Class 5:
The power of rationality

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Purpose

- A dominant way to understand rational action increases ability of some to impose their will upon others even against others' will – application for environmental governance

- An alternative way of understanding rationality can provide a powerful argument for more democratic (plural) decision-making (processes)

Outline

The model

- Rationality as individual profit maximisation that brings tragedy
  - Hardin's "commons"
  - Hardin's "rational herdsman"
- Narrative adopted for environmental governance
  - Creating markets to "internalise externalities"
  - Implications: environmental degradation & property rights transfer (Commons privatisation)

Model limitations

- Question 1: Is Hardin's "commons" really a commons?
- Question 2: Is Hardin's "rational herdsman" only way to be rational?
  - Human action as moral action
  - The essence of human action

Monbiot explains that Hardin's **model of individual action** (how the herdsman acts in the commons pasture) has provided a rational argument for multi-lateral institutions and governments to pursue widespread privatisation of natural resources and massive transfers of communal lands to the state or individuals around the world.

How does **Wolfensohn use** Hardin's model to explain **why biodiversity declines**?

According to him (Wolfensohn), what sorts of **mechanisms** are established to help avoid this decline?

ASSIGNMENT QUESTION

Classroom Question 1

- ***Hardin says that 'tragedy' happens in the commons: why? And, how?***

- Two main, basic elements produce tragedy
  - The "open" commons
  - The rational herdsman

Hardin's pasture

- "Picture a pasture open to all"
- Argument: in a finite world, one's decision to give birth implies reducing available resources for the rest
  - Just like in a 'commons'

David Cox 'The Shepherd, Return of the Flock' (source: http://www.1st-art-gallery.com)

Human action/ behaviour

- For example: a commoner deciding whether to add one more animal to his herd :
  - As a **rational** being, each herdsman seeks to maximize his gain.
  - Explicitly or implicitly, more or less consciously, he asks:
  - "What is the utility *to me* of adding one more animal to my herd?"

- Rational being:
  - Utilitarian
  - Individualist
  - Profit-maximiser

Individualist utility

- Utility: measure of relative satisfaction
    - positive component: benefit from selling additional animal products
    - negative component: overgrazing created by additional animal

- But adverse effects of overgrazing = shared by all commoners
    - Herdsman: only fraction of –ve effect – but whole benefit of one more unit!
    - **Only *rational* decision**: add one more animal -> constantly add animals

- But: what reasonable for our herdsman is reasonable for all herdsmen
    - So: all add more and more animals to their herd

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Overgrazing in Alxa League, western Inner Mongolia (source: http://www.adb.org)

Result: tragedy

- "Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit—in a world that is limited

- "Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons

- "Freedom in a commons brings ruin to all"

Camels graze in a destroyed village in Western Darfur (source: http://postconflict.unep.ch/sudanreport)

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Monbiot 1994

- Hardin's model of human action: a 'rational' argument for multi-lateral institutions and governments to pursue widespread privatisation of natural resources and massive transfers of communal lands to the state or individuals (private ownership) around the world (e.g. developing countries)


Source: http://www.rozsavage.com/

Wolfensohn: 'global environmental commons'

Logic for 'new' category of commons:

- The '**global environmental commons**' (e.g. biodiversity)
- The **WB approach: Wolfensohn explaining** to UNEP readers
    - environmental services such as biodiversity constitute **invaluable** global commons that are not **effectively protected** by individual countries
    - because these countries have —**limited economic incentives for taking action on the global** environment

- But, this is something **to be expected**
    - it is **in the nature of** a global public good such as environmental services to attract **decisions** taken at the **country level**
    - that **do not adequately reflect** their global impacts
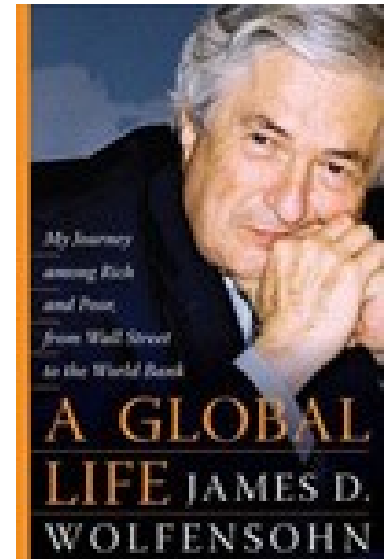
Wolfensohn

- Consider for example a developing country rich in biodiverse rainforests but drawn into poverty [DRC: 1/17 mega-diverse countries; UN (2008): population > 57.5 million people – 75% live below *poverty* line]

  – Its government would be happy to deplete all resources available in these forests for the country's economic development

  – no matter if in the course of this use, several ecologically valuable species disappear

Poverty in the Congo (source: http://shs.westport.k12.ct.us)

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Hardin's herdsman resuscitated

- Here, Hardin's all-powerful 'rational' herdsman forcefully emerges again

- Do you see this??
  - Only in this case he comes in the guise of an 'individual country'

Source: www.worldatlas.com

Source: http://madderhatters.org/

Source: http://www.tcf-me.com

Internalising externalities

- What does Wolfersohn suggest should be done?
  - Externalities
  - Internalisation of externalities
  - Markets

- ***OK, but before this, let's pause for a minute and ask ourselves: who is Mr Wolfersohn?***
  - Look at the small letters!

Internalising externalities

- The World Bank president explains: this [what government of a country such as DRC does] is what economists describe as a situation where — regional and global **externalities are not internalised** at the national level

- Externality
  - unintended detrimental (e.g. pollution) consequence associated with the production of a commodity (good) or an economic activity
  - and nobody accounts for (pays for) this effect
- E.g. detrimental effect in DRC: biodiversity loss

Internalising externalities

- Internalise externalities: make someone pay for externality
  - If they pay, they will not do it

- How can you do this?
  - Create a "market": a physical or virtual place where someone can pay for creating externality

The answer

- The Bank's task is precisely to generate those—previously absent—markets in which global environmental goods and services and global non-market values can be traded

- One such example is the **Global Environment Facility (GEF)** where those values are captured primarily through **international resource transfers**

The Global Environment Facility

Griffiths, 2005:

- main intergovernmental mechanism for addressing "global" environmental problems incl. biodiversity loss

- Main vehicle for international funding for the Convention on Biological Diversity (CBD)

  – "cornerstone" of GEF biodiversity projects are those that promote protected areas (and e.g. ecotourism) – many of which overlay lands and territories of indigenous peoples

Griffiths, 2005

- Research suggests that several GEF projects overlook critical land tenure and **property rights** issues and remove **control over decision-making** and access to areas traditionally used by local indigenous communities (e.g. as hunting sites)
  - GEF projects regularly treat local populations as **beneficiaries** rather than **rights holders**

IS HARDIN'S COMMONS REALLY A COMMONS?

Overexploitation not in commons

- Hardin's explanation of producing & avoiding environmental degradation criticised

- Hardin's model does not describe a common property regime
  - but an open access situation: use of NR not regulated by any rules at all

- 'Commons' are well-defined systems
  - governed by mutually beneficial and compelling regulations
  - Owned by communities (i.e. not "open to all")

HE implications: property rights

- Privatising commonly-held resources = best solution for protecting valuable resources as it gives a private incentive to conserve them for private benefit
  - commons have successfully **supported** populations and fragile environments living in marginal (fertility potential) areas (e.g. peri-desert areas in Africa)

- Enclosure of commons results in private appropriation of what used to be a common benefit
  - commons privatisation results in making a few already rich landowners even richer while transforming commoner populations to social and economic pariahs (via resource take-over)

HE implications: nature's degradation

- It is actually private owners (enclosers) who
  - not only benefit from destroying commons
  - but also contribute to the demise of the commons (environment)

- They first move in to aggressively exploit resources to their full potential and then quickly sell them off in order to acquire more promising resources in other areas

HE implications: power

- HE: a model of rationality

- HE: at basis of (i.e. supports, produces) policies
  - **Unfair** (environmental justice): take away means of livelihood from communities
    - Reduce them to 'users' than owners
    - Power issue: take away control of their environment (NR)

  - Wrong conceptual-analytical starting point
    - based on understanding of commons that applies to **open access** (not common property)

IS HARDIN AND WOLFENSOHN'S RATIONALITY THE ONLY ONE AROUND?

Rationality

- Hardin's model of rational human action: suggests that: Rationality = individualist utilitarian profit-maximiser
  - brings tragedy

- **RATIONALITY QUESTION 1:** Do we, i.e. all of us, really always think and act towards the environment in such a way? I.e. seek to maximise our individualist profits?

EE: human action as moral action

- ## "Protest bids" in CVM studies
  - What CVM tries to do
  - "Protest bids": 0 or infinite value
  - Treatment of "protest bids"

- ## Ethical concerns of protest bids
  - Environmental preferences may reflect rights-based attitudes towards nature

- ## Behaviour towards the environment has ethical premises
  - EV are better understood as a concern with ***"what is the right/ good thing to do?"*** (as humans towards the environment)
  - EV have ethical ("what is right/ good?") premises

Ways of answering the question

- teleological (telos: end, purpose)/ consequentialist
  - A concern with outcomes, consequences of your actions
  - a morally correct action is one that provides the 'best' outcome (e.g. in utilitarianism: the morally 'best' action is this that provides the highest overall gain in happiness for society, individual, etc.)

- deontologicalism (deon: duty)/ rights-based
  - A concern with duties and moral imperatives that actions keep/ infringe
  - morally justified action is one that fulfils a pre-established duty or obligation (e.g. respect human dignity) without regard to the results of following that duty

RATIONALITY QUESTION 2:

- What is the **essence** of rational action of the Hardin-Wolfensohn model of human behaviour?

HE: essence of rational action

Instrumental action

- Action = a **means** for achieving given/ **predetermined** goals
  - Material outcomes
  - Satisfaction of values

- Central aspect of HE view of human behaviour: understanding of human action as **instrumental**

Example

- The 'rational' herder

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Essence of rational action

- Communicative action:

  - the essence of rational action is not always instrumental (achieve individual goals) but it can also be to **reach understanding** between oneself and other actors, or society in general (Dryzek, 2000)

  - Type of action involved with communicative rationality may thus reflect **logics** that go **beyond instrumental seeking of pre-defined ends**

Question

- How do we make decisions when people's rationality is oriented towards "reaching understanding"?

  – i.e. when people participate in a group that seeks solutions and they are motivated by the urge to "reach understanding"?

  – On what basis?

  – What *principle* do we use?

Consensus

- Communicative action:
  - on basis of **shared understanding** that goals are **reasonable** or merit-worthy
- Communicative action succeeds: when actors freely agree that their goals are **reasonable**/ they merit cooperative behaviour
  - Strategic action succeeds: when actors achieve their individual goals
- Communicative action: a **consensual** form of social interaction
  - Consensus: consent over a favourite option of those participating
  - Not always or absolute agreement
  - Not through voting, but through discussion

Deliberative democracy

- **Democratic life** emerges in situations where institutions enable citizens reach such understanding
  - By **rationally** debating matters of public importance: deliberation

- **Deliberation**: decide on an issue by:
  - Discussing it, bringing in all arguments
  - Listening to others (incl. but not limited to 'expert'-knowledge) opinions
  - **Reflecting** on what others have said: give space for
  - Change initial views on topic on the basis of what you've heard
  - Reach agreement, **consensus**, on merit-worthy course of collective action

Benefits of making decisions on basis of deliberation

- Deliberation of matters of public importance: most **legitimate** and **useful** guide to public decision-making

- **Legitimate**: because
  - All possible views are taken into account during decision-making
  - Agreement over course of collective action is result of voluntary agreement/ change of opinions

- **Useful**: because effective
  - When your views have been considered you are more likely to not obstruct implementation of policies as you have already been part of process and have been convinced about usefulness of action taken

Criticism, limitations: Bickerstaff & Walker, 2005

- "efforts which emphasise the fairness and competence of decision-making processes are important

- "but more basic questions regarding the **distribution of political power (inside and outside deliberative forums)**

- "and the **institutional capacity for democratic change** need be addressed

- "to fully consider the importance of deliberative institutions"