

## Ethics and Economics: A Unique Opportunity for NAEP Members

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As a member of the National Association of Environmental Professionals (NAEP)—and interested in the subject of ethics—of course you realize that economic factors figure into every project, one way or another.

This essay attempts to make the case that you are in a unique position to contribute to a very important next step in the development of ethical thought: by making the connection/link/bridge *between* economics and ethics. The goal is to reclaim the *commons* as at the heart of sustainable economic activity. The main witness for the case will be the remarkable social scientist Dr. Elinor Ostrom, cowinner of the 2009 Nobel Prize in Economics.

The language guiding the argument will be drawn from the NAEP Code of Ethics and Mission Statement. Here's why they are so useful.

It will come as no surprise that the study and application of ethic theory—much less its connection with economics—is a vast, basic, yet complex, slippery, perennially enduring, and hotly debated subject.<sup>1</sup> However, we are greatly aided in our inquiry by the structure and content of NAEP's own Mission Statement and Code of Ethics—each with their subsets:

The Mission Statement, which includes a statement of “vision” (NAEP, n.d., b).

The Code of Ethics and Standards of Practice for Environmental Professionals, which contains statements of a creed, ethics, and guidance for practice as an environmental professional, and encouragement of the development of the profession (NAEP, n.d., a).

We will use these selected statements to show how they might be framed to take advantage of an important conversation about the emerging field of ecological economics. Associated with the values and ethics of NAEP, the language and rhetoric of this field might be of great help to furthering the public participation in the critical, and too often contentious and ill-informed conversations driving the sustainable development field.

Here is the selection of from the NAEP (n.d., a, b) statements:

- Encourage better decision-making that thoughtfully considers the full implications of those decisions. (Mission Statement)
- To promote and develop policies, plans and committees and projects that achieve complementarity and mutual support between natural and man-made, and present and future components of the physical natural and cultural environment. (Creed)
- Recognize that total environmental management involves the consideration of all environmental factors including technical, economical, ecological, and societal and their relationships. (Guidance for Practice as an Environmental Professional)
- Encourage public participation at the earliest feasible time in an open and productive atmosphere. (Guidance for Practice as an Environmental Professional)
- It is their duty to interest themselves in public welfare, and to be ready to apply their special knowledge for the benefit of mankind and their environment. (Code of Ethics and Standards of Practice for Environmental Professionals)

Each statement will be used to make a point about how ecological and economic

practices can be intertwined in the best interdisciplinary tradition. We are going to end up in an unusual place—the importance of the rhetoric of economics—and begin at the most basic level of examining the usual meanings of ethics.

### Ethics

Encourage better decision-making that thoughtfully considers the full implications of those decisions.

—NAEP Mission Statement

A good, basic working definition of *ethics* is that the ethical person considers the entire environment—ethos—of a situation.

That can be summed up in the foregoing sentence from the Mission Statement. If there is a group that “considers the full implications” of decisions, it is the environmental professionals—the readers of this journal—because of the systems thinking inherent in the ecological perspective.

While the definition of ethics has gone through a torturous history, the working definition, going back to the Greeks, has something to do with culture or character or custom or mores (ethos, ethnic). That idea will become central to the argument as we move our way toward the key aim of this paper: how customary ways of practice and conversation bridge ethics and economics.

### Broaden Ethical Theory

Let's get a prevalent and simple point about ethics out of the way right at the start. Often ethics today is looked upon as compliance and keeping people from doing harm. Note that, in the NAEP Code of Ethics and Standards of Practice for Environmental Professionals, *ethics* is a separate category with three of the six statements starting with “Not . . .” The other three imply taking caution.

The basic task is to reorient economics as a discipline essentially for the practice of ethics. The word *economics* comes from Greek, meaning stewardship of the household, and what better historical context to set the stage for ethics. [Especially since the first reference to ethics associated with character, scholars say, traces back to the *Iliad*, a word meaning a stable or the habitat of horses (Homer, 1952)].

The field of sustainability offers an outstanding opportunity to put this definition into practice: to reclaim the economic actor—interested only in maximizing their own self-interest—and encourage the economic actor to be actively engaged in fostering the common welfare.

And that brings us to a remarkable step in the development of economics: a better understanding of the commons.

## Reclaiming the Commons

To promote and develop policies, plans and committees and projects that achieve complementarity and mutual support between natural and man-made, and present and future components of the physical natural and cultural environment.

—NAEP Creed

We will begin presenting the evidence for linking ethics and the economy with the announcement of the 2009 Sveriges Riksbank Nobel Prizes in Economic Sciences to Elinor Ostrom and Oliver Williamson. (Dr. Williamson's work focused on internal organization boundaries and the importance of trust, as does Dr. Ostrom's work, which deals with the role of trust operating within the organizational boundaries.)

The headline for the award was "The Nobel Committee Announcement of the Dr. Elinor Ostrom Award: For her analysis of economic governance, especially the commons."

They further state,

Whereas economic theory has comprehensively illuminated the virtues and limitations of markets, it has traditionally paid less attention to other institutional arrangements. Economic transactions take place not

only in markets, but also within firms, associations, households, and agencies.

Over the last three decades these seminal contributions have advanced economic governance research from the fringe to the forefront of scientific attention

... The research of Elinor Ostrom and Oliver Williamson demonstrates that economic analysis can shed light on most forms of social organization. (Royal Swedish Academy of Sciences, 2012)

What might that mean for you and your work? How does it help us all move from a stance of protecting and restoring the environment to seeing a better working of the entire economy, embedded in nature, to guide sustainable development?

These Nobel Prizes call our attention to a possible way to help economics as a discipline make the difficult, painful and necessary move

- From: linear growth of goods and services models (GDP)—often used to justify and support profit maximization—using undervalued resources.
- To: meeting the needs of society through sustainable, ecological models, methods, and goals that support and develop the *individual, common, and biotic good*.

What is to follow will attempt to make the case that economics, reclaimed as the practice of moral (ethical) philosophy, can be a positive framework to further the work of environmental professionals. The key will be to show that economics is connected with the developing the *commons*, a term that captures the "components of the physical, natural and cultural environment" (NAEP Creed). Combine that with the earlier Mission Statement. ("Our members are public and private sector professionals who promote excellence in decision-making in light of the environmental, social, and economic impacts of those decisions.") Then any project you are working on, anywhere, is connected to the workings of the economy.

One way to put Ostrom's remarkable achievement in historical context is to show how her work begins to reclaim a word that has had a troubled past: the *commons*.

The story begins with the "Tragedy of the Commons," which can be seen as the background assumption that Ostrom was working against. (From this perspective, by the way, many of us see Dr. Ostrom as a true whistle-blower within the economic field.)

## *Tragedy of the Commons*

Do you remember when you first encountered Garrett Hardin's monumentally challenging and depressing "Tragedy of the Commons" (1968)? (Some of us over a certain age remember its immediate impact when it was first published in *Science* magazine over 40 years.)

Hardin's brilliantly simple premise, originally inspired by the Cold War nuclear standoff, was that, since it is in the best interests of individuals to take as much as possible (before others do) from a common resource—such as a shared pasture or body of water—the result will be the eventual destruction of that common resource. Here is the sentence that went right at the heart of our vaunted market economy:

We are locked into a system of "fouling our own nest," so long as we behave only as independent, rational, free enterprisers. (Hardin, 1968, p. 1245)

From this conclusion came Hardin's gloomy choice—a sort of "prisoner's dilemma" application of game theory—between either regulating the resource/system or privatizing it. We find ourselves in the continuing grip of that dilemma, evidenced by the economic, social, and ecological problems today, framed by the contentious, and ultimately shallow, debate between capitalism vs. socialism, markets vs. government.

## *Beyond Markets and States: Ostrom's Nobel Prize Lecture*

The title of Dr. Ostrom's 2010 Nobel Prize lecture says it all: "Beyond Markets and States: Polycentric Governance of Complex Economic Systems."

Here's why and how this perspective will help to understand economics' potential to contribute to the field of ecological and sustainable practice . . . and better position

your work for successful interactions with others.

Ostrom's work empirically showed that other arrangements of rulemaking agreed upon by participants could be worked out—not easily, of course—precluding the need for either privatization or regulation. Her decades-long research, and reporting on the work of dozens of other researchers, tells fascinating stories—scientifically documented—about examples such as farmer-managed irrigation systems, communal forests, inshore fisheries, and grazing and hunting territories managed cooperatively (Ostrom, 1990).<sup>2</sup>

To take one series of studies as an example, teams that studied water distribution in Nepal found that large, elaborate government-funded programs with top engineering were less effective than simple arrangements run by local people.

Throughout her research, and the research of dozens of teams all over the world, she continually found that neither the individual working in their own self-interest nor government- or state-imposed rules and structures were uniformly successful. Sometimes they were and sometimes they weren't. Over the years, she and her teams have studied the data sets of results from attempts at environmental systems, as well as delivery of municipal services—everything from police protection to even the efficacy of repairing potholes in Indianapolis. One early example showed evidence from research on police jurisdictions, where she found that a highly centralized system did not work as well as decentralized or “messy” jurisdictional systems. It took years of work searching for *principles* of governance before she came to the key insight that successful governance was dependent on other variables: clear boundaries, fair rules, and consistent rewards and punishments. And the bedrock—the “granite”—was trust, not some preordained principle of either free-market or organized government intervention. She called these *governance of polycentric systems*.

The key element of *trust* in all successful systems brings us to the NAEP statement

on ethics as moral philosophy. The list of characteristics form the basis of the call to a return to what many consider the beginnings of the field—*virtue ethics* (Ethics across the Curricula Committee, 2007; see also MacIntyre, 1981)—as practiced and taught in ancient Greece. (Modern Greeks, however, could do well to remember their roots and be practicing them.)

### Reclaiming Economics as Moral Philosophy

Honesty, justice and courtesy form moral philosophy which, associated with a mutual interest among people, constitute the foundation of ethics.

—NAEP Code of Ethics and Standards of Practice for Environmental Professionals

The story of how we reached our present ecological (and financial) crisis, too often inspired and guided by a limited understanding of economics, is a long and complicated one—but in many ways an old and familiar one: greed, overspending, risk to the point of gambling, extending more credit than needed or deserved.

All these are vices as old as humankind—decisions about the purpose of human activity, which have been asked since the beginning of time in all cultures. And, as is noted later, the purpose of the enterprise evolves around providing what we need. And this raises the fundamental questions driving moral philosophical inquiry:

- What is the *good* or *flourishing* life?
- What is it we, as individuals and as a society, need?
- How we get it?
- What do we value—what is worthwhile?
- What is our purpose?
- What are our goals?
- How do we achieve them—what work are we to do?

What if these are seen as *economic* questions?

As we experience our ongoing global economic and environmental crises, what if we are becoming aware that we must ultimately—again—face and address questions about the purpose of human activity that have been asked since the beginning of time in all cultures?

Would it make any difference if we reframed these fundamental questions to be specifically *economic* ones and not simply matters of individual and cultural freedom of choice? Since economics focuses so much attention on allocation of scarce resources, how can we account for a world of finite material resources and for production and consumption methods threatening every ecosystem?

What is different today is that these questions impact us all and are no longer only individual (micro) but macro choices affecting the common good—hence the “tragedy of the commons.”

These perennial *philosophical* questions can be seen as fundamentally *economic* questions as they bring to life the basic model of *supply and demand*. That is because, as each of us in cultures around the world plays a role in the unfolding story of the meaning of *wants* vs. *needs* we are impacting our economies and their resources: financial, natural, human, built (e.g., infrastructure and products), and cultural.

How might the present economic discipline and its attempt to be a natural science change if seen as a framework of moral reasoning to develop *narratives* of purpose, values, and goals? The impetus for this rethinking is, of course, the overwhelming evidence that the present understanding and practice of the capitalist model sweeping the globe is creating inequality and the overconsumption of material goods and causing the decline of every major ecosystem.

### Who Is Laughing Now?

In terms of our project, it is extraordinary to attempt to put Dr. Ostrom's work in historical context because of its significance, even beyond its refutation of the “Tragedy of the Commons.”



**Figure 1.** Picture from Nobel Prize website of George Stigler, Milton Friedman, and Elinor Ostrom.

This photo (Figure 1) from the Nobel website captures an important iconic statement—a virtual Mount Rushmore of American economic giants [missing only Paul Samuelson (1970 Nobel Prize), who popularized “maximizing behavior of agents”]—since George Stigler (1982 Nobel Prize) and Milton Friedman (1976 Nobel Prize) are leaders of the so-called Chicago school of economics (along with Paul Samuelson, 1970 Nobel Prize) that has done so much to publicize and at the same time contribute the concepts and rhetoric to polarize the society into the two camps: profits vs. social purpose. These dualisms can be seen as the cause inhibiting the progress of corporations and organizations working toward sustainable development. As already stated, that is driven by their basic assumption that the purpose of business is solely to *maximize return to shareholders*.

What we are working against is the world-famous so-called Chicago School, best exemplified by Milton Friedman’s famous remark: “There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (Friedman, 1970). He goes on to say that such drives for social responsibility in business are “pure and unadulterated socialism.”

George Stigler, another member of the Chicago School cadre of Nobel Laureates, has

stated over and over again the central importance of Adam Smith, father of economics, and his monumental—“granite foundation”—construct of the self-interest-seeking individual within a competitive environment (Stigler, 1982, esp. chaps. 12, 13).

Against that backdrop, the triumph of Ostrom’s work can be more clearly seen and appreciated.

### *Trust—Theory of Moral Sentiments*

The urgent need to loosen this profit-maximization, free-market grip on the discipline and reground and reconnect micro- and macroeconomics means we must return to economics’ original focus as a moral *philosophy*, articulated by Adam Smith, but breathtakingly narrowed by Stigler.

That would take us back to the beginning of the founding of modern economics by Adam Smith, holder of the chair of Moral Philosophy at University of Glasgow. Although he is famous for *Wealth of Nations*, his attempt to uncover the laws of how the economy worked, inspired by scientific discoveries as illustrated by the inquiries to determine the workings of the solar system, he first wrote *Theory of Moral Sentiments* (Smith, 1795).

The virtues of sympathy and concern for others is so important to Smith that he begins his *Theory of Moral Sentiments* with the opening sentence:

How selfish soever man may be supposed, there are evidently some principles in his nature which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. (Smith, 1759/1976, p. 9)

And he goes on to say in chapter 3 that “all the members of human society stand in need of each other’s assistance” (pp. 147ff.).

So what is at stake here is the move from individual liberty to an idea of how we all work and thrive together. And ecological issues present one of the best platforms of evidence to demonstrate how we all do need to work together. And then, Stigler is right, in *Wealth of Nations* Smith goes on

to cover individual self-interest, captured in this familiar phrase: “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest” [Smith, 1776/1981, p. 27 (I.ii.2)].

### *What Is the Model of Economics in Our Heads?*

At your next interdisciplinary team meeting, remember that every person in the room has an economic frame of reference held, explicitly or implicitly, regarding the purpose and place the project has in the scheme of things. As John Maynard Keynes (1964) said, concluding the masterful *General Theory*:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. (p. 383)

Consider the Friedman idea about the purpose of business. He was particularly clear about drawing a distinction between socialism and capitalism, claiming that anyone who would pursue a social conscience is preaching pure and unadulterated socialism. Sound familiar from today’s political debates? And let’s set aside for the moment the question of whether a corporation is a person and does have responsibilities as a citizen as Friedman declaims. (What would he think of the Citizens United decision affirming the personhood of the corporation.)

But, there is more to the story that he relates.

Here is the full, final sentence partially quoted from the aforementioned *New York Times* article: “In a free society there is one and only one social responsibility of business—to use its resources and engaging activities designed to increase its profits.” But he goes on to say, “So long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (Friedman, 1970). He is quoting directly from his book *Capitalism and Freedom* (1962).

However, if one reads the article carefully, one can see that he has a slightly different

statement of purpose at the start, where he begins the article about responsibility and then says,

A corporate executive is an employee of the owners of the business. He has tricked responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in the law and those embodied in *ethical custom* [my emphasis].

Ethical Custom?? Milton, what gives? That is quite a journey away from “open and free competition without deception and fraud.”

He continued to be strictly consistent on social responsibility: if you want some sort of social purpose in business you should pass a law . . . but “ethical custom”—that is, in the words of Smith, a “hinge upon which everything turned” (Smith, 1795, p. 22). Is this a perfect case of Smith’s description for taking big ideas from one field to another, bringing ethics to economics through the unlikely door of Milton Friedman’s economics?

Just what are our *ethical customs*? Well, for starters, in our country we have a long history of associations noted by Tocqueville and others. That is what Ostrom is proving once again. The associations she studied are between the free market and the state; hence the title of her Nobel acceptance speech: “Beyond Markets and States: Polycentric Governance of Complex Economic Systems” (Ostrom, 2009).<sup>3</sup>

### *Economics’ Attempt to Be a Natural Science*

Ask most people what they know or remember about economics from their college days, and they are likely to recite some variation on the concept about allocation of scarce resources to produce and distribute valuable commodities among different people.

In attempting to be scientific (like readers of this journal), economists search for laws to predict results, the hallmark of any natural science. Therefore, the economic

discipline has increasingly been driven by mathematics in developing such arcane formulas as marginal utility, incentives, monetary and fiscal policy, market dynamics, pricing policy, and various trade-off analyses.

### *What Went Wrong*

The fatal flaw, seen in the recent financial meltdown, is that the effort for economics to be a science is based on the assumption that market behavior is rational, driven by individual utility maximization, and can be explained mathematically. This approach was popularized by Paul Samuelson and led by Milton Friedman and the Chicago school of economics, which became a virtual production line of Nobel Laureates—until recently.

The discipline may be coming back to its roots.

Alfred Marshall, the father of neoclassical economics (orthodox microeconomics), who was known for his model building of the economy, realized that a better model for the economy was biology, suggesting a move from that machine model to the more organic model. Consider a cell or organism, and how it needs to relate to its environment. It is constantly *absorbing* data and *interpreting* it to determine a better way to engage the environment and help the ecosystem survive and thrive.

Keynes (1931) stated this perspective at the start of the Great Depression:

Today we have involved ourselves in a colossal muddle, having blundered in the control of a delicate machine, the workings of which we do not understand.” (p. 131)

If we change the word *machine* to *organism*, we better capture Keynes’s basic critique, following Marshall’s lead to model biology, which leads us to his alternative model of economics.

### *A Simple Primer: Economics as Moral Philosophy*

In criticism of his old teacher Marshall and his students at Cambridge, Keynes stated often that, while mathematical mod-

els were useful to stimulate thought, ultimately economics is a

branch of logic, a way of thinking . . . a moral science, not a natural science. That is to say, it employs introspection and judgments of value. (Keynes, 1938)<sup>4</sup>

To restate the aim of this essay: it is to see how we can rescue economics from its century-long attempt to be a natural science and determine the laws of scarce resource allocation, and put it to its original use as the practice of moral philosophy as a way to “better decision-making” that “thoughtfully considers the full implication of those decisions.”

### *Dr. Ostrom’s Research Again to the Rescue*

How might we “employ introspection and judgments of value”?

A clue is from Dr. Ostrom’s faculty profile on the Indiana University faculty website (<http://www.cogs.indiana.edu/people/homepages/ostrom.html>):

- How do we integrate the research findings in cognitive science into a workable set of models for exploring and explaining human choices in various institutional settings, including: social dilemmas, collective choice arenas, bureaucracies, and complex multitiered public economies?
- How do institutions generate the information that individuals need to make decisions?
- What biases or lack of biases are built into various ways of making collective decisions?
- How are diverse preferences exaggerated or modified by interaction within diverse institutional structures?

This is an admirable summary of the practice of what can be called a philosophy of science based on inquiry with the goal of determining what is a worthwhile life for the flourishing of all species and ecosystems. The process begins with a problem or doubt, not hard to find in the dramatic evidence of every part of our carbon-constrained, consumer economy—how we

live together and develop our human potential.

We have a rigorous, but often misunderstood method—*pragmatism*—America’s only unique contribution to the history of philosophy. (No, it’s not “whatever works” but a pursuit of the truth.) Practiced as economics/moral philosophy, pragmatism helps us make investment decisions to serve society’s needs—where we choose to invest our time, talent, attention, and, of course, financial resources—based on our values. It brings together the power of evidence (where science and economics are indispensable), the insight of philosophy to interpret the evidence, and a plan to put the conclusions into action and then learn. Ostrom’s research and what she found of how groups of people experimented to come to better decisions is a perfect example of pragmatic inquiry.

*Economics as a Bridge between the Social, Commercial, and the Physical Sciences*

We need to rebuild the economic framework as a practice of sustainable reasoning and inquiry. It can provide, as it has for decades, a way for students and practitioners from whatever major or specialization to bridge disciplines, especially schools of commerce, management, and business with the liberal arts and the sciences, in the pursuit of the goal of education: an informed, engaged citizen.

Market Economics

Recognize that total environmental management involves the consideration of

all environmental factors including technical, economical, ecological, and societal and their relationships.

—NAEP Guidance for Practice as an Environmental Professional

This remarkable NAEP statement could act as a summary of the emerging field of market economics. Whenever you mention relationships, it is helpful to consider marketing because that discipline deals with bringing buyers and sellers together.

In sustainability discussions, the focus so often is on the supply side—how things are made, where, and with what materials. Overlooked too often is the blazingly obvious statement about the purpose of the economics, which Keynes stated in *The General Theory of Employment, Interest and Money* (1964), one of the most important economics books of the 20th century: “All production is for the purpose of ultimately satisfying a consumer.” [It took him until chapter 5 to state that, however (p. 46)].

*What Do We Consume? (Ostrom and Ostrom, 1977; Ostrom, 2009)*

Ostrom has done us all, especially marketers, the huge favor of defining in one 2 × 2 chart (Table 1), all the goods and services we use/consume to give us the good life. All in some way contribute to our quality of life, but not all can be measured by the gross domestic product (GDP).

And all these goods in some way are connected to provide a way of life, in particular places, which we might call *commons* or *markets*.

*A Model for Markets: Where Do We Consume?*

What might the economy look like if it employed “introspection and judgment of values” as each of us decides how to participate in the economy as producers and buyers?

And the question can be driven even deeper. The key idea of the economy is to provide the things we *value* for a “flourishing life.”

Then you have some place of exchange, a *marketplace*, whether this is supermarket, mall, hospital, university, a city planner with developers, or any other place where two parties come together as a buyer who has a need and one as a provider who has a product or service to meet that need.

Figure 2 is a graphic representation of the economy which places the act of exchange at the center—and this means *all* areas of human activity—commercial, cultural, and civic. Such a graphic might be useful as a frame for the endless charts, tables, and graphs that proliferate economic discussions today.

What this suggests is to take economic language like “supply and demand” and connect these concepts with our work (supply) and our lifestyles (demand), driven by our vision and values. Then ask how our decisions play a role in the unfolding story of how each of us pursues the “good life” within the larger economic (“stewardship of the household”) contexts of society and the environment.

And we can take that “Point of Exchange” in Figure 1 as a *Market*—or what Ostrom

Table 1. Four types of goods and services

		Subtractability of use	
		High	Low
Difficulty of excluding potential beneficiaries	High	<i>Common-pool resources:</i> groundwater basins, lakes, irrigation systems, fisheries, forests, etc.	<i>Public goods:</i> peace and security of a community, national defense, knowledge, fire protection, weather forecasts, etc.
	Low	<i>Private goods:</i> food, clothing, vehicles, etc.	<i>Toll goods:</i> theaters, private clubs, day-care centers, etc.

Source: Adapted from Ostrom and Ostrom (1977, p. 24).

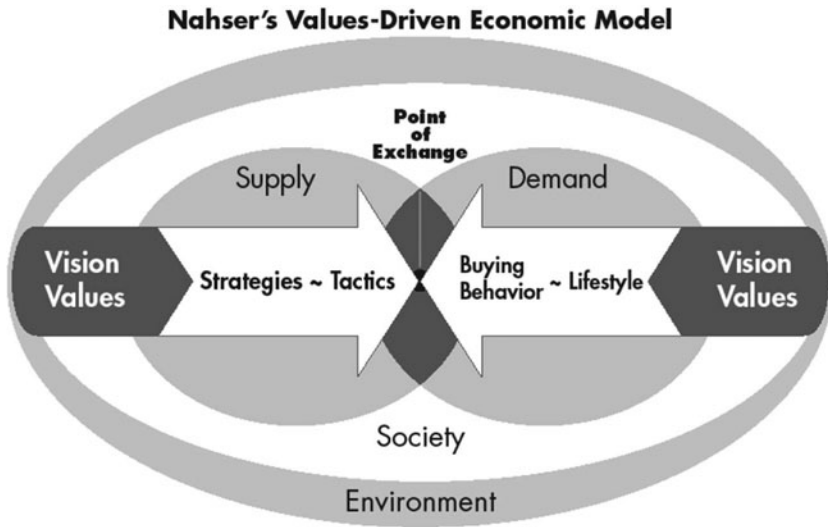


Figure 2. Economic model.

calls “Broader Contextual Variables” (Figure 3).

*Neighborhoods as Commons*

Here is an example of how to think about the commons as a market. Chicago, along with many other cities, has wrestled with the issue of what to do when Walmart wants to come to town. The case is usually a simple one in terms of the jobs and tax revenue that the big box will bring. Usually there’s talk about local merchants being

displaced, but the bargaining goes on and, more times than not, Walmart wins.

What might change if you considered the case from the perspective of the overall health of the community? Clearly, from Walmart’s perspective, their retail operation makes sense for their shareholders, and they always claim to bring lower-cost goods to consumers.

The study in a Chicago North Side neighborhood conducted by the Civic Econom-

ics of Austin and Chicago in cooperation with the Andersonville Chamber of Commerce and the Andersonville Development Corporation (*Andersonville Study of Retail Economics*, <http://www.andersonvillestudy.com/>) showed quite simply that the overall benefit to the neighborhood would be greater without Walmart than with it. The key economic case came down to this:

- For every \$100 in consumer spending with a local firm, \$68 remains in the Chicago economy.
- For every \$100 in consumer spending with the chain, \$43 remains in the Chicago economy.

That kind of information is decisive in communicating the case for strengthening the community. Which brings us to the fundamental importance of rhetoric—making the case.

Communication, Rhetoric, and Persuasion

Encourage public participation at the earliest feasible time in an open and productive atmosphere.

—NAEP Guidance for Practice as an Environmental Professional

**Microsituational and broader context of social dilemmas affects levels of trust and cooperation**

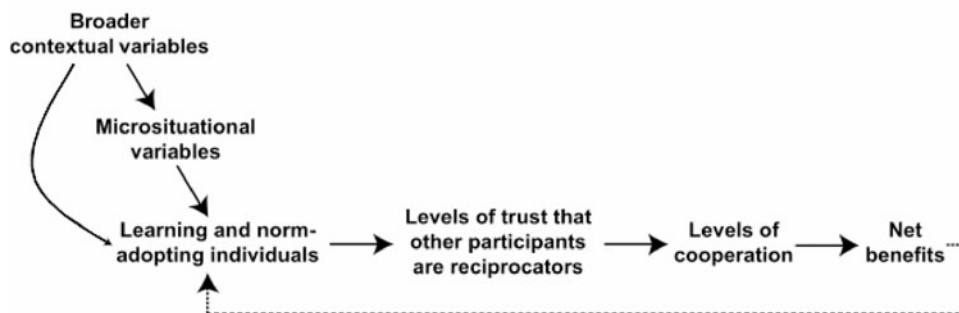


Figure 3. Microsituational and broader context of social dilemmas affects levels of trust and cooperation. Source: Poteete, Janssen, and Ostrom (2010: chap. 9).

In a recent issue of the journal of the NAEP, the authors begin with the famous quote from Aldo Leopold:

Conservation is a state of harmony between man and land. Despite nearly a century of propaganda, conservation still proceeds at a snails pace; progress still consists largely of letterhead pieties and convention oratory. On the back 40, he still slip two steps backward for each forward stride. (Leopold, quoted by Looney, 2011)

It is a familiar reality that still haunts us all as we consider the slow progress in furthering public understanding of the environmental crises that we face. Has it helped that we have introduced concepts of ecology, restoration, and sustainability? Yes, but the battle goes on and, if you have followed my foregoing argument about economics, the case can be considerably strengthened by using economics and its language as the frame.

Referring to cities and their surrounding regions/areas as markets, unlikely as it might seem, might be just the way to help. This will certainly help in making the economic case that we believe is the way to make ecological economics the bridge. The reason is that it would position the individual decisions of the free market within its rightful context. Bringing all four of Ostrom's types of goods and services together to make a community. Then we might make the case that people would care about their city. Urban planners and policy makers have been working on this for decades.

As you think about ways to further your practice and consider the often contentious discussion especially between our political parties (e.g., liberty vs. common good), remember how long and intractable these discussions have been. The commons as economic place might be one way to bridge the gaps.

### *Bringing Together Opposite Sides of the Economic Divide*

Of course, these ideas are not new, having been practiced every day by thoughtful leaders for millennia. Economists give us invaluable data, which has been put to good use. To take one favorite Chicago example, especially since we recently cel-

ebrated the 100th anniversary of the Burnham Plan, the sociological research done by Jane Lathrop and her associates at Hull House was essential in making the case for the Chicago Plan—and led to the foundation of the famous School of Sociology at Chicago—long separated from their School of Economics, however.

Often overlooked in our celebration of the Chicago plan was the major, multi-year effort to sell the Burnham Plan, complete with what were called lantern shows—the forerunners of PowerPoint. The Chicago Plan Commission created a booklet for eighth-grade students that was required reading in every school in Chicago: *Wacker's Manual for the Plan of Chicago*—and note the subtitle: *Municipal Economy* (Moody, 1915).

We need similar efforts today to bring all of our materials together to promote civic pride, advancement, and prosperous organizations.

A major step has been the introduction of concepts of ecology and sustainability, which we think would be further understanding beyond the older world of conservation.

### *Language, Rhetoric, and Communication*

#### *Economics*

If we believe in the power of language to help form mental models leading to action, then a simple place to begin comes from our foundational definition of the word: Greek: *economica*—meaning “stewardship of the household.” To consider just how dominate the term is, the discipline is new in Eastern thought, so in modern Chinese characters, *jing ji* 经济 translates immediately as “economics” to anyone who reads Chinese. The literal meaning of the full symbols 经济, however, is “weaving the social fabric and benefiting people.” Although economics has been practiced for at least 40 centuries in China, in embracing Western economic concepts the Chinese have lost the original expansion and depth of meaning.

We need to reclaim economics as the process of making investment decisions as

“managing our households” and “weaving the social fabric for the benefit of people.”

#### *The Teaching of Economics*

In a recent issue from the Academy of Management in Learning and Education is a report of a study conducted to test to hypotheses, two of which follow. Hypothesis 1: Increases in economics education will be associated with increasingly greedy action and increasing concerns for fairness. Hypothesis 2: Increases in economics education will be associated with increasingly positive perceptions of greed.

The study was to determine whether by subordinating considerations of the externalities of self-interested behavior, by crowding out the potential influences of affect, and by promoting beliefs that others are self-interested, this may provide people with assumptions, languages, and rationales that they can use to “self-justify their own greedy behavior.”

The conclusion was, in a word, yes: the studies proved their hypotheses (Wang, Malhotra, and Murnighan, 2011). This news is shocking but not new. That's why to restate the effort to bring economics and ethics together with sustainable development is so critical to the task at hand.

#### *Back to Language*

All this is by way of encouraging you to embrace economic models, language, and pragmatic reasoning to frame your work within the context of the common good and stewardship of our household. Remember the changes that have been made to make communication more difficult—“global warming” is now called “climate change”—and including all of the dualisms such as “liberty” vs. “common good” (Lehman, 2000, p. 100).

The result of bringing ethics and economics together may not win you a Nobel Prize in Economics—or Nobel Prize in Peace for that matter. But it just might convince a lot more people to see and appreciate your central value—in business, social, and ecological terms, and remind you to use your expertise as environmental professionals in



the service of the common good, from which we all benefit.

And, perhaps best of all, the economists you work with will learn a *lot* about sustainable development thinking and practice from you!

## Conclusion

It is their duty to interest themselves in public welfare, and be ready to apply their special knowledge for the benefit of mankind and their environment.

—NAEP Code of Ethics and Standards of Practice for Environmental Professionals

We often start and conclude leadership and strategy sessions, where we discuss the importance of values, with the simple idea that the most important person to engage in ethical conversation is oneself.

Thus, it is fitting to close this essay with the statement from the NAEP Code of Ethics, which moves from the individual to the general welfare. May your work as environmental professionals inspire every citizen to engage in this essential calling, a task of economic (“stewardship of the household”) sustainable development, and a way of life everyone on earth shares . . . in the commons.

## Notes

1. A good place for an overview of the field is DePaul University’s brochure (Ethics Across the Curricula Committee, 2007).
  2. Obviously, they don’t hand out Nobels for a study or two, so the range of Ostrom’s reports is vast. However, a good place to begin is with this clear overview of her work: the issues, the methodology, and the results. Also see her Nobel lecture (Ostrom, 2009).
  3. This is the best 28 minutes you can spend to learn about governing the Commons.
4. J.M. Keynes to R.F. Harrod, July 10, 1938; available at <http://economia.unipv.it/harrod/edition/editionstuff/rfh.34a.htm>.

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