Reconfiguring Household Management in Times of Discontinuity as an Open System: The Case of Agro-food Chains

Maurizio Sajeva, Pellervo Economic Research PTT, Helsinki, Finland
Andrew Mitchell, De Montfort University, Leicester, UK
Mark Lemon, De Montfort University, Leicester, UK

ABSTRACT

This article is based upon a heterodox approach to economics that rejects the oversimplification made by closed economic models and the mainstream concept of ‘externality.’ This approach re-imagines economics as a holistic evaluation of resources versus human needs, which requires judgement based on understanding of the complexity generated by the dynamic relations between different systems. One re-imagining of the economic model is as a holistic and systemic evaluation of agri-food systems’ sustainability that was performed through the multi-dimensional Governance Assessment Matrix Exercise (GAME). This is based on the five capitals model of sustainability, and the translation of qualitative evaluations into quantitative scores. This is based on the triangulation of big data from a variety of sources. To represent quantitative interactions, this article proposes a provisional translation of GAME’s qualitative evaluation into a quantitative form through the identification of measurement units that can reflect the different capital dimensions. For instance, a post-normal, ecological accounting method, Emergy is proposed to evaluate the natural capital. The revised GAME re-imagines economics not as the ‘dismal science,’ but as one that has potential leverage for positive, adaptive and sustainable ecosystemic analyses and global ‘household’ management. This article proposes an explicit recognition of economics nested within the social spheres of human and social capital which are in turn nested within the ecological capital upon which all life rests and is truly the bottom line. In this article, the authors make reference to an on-line retailer of local food and drink to illustrate the methods for evaluation of the five capitals model.

KEYWORDS
heterodox economy, Household economics, multi-dimensional evaluation, open system

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1. BACKGROUND AND INTRODUCTION

Traditional economics has been subject to various critiques and alternative models have been developed to address these weaknesses (Raworth, 2017). While market failures are often linked to the ‘tragedy of the commons’ some also argue that they are not only related to the market offer but to the nature of demand (Graves, 2002). Market economics are generally based on individual rather than collective choice and even if some individuals do renounce their private goods to preserve ecosystems or animal species, their isolated decision would generally not affect the actual consumption of these goods, nor produce any income. These kinds of goods are delivered collectively and when depleted cease to have value as an ecosystem service.

Moreover, goods can be considered and planned as private or public (Kaul and Mendoza, 2002), with the aim to regulate the functioning of significant systems (e.g. social and environmental), whose security and sustainability is to be guaranteed. For instance, even if land could be considered a private good it is commonly classified as commons as it involves the use of natural resources, such as forests, water, and plant and animal species which are of fundamental importance for both the environment and the society (Barzel 1997; Bromley 1990; Demsetz 1967; Ostrom, 1990).

Many studies carried out from an ecological economics perspective attempt to include so-called externalities into economic systems; however, to raise awareness about human dependencies on natural resources, these were evaluated according to their ability to provide human beings with ecosystem services (Daily, 1997; World Health Organization, 2005). Holding the view that “protecting the environment is a matter of getting the prices right” (Sagoff, 2012), ecological economists joined the neoclassical utility theorists and the mainstream of welfare economics.

Even where sustainability is a recognised strategic aim there is a tendency to focus on sustainable futures that may never materialise because individual and collective behaviour may emerge that has counterproductive outcomes (e.g. the Rebound Effect or Jevons Paradox (Sorrell, 2007)); this is an example of the externalities that economics might avoid and, even within the sustainability narrative of a linear perspective that should really be focused on ‘avoiding unsustainability’, free-riding (Ostrom, 2009) and making judgements based on the best available information. Traditional economics can also be prone to bounding complexity and thereby adopting a rational approach to decision maker that is based on ‘perfect but incomplete information’ (et cereba paribus) and the exclusion of externalities (scale). This has the effect of hiding the true cost of things (Ostrom, 2009) which in turn makes informed decision making difficult – decisions are judgements about uncertain futures based on imperfect information (risk).

The consideration of non-valued goods as externalities suggests that the traditional economic approach is often isolated and detached from the other elements of the system i.e. focused just on human individual utility rather than on general systemic interactions, of which the human element is just one of the parts. Economic valuations, based on a utilitarian view and human welfare, are in consequence “unacceptably anthropocentric” (Norton, 2012).
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