The Evolution of Economic Theory.

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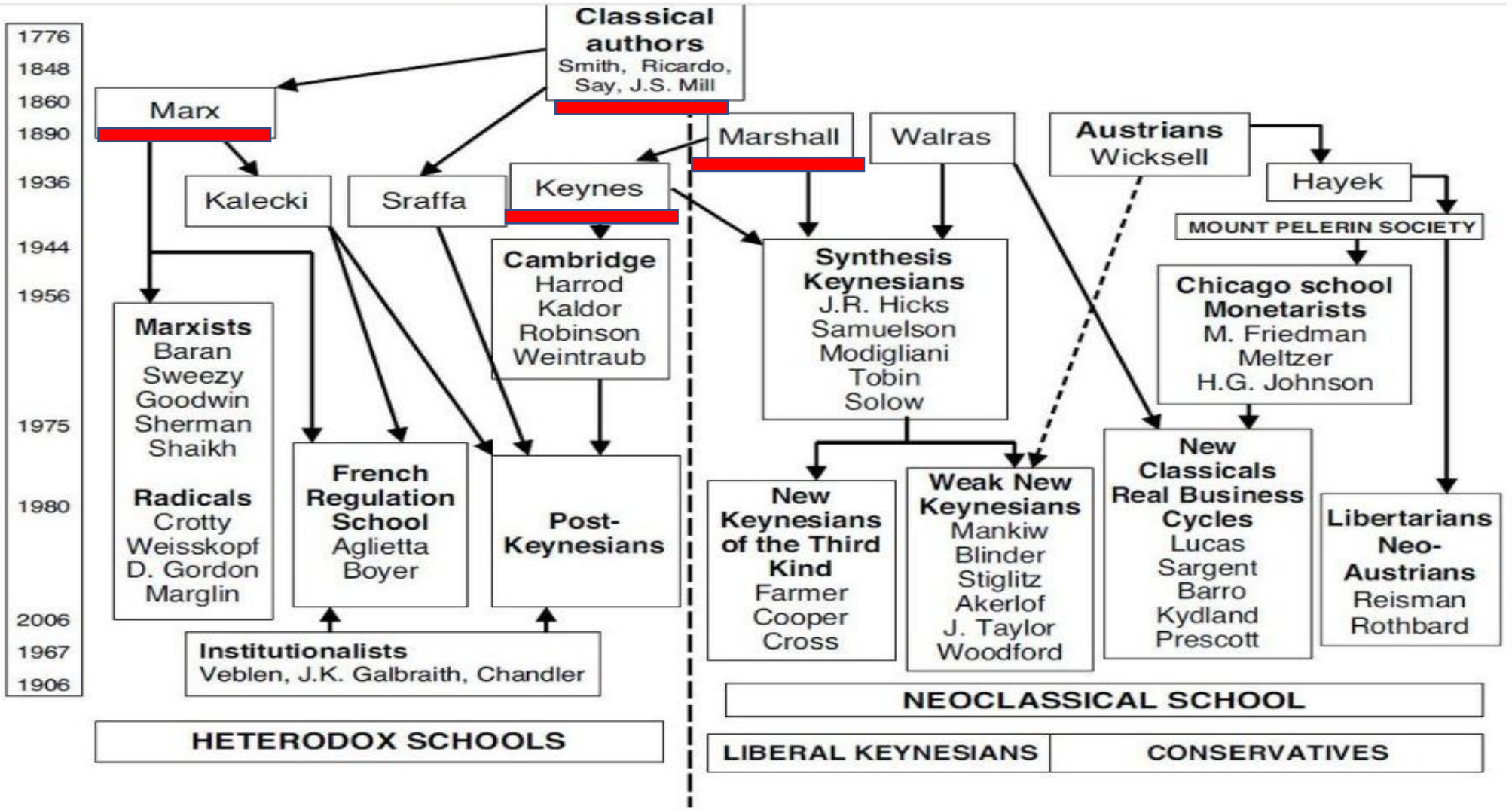
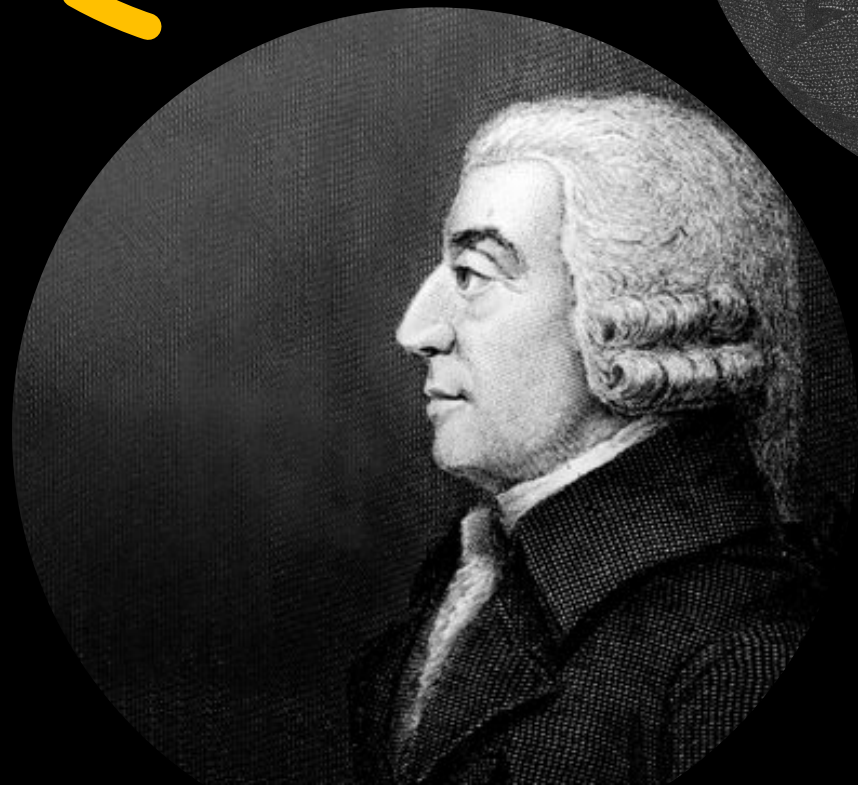
Table 1: Schools of Economic Thought



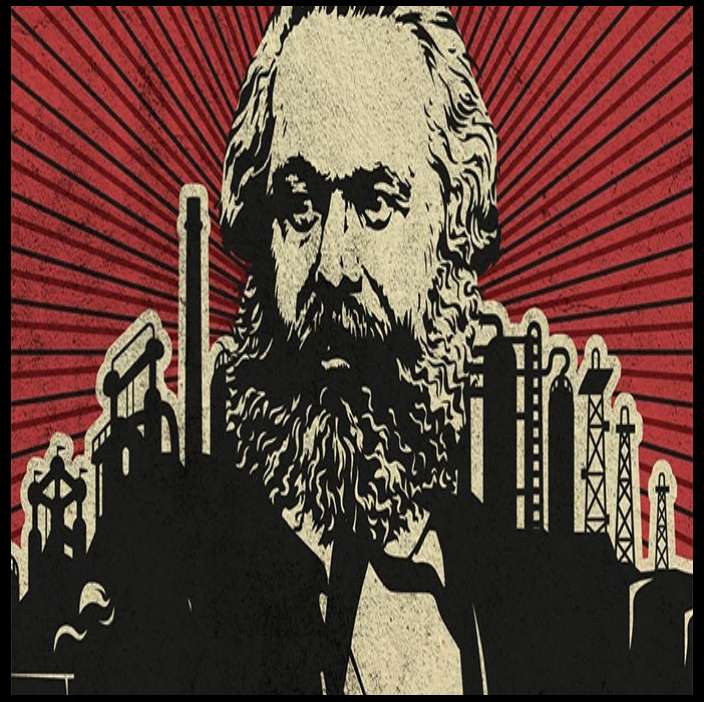
The foundations of economics



Classical theory
&
Neoclassical theory

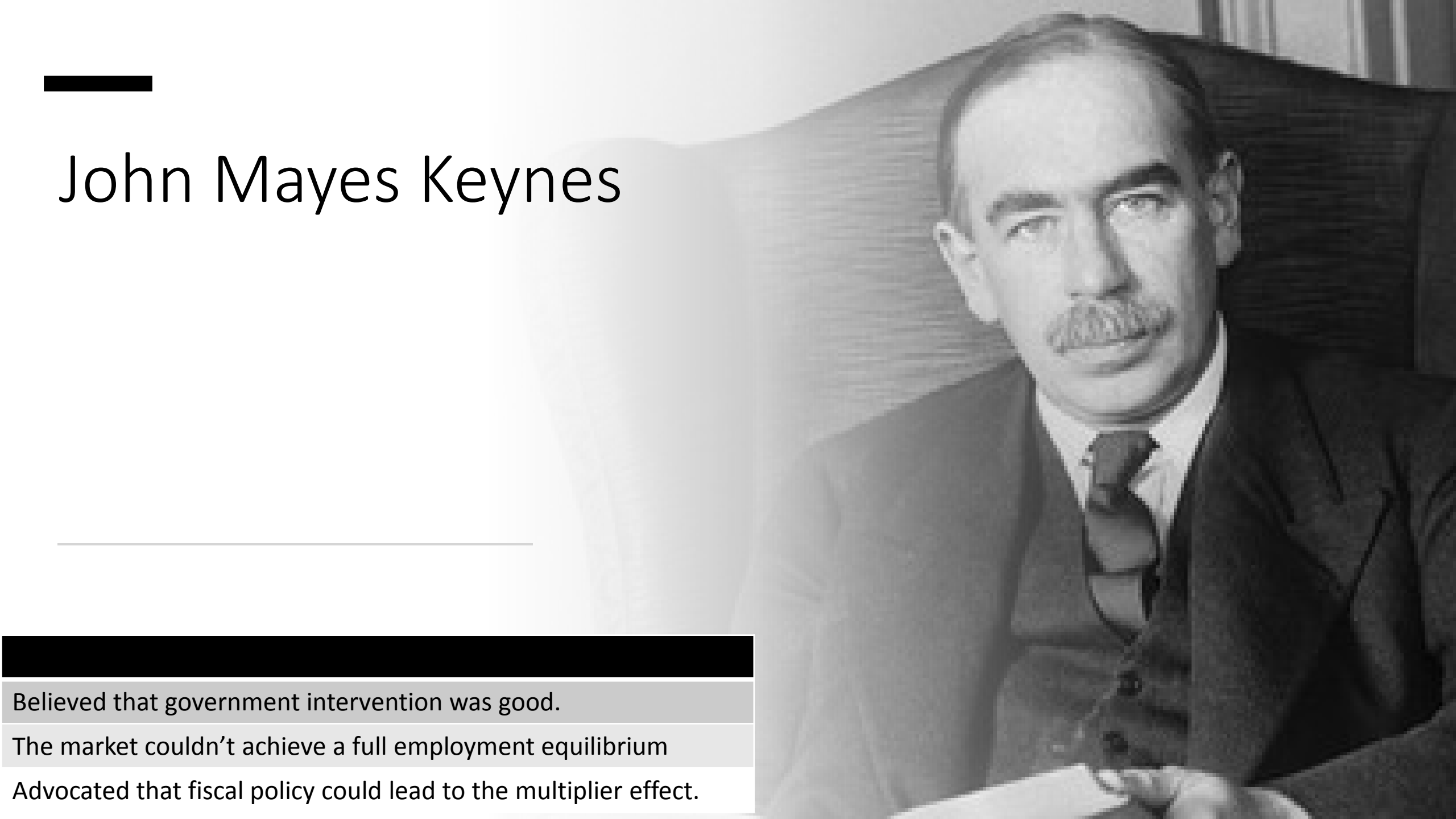
HONG KONG

Marxism



1930s: A need for change

John Mayes Keynes



Believed that government intervention was good.
The market couldn’t achieve a full employment equilibrium
Advocated that fiscal policy could lead to the multiplier effect.

2007-08 Crisis

Post Covid-19: Building Back Better

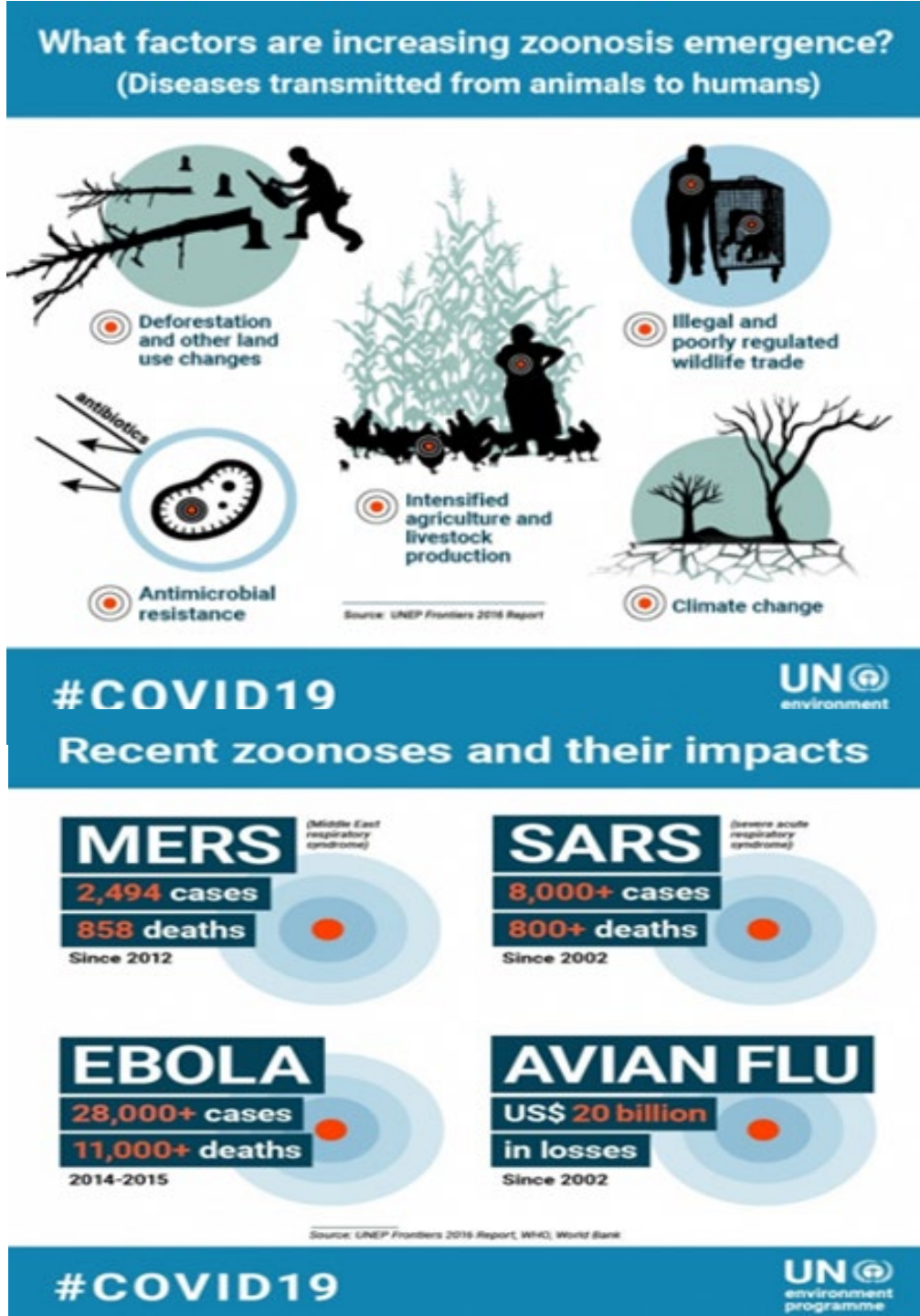
•Present day

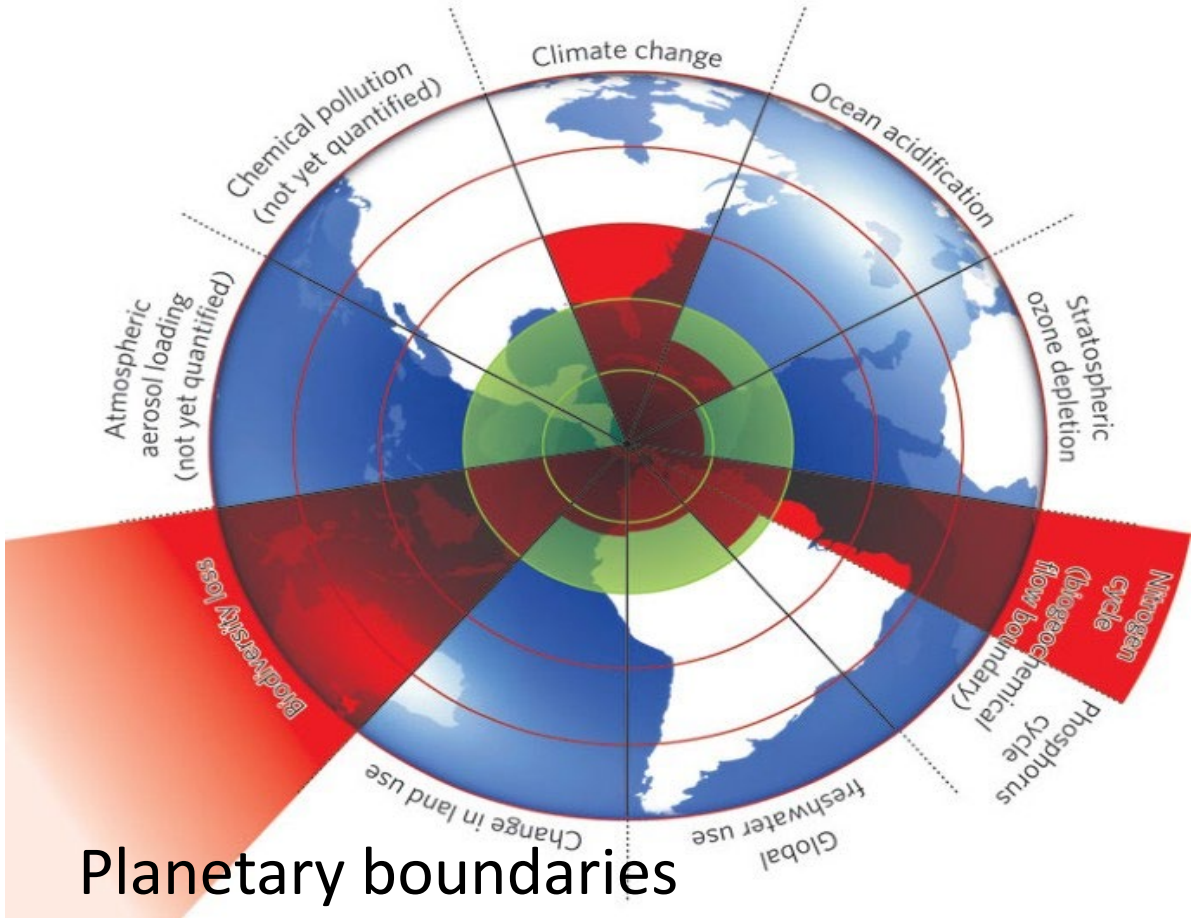
•Present day issues such as climate change, rising inequality and climate change and now COVID-19 and mainstream economic theory

•Habitat loss and zoonotic diseases

•Habitat destruction like deforestation and agricultural development on wildland are increasingly forcing disease-carrying wild animals closer to humans, allowing new strains of infectious diseases to thrive (Newburger, 2020).

•They are all linked to human activity (Kappelle, 2020). For example, bat-associated viruses emerged due to the loss of bat habitat from deforestation and agricultural expansion.





Planetary boundaries

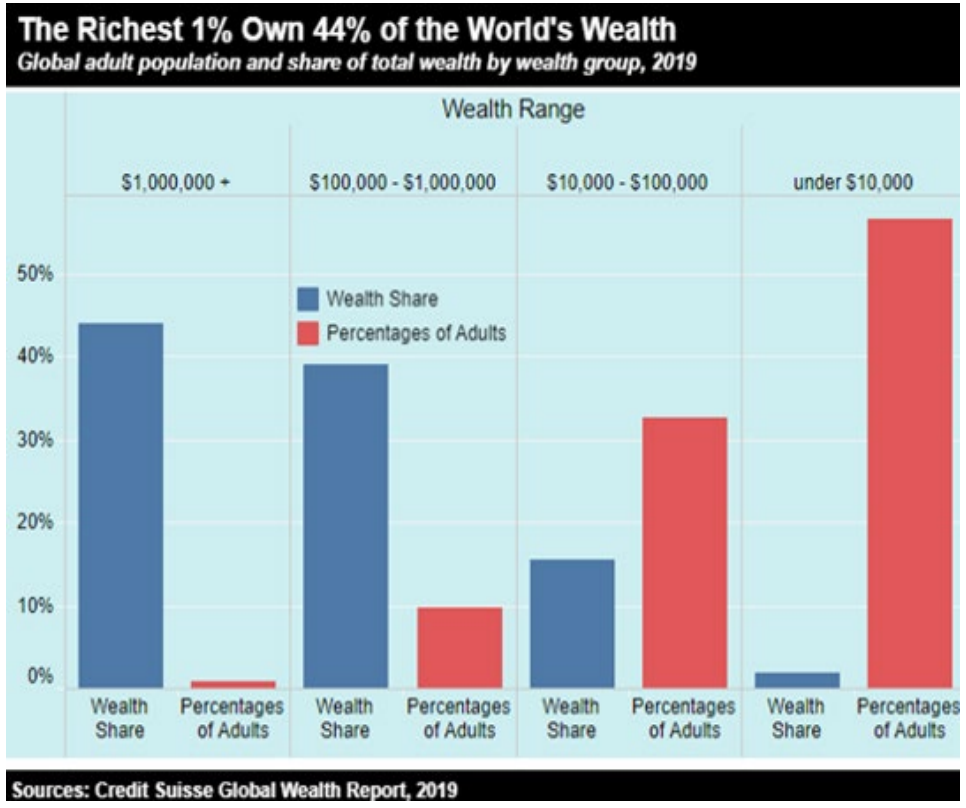
- Despite the neoclassical theory's assumptions of the market being a closed circular flow of production and consumption, which exists in a domain of reality separate from the external environment, the reality is that markets very much are a part of the global environment.
- To create better policies that truly work to protect the environment, we need to look at theories that recognise the limitations of global economic growth in biophysical terms and the importance of preserving our finite natural resources.
- Nine planetary boundaries established in Rockström et al., 2009

Earth-system process	Parameters	Proposed boundary	Current status	Pre-industrial value
Climate change	(i) Atmospheric carbon dioxide concentration (parts per million by volume)	350	387	280
	(ii) Change in radiative forcing (watts per metre squared)	1	1.5	0
Rate of biodiversity	Extinction rate (number of species per million species per year)	10	>100	0.1-1
Nitrogen cycle	Amount of N2 removed from the atmosphere for human use (millions of tonnes per year)	35	121	0
Phosphorus cycle	Quantity of P flowing into the oceans (millions of tonnes per year)	11	8.5–9.5	-1
Statospheric ozone depletion	Concentration of ozone (Dobson unit)	276	283	290
Ocean acidification	Global mean saturation state of aragonite in surface sea water	2.75	2.90	3.44
Global freshwater use	Consumption of freshwater by humans (km^3 per year)	4000	2600	415
Change in land use	Percentage of global land cover converted to cropland	15	11.7	low
Atmospheric aerosol loading	Overall particulate concentration in the atmosphere, on a regional basis	to be determined		
Chemical pollution	For example, amount emitted to or concentration of persistent organic pollutants, plastics, endocrine disrupters, heavy metals and nuclear waste in the global environment, or the effects on ecosystem and functioning of the Earth system	to be determined		

Boundaries for processes in red have been crossed. Data source: Rockström *et al.* (2009) *Nature*

Inequality

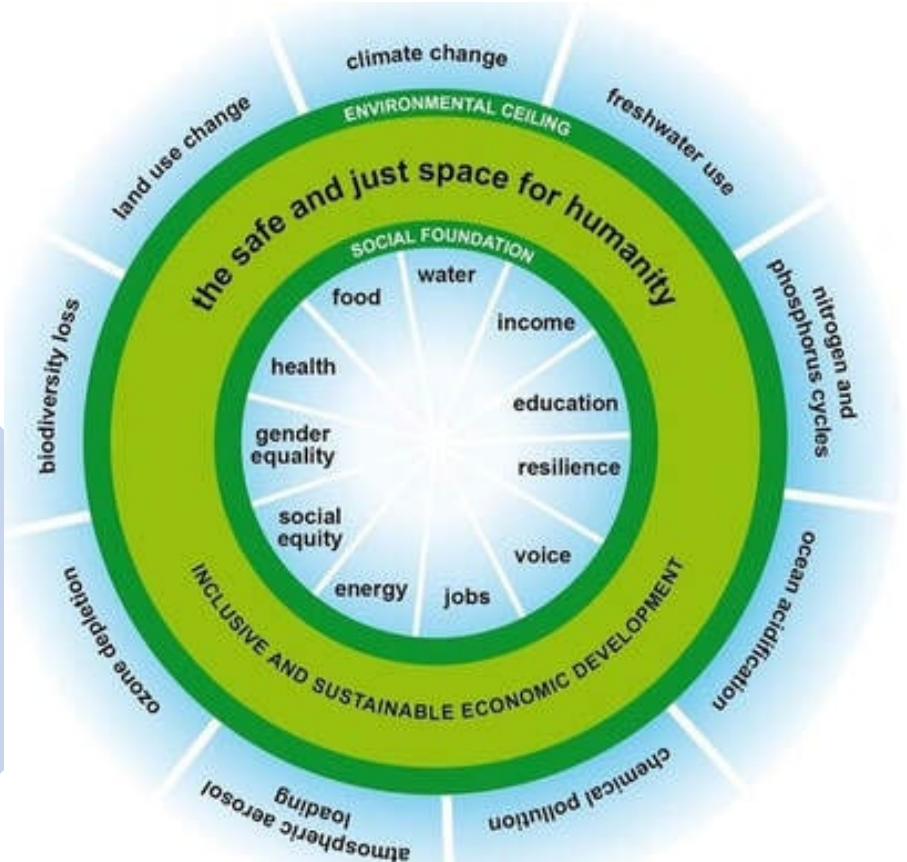
- Apart from the planetary boundaries discussed, our world faces another challenge- global inequality.
- The world's richest 1 percent, those with more than $1 million, own 44 % of the world's wealth.
- In 2019, 821 million people were estimated to be food insecure, of which approximately 149 million suffered crisis-level hunger or worse (www.wfp.org, n.d.). And now COVID-19 is deepening the hunger crisis in the world's hunger hotspots and creating new epicentres of hunger across the globe.

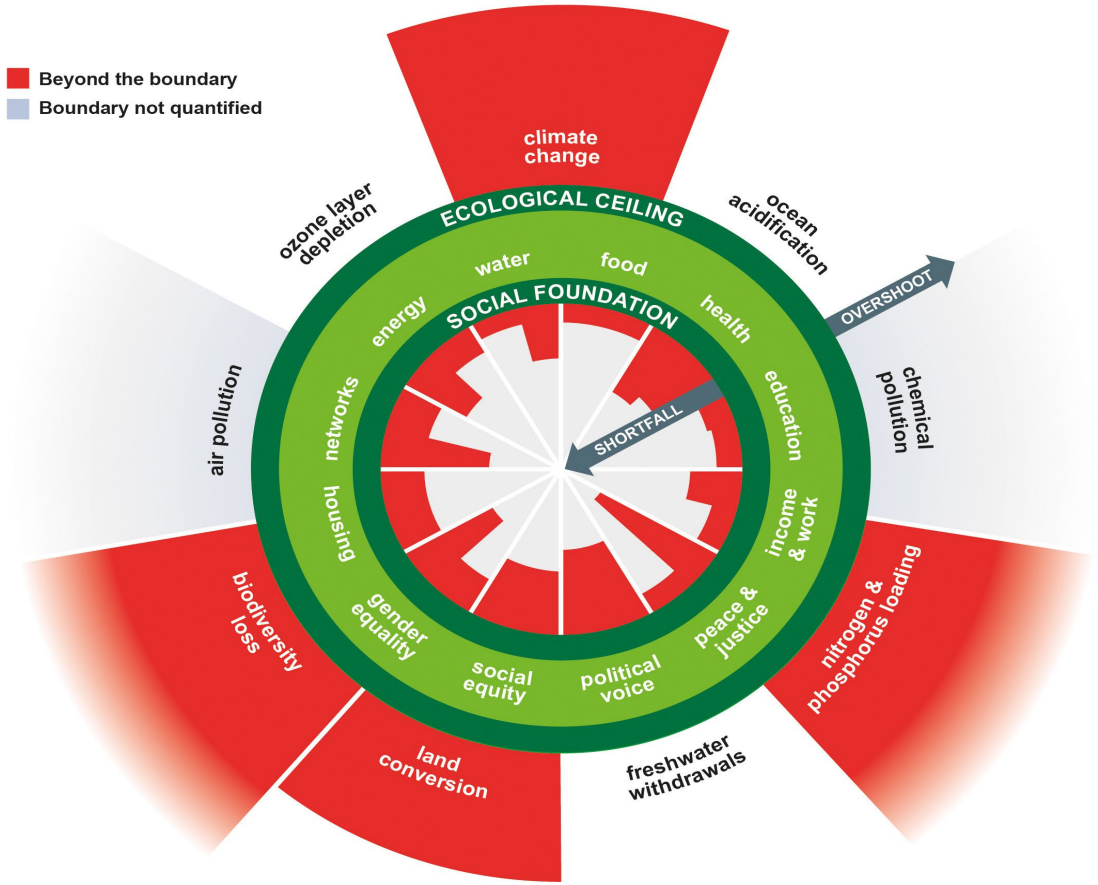


Donut Economics

A safe and just space for humanity

- Kate Raworth's 'donut' economic model provides a framework which serves to tackle the issues I talked about, ensuring that all people have the resources needed to fulfil their human rights while also doing it within the planetary boundaries.





Thanks for listening!