

Just suppose we tried to meet needs? What might happen?

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A new commentator on this blog named Tony Wikrent made an interesting comment yesterday, saying, when discussing the purpose of economics:

"Many subscribe to Lionel Robbins' definition of economics as the allocation of scarce resources among competing ends"

This is where economics goes wrong – right from the beginning. The actual history of Understanding this would radically shift the what economists emphasise. Financial markets and prices would become much less importance, and the creation of science and new technology would become paramount areas of inquiry.

Robbins, whose overall contribution to economics was not nearly as important as I think the London School of Economics like to claim it to be, undoubtedly heavily influenced economic thinking with his 1935 book in which he offered the above suggestion. That idea was taught to me in the 70s. It is still commonly noted. Ask ChatGPT what economics is about and it suggests:

Economics is the social science that studies how individuals, businesses, governments, and societies allocate resources to satisfy their wants and needs, given scarcity. It analyzes production, distribution, and consumption of goods and services, as well as the behavior of markets and economies.

Scarcity is the condition that requires economic choice, apparently, based on a search of the web as a whole. The idea remains in common use then, in itself constraining us all. It was, apparently, Robbins maxim that human beings want what they cannot have, and that notion need not be true, meaning it did not have the power he gave it.

In the 1930s, when Robbins wrote, I am aware that one of my grandfathers earned 30 shillings a week (£1.50) and lived in a tied cottage in a state of both considerable insecurity and poverty. My mother's descriptions of that upbringing have influenced me, without a doubt. In that situation, then Robbins was to some degree right; human beings did want what they could not have.

But, as Tony Wikrent implies, Robbins thinking (both economic and social) was decidedly static. His presumption was that what was scarcity was a permanent state in which the economy must exist. Post-war development showed that this need not be the case. .

Vastly better housing became available. Incomes rose. The post-war consensus delivered prosperity to vastly more people, me included. The problem of scarcity was not solved, but it altered radically. Three themes became apparent.

The first was that it became possible that we could meet need. It was, and remains, possible for us to ensure everyone in the world could enjoy a life where their needs are met. I am not saying that would be easy. I think it could be done.

Second, that fact did not solve the problem of scarcity. Those with the ability to solve the problem of unmet need chose not to do so. Scarcity with regard to need was imposed instead. It was no longer inevitable, but it continued to exist, nonetheless.

Third, the reason why need was not met was because those with the means to do so chose, or rather were persuaded, that satisfying their wants was a higher goal than was the meeting of the needs of others.

When Robbins wrote in 1935 the whole field of marketing, and the manipulation of human perception that it involves, was virtually unknown. Advertising did, of course, exist. But marketing is quite different. It seeks to create wants where none existed, and that activity did not become commonplace until the 1950s. The imposition of continued scarcity was a necessary condition for marketing's success. Innovation might have created the means to address all needs, but the reality was that it was instead primarily directed at meeting previously unknown wants.

Does that mean that I disagree with Tony Wikrent? It does not. The point he makes is powerful, and appropriate. It does, however, need to be framed and that framing is to be found in the choice that supposedly free markets have made with the power to create technology that we have discovered.

That power has been used to achieve three outcomes. One, very obviously, is consumption beyond the physical constraints that the planet can sustain. As a result, we have the climate crisis.

Second, this power has been used to concentrate wealth in the hands of a few. Technology in innovation has, when subverted to private purpose, and when coupled with the abuse of artificial legal constructs like patents and copyrights, been used to create market power that eliminates competition, suppresses further innovation and delivers massive inequality within society.

Third, as a result, innovation has begun to destroy its own potential to meet either

needs or wants as the preservation of the wealth of a few is deemed a higher-order priority than meeting the needs of an increasing number of people, whilst it also destroys the very markets that supposedly fostered its creation.

To put it another way, the whole purpose of market-based economics has become the prevention of the meeting of needs whilst simultaneously creating the means for an increasingly smaller number of people to consume to excess way beyond any conceivable measure of human requirement.

The problem for this economic model is that it is unsustainable. As more and more people are driven towards economic desperation, which is very obviously happening at present, the social acceptability of this form of economics is collapsing. Simultaneously, the excessive use of natural resources that it requires is becoming evermore apparent. Neither, by themselves, would be sufficient to bring this system down. Together, they create a situation where that is likely.

What happens then is the question to ask? This is where I think Tony's comment is very relevant. Suppose that the whole purpose of industrial and agricultural development was to become the overcoming of the scarcity of resources. Could we find the food to feed the world, the water to sustain it given global heating, and the means of shelter, free from risk, where people might enjoy secure lives of reasonable comfort, free from fear? I think we could. But it does present the most massive challenge to a hierarchy of innovation and power that largely ignores need at present and instead presumes that the accumulation of excessive wealth for a few is the goal of society.