

Which statement do you agree with most?

A. If Economic Growth is the cause of global environmental problems, then the solution is an economic model that slows global growth and pursue a sustainable economic model

B. Economic competition among nations and global population growth require a growth model of economic progress. There will always be a solution to environmental problems as market competition spurs advances in technology .

C. The poor of the earth suffer most from environmental degradation and climate change. The real problem is inequality and the power of the global corporations—devouring resources and degrading the environment for the benefit of the few and to the detriment of the many

Today's Menu

- Review of inequality in the US
- Global Commons
- Tragedy of the commons
- The causes: freedom + equal access + large group behavior + economic growth + finite earth
- Three tragedies: climate change, resource depletion, environmental degradation
- Mitigating the Tragedy: privatization, small groups (individual nations), green growth, central authority
- A critique from the equality perspective: Is Ruggie wrong?

Review:

- Globalization, its definition and effects from our three perspectives
- Globalization and inequality in the United States: Why is productivity increasing while wages are flat and their real buying power is decreasing? What is the cause of rising inequality in the United States?
- The Global competitive marketplace

Review: Why is inequality rising in the United States?

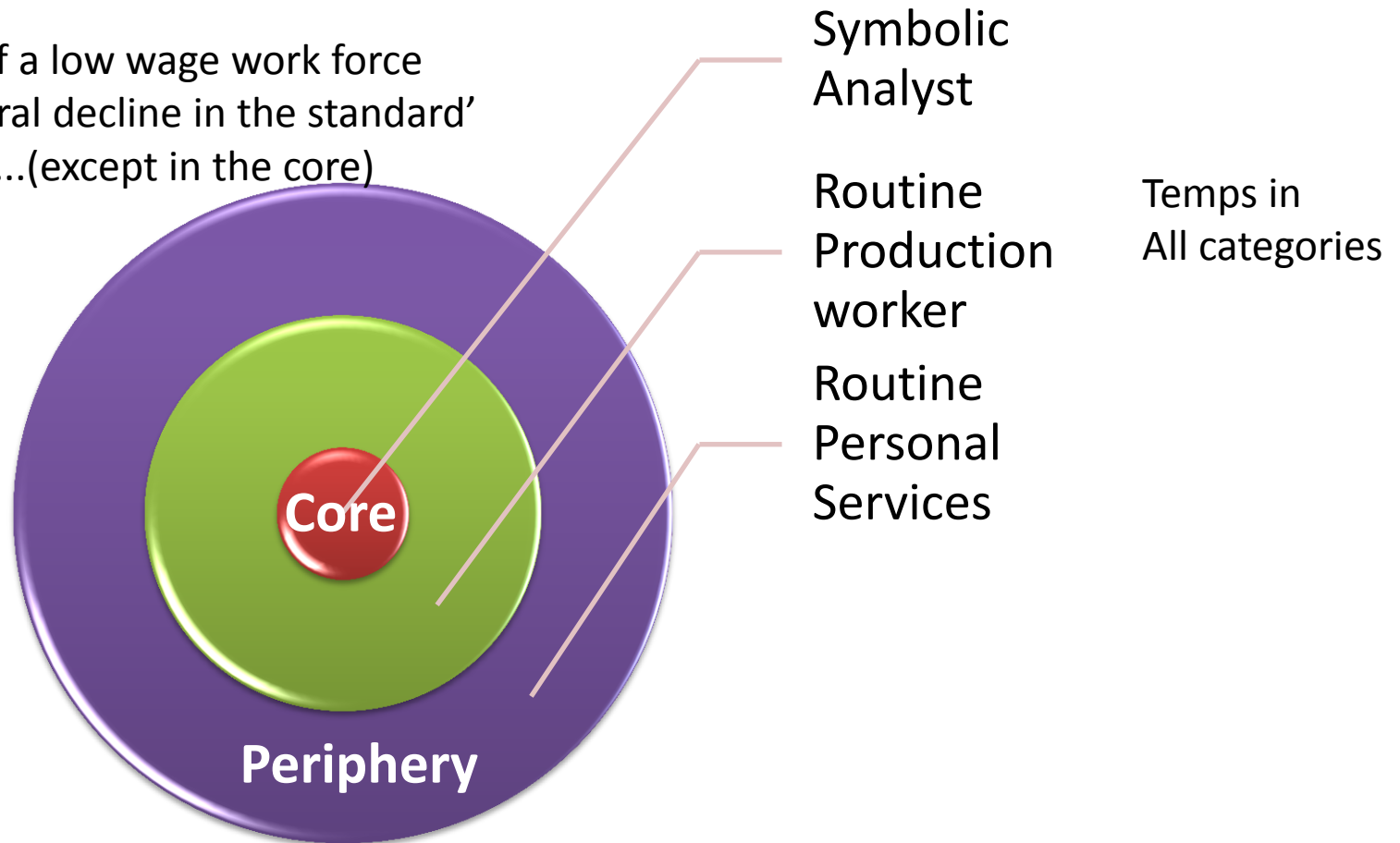
Three Categories of work.....

- work that delivers high level management services
Symbolic Analysts... highly competitive globally
- work that delivers routine production services **Routine Production Workers:** losing in global competition
- work that delivers routine personal services. **Routine Personal Service Workers:** lowest wage earners, losing jobs to former production workers and immigrants.

Three Categories of work

A New Core and Periphery in the US?

Growth of a low wage work force
And general decline in the standard'
Of living.....(except in the core)



Consequences and Explanations? A Radical Equality perspective....

- It is the nature of capitalism to push labor costs (wages) down as far as possible
- But this contradicts the necessity for capitalism to sell goods and services
- Low wages constrict consumption and eventually.....
- Produce crisis

Consequences and Explanations? For the Economic Nationalist.....

- Decline of National loyalty for the most competitive group..... (symbolic analysts)
- A loss of manufacturing jobs.....
- Loss of National Wealth
- Loss of National Power

Consequences and Explanations? For the Communitarian...Breakdown in Community and Class Interdependence

- Workers are coming to have different competitive positions in the global economy
- Less basis for community....

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Takeaways

1. Economic liberal on globalization: global growth, poverty reduction, growth in American productivity
2. Inequality is growing in the United States
3. Why? Because the International Labor Market means functional, not national competitiveness
4. Three Categories of Work: The Symbolic Analyst, the Routine Production Worker, The Routine Service Worker—each with different competitive position in the international economy
5. What are the consequences for the U.S.? Liberal, Distributive Justice, and Communitarian Perspectives

And now we turn to the political economy of the global environment.....

Globalization and the Tragedy of the Commons

"We destroy the beauty of the countryside because the unappropriated splendors of nature have no economic value. We are capable of shutting off the sun and the stars because they do not pay a dividend." --John Maynard Keynes

The Commons



Tragedy: Overgrazing (over use)



Why The Tragedy: Two reasons

1. Freedom + Equal Access

2. Large Group behavior



The Global “Commons”



Amazon rain forest: 20% of world's oxygen supply



Antarctica: 70% of world's fresh water



The sea: The “Common Heritage of Mankind”



Tragedy of the global commons



Why the tragedy?: Freedom + equal access + large group behavior + Growth Imperative is behind all theories of political economy

- *Belief that Nature has given us a “right of access” to the commons*
- Growth and freedom are intertwined
- Growth: the most engrained political and economic habit
- And the answer to any problem is expansion
- Why? Because it has worked.

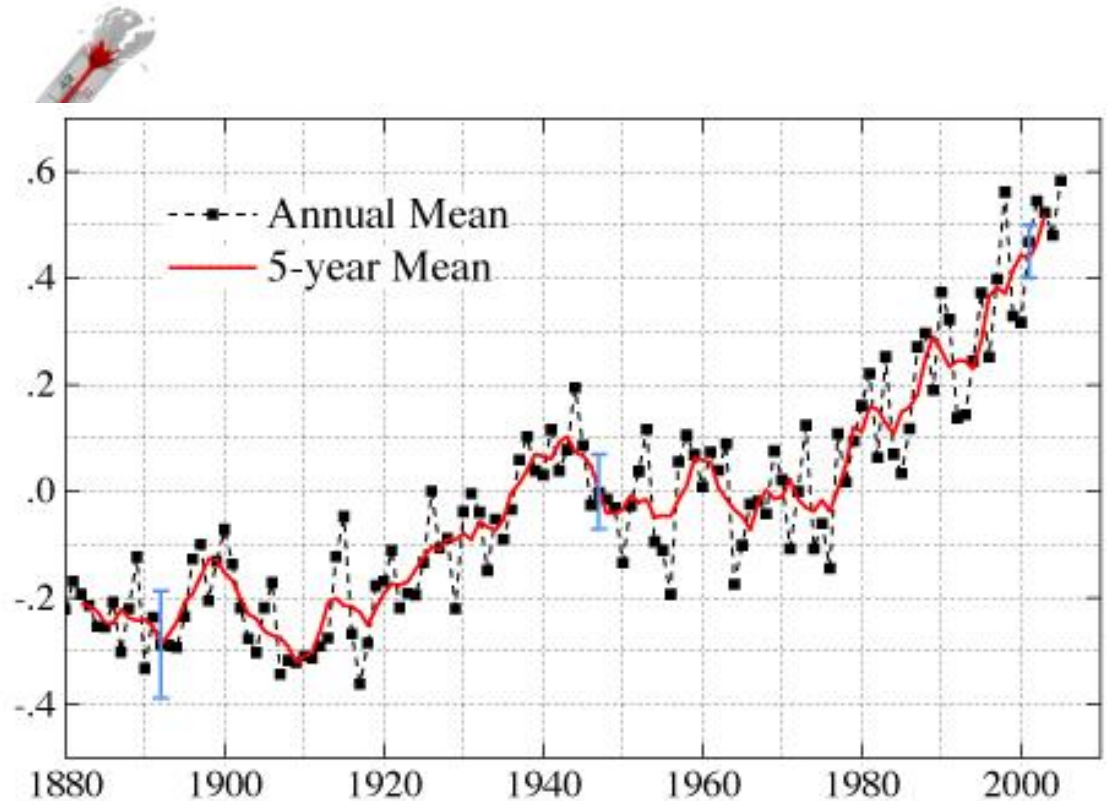
The Commons is finite and there are
limits to Growth



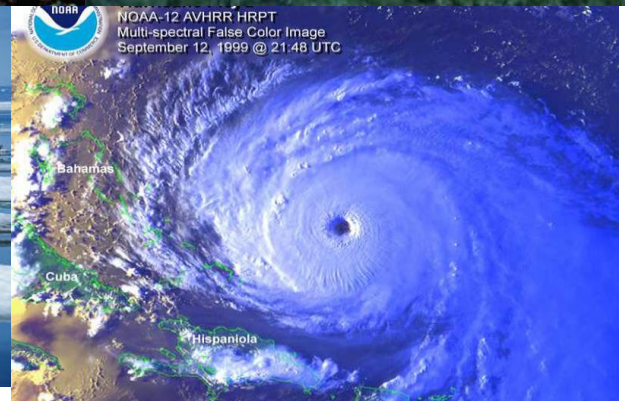
Three Tragedies (at least)

- Climate Change
 - How much warming
 - So what? Suboptimal outcome
- Resource Depletion
- Environmental Degradation

1. Climate Change: How much warming?

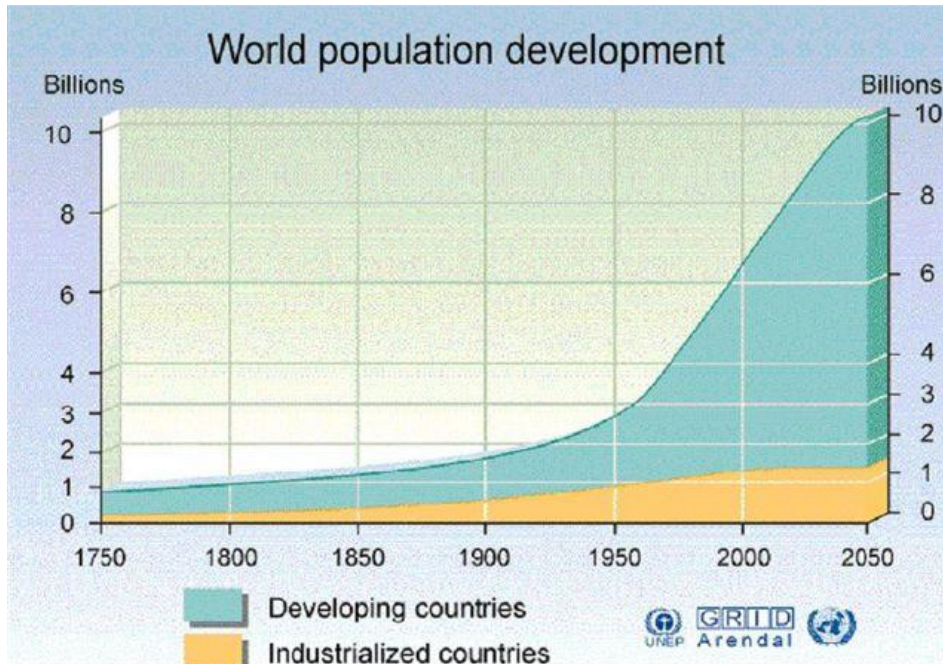


Because of climate change, the Consequences of Freedom + equal access are suboptimal

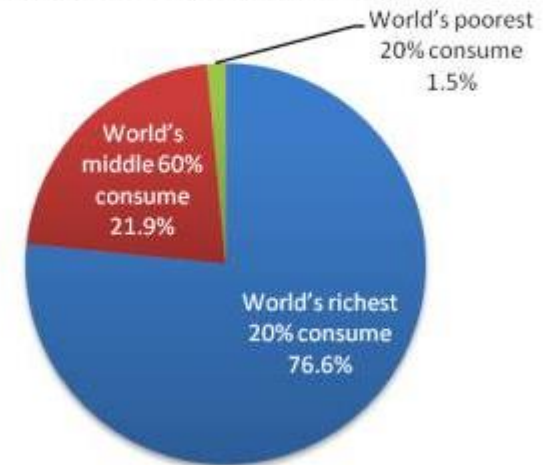


A Second Tragedy of the Commons: Resource depletion

Population growth or rise in resource consumption?

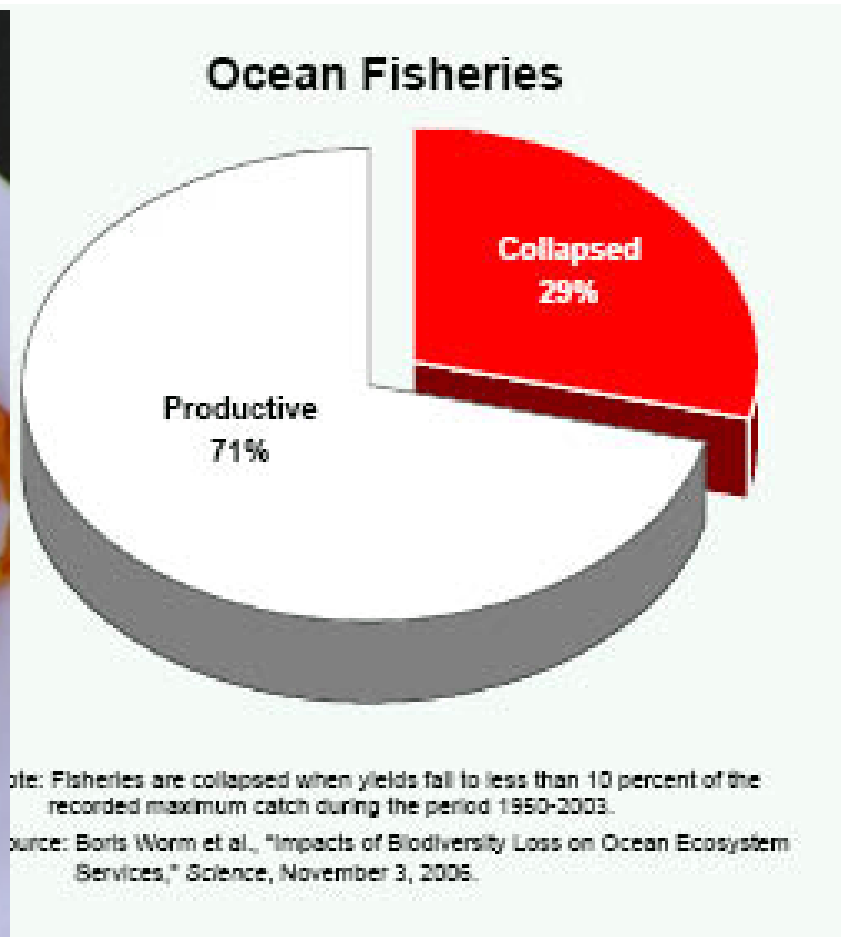


Share of world's private consumption, 2005



Source: World Bank Development Indicators 2005

Individual rational action → resource depletion...
example: Fisheries collapse



Third Tragedy: Environmental Degradation



How should the Tragedy of the commons be mitigated?

1. Liberal solution: Privatize
use the Coase Theorem
2. Community solution: small groups—national solutions?
3. liberal solution: green growth
4. embedded liberal solution;
central authority



A critique from the equality perspective

- Capitalist corporations are more powerful than governments when it comes to the environment
- And their behavior shows that Ruggie's discussion of the "social compact" may be flawed.
- Is Ruggie wrong?

Takeaways

- The World is experiencing a tragedy of the global commons
- The causes: freedom + equal access + large group behavior + economic growth + finite earth
- Three tragedies: climate change, resource depletion, environmental degradation
- Mitigating the Tragedy: privatization, small groups, green growth, central authority
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The End

