

Nico Stehr, Ph.D. FRSC
Karl Mannheim Professor of Cultural Studies
Zeppelin University
Am Seemooser Horn 20
D-88045 Friedrichshafen | Lake Constance
Germany
Email: nico.stehr@zu.de

and

Marcel Tyrell
Professor for Entrepreneurship and Finance
Zeppelin University
Am Seemooser Horn 20
D-88045 Friedrichshafen | Lake Constance
Germany
Email: marcel.tyrell@zu.de

Global socio-economic problems or what is wrong with other people

Abstract

**International Workshop
Adaptive and Ecological Rationality in Complex Environments**

October 2015

Except for reference to singular historical events, for example war, there are no large-scale human experiences to which the claims of the climate science community and many other observers can appeal as they begin to reflect about a “future present” as massive impacts of climate change have set in.

In discourse about global environmental issues, appeal typical is made to future extraordinary circumstances or a war-like footing that necessitates the suspension of freedoms and the political rise of climate scientists.

In *The Vanishing Face of Gaia*, James Lovelock (2009) explicitly compares climate change to war, emphasizing that we need to abandon democracy in order to meet the challenges of climate change head on. The British historian Eric Hobsbawm's ([2007] 2008:118) skepticism towards democracy, however well intentioned it may be, extends to strong doubts about the effectiveness of democratic states in solving complex global problems such as global warming. Lovelock and Hobsbawm thereby join a growing chorus of critical voices -- within the scientific community, the media and political parties-- certain that democratic societies are unable to effectively and timely attack global environmental problems. ¹

Interestingly, this skepticism towards democracy has become increasingly popular also in economic discourse and beyond when it comes to discussions of the impact of democratic institutions for economic growth

¹ One may also note how history repeats itself since the skeptical voices from within the scientific community and the media remind one a similar kind of skepticism in the seventies of the last century as the primary contentious issue then referred to was the question of limits to growth and survival of mankind. Scientists warned about the essential slowness and inflexibility of democratic institutions and expressed their preference for authoritarian solutions (e.g. Heilbroner, 1974 and Hardin, 1977). Dennis Meadows (2011), the co-author of the original *Limits to Growth* some 40 years later reiterates his strong suspicion about the barrier to needed action and solutions in the face of growing environmental threats to our civilization by virtue of the “slowness of governance“ and the „short-sightedness of governance“.

(Acemoglu et al., 2015). For example, the well-known *New York Times* columnist Tom Friedman states with respect to Chinese political systems: “ ... when it is led by a reasonable enlightened group of people, as China is today, it (one-party nondemocracy) can also have great advantages. That one party can just impose the politically difficult but critically important policies needed to move a society forward in the 21st century” (Friedman, 2009).

In a similar vein, the relationship between democracy, redistribution, and inequality is discussed quite controversially in the economics literature (Acemoglu et al., 2014). For instance, Daron Acemoglu and coauthors based on a thoughtful theoretical and empirical analysis that democratization can result in “inequality-increasing market opportunities”.² Thus they conclude that the social science literature on this topic is far from a consensus or a near-consensus.

We want to argue that anticipated large-scale socio-economic problems which in most cases are not merely economic issues cannot be tackled directly but only indirectly since they represent “wicked problems” (Rittel and Webber, 1973); and most certainly not on the basis of social scientific knowledge. Social scientific knowledge is not immediately performative nor immediately persuasive. Hence much of the conventional framing of complex global environmental, economic and financial issues therefore are generally mistaken.

We will exemplify our case for a different framing by referring to global warming, governing the financial crisis and allied discussions in the social science community being cognizant, for example, of concerns already expressed by Friedrich Hayek about the assertion of an “inconvenient” democratic political order.

² Reflecting the well-known controversy from Karl Marx to this day about either a convergence of liberty and equality or a fundamental contradiction between freedom and equality, as Max Horkheimer for example argued.

We also will argue that more rather less democracy and politically astute goals might help in overcoming the failure of still preferred ways of tackling global problems.³

³ See for instance the papers by Gollier and Tirole (2015), Stiglitz (2015), Weitzman (2015) and Cramton, Ockenfels, and Stoft (2015), presented in the symposium on international climate change, which were published in the journal *Economics of Energy & Environment Policy* (2015, 4(2)). All authors agree that climate change is a tragedy of the commons and therefore characterized by the free-rider dilemma. For that reason, climate change cannot be handled by a patchwork of volunteerism. One needs an international commitment. Democratic institutions and governance enforce the negotiation on such an international commitment.

References

Acemoglu, Daron, Suresh Naidu, Pascual Restrepo and James A. Robinson (2015), *Democracy Does Cause Growth*. MIT working paper.

Acemoglu, Daron, Suresh Naidu, Pascual Restrepo and James A. Robinson (2014), *Democracy, Redistribution, and Inequality*. Chapter 21, Handbook of Income Distribution, Volume 2B, 1885-1966.

Cramton, Peter, Axel Ockenfels and Steven Stoff (2015), "An International Carbon-Price Commitment Promotes Cooperation", *Economics of Energy & Environmental Policy*, 4 (2):51-64.

Friedman, Thomas (2009), *New York Times*, September 8. 2009: <http://www.nytimes.com/2009/09/09/opinion/09friedman.html> Accessed October 14, 2015.

Gollier, Christian and Jean Tirole (2015), "Negotiating Effective Institutions Against Climate Change", *Economics of Energy & Environmental Policy*, 4 (2): 5-28.

Hayek, Friedrich August von (1944), *The Road to Serfdom*. London: George Routledge & Sons.

Hobsbawm, Eric ([2007] 2008), *Globalisation, Democracy and Terrorism*. London: Abacus.

Rittel, Horst W. J. and Melvin Webber (1973), "Dilemmas in the General Theory of Planning", *Policy Sciences*, 4:154–59.

Stiglitz, Joseph. E. (2015), "Overcoming the Copenhagen Failure with Flexible Commitments", *Economics of Energy & Environmental Policy*, 4 (2):29-36.

Weitzman, Martin (2015), "Internalizing the Climate Externality: Can a Uniform Price Commitment Help?", *Economics of Energy & Environmental Policy*, 4 (2):37-50.