

Move Towards New Economics-Issues and Perspectives

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ABSTRACT

Economics is an Evolutionary Discipline which witness more ups and downs in the last 200 years. Economics as a discipline is established and promoted lot of theoretical formulations which was amended periodically according to the changing realities and challenges. This is the subject which perpetually provides different templates for the policy makers and through which a sort of governance model or economic order was fixed. This paper attempts to delve the pitfalls of conventional economics, damages it caused, the need for new economics and the thrust areas of new economics.

INDRODUCTION

After the establishment of the Bretton Woods institutions (**World bank, IMF and GATT**) and the supremacy of America was ensured, the liberal economic order had been an accepted economic model or economic order across the western countries and as well as in some developing economies. This order had been propagated as a proven one and the right model by the liberal economists. The thrust areas of this order deliberately/ selectively borrowed from liberal economics and liberal economists' propositions. It's not wrong to say that this liberal economic order deliberately twisted the propositions and the theses of liberal economists. For example, Adam smith is being touted as perfect and no-nonsense liberal economist. But Adam smith in his iconic work "The Wealth of Nations" argued in favour of thorough presence of the government in education and health sectors.

After the World War II, America and its allied nations compellingly argued that the non-barrier trade (next name for free trade) between the world nations could only prevent war like situations and create better growth and income opportunities. This they did successfully through the Bretton Woods institutions in the then under developed and developing nations. The first three decades after the World War II was used productively by the US and its allied nations to strongly establish this liberal economic order in the nations in where their arguments were accepted.

The discipline of economics which had taught in the western colleges and universities also propagated the so-called merits of this liberal economic order and the syllabuses framed in such a way to prove the fact that this is the one and only economic order

could bring growth, investment, jobs, modernisation and alleviate poverty. This idea had been successfully smuggled to the then developing and under developed nations and ensured that this had been translated into economic policies. There is no hesitant to say that the liberal economic order and its policies, for the last 7 decades, has integrated the world nations, accelerated the trade, transferred the investment and technologies between the nations, lifted a greater number of people out of poverty. But this is only one part of the story of liberal economic order. The other side is so painful and not in acceptable terms.

CONVENTIONAL ECONOMICS, LIBERAL ECONOMIC ORDER AND ITS EFFECTS

In the last six to seven decades, western universities and colleges taught the liberal economic order stuffed economics and produced the students who came out with the strong opinion that the only panacea to all the ills of this world is neo-liberal economic order and complete financialization of markets. This universities and colleges and the economists associate with these institutions were also successfully argued and convinced the governments across the world through there advices and writings that the liberal economic order could only bring good and better growth. They were convinced and they framed the economic policies accordingly. The Avatar of neo-liberal economic order after the Reagan-Thatcher era had further boosted the positions of liberal economists. The liberal economic order caused immense damages in terms of

- 1. The loss of economic sovereignty**
- 2. Increased inequality**
- 3. Ecological damages**
- 4. Withdrawal of government from the essential public services and**
- 5. Blind following of Bretton Woods principles.**

The major causes of above damages were neo liberal economic order and the conventional economics taught in the universities and colleges and the responsible people for these damages are the neo-liberal economists. Therefore, the need for new economics gains importance and the new economics curriculum is utmost need of the hour. The time for new economics has begun and it is the duty and responsibility of the teachers who teach economics to place the facts before the academic community unhesitatingly that this is the high time for new economics. In the following paragraphs, this paper is going to discuss the thrust areas of new economics.

THE NEED FOR NEW ECONOMICS AND THE MAJOR THRUST AREAS OF NEW ECONOMICS

In the above, this paper has compellingly argued the case against conventional economics and emphasized the need for new economics. The new economics need not be against economic growth and modernization, but the major focus of new economics must necessary be the following:

i. Growth is essential, but the distributive mechanism is more essential.

As prescribed by the conventional economics stuffed neo-liberal economic order the growth and its related policies were actively followed and executed by the nation governments across the world there is no gain saying that the policies actively promoted by the governments brought growth at a higher level. But, on the contrary, the distribution of growth was uneven and the institutional mechanisms which had been established to ensure equal distribution of growth benefits was not up to the mark and lopsided in its functions. Due to which, poverty had been cut short sizeably, the rise of inequality is abundantly and comprehensive across all the countries therefore the new economics must its process and recalibration of growth, its process and end outcome.

ii. Poverty is now the challenge of the past, but the rising inequality is now the monumental challenge.

As outlined strongly above, the new economics thrust area need to be the mechanisms to fight inequality and equal justice in the society. The gross uneven distribution of the growth and pro elite economics to ensure the even distribution of benefits and pro middle class and downdrawn programmes are need to be strongly entrenched in the nation's economic policies.

iii. Modernization and industrialization is need of the hour, but ecologically synchronized industrial policies are essential.

The conventional economics promoted neo-liberal economic order as accelerated urbanization, modernization and subsequently industrialization. The capital-intensive industrial projects (coal, cement and automobiles) were propagated as the best medicine for under development and degraded growth by the liberal economists. This argument to has won and it was translated as economic policies and programmes. But the ecological damages caused by the capital intensive model was enormous and the carbon emission has been increased astronomically. The world is new intensively discussing how to reduce the emissions and the heat level and to save the planet. Therefore, the new economics must contain the principles to be practiced and growth framework need to be created in such a way to reduce the emission and to save the planet from the climate crises.

iv. Market and its existence are reconsidered as imperative, but market is not without imperfections.

The conventional economics taught market is without imperfections and there is symmetrical phenomenon always exist in the market. Based on this belief, the economic policies and programmes has been framed to, strengthen the fundamentals of the market. But this is through wrong model which has been proved on number of occupations whenever the economic policies and programmes misfired and seriously disturbed the living standards of common people. The asymmetrical nature of market has come out and the world has started believe that market is also with imperfections. Therefore, the new economics need to contain the element dangerous effects of rendering more power to the market and the architecture of regulatory mechanisms to stem the unmindful running of market.

v. Technological advancements are highly unavoidable, but labour friendly technologies' developments and usage need to be strengthened.

Conventional economics promoted liberal economic order actively encouraged the technological advancement at accelerated speed. This, has promoted large techno based industrial is the industrial arena. These big benefits the world has received were connectively, increased scale of operation and speed of delivering commodities. Perpetual technological advancements have accelerated the innovation cycle and the world had seen a greater number of new products which solved the problems of the society. Technology, in no doubts has brought immense benefits to the society at large. But, the technological advancement on the other side actively replaced humans from the work places which sufficiently shrined the generation of jobs. This has caused huge shock to urban middle class whom not once loss their wage increases but at one point of time, they loss to the jobs also. The backlash against the present form of globalization in western countries is due to this reason only. Therefore, it is time to frame the industrial policies and technological policies in such a way to promote more labour presence at the work places and to ensure the generation of more good jobs (**has often being emphasized by Harvard Economist Dani Rodrik**). In this, the role of new economics and its curriculum are immense.

CONCLUDING REMARKS

This paper has brought in light the flaws of conventional economics and its brain child neo-liberal economic order and the necessity of architecting new economics. This is high time that the universities and colleges have to work together to frame the curriculum in such a way to present the facts on modern day economic and social challenges and to recommend the very right prescriptions to overcome the challenges. The time has begun.

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