

Manifesto for a Global Economic Renaissance

The world has changed fundamentally since the “Neoclassical Synthesis” of the mid-20th century established the basic economic theory currently found in the economics textbooks and taught in the economics classrooms around the world. That synthesis – merging Classical economics and the new Keynesian economics -- was based on three core precepts: the psychology of *homo economicus*; the primacy of markets in allocating resources; and the narrow role of the state to correct market failures, stabilize the macroeconomy, and ensure an adequate basic distribution of income.

Building on the Economic Renaissance movement in Italy, we propose a Global Economic Renaissance based on a much richer appreciation of the interaction of politics, society, environment and economy.

Many building blocks for the economic renaissance are in place. Economists have long recognized the conceptual limitations of the neoclassical synthesis, and new approaches have spread. Behavioral economics has enriched the psychological underpinning of economics, both theoretically and empirically. Institutional economics, including Italy’s Civil Economics, has deepened our understanding of human interactions and institutions, and identified markets as just one institution among many for allocating resources. Environmental economics has drawn the links of the natural and human-built worlds.

Yet global complexities and crises have developed much faster than the changes of economics. We are faced with dramatic and accelerating global change in many dimensions that require a much deeper and faster change in economic theory and practice, to meet the rapidly evolving and urgent needs of global society.

We note four major global trends that should underpin the new economics for our new times.

First, the world is now truly multipolar. The age of Western dominance, which stretched for centuries has ended. The rise of China, India, Africa, and other regions, means that economics must reflect the wisdom, culture, traditions, and insights from all over the world, not only from Britain, continental Europe, and the United States, as was mainly the case in the historical development of today’s economics.

Second, the world confronts an unprecedented and multi-dimensional crises of environmental degradation, including human-induced climate change, the destruction of biodiversity, the degradation of ecosystems, and the pollution of air, freshwater, soils, and oceans with toxic wastes. This has led the world to adopt the core aim of sustainable development, meaning the simultaneous achievement of economic wellbeing, social justice, environmental sustainability, and global peace and cooperation.

Third, the profound inequalities across the world of military power, ownership of critical technologies, income and wealth, continue to increase. New cutting-edge technologies – such as AI, advanced biotechnology, and geoengineering – are fully understood by very few people and controlled by even fewer people, thereby further concentrating wealth and military power. Control over technologies are in turn leveraged into concentrations of vast wealth and political power.

Fourth, the prevailing zeitgeist of *homo economicus* has led to a morality of brute power: “the strong do what they can and the weak suffer what they must” (Thucydides). International Relations theory of the West builds on the game theoretic assumption of *homo economicus*, and declares “the tragedy of great power politics” Yet in a nuclear age, we can not afford a tragedy of great power politics. We need a new global ethics to help guide us away from global conflict.

With these concerns in mind, we economists have come together to call for a global economic renaissance – in research, teaching, and practice – to better help humanity face the many deep challenges of our age. We seek an economics that is humane, just, peaceful, productive, and sustainable, in short, with an approach based on sustainable development that can help humanity to build the future that we seek and need. We note with satisfaction and admiration the Manifesto for Economic Renaissance

recently adopted in Perugia, Italy, and present this document as a companion for the global community of economists.

The Global Economic Renaissance we propose is built on six pillars:

1. **A holistic and interdisciplinary approach**, in which fundamental economic processes – production, consumption, investment, distribution, allocation of time – are embedded in natural systems (such as climate and biodiversity), engineered systems (such as power, digital, and transport networks), social systems (such as culture, religion, and ethics), and political systems.
2. **A global discipline**, that respects the historical, cultural, geographical, and biophysical diversity of an interconnected world, and thereby offers a shared planet for all peoples of the Americas, Africa, Asia, Europe, and the world's island societies.
3. **A discipline grounded in human nature**, replacing the dangerous simplifications of *homo economicus* with the realities of human beings as “zoon politikon” (social animals) with the potential for cultivating the social virtues of trust, cooperation, citizenship and mutual respect across cultures and societies.
4. **A discipline that recognizes the fundamental role of collective action at all levels from the local to the global to achieve sustainable development.** Multiple levels of governance – from local towns and villages to the United Nations – should be guided by the principle of subsidiarity: assigning political responsibilities to the most local level of governance that can provide the needed public goods and services, while assigning to global institutions the uniquely global functions including international peace, disarmament, environmental sustainability, pandemic control, and the end of extreme poverty.
5. **A discipline that aims for the “human good” and the “common good,”** and that develops practical policies and metrics to promote the good, especially metrics of human wellbeing that “go beyond GDP.” GDP was designed to measure the production capacity of the economy, not to measure human wellbeing, so the aims of economic policy should be reoriented from “growth of GDP” to “progress of human wellbeing.”
6. **A discipline that promotes a global ethical dialogue and understanding** drawing upon ethical traditions and cultures around the world. The new economic ethics should help to guide individuals to the cultivation of personal virtues; corporations to the cultivation of ethical business practices; and governments to the promotion to the common good.

As professional economists we know that a manifesto such as ours is the start of a long journey that will gain traction and relevance in the course of new research, textbooks, and courses that prove their worth as contributors to global problem solving and human wellbeing. The new economics will be co-created in conferences, debates, and policy proposals throughout the world. It will be created at least as much by our students as by today's economists. Yet the task is both worthy and urgent, and so we commence.