
The New Economics of the Risk Society: A Foucauldian approach to Re-Centring Nature

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Abstract

Ulrich Beck's notion of an emerging Risk Society—a society based on avoiding 'bads' rather than producing goods—is well known within sociology. One aspect of Beck's approach is that science will be required to be socially inclusive to be useful. This analysis is applied to economic 'science'. This outline paper (and the subsequent project) consists of three elements—a 'philosophy' section, a 'history of thought' section, and an applied, ecological economics section. The ideas of Habermas and Foucault are used to critique contemporary environmental economics. The history of economics is used to apply these insights, and to suggest alternative economic institutions, based on allocation and upon optimisation of economic security.

Human sciences are interpretive, and risks are latent, therefore science in a Risk Society contains social constructs. Economic 'science' is part of a power structure—power is obtained through ideas (discourse). Economics is part of a system of governance (governmentality).

The disciplinary power of economics is exposed by uncovering ruptures in the past, belying claims to universal truths. Modern economics is marginalist not neo-classical—the neo-classics did not support positive economics and were linked to socialist approaches. The Robbins 'choice' definition was neoliberal not neo-classical, and yields a subjective approach which explicitly eschews observation, measurement or prediction. Contemporary orthodox economics merges these contradictory approaches, and is therefore nonsensical.

Environmental economics is disguised politics – the level of cap or tax is a political decision, and current policies would collapse if environmental protection was taken seriously. Depleted resources are zero-sum, and require allocation processes other than markets.

The paper draws from the original institutionalists, in particular K.W. Kapp, for alternatives, advocating both demand management and market management. It proposes the democratization of market institutions, the promotion of economic security and devolution of power.

Keywords: Risk Society, Habermas, Foucault, ecological economics, power, history of economic thought, institutional economics

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