

Preface

My previous book, *The Death of Economics*, was first published in Britain in 1994, and subsequently appeared in ten languages around the world. The main purpose of the book was to provide a description and critique of conventional economics which was accessible to members of the general public. Economics occupies a dominant position in public policy around the world, and I felt, as one trained as a professional economist, that its secrets should be more widely shared. Judging by the response to the book, I think that this aim was met.

A secondary objective was to put forward a series of suggestions as to how economics could be developed to give a better understanding of how the world actually operates. The study of human societies and economies is of great importance, and it is incumbent upon critics of orthodoxy to advance alternative ways of making progress.

This new book contains the development of my thinking over the past few years. As with my previous book, this one is addressed primarily to members of the general public. Economic and social issues affect everyone, and it is important for all informed citizens to reflect upon them.

Whilst many of the ideas I proposed in the *Death of Economics* remain valid, I believe that this book represents a distinct step forward. A argument which I first made nearly ten years ago is that conventional economics views the economy and society as machines, whose behaviour, no matter how complicated, is ultimately predictable and controllable. But on the contrary, human society is more like a living organism.

It is this concept and its implications which form the underlying theme of this book. I analyse a wide and seemingly disparate range of economic and social questions, seeing them as living creatures whose behaviour can only be understood by looking at the complex interactions of their individual parts.

My fellow economists - although I prefer the term 'political economists' used by Adam Smith and the founding fathers to describe themselves - may conceivably take more comfort in this book than in my previous one. A motif running throughout the book, and primarily addressed to them, is that conventional economics is a special case of the more general class of models which it is now feasible to build. In orthodox economics, individuals are not permitted to affect each other's behaviour directly, and in circumstances where this is a good approximation to reality, it offers a powerful explanation of what goes on. But such circumstances are rather limited, and it is far more usually the case that people or companies are influenced directly by what others do. This leads to a much more complex world, but one which offers a better description of reality, and I believe it is the way in which economics and the other social sciences will eventually develop.

Throughout the book, a contrast is made between conventional, machine-like ways of analysing problems, and the more biologically oriented concepts which I advance. It is important to make such comparisons, but the process of so doing can occasionally demand some effort on the part of the reader. This is particularly so with chapters 8 and 9, which discuss the crucial concept of the business cycle. These are probably the hardest chapters for the general reader, but are in a number of ways the most important of the book. For they show how viewing the economy as a living creature enables progress to be made in understanding the business cycle, an integral feature of all market economies and one which conventional economics finds particularly hard to explain satisfactorily.

I am grateful to a number of people for encouragement and discussions which have helped to develop the ideas of this book, and in particular to Michael Campbell, Robin Marris, Bridget Rosewell and Bob Rowthorn. I have also been stimulated for a number of years by the work of Richard Goodwin, who sadly died in 1997. Julian Loose and his colleagues at Faber and Faber have once again provided valuable editorial support.

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