination of different kinds of inertia (path dependence, commitments, irreversibility etcetera) is recommended.

## 8. INSTITUTIONAL CHANGE

There are varieties of economics and varieties of ecological economics (Daly and Cobb 1989; Costanza 1991; Fullbrook and Morgan 2019). In ideological terms there may be radical versions of ecological economics, such as the present “institutional ecological economics”, the idea being that there is a readiness to challenge different institutional features of the present political economic system. The tendency by neoclassical economists to look upon the present political economic system as given, limiting options to modifications, is thereby challenged.

Business corporations in the sense of joint stock companies maximizing profits in monetary terms have been criticized by many. One early example among institutional economists is K. William Kapp’s book “The Social Costs of Private Enterprise”. Already in 1950, he questioned the systematic tendency by companies to externalize costs as a way of increasing monetary profits (Kapp 1971). This “cost-shifting” tendency is expressed by Kapp as follows:

I have long held the view and continue to believe that the institutionalized system of decision-making in a market economy has a built-in tendency of disregarding those negative effects (e.g., air and water pollution) which are external to the decision-making unit. Even if an individual firm intended to and would be in a financial position, as many oligopolists obviously are, to avoid the negative effects of their applied technology, it could do so only by raising its costs; that is by deliberately reducing its profit margin and its profit-earning capacity. Thus, a system of decision-making operating in accordance with the principle of investment for profit, cannot be expected to proceed in any other way but to try to reduce its costs whenever possible by shifting them to the shoulders of others or society at large (Kapp 1970: 18).

The present political economic system (made legitimate by neoclassical economics and neoliberalism) is unsustainable. At issue is then if minor adjustments in institutional arrangements are enough or if major changes are needed. Knowing that we are facing inertia of many kinds (cognitive, emotional, physical etcetera), it is also true that we (at least many of us) live in democratic societies. It should therefore be possible and legitimate to explore minor as well as major cases of institutional change.

If the 17 United Nations SDGs are accepted at the macrolevel of nations and globally, we may then ask what kind of organizations at the microlevel that can best serve such a set of goals. Again, nonmonetary objectives and impacts of various kinds need to be brought into the picture. 'Firms' in neoclassical theory are assumed to be limited in size. But many corporations operate at a transnational level. This suggests that we need regulations of a global or regional kind to control such corporations. New organizations in a legal sense needs to be considered. The 'shareholder value ideology' need to be questioned (Stout 2012). A case in point is the UK "community interest company" but much more is needed. How can huge transnational organizations be transformed to organizations that are sustainable in non-monetary terms? New kinds of accounting systems are an important beginning.

I will not here try to go through all kinds of institutional change that can improve our chances of a sustainable development. I will only suggest that we as economists (and other scholars) should be brave rather than restrained in discussing a transformation that is very much needed. When writing this I received a book from institutional economists in Japan. The title of the study is *Toward a Sustainable Japanese Economy. Beyond the Triple Failures of Market, Government and Institutions* (Oshima et al. 2021). It is a follow-up study of the Fukushima nuclear accident, and the authors are frank in scrutinizing this case of unsustainable development.

Only one more institution will here be challenged. I am thinking of the so called "Nobel Prize in Economics", which rightly should be referred

to as “the Bank of Sweden Award in Economics in Memory of Alfred Nobel”. This award was not part of the will expressed by Alfred Nobel. It was introduced in 1968 at the time of the 300 years celebration of the Bank of Sweden and is financed by the Bank. Those who have received the award are with few exceptions neoclassical economists and this tendency has been strengthened over the years. The kind of progress in economic theory rewarded is discussed by Jonathan Aldred (2019) and is part of the neoclassical paradigm with its strengths and weaknesses. If the present political economic system is unsustainable and if neoclassical economics with its inherent neoliberal ideology is making this unsustainable political economic system legitimate, then we should not celebrate economists limited to the neoclassical paradigm and ideology. It can be noted that the Chicago University, known for its neoliberal tradition has received a significant part of the awards and that no ecological economist so far has been awarded. The recently deceased Herman Daly was, as I see it, a very relevant candidate. One of the Laureates, Gunnar Myrdal, accepted the honor but questioned the Prize as an instrument in protecting the mainstream paradigm and ideology. A lot of prestige is involved and rather than cancelling the award altogether, it can be renamed excluding the reference to Alfred Nobel. A Bank of Sweden award, having reconsidered the criteria of success, could become widely respected.

#### CONCLUDING COMMENTS

There are tensions between dictatorship and democracy in the present global society. As economists we should acknowledge that values and ideology are always present in educational as well as research activities. We can no longer assume that ideology and democracy is a matter for other social sciences. Instead, we should make democracy part of our conceptual framework and try to contribute to a strengthened democracy locally, regionally and globally.

Alternatives to mainstream neoclassical economics need to be seriously considered and can no longer be dismissed. A ‘sustainability economics’ or ‘institutional ecological economics’ in the spirit of Gunnar Myrdal and William Kapp has been outlined, suggesting alternative views of individuals, organizations, markets, decision-making and of approaches to public investments and public policy. Heterodox or unorthodox approaches of this and other kinds are very much needed in the present situation. As economists we need to admit that neoclassical environmental economics and neoclassical theory more generally failed in making development sustainable. We cannot be sure that specific other approaches will solve problems,

but we can rely on the recommendation sometimes made in neoclassical textbooks not to “put all eggs in one basket”. There is a need for a pluralist economics with interaction between advocates of different paradigms with their inherent ideological orientations. While a protectionist strategy is still dominant at university departments of economics, there are now various heterodox economics associations and even a World Economics Association (WEA) bringing together those who look for alternatives to neoclassical theory and method.

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