

## **From The Legacy of Ostrom to a Full Integration of Ethics, Economics, and Politics: A Deliberative Path Toward Sustainability Economics**

The seventh workshop in the series "Is it Possible to Have Another Economics for Another Economic Policy?" continues the discussion from previous years by looking for answers that would adequately address the challenges of a sustainable and just future, and what the necessary conditions are to a reformed economic theory and practice. Although the topics covered in this series have been very broad—ranging from, e.g., sustainability economics to the debt debate, and to the heritage of Elinor Ostrom this year—the questions posed and contributions made point to a coherent core that builds upon critical revisions of theoretical and empirical heritage in economics; but in essence this question is thoroughly normative. How ought we reform economic education? How can we transform economic methodology so it embraces pluralism without succumbing to judgment and decision paralysis?

I begin these considerations by reference to the normative underpinnings of this workshop series not accidentally: my aim here is to illuminate some of the ethical components and implications of our workshop questions in search for sustainability economics and societal transformation toward democracy, social and ecological justice, and solidary action. In doing so, I will address both some of the elements of the legacy of Ostrom, and identify additional issues related to the In scientific practice and in the public sphere there is a lack of ethical complexity. An ethical spotting and deeper appreciation, understanding, and reflection on the complexity of the moral dimension of our discussion questions can facilitate the crafting of universally shared democratic, social, and ecological standards; a sense of global citizenship paired with local engagement in solidary action; and a public morality of ecological citizens concerned about the commons. It can also shed some light on the question of economic methodology, education, and research practices by enhancing development of a new philosophy of interdisciplinarity and pluralism in economic research.

Elinor Ostrom's account of changes in economics research practices (Ostrom 2010a) reflects a broader transformation that is taking place with the science/policy and science/society interfaces. This transformation touches upon the notion of truth employed, the treatment of uncertainty in science, and the social consequences of scientific performance, to name a few. It also affects the role of science and policy advice in public policy and decision making. In a nutshell, this transformation includes extended criteria of scientific rationality

pertaining to the scientific product and the very process of knowledge production. These criteria consist of both *internal rationality* (a conventional approach grounded in disciplinary epistemology and methodology) and *external rationality* (which pertains to axiological, ethical, and societal elements). Both internal and external rationality are indispensable for interdisciplinarity and a pluralistic methodology that are essential features of sustainability research.

Christian Becker describes the crucial elements for well-founded interdisciplinary research: cooperation across disciplines requires integration on the level of basic concepts and assumptions, "a common, coherent, and consistent definition of both the subject matter and of the adequate approach to it," and above all an integration of factual and ethical analysis (Becker 2011). He also postulates that sustainability research requires a more thorough "coherent integration of science and sustainability ethics" that can ensure "critical self-reflection of scientific approaches and underlying assumptions, as well as the adequate overall orientation of sustainability research" (Becker 2011, p. 113). This argument is important for understanding and crafting an appropriate, pluralistic, and interdisciplinary sustainability economics. This means thinking more carefully about how specialized fields with different methodologies can be brought together to form a "sustainability economics," based on explicit appreciation of the normative component of science and its socially and ecologically relevant normative orientation. It also means considering how scientific claims and models should be used by policy makers. Since citizens play a key role in policy formation (directly and indirectly), we must also be cognizant of how scientific claims are disseminated and discussed publicly (e.g., by the media) and which research is financed.

Although in Ostrom's work many of these issues are more or less explicit, a broader and more direct integration of them in economic research, and the bridging of the moral realm with the economic and the political, can serve for us as a starting point for discussion. More pragmatically, we should acknowledge that individual and collective performance is a function of moral and democratic competences (along with other factors, such as scientific and ecological literacy). Given that increased complexity is followed by a growing number of plausible perspectives on the problem in question (Dryzek 2005, p. 9), a broader and more complex approach to human development is in order to strengthen and supplement an institutional approach. The element that bridges all of these multifaceted issues is the accentuated need for a deliberative, reflexive, and cooperative dialogue in science, the public sphere, and policy formation. After all, the question of sustainability is normative one; as John Robinson suggest, one of the urgencies of sustainability is to develop "methods of

deliberation and decision making that actively engage the relevant interests and communities in thinking through and deciding upon the kind of future they want to try and create” (Robinson 2004, p. 380). An integration of ethical and factual analysis best assures the quality of interdisciplinarity, as well as of public deliberation. As Richard Norgaard argues, there are “only ‘shades of gray’ between scientific deliberation and deliberative democracy” (Norgaard 2007, p. 382).

Given the unprecedented nature of today’s world problems, the realization that science does not operate in a social vacuum sheds some light also on how to educate students. We can either leave this aspect unattended or we can attempt to design possible effects of science deliberatively. However, the goal of the democratization of science requires that the use and social consequences of science are reflected upon. For what kind of ends shall economics be used? Or rather, shall it be used deliberatively, for the promotion of social well-being and preparing for a post-growth world, or shall it be employed primarily for the sake of growth as an end in itself, leaving the larger social and ecological results to coincidence? An illumination of ethical issues and the integration of ethical component into science, as well as the moral realm in general with politics and economics, supplements and enhances *participatory processes* that essentially bridge three areas of action distinguished by the workshop organizers:

“The striving for democratic, for social – in particular, a poverty-proof minimum social security – and for ecological standards (1), for the maintenance and democratisation of the public sphere, above all of public finance (2) and for an active commitment to a constructive local and regional development (3).”

Thus, to begin the intellectual journey beyond Ostrom, I will raise some possible questions and issues regarding the intersection between science and values with regard to methodological challenges of sustainability economics, human development perspective, and the lack of moral complexity in policy analysis.

### **Methodological challenges of sustainability economics**

Different disciplines employ different language, models, and methods as they investigate different, sometimes overlapping, questions. Every model, etc., by definition gives us only a partial picture of the world from a particular disciplinary perspective. In addition,

different models do not fit together like puzzle pieces to provide a holistic or unified picture of the world. It is not that these different disciplinary approaches are necessarily inconsistent with each other, but positivistic attempts to reduce all scientific knowledge to a single set of concepts or models has proven practically, if not theoretically, elusive. The lack of reductionism does not, however, prevent us from having a viable understanding of sustainability economics and complex human-social-cultural and ecological systems. But, that understanding can flourish only by drawing from the wide array of methods and models from the different disciplines.

Ostrom provided testimony to interdisciplinary and pluralistic research in a methodologically rigorous way with careful attention to empirical evidence, the testing of core assumptions, and developing well-tested theories "that enable us to harness complexity" (Ostrom 2010b). However, the changing role of science and the criteria of scientific rationality have implications for improving the methodology of research and teaching in economics with regard to interdisciplinarity and pluralism.

Pluralism poses many challenges to economics research and practice. One of the most crucial in terms of scientific practice is that of the legitimacy of claims and validity of models, theories, etc. Critics worry that it invites an unwanted relativism and eclecticism, leaving us without hope of better understanding of the world and making progress toward greater integration of our body of knowledge. However, accepting pluralism does not presuppose any particular position with regard to the validation and legitimization of claims. Conversely to descriptive relativism, which assumes that any particular opinion or claim is relative to something (be it culture, individual agents, etc.), pluralism does not imply that opinion, etc., is relative to anything.

The challenge for sustainability economics is to work out an account of pluralism and the methods for dealing with pluralism not only on different levels of economic analysis, but also in interdisciplinary practice in general. Although disagreements in science over substance may remain, the question is whether there are some procedural standards in striving toward knowledge integration. A workable pluralistic methodology would have to include the following characteristics: it must allow us to maintain disciplinary identity while engaging with more than one perspective or school of thought in interdisciplinary research; it must integrate factual and ethical analysis in a way that best ensures a high quality of interdisciplinary; and it should provide a way of conceptualizing how our various types of knowledge and valuations come together.

Although the standards and criteria of reasonable pluralism are open for discussion, a related issue pertains to the predispositions needed for dealing constructively with pluralism. Ioana Negru explicitly touches on the importance of a special set of competences necessary for dealing with pluralism when she states that "pluralism is much more than a showcase for plurality and the presence of diversity ... it represents an attitude of tolerance toward diversity (at different levels) and one of engagement and critical conversation between economists" (Negru 2010, p. 188). Thus, what is required from economists is at the same time relevant also to citizens and decision makers. Meaningful pluralism rests necessarily on some normative principles that, in turn, make the case for competence and skill-oriented education.

### **Sustainability economics and human development perspective**

In her paper "Beyond Markets and States: Polycentric Governance of Complex Economic Systems," Lin Ostrom emphasizes that "the most important lesson for public analysis derived from the intellectual journey I have outlined here is that humans have a more complex motivational structure and more capability to solve social dilemmas than posited in earlier rational-choice theory" (Ostrom 2010, p. 24). Picking up on this lesson, it may be worthwhile to address a deeper matter that underlies the poor account of human being in (neoclassical) economics. Anthropologist and philosopher Barbara Krygier traces back the idea of a rational and radical individual driven by egoistic maximization of needs satisfaction to the theoretical limits of the modern worldview, called *anthropo-reductionism*. It means that the multidimensionality of the human being in her structure, development, and education is not taken into account (Krygier 2009, p. 111). As a result, rational, instrumental reason is proclaimed as a prerogative and the absolute value, while at the same time the complex, dynamic cognitive structures are depreciated, and the essence of human life as expanding consciousness becomes oblivious to us (Krygier 2009, p. 111). Indeed, while the acknowledgment of the complexity of ecological systems and social orderings and institution has been influencing diverse strands of thought in economics, a need still exists for a more complex account of human beings and human development. Recent findings in neuroscience, moral psychology, evolutionary science, and anthropology may fuel the development of a "richer theory of individual valuation" and motivations.

In terms of capacity for collective action and moral and democratic competences, one of possible questions pertains to the need for a more complex account of human psychological differences. When discussing differences in attitudes, behaviors, and decision making (which

includes judgments about particular cases), it is clear that they are not just matters of factual uncertainty. Thus, it may be difficult to apply a single formula to explain specific moral views. Some of the differences may be of a structural character (e.g., neurophysiology and its relationship to individual differences in the evaluation of facts), be contextual (capabilities and proper institutions or lack thereof), or be the result of synergies between them. Consequently, even in the most cohesive societies we can expect some degree of cognitive pluralism, which affects people's perception of any particular social dilemma, values, political objectives, and so on. Complexity can be found everywhere within and between ecological, social, and economic domains and problems, and also becomes apparent when we recognize that our perception of the world involves equally complex ontological and epistemological structures. We should, then, also accept the fact that perspectives and interpretations involve pluralism. As Ewa Nowak emphasizes, one of the main problems of humanity lies not in the lack of values, nihilism or radical subjectivism, but rather in the incredible richness of values and moral ideals which are so often conflicting and opposing, on the one hand, and the lack of competences necessary to deal with them, on the other hand. The core issue is that many people suffer from a deficiency of such competences; thus it is necessary to educate reflexive skills of making judgments (Nowak 2010). A constructive process of transformation of current economic and social systems and institutions involves, then, developing all sorts of competencies that allow us to conduct fruitful communication and synergic actions beyond (or despite) the lack of consensus on matters of substance.

### **Developing a new public morality**

Elinor Ostrom reassures us that "a core goal of public policy should be to facilitate the development of institutions that brings out the best in humans" (Ostrom 2010, p. 25). This is an essentially normative orientation, one that consistent with political theories of global and ecological citizenship and environmental ethics. Deane Curtin addresses these issues in the context of global environmental ethics for a postcolonial world: social and environmental justice in a globalized world requires the art of thinking "in context" (including political, philosophical, and historical contexts) paired with the exercise of moral imagination: "right thinking needs to be complemented by moral empathy" (Curtin 2005, p. x). The implications of transcending the dichotomy between the affectional and cognitive predispositions in moral and practical reasoning are rather revolutionary for moral philosophy itself and the account of moral practice. In many respects, individualism has been a feature of neoclassical economics

and the internalized concepts of ethics as a solitary enterprise. But, as Curtin forcefully argues, “what we lack is a public, cooperative sense of ethics that is not just a dreaded set of rules [to be applied to moral dilemmas], but an evolutionary direction through which one can become fully human” (Curtin 2005, p. 197). This idea is well founded in theories of moral development, such as the Dual-Aspect Theory of moral behavior, according to which moral practice consists of two types of competences: moral and discursive (called also democratic). Moral practice is not so much about applying a set of “fossilized” rules and principles to particular situations, but rather about the competence of moral judgment (that is, the ability to act in accordance with deeply held moral ideals) and discursive capacities (i.e., public negotiations of the best solutions to each moral situation in a dialogical mode). The whole point of morality is to organize intertwining elements of private and public spheres in a way that best realizes human potential. In Curtin’s words, “the role in the broader community is important to every individual because it is only through this public space that we can become fully human” (Curtin 2005, p. 197).

### **Integrating economics with politics and ethics: an example from common-sink resources problem**

In the book entitled *The Moral Austerity of Environmental Decision Making*, John Martin Gillroy and Joe Bowersox argue that

“an inherent austerity exists in the discourse and analysis of policy. This austerity is not of empirical data, nor does it lie in the dearth of quantitative models or economic formulas with which we measure and trade off the costs and benefits of alternative public choices. The austerity is a moral austerity, that is, a lack of complexity in terms of ethical debate over what is right, what is good environmental policy, and what responsibilities, duties, and obligations we have to both humanity and nature” (Gillroy & Bowersox 2002, p. 1).

The roots of moral austerity are constituted by two factors: the separation between politics and morality (which results in the avoidance or denial of normative questions and decisions), and the dominance of the market paradigm in education, analysis, public policy, and discourse (Gillroy & Bowersox 2002, p. 2). Such recognition carries important implications for sustainability economics that appropriately accounts for the commons (both common-pool

and common-sink resources): some of the crucial questions are essentially normative (for example: in what kind of future do we want to live?), and the separation of economics from political and moral realms undermines transformative potential for collective action.<sup>1</sup>

The problem of common-sink resources is so difficult to theorize about and manage precisely because fundamental ethical issues are involved in defining the practical aspects, such as allocating responsibility. Moreover, even for ethicists the question of managing the condition of pure public goods raises very difficult questions, some of which constitute qualitatively new challenges for moral philosophy. Assigning responsibility for environmental problems with regard to common-sink resources and collective action dilemma leads to increased complexity that challenges some of our moral categories. A good example illustrating the complexity and qualitatively new dimensions of these problems is the normative principle of responsibility for future generations and the question of how far in the future we should reach when we refer to posterity. Do we mean infinitely into the future or some limited number of generations? As the former would be untenable and unpractical, what would be a non-arbitrary criterion for deciding how many future generations we are to include in our moral reasoning and notions of responsibility?<sup>2</sup>

Although the debate over climate change is usually framed as a debate about scientific facts, climate change is also fundamentally an ethical issue. After all, what is at issue is "not the presence of scientific uncertainty but rather how we decide what to do under such circumstances" (Gardiner 2010, p. 9). The challenges that climate change poses cannot be addressed simply by accumulating more factual knowledge since it also refers to the meaning we make out of the world, and the values we identify as important: "It is about how we ought to live and how humans should relate to one another and to the rest of nature" (Jamieson 2010, p.79). Among climate ethicists there are no doubts that even in the face of uncertainty regarding the severity, scope, and predictable form of climate change impacts, the moral problem it poses is real because future generations are subjected to severe harms and risk. Thus, "climate change is to bring morally, politically, and socially unacceptable outcomes" (Gardiner 2010, p. 13). Climatic changes and disruptions require intervention in human actions on the global level, and "there is little hope of achieving a just solution to climate change unless moral arguments are made" (Brown 2013, p. 4). From the perspective of environmental change, Carmack et. al. (2012) identify "ecological sense-making," related to

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<sup>1</sup> This claim is not a new discovery, however. The fathers of classical economics were well aware of the intertwining of values, economic reality, and did not perceived the realm of politics and morality as separate from economics. See also (Söderbaum, 2012)

<sup>2</sup> For a broader overview, see (Gardiner, 2011).



lived-experience of place attuned to ecological processes, as an underestimated quality of social change. In addition to experiential elements, Donald Brown emphasizes the indispensability of persuasive moral arguments in inflaming needed social change in prosperous social movements (2013, p. 5). When the process of integration of factual and ethical analysis is understood in a way that is contextually, socially, and culturally attuned, there is space to overcome the polarization of public discourse, where usually only the strongest stakeholders can be heard and options are framed as *either-or* choices. Thus, the integration of factual and ethical analysis is not only important from a methodological point of view (for a philosophy of interdisciplinary research), but also for democratization of public space. The undergoing transformation of the Arctic regimes, for example, may serve as an illustration. Here, the local people are the first to suffer the effects of climate change while being at the same time dragged in the aggressive push for globalization. On the basis of the unquestioned right of local people to participate in the benefits of a global economy, profit-driven interests in extracting the natural goods and services of polar ecosystems lead to subordination of local economies. Indigenous people have been known for living in an unusual harmony with nature in these regions for ages, and do not need to craft an environmental ethics as we do; they live it (Piątek 2008). In light of this, the lack of ethical issue-spotting results in related questions related to social and ecological justice being left aside, leaving vulnerable local people on their own in the midst of the transformation, thereby making it harder to respond to changes against the imperative of economic benefit. The practical aspect of coping with the ethical challenges with regard to pure public goods requires—in addition to more adequate institutional regimes—competences that are necessary for fruitful, morally appropriate collective (and individual) actions across particular stances, competing values, and a plurality of meaning and understandings.

### **Concluding remarks**

Sustainability policies need to be adaptive to meet current challenges, and thus need to be the result of deliberation between more actors—both institutional and individual. These different players represent, however, different and sometimes divergent values and ideologies that require from all involved an increased willingness to deliberate and engage with others. One way of putting this is to say that in this diversity we ought to seek dialogue, cooperation, and synergy, and develop a co-operative process resulting in meaningful participation of all stakeholders. Because profoundly political and moral issues are involved both in decision

making and science itself, the postulate of democratization is of primary concern. But the kind of democracy that is needed if we are to enact policy that stimulates collective action and successfully manages the commons, and steers research in a way that responds to the social, ecological, and moral challenges—is one that emphasizes participation and deliberation, as opposed to mere voting, and above all, that brings the best in humans.

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