ECONOMICS, named the "dismal science" by Thomas Carlyle more than a century ago, might well be called the desperate science, given its troubles in recent times. After decades in which Keynesian formulas were applied to public policy, that approach has fallen into almost shameful disrepute; steering an economy by managing aggregate demand no longer seems to work. Rejoicing in this, advocates of newly resuscitated "supply side" neoclassical economics have set out to restore our faith in "the free market," an institution economic historians long ago dismissed as mythical. As rates of inflation, interest and unemployment soar, as the American standard of living gradually sinks, the suspicion grows that none of the prevailing schools of thought has effective remedies for our economic ills.

Is it any wonder that criticism of economics has become a booming business? Among academics, the likes of Robert Heilbroner, Kenneth Boulding and E.J. Mishan have called attention to basic flaws in their colleagues' standard models. From the outside, a new generation of Marxist political economists have argued that the very organization of modern capitalism breeds continual economic disasters. Another renegade persuasion, led by Nicholas Georgescu-Roegen, has taken inspiration from the entropy law of thermodynamics and holds that our whole orientation to material resources is deranged, that society is burning its candle at both ends.

Taking stock of these criticisms and adding a number of her own, Hazel Henderson, who calls herself an "independent, self-employed futurist," concludes it's time to junk orthodox economics altogether. "The Politics of the Solar Age" chides the economists for their fixation on rigid, unrealistic categories, in particular ones that define the world as a set of cash transactions and money flows. Notions of this kind, she maintains, misunderstand the most basic facts of ecology and human culture. All production and consumption take place under conditions set by fundamental biological laws and physical constraints. Too long have we kidded ourselves that we possess an endless supply of cheap energy and an infinitely malleable biosphere. Until people learn to take into account nature's "primary economic system," the complex of ecological processes that sustain all life, they will continue to wreck the very ground of human existence.
Equally deplorable in Miss Henderson's view is the way concepts of a money economy disregard the significance of "informal" means of production - work in the home, goods and labor exchanged through barter, services contributed to the community, and the like. Although these sources never show up in cash accounts, they comprise a substantial part of every society's real productivity in good times and bad. Miss Henderson reserves special wrath for what she terms the "Golden Goose model" of wealth. This is the belief, now popular in Washington, D.C., that all production takes place in the "private sector," which is then mercilessly attacked by parasitic taxes and spending of the "public sector." What actually happens, the book explains, is much more gruesome. Business firms demand a wide range of subsidies from government. At the same time they deliberately shirk the social and environmental costs of their own production. Factors that economists like to call "externalities" (pollution, social dislocation, depleted resources) now mount up to an enormous backlog of private costs "coming due as social bills to be paid" by public. In this light, the policies of Reaganomics are simply a version of the debtor's ploy - refuse to pay these bills in the hope that someone, a future generation perhaps, will find the where withal to clean up the messes we've left behind.

As cure for such destructive practices, the book recommends that "Economies now must conserve materials and energy, distribute the fruits of their production more equitably, and be managed for sustained-yield, long-term productivity." Dozens of specific suggestions are outlined - eliminating subsidies for resource exhausting industries, encouraging labor-intensive technologies, changing the rules that govern business corporations, revising the ways we measure efficiency, productivity and growth. The audience for these proposals is not so much the practitioners of academic economics (which Miss Henderson regards as "a form of brain damage"), but rather a new coalition of "workers, minority-group members, women, poor people, consumers, environmentalists, and all the ordinary, modest citizens in this country for whom the old corporate economy is not working." The maxim that ought to guide this new movement is "thinking globally, acting locally." Study issues that involve the future of the whole planet; invest your energies creating local institutions that bring democratic participation, ecological responsibility and social justice to life.

In this respect, "The Politics of the Solar Age" is one of several recent books that offer a decentralist program to the American left. Disillusioned with both big business and centralized government, many liberals and radicals are turning to localism as a vehicle for their hopes. In writings that praise this direction, however, an important question remains unanswered: how such scattered activity can be effective in combating problems that are enormous, complex and very deeply entrenched. On the other hand, the new conservatives, while also distrustful of government, implicitly believe that the corporations can put the world in good order. The new New Left, having renounced the state, has no corresponding force to fall back on. For the time being, decentralists seem more concerned to refine points of moral philosophy than to grapple with the realities of power.

Miss Henderson writes in a lively, well-informed, deliberately outrageous style about matters
important to us all. In her best moments she seems a capable successor to the late E.F. Schumacher, a man she recognizes as mentor. While her book does not complete its formidable task - that of describing the intellectual basis of a new solar age - it does take some valuable steps. Those weary of threadbare liberal economics and repelled by present-day conservativenostrums will find here a great deal to ponder.

Illustrations: drawing