



MARTIN-LUTHER-UNIVERSITY HALLE-WITTENBERG

Faculty of Law and Economic Sciences
Chair of Economic Ethics
Prof. Dr. Ingo Pies

Ethics and Economics of Institutional Governance

Lecture 14
Winter Term 2025/26

Overview

Ethics and Economics of Institutional Governance: 14 Lectures (L)



Introduction (L 1)

1. The Ordonomic Approach (L 2 + 3)
2. The Social Structure of Modern Society (L 4 + 5)
3. The Semantics of Modern Society (L 6)
4. Societal Learning Processes for the Reciprocal Adaptation of Social Structure and Semantics (L 7 + 8 + 9)
5. Case Study on Climate Policy (L 10 + 11)
6. Applications: The Ordonomic Line of Argumentation (L 12 + 13)

Summary and Outlook (L 14)



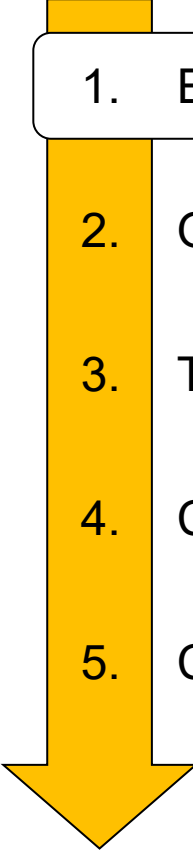
What have we learned?

The most important lessons of the thirteenth lecture are:

- In a Malthusian economy, innovation leads to a growth of population, not of per capita income. Only post-Malthusian economies experience a sustained growth of per capita income (and general living standards, e.g. with regard to health and longevity).
- The core idea of democracy is to have a constitution for the political process that guarantees a peaceful change in government, so that politicians must compete in general elections for the popular vote. This transforms political competition into a societal learning process that is driven by freedom of thought and speech.
- The classical argument in favor of freedom of thought and speech is epistemological in nature: Irrespective of whether EGO is fully right or fully wrong or partly right and wrong, it makes always sense to allow ALTER to challenge EGO with possible counter-arguments. The goal of public discourse is very similar to that of the scientific process: to make use of rational criticism in the joint search for truth.
- The public perception of terror (and other causes of death) is strongly biased.
- Proponents of de-growth often mistake intensive growth for extensive growth. They thus misunderstand or ignore the option of green growth: to foster environmental protection via competitive markets for innovation.
- Emissions markets are a case in point. They are often misunderstood and mischaracterized as “trading indulgences for environmental sins”. In fact, however, such markets are a powerful tool for environmental protection because they promote cost efficiency and innovative dynamism.



Structure of Today's Lecture

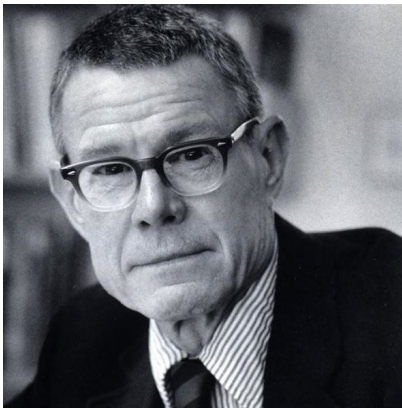
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1. Economic Reasoning and the Ethics of Policy
 2. Once Again: The Ethics and Economics of Climate Change
 3. The Moral Paradox of Modernity
 4. Consilience and the Ordonomics of Romantic Love
 5. Conclusion and Outlook



Economic Reasoning and the Ethics of Policy

This is the opening paragraph of Schelling (1981; p. 37):

Thomas Schelling



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POLICY judgments are easier to come by, the farther we are from our goals. If there are only two directions and we know which is forward, and there are limits to how fast we can go, no fine discrimination is needed. If aid to the poor is far too little, highway traffic far too fast, building codes far too lax, teachers' salaries far too low, or the rights of defendants far too little observed, we know what we need to know to get moving. We can worry about how much is enough when we get close, if we ever do. Meanwhile we can push on.

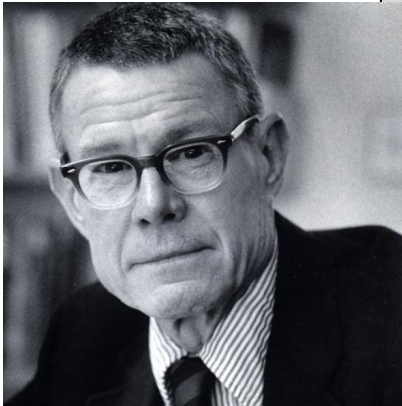
Knowing what to do is also easy if our capabilities are growing and our horizons receding, and yesterday's goals will be outgrown tomorrow. Like a family on a rising income, we needn't worry about overshooting: If we buy too big a house today, we'll afford it tomorrow.



The Ethics of Policy

Schelling (1981; p. 39) characterizes ethical reasoning as „neutral, removed, vicarious, impartial, judicious“. He writes (1981; p. 38 f., emphasis in original):

Thomas Schelling



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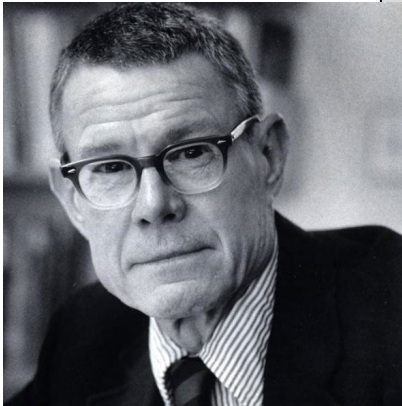
„What I mean by the ethics of policy is the relevant ethics when we try to think *disinterestedly* about rent control, minimum wages, Medicaid, food stamps, safety regulations, cigarette taxes, or the financing of Social Security. ... I want to define the ethics of policy as what we try to bring to bear on *those issues in which we do not have a personal stake*.“



The Ethics of Pricing (I)

Schelling (1981; p. 40, emphasis in original) explains how he convinces his students to correct their moral judgments:

Thomas Schelling



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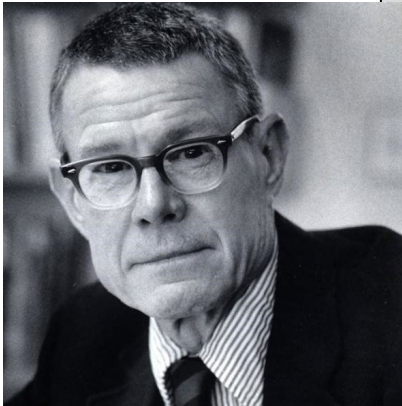
„My students always like gasoline rationing. They believe in it on ethical principles. (They say they do, and they sound as if they do.) ... I can talk most of them out of it. ... The first step in subverting their ethical preference is to propose that under any system of rationing that they might devise ... people should be encouraged to buy and sell ration coupons. ... [E]ventually students recognize that the poor, *because* they are poor, would like the privilege of turning their coupons into money. Where gas coupons can only provide them gas at a discount, transferable coupons can buy milk at a discount. If it is unfair that the poor cannot drive as much as the rich, it is the poverty that is unfair, not the gasoline system.“



The Ethics of Pricing (II)

Schelling (1981; p. 41 f.) writes about the interplay of economics and ethics:

Thomas Schelling



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„[E]conomics can contribute to the clarification of ethical issues. ... [E]conomics ... often helps diagnose misplaced identification of an ethical issue. And it does it solely by helping to identify what is happening. It isn't clarifying ethics, it is only clarifying economics.“



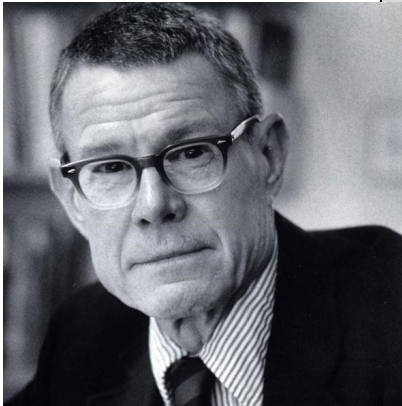
Ordonomic reconstruction: Economics informs the positive premisses of the practical syllogism. And once the relevant alternatives and their real-world consequences are clear, the ethical problem becomes much easier to solve.



The Ethics of Pricing (III)

Schelling (1981; p. 42) elucidates his approach to creating surprising insights with another example:

Thomas Schelling



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„Minimum wage laws are thought to have ethical content; but if their main effect, or even their purpose, is to keep the young and the old and the otherwise least valuable employees from working at all, the ethical issues may not be what the proponents thought they were.“



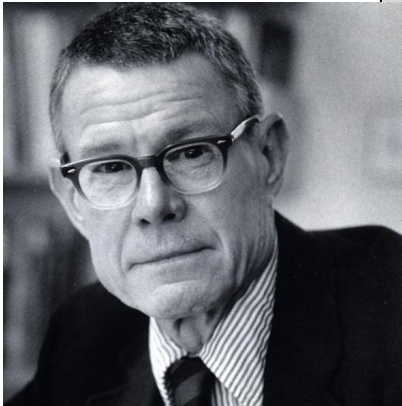
Ordonomic reconstruction: Schelling uses economic analyses in order to produce aha effects (= intellectual „eureka!“ moments) that draw attention to the non-intended results of intentional action.



The Clash between Equity and Incentives (I)

Schelling (1981; p. 42) characterizes the typical programs of a welfare state and their benevolent intentions:

Thomas Schelling



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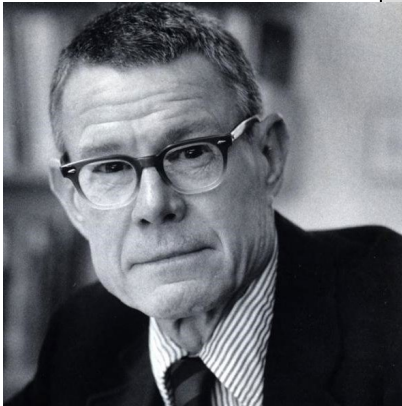
„Policy issues are preponderantly concerned with helping, in compensatory fashion, the unfortunate and the disadvantaged. We have welfare for those who can't work, unemployment benefits for people out of jobs, disability benefits for the disabled, hospital care for the injured and the ill, disaster relief for the victims of floods, income tax relief for the victims of accidental loss, and rescue services for people who find themselves in danger. Social Security is based on the premise that people will arrive at post-working age with inadequate savings to live on.“



The Clash between Equity and Incentives (II)

Schelling (1981; p. 42 f.) makes clear that seen from another perspective, the typical programs of a welfare state cause incentive problems that may run against the underlying benevolent intentions.:

Thomas Schelling



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„An unsympathetic way to restate this is that a preponderance of government policies have the purpose of rewarding people who get into difficulty. People are paid handsomely for losing their jobs; if you smash your car the IRS will share the cost of a new one; and if your injury requires hospitalization you can stay in an air-conditioned room as long as the doctor certifies that you will recover better if you don't go home. By treating the absence of a "man in the house" as a special grievance for a woman with dependent children, families have even received a bonus for fathers leaving home.“



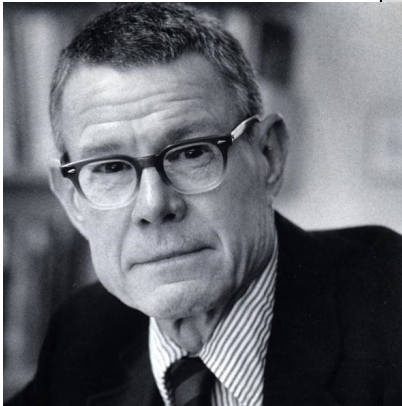
Ordonomic reconstruction: Welfare state programs aim at more equity. At the same time, they change people's opportunity costs and thus may encourage (self-)harm. Moral hazard is a case in point. (But please also remember risk productivity! Cf. p. 44 on federal bank deposit insurance)



Valuing the Priceless (I)

Schelling (1981; p. 44 f.) explains the everyday perception of political problems:

Thomas Schelling



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„Among the poignant issues that policy has to face, explicitly or by default, are some that seem to pit finite cost against infinite value. What is it worth to save a life? How much to spend on fair trial to protect the innocent against false verdicts? What limits to put on the measures, some costly in money and some in anguish, to extend the lives of people who will die soon anyway or whose lives, in someone's judgment, are not worth preserving?

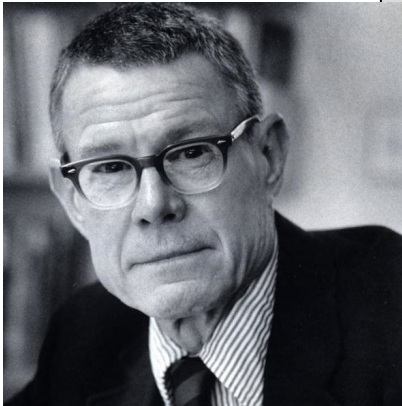
These issues are ubiquitous. They arise in designing a national health program. They are directly involved in decisions for traffic lights, airport safety, medical research, fire and Coast Guard protection, and the safety of government employees. They are implicitly involved in regulation for occupational safety or safe water supplies, in building codes and speed laws, even helmets for motorcyclists because somebody has to pay the costs.“



Valuing the Priceless (II)

Schelling (1981; p. 45, emphasis in original) recommends a paradigm change for the framework of perception:

Thomas Schelling



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„The situation is different when a small community considers a mobile cardiac unit or a new fire truck. The question then is not what we ought to spend to save someone else's life but what we can afford to make our lives safer. Spending or stinting on the lives of others invites moral contemplation; budgeting my expenditures for my own benefit, alone or with neighbors for the school safety program, is less a moral judgment than a consumer choice, a weighing of some reduction in risk against the other things that money will buy.

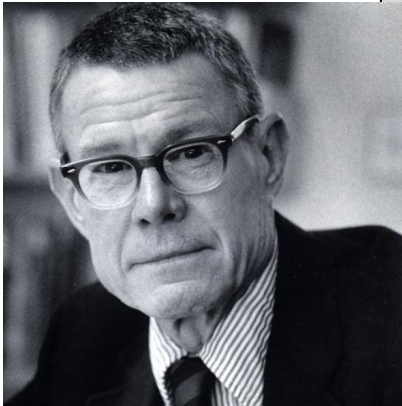
There is a suggestion here. Maybe we can reduce the unmanageable moral content of that paternalistic decision at the national level by making it more genuinely vicarious. Instead of asking what society's obligation to *them* is, we should ask how *they* would want us to spend *their* money. In deciding how much to require people to spend on their own seat belts, smoke alarms, fire extinguishers, and lightning rods, it is easier to be vicarious and it is legitimate to get our bearings by reflecting on how much we might reasonably spend on our own safety. The question still may not be easy, but it is less morally intimidating.“



Valuing the Priceless (III)

Schelling (1981; p. 46, emphasis in original) explains the advantages of the proposed paradigm shift:

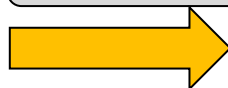
Thomas Schelling



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„With that perspective it is remarkable how quickly the issue, now *collectively self-regarding* instead of other-regarding, drops the ethical content that was merely a construct of the initial formulation. We can still find ethical issues, but not the one that seemed so central. ...

The contractual approach can help with some of those other tantalizing dilemmas, like which planeload of passengers to save, the big plane with lots of passengers or the one with mostly empty seats, if both are at risk and one at most can be saved. What I should do in the control tower if that God-like decision were mine is an ethical dilemma that, for some thoughtful people, has no easy answer. But if I am merely an airline passenger answering a questionnaire for the FAA on what rule I want the control tower to follow in emergencies, the issue is neither ethical nor a dilemma.“



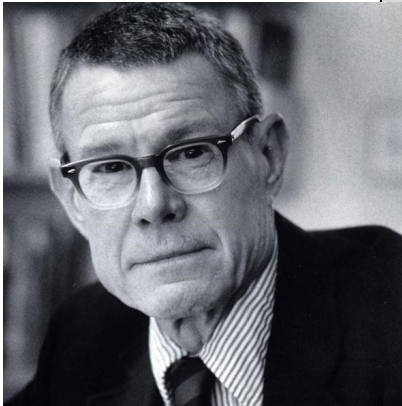
Please remember: „Should numbers determine whom to save?“ – Schelling’s answer: Yes!



Valuing the Priceless (IV)

Schelling (1981; p. 48, emphasis in original) further explains the consequences of his economic perspective:

Thomas Schelling



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„If you are poorer than I, it is likely that *your* life is worth less to *you* in *your* money than *my* life is worth to *me* in *mine*. You cannot afford to pay as much for anything, including personal safety, as I can, precisely because you are poorer.

We expect the poor to invest less in home or auto safety than the well-to-do, because these goods are purchased at the expense of more urgent necessities. We expect a poor town to spend less on fire protection than a well-to-do town, because the poor town can afford less taxes and needs schools and streets as well as fire engines. But does this mean that a government air-safety program might properly decline to provide you those new runway lights while my airport gets them at government expense?

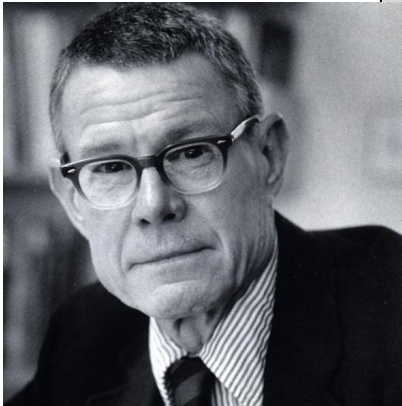
The economist in me wants to say "yes." The policy adviser in me will go only as far as "maybe" or "it depends." It depends on who is ultimately putting up the money, and it depends on what the alternative is if you don't get the lights.“



The „Something Better" Approach

Schelling (1981; p. 50 f.) reflects on the method:

Thomas Schelling



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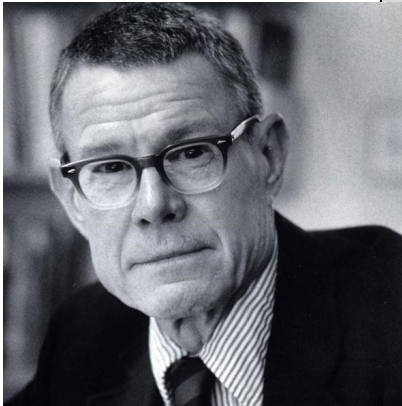
„What the reader will have noticed both with gas rationing and with airport safety is a technique that economics commonly employs in addressing whether a particular condition or policy or program has virtue. That technique is to explore whether, in respect of alternative outcomes or consequences, some alternative policy or condition or program technique is "better." And "better" has a particular definition: superior, as an outcome, for everyone involved or, somewhat less ambitiously, for all the identifiable interests. Of gasoline rationing we explore whether there is something better, something that meets whatever objectives rationing was supposed to fulfill and does a little more besides, or meets some of them more amply, or achieves the same results at lower costs to someone concerned. To find something better does not necessarily mean that rationing is not among the better policies, only that it is still inferior to some identifiable alternative. Sometimes, but not always, it is possible to measure or estimate a lower or upper bound to the magnitude of the superiority. And sometimes if an alternative is better for not quite everybody and disadvantageous to some, we can find a way to estimate the extent of disadvantage, or put an upper bound on it.“



Escaping the Dilemma of Equity and Efficiency (I)

Schelling (1981; p. 53) reflects on the strength of economics – and on its weakness:

Thomas Schelling



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„[F]or those among us who want to affect a disinterested stance and to judge right and wrong by reference to the public interest, with special concern for the ethical implications of particular policies or the overall distribution of income, what help can we get from economics?

On the relative virtues of different distributions of income, or on how much money a poor person has to get to justify an intervention that denies a dollar to somebody who isn't poor, the answer is "not much." True to the somewhat ethically evasive character that I have been imputing to economics, economic reasoning is better at helping to choose among ways to accomplish a distributional objective than at helping to choose objectives. It can help in minimizing the cost to the rich of doing something for the poor. And in case that doesn't interest you, economic reasoning can help to point out that it ought to! There is more for the poor, at any given cost to the rich, if you do it in the least wasteful way. And often the way economics does this is simply by looking at two things at the same time.“



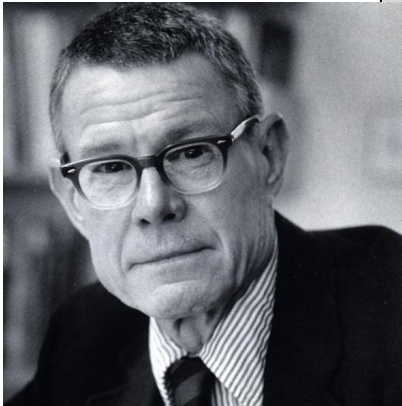
Ordonomic reconstruction: Schelling thinks that economics is strong in generating downstream arguments, not upstream arguments.



Escaping the Dilemma of Equity and Efficiency (II)

Schelling (1981; p. 53) characterizes the economic approach as promoting a win-win perspective.

Thomas Schelling



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„Economics is often like a broker or mediator in a bargaining process, good at promoting "integrative bargaining." Integrative bargaining is searching for superior trades, finding ways to bring to the bargaining table those things that matter more to the beneficiary of a concession than to the party making the concession. If your coffee break costs me as much as an expanded medical program that you would rather have, trading coffee for medicine may make us both better off. But it requires bringing both topics to the table together.“



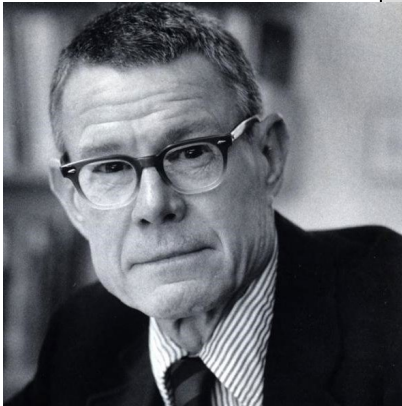
Ordonomic reconstruction: Schelling thinks that economics is strong in identifying options for mutual betterment.



Escaping the Dilemma of Equity and Efficiency (III)

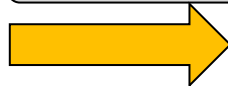
Schelling (1981; p. 56 f.) restates the problem:

Thomas Schelling



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„If the decision is whether to let the price of fuel go up or instead to impose price control, to subsidize imports, or to reduce demand by denying specific uses, we have a dilemma. We have what in the jargon is sometimes called a "trade-off." We can hurt the poor (and many others in all kinds of special categories that are especially dependent on fuel) by making them spend more for the fuel they need with less left over for other necessities, or we can spare them that hardship while pricing fuel in a way that encourages waste and discourages conservation and new supplies. Here we are again weighing "equity" against "efficiency." An inescapable dilemma? Nothing to do but compromise, with strongly divided interests in compromising between the energy-efficient end of the scale and the hardship-minimizing end?“



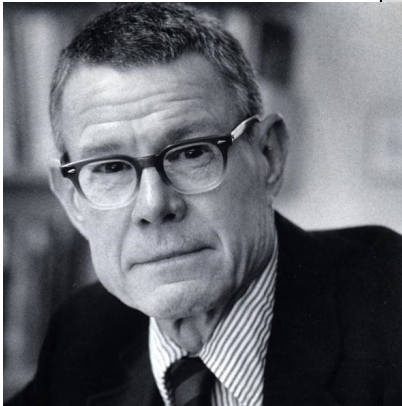
Ordonomic reconstruction: Schelling asks if we are really forced to choose a compromise within a given tradeoff. His answer is a clear „No!“ – as you will see immediately.



Escaping the Dilemma of Equity and Efficiency (IV)

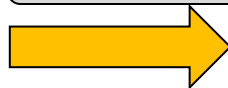
Schelling (1981; p. 56 f.) formulates the following solution: to transform „an ethical problem into a political problem“ (p. 58):

Thomas Schelling



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„To the rescue we bring the two-dimensional approach. We have two problems. We can call them the energy problem and the poverty problem. They may turn out to be an efficiency problem and an equity problem, but our object is to avoid that. Like a Supreme Court that shies from constitutional questions if it can settle a case on other merits, we try to resolve the competing claims of poverty and energy without choosing sides between equity and efficiency. The way we do this is to recognize that, although we have two objectives or criteria or competing claims, we also have two sets of instruments for coping. We have an energy problem and a poverty problem; we have an energy program and a poverty program. With two programs to work with, and two objectives to meet, we may be able to evade the ethical dilemma. “



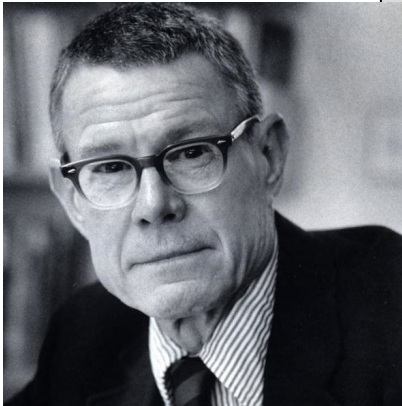
Ordonomic reconstruction: Schelling proposes an orthogonal position – of course without mentioning the term.



The Market Ethic (I)

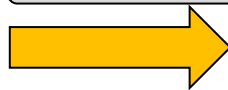
Schelling (1981; p. 59; emphasis in original) draws our attention to another problem:

Thomas Schelling



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„Nothing distinguishes economists from other people as much as a belief in the market system, or what some call the free market. A perennial difficulty in dealing with economics and policy is the inability of people who are not economists, and some who are, to ascertain how much of an economist's confidence in the way markets work is faith and how much is analysis and observation. How much is due to the economist's observing the way markets work and judging actual *outcomes*, and how much is a belief that the *process* is right and just? (Or right, if occasionally unjust; or right, and justice is indeterminate.)“



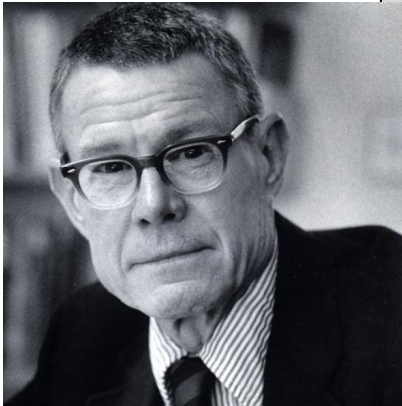
Ordonomic reconstruction: Schelling says that sometimes economists are not clear whether they recommend the market as an end in itself or as a mere instrument.



The Market Ethic (II)

Schelling (1981; p. 60; emphasis in original) favors the view that the economic insight in real-world consequences has a genuinely ethical content:

Thomas Schelling



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„Whether or not an economist shares the ethic or the ideology that values the working of the market system for its own sake (or that identifies it not only *with* personal freedom but *as* personal freedom), most professional economists accept certain principles that others, if not the economists themselves, would recognize to have ethical content.

An example is incentives. Economists see economic incentives operating everywhere; they find nothing offensive or "coercive" about the responses of people to economic opportunities and sanctions; they have no interest in overcoming or opposing incentives for the sake of victory over an enemy, and they have a predilection toward tilting incentives and augmenting and dampening and restructuring incentives and even inventing incentives, to induce people to behave in ways that are collectively more rewarding or less frustrating. You can usually tell an economist from a non-economist by asking whether at the peak season for tourism and camping there should be substantial entrance fees at the campgrounds of national parks.“



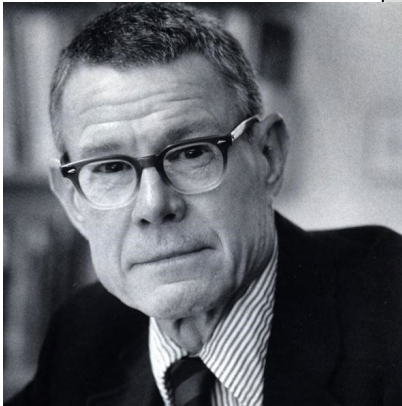
Ordonomic reconstruction: Schelling says that economists are interested in analyzing and re-framing incentives.



The Market Ethic (III)

Schelling (1981; p. 60 f.) concludes with this final passage:

Thomas Schelling



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„There have recently been proposals to compensate poor families in cash for the exact amount by which their heating bills, at deregulated prices, exceed what the same amount of fuel would have cost at regulated prices. The question was raised why they shouldn't merely receive, unconditionally, an amount of money estimated in advance by that formula. The retort was that, being poor, they couldn't be trusted to spend the money on heating fuel. They might spend it on something else!

This is the point at which most economists can only shake their heads slowly.”



Ordonomic reconstruction: Remember Friedman's idea that people are better at spending their own money for their own needs.



Structure of Today's Lecture

1. Economic Reasoning and the Ethics of Policy
2. Once Again: The Ethics and Economics of Climate Change
3. The Moral Paradox of Modernity
4. Consilience and the Ordonomics of Romantic Love
5. Conclusion and Outlook



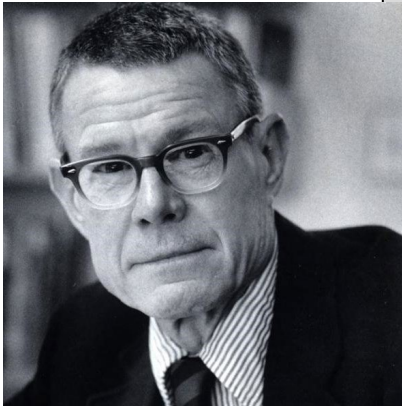
Some Economics of Global Warming (I)

In 1992, Schelling published an important article, titled „Some Economics of Global Warming“, in: American Economic Review 82(1), pp. 1-14.

Source: [Some Economics of Global Warming on JSTOR](#)

He starts his assessment with a comparison (CFCs = Chlorofluorocarbons):

Thomas Schelling



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„[T]he costs of reducing carbon emissions will be large compared with any other emissions that have caused concern. The costs of phasing out CFC's will be in the billions of dollars per year for some years, and complete elimination is expected to be feasible. The cost of reducing sulfuric acid may be in the tens of billions of dollars. Proposals to hold emissions of carbon dioxide constant (with a linear increase of concentration in perpetuity) or to reduce emissions by 50 percent below what they would otherwise be, beginning perhaps in 2010, are expected to cost in the hundreds of billions in perpetuity.” (p. 3 f.)



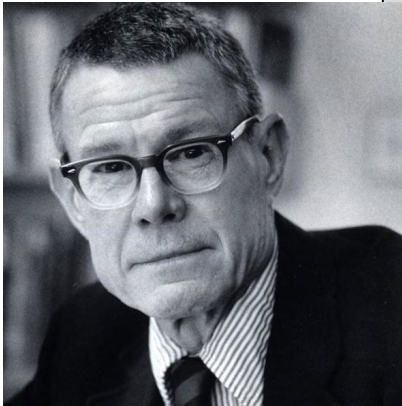
Ordonomic reconstruction: He starts by painting the overall picture.



Some Economics of Global Warming (II)

Next, Schelling (1992; p. 4 f.) draws our attention to two kinds of uncertainties: (a) how does climate change affect different regions of the world? (b) how will our world look like in 50, 75 or 100 years? He then elaborates the second problem:

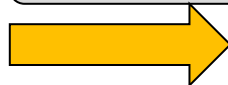
Thomas Schelling



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„Imagine if it were 1900 and the climate changes associated with a three-degree average temperature increase were projected to 1992. On what kind of world would we superimpose either a vaguely described potential change in climate or even a specific description of changes in the weather in all the seasons of the year, even for our own country. There would have been no way to assess the impact of changing climates on air travel, electronic communication, the construction of skyscrapers, or the value of California real estate. Most of us worked outdoors; life expectancy was 47 years (it is now 75); barely a fifth of us lived in cities of 50,000 or more. Anticipating the automobile, we might have been concerned with whether wetter and drier seasons would bring more or less mud, not anticipating that the nation's roads would become thoroughly paved. The assessment of effects on health would be without antibiotics or inoculation. And in contrast to most contemporary concern with the popular image of hotter summers to come, I think we would have been more concerned about warmer winters, later frost in autumn, and earlier thaw in the spring.

If the world, both North America and the other continents, is going to change as much in the next 90 years as it has changed in the 90 just past, we are going to be hard put to imagine the effects of climate changes.”



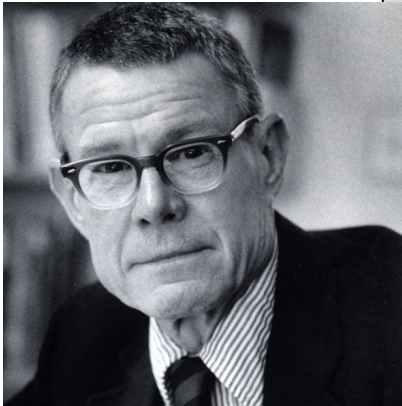
He sketches the extraordinary nature of this challenge.



Some Economics of Global Warming (III)

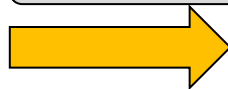
Schelling (1992; p. 5) sketches a thought experiment:

Thomas Schelling



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„Another thought experiment: suppose the kind of climate change expected between now and, say, 2080 had already taken place since 1900. Ask somebody 50, 60, or 80 years old what is different compared with when he or she was a child. Would the climate change be noticed? Even ask a 70 year-old farm couple living on the same farm where they were born: would the change in climate be among the most dramatic changes in either their farming or their lifestyle? I expect changing from horses to tractors and from kerosene to electricity, the arrival of the telephone and the automobile and the paving of roads, the development of pesticides and artificial fertilizer, to discovery of soy beans and the development of hybrid corn, and even improvements in outdoor clothing, veterinary, medicine, and agricultural practices generally would swamp the climate change. And if instead of living and working conditions we inquire about changes in wildlife and natural ecosystems, changes in regional climates would have been competing, in their impact on nature, with population growth and economic development.”



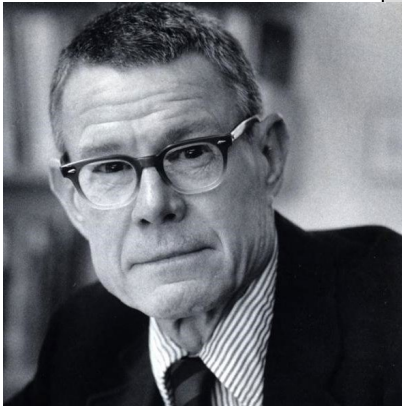
Ordonomic reconstruction: Schelling still puts the challenge in perspective.



Some Economics of Global Warming (IV)

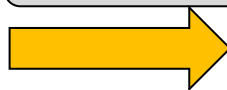
Schelling (1992; p. 5 f.) derives a tentative first conclusion with regard to rich countries:

Thomas Schelling



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„A conclusion we might reach is that a climate change would have appeared to make a vastly greater difference to the way people lived and earned their living in 1900 than to the way people live and earn their living today. Today very little of our gross domestic product is produced outdoors, susceptible to climate. Agriculture and forestry account for less than 3 percent of GDP, and little else is much affected. Some activities - tourism and holidays, professional sports, and school teaching--are seasonal, but many of the seasonalities are conventions that reflect the influence of climate in earlier times. (Children were needed in the fields in summer and could start school when the harvest was in; hockey and basketball used to be winter sports because one depended on ice and the other could fit in a building.) ... Manufacturing rarely depends on climate, and where temperature and humidity used to make a difference, air conditioning has intervened. ... Finance is little affected by climate; similarly for health care, or education, or broadcasting. ... It is really agriculture that is affected. But even if agricultural productivity declined by a third over the next half century, the per capita GNP we might have achieved by 2050 we would achieve only in 2051. ... I conclude that in the United States, and probably Japan, Western Europe, and other developed countries, the impact on economic output will be negligible and unlikely to be noticed.”



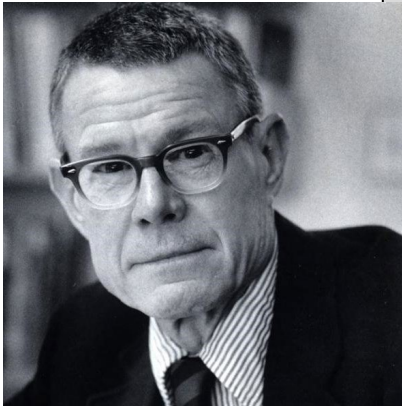
Ordonomic reconstruction: Economic growth drastically changes the societal impact of climate change.



Some Economics of Global Warming (V)

Next, Schelling (1992; p. 6) derives the follow-up conclusion with regard to poor countries:

Thomas Schelling

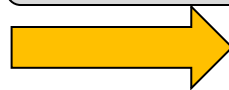


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„This complacent assessment cannot be extended to the much larger population of the underdeveloped world. The livelihoods earned in agriculture and other climate sensitive outdoor activities, 3 percent in the United States, comprise 30 percent and more of all livelihoods in most of the developing world. ... Those people are vulnerable in a way that Americans, Western Europeans, and Japanese are not.”

From this he concludes what has become known as the “Schelling Conjecture”:

“If per capita income growth in the next 40 years compares with the 40 years just past, vulnerability to climate change should diminish, and the resources available for adaptation should be greater. I say this not to minimize concern about climate change, but to anticipate the question of whether developing countries should make sacrifices in their development to minimize the emission of gases that may change climate to their disadvantage. Their best defense against climate change may be their own continued development.”



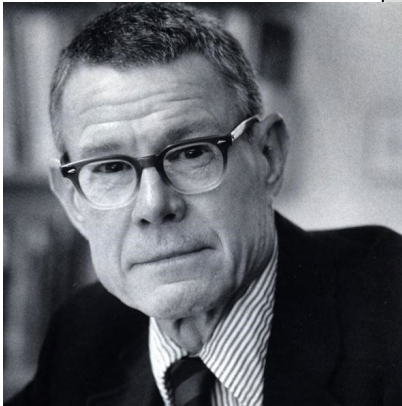
Ordonomic reconstruction: Since economic growth drastically changes the societal impact of climate change, poor countries might prefer growth over GHG mitigation.



Some Economics of Global Warming (VI)

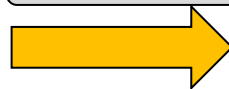
Schelling (1992; p. 6 f., emphasis by I.P.) further elaborates his „vicarious“ approach to ethical policy advice:

Thomas Schelling



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„Some environmentalists argue that developing countries should sacrifice some of their hopes for economic development in the interest of slowing the climate change that may prove disastrous. But the advice contains a contradiction. Any disaster to developing countries from climate change will be a disaster to their economic development. **What is desired is to optimize development** by investing in greenhouse-gas abatement only when that appears, subject to all the uncertainties, to contribute more to their development in the future than the alternative direct investment in development. **It is not economic growth versus environment; it is growth with the environment taken into account.**”



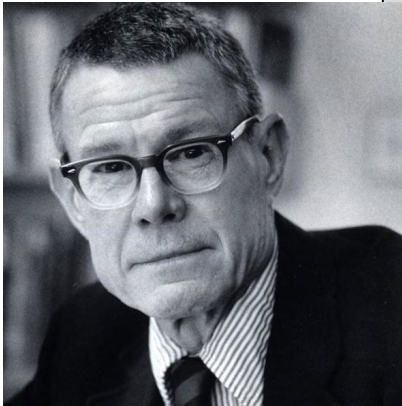
Ordonomic reconstruction: Again, Schelling re-frames the question at hand.



Some Economics of Global Warming (VII)

Schelling (1992; p. 7) moves on to clarify:

Thomas Schelling

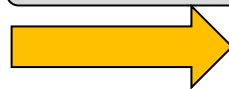


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„At this point, I appear to have reached the conclusion that the developed world has no self-interest in expensively curtailing carbon consumption and that the developing cannot afford to incur economic penalties to slow the greenhouse effect. There is a mismatch between those who may be vulnerable to climate change and those who can afford to do anything about it.

Why should the rich developed countries care enough about climate change to do anything about it? The answer must depend partly on how expensive it is going to be to do anything about it. Abatement programs have been examined in a number of econometric models that suggest we might want to treat as pertinent the sacrifice of perhaps 2 percent of world GNP in perpetuity.

A strong argument for trying seriously to slow climate change is that the developing countries are vulnerable and we care.”



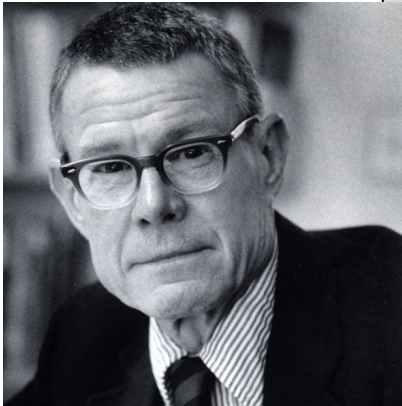
Ordonomic reconstruction: Schelling asks what seems to him the crucial question – and gives a moral answer.



Some Economics of Global Warming (VIII)

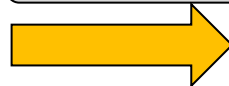
Schelling (1992; p. 7) assesses his moral answer by applying his „something better“ approach, employing the vicarious criterion whether the relevant subjects would prefer an alternative spending of resources:

Thomas Schelling



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„Developed countries are currently providing \$50 billion per year of assistance to the developing world; we would be talking about expending or forgoing perhaps 4-8 times that much to slow emissions and slow climate change. Whether people in the developed democracies could be mobilized to contribute so much to benefit, half a century from now, the people in the countries we now call developing I do not know, but I believe that if the developed countries were prepared to invest, say, \$200 billion per year in greenhouse-gas abatement, explicitly for the benefit of developing countries 50 years or more from now, the developing countries would clamor to receive the resources immediately in support of their continued development. There would undoubtedly be abatement opportunities so cheap that they could compete with direct aid to developing countries, but it would be hard to make the case that the countries we now perceive as vulnerable would be better off 50 or 75 years from now if 10 or 20 trillions of dollars had been invested in carbon abatement rather than in their economic development.”



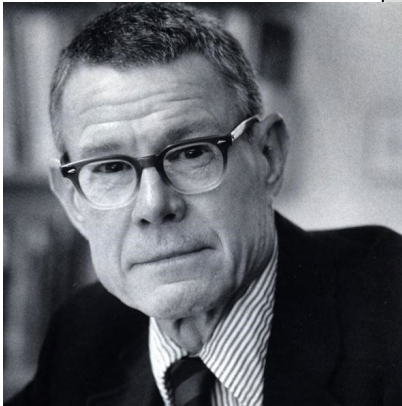
Ordonomic reconstruction: Schelling conjectures that developing countries would choose aid for their economic development over aid for GHG mitigation.



Some Economics of Global Warming (IX)

Schelling (1992; p. 8) discusses another reason why the rich developed countries should care enough about climate change to do anything about it: preventing existential risk.

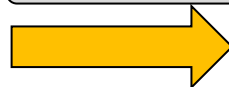
Thomas Schelling



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„[Another] argument for spending heavily to slow climate change is that the conclusions I reported earlier may be quite wrong. I said that the climate models predict that climates will change slowly and not much; the models do not produce discontinuities, surprises, catastrophes. What is known about weather and climate constitutes an equilibrium system. ...

Insurance against catastrophes is thus an argument for doing something expensive about greenhouse emissions. But to pay a couple percent of GNP as insurance premium, one would hope to know more about the risk to be averted. I believe research to improve climate predictions should be concentrated on the extreme possibilities, not on modest improvements to median projections.”



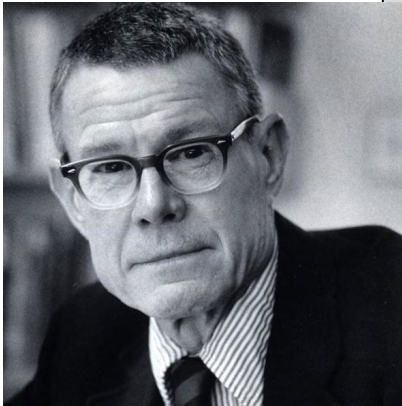
Ordonomic reconstruction: Schelling points at possible „fat tail“ distributions of risk.



Some Economics of Global Warming (X)

Schelling (1992; p. 8) discusses whether we can afford the relevant insurance premium.

Thomas Schelling



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„I said that current estimates suggest that it might cost a couple percent of GNP to postpone the doubling of carbon in the atmosphere by several decades. Is 2 percent a big number or a small one?

That depends on your perspective and on what the comparison is. In recent years 100 billion dollars per year in budgets or taxes has been a politically unmanageable magnitude in the United States. On the other hand, subtracting 2 percent from GNP in perpetuity lowers the GNP curve by not much more than the thickness of a line drawn with a number-two pencil, or to formulate it as I did earlier, it postpones the GNP of 2050 until 2051. I say this not to belittle the loss of 10 trillion dollars from the American GNP over the next 60 years, but only to point out that **the insurance premium, if we choose to pay it, will not send us to the poorhouse**. The proper question is whether, if we were prepared to spend 2 percent of our GNP in the interest of protecting against damage due to climate change, we might find better use for the money.

I have mentioned one use: directly investing to improve the economies of the poorer countries. Another would be direct investment in preserving species, ecosystems, or wilderness areas. There is concern that many ecosystems could not migrate as rapidly as climate may change in the coming century; there has been little investigation of what might be done to facilitate the migration of ecosystems if the alternative is to invest 5 or 10 trillions of dollars in the reduction of carbon emissions.“ (emphasis by I.P.)



On the Mental Model for Climate Policy (I)

In a „comment“ for „Nature“, titled „Price Carbon — I Will If You Will“, MacKay et al. (2015) explain that overcoming a free-rider problem (= 2-PD) requires a conditional strategy of cooperation.

Source: Nature 526, 315–316 (15 October 2015) doi:10.1038/526315a



„Negotiations at the United Nations climate summit in Paris this December will adopt a 'pledge and review' approach to cutting global carbon emissions. Countries will promise to reduce their emissions by amounts that will be revised later. **The narrative is that this will “enable an upward spiral of ambition over time”. History and the science of cooperation predict that quite the opposite will happen.**



Climate change is a serious challenge because the atmosphere gives a free ride to countries that emit. If some nations sit back and rely on others' efforts, the incentives for anyone to act are weakened. Review of the first phase of the Kyoto Protocol at the 2012 UN climate meeting in Doha, for instance, resulted in Japan, Russia, Canada and New Zealand leaving the agreement, **frustrating those who kept their promises.**



Success requires a common commitment, not a patchwork of individual ones. Negotiations need to be designed to realign self-interests and promote cooperation. A common commitment can assure participants that others will match their efforts and not free-ride. **A strategy of “I will if you will” stabilizes higher levels of cooperation. It is the most robust pattern of cooperation seen in laboratory and field studies of situations open to free-riding.**“ (emphasis by I.P.)



On the Mental Model for Climate Policy (II)

In an article titled „A Simple Introduction to Global Carbon Pricing“, Cramton et al. (2015) explain that „ambitiousness“ is the wrong paradigm for negotiating climate policy.

Source: [Global Carbon Pricing — The Path to Climate Cooperation – A Strategy for International Climate Negotiations \(carbon-price.com\)](http://carbon-price.com)



„Christiana Figueres called 2014 the **Year of Climate Ambition**. Ten thousand UNFCCC web pages tell us **ambition is essential for a strong agreement**. ...

Elinor Ostrom ... won the 2009 Nobel Prize in economics for a lifetime studying “common-pool resource dilemmas” (such as global warming). She worked in the field, analyzed a thousand field studies by others, did game-theory experiments, and developed her own theories. **She never mentions ambition**. Instead, in her report on climate policy to the World Bank (2009), she says her research on collective action identifies a “necessary central core of trust and reciprocity.”

In fact, **all disciplines dealing with human cooperation find that the reciprocity of a common commitment—“I will if you will”—is the key principle underlying collective human cooperation**. Ostrom ... goes on to note that “Trust and reciprocity are mutually reinforcing. A decrease in either can generate a downward cascade leading to little or no cooperation.” In other words, **insufficient reciprocity will not lead to an “upward spiral of ambition,” as is hoped for with “pledge-and-review” (the approach planned for Paris)**.

This is the crucial lesson for the Paris negotiations: ambitious aspirations mean little, and trust cannot be legislated, but **reciprocity can be designed into a treaty. If that design is effective, trust will follow, and then ambition.**“ (emphasis by I.P.)



On the Mental Model for Climate Policy (III)

In an article titled „A Simple Introduction to Global Carbon Pricing“, Cramton et al. (2015) explain that „ambitiousness“ is the wrong paradigm for negotiating climate policy.

Source: [Global Carbon Pricing — The Path to Climate Cooperation – A Strategy for International Climate Negotiations \(carbon-price.com\)](https://carbon-price.com/)



„Exhortations to ambition sounds like exhortations to be good, or to have more team spirit. People we talk to seem to believe it's much easier to get people (and countries) to behave altruistically (like they should) than to change their self-interest. **That's just backwards.**

Reciprocity is what changes self-interest. I will do X for you, if you do Y for me. It is not in your self-interest to hand \$20 to your local cleaners. And it is not in their self-interest to clean your coat. But if you want your coat cleaned and they tell you that would cost \$20, you may well decide to change their self-interest and make them want to clean your coat. Or perhaps that's too much money. So you may negotiate to see if you can change their self-interest at a lower cost. You are good at changing the self-interest of others.

It's trickier for a group to change its self-interests. That requires a special form of reciprocity, a *common* commitment. **I will do X, if all of you also do X.** (Of course X can be a rule that takes circumstances into account.) And it's trickier still when there is no government to organize or enforce the common commitment. That's why we are publishing a number of papers, and why there are still open questions.

But we know it's possible.“ (additional emphasis by I.P.)



Comparison with Open Letter

The Open Letter by F4F leaders contains several claims, including the following four:

1. The EU should take the lead in its approach to climate protection.
2. Immediately and completely divest from fossil fuels.
3. We must act immediately, even if this is not politically, economically and legally possible within the current system.
4. The problems cannot be solved within the current system of a globalized market economy – through reform – but only through a radical change of system.



Ordonomic translation:

1. Ambitiousness paradigm
2. Extremely short time horizon
3. Wishful thinking
4. Rhetoric of revolution



Ordonomic Criticism of Open Letter

*The Open Letter is certainly well intended, but it contains several extremely bad ideas that run the danger of wasting good will, of frustrating moral engagement, and of misdirecting climate policy. There are at least **four moralistic fallacies** at work:*



1. Experts warn that unconditional **first moves** in fact do not **foster international cooperation**.
2. Experts point to the **exceptionally long-time horizon** of **global warming**.
3. Wishful thinking is not helpful. **We need implementable solutions**.
4. The solution – if there is any solution at all – requires **radical innovation**.
 - a. Since capitalism is an **innovation machine**, we should not abolish capitalism, but make better use of it.
 - b. This calls for a better understanding (and appreciation) of „intensive“ (= **knowledge-based**) growth.



Structure of Today's Lecture

1. Economic Reasoning and the Ethics of Policy
2. Once Again: The Ethics and Economics of Climate Change
3. The Moral Paradox of Modernity
4. Consilience and the Ordonomics of Romantic Love
5. Conclusion and Outlook



Two Questions

In the following, we want to analyze two questions:

- (a) How could the leaders of F4F get it so wrong?*
- (b) What are possible consequences of their fallacies?*

We provide the answers in reverse order.

<https://www.zeit.de/2020/19/luisa-neubauer-fridays-for-future-coronakrise>



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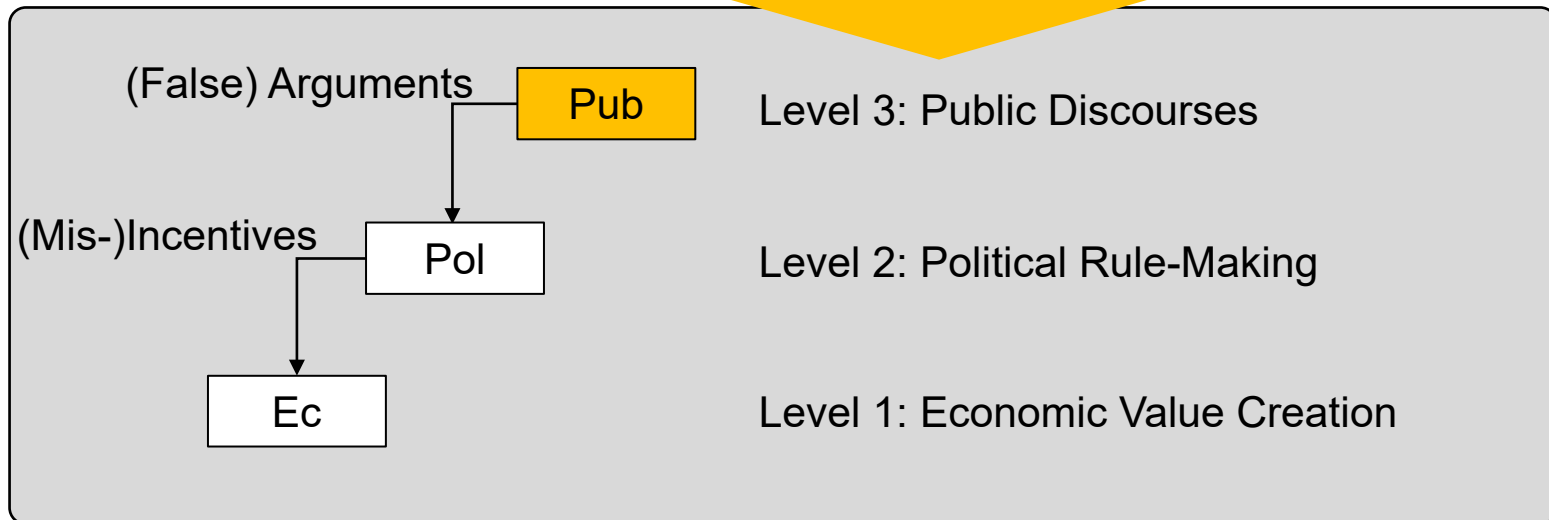
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The Ordonomic Criticism of Moralistic Fallacies

Moralistic fallacies exert political pressure. Sometimes, politicians do the right thing for the wrong reasons. More often, however, they simply serve their voters' expectations. Thus, a discourse failure can lead to political failure and market failure.

Discourse Failure



So far, the fight against global warming has not been very successful, to say the least. **Moralistic fallacies are part of the explanation.** They need to be overcome if we want to address climate change more successfully.



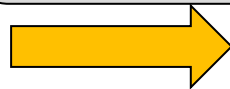
The Moral Paradox of Modernity

Ordonomic diagnosis: The moral paradox is caused by moral confusion. The task of ethics is not to inadvertently contribute to the paradox, but to play a constructive role in dissolving it.



<https://pixabay.com/de/rede-tafel-sprechen-schild-1019788/>

The moral paradox of modernity is the phenomenon that modern (world) society – like no pre-modern societal formation before – can realize moral concerns and, to a considerable extent, actually does realize them, while – like no pre-modern societal formation before – it encounters moral reservations that can reach as far as the radical rejection of its functional logic, which is based on the incentive properties of competitive processes.



How can the underlying moral confusion be diagnosed and treated?



Hayek and the Moral Paradox of Modernity

Hayek distinguishes two moral problems that require a simultaneous solution:

- (a) a problem of destruction and*
- (b) a problem of crushing.*

The first problem causes the moral paradox of modernity:

„Part of our present difficulty is that we must constantly adjust our lives, our thoughts and our emotions, in order to live simultaneously within different kinds of orders according to different rules. If we were to apply the unmodified, uncurbed, rules of the micro-cosmos (i.e., of the small band or troop, or of, say, our families) to the macro-cosmos (our wider civilisation), as our instincts and sentimental yearnings often make us wish to do, *we would destroy it*. Yet if we were always to apply the rules of the extended order to our more intimate groupings, *we would crush them*. So we must learn to live in two sorts of world at once.“

Hayek (1988): The Fatal Conceit, p. 18, emphasis in original)

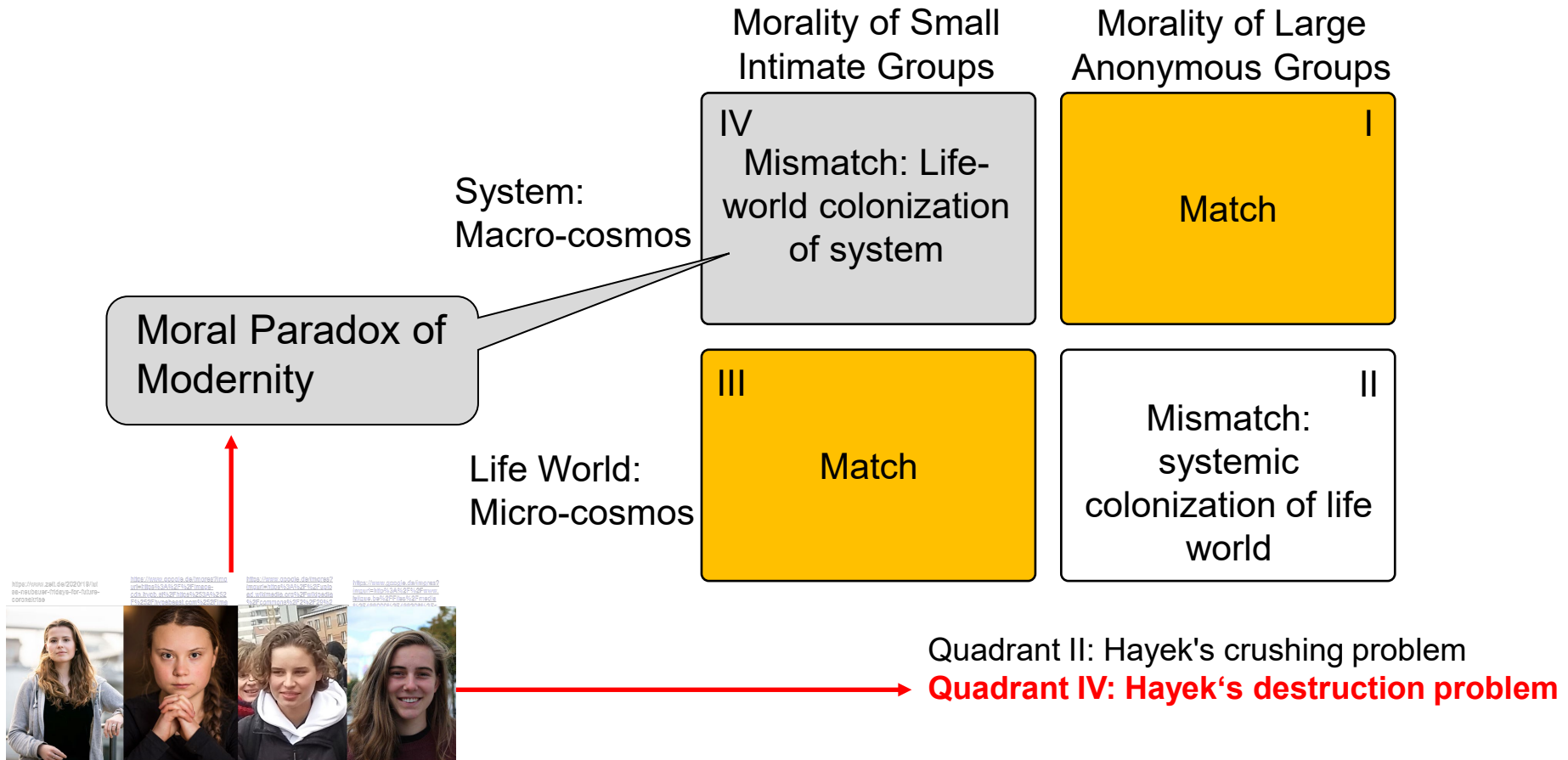


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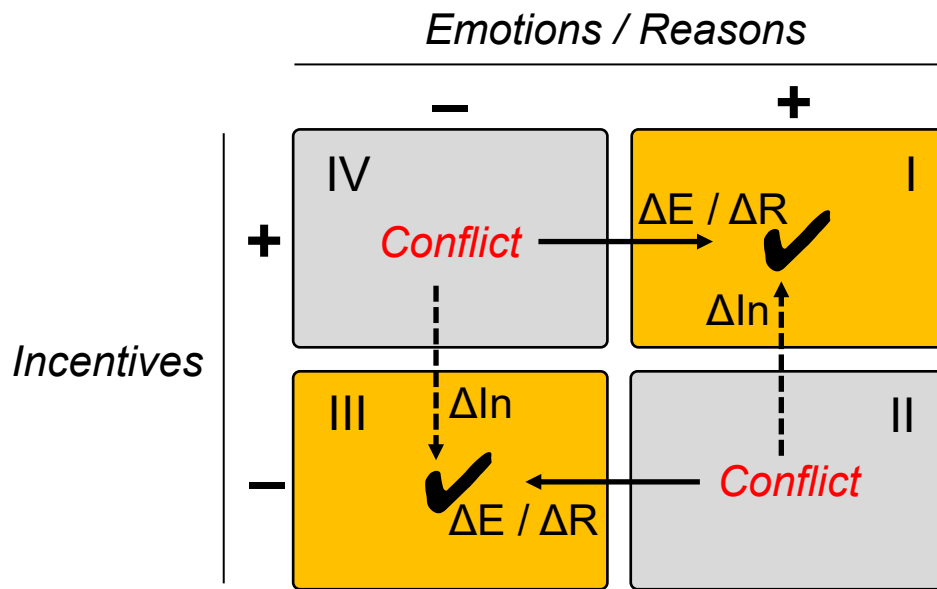
The Moral Paradox of Modernity: Diagnosis

The modern market economy realizes moral concerns on a historically unprecedented scale. And yet it encounters moral reservations. This points to a self-contradiction within morality, which can be ethically dissolved.



The Moral Paradox of Modernity: Therapy

The specific problem constellation of the paradox of modernity concerns the relationship between single individuals or small groups and the functional systems of modern society. It is here that socio-political conflicts (= mismatches) emerge. They are to be dissolved by adjusting (a) the incentives to the emotions and reasons (= In, vertical arrows, reforming the order of action) or – the other way around – (b) by adjusting the emotions and reasons to the prevailing incentives (= E / R, horizontal arrows, reforming the order of thought and feeling).



Task of Order Ethics:
Rationalization of societal morality through *collectively* insightful arguments for governance: the management of ideas and institutions

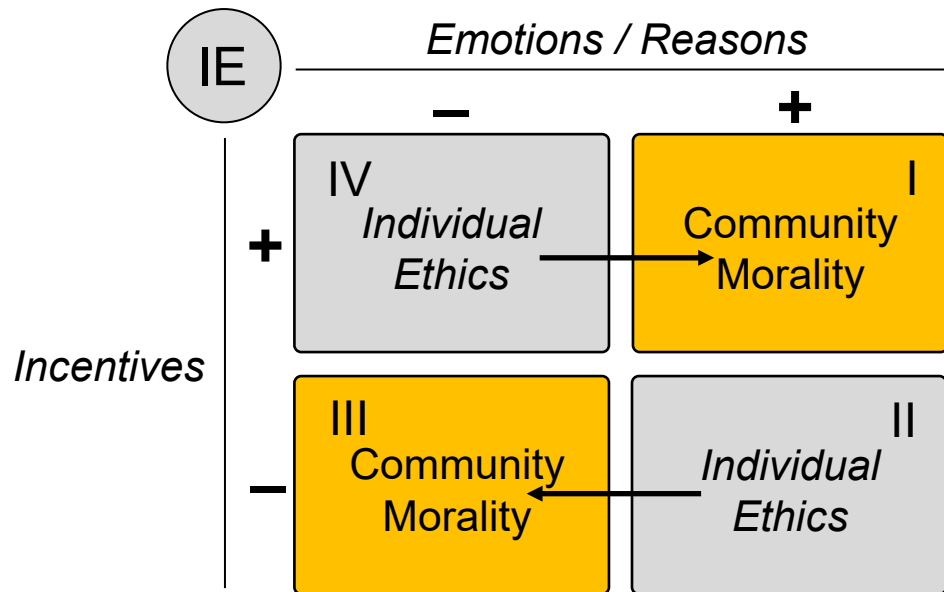
Example QII vertical: Incentivizing de-carbonization via innovation

Example QIV horizontal: Appreciating the morality of conditional cooperation

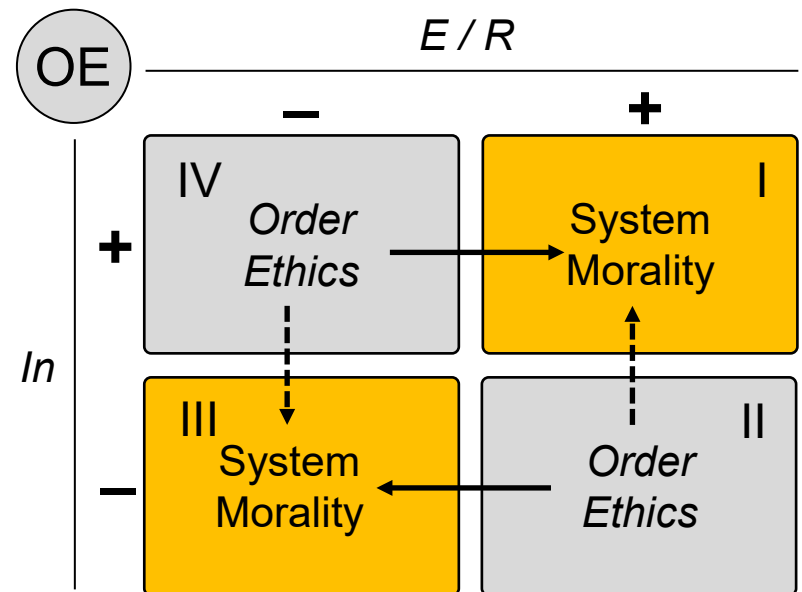


Individual Ethics and Order Ethics in Comparison

Individual Ethics only deals with enlightenment problems (horizontal arrows). Order Ethics (OE), on the other hand, also deals with problems of institutional reform (vertical arrows). For Individual Ethics, incentives are given. For Order Ethics, incentives can be (re-)designed.



IE: individually insightful arguments for adapting to incentives

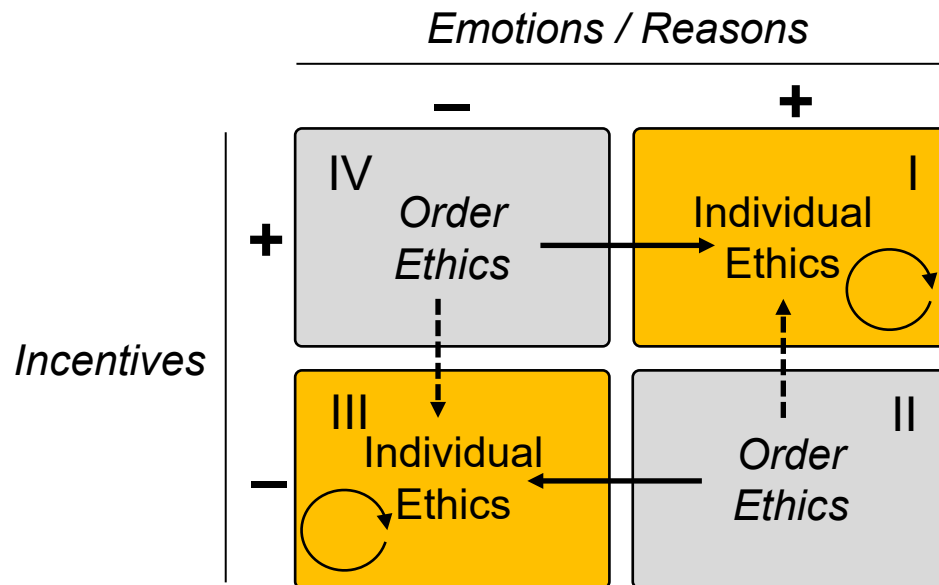


OE: collectively insightful arguments for governance, i.e. the management of ideas and institutions



Reminder: Individual Ethics and Order Ethics Can Work Hand in Hand

Order Ethics transforms ERIn mismatches into ERIn equilibria. Individual Ethics then stabilizes such ERIn matches.



Order Ethics assists Individual Ethics: **Individual Ethics** maintains ERIn matches – **Order Ethics** creates ERIn matches.

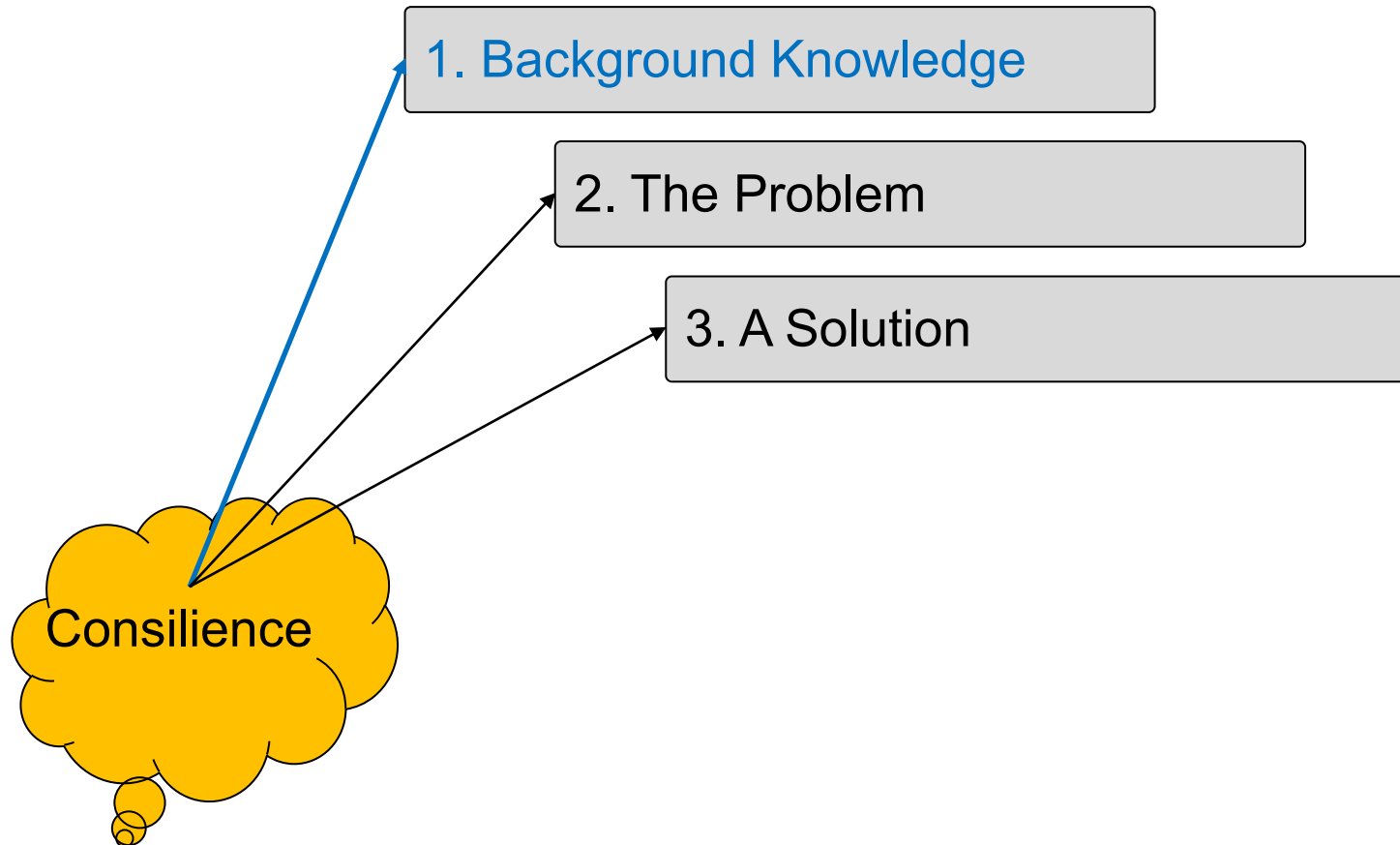


Structure of Today's Lecture

1. Economic Reasoning and the Ethics of Policy
2. Once Again: The Ethics and Economics of Climate Change
3. The Moral Paradox of Modernity
4. Consilience and the Ordonomics of Romantic Love
5. Conclusion and Outlook



Consilience and the Ordonomics of Romantic Love



A few Facts about Love

These facts show that there is a potential for consilience: for the interdisciplinary interplay between evolutionary theory and the ethics and economics of partnership governance.

Puzzle Herz Liebe Zwei -



- Love is a universal phenomenon.
 - Love can be demonstrated in all societies and cultures.
 - This applies in the global cross-section as well as in the historical longitudinal section.
- Love is a complex phenomenon. It combines different elements:
 - On the one hand, there tends to be the short-term emotion of "being in love".
 - On the other hand, "true love" tends to be a long-lasting partnership.
- Love is a phenomenon in which nature and culture meet.
 - Evolutionary biology and neuroscience are increasingly knowledgeable about the "brain chemistry" typical of love.
 - At the same time, awareness of cultural differences is growing, e.g. of the radical change in sexual morality or the importance of the institutions of marriage and divorce.

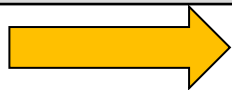


A few Facts about Humans as a Biological Species

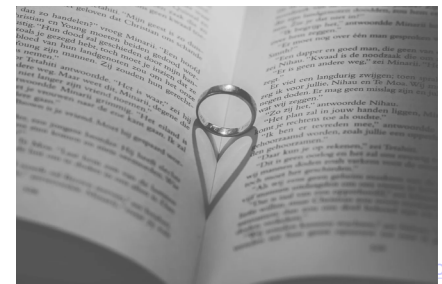
It is highly informative to look at the phenomenon of love from the perspective of a theory of evolution. In doing so, one discovers an "economic" problem:

Due to natural selection, humans have some biological peculiarities that are fundamental to the understanding of love (and its biological function):

- Humans have an extraordinarily large brain.
- This turns the birth canal into a biological bottleneck.
- As a consequence, compared to animals, humans are born exceptionally premature (due to early birth).
- Therefore, compared to animals, humans need long-term care.



Against this background, love is an evolutionary way to solve the economic problem of women and mothers: men feel bound by love to contribute to the care of children.



Helen Fisher – Love Combines Three Elements (I)

Helen Fisher is an anthropologist. Her hypothesis: These three elements are „Lust“, „Attraction“ (= love) and „Attachment“, i.e.: sex drive, appeal and bonding.



http://www.editorialtaurus.com/uploads/imagenes/autor/principal/201005/principal-helen-fisher_grande.jpg

*Helen Fisher (*1945)*

„I have come to believe that romantic love is one of three discrete, interrelated emotion/motivation systems that all birds and mammals have evolved to direct courtship, mating, reproduction, and parenting. The two other are the sex drive, and attachment.”

Helen Fisher (2006; p. 89), in: The New Psychology of Love



Helen Fisher – Love Combines Three Elements (II)

Her view: The three elements are found in birds and mammals. They can be identified as follows:



http://www.editorialtaurus.com/uploads/imagenes/autor/principal/201005/principal-helen-fisher_grande.jpg

*Helen Fisher (*1945)*

„The sex drive (libido or lust) is characterized by the craving for sexual gratification; it is often directed toward many partners.“

„Attraction (the mammalian/avian counterpart to human romantic love) is characterized by increased energy, focused attention on a specific mate, obsessive following, affiliative gestures, possessive mate-guarding, and motivation to win a *preferred* mating partner“.

„Attachment is characterized in birds and mammals by mutual territory defense and/or nest building, mutual feeding and grooming, maintenance of close proximity, separation anxiety, shared parental chores, and affiliative behaviors“.

Helen Fisher (2006; p. 89 f., emphasis in original), in: The New Psychology of Love



Helen Fisher – The Interplay of Three Elements (I)

She holds that each element has its own messenger substances in the brain. Their interaction fulfils important functions:



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*Helen Fisher (*1945)*

„Each of these primary brain systems evolved to play a different role in courtship, mating, reproduction, and parenting ... The sex drive evolved to motivate our ancestors to seek coitus with a *range* of appropriate partners. Attraction (and its developed human form, romantic love) evolved to motivate individuals to select among potential mates, *prefer* a particular individual, and *focus* courtship attention on this favored mating partner, thereby conserving courtship time and energy. Attachment evolved primarily to motivate individuals to sustain an affiliative connection with this reproductive partner at least long enough to complete species-specific parental duties.“

Helen Fisher (2006; p. 90, emphasis in original), in: The New Psychology of Love



Helen Fisher – On the Addictive Potential of Love



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*Helen Fisher (*1945)*

„Laymen generally consider that there are five major physiological addictions: food, alcohol, drugs, gambling, and nicotine. Romantic love may be another.“

Helen Fisher (2006; p. 101), in: The New Psychology of Love



David P. Schmitt – About Helen Fisher's Theory

David P. Schmitt is a psychologist.



<http://www.bradley.edu/dotAsset/132754.jpg>

David P. Schmitt

„In its simplified form, Fisher’s ... theory suggests that love as lust involves testosterone and leads to motivated mate-seeking with any partner. Love as romance or attraction involves dopamine and serotonin and leads to people falling in love with one particular person. Love as attachment involves oxytocin and leads to the type of long-term commitment needed to raise offspring to viability”.

David P Schmitt (2006; p. 250) in: The New Psychology of Love



David M. Buss – Love as a „Commitment Device“

David M. Buss is a psychologist. He holds that love binds the partners together and gratified them for it. Buss describes this as a two-way street: for him, love is a "binder" and at the same time a "drug cocktail".



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„Love is both a solution to the commitment problem and an intoxicating reward for successfully solving it.“

David M. Buss (2006; S. 70), in: The New Psychology of Love

„It is a mind/body opium that signals that the adaptive problems of mate selection, sexual congress, devotion, and loyalty have been met with triumph (Fisher, 2004).“

David M. Buss (2006; S. 70), in: The New Psychology of Love



David M. Buss – On the Biology of Love: Who Loves Whom?

David M. Buss writes on men's preferences:



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„[M]en place a greater premium than women on physical appearance in their selection of a long-term mate“.

He observes an “attractiveness-fertility link: clear skin, smooth skin, lustrous hair, long hair, symmetrical features, absence of open sores, pustules, or lesions, relatively small waist, relatively large breasts, and a low waist-to-hip ratio“.

David M. Buss (2006; p. 68 f.), in: *The New Psychology of Love*



David M. Buss – On the Biology of Love: Who Loves Whom?

David M. Buss writes on women's preferences:



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„Many of the qualities critical to women’s selection of a long-term mate are not readily assessed through physical appearance. These include a man’s ambition, industriousness, drive, and status trajectory – qualities linked with resource acquisition ... These contrast with what women want in a short-term mate, such as signals of good genes, which can be evaluated partly through physical appearance ... Love, however, is not an emotion typically linked with casual sex. It emerges mainly in the context of long-term mating.“

David M. Buss (2006; p. 69), in: *The New Psychology of Love*



David M. Buss – Who Falls More Easily in Love?

David M. Buss writes about the differences between men and women:

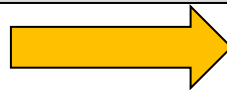


<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„Because men can reproduce with as little investment as a single act of sex, whereas women require an obligatory nine-month pregnancy to reproduce, [natural] selection has favored a more powerful motivation to desire and seek casual sex in men.”

David M. Buss (2006; p. 69), in: *The New Psychology of Love*



Indeed, empirical findings suggest:
Men are more likely to fall head over heels than women.



David M. Buss – Caution! The Role of Deception in Love

Men and women were endowed with different interests by evolution. This is why strategies for partner deception have emerged, to which counter-strategies are used.



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„Whereas men are more likely to feign love in order to get sex, women are more likely to use sex as a means of getting love ... Just as women have evolved defenses against false declarations of love at the hands of men, so it is reasonable to assume that men have evolved defenses against being lured into long-term love when it is against their fitness interests to do so. The arms race of deception and detection of deception, of strategies and counterstrategies, continues with no end in sight.“

David M. Buss (2006; p. 72 f.), in: The New Psychology of Love



David M. Buss – On Jealousy

"Jealousy" is such a counter-strategy.

Proposition: Men and women are predisposed to jealousy in different ways:



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„[W]omen experience more intense jealousy than men when a partner falls in love with someone else, whereas men experience more intense jealousy than women at signals of sexual infidelity“.

David M. Buss (2006; p. 83), in: The New Psychology of Love



David M. Buss – Evolutionary Insights on Love

The perspective of evolutionary biology leads to conjectures that are empirically confirmed. The following insights can be considered corroborated (for the time being):



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

- Love is universal.
- Love comes from long-term partnerships.
- Men fall in love more easily than women.
- Men are more jealous of infidelity than women.
- Love is a bonding mechanism. It signals to the partner one's willingness to invest in the relationship in the long term.

David M. Buss (2006; p. 82 f.), in: The New Psychology of Love



Helen Fisher – On „Arranged Marriages"

An interesting empirical finding: It is not uncommon for arranged partnerships to develop into real love relationships!



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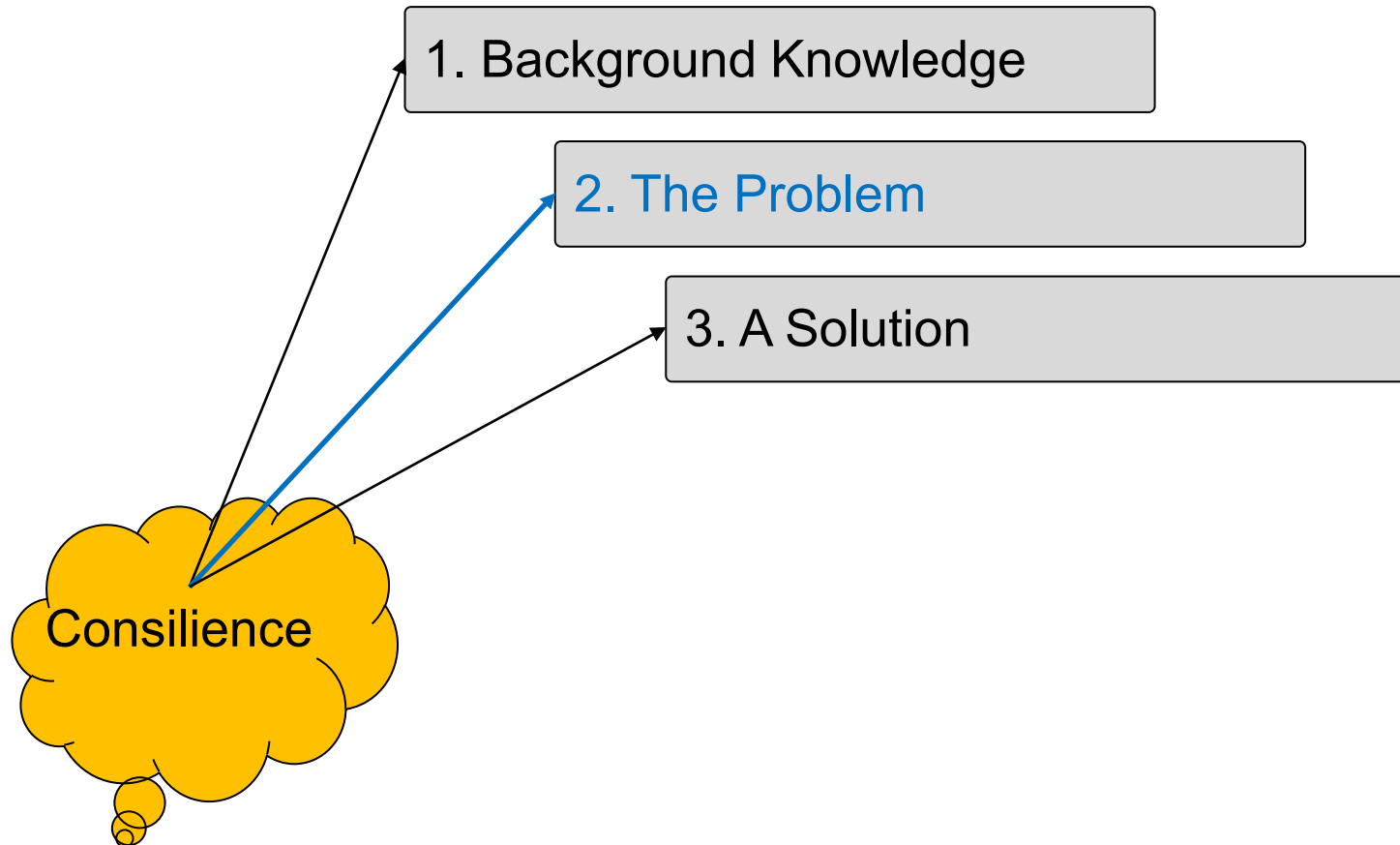
*Helen Fisher (*1945)*

„Even when marriages are arranged, spouses often fall in love.”

Helen Fisher (2006; p. 107), in: The New Psychology of Love



Consilience and the Ordonomics of Romantic Love



David M. Buss – On the Ambivalence of Love

Love is associated with existential highs; its failure with existential lows.



<http://www.utexas.edu/cola/files/2975128>

*David M. Buss (*1953)*

„Love permeates all aspects of human mating. People place a premium on love in their selection of a mate. They use acts of love to attract a mate. They use love acts to retain a mate. Loss of love, or its redirection to another person, triggers jealousy, conflict, violence, and relationship dissolution. Love leads to the greatest peaks of personal ecstasy. Its loss leads to the darkest horrors of human nature.“

David M. Buss (2006; S. 83), in: The New Psychology of Love



Robert J. Sternberg – *Triangular Model of Love* (1986)

Robert Sternberg is an American psychologist.

For him, too, the phenomenon of love consists of three elements:



<http://imgkid.com/robert-sternberg.shtml>

*Robert J. Sternberg (*1949)*

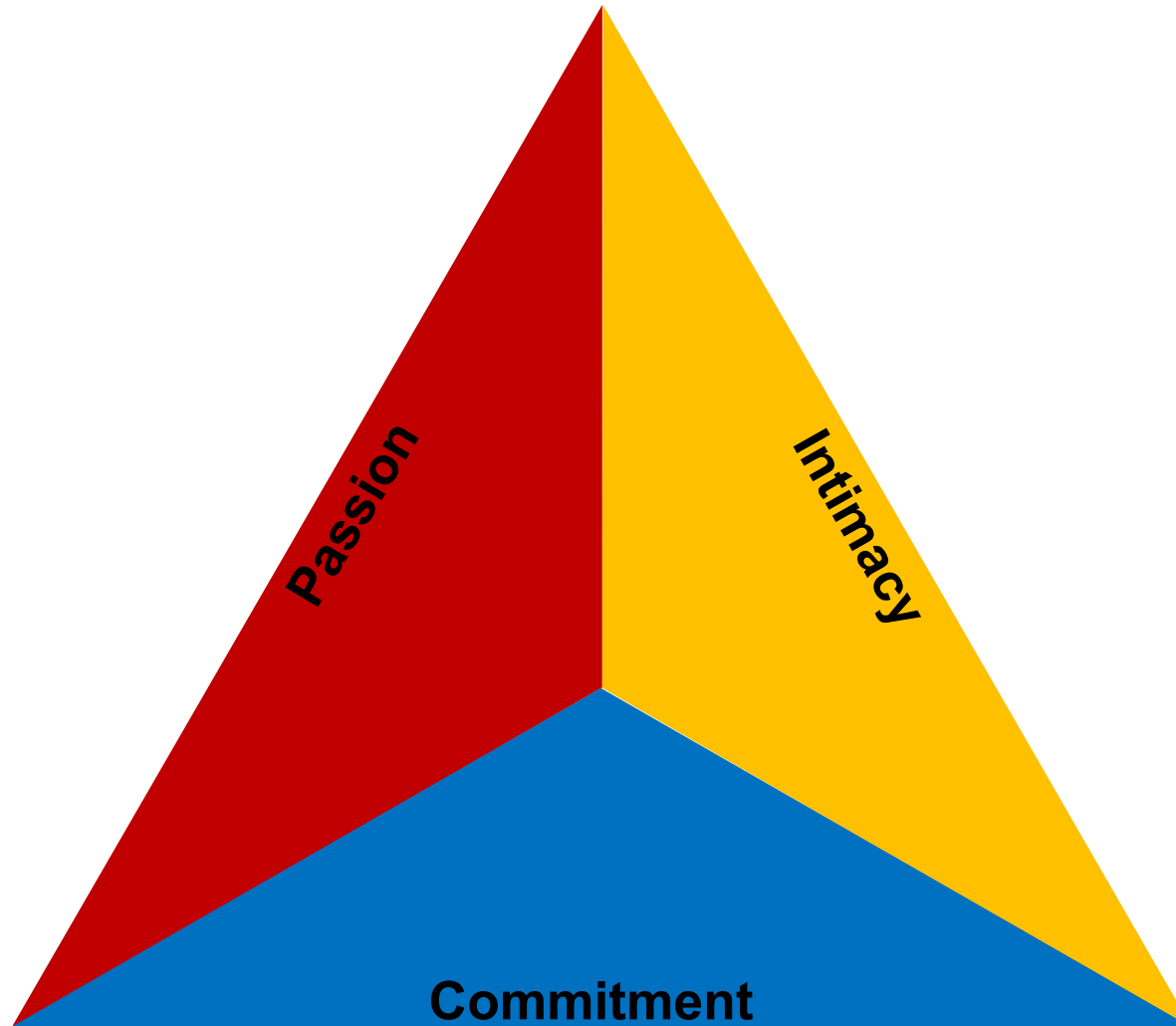
„A substantial body of evidence ... suggests that the components of intimacy, passion, and commitment play a key role in love over and above other attributes.“

Robert Sternberg (1986; p. 37).



Sternberg: Love Combines Three Elements

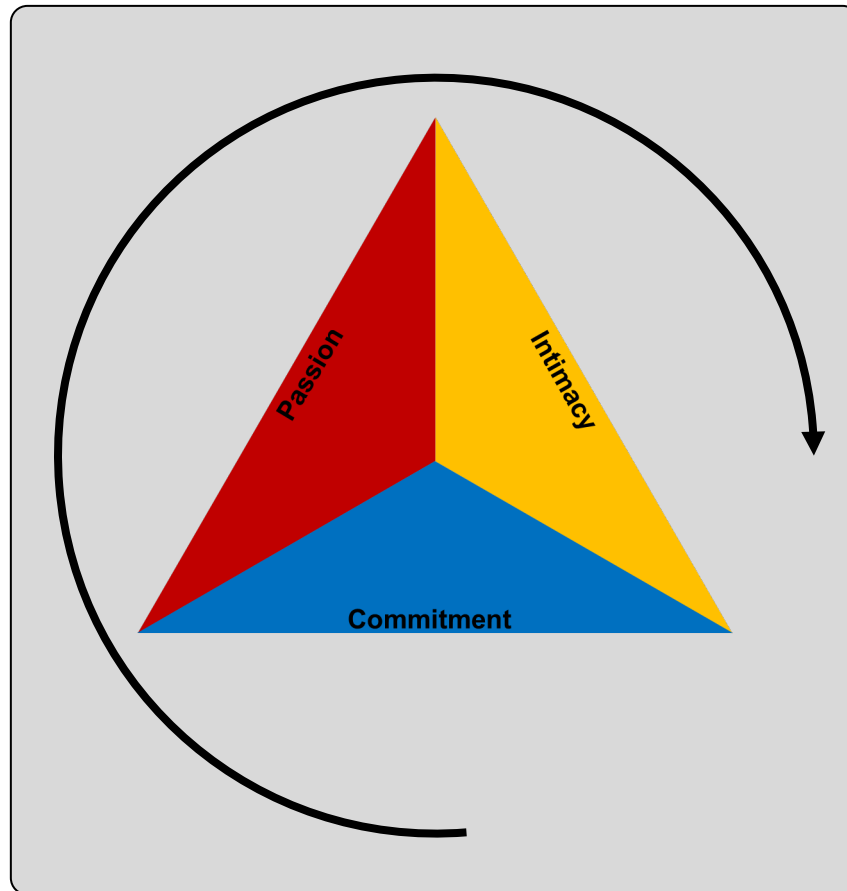
The three elements are: (a) „passion“, (b) „intimacy“ and (c) „commitment“.



Ordonomic Interpretation I: The Model of “Arranged” Marriage

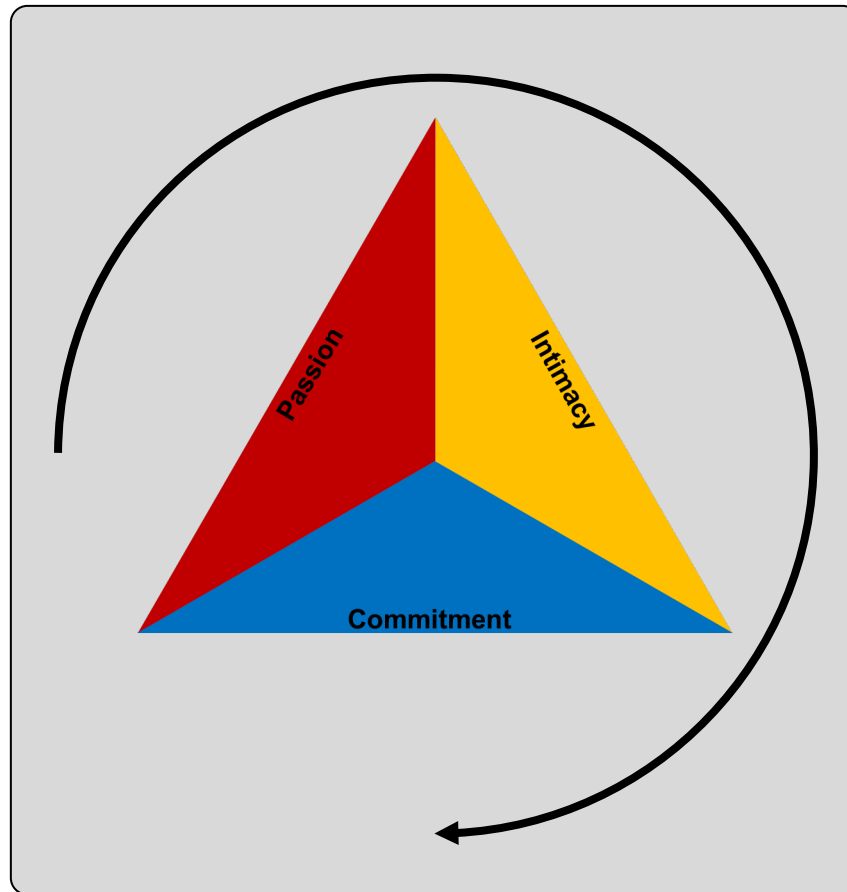
The historical model: First comes the commitment, then passion and intimacy.

Example: Martin Luther and Katharina von Bora



Ordonomic Interpretation II: The Modern Model of “Love Marriage”

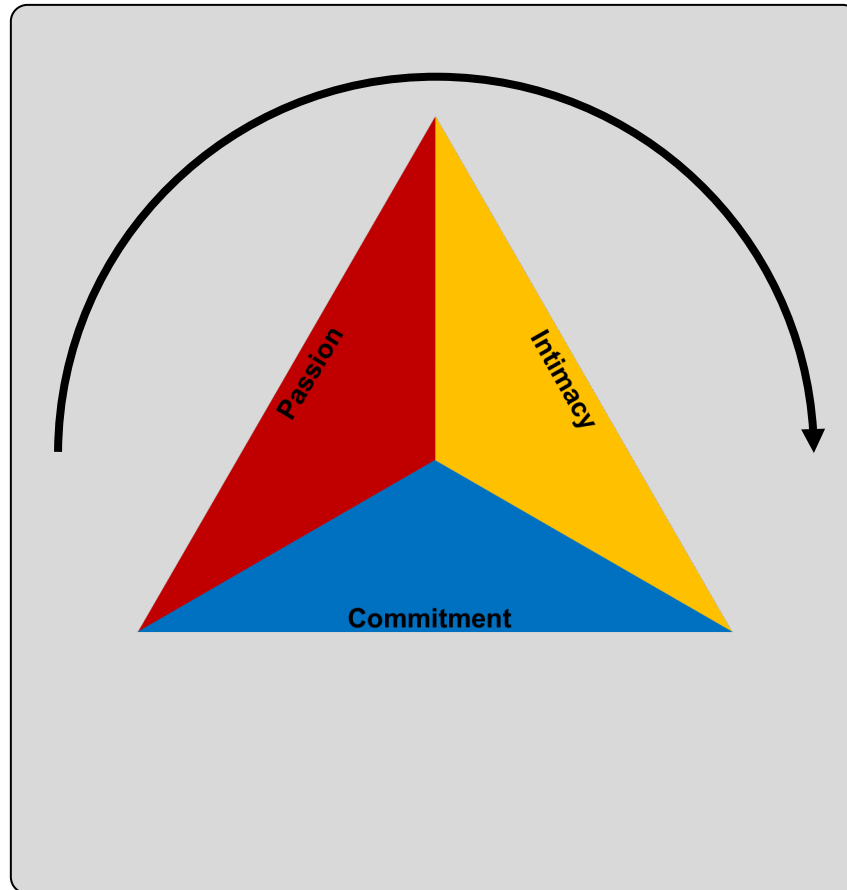
The modern model: First comes the passion ("love at first sight", "to have butterflies in one's stomach"). Only then comes intimacy and (possibly) bonding.



Ordonomic Interpretation III: The Neo-Romantic Ideal of Love

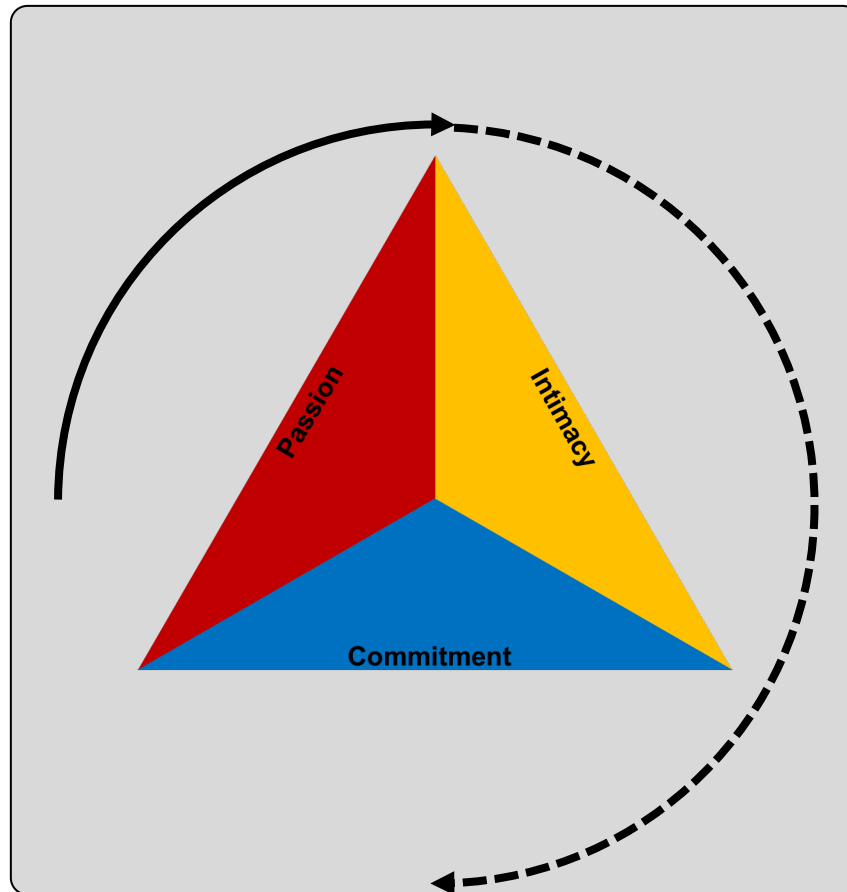
The neo-romantic ideal of love relies on passion and intimacy. "Commitment" tends to be suppressed (or assumed as a matter of course).

In addition, a strongly passive idea is propagated ("love as destiny").



Ordonomic Criticism of the Neo-Romantic Ideal of Love

Those who confuse love with passion often fail because there is no automatic development of the relationship to lasting intimacy. The romantic ideal of love is unsuitable to constructively guide the governance challenge of relationship "work" and management of joint commitments.



- You can't have passion and intimacy without commitment.
- Without commitment, you cannot even have intimacy.



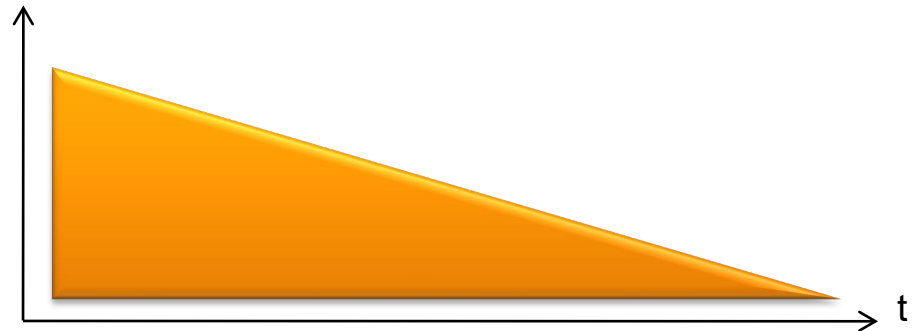
The Neo-Romantic Ideal of Love as a Dysfunctional Semantics

In the neo-romantic ideal of love, in principle (only) 2 variants of partnership are conceivable.

Variant 1:

- Expectation to permanently feel passionate love
- In the course of time, any partnership is perceived as decay!

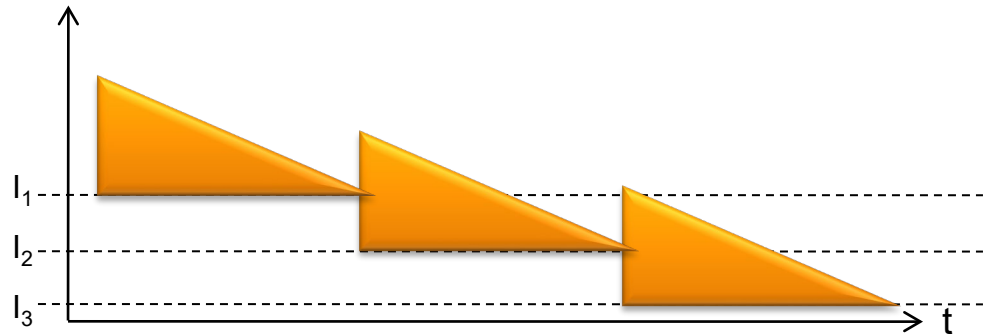
Intensity of the feeling of love



Variant 2:

- Trying to experience falling in love with ever new partners
- Serial partnerships have high emotional costs!

Intensity of the feeling of love



Marriage (= stable partnership) is undermined or even replaced by a permanent search for falling in love (living up to the expectation of having "butterflies in one's stomach")!



Documentation of Variant 1: Erich Kästner – Sachliche Romanze



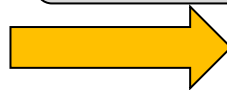
<http://www.vl-museen.de/aus-rez/pix/riederer99-4.jpg>

Als sie einander acht Jahre kannten
(und man darf sagen: sie kannten sich gut),
kam ihre Liebe plötzlich abhanden.
Wie andern Leuten ein Stock oder Hut.

Sie waren traurig, betrugten sich heiter,
versuchten Küsse, als ob nichts sei,
und sahen sich an und wussten nicht weiter.
Da weinte sie schließlich. Und er stand dabei.

Vom Fenster aus konnte man Schiffen winken.
Er sagte, es wäre schon Viertel nach Vier
und Zeit, irgendwo Kaffee zu trinken.
Nebenan übte ein Mensch Klavier.

Sie gingen ins kleinste Café am Ort
und rührten in ihren Tassen.
Am Abend saßen sie immer noch dort.
Sie saßen allein, und sie sprachen kein Wort
und konnten es einfach nicht fassen.



Mental Model: passive mode – love happens to you, and it can get lost. It is like a thing, not an activity. Hence the title!



Documentation of Variant 1: Erich Kästner – Sachliche Romanze



<http://www.vl-museen.de/aus-rez/pix/riederer99-4.jpg>

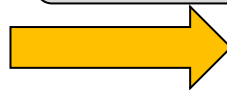
When they had known each other for eight years, (and one could say: they knew each other well), their love suddenly disappeared, like other people lose a cane or a hat, they fell.

They were sad, pretended to be bright, tried kisses as if nothing was wrong, and looked at each other with no insight. Then she finally cried. And he stood strong.

From the window, one could wave to ships. He said it was already a quarter past four, and time to have coffee, take sips. Next door, someone practiced piano, a bore.

They went to the smallest café in town, and stirred in their cups, feeling down.

In the evening, they were still sitting there, alone, in silence, with a heavy air.



Mental Model: passive mode – love happens to you, and it can get lost. It is like a thing, not an activity. Hence the title!



Documentation of Variant 2: Oscar Wilde



"One should always be in love.
This is the reason one should
never marry."

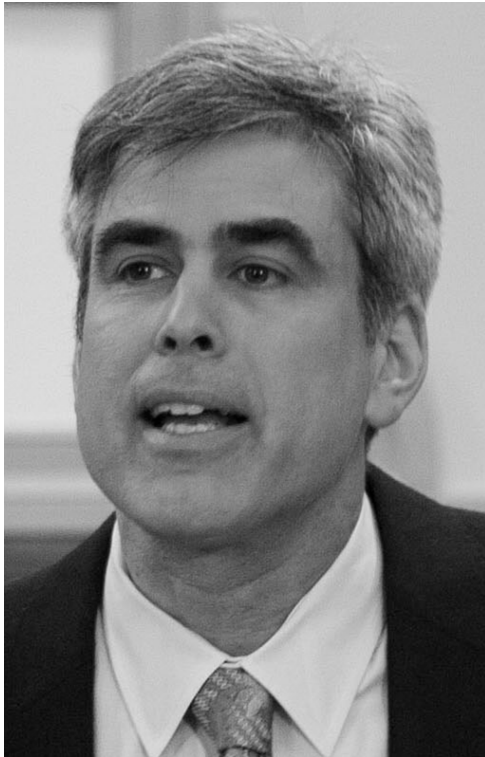
http://famouspoetsandpoems.com/pictures/oscar_wilde.jpg



Jonathan Haidt – His Definition of the Neo-Romantic Ideal of Love

Jonathan Haidt is a US-American psychologist.

He identifies and criticizes the neo-romantic ideal of love.



http://upload.wikimedia.org/wikipedia/commons/c/ca/Jonathan_Haidt_2012_03.jpg

Jonathan Haidt (*1963)

„The modern myth of true love involves these beliefs: True love is passionate love that never fades; if you are in true love, you should marry that person; if love ends, you should leave that person because it was not true love; and if you can find the right person, you will have true love forever. ... It's not just Hollywood that perpetrates the myth; Bollywood, the Indian film industry, is even more romanticized. ... But if true love is defined as eternal passion, it is biologically impossible.“

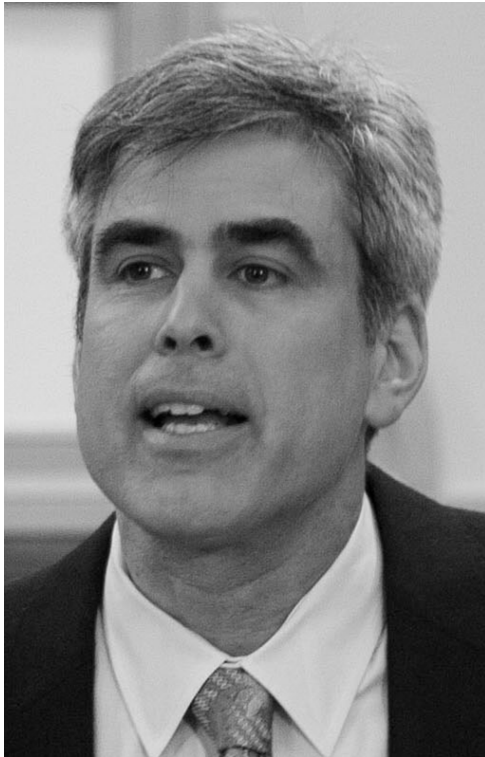
Jonathan Haidt (2006; S. 124); The Happiness Hypothesis



Jonathan Haidt – On the Ideal of “True Love”

Jonathan Haidt is a US-American psychologist.

For him, “true love” combines passion with partnership and bonding.

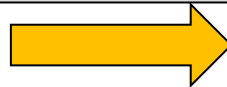


http://upload.wikimedia.org/wikipedia/commons/c/ca/Jonathan_Haidt_2012_03.jpg

Jonathan Haidt (*1963)

„True love exists, I believe, but it is not – cannot be – passion that lasts forever. True love, the love that undergirds strong marriages, is simply strong companionate love, with some added passion, between two people who are firmly committed to each other. ... When we admire a couple still in love on their fiftieth anniversary, it is this blend of loves – mostly companionate – that we are admiring.“

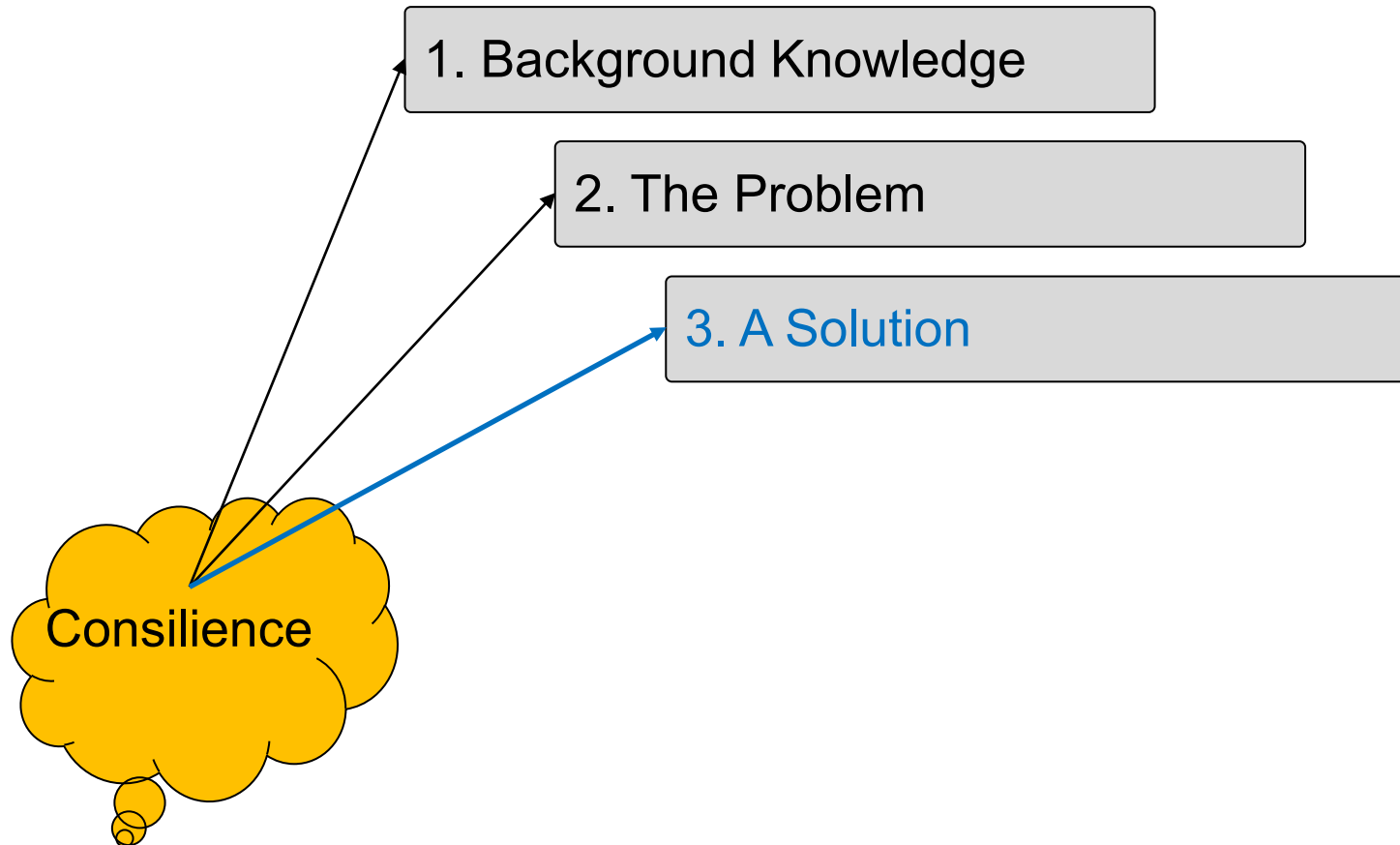
Jonathan Haidt (2006; S. 127); The Happiness Hypothesis



Nota bene: Homosexuals not only want to be decriminalized. They want access to the legal institution of marriage in order to form and stabilize long-term partnerships.



Consilience and the Ordonomics of Romantic Love

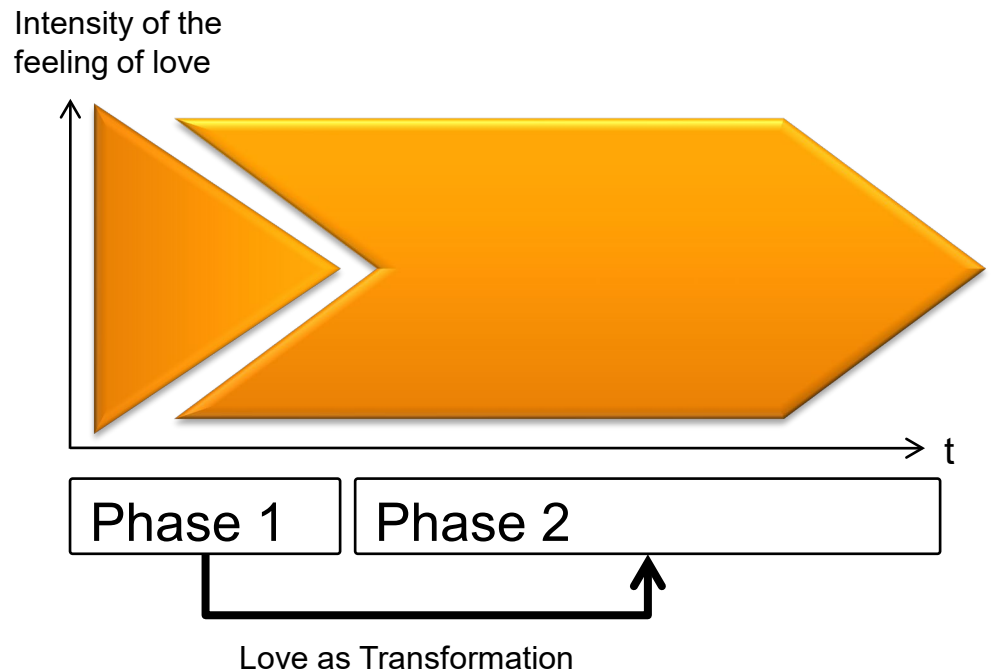


Enlightenment: Differentiation of Love Semantics

Modern marriage often fails because of a problem of (self-)governance, because autonomous rule-management has to replace tradition. A new semantics can help here. It defines love as the result of a transformation of falling in love. This (self-)enlightenment about love semantics helps to ask the right questions.

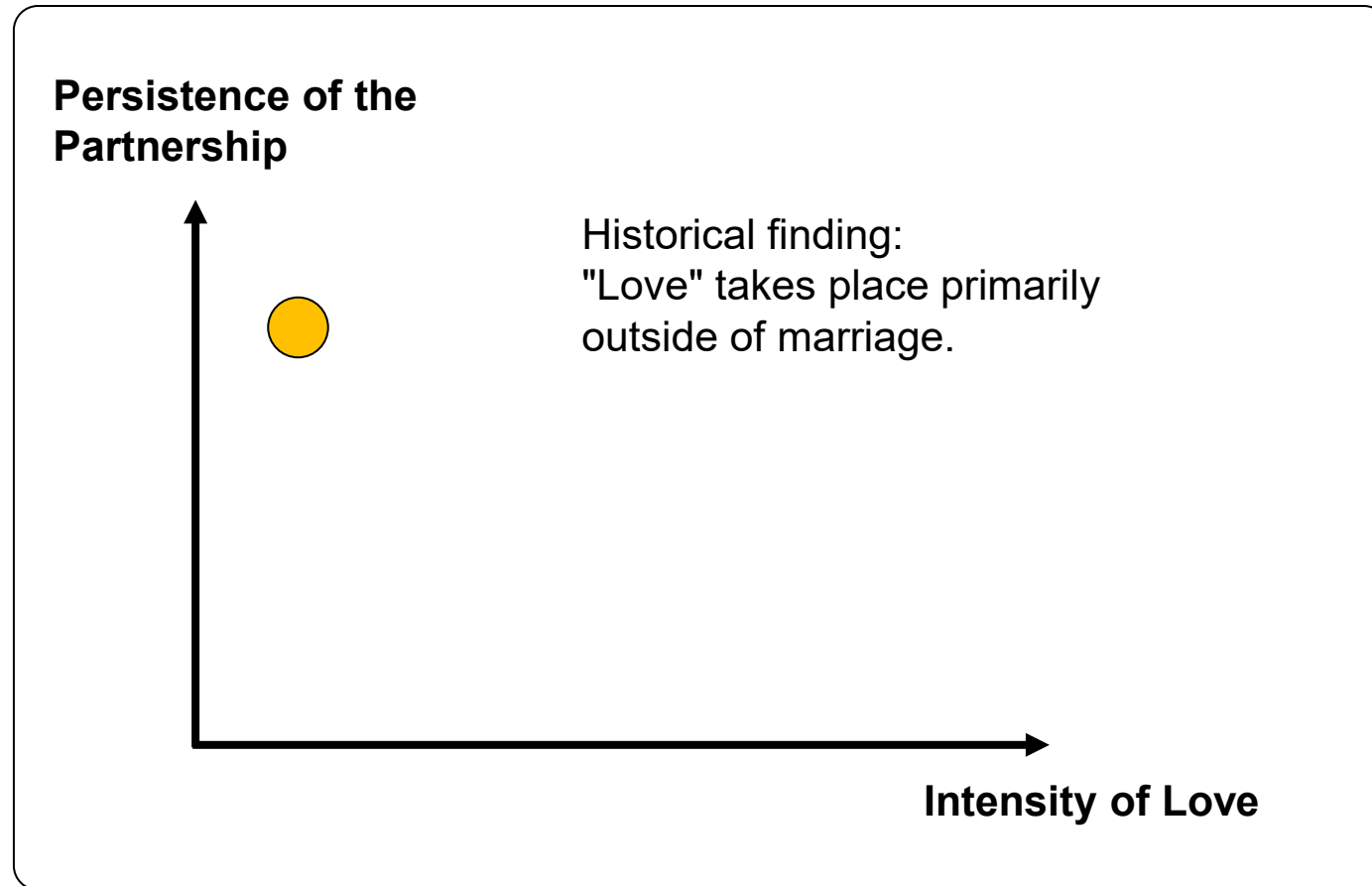
Variant 3:

- Phase 1: Initial experience of passionate love ("intense attraction") is interpreted as a visionary anticipation of the potential of the partnership
- Phase 2: Love is interpreted as a mutual willingness to invest permanently in a process of autonomous rule-setting (heuristics: "to grow old together")



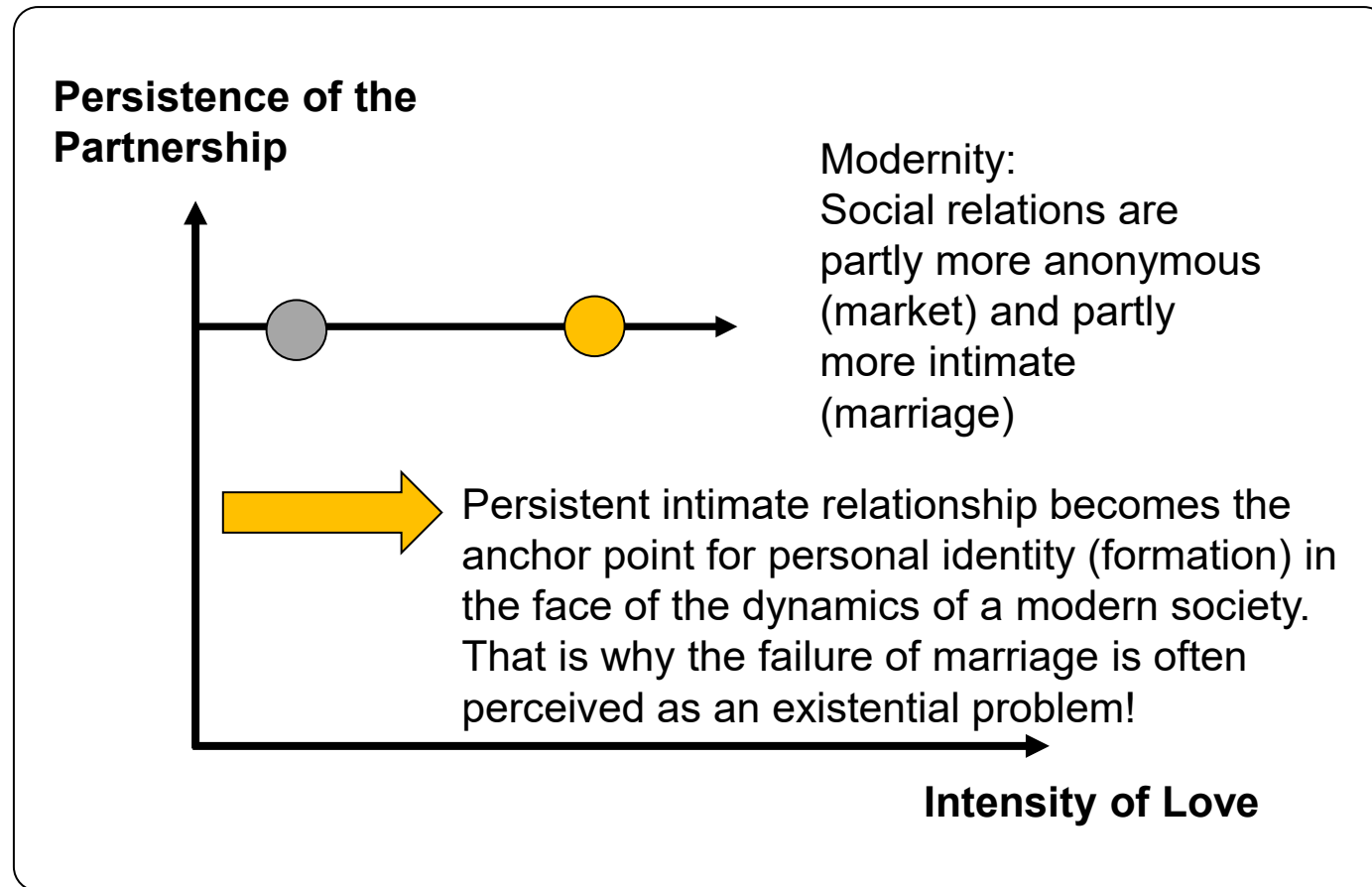
Pre-Modernity: Marriages are Arranged by Parents

Marriage is a community of care. It is pre-arranged. Love only plays a role by chance (ex post). – Motto: "Liebe vergeht, Hektar besteht."



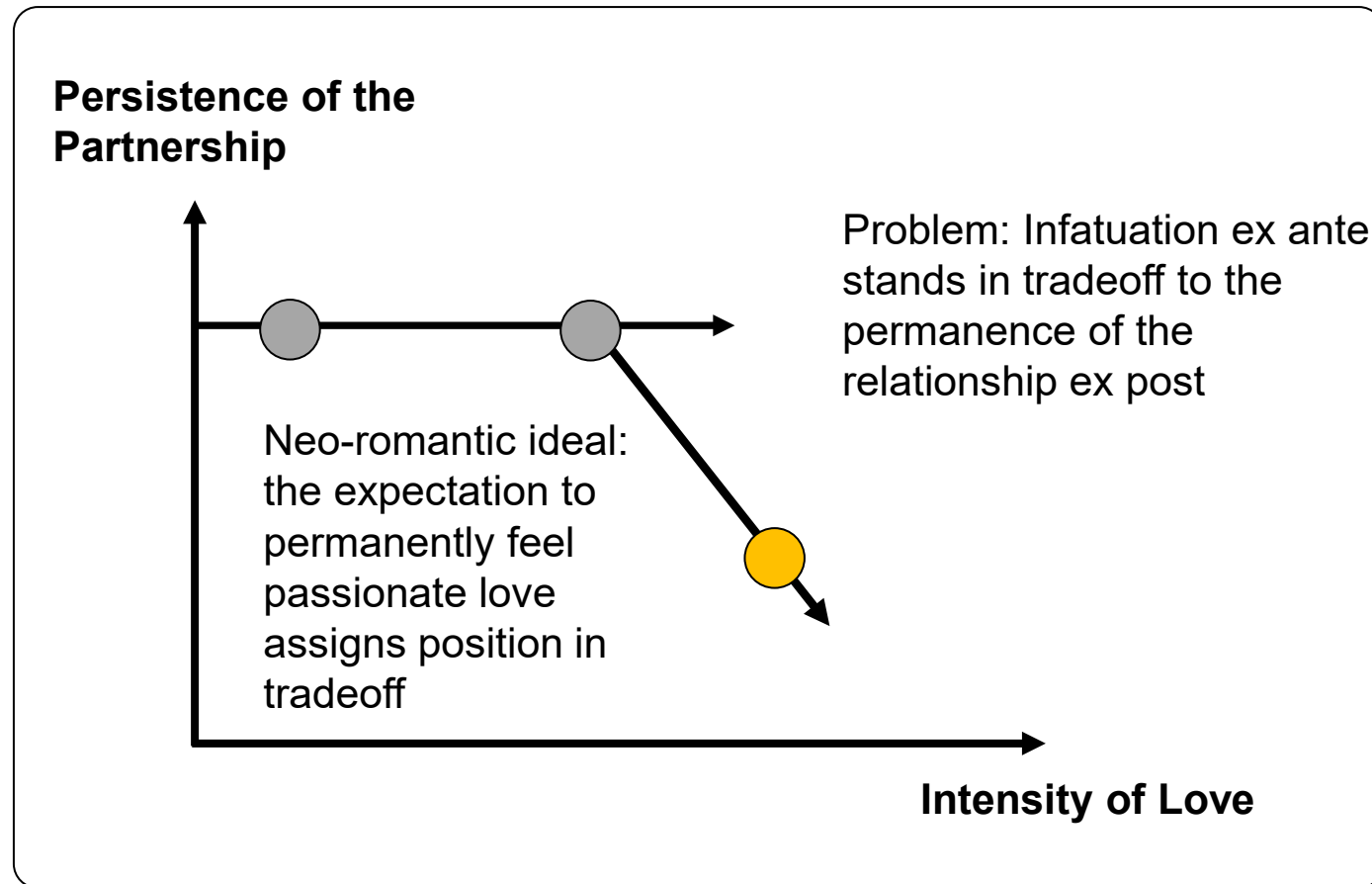
Modernity: Love Marriage as a New Option (Bourgeois Achievement)

*Marriage remains initially a community of joint production despite the choice of a partner.
Love plays a systematic role (ex ante).*



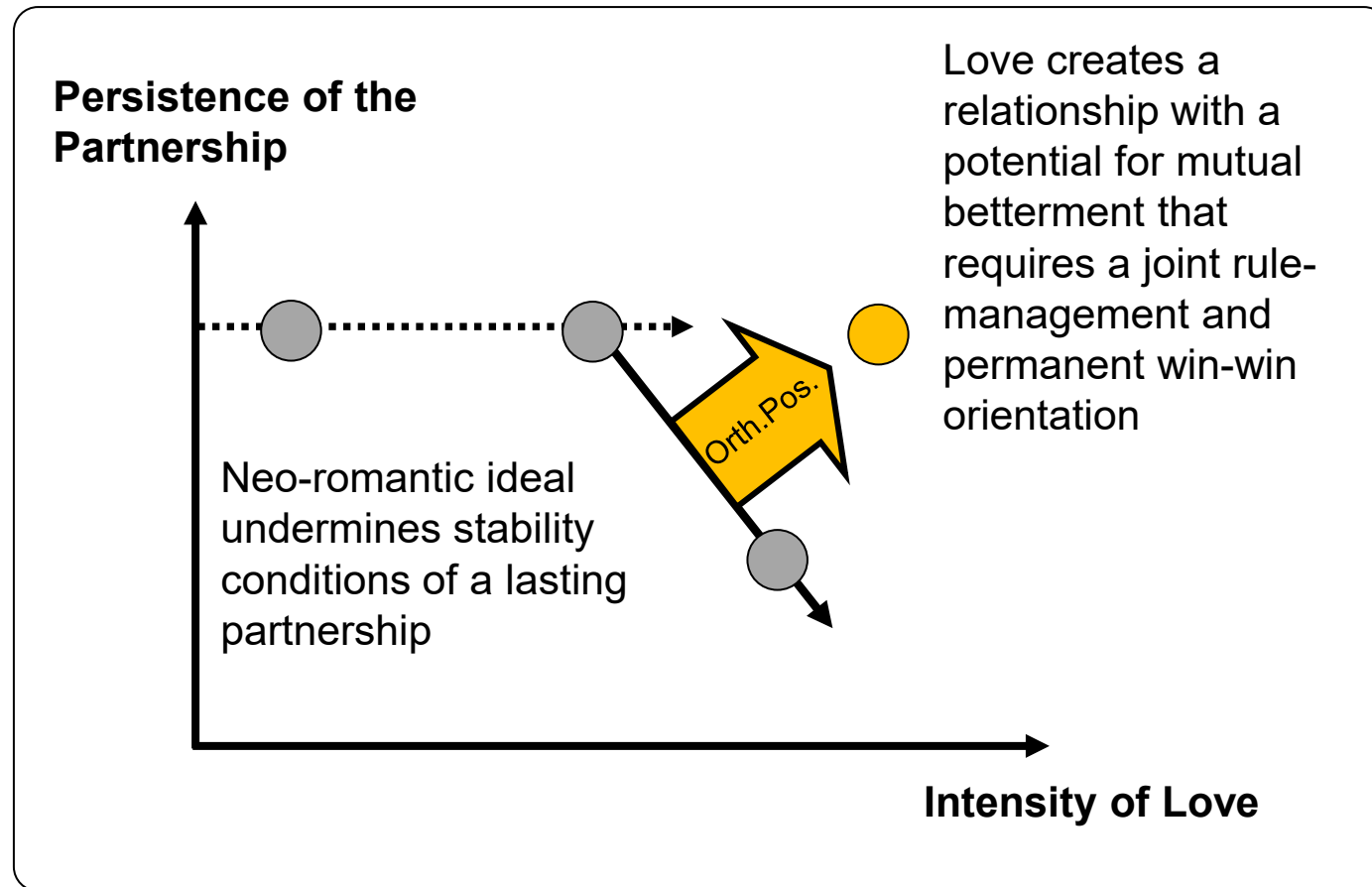
Modernity: Pathologies of Love Marriage

Marriage becomes unstable. Empirical tendency: short-term intimate relationships.



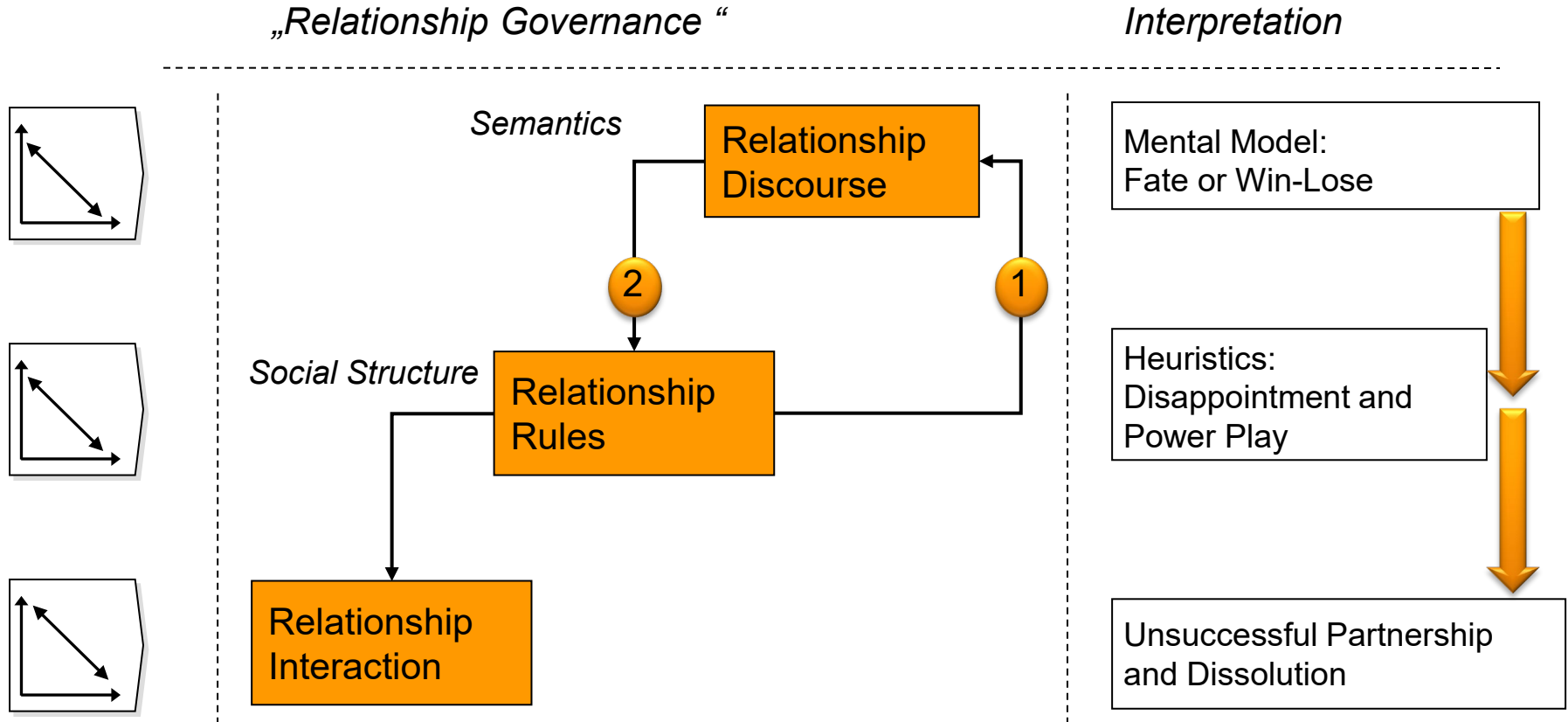
Modernity: Discrepancy between Social Structure and Semantics

The need for self-governance becomes dominant and requires self-enlightenment.



Modern "Love": The Trend Towards Instability

The interdependence of social structure and semantics in love relationships:

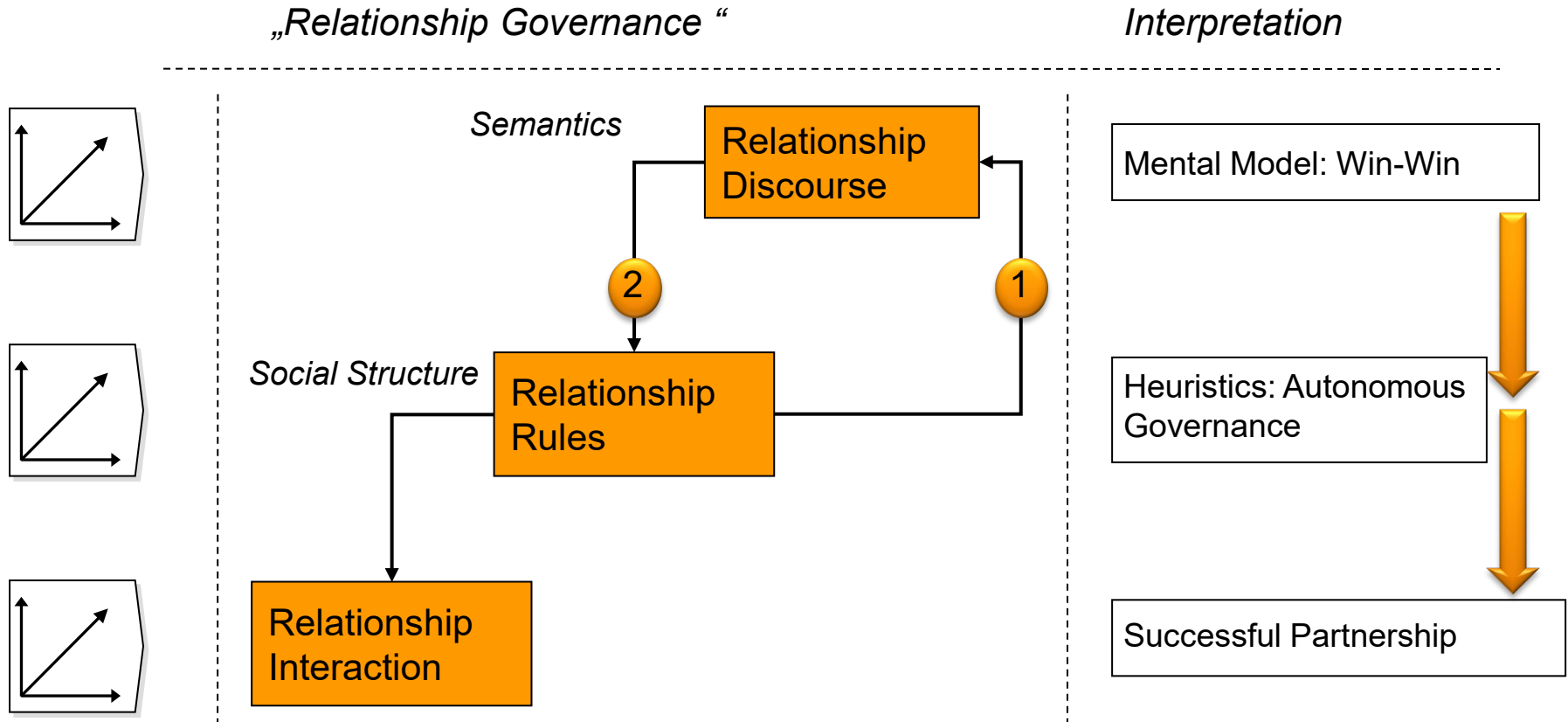


Input of bad ideas (like permanent passion or dominance) leads to discourse failure, which torpedos partnership cooperation in meta games and basic games.



Modern "Love": (How) Is Stability Possible?

The interdependence of social structure and semantics in love relationships:



Thesis: The increased (self-)governance requirement of a modern marriage requires a functional semantics: (self-)enlightenment!

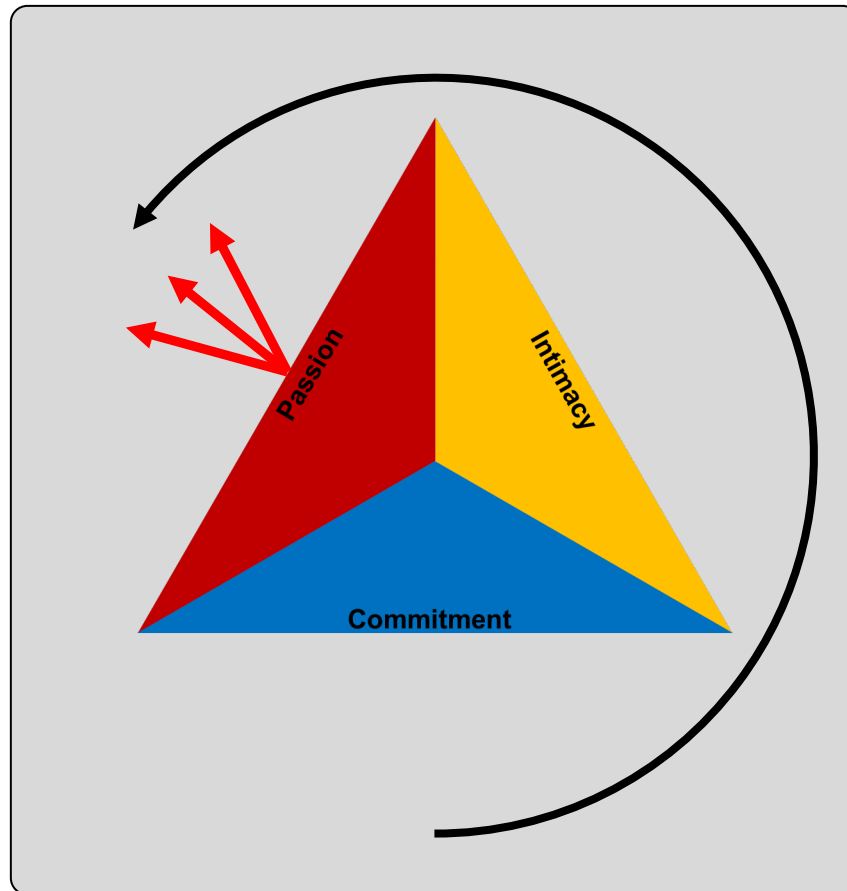


Food for Thought: Polyamory as Variant 4?

Polyamory means “consensual non-monogamy”. Recommended literature: Geoffrey Miller (2019): Polyamory Is Growing—And We Need To Get Serious About It

Source: <https://quillette.com/2019/10/29/polyamory-is-growing-and-we-need-to-get-serious-about-it/>

Miller (2019):
„Polyamorous or open relationships are usually based on...the idea that relationships can be loving, committed, and serious, without being sexually exclusive.“



Food for Thought (II)

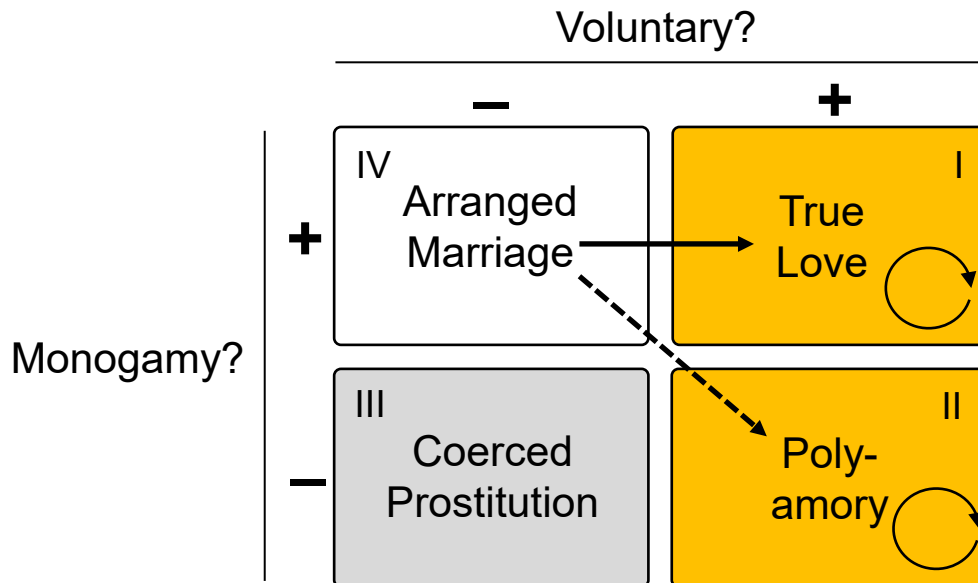
Miller (2019) makes the following points:

- Polyamory is more prevalent than homosexuality (4-5% vs. 2%)
- Monogamy has evolved for problems that today can be solved differently
 - „Monogamy increased paternity certainty—a man’s confidence that his kids are really his—thereby increasing paternal investment.“
 - „Monogamy reduced the spread of sexually transmitted infections that could undermine women’s fertility.“
 - „Maybe most importantly, monogamy reduced the ability of high-status males to monopolize women, and helped to equalize mating opportunities. This decreased violent competition among males.“
- Conceptually, we can separate monogamy from marriage and allow polyamorous lifestyles
- Problem: polyamorous lifestyles are still stigmatized. **This makes it hard to find and establish role models for coping with specific problems, esp. jealousy.**
 - „Poly people have to learn to manage their sexual jealousy, by minimizing it and/or eroticizing it.“
 - „Poly people also have to negotiate and nurture their custom relationships without having good role models, social norms, sexual scripts, or social support.“
 - „Further, poly people need to manage trade-offs in time, energy, money, and mating effort among multiple partners, who are also trying to do the same with their own partners.“



Food for Thought (III)

The model of „arranged marriage“ (cell IV) is the historical success model of pre-modern society. Coerced prostitution (cell III) is an anomaly of modern society. The characteristic of modern society is to follow the principle of individual autonomy and to promote strictly voluntary private relationships. However, due to lack of functional mental models, we do not yet know how to stabilize them.



The crucial challenge of modern lifestyles is to answer the question: How is long-term (and even lifelong) intimate partnership possible on a strictly voluntary basis?

Bigamy is a borderline case between cells III and IV.

Serial Monogamy (having different sex partners after another) belongs to cell II but lacks long-term bonding.

Entering the market of legal prostitution under conditions of transparency (for one's private partner) belongs to cell II.

Entering the market of legal prostitution under conditions of intransparency (for one's private partner) is a borderline case between cells I and II.



Structure of Today's Lecture

1. Economic Reasoning and the Ethics of Policy
2. Once Again: The Ethics and Economics of Climate Change
3. The Moral Paradox of Modernity
4. Consilience and the Ordonomics of Romantic Love
5. Conclusion and Outlook



What have we learned today?

The most important lessons of the fourteenth lecture are:

- The central contribution of economic reasoning to the ethics of political discourse is to help re-framing the question from a partisan perspective to a vicarious perspective. This often involves a paradigm shift from ex-post scenarios (about moves in a game) to ex-ante scenarios (about the appropriate rules of the game) and to ask which rule arrangements the persons in question themselves would prefer to choose.
- Public discourse about climate change is full of moralistic fallacies: of good intentions led astray by ignorance of facts and simplistic theories.
- The moral paradox of modernity consist of the interesting phenomenon that modern society has a huge potential for meeting moral demands while facing moral criticisms that are oftentimes so radical that they in fact interfere with better exploiting modernity's full potential. Many critics choose revolution over reform.
- Although ordonomics is a research program that was developed for overcoming the moral pitfalls of political discourse, it can also be utilized for rationalizing private learning processes. The three-level scheme also applies to families. It helps to make clear that diverse groups – including homosexuals and heterosexuals who are interested in life-long partnerships – suffer from the same problem: a need for functional mental models that help in solving the governance problems of living together in harmony.
- The core insight of ordonomics is that bad ideas can destroy functional rule arrangements, and that social dilemmas can be overcome by playing better games.



Outlook

If you are interested in learning more about ordonomics, you have four options available:

