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IN MID-SEPTEMBER 2007 my sister phoned me to ask whether she should withdraw her savings from the bank and put the money somewhere else—and if so, where would be safe. She was with Northern Rock, and there was an old-fashioned run on the bank. It was unable to meet customers' demand for withdrawals and had to ask the Bank of England to lend it the cash. The television news showed lines of anxious depositors hoping to take out all their funds. It was the first full-fledged bank run in living memory in the United Kingdom. I told her that the government would bail out all the depositors, as it would be political suicide to do anything else. My sister ignored my advice (although it ultimately turned out to be right) and joined the line outside her local branch. As for Northern Rock, it had to be taken over by the British government.

A year later, in September 2008, the investment bank Lehman Brothers collapsed. Within a day or two, as financial markets around the world plunged, it was clear that this bankruptcy threatened to bring down the entire global financial system like a house of cards. The banks didn't know if they would get repaid for transactions they had engaged in, which through a massively complex series of links, might end up at Lehman's. They stopped trusting each other, literally overnight. The interbank market, the engine room of the financial system, came to a halt. For a whole week, I went to the cash machine and withdrew my daily limit. It seemed entirely possible that if the interbank market had stopped working, so might the clearing and settlements systems between banks which make possible everyday

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payments with credit and debit cards or checks. Going to the store, ordering online, paying bills would have become impossible. Companies wouldn't have been able to pay each other for goods they ordered. Salaries would not have come through into people's bank accounts. The economy would have ground to a halt. A year later, the Bank of England confirmed that this catastrophe had been horrifically close. The financial system is the pinnacle of the trust on which all economies and all societies have to operate—and that trust almost evaporated.

This is not a book about the financial crisis. But that crisis has proven a catalyst for many people to ask fundamental questions about the way the economy is organized, and about the links between the economy and the kind of society we'd like. *The Economics of Enough* looks at this wider question, or rather set of questions. It is about how to ensure that government policy and the actions of individuals and private businesses serve all of us better in the long term, and how to make sure what we achieve in the present doesn't come at the expense of the future. It's about how to run the economy as if the future matters.

This certainly hasn't been the case for at least a generation. Western economies face a staggering set of problems, all politically difficult to tackle. We face them in the context, too, of global uncertainty—of an unstable world where the balance of power is shifting and in every direction there seem to be new threats. At present we lack the analysis and the institutions needed for addressing the seemingly intractable economic and social challenges, and even more fundamentally the political framework for debating what to do. While majorities in many countries report in opinion polls that they don't trust politicians and establishment institutions, there is no obvious political process or vision that will allow us to reach a democratic agreement about what to do. Politics seems to either reduce to questions of managerial competence—which party or leader will be most efficient?—or to bitter partisanship—where each party attacks the other regardless of practical matters. So I also address the *politics* of Enough, the kind of debate we'll have to hold about the economic challenges and how to respond to them.

This is in some ways even more urgent than the economic issues, because past experience in times of great change and uncertainty suggests that irrational and violent responses can hold sway if everyday politics do not seem to offer a path out of current difficulties. The economic parallels between the post-crisis downturn and the Great Depression are not encouraging if they're an indicator of political parallels too. It has become a truism to say that the old left-right division in politics has become outdated. I'm not sure that's wholly true, but it is certainly the case that neither left nor right has a clear map of the new political terrain. However, by the end of this book some of the profound political choices ahead of us will be a bit clearer.

THE ECONOMIC CHALLENGES

Although, as I write, there are tentative (and perhaps temporary) signs that a recovery is under way, the banking system is still being propped up by massive government help schemes and partial state ownership. Indeed the financial crisis might have further to go, depending for instance on whether European governments such as Greece can repay their debts, or how high unemployment stays and for how long. To say the economy is in a mess is an understatement. Any recession is unwelcome because people lose their jobs, and this has been no ordinary recession. The banking crisis made it the deepest since the Great Depression. The recovery will be a long, slow haul, and there will be a legacy of spending cuts, tax increases, *and* a huge government debt burden in many countries. The debate about public spending is not whether it will have to be cut, but rather how much and how quickly. It is hard to see where jobs will come from for the next few years.

Financial crises have happened frequently throughout the history of capitalism. Many are relatively brief and small in scale, but a few do go down in the history books as major catastrophes, from the South Sea Bubble to the Great Crash of 1929, to our own recent experience.¹ Part of the continuing debate about the merits of capitalism concerns precisely this constant vul-

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nerability to crises, and to boom and bust. Market economies are unstable. The price of increasing prosperity is uncertainty about what the future holds. But even though the financial crisis has prompted many people to revisit this longstanding issue of instability, there are many other deep problems facing all the world's richest economies at present.

For, as if the fallout from the financial crisis were not enough, the developed world has a rapidly aging population, people whose pensions and health care will also add to the financial burden on those in employment. The proportion of the population still working is declining in many countries. Regardless of the specific financial structure, and whether or not pensions and health care are privately or publicly funded, all the people not working at any one time need to be supported by the efforts of those who are working. In every OECD country the aging of the population will inexorably increase government spending because state support of the elderly through one route or another is universal, whether it takes the form of pensions, subsidized health care, or other forms of social care. The generation of people who fought in the Second World War were rightly rewarded for their sacrifices, and these rewards included many publicly provided services. Their children, the baby boom generation, extended those pension and health schemes and are benefiting on a huge scale from them now, as they pass through the age structure of the population like a mouse through a snake. The benefits they are enjoying are being paid for by mounting government debt, some of it acknowledged, but much of it simply implicit in the promises of what services the government will pay for. Those promises will almost certainly be broken.

In some countries, particularly the United States and United Kingdom, the political friction that will undoubtedly be caused by these fiscal pressures will overlay the fractures caused by great and growing inequalities of income and wealth. In both those countries, inequality during the past twenty-five years has increased to levels not seen since the early twentieth century, although the pattern differs in details between the two coun-

tries. Some other rich economies have not experienced such a rapid increase in recent decades and yet also have high levels of inequality. There are subtle and complicated differences between countries. But overall, there is a contrast between the postwar era of convergence in incomes due to an emphasis on more equal social and economic outcomes and the early twenty-first-century pattern of more extreme inequality. This has led to a loss of social identification between different groups of people and a weakening of the social ties that make for a healthy society and a dynamic economy.

Whether related to greater inequality or not, there has been a dramatic erosion of trust, or cohesion, “social capital” as it’s sometimes known, in many of the rich countries. The evidence for this takes many forms, which points to it being quite a widespread phenomenon. There is evidence from politics, the downward trend in turnout at elections, or what people say in opinion polls about their view of political institutions. There is evidence from opinion surveys showing declines over time in the status of formerly esteemed institutions, ranging from journalists to the police, local authorities to big businesses. There is also a similar downward trend in the proportion of survey respondents in almost all the rich countries who say that generally speaking they think people can be trusted. Although the picture in terms of actual social outcomes varies greatly between countries—say in crime rates, teen pregnancies, or social mobility—it is a fair generalization to say that people in the West broadly speaking feel decreasingly inclined to trust their fellow citizens.

And then, of course, there’s the small matter of climate change and the debate about the extent to which every economy needs to adapt to avert catastrophic changes in the weather and environment. In this book I can only touch on some aspects of the debate about climate change, which is growing increasingly ill-tempered and controversial. Some people, growing in numbers, organization, and confidence, deny that man-made climate change is occurring at all. Others debate the extent to which the threat of climate change means we should curtail our lifestyles

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or invest in new energy technologies. This isn't a book about the environment and climate so I try to avoid specific conclusions about environmental controversies. Different readers will bring their own opinions, but I think all would agree that it is an important part of the debate about the structure of the economy and how well it serves us.

THE CURRENT CRISIS OF CAPITALISM

These immense challenges are all linked.

Once a generation there is a crisis of capitalism, an array of problems that are driven by profound changes in technology and society. The institutions, the rules for governing how we organize the large and complicated societies of the modern world, lag behind people's behavior as they go about their day-to-day activities—working, spending, investing, saving. The sense of crisis will come to a head due to some trigger—in the mid-1970s it was the OPEC oil price rise, in 2008 the near-collapse of the global financial system.

The current structural fragility revealed by the banking crisis has deeper causes. These lie in a dramatic series of technological innovations since the late 1970s, the information and communication technology (ICT) revolution. The financial sector is the most dramatic example of the way ICTs have revolutionized ways of organizing business and relationships in the economy. Technical change has been redrawing long-standing relationships throughout the economy, destroying and creating jobs and businesses. Much of this turmoil has been intermediated through the financial system. What's more, modern communications and computer technology have transformed finance itself, making it a lightning-fast amplifier of shocks around the entire global economy.² There is no previous example of a new technology whose price has fallen so rapidly, or which has diffused through the economy as quickly, as innovations such as computers and mobile phones. It is impossible to predict what their ultimate impact on the world will be, just as it would have

been impossible in the early days of Gutenberg's printing press to foresee the Renaissance and the Enlightenment. However, the declines in the prices of the new technologies—a marker of the pace of innovation—and estimates of their impact on economic growth show them to be much more significant than any previous disruptive technologies such as steam or railways.³

What's more, ICTs are special because they fundamentally affect the way the economy is organized, as well as what it produces and the goods and services people can buy. For example, much cheaper access to information makes a centralized hierarchy an inefficient way to run a business, or a public service. It becomes more efficient instead to decentralize decisions so people can tailor outcomes more closely to their needs, taking advantage of their greater access to the information needed to decide well. This is why in so much of the corporate sector the hierarchies of the 1960s and 1970s have given way to matrix and network organizations. Other institutions, however, lag far behind, especially in the public sector.⁴ The new technologies also drive globalization. Although there was also a political impetus behind deregulation and more open borders, especially in finance, the moving of production and people around the world in the past twenty-five years could not have taken place without ICTs. The impacts of globalization and ICTs have become powerful and entwined, while national policy responses to them are inadequate, and there are as yet few international political or institutional bodies that can address these problems either. Just think of the hurdles to getting international climate change agreements or coordination between countries on how to regulate the banks.

More fundamentally, the new technologies mean more weight than ever is placed on *trust* for the economy to function well. Any transaction that's more than just a face-to-face barter of goods depends on trust, as the goods and services being exchanged will be separated in time and place. But those distances and chains of connections have been stretched ever further. Trust is both more essential and more fragile in the modern economy. Political and

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economic institutions haven't adapted to the new technological basis of the economy, and building appropriate institutions will be essential to strengthening trust—both the trust we have in each other, in large and complex societies, and the confidence any of us can have about future prospects.

In sum, the developed economies, which are the focus of this book, face a series of enormous challenges without any response so far in the institutional framework. The policymaking process no longer functions adequately. The standard economic policies have been directed toward fending off the moment when the unsustainable can't be sustained any longer. This has been possible only by borrowing from the future on a massive scale, whether through the accumulation of debt in order to finance continuing spending now, or through the depletion of natural resources or social capital. The limits to the continuing scope for maintaining our own well-being at the expense of people in the future are becoming all too apparent. What to do about it is less obvious. It requires both solving the economic challenges and building a process that will allow solutions to be implemented. Finding a process is all the more important given that social trust has been corroded by the conditions that paved the way for the economic crisis.

The economic crisis is therefore also fundamentally a political crisis. It cannot be addressed without reform of the policymaking process so as to make the necessary difficult choices widely acceptable—to give them legitimacy. It is quite striking that there is a sense of near-despair about politics in every country—there is apathy, cynicism, distrust, contempt. These public attitudes are corroding the willingness of the many talented and public-spirited people who do go into politics—yes, there really are some—to stay there. It's hard to build political institutions and policymaking processes that command a consensus, as required in democracies, and therefore hard to change them. Attempts at reform tend to add complexity on top of existing structures. Looking at the political institutions and policy processes of any of the leading democracies always reminds me

of the gothic realm of Gormenghast in the novels by Mervyn Peake, a place fossilized to the point of paralysis by its old traditions piling up on each other like a mass of stalagmites. This institutional sclerosis gets in the way of effective policies.

The severity of the crisis and subsequent recession was expected in some quarters to pave the way for a definitive political shift, a crisis of capitalism bringing about a left-wing moment. That hasn't happened, not least because left-wing politicians have lacked a clear alternative. However, there has been a system failure. As Benjamin Barber put it: "There are epic moments in history, often catalyzed by catastrophe, that permit fundamental political change. . . . Today we find ourselves in another such seminal moment. Will we use it to rethink the meaning of capitalism?"⁵

HAPPINESS, SOCIAL WELFARE, AND ECONOMIC GROWTH

One reaction to the crisis has been the argument that we should turn our backs on economic growth. It's growth that puts pressure on the climate and natural resources, it's growth that lures people into debt. What's more, many people have been persuaded by evidence apparently showing that in the rich countries at any rate, economic growth doesn't make people happier. If this were true, it would offer a way out of at least some of our problems. Only wean people off the idea that economic growth is needed for their well-being, this line of argument goes, and the environmental pressures or the social and cultural pressures arising from the drive for economic efficiency would abate.

One might have thought that seeing the impact of a recession (when there is no growth, by definition) on people's well-being would have given "happiness" advocates pause for thought. The absence of growth seems to make many people unhappy, so perhaps we should be a bit cautious about the reverse proposition that growth doesn't make people happy. There is a growing body of research about what does make for happiness. The "positive psychology" movement points to the importance of

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factors such as active social engagement, absorbing work, and freedom for human happiness. This is consistent with empirical economic research indicating that employment, marriage, religious participation, and political liberties as well as income are important indicators of reported happiness. This all seems highly sensible and plausible, and points toward policies such as avoiding unemployment, safeguarding political freedoms, and facilitating people's natural inclinations to settle down with a life partner and take part in collective worship.

However, there is a large question mark over the claim that because reported happiness doesn't rise in line with GDP over time, growth in GDP doesn't make people any happier. This is a big claim based on treating GDP, constructed data that can grow without limit over time, as having the same statistical character as surveys in which people rank their happiness on a scale of one to three. This scoring has an upper limit, reached when everyone scores a 3 (and countries such as the United States and United Kingdom are currently well above 2 on average). Expecting surveyed "happiness" to carry on growing on a par with GDP is like expecting people to get ever taller as the economy grows. There is an indirect link between the economy and average height, via nutrition; nobody would deny it exists just because we're not yet twenty feet tall after two centuries of capitalism.

Actually, the links between growth and happiness are more direct than the links between height, or life expectancy, and growth. We tend to think of "growth" in an abstract way, but what it means in practice is access to an ever-increasing array of goods and services, and ever-greater command for each individual over how they want to lead their life. The "happiness" movement is dismissive of the freedom and scope for self-definition this implies. Do we really need the freedom to choose one more variety of designer jeans, asks Professor Barry Schwartz in his book *The Paradox of Choice*.⁶ He argues that too much choice makes people unhappier. Chairman Mao too was against choice: he thought everyone in China should wear the same style of clothes. Having professors or bureaucrats decide what items we should be able to buy doesn't seem like

a prescription for a happy society. The increase in consumers' well-being from the availability of new goods and more varieties over the years—from economic growth, in other words—has been enormous. That includes everything from new flavors of breakfast cereal to the variety of books and music available to us to enrich our lives or the introduction of new medicines improving health.⁷

So unfortunately just stopping the economy from growing isn't an easy answer to the multiple economic challenges of our time. Downgrading the status of consumption might, perhaps, address the problems arising from great inequality and all the social tensions that brings, on the assumption that it's "conspicuous consumption" that keeps people in the rat race or makes them incur debts they can't afford in order to acquire consumer goods. There are clearly many people for whom the vision of a kinder, gentler economy, with less work, more leisure for family and friends and fulfilling nonwork activities, is hugely appealing. The recession has given the sharp edge of necessity to trends such as downshifting and handcrafting, but these strike an emotional chord as well. However, I suspect this appeal is very limited—indeed, that it's a view most likely to be found among people who are pretty comfortably off; the pursuit of "happiness" through ostentatious abstemiousness is just as much of a lifestyle choice as "conspicuous consumption." Retreat into an imaginary arcadia of precapitalist homesteading is not a sensible proposal, no matter how strong its emotional appeal.

So the need to keep the economy growing in order to improve the well-being of citizens makes addressing the challenges set out here all the harder. As I go on to explain, there will need to be more saving and less consumption out of current resources than has been the case for at least the past two decades. This will slow down growth unless the economy's potential improves thanks to productivity increases. What's more, faster growth is going to be essential in order to repay much of the mountain of debt incurred by governments on behalf of their citizens. In most OECD countries, long-term economic potential did improve during the 1990s and early 2000s, thanks to the tech-

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nological revolution. However, that wasn't enough to prevent overconsumption, the depletion of natural resources, and a massive buildup of debt to be repaid by future taxpayers. So somehow policies that are likely to limit economic growth in the short term must be implemented even though voters will continue to expect a growing economy, not one that is contracting or stagnant as it has been throughout the recent recession.

BUILDING BLOCKS FOR THE ECONOMY OF ENOUGH

How can a better balance between the present and the future be brought about? There are three elements needed to answer the challenge: measurement, values, and institutions.

The first of these is an acknowledgment that all economies lack the kinds of statistics needed to ensure that policies take due account of their legacy for future generations. A number of recent initiatives have emphasized the need to supplement GDP with an array of other indicators of the current state of the economy, and some countries—notably Australia—do this already. In addition, better measures of economic wealth, in its widest sense, are needed: the economy's natural resources, and the human and social capital available to it. Looking at the wealth or stock of assets in an economy as well as the flow of income each year is vital to lengthening the time horizon over which policies are aimed. However, initiatives of this kind only address one kind of statistical shortfall. Harder challenges arise from the way the structure of the leading economies is changing. The impact of the new technologies, and increasing affluence, mean that the great majority of the additional growth in economies such as the United States is *intangible*. Services account for a rising share of output, and so do servicelike aspects of manufactured goods, such as the research and design that went into them or the customization of after-sales care. Conventional statistics have not kept up with the challenge of measuring an intangible economy, although there are some interesting innovations.

There is a particular problem in not having an adequate statistical framework for measuring intangible value, which is that much of it consequently gets undervalued. There are large and growing swaths of the economy where productivity as it is conventionally measured simply cannot grow. In fact it's not clear what "productivity" means when there is no tangible product. In an intangible service-based economy, we need to be measuring something else entirely. But because an inappropriate definition of productivity is what gets measured, and doesn't in fact increase, large and increasing parts of the economy are systematically undervalued, as are the people who work in those jobs. For example, performing artists only have a maximum of 365 nights a year on which they can do a show, and can't become more "productive." Nurses become arguably less, not more, productive in a meaningful sense if they treat more patients but the statistics work the opposite way. In the online economy, digital products can show infinite productivity—they can be duplicated essentially for free—but if they're priced for free, they will perhaps not be produced in the desirable quantities. In these varied examples, the conceptual framework of measurement isn't up to assessing the things we value (in a noneconomic sense), which in turn actually makes it hard to value them in the monetary sense.

This leads directly to a second requirement, which is clarity about the values and aims of economic policy and political choices. There is a fundamental set of trade-offs—a "trilemma," or three-way dilemma—in the management of the economy—using resources as *efficiently* as possible, sharing them *fairly* between people, and allowing people as much *freedom* and self-determination as possible—and it is only possible to hit two of these three aims at any one time. Thus tilting toward markets for efficiency and higher growth, and toward greater liberty at the same time, will set back equality. Emphasizing equality as well as efficiency requires downplaying individuality and self-realization; instead of looking out for themselves and their own standard of living, people will need to develop for themselves a sense of self-discipline, much as the "Protestant work ethic"

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drove the achievements of early capitalism and allowed these to be widely shared. During the past generation, the shared values that allow a capitalist economy to function well have eroded. Our current sense of malaise reflects the absence of meaning in the institutions and arrangements that make up the economy. They've tilted too far in favor of individualism and the gratification of immediate wishes. Mutuality and patience will be more important values in the Economy of Enough.

At different times, and in different societies, people will collectively make different choices about which aims matter most. Up to a point the trade-offs of the trilemma will not bite—for example some efficiency improvements might be possible within the prevailing standards of individuality and equality—but ultimately doing better on one or two of these fronts will involve doing worse on another. The existence of the trilemma is why so often there seems to be an innate dynamic to capitalist economies. Marx and Engels thought that capitalism contained the seeds of its own destruction. Others, notably Joseph Schumpeter, have seen the process as a continual reinvention driven by technology and enterprise. My take on the dynamic is that depending on the circumstances (including technology), the policies and the institutional framework of the economy must change in order to restore a balance between the three aims of efficiency, equity, and liberty.

Clarity about the trade-offs between values often plays out in the way people typically think about the role of “the government” and “the market,” especially now that the crisis in the financial markets has tarnished the reputation of markets in general. As any applied economist knows, there is no such thing as a “free” market. In any context where people or firms are trading goods or services, they do so within a framework of laws and government regulations, and also the expectations and cultural norms of their society. There's nothing “free” about this, although certainly the regulations can be more or less restrictive in specific cases. Markets are one of the many types of economic institutions—along with households and families,

businesses, not-for-profits, unions, and indeed different bodies and branches of the state. In many circumstances, organizing the many and varied transactions people want to undertake is most effectively done via a market. There's no better way of coordinating the vast amount of information needed to match supplies and materials with the things people want to buy—government planning turned out to be a terrible way to do this. Other times, markets do not achieve very desirable outcomes.

This is no surprise to economists, who have an ample catalogue of “market failures.” Unfortunately, the circumstances in which markets fail make it just as hard for governments to achieve desirable results. Take the classic example of pollution caused by a factory, an external “bad” that is imposed on the environment by the factory. The price charged for its products will not reflect the side-effect of the pollution, and the factory will have no incentive to curb its emissions. In theory the government can offset the externality by imposing a tax on the factory's output. But usually it won't have enough information to work out what level the tax needs to be. In practice, governments are more likely to set caps on the amount of pollutants allowed. They are quite vulnerable to lobbying about it. It's hard to monitor the outcome. They're unlikely to take firm action if there are pollution spills. In short, the existence of an externality makes it difficult for either government or market to get to the ideal outcome. This is why so many other types of institution emerge to address situations where there are externalities, or shortages of information. Effective institutions manage to align everyone's interests in the same way. Traffic lights are a good example: it's in almost everyone's interest to obey a red light most of the time, otherwise they'll likely be involved in an accident, so they are largely self-policing.⁸

This takes us on to the third building block, the need to adapt institutions in general to the structure of the economy as it is emerging in the ICT age, and particularly the institutions of government and the processes by which collective decisions are made. *Government* is the name we give to the framework that

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enables us to live in large, complicated societies. *Governance* is the word social scientists use to include in addition other institutions around the periphery of politics and the official bureaucracy. In no country have the institutions of governance kept pace with the speed and ease with which information can now be accessed.

Nowhere are there processes for implementing policies that command real legitimacy any longer, and this makes it next to impossible to envision the achievement of something like a consensus for taking difficult decisions. Instead, some Western democracies have a bitter, partisan politics, which doesn't seem to stem from large differences in practical policies, whatever the apparent ideological or philosophical differences between politicians. The rhetoric of parties might differ greatly, but the differences between specific measures typically are matters of nuance. The United States is probably the clearest example, so great are the cultural and philosophical differences between core Republican and core Democrat supporters. Elsewhere, there are bitter yet meaningless debates over questions of the managerial competence of different parties, with little or no difference between them in terms of their political philosophies or ideologies. So alongside the institutional challenge there is a political challenge too, the need to find an appropriate political debate about shared priorities and beliefs.

In time, the technological tools could transform the way politicians engage with voters. There's certainly plenty of experimentation under way. Finding appropriate institutional structures—using the new technologies—will be important if decisions about today's choices and activities are to give proper weight to the needs of the future. The right structures will take decisions out of the hands of centralized hierarchies. They will involve a more productive and thoughtful interplay between markets and governments than we've typically had in the past, one taking account of the dramatic technological and structural change in the economy. Markets and governments need each other to function well, and indeed often "fail" in the same con-

texts. The existence of transactions costs and information asymmetries present a challenge to any institutional framework. The work of the 2009 Nobel laureates Elinor Ostrom and Oliver Williamson focuses precisely on the way these aspects of reality shape different kinds of institutional response. The utterly transformed world of information, due to ICTs, is revolutionizing the governance of every economy, and we're only partway through the revolution.

THE STRUCTURE OF THIS BOOK

This book is divided into three parts. The first sets out the inter-related challenges forming the Economics of Enough, and the common theme of the need for economic decisions and policies to address a much longer time frame. The first chapter addresses the myths and realities of happiness, to make the scale of the challenge clear, and it demonstrates that there is no “easy” option of simply reeducating people in order to make them truly happy. The succeeding chapters look at the challenges of climate change, high debt, inequality, and deteriorating social capital in the context of an economy whose deep structure is being transformed by the new technologies. These seemingly disparate areas are my focus because they are where prospects for the future have sustained the greatest damage, and where individual interests are most interconnected. The common thread is the importance of a sense of responsibility for others, and particularly for posterity. Our failure to say enough is enough means our children and grandchildren will pay a high price to repair the damage inflicted by the current generation.

The second part of the book sets out some of the obstacles that make it hard to address those difficult challenges. How can we measure the economy appropriately and in particular make sure measurement tallies with value in an increasingly intangible economy? How should we try to reconcile or weight underlying values that are perhaps mutually incompatible? And in what ways do the institutions governing our economies, in the widest

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sense of governance, need to change in order to carry the majority of citizens and therefore deliver effective change?

The third part, the final chapter, sketches out a Manifesto of Enough. It would be possible to get depressed about the chasm between the policies and governance we have and where we need to get to within a decade at the outside, so this chapter sets out some first steps along the path. Once we start walking, further steps will become easier and clearer. There has been a serious collapse in trust in the rich Western societies, and that makes it impossible to safeguard the future.

This book attempts two things: a description of the huge and linked economic challenges we face, and the outline of a pathway to more effective politics and policies. More important, it describes the terrain of a much-needed new politics, which will be crucial if there's to be any hope of shaping economies and societies that will serve people better in future. Amartya Sen, the Nobel Prize-winning economist, has written that "profit-oriented capitalism has always drawn on support from other institutional values."⁹ The policies of the past thirty years have lost their anchor in values outside the market. I hope by the end of this book to have set out some of the initial, practical steps that will be needed to build a future economy based on a true sense of value.