

# How do we approach practical, messy problems?

A reflection on how to respond to the economic and ecological crises

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# Crises and response

- Integrated response in world to financial and ecological crises is Green New Deal\*: Green economy, green jobs.
- Keynesian style stimulus in economies (public spending programs, incentives, tax credits and tax cuts) to counter credit crunch and associated weak demand.
  - One measure\*\* (late 2008/early 2009) is that 15.6% of worldwide stimulus in green funds.
    - Leader South Korea (80.5%), EU (58.7%) and China (37.8%).  
US at 11.6%.

\*French, H., Renner, M. & Gardner, G. 2009. Toward a Transatlantic Green New Deal: Tackling the Climate and Economic Crises. HEINRICH BÖLL STIFTUNG PUBLICATION SERIES ON ECOLOGY VOLUME 3, pp. 1-38

\*\*Nick Robins, Robert Clover, and Charanjit Singh, "A Climate for Recovery," HSBC Global Research, London, 25 February 2009

# Critique of responses

- *Instrumental interventions (change in existing structures to change):*
  - Choice between instrumental interventions e.g. between spending, incentives or tax credits
- *Plea for more structural interventions:*
  - Interventions in real/real (as opposed to financial and real) economy: Responses of decoupling/material intensity and new green economy market niches suggested (Peter, Swilling et al 2011).
  - Interventions in structure/architecture of financial economy
- *Plea for normative interventions (direction of structure)*
  - Deeper level questions on how individuals and culture operate; deeper underlying problems with prevailing ethics, religion, culture, e.g. as argued to manifest for example in unfettered capitalism; issue how people behave (excessive hubris and greed)
  - Any scientific approach (incl. the dominant economic culture approach) to real world problems is rooted in a particular view on reality. These worldviews need to be made explicit.
- *Plea for 'ontological' reflection (rethink what nature of reality is, ontology is "study of being, of what there is, of categories of being and how they relate to each other"):*
  - humanity has not interpreted and acted on the fullness of reality, but on selected reduced parts of it, leading to the crises (lack of connectedness)
  - How the development of a rational, Western philosophy with a high degree of autonomy to humans in relation to nature have played a part in the ecological crises (humans perceived as separate to reality)

# Messy problems

- The most fundamental issue of ill-structured problems is the *divergence between opposing formulations of perceptions* of a problem (Mitroff & Mason 1980).
- Lachapella et al (2003): *Wicked problems and messy situations are typified by multiple and competing goals, little scientific agreement on cause–effect relationships, limited time and resources, lack of information, and structural inequities in access to information and the distribution of political power*
- Rittel & Weber (1973:160) described all problems of social policy as wicked problems: *As distinguished from problems in the natural sciences, which are definable and separable and may have solutions that are findable, the problems of governmental planning—and especially those of social or policy planning—are ill-defined; and they rely upon elusive political judgment for resolution.*

# Integration of hard and soft systems approaches in practice?

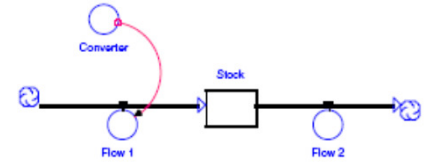


Fig. 2. Stella® diagram showing stocks, flows and converters.

- Any model is an abstraction of reality
  - never be interpreted as reality itself.
- General systems theory
  - recognise the limitations of mechanistic scientific approaches in explaining reality without disregarding its valuable, although partial contributions (Boulding 1956, Von Bertalanffy 1972).
- Checkland (1981), the founder of the soft-systems approach argues that
  - *human activity systems are fundamentally different from natural systems and needs a different approach.*
- Hard and soft systems approaches exclude each other, a premise that is not very helpful in solving real-world, messy problems that involve both nature and culture.
  - Soft-systems approaches tend to focus on human freedom and hard systems tend to focus on understanding and controlling the deterministic laws of nature, which is often described in a mathematical language.
- Promising work on multi-modal systems theory and mediated systems modelling approaches
- Integrated systems modelling and assessment can provide more effective decision making for sustainability, but is not a replacement of policy action and implementation

# What is the response of ecological-economic theory?

- Kallis et al (2009)\*: *The root of the crisis is the growing disjuncture between the real economy of production and the paper economy of finance.*
- Seeking opportunities at transforming nature of knowledge, dismantle myth of economism (academic, popular, political beliefs)
- Nature included as key factor in economic analysis
- Rejects homo economicus; recognise multiple, incommensurable values
- Gains from specialisation and exchange come at cost of detachment actors from (natural) realities and the moral implications of their decisions
- *Questions: What Reality, Whose Morality, Who drives change?*

\*Kallis, G., Martinez-Alier, J and Norgaard, R.B. 2009. Paper assets, real debts: An ecological-economic exploration of the global economic crisis. *Critical Perspectives on International Business*, 5(1/2): 14-25

# Nature/Culture dialectic

- Throughout Western philosophical history, polar dualism nature and culture\*.
- From Greek philosophers dualism between mind and matter or body and soul to a dualism of nature and freedom (e.g. there are no limits)
- Tension between Humanity's arrogance of all-encompassing Reason vs Nature as Archimedean point (Kantian system of Nature-Freedom)
  - reason resides in humans, living systems and ontologically part of nature
- Is there a philosophy that recognises diversity without sacrificing unity and coherence of all of reality, including nature and culture?
- *There is an inherent tension between concepts of nature and culture in Western philosophical history. A key driver of ecological crises?*
- *Practical instrumental and structural solutions to the financial and ecological crises have a limited reach, but how far can we go?*

\* Loubser, R.A. 2005. Nature vs. Culture in Sustainable Environmental Management. Master of Arts in Philosophy at the North-West University, Potchefstroom Campus, pp. 1-49

# Normative ethics (moral theory)

- Normative ethics (moral theory) is the study what makes actions right or wrong.
- Practical situation: many different ethical theories, and it can be expected that different actors will have different ethical reference frameworks
  - Old Greek ethics focuses on self-knowledge (Socrates), self-realisation (Aristotle) or serenity/contentment (Stoic).
  - Based on Aristotelean ethics, virtue ethics is focused on the intentions and character of a person, rather than on the acts itself.
  - Consequential ethics is focused on good outcomes. In hedonistic, utilitarian ethics, such as applied in the discipline of economics, the focus is on maximising pleasure and minimising pain
  - Deontological ethics certain types of acts are seen as intrinsically right or wrong. For example, in Kantian ethics, the focus is on duties and rules.
  - In divine command theory, another form of deontological ethics, obedience to God's commands is the source of ethics.
  - Postmodern ethics focuses on relational aspects and on the complex situation of actions, often assisted by narratives



# Ethics in economics

- Consequential, Utilitarian ethic: pleasure and pain (Bentham)
- Socially desirable outcomes from self-interested motivations
- Adam Smith position (In Mills 1993):
  - *(Men) could safely be trusted to pursue their own self-interest without undue harm to the community not only because of the restrictions imposed by the law, but also because they were subject to built-in restraint derived from morals, religion, custom and education*
- What happened to such in-built restraints?
  - Runaway consumerism and onerous debt (Easterbrook, 2003)
  - *Always more is the silliest formula to live by..* (Goudzwaard 2001)
    - rather focus inner growth of economy than output growth

Mills, P. 1993. ETHICS IN THE ECONOMY: The need for morality in a competitive market economy

Easterbrook, G, 2003. The Progress Paradox

Goudzwaard, B. 2001. Economic growth: is more always better? In: Christianity and the culture of economics, edited by Donald Hay and Alan Kreider.

Religion, Culture and Society Series. Cardiff: University of Wales Press.

# Visionary leadership

- World in a dominant economic culture with autonomous humans increasingly detached from reality and morality. Obsession with material growth and consumption.
- In messy, practical situations visionary leaders will have to connect a (partial) understanding of such a system with achievable objectives for that system
- Communicate and live real hope in troubled times
- Gardner (1995:56) makes this point in his study of 20th century leaders, when he says:
  - *The formidable challenge confronting the visionary leader is to offer a story, and an embodiment, that builds on the most credible of past syntheses, revisits them in light of present concerns, leaves open a space for future events, and allows individual contributions by the persons in the group*

# Concluding thoughts

- Any theoretical scientific (incl. economic) model/prescription has limited view of reality, cannot make claims that affect all of reality.
- This also applies to systems approaches
- Caution in conclusion, humility in presenting results
- Economic science has become the dominant 'intellectual feeder' of culture – institutionalised and politicised
- Science as a roleplayer, not as a sole shaper of culture, a need for ethical and political checks and balances
- Role for visionary leadership, real hope mobilises practical action