

July 2010

Ulf Dahlsten

Centre for Philosophy of Natural and Social Sciences
London School of Economics

MARKET ECONOMY, DEMOCRACY and HUMAN NATURE

On the societal systems and their governance

The opinions expressed in this study are those of the author and do not necessarily reflect the views of the European Commission. No inferences should be drawn from this document as to the form or content of future measures to be submitted by the Commission.

BACKGROUND

This study about "Market Economy, Democracy and Human Nature" has been conducted at the Centre for Philosophy in Natural and Social Sciences at London School of Economics during my recent leave of absence from the Commission. It consists of mainly two parts: An analysis, including an investigation into contemporary research of human nature, and proposals based on the findings in the analysis. The study concerns issues of relevance for the work of the Commission, but the reasoning and the proposals are my own and are in no way to be seen as official positions of the Commission or to have been endorsed by the Commission.

That the Rational Man is a twentieth century myth is increasingly recognized. More and more decision-makers are waking up to the fact that we human beings are inconsistent and that the way we respond in a given situation is depending upon the involvement of both conscious and subconscious processes, which may or may not be aligned. The way we act is person- and context-sensitive.

This study is concerned with what lessons we should learn from this evolving knowledge around human nature when it comes to governance of the global market economy and democratic nation-states. After the study was completed I learned of a similar study commissioned by the UK Institute for Government called "MindSpace. Influencing behaviour through public policy"¹. The similarities between the two studies in the understanding of contemporary research in human nature are striking. The studies are complementary as the latter study is dealing with policy implications, while this study mainly addresses governance issues.

A third area of consequence is economic modelling. The models often used by the political economists are built upon simplified assumptions around human responses. Contemporary research on human nature shows that the way individuals and groups of individuals can be expected to respond in different situations is much more complex than those models take into account. Other research areas that have faced a similar multifaceted reality have started to construct complex models of the world based on empirical data. It has taken time and a lot of effort, but the exercises have been rewarding as the modelling has enabled e.g. meteorologists, particle physicists and brain researchers to better understand and predict weather, the existence of undiscovered quarks and human behaviour. However, this direction of economic research is in its infancy and it will take five to ten years to develop. This study argues the case for developed governance of the global market economy that tackles urgent issues sooner rather than later as well as for a strengthening of the vulnerable democratic systems.

Finally, I would like to acknowledge valuable comments and inputs from Professors Ivana Markova, Bo Rothstein, Daniel Tarschys and Nils-Goran Olve. A special thanks to Professor Nancy Cartwright at the Centre for Philosophy of Natural and Social Sciences for her support.

London in July 2010

Ulf Dahlsten

¹<http://www.instituteforgovernment.org.uk/images/files/MINDSPACE-full.pdf>

TABLE OF CONTENT

I.	INTRODUCTION	5
 Part 1 ANALYSIS		
II.	THE UNDERSTANDING OF HUMAN NATURE	14
1.	THE PERCEPTION OF MAN IN PHILOSOPHY	15
2.	A NATURALISTIC APPROACH	20
3.	A MULTIDIMENSIONAL UNDERSTANDING OF HUMAN NATURE	22
4.	THE CONSCIOUS AND SUBCONSCIOUS SELVES	23
5.	WHICH FEATURES ARE INNATE?	36
6.	THE MOST IMPORTANT “DRIVERS”	40
7.	ALIGNING THE CONSCIOUS AND SUBCONSCIOUS SELVES	42
8.	THE CULTURAL AND ECOLOGICAL CONTEXT	50
9.	KEY FINDINGS	51
III.	THE NATION-STATE AND THE MARKET ECONOMY – TWO SOCIETAL SYSTEMS	56
1.	THE NATION-STATE – A SOCIETAL SYSTEM	59
2.	THE MARKET ECONOMY – A SEPARATE SOCIETAL SYSTEM	64
IV.	ON VALUES AND LEGITIMACY	68
1.	SHARING VALUES	71
2.	BELIEF IN REASON AND SCIENCE	74
3.	LIBERTY, SECURITY AND PRIVACY	77
4.	RECONCILIATION OF THE VALUE EQUALITY	85
5.	THE DEVELOPMENT OF DEMOCRACY	90
6.	GUARDIANSHIP – AN ALTERNATIVE OR COMPLEMENT	97
7.	REPUBLICANISM	100
8.	THE LEGITIMACY OF MODERN DEMOCRACIES	101

9. THE LEGITIMACY OF THE GLOBAL MARKET ECONOMY	105
--	-----

Part 2 POSSIBLE WAYS TO IMPROVE THE SOCIETAL SYSTEMS AND THEIR GOVERNANCE

V. REFLECTIONS	121
VI. WORLD MARKET GOVERNANCE	126
1. WORLD MARKET CHARTER	127
2. A LEGISLATIVE ASSEMBLY	128
3. WORLD MARKET ORGANIZATION	130
4. AN INDEPENDENT JUDICIARY	130
5. THE SCOPE OF WORLD MARKET GOVERNANCE	130
VII. STRENGTHENING DEMOCRACY	136
1. PERSONAL ACCOUNTABILITY	137
2. STRENGTHEN THE VALUE-BASE	138
3. RESTORE A PRIVATE SPHERE	145
4. WORLD DEMOCRACY ORGANIZATION	148
VIII. A PUBLIC INFORMATION SPACE	151
1. THE POWER OF INFORMATION	152
2. PUBLIC SERVICES MEDIA	157
3. GLOBAL VIRTUAL RESEARCH COMMUNITIES	159
IX. THE RULE OF LAW	162
1. INDEPENDENCE	165
2. THE AUTHORITY OF THE COURTS	166
3. SEPARATE MINISTERS FOR POLICING AND THE JUDICIARY	167
4. STRENGTHEN INTERNATIONAL LAW	167
X. THE WAY FORWARD	168
APPENDIX: THE MYTH OF THE RATIONAL MAN	170

I. INTRODUCTION

The main message of this study is that contemporary research into human nature is offering an invaluable source of insight to those who want a new perspective on the affairs of the world. The old philosophers saw man as a complex being with conflicting features. So did the founders of the liberal revolution. Thomas Hobbes, John Locke, Adam Smith and Nicolas de Condorcet had different perspectives of man, but they all perceived him to be as much driven by desires, values or the need for recognition as by reason. It was not until a little more than a hundred years ago that the idea that there is a "hidden variable" in man's actions, that he without always being aware of it, is making rational choices, started to spread. The idea was generally adopted by political economists and influenced the political right and the libertarian philosopher Robert Nozick. But it found its way also into the new left. Karl Marx saw a scientifically reasoning man implementing his society of dreams. The leading left-leaning political philosopher of the twentieth century, John Rawls, based his Social Justice Theory on a reasoning rational man. The faulty idea of a rational, utility-maximising autonomous individual, which dominated the thinking of the twentieth century, influenced and partly misled political and economic decision-makers of the period.

This study suggests an alternative analysis to the benefit of all those that have a generally centrist political view and find themselves stuck between two partly obsolete world views. A more accurate interpretation of human nature based on contemporary findings can help them going forward and inspire ideas on how to improve policies and existing societal systems so that they can more efficiently respond to the challenges of the twenty-first century. In this study I will leave the policies aside and concentrate on ways to improve the governance of the societal systems and their institutions.

There reason why the misperceptions around human behaviour were allowed to influence decision-makers during the former century the way they did was clearly not a lack of research focusing on human nature. During the last century researchers already started to gather evidence about how complex we human beings are and how we can be unduly influenced to take irrational decisions. This knowledge has been increasingly used when developing marketing strategies and political campaigns. Many economic and political scientists and intellectuals have also taken stock of the results of the research into human nature. The economist Herbert Simon wrote sceptically of the rational man. The Nobel Prize winner in Economy, Gary S Becker, found behaviours that cannot be explained by pure self-interest. The economists Amos Tversky's and Daniel Kahneman's research supported the psychologists' findings around biases. The Nobel Prize Winner Amartya Sen, in a debate with John Rawls, criticised the assumptions around man's rationality that Rawls made in his famous work on Social Justice. The writer David Brooks and, another Nobel Prize winner, Paul Krugman have in different ways tried to expose man's irrationality and inconsistency.

There may be several views on why the objections to the Rational Man theory have been met with resistance from many mainstream economic and political scientists. One reason may be a

perception of necessity. The economists developed new mathematical tools for predictions during the twentieth century and to use them they needed a simplified model of man; the forecasts, which those models have offered, have also often been reasonably adequate. Some have pointed to a certain fascination among social scientists with these new tools. This mostly "practical" commitment to the Rational Man theory is now faltering as the latest crisis has shown the shortcomings of the models and as new mathematical tools in the form of e.g. agent-based complex models are starting to be possible to develop.

Another explanation is focusing on the emotional commitment by many scientists to the results of the research, especially the claim that the market economy, if all actors are rational, will produce a result that will benefit everyone. In short - that one person's greed automatically will put the bread on another person's table. This belief solves a moral dilemma and it allows leading actors, such as the Chief Executive of Goldman Sachs Lloyd Blankfein², to continue to insist that the financial wizards are "doing God's work". To believe that you are on the side of the good is a strong motivator, and it gives a clear incentive, especially for those involved in the financial markets, to keep the "Myth of the Rational Man" alive. However, those views are more and more uncommon. There is a growing understanding among economists and political scientists that the Rational Man Theory is describing the world in an incomplete way. In the Appendix, I argue why man cannot be expected to always act rationally.

The main purpose of this study is, however, to take a step further. It is not to my mind enough to reject the idea of the Rational Man; it is time to start discussing an alternative interpretation of human nature and to draw conclusions from that interpretation. If man is not always rational, what is he then? Which features of the complex human nature are the most important to take into account when discussing how we organize our societies? It is a question that has intrigued me for quite some time. In my search for answers I have benefitted from my position as Research Associate at the Centre for Philosophy in Natural and Social Sciences at London School of Economics. I have also profited from the experience of more than twenty years in the heart of governmental and European affairs and of some twenty years as leader of traditional as well as entrepreneurial large and international companies.

In the early years of the new century, I started to learn about and reflect upon the role of subconscious processes, trying to develop an 'epistemology', a theory of knowledge, describing those processes, and looking for confirmation. Some evidence was found but the verifications that supported a more coherent interpretation were relatively scarce. My search was interrupted when I spent some years working for the European Commission in Brussels. In 2008 I took up the issue again and this time I found it quite easy to come across evidence. The research around human cognition and the influence on human nature of a brain developed in layers has exploded.³ New facts are uncovered every day, some theories are vindicated, other rejected, but the results seem to be more and more consistent, giving me the confidence

² In an interview in The Sunday Times of London as late as in November 2009.

³ 2001 you got 53 hits when you searched on 'social cognitive neuroscience' on the net, today you get more than a million. David Brooks, DN, 28 october 2009

that the conclusions I have started to draw are reasonably well supported, even if it is likely that some of them will have to be revised as the research evolves. The researchers have especially uncovered how important subconscious processes are in most of the human decision-making. Those processes that will be discussed in chapter II are fundamentally different from those of the conscious reasoning. They ‘short-cut’, use stereotypes and work in a different way to the conscious processes. The conscious and subconscious processes often work in concert; sometimes conscious reasoning is activated, sometimes blocked. This is important to recognize as the subconscious decisions can be partly based on other values and desires than those we hold consciously. Values and desires are generally acquired and influenced by the cultural environment, in which we grow up, but not all values are easily internalized in a way that affects the subconscious processes and not all subconscious desires are accepted consciously. The conclusion we draw or the action we take is thus dependent on the complex interplay of the conscious and subconscious processes, giving the issue of ‘rationality’ a whole new perspective.

While democracy in theory demands that we take reasoned, conscious decisions, the market economy makes no such demands. We are every hour of the day acting on the market, making thousands and thousands of decisions, which we have to take on ‘the spot’. In our daily life we are therefore predominantly on ‘auto-pilot’, making most of our decisions subconsciously, as nothing else would be possible. The market economy and democracy are thus relating to partly different human features.

The fact that we are inconsistent and can reach decisions, when acting on ‘auto-pilot’, which we should not have reached if we had time to reason consciously, may lead to an internal feeling of discomfort. Luckily enough we have strong self-justification processes to explain away any such dissonance between the conscious and subconscious beliefs and actions. Those processes protect the self-esteem, another very important aspect of our human nature. The struggle for recognition by others and the need to uphold the self-esteem are as vital drivers of man as the desires and the values. That struggle is not taking place in a vacuum; it is affected by the context; we may have been manipulated or intimidated, influenced by authority or fear. If we are expected to always take ‘rational’, reasoned decisions the conditions thus have to be ideal. This makes democracy, which is expected to give an evidence-based and impartial output, a more vulnerable system than the market economy. In chapter II an interpretation of human nature will be presented that highlights features of special interest for the task at hand.

The next step is to try to apply this interpretation of human nature. It can be done in principally two ways: Either one can start from ‘scratch’, a theoretical ‘state of nature’, as done by many philosophers - Thomas Hobbes, John Locke, Robert Nozick, to mention a few - and try to build an ideal societal system, independent of existing systems. Or one can start from the existing societal order and look for ways to improve it. It is the second approach that has been chosen here. It is deemed to be the most sensible as it offers an analysis of the situation, which can be helpful to the current generation of politicians and economists. What they need is above all to improve the systemic tools that are available to them in order to address the global and domestic challenges. To invent a totally new societal order would be a

purely academic exercise with little practical interest to them. One starting point for this analysis, besides the interpretation of human nature, is thus that we have a global market economy and that we have nation-states with many different forms of governance.

Mainstream political theory sees a liberal society divided into a political system, a ‘polity’, and a civil society. The market economy is in this theory seen as part of the civil society, not as a societal system in itself. In chapter II I challenge this perception. I argue that the market economy is linked to partly different human features than the modern ‘polity’ governance. The economic conditions have also changed. While ‘polity’ is mainly based on nation-states or the like, the market economy has grown into a global system that is rather independent of these states.

The idea that there can be only one political system, one homogenous ‘polity’, has in practice been abandoned for quite a while. Nation-states have been broken up into societal systems on different levels that are increasingly independent of one another - city administrations, regions and the like. The nation-states have also joined federations, and bodies with substantial independent power, even legislative power, such as the European Union. Political power is in practice already exercised on many different levels at the same time. To regard the global market economy as a societal system that needs its own governance would in practice not be anything completely new. Many financial decisions have already been “broken out” from the decision-making by the nation-states’ officials and put under the governance of independent central bankers. And there are already also global bodies such as the World Trade Organization and the International Monetary Fund with their own decision-making capabilities.

There can in principle be only one *constitutional* level, which in today's world usually is the nation-state. It has sovereignty and is more often than not defining citizenship. The constitutional level has the possibility to give other societal systems legislative and judiciary powers, and that is what has happened. Nation-states have given such powers to other societal systems such as regions and cities through law and to international institutions like the European Union and the World Trade Organisation through treaties.

The market economy is on the other hand a ‘bottom-up’ system that is based on competition. It is a competition between individuals but also between organizations, companies, and between geographical areas. In the market economy each one of us takes on several different roles, as producers, traders and consumers, as land-owners, entrepreneurs and innovators, as employers and employees. Some of those roles are more powerful than others. A consequence is that in successful market economies there will always exist a group that is more prosperous than the ‘ordinary’ man and that has the vested interest to control the markets on its own. The conflict of interests between those ‘few’ and the ‘many’ has for a long time been possible to play out within national borders and the democratic order has been a way of solving many clashes. This way of resolution is now at the end of the road. The increasingly global character of the market economy has made the ability of nation-states to play the role of final

arbitrators of interests increasingly difficult, and as a result the public support for the national political institutions has waned.

It is in my view time to discuss whether we would not be better off to accept that the global market economy has grown into a societal system in its own right.

In chapter II I propose a couple of criteria that would define a *societal system*. One is that there is no opt-out. There are many social organizations that are important to us but the membership is voluntary. You can leave a church or a sports organization, but you cannot in practice be without citizenship or leave the market economy. Another criterion is that a societal system has coercive powers, i.e. has the possibility to induce harm without a possibility for the individual to retaliate. That the nation-state has such a power is obvious, but the latest financial crisis shows that the market economy as a system has that power too. A third criterion is that a societal system should have a well defined geographical reach. This is true for the nation-states, but also for the market economy as its reach is global. The nation-state has a special constitutional role, but it makes sense to regard the global market economy as a separate societal system, although dependent on the nation-states for any legislative or judiciary powers. The global market economy is also a *justified societal system*, meaning that it is central to the life, health and property of people.

That a societal system is justified does not automatically make it *legitimate*. What decides if a justified societal system is legitimate is, with the terminology I use, if it has a structure and/or governance that ensures an outcome that is defensible to most people given shared values. How these shared values should be defined is not an easy proposition. In chapter IV I discuss the Western value heritage that is inspired partly by the Enlightenment and partly by religious beliefs. The values liberty, fairness, equality, security and belief in reason and science as cornerstones in liberal societies are highlighted, but I note that several of these values are under attack. Creationists question the findings of science, and liberty has sometimes been forced to give way to security in the case of privacy. Equality is also a value with many interpretations of which some are difficult to internalize, given the nature of man. The Western democracies would have been stronger if these basic values were more widely shared, but in chapter IV, after a discussion of the alternatives, I reach the conclusion that our democracies with all their shortcomings have to be deemed as reasonably legitimate.

The legitimacy of the global market economy is more questionable. There are economists that claim that there is an intrinsic structure in the market economy that assures an outcome that is legitimate. In chapter IV, I will argue why there is no such intrinsic structure that ensures an outcome in line with shared values. As there is also a lack of relevant governance the system has a debatable legitimacy today, in my view.

The question is what a proper model for governing should look like that would make the system more legitimate. The reasoning does not necessarily have to follow the same path as the deliberations around the legitimacy of the democratic nation-states. We expect to be treated as equals, as equally valuable ends in ourselves, when going to the ballot box or

standing in front of a judge. But it seems that we as humans are prepared to accept that we, at least to a certain degree, are treated as means in the market place, as production factors, and thus not of equal value - when we believe that to be the best way to meet our desires. I present evidence in support for that claim in chapter IV. There are conditions: We accept that others get more recognition, get more of their desires met, but only as long as we are treated with sufficient respect, are given sufficient recognition and can strive to maximize the fulfilment of our own desires. We are implicitly accepting the existence of the 'few' and their central role in the market economy. My conclusion is that the governance of the global market economy has to be acceptable both to the 'many' and to the 'few'. It is a conclusion that has to be put into perspective. There is a lack of governance of the global market economy today, and the governance that exists has mainly the character of guardianship that leaves the decision-making in the sole hands of experts and to a certain extent excludes the 'many' from the decision process.

The global market economy system and the system of nation-states thus have different objectives, different justification and reaches. The systems overlap and are mutually dependent, but they are also in conflict. There is more to the difference than checks and balances. The legitimacy of the different systems and how the conflict between them is solved strongly influences the legitimacy of the societal governance order as such. If the conditions are right the conflict can to my mind be turned into *a constructive conflict*.

Having got this far I have tried to apply those building blocks, i.e. the interpretation of human nature and the analysis of the societal systems that has followed upon this interpretation. The next chapters table ideas on how the findings can be implemented so that the systems can meet the challenges of the 21st century better. Those chapters have the character of *social engineering*. The proposed approaches are *evolutionary*, which means that they aim at identifying possible improvements of existing systems as new knowledge is uncovered and the conditions are changing.

There is a growing feeling among the new generation of politicians that neither the Political Right nor the Political Left of the twentieth century are offering analysis that will help them solve the challenges of the twenty-first century. More and more political parties in the Western world are positioning themselves as centre-right or centre-left. They are trying, in a pragmatic way, to benefit from ideas both from the "old" Right and from the "old" Left. In the best of cases they can gain support both from Right and Left, but often they find themselves under attack from both sides, while struggling to find workable solutions. If this is a challenge domestically it has been shown to be an even larger challenge on the global scene. The centrist politicians have increasingly found it necessary to distance themselves from the ideological inheritance to create the necessary space for action. Many centre-right politicians have begun to publicly question the idea that the market economy should be left to self-regulation. The Conservatives in e.g. Denmark, France, Sweden and now the UK have all adopted a more pragmatic stance. The French President Nicholas Sarkozy⁴ has started to talk

⁴ See e.g. his opening speech at the World Economic Forum in Davos, January 2010.

about the need for a “Moral Capitalism” and called upon global regulations of the market economy not only in the field of finance and trade but also in areas such as environment and health. Similar discussions can be found within the centre-left. Many politicians that see themselves as centre-left are just as aware as many that belong to the centre-right that they have to find new ways forward in order to address the present challenges. They are also distancing themselves from the historic baggage, speaking less of socialism and more about an expanded democracy, less about benefits and more about incentives for work and entrepreneurship. They are just as their colleagues in the centre-right looking for pragmatic solutions and feasible ways forward.

The social engineering efforts of the last chapters should be seen in this perspective. The focus is thus on trying to identify pragmatic ways forward on which common ground can be built, and to point to possible improvements of the governance of the global market economy and the Western democratic states. While the aim has been to identify problems that are of systemic and organizational nature, many of the perceived problems are above all of policy nature; there may simply be different views on the seriousness of the problems and how to tackle them. If you believe that the market economy is best left unregulated you are to be expected to oppose any form of governance. If you do not think that environment is anything you should care about and feel no responsibility towards future generations you are prone to reject any system that is supposed to address such issues. If you do not believe that all people have the right to a say in matters of importance you may object to any proposals that gives power to anyone outside the circle of entrusted experts.

There is thus an implicit policy connection to the systemic ideas offered here. They are linked to a generally centrist political sphere and shared key “Enlightenment” values. The most important policy assumption is that the present generation has a responsibility also towards nature and to future generations. Another is that peaceful deliberations are to be preferred to resolutions by way of war. A third is that our own happiness should not be deliberately built upon other people’s misery.

It has also to be realized that there is no such thing as the perfect solution, the perfect system, or the perfect world order. There are only “good-enough-ideas” fitting a certain situation, a certain period of time. The world is too complex; man is too complex; in addition the pre-conditions are changing too fast for any solution to be final.

The controversial conclusion that the global market economy is better treated as a separate societal system, although interlinked with the system of nation states, is followed by a concrete proposal for separate governance, *World Market Governance*. In chapter VI it is discussed how such governance could come about. The first objective would be to develop a *World Market Charter*, focusing on objectives, scope, and institutions. The next step is to establish a *legislative assembly*, an executive body, a *World Market Organization* and a system of courts and prosecutors with a *World Market Court* as the ultimate interpreter of the market laws. The governance is inspired by democratic, but also by republican ideas.

The arguments behind this proposal are in short that

- a) the market economy relates to partly different human features than the democratic nation-states ,
- b) the market economy already has a global reach,
- c) the global market economy is in urgent need of a robust regulation,
- d) a global democratic world order seems to be an unrealistic dream. Democracy is a vulnerable governance system that is dependent on a number of preconditions of which many are missing or feeble in the global landscape. There is also a return of autocracy in many parts of the world,
- e) there are already existing global institutions such as WTO and IMF that regulate some of the market condition and on which World Market Governance can be built, and, finally,
- f) the implementation of a World Market legislation could be made relatively independent of corrupt national leaders and failed states.

The weaknesses of the Western democracies are discussed in chapter VII. There is a need to *strengthen the democracies* based on a better understanding of human nature. A number of ideas are floated, among them clearer personal accountability, strengthening of the common value-base, restoring trust in reason and science, the right to a private sphere, a World Democracy Organization. To what extent it is possible to implement the ideas can be debated. There are strong forces and opposing interests that have to be overcome. It is not in everyone's interest that the democracies become more efficient. The proposals have in general a short-coming. They may if they are implemented strengthen the democracies, but they may not necessarily restore the public faith in the institutions, especially as the nation-states as such have little influence on the functioning of the global market economy. In chapter VIII the need for a *public information space* that supports an enlightened, free debate is discussed. How to strengthen *the rule of law* (chapter IX) and make the Judiciary more independent of the partisan politics and less easy to intimidate is another challenge. Finally, in the last chapter of the study I reflect upon the way forward and I recognize that the faulty perceptions around human nature, which have dominated the thinking during the twentieth century, are still partly blocking discussions around both systems and policies. Numerous attempts made to introduce new structures have led nowhere, or, in the best of cases, a very short step forward. The urgent need to stabilize the global financial system may make more influential actors interested in e.g. the idea of Global Market Governance, but it is difficult to see how the necessary changes can be initiated from within the existing order without the support of a broader analysis and debate.

Part 1 ANALYSIS

II. THE UNDERSTANDING OF HUMAN NATURE

All political philosophy including economic theory, and not just our modern thinking, has been more or less deductively leaning on perceptions of what it is to be human and of human behaviour. Philosophers expect people to respond in one way or the other to the different elements of their reasoned, often idealised, systems and the governance that is implied, and the effectiveness of any such system is dependent on the possibility to predict the human responses. Earlier generations of political scientists and philosophers have, however, by necessity had, explicitly or implicitly, to base their reasoning on an intuitive understanding of the human nature and on simple models; the human brain is very complex and the ability to scientifically study it has been very limited until now. The philosopher Francis Fukuyama describes the temporality of the philosophies underlying the modern Western societies, and their dependence on a perception of human nature, in the following way:

“Contemporary liberal democracies did not emerge out of the shadowy mist of tradition...they were deliberately created by human beings *at a definite point of time, on the basis of a certain theoretical understanding of man (my italic)* and of the appropriate political institutions that should govern human society.”⁵

Researchers now know much more about how the brain works and how and why we humans act and behave the way we do. The research is still in early phases and the knowledge is far from complete. While some old questions have been answered and many features have been better understood, new horizons are at the same time opening up and new challenges are discovered. There is fantastic progress under way, thanks not least to the fact that there is a growing and very fruitful cooperation between scientists from all fields; psychiatrists, psychologists, physicists, neuroscientists and philosophers are learning in a constructive way from one another.

As knowledge is amassed at an impressive speed no overview of this complex area of research can be complete or final. The understanding of the progress made so far that will be presented here only relates to features that have been deemed interesting in this specific inquiry. They are based on my interpretation of the accounts that have been made accessible by scientists of the field. The paper aims not at giving definite answers but at introducing a way of thinking that should be challenged by anyone who can contribute with deeper and emerging knowledge. It is part of the naturalistic approach that the governance systems should be under constant evolution and that they from time to time should be tested against emerging well-founded scientific knowledge.

The progress should also be put into perspective. The new findings have not always added to our understanding, but rather vindicated some ways of thinking about human nature and weakened other, less substantiated, views.

⁵ Fukuyama, 1992, p 153

1. THE PERCEPTION OF MAN IN PHILOSOPHY

The insight that human nature is complex and has many dimensions is old. How to understand human nature⁶ has been at the heart of philosophy ever since Socrates and Plato. The philosophers have discussed issues such as the body, mind and soul and dwelled on different, often conflicting features. Man's role in nature and to which extent his rights and values are related to an alleged Supreme Being or Deities have been other aspects that have captured the interest of generation of philosophers. It is not until the former century that the perception that there is a 'hidden variable', an intrinsic rationality, which is underpinning everything we do, started to spread.

Desire, reason and thymos

Socrates famously envisaged a tripartite division of the soul⁷. He claimed that the human soul has a *desiring part*, which is made up of many desires, the strongest of which are hunger and thirst. These desires all take a similar form of impelling man toward something outside of himself. Desires were seen as springing from the needs of food, shelter and clothing, of reproduction and of preservation of body and off-springs. In the Socratic tradition desires were perceived as "static" while philosophers that have followed Rousseau and Hegel⁸ have been highlighting the dynamic nature of desires. They have noted that most of the desires that are generally held are related to objects that did not exist at the dawn of mankind and that desires evolve over time. Desires are generally perceived by later philosophers as drivers of progress.

But, Socrates notes, man can control his desires. There is, Socrates concludes, a second part of the soul, a *reasoning and calculating part*, which may induce man to act contrary to desire – for example when the thirsty man abstains from drinking water that he knows is contaminated. How to reason, or more precisely how to know, has become the subject of a specific discipline within philosophy named epistemology. Epistemologists have generally come to accept that man can have no absolutely held beliefs, only justified beliefs. Their interest has therefore over time been more and more focused on the epistemic norms, i.e. the rules that should be applied for accepting a belief as justified.

Socrates called the third part of his tripartite soul "*thymos*". This is the alleged feature of man that has perhaps created the most controversy over time. In modern language it can be translated as *self-esteem* and *pride*, when using a positive language, or to *vanity* and "*amour-propre*" when highlighting the negative aspects. In Socrates' first approach⁹ he described thymos as the virtue held by guardians who were prepared to fight strangers in defense of their own city with great courage and anger. He later¹⁰ described thymos as an innate sense of justice. A noble man becomes angrier the more unjustly he has been treated: his spirit "boils

⁶ For a more extensive discussion of the understanding of man in philosophical tradition see e.g. Fukuyama 1992

⁷ Plato, 1968, trans A Bloom, 435c-441c

⁸ Hegel, 1967, trans TM Knox, paras 190-195

⁹ Plato, 1968, 375-376

¹⁰ Plato, 1968, 439ff

and becomes harsh”. He is prepared to suffer “in hunger, cold and everything of the sort”.¹¹ In Socrates’ view thymos can also be a pride in a city and in the common interest and in that way an essential precondition for the survival of any political community. But thymos can also, he recognizes, be a threat to a community. Just as a watchdog needs to be trained only to bite strangers, thymos has to be cultivated and tamed.

To Georg WF Hegel this third dimension of the human nature is central. He calls it *the struggle for recognition*. And he takes it very far, claiming that no man can be seen as a full man, a “master”, if he is not prepared to sacrifice his life to be recognized: “And it is solely by risking life that freedom is obtained; only thus is it tried and proved that the essential nature of self-consciousness is not bare existence, is not the merely immediate form in which it at first makes its appearance... The individual, who has not staked his life, may, no doubt, be recognized as a person; but he has not attained the truth of his recognition as an independent self-consciousness”¹²

Hegel saw, like Marx, a divided society. But while Marx saw the relations based on functions such as landlord and peasants Hegel perceived them mainly as differences in the willingness to sacrifice one’s life. Masters are prepared to die in order to be recognized, “persons” are not.

There is a Greek word for the radical form of thymos that is manifested in a wish to be recognized as *superior* to other men, namely *megalothymia*¹³. Machiavelli understood this form of thymos as a desire for glory and his perception gave legitimacy to the claims of aristocracy for recognition of their superiority. Aristocratic pride was attacked by most Enlightenment writers, such as David Hume and Montesquieu, and the early English liberals saw megalothymia in the form of passionate and stubborn pride of princes, or the otherworldly fanaticism of militant priests, as the chief cause of war. For the liberal movement the megalothymia of the aristocratic class was a main target. They argued that the aristocratic class in their fight for recognition destroyed rather than created wealth, that they lived on the efforts of others.

Hobbes and Locke, who are seen as founders of the Anglo-Saxon liberal movement, tried to find a governance order that suppressed thymos as a driver of man and highlighted the two other building blocks, desire and reason.¹⁴ Hobbes and Locke pitted the fulfilment of the desiring part of human nature against the aspirations of thymos, hoping through social engineering to master the latter. David Epstein¹⁵ has in an analysis of the Federalist Papers found that the importance of finding constructive and peaceful ways of meeting the need of man for recognition and prideful self-assertion was on the mind of several of the founding fathers. The Founding Father Madison saw popular government – the process of running for office, debating, voting – as a benign way to indulge man’s natural pride and need for self-assertion. The American Declaration of Independence has been perceived as the final victory

¹¹ Plato, 1968, 440

¹² Hegel, 1967, trans JB Baillie, p 233

¹³ Fukuyama, 1992, p 182ff

¹⁴ The downplaying of thymos is described in Hirschman, 1977

¹⁵ Epstein, 1984

of Lockean philosophy when it declares “the pursuit of happiness” as the main goal of society, generally interpreted as the fulfilment of material desires, especially the right to property.

The objective of Locke-Hobbes to reduce the role of thymos in politics created several reactions. CS Lewis saw the liberal society to be composed of “*men without chests*” driven only by reason and desire, lacking the proud self-assertiveness that was somehow at the core of man’s humanity in earlier ages. It was chest that made man man, he claimed: “by his intellect he is mere spirit and by his appetite mere animal.” The most articulate critic of the liberal thinking was Friedrich Nietzsche. To him the essence of man was to value oneself, and to demand recognition of that value.¹⁶ The act of evaluation is inherently in-egalitarian as it decides what is better and worse, what is good and evil. He rejected the idea of *isothymia*, i.e. to be recognized the same way as others as a “slave” doctrine.

Many philosophers, such as Thomas Hobbes and Jacques Rousseau, have tried to identify a *First Man*, a kind of experiment in thought to strip away those aspects of human personality that were the product of convention and to uncover those characteristics that were common to man as man. In modern language it can be seen as a search for which features are innate, genetically coded, and which are the result of education, interaction with the world, and reasoning. While Rousseau had a somewhat romantic vision of man, Hobbes had a more materialistic view of human nature. Human beings can be described and explained in purely mechanistic terms, he claimed. He understood that sensation, for example, involves a series of mechanical processes operating within the human nervous system, by means of which the sensible features of material things produce ideas in the brains of the human beings who perceive them.¹⁷ Man is motivated to act in such ways as he believes likely to meet his specific desires and appetites, to relieve discomfort and to preserve and promote his own well-being.¹⁸ Human volition is nothing but the determination of the will by the strongest present desire.

Hobbes’ account of the First Man emphasizes his animal nature, leaving each and every man to live in a State of Nature independently of everyone else, acting only in his own self-interest, without any regard for others. Sovereign Monarchs and Native American tribes are, Hobbes argues, living in this State of Nature.¹⁹ This produces what he called the “state of war,” a way of life that is certain to prove “solitary, poor, nasty, brutish, and short.”²⁰ The only escape is by entering into contracts with each other—mutually beneficial agreements to surrender all individual interests to an authoritarian regime in order to achieve the advantages of security that only such a social existence can provide.²¹ This idea of a social contract is also to be found in the works of Rousseau and Kant.

A soul or a machine

¹⁶ Nietzsche, 1967, p. 70

¹⁷ Hobbes: “Leviathan”, I 1

¹⁸ Hobbes, Leviathan, I 6

¹⁹ The latter example is questionable. The tribes were socially more organized than recognized at the time.

²⁰ Hobbes, Leviathan, I 13

Many philosophers have placed the thinking capabilities outside the material body. Aristotle talked about a ‘form’ that was the essence of an object, linked to the object but of another character. The ‘thinking soul’ was a human ‘form’ that distinguished a living being and a corpse. Socrates and Plato went one step further and claimed that the ‘soul’ survived the death of the body. This has been the view of many religiously inspired philosophers since then, even expanding the dualism into a more general world of ‘ideas’ related to but not identical with the material world. One modern and leading proponent for a phenomenological world linked to the material being is the Australian professor of philosophy David Chalmers. He sees consciousness as a form of supervenience on the material brain²².

‘Rationalists’ such as Descartes have on the other hand declared an identity between the conscious thinking and the material being, once famously pronouncing *cogito ergo sum* (I think therefore I am). Modern realists such as George Edward Moore and existentialists such as J-P Sartre have followed in his footsteps, claiming an identity between the physical being and his ‘soul’.

Man as part of a divine or natural order

Another issue in which the views have changed over time is whether we have a ‘genetic’ inheritance and if there is an inheritance that is ‘outside’ us. John Locke claimed that man is born a *tabula rasa*, a clean slate, with no innate ideas. But, he argues, man is also born with moral obligations and natural rights. Those obligations and rights have a life outside him and are part of a divine order²³, not necessarily an individual soul. It is clear from the Second Treatise (that will be quoted later) that Locke did not see this understanding of man (and his State of Nature) as a purely theoretical construct and he defended himself against such possible accusations.

John Rawls claims in his Social Justice theory “that each person possesses an inviolability founded on justice”. There is a slightly religious connotation in the use of the word ‘inviolability’ and it is left somewhat unclear whether Rawls, like Locke, saw the ‘inviolability’ as part of a ‘divine’ or ‘natural’ order or as linked to human nature.

Modern researchers agree, as will be explained later, that there is an inheritance, which form us, that is not genetic, but they refer this inheritance mainly to the ecological environment, to the culture in which we are brought up. We internalize the values and the beliefs that are generally held by people surrounding us.

The philosophy of the 20th century

I will refute the 20th century myth of the Rational Man in the Appendix, and will not come back to that. The origin of the myth is somewhat obscure. Professor Emma Rothschild²⁴ has gone back to the texts of the “fathers” of modern economic thinking, Adam Smith and

²¹ Hobbes, *Leviathan*, I 14

²² Chalmers, 1996

²³ In his first treatise he at the same time refutes the common idea at the time of a divinely-ordained monarchy

Condorcet, and has found that the Economic Man, as the rational man sometimes is called by economists, is a myth that has evolved over time and that Smith and Condorcet had a far more realistic view of human nature. The Founding Fathers of the US Declaration of Independence and Constitution also had a better understanding of man and a more sophisticated reasoning behind their thinking, based on philosophers such as Locke, than has been kept alive in the tradition.

The dominating political philosophers of the late twentieth century, John Rawls and Robert Nozick, seem to have chosen not to question the accepted view of the 20th century that man can be seen as a rational being. In Rawls 'initial situation' rational men are meeting under a veil of ignorance to agree in advance on the foundation charter of their society. Rawls imagined, based on the two preconditions of truth and justice, an "initial situation that incorporates certain procedural constraints on arguments designed to lead to an original agreement on principles of justice".²⁵ Since all are similarly situated and no one is able to design principles to favour his particular condition, the principles of justice are the result of a fair agreement or bargain.²⁶ In this way Rawls builds upon and develops through logical reasoning the social contract theory as found in Locke, Rousseau and Kant. Rawls argues a principle of equal basic liberties, but in contrast to Locke he defends the rights as originating from moral capacities and self-respect.²⁷

The libertarian philosopher Robert Nozick's understanding of man was, just as in the case of Rawls, not very directly described. He started his "Anarchy, Justice and Utopia" more closely to Locke by referring to his State of Nature and his Natural Rights.²⁸ He did not explicitly discuss the origin of the natural rights, but he referred to the Kantian second postulate that man should be treated mainly as an end in himself. He did not defend the State of Nature as a natural state; he explicitly saw it more as a thought experiment. But it seems clear that Nozick expects man to decide and act rationally; man is, as an example, and based on deductive reasoning, prepared to give up property to gain collective security and freedom from fear. Somewhat contradictory to the rational man perception Nozick is in a chapter on philanthropy arguing that man also can be convinced to part from property in a show of compassion.

The Rediscovered Man

The twentieth century obsession with The Rational Man has been increasingly questioned. Some such objections were mentioned already in the introduction. The philosopher and economist Richard Bronk²⁹ has in a recent book shown how traditional economic teachings miss the fact that humans are more than "rational choice machines". They are driven by an array of sentiments and creative intuition; they seek self-esteem and pride in what they do and future pleasure in imaginatively projected future selves.

²⁴ Rothschild, 2001

²⁵ Rawls, 1971, p 3. Rawles has later in a debate with Amartya Sen expressed a certain regret about the fact that he based his theory on rational men.

²⁶ Rawls, 1971, p 12

²⁷ Rawls, 1958, p. 114

²⁸ Nozick, 1974, chapter I:2

²⁹ Bonk, 2009, pp 2, 3, 296 ff

Fukuyama, who also has questioned the idea of the purely rational man, sees the work of a tamed thymos, to use the language of Socrates and Plato, in modern societies. Men do compete and they do seek recognition, but they have also accepted that the reward is in the form of fulfilment of their material desires, not in the enslaving of those that recognize them. Fukuyama agreed in the last chapter of his book called “*The Last Man*” with Aristotle that all systems are incomplete in some way and speculates whether, following Aristotle, “we might postulate that a society of last men composed entirely of desire and reason would give way to one of bestial first men seeking recognition alone, and vice versa, in an unending oscillation.”³⁰

2. A NATURALISTIC APPROACH

It is in my view obvious that a review of the dominating liberal political philosophy requires an update on the perception of human nature as a starting point. I agree with Fukuyama, who sees the chief threat to democracy to be “our own confusion of what is really at stake. For while modern societies have evolved toward democracy, modern thought has arrived at an impasse, unable to come to a consensus on what constitutes man and his specific dignity, and consequently unable to define the rights of man.”³¹

In this approach the aim is to base the understanding of human nature and features on contemporary scientific findings. The approach is in that sense naturalistic, which may seem as a new methodology, but, perhaps, is not all that different from the approach of the old philosophers. Their models may be perceived as entirely theoretical by an observer today, but may have been intended to be a combination of a fair and relevant representation of a physical reality and a sound theoretical reasoning. Socrates’ investigation into human nature as described by Plato was e.g. very ‘naturalistic’ as he tried to uncover human features and describe them in a relevant way. Aristotle had also a very practical approach when he reflected around the shortcomings of human nature and how to address them.

Immanuel Kant claimed that we cannot have access to the world *as-it-really-is* but only to the world *as-it-appears-to-us*. We can never have a perfect knowledge of the world and we are prisoners of our interpretative structures. And we are constrained by our less than perfect ability to reason and to observe through our senses. Kant argued however that we have an *a priori* understanding of time, space and causality which helps us experiencing and understanding reality. The truth seems to be that we are even more restricted than perceived by Kant as we now know that even our perception of time, space and causality is context-sensitive. But as science progresses we have not only been able to learn more about nature, we have also learned more about how we perceive, and how our senses and brain distort reality. We are getting closer and closer to understanding the world-as-it-is, even if we never will do it completely. One thing we will never be able to do to my mind is to make perfect forecasts. The ‘laws of nature’ are just approximations of a *ceteris paribus* situation that will

³⁰ Fukuyama, 1992, p. 335

³¹ Fukuyama, 1992, p. 338

not always occur.³² When the word ‘naturalistic’ is used in this approach it should be read with this interpretation in mind. Science is bringing us closer and closer to a true understanding of the world, but will never be able to give us ‘the whole truth’.

In a scientific, ‘naturalistic’ approach there is a need for a common language, a system of rules that generates ‘correct’ expressions and conveys meaning³³. In languages we are used to ‘label’ objects and concepts. The labels are seldom defined in a very exact way. A label ‘chair’ can be a lot of things; an expression ‘to be in love’ leaves open a vast field of interpretations. The fact that the label can be imprecise, however, does not exclude an intended identity between the label and the object or concept.

For scientists it is the real world that matters and the labels have no life of their own. The key thing for scientists is to make testable statements. However, the relation between the ‘labels’ and the real world has been more problematic in philosophy. The debate between those that see expressions such as ‘consciousness’ as a ‘label’, an identifier of an object or concept and those that see them as phenomena with a separate identity is seldom very constructive. The reason is simple. A phenomenological world is by definition outside the observable and can therefore not be refuted. Religious or other phenomenological beliefs can neither be justified by the employment of logical or other scientific methods nor can they be rejected.

Phenomenological beliefs are also often add-ons to scientific beliefs, filling in an explanatory gap left open by insufficient knowledge. When science starts to fill in this gap a real conflict can develop. This was famously the case when scientists found that the world was round and the Catholic Church saw this to be contrary to its teachings. Such conflicts still occur. Stephen Hawking³⁴ has described a meeting in modern times between theologians and scientists organized by the Vatican in which the Vatican told the scientists to stop speculating about the period before the Big Bang. The scientists were told that they were entering into a domain reserved for the Supreme Being. As will be discussed later a similar conflict is created by Christian Fundamentalists who want to regain lost territory to science by demanding that the description in the Bible of the creation, although obviously allegoric, should be regarded as science. Another example of recent conflicts is the discussion between the Australian philosopher David Chalmers, who claims that consciousness is “supervenience” on the material brain, and Professor Igor Aleksander³⁵ at Imperial College, who want to construct conscious machines. In this endeavour Aleksander, as an exploring scientist, wants to define consciousness in a quite precise testable way; it is not enough to define consciousness as a state of a being.

Phenomenological beliefs that cannot be verified or observed are not part of this presentation; such beliefs can from the perspective of the believer add dimensions and aspects to the understanding but are not part of the inquiry. Even if there is an intended ‘identity’ between a

³² My own favourite explanation is that there is an ‘exclusion of information’ mechanism working on all levels, from the quantum world to the world of fauna. See more about that later.

³³ Chomsky, 2005

³⁴ Hawking, 1988, p 128

³⁵ Aleksander, 2005, p 140ff

conceptual label and the real world there is neither any wish to localize or separate all neurological, chemical or other processes or objects. The intention is to describe the findings around human nature in a way that hopefully is aligned with the scientific results and at the same time is possible to understand by those outside the concerned disciplines; it of course helps if the presentation to a reasonable degree can be supported by everyone's own introspective experiences.

3. A MULTIDIMENSIONAL UNDERSTANDING OF HUMAN NATURE

In this chapter the objective is *to extract the features in the contemporary understanding of human nature* that are deemed especially relevant for the inquiry; the presumption is that those scientific findings of the last decades can be helpful when re-examining the foundation of the governance systems, even if research is uncovering new aspects more or less daily. It is neither possible nor necessary to develop a complete model of human nature; it is enough for this purpose to identify features of specific interest from a societal governance point of view. The brain and neural systems have many other functions, all essential for the human being. They are mostly left aside here; all the body functions that work also when we are deep asleep to start with. It is true that the body is an integrated whole; gastric problems can after all affect the mood, but such a desire for completeness does not serve the purpose of this inquiry, which instead is concentrating on such features that are judged to be the most relevant for a discussion of the foundations of the governance systems. The human nature is also described in very generic terms. Behind those 'normal' or 'average' features there are many variations. There are e.g. differences between men and women in how the brain works that are slowly uncovered. Scientists have just been able to explain why men often are better than women in navigating, while women find the keys that men have misplaced. The reason is that associations between different parts of the brain vary. Another variation between individuals that is genetic is the attitude to life. A gene has been found that influence some people to be more optimistic and others to be more pessimistic. The level of self-esteem can vary quite considerably too, making some more susceptible to intimidation than others. The front lobe that controls emotions is not developed in the same way in everyone, making some more prone to respond aggressively when challenged. There are many of these types of variations and it is important to realize that not everyone will act in a predicted way.

The discussion will focus on five questions that are judged to be important for the understanding of human nature from the viewpoint of political philosophy.

First question: Which processes are conscious and which are subconscious? How do the conscious 'self' and the subconscious 'self' interact?

Second question: Which features are innate and which are acquired? Is man born good or evil? Are values inherited or taught?

Third question: Are the three 'drivers' of man – desire, reason and thymos - as identified in the philosophical tradition the three features that political philosophers should give the greatest attention? Are there other 'drivers' that are as important?

Fourth question: How are the conscious and subconscious selves aligned? Who is in control - and of what?

Fifth question: How dependent are we humans of the cultural environment and the ecological inheritance?

4. THE CONSCIOUS AND SUBCONSCIOUS SELVES

The common perception is that man is in a certain way, is one coherent person. We humans are expected to have a defined set of beliefs, values and to reason in a predictable way. Contemporary research has shown that we are much more complicated than that. The way to understand us is not to see us as 'one system', but rather as a 'system of systems', systems that are built according to different principles and that are in constant and potential conflicts, conflicts which we humans continuously struggle to reconcile.

It all has to do with how the brain is built; the understanding of how it works is developing fast. The brain is built in three layers, added one after the other as evolution has progressed. Neurons are the core components of the brain, excitable cells that process and transmit information by electrochemical signalling. Eric Kandel was awarded a Nobel Prize³⁶ by studying how those neurons change in a lowly marine snail. He found that a neuron registering painful stimulation over time would connect to neurons registering experience and self-reflective sentiments. As evolution has continued, animals have developed more and more sophisticated sensors, identifying smell and taste, vision and hearing. Humans register the sensations in the primitive brain, the *brainstem*. Smell and taste are linked to this most immediate level and it is also those sensations that are generally guiding less developed animals by creating feelings and reflective actions. A lot of such direct, unconscious responses to sensations are taking place also in humans. If a finger happens to touch a hot pot we feel pain and reflectively withdraw the hand to protect ourselves. The neuroscientist Jeffrey Gray sees such reflexive actions as part of a Fight/Flight system.³⁷ When under direct threat we either fight the threat or we flee from it.

In complex vertebrates, including humans, the *amygdale*, situated between the brainstem and the most developed part of the brain, cortex, performs primary roles in the formation and storage of experiences and associates them with emotions. Sensory stimuli reach the amygdale where they form associations with memories of the stimuli. It is in the amygdale most subconscious processes are started. What is happening in the amygdale can best be described as a *valuing process*. To quote Steven Quartz: "Our brain is computing value at every fraction of a second. Everything that we look at, we form an implicit preference. Some of those make it into our awareness; some of them remain at the level of our unconscious,

³⁶ Westen, 2007, pp 52-53

³⁷ The theory of emotionality and personality that Jeffrey Gray developed in a series of books and articles from 1981 to 1990 has become a standard theory. For a good contemporary description see an article by Marcus and MacKuen, 2009

but...what our brain is for, what our brain has evolved for, is to find what is of value in our environment.”³⁸

Gray sees two conditioned systems working on the subconscious level in the amygdale: He has called them the Behavioural Approach System (BAS) and the Behavioural Inhibition System (BIS). BAS is a learning system dedicated to the monitoring and assessing of previously learned behaviours. It evaluates stimuli in relation to earlier experiences and matches the expectations that have been raised with those experiences. The result of that evaluation can be positive or negative. An example: You are offered an ice-cream. As you have positive experiences of eating ice-cream you readily accept. When man faces a new or threatening situation it is instead the BIS system that responds according to Gray. The system tries to match the stimuli with similar experiences. If the match is a positive experience the system responds with positive impulses. But the system can also find that similar experiences have been negative or that there is no match with an earlier experience in which case the system responds with caution. Technically the amygdale sends impulses to other parts of the brain for increased reflexes, for facial expressions, for activation of neurotransmitters that create different emotions. As a result we *wish*, feel elated or happy about something that is about to happen or we *fear* it or feel depressed.³⁹ The emotions that the systems create can be seen as a *signalling system* that informs the conscious self about the subconscious findings.

Gray’s interpretation of how those subconscious processes work is not fully tested and there are other theories that are close to his thinking but not in complete agreement. Building on Gray’s theory⁴⁰ and other research results, Marcus and colleagues posit two systems working in parallel for emotional appraisals. The *disposition system* generates enthusiasm/satisfaction or depression/frustration as incoming information shows a match or a mismatch with expectations. The *surveillance system* generates relaxation/calm or anxiety/unease as incoming information suggests it is either safe or potentially unsafe to continue business as usual.

A substantial experience base is built up subconsciously in every human being as valuing is something that is constantly ongoing. The subconscious ‘memories’ are, however, not working in the same way as the conscious memories. The subconscious ‘memories’ have the form of a *running tally*; new experiences, new evaluations either strengthen or weaken the existing belief, but there is no reasoning going on subconsciously. The association between stimuli and the aversive events they predict may be mediated by *long-term potentiation*, a lingering potential for affected synapses to react more readily. Children can be trained to avoid doing things and connect the doing them with negative sentiments if parents and other adults scold the children or in other ways punish them when they have done something unjustifiable. In the same way they can be taught that something is pleasant to do by

³⁸ Steven Quartz of the California Institute of Technology at a discussion on ethics sponsored by the John Templeton Foundation, 2009.

³⁹ Westen, 2007, p 78

⁴⁰ I have found it quite confusing that the approach system sometimes is seen as ‘an enthusiasm system’ and the inhibition system as ‘a fear system’, whilst Gray originally saw the approach system as a response system to already evaluated stimuli and the inhibition system as a response system to novelty and threats.

connecting the doing of it to a reward of some sort. These punishments and rewards are called *reinforcers* and they play an important role in the creation of the automatic behavioural responses.⁴¹

Some definitions may at this stage be helpful: *Affect*⁴² is a term that is used for an entire class of phenomena: emotions, feelings and moods as well as pain, pleasure and other sensations. *Emotions* are specific sets of psychological and mental dispositions triggered by the brain in the perceived significance of a situation or object for an individual's goals (up to and including survival). Emotions are *discrete* responses to specific stimuli; *moods* are *diffuse* positive or negative states that last for a longer period of time. *Feelings* are the subjective awareness and experience of emotions. They are potential, but not necessary, consequences of emotions. A person can experience an accelerated heart rate and heightened neural processing in the amygdale but never sense the reactions or feel scared.

Many who have seen the importance of the subconscious processes are seeing a split in a rational and an emotional brain. That is, however, as these results show a too simple understanding. Emotions are not a cause; they are an effect. The emotions, the moods and the feelings they create are important signals from the subconscious to the conscious, the end-result of a subconscious evaluation process. The emotions function as *relevance detectors*.⁴³ They can stimulate attention, motivation and thought processes. Man can become alerted of external sensory data in two parallel ways, both consciously and subconsciously.⁴⁴ *The cerebral cortex*, which represents eighty percent of the mass of the brain, can combine the result of the information processing on the two levels; emotions creating a "communication" link between the amygdale and the reasoning cortex. Behind the eyes extending about halfway up the forehead is *the ventromedial prefrontal cortex*⁴⁵ that is involved in registering emotions and consciously controlling the feelings. There are two important observations to be made. The first is that the amygdale keeps a 'running tally' of events that is not directly controlled by or accessed by the conscious cortex. The cortex can control the feelings and thereby control many of the impulses the emotions create but not the evaluation process that created the emotions in the first place. A second important observation is that the conscious cortex can suppress feelings but not directly create them.

Toward the top and the sides of the frontal lobes the *dorsolateral prefrontal cortex* is located. This part of the brain is always active when conscious choices are made, when memories are retrieved from other parts of the cortex and in the reasoning itself. How this part of the brain works has been better understood historically, which is natural since the conscious reasoning processes are possible to study introspectively. An interesting observation is that the ability for reasoning has been added to the brain functionality rather late in the evolution process. The Australian Professor of Philosophy Kim Sterelny argues that the ability to think is an

⁴¹ See e.g. Marcus-MacKuen in Kuklinski (ed.), 2009

⁴² Definitions from Brader : 2006, p. 51, inspired by Damasio

⁴³ Frijda, 1986

⁴⁴ Brader talks besides the conscious self of 'nonconscious' or 'preconscious' information processing.

⁴⁵ Westen, 2007 pp60-61

evolutionary response to threat⁴⁶. Man, like other advanced mammals with a developed cortex, has not only been forced to face physical threats of different kinds, he has also had to face epistemic challenges. Competitors and enemies lie, they hide themselves and they pretend to be something else than what they are. The advanced mammals' ability to reason is in this perspective a logical response to a hostile world.

As the subconscious 'running tally' expands through experiencing, so does the number of objects in the surrounding world that we *desire* or *fear*. Rousseau and Hegel were right in highlighting the dynamic character of our desires. Positive experiences create new desires and they are thus dependent on the environment and the exposure. But as many other philosophers they seem to have underestimated the role of fear. This negative emotion is as important 'relevance detector' as the desiring.

The role of the subconscious processes stretches, however, further than detection and surveillance. *The subconscious makes decisions* that lead to actions, without the conscious self always being aware. The simplest form is called *primitive automaticity*⁴⁷. The animal behaviourist M W Fox has illustrated⁴⁸ how strong the linkage between stimuli and responses that are linked to reproduction success can be. A mother turkey is conditioned to respond to a cheep-cheep sound of a baby turkey. Fox showed in his experiments that the mother turkey responded to the cheep-cheep sound even if it was given by a natural enemy. Such strong linkage between a stimulus and responses leads to *fixed-action patterns* and such patterns are usually genetically coded.

In a more developed form the subconscious decision process has been described as an *on-line processing*, as opposed to reasoned, memory-based processing⁴⁹. The conscious processes are sometimes known as *explicit* and the subconscious as *implicit*.⁵⁰ Both types of processes are usually involved in everything we do. Conscious thought process regularly also involves subconscious processes, but there are also complete processes that are totally outside conscious attention. The researchers are starting to uncover the complexity. The subconscious self is as described learning in a different way to the conscious self. The subconscious self is not only genetically coded, it also learns by experience (including imitation), by trial and error. That is how it learns how to walk and drive a car. As relevant information is encountered, the subconscious self makes an evaluative judgment, but only keeps the running tally, simply retrieving and updating the summary evaluation with later information but forgetting the actual pieces of evidence that contributed to it. When an external stimulus is evaluated in this way in relation to the subconscious memories and values and the evaluation is leading to an automatic and fast response (and not only emotions that alert the conscious self) the process is often called a *shortcut*. Shortcuts are thus a type of networks that can be described as a simplified thinking.

⁴⁶ Sterelny, 2003

⁴⁷ See e.g. Cialdini, 2001 pp 234-236

⁴⁸ Fox, 1974

⁴⁹ See e.g. Kuklinski (ed), 2009 p. 23, 26, 31, 129, 131-2

⁵⁰ Westen, 2007 p 224

One example may be helpful: When you learn how to drive a car your conscious self is hard at work. Your conscious attention is on every detail of the driving. But after a while you need less and less of conscious decision-making. You drive more or less “automatically”.

Experienced drivers can use the time in the car to relax or think of other things while the “subconscious” takes over the driving. How many of us have not experienced that we are suddenly on the street of our home when we were supposed to be at the supermarket and do some shopping for the dinner? Our “subconscious” has taken us to our home without disturbing us. The conscious self can intervene in the driving whenever needed. Anyone who passes from Dover to Calais or the other way around knows that you need to give the driving attention not to start driving on the wrong side. The subconscious can, as described, also alert the conscious self. It does it through creating emotions which are consciously noted. Fear or unease created by the subconscious can alert us that the situation demands our conscious attention.

Sometimes it can be quite hard to teach the subconscious something new, especially if the old knowledge is ‘locked’ with strong emotions. The subconscious is filled with ‘biases’. One example: Many people are afraid of flying. They often do it anyway as their conscious self can override the subconscious self and its unjustified emotions. The thing is that they are not unjustified to the subconscious, because what is a justified belief to the subconscious is only what is genetically coded, imitated or experienced. And the subconscious does not like the experience of flying and expresses it through creating sentiments of fear. The conscious self is strongly aware of one memory: “It is statistically safe to fly” while the subconscious self is “locked” to another: “To fly feels dangerous”. A stimulus can awake different memories held by the “reasoning” conscious self and the “experiencing” subconscious self.

In epistemology, the philosophy of knowledge, the term epistemic norms is used for the criteria on which to base justified beliefs. The conscious self can be trained, and in schools it is trained, in deductive and logical reasoning. But it is impossible to reason with the subconscious. The ontology of the subconscious self refutes the epistemic norms of the conscious self. The only norm it accepts, besides the inherited beliefs and imitation, is experiencing. Air carriers know that and the programs that they have developed to “cure” fear of flying is all about experiencing, basically putting the person in the situation of the pilot and let him or her “experience” positive and satisfying control. That is the way to teach the subconscious self not to be afraid.

There seems to be a limit to how much we can consciously handle at a given moment of time. Some researchers are speculating that the reason why we have let ourselves be so influenced by branding and other emotional cues is the fact that we need that kind of short-cutting to manage our way in a society where the flow of information is steadily growing. The social psychologist Robert B. Cialdini explains:

“Modern life is different from any earlier time. Because of remarkable technological advances, information is burgeoning, choices and alternatives are expanding, knowledge is exploding. In this avalanche of change and choice, we have had to adjust. One fundamental adjustment has come in the way we make decisions. Although we all want to make the most

thoughtful, fully considered decision possible in any situation, the changing form and accelerating pace of modern life frequently deprive us of the proper conditions for such careful analysis of all the relevant pros and cons. More and more we are forced to resort to another decision-making approach – a shortcut approach in which the decision to comply (or agree or believe or buy) is made on the basis of a single, usually reliable piece of information {...} Because of the increasing tendency for cognitive overload in our society, the prevalence of shortcut decision-making is likely to increase proportionately⁵¹

Most decisions in daily life are thus taken subconsciously. The conclusions we reach when acting subconsciously can be different from those that we reach consciously and we are thus inconsistent. For practical purposes I here want to introduce two concepts that aim at identifying the different ways in which we act when doing it consciously or subconsciously.

The two concepts are:

The conscious self. The conscious self is attentive and can choose what to give its attention to. It has a sensation of being an entity in an out-there world, which it can observe and relate to. It is an entity in time and can hold beliefs in accessible memories. It can reason, make decisions and plans for the future. It can be alerted by emotions.⁵²

The subconscious self. It attends to all information received by bodily functions such as sight, hearing, tasting, smelling and touching. It is also an entity in time with beliefs and access to memories in the form of running tallies. It makes most of the decisions and short-term plans. It communicates with the conscious self through emotions.

Contemporary research seems to show that we to a certain extent actually have two ‘faces’, even if they are, as will be shown in more detail, strongly interlinked and working together to guide us in our daily life. Subconscious processes are involved in most of the conscious reasoning. An example of how this work may be helpful.

Consider Alice and Bob. They are two singles both living in cottages in a village outside London. They have the same academic background and they are both working in the City as accountants. They are both in need of a new car as their old ones are starting to cost too much to repair. Their need of a car is basically the same; they need to get to the railway station every day and they need a car for shopping and to meet friends. By chance they have come to the same car dealer to look for alternatives. When walking around Alice’s attention has been caught by a small red car with a very personal design and of a rather un-known brand. Bob has stopped in front of a larger grey car of a recognized brand with a distinctive presence and with a strong and fuel-efficient engine.

⁵¹ Cialdini, 2001, pp 239-240

⁵² Compare with the axioms of consciousness in Igor Aleksander, 1995 p 5:

Being conscious is to (1) be an entity in an out-there world (2) be an entity in time with a remembered past (3) give different situations and objects different attention (4) sifting choices about what to do next (5) be guided by emotions

The emotions the cars have stirred have brought them to where they are. When they have been walking around in the premises of the car dealer their subconscious selves have been busy valuing the different options, signalling pleasure or displeasure at the different alternatives. Alice has painting as her secret hobby and is fascinated by the colour and form of things. She values beauty and is intrigued by the appearance of the small car. She can imagine herself seeing the car from the train when she gets home, feeling happy about owning such a work of art. Her value-scale and her associations are different from those of Bob. He is fascinated by mechanical toys and he is anxious to give the right impression, to be recognized by his peers. He can see his friends envy him for his new car and he can imagine the spinning sound of the engine when he accelerates from 0 to 100 km/h in 5,3 seconds. He really desires the car.

Alice and Bob happen to sit down with two different sales persons at the same time and as they are trained accountants they start to calculate the cost for owning the cars to find out if they can afford them. They both find that they really cannot meet the expenses of the new cars as things stand. They are experiencing a cognitive dissonance. On one hand they desire the new cars, an emotion inspired by the subconscious evaluation processes; on the other hand their conscious logical selves tell them they cannot afford them.

Alice that liked the red car very much, but not that much, decides to let her calculating mind win and abstains from buying the car. Besides, she did not like the sales person and she decides to go to another car-dealer next Saturday.

Bob, however, is hooked. He really desires the car and the car-dealer, who is very likeable and understands Bob, is describing the advantages of the car in a very knowledgeable way. He offers some extra features as part of the deal. They may not cost that much but they certainly increase the feeling of a very special car. The sales person has an authority about him and Bob wants to believe him. He starts to look at the calculations again: Maybe he has overestimated how much he will be driving, and perhaps he can take out costs for repair, for oil and the like; the car is after all new. And he will most certainly get a higher bonus next year, will he not? Bob has started a self-justification process to close his cognitive dissonance and to make him believe that the purchase of the car is a rational decision. He walks away happy with the contract in his pocket. The car is to be delivered in two weeks time. He is already preparing his story-line, his narrative. As his subconscious self only runs a memory in the form of a running tally it is up to his conscious self to “invent” a consistent justification.

It is not a new insight among psychologists that humans have several “faces” and humans have both conscious and subconscious processes that influence the way we act and feel. Freud’s theory of personality is based on the *id*, *ego*, and *superego*.⁵³ The *id* comprises uncontrolled urges, spontaneous activities and instinctive drives, most of which are unconscious. The *id*’s desires are not logically organized and the *id* may attempt to satisfy incompatible urges at the same time. The *ego*, although not strictly separated from the *id*,

⁵³ For a discussion of Freud’s and Mead’s theories of the self see Markova, 1987, pp 95-134

represents reason and common sense. It seeks to be in contact with the external world, to influence the id and to restrain the passions of the id with rationality based on socialization and education. The ego gets stronger as we grow up. It functions basically on the level of consciousness although some aspects are unconscious. The superego represents forces of morality derived from the ego's efforts to master the Oedipal conflict.

Although it has been generally accepted that there are things going on subconsciously of which we are unaware, Freud's focus on the unconscious unrestricted desires has been cast in doubt. From the 1930's onwards it seems that GH Mead's way of seeing the components of the self has been more influential. Mead's sees an '*I*' that is a spontaneous and active component of the self and a '*Me*' that is reflexive and evaluative. While the *I* is practically involved in the world, whether as an agent or as experience, its immediate involvement with the environment makes it difficult for it to reflect on and evaluate itself at the same time. It is only when the act or experience has passed that one can look back, reflect and interpret. The *Me* is reflecting on the actions of the *I* at the earlier time. Markova cites:

"For example, while playing, a boy may tear his shirt and even continuing tearing it when his peers laugh at his appearance. The boy does it as an agent, as the *I*. His act is finished when the boy realizes that his mother will have to work hard to earn the money to buy him a new shirt. He now feels guilty and ashamed of his earlier performance, the *I* becomes the *Me* as he reflects on, and evaluates what he has done; in a similar way his mother will evaluate his action when she comes home from work. The boy is an object of the evaluation of others and in a similar way he becomes an object to himself. In other words the *Me* is *its-self*."⁵⁴

The interpretation of a conscious and subconscious self is not far from Mead's theory of the self. The example given here shows an *I* acting on 'auto-pilot', directed by how his subconscious is 'programmed'. The *Me* is a consciously reflecting component of the self, with the capability to rationally evaluate the doings of the *I*. I have, however, some concerns related to the Mead interpretation, which is why I have offered an alternative.

Say, for example, that an adult intervenes when the boy in the example above is tearing his shirt and asks the question how he thinks his mother would react. Such an intervention may trigger the emotion of guilt that in its turn would alert the conscious self and lead to a reconsideration of the choice of action. The conscious self will in that case become an active agent that overrides the 'subconscious' agent. The *Me* will be more than reflective and evaluative, it will also be an actor. The conscious and subconscious selves have both, as the example of Alice and Bob shows, cognitive and decisive roles. The difference lies in how they learn and how they reach their conclusions.

The Alice and Bob example illustrates how intertwined the subconscious and conscious processes are and how present they are in most decision-making. The research has beyond doubt shown that rationality is a person-sensitive thing. It is obviously also a culture-sensitive

⁵⁴ Markova, 1987, p 103

concept. It is a question that begs an answer if Alice and Bob have been acting rationally in the given example. Both have been influenced by subconscious processes that are not necessarily logical in the choice of car to start with and finally when deciding whether to buy. Alice can by economists be seen as the more rational as she ends up taking a decision that is in line with her economic interests. Alice fits reasonably well into the Rational Choice Theory, while it is difficult to see Bob's decision-making as rational in the way the theory expects it to be. Rationality is thus a relative concept and when the word is used in the following it has to be read with this reservation.

With reasoned evidence-based decision-making I will understand processes in which conscious reasoning in the end is “winning” over emotional impulses created by subconscious processes. Decisions are deemed to be unjustified when the self-justification processes have made us believe that the decisions are rational although they are not based on sound reasoning. Those latter cases are the ones that are of most concern as they are occurring quite frequently in public life. Some examples of the danger of such decision-making will later be given in the chapter around the rule of law.

A better understanding of how the subconscious processes work is important as they are dominating the daily decision-making and as the knowledge may help to comprehend and address many of the shortcomings of the liberal societal governance systems. In the following some findings on how the ‘on-line reasoning’ and ‘short-cutting’ works will be presented.

Them and us

To shortcut the subconscious self is helped by *stereotypes*. The stereotypes are energy-saving devices that allow man to make efficient decisions on the basis of past experience; help to quickly process new information and retrieve memories; make sense of real differences between groups; and predict, often with considerable accuracy, how others will behave or how they will think.⁵⁵ Stereotypes and the information they give helps man to avoid danger, approach possible new friends, choose one school or one job over the other or to identify that person who may be the love of his life.

Automatic, stereotyped behaviour is often the most efficient form of behaviour⁵⁶ or simply necessary⁵⁷. That is, as Tavris and Aronson point out,⁵⁸ the upside. It matters how close a stereotype is to the self-image. Man feels stronger identity and empathy with other persons the closer his stereotype of them is to his self-image. Evolutionary treats, such as ‘Inclusive Fitness’, contributes to his identifying himself strongly with those with whom he shares genes.

⁵⁵ Macrae, Milne and Bodenhausen, 1994, pp 37-47

⁵⁶ Gigerenzer & Goldstein, 1996, p 650-669

⁵⁷ Bodenhausen, Macrae & Sherman, 1999, pp 271-290

⁵⁸ Tavris and Aronson, 2008, pp 57-67

The downside is that the stereotypes flatten out differences within a category and exaggerate differences between them. Studies have shown that man attaches very positive sentiments to the words *us*, *we* and *ours*, while being more restrictive when it comes to *them*, *they* or *theirs*. “Boys are crybabies”, a girl complained to her mother when coming home from her first day in kindergarten after seeing two boys cry. “Did no girls cry?” her mother, who happened to be a social psychologist, asked. “Oh, yes,” her daughter said. “But only *some* girls cry. I didn’t cry.”⁵⁹

A negative side of stereotypes is thus that they create *prejudices*. Such prejudices can be possible to diminish: when the economic competition subsides, when a truce is signed, when the profession is integrated, when *they* become more familiar, when ‘*we*’ are in a position to realize that they aren’t so different from ‘*us*’. *Exposure* can affect the subconscious beliefs and thus also the stereotypes. If you are white and get to know a black man and start to realize how much alike you are, your stereotype of black men will be affected. People who regularly meet people from other nations, other religions or who are ethnically different are less likely to have prejudices than those that are living only among people who are like themselves.

But the prejudices are very difficult to eradicate for the simple reason that the stereotypes are needed to make quick decisions.

There are some well-known cases (such as Al Campanis, Mel Gibson) when a famous person has slipped into prejudicial comments under the influence of the situation or alcohol. Many claim the circumstances exposed their true views and that there are no excuses. For Al Campanis the incident led to public disgrace and a personal tragedy. Contemporary research shows that people perhaps should not have been so quick to criticize. The brains work in quite a complicated way. Most, or more correctly all, have stereotypes in the subconscious, many of which the conscious self may find prejudicial if aware of them. An individual may have stored rejections of those prejudices in the memory, but as they are based on reasoning they are accessible only to the conscious selves. If someone is drunk or under stress conscious beliefs may not be accessible as drugs and fear can more or less close down the reasoning conscious self. Left only with subconscious stereotypes anyone may act in a way he would not do under normal circumstances. Mel Gibson’s stereotype of a Jew was most likely influenced by his father who was a well-known anti-Semite and denier of Holocaust.

The fact that the subconscious can hold prejudicial views unknown to the conscious self has been politically utilized. Westen has shown how political candidates have in a subtle way exploited racial prejudice in their campaigning. By using words that do not stir the conscious selves but alert the subconscious they have been able to create feelings of unease with the alternative candidate⁶⁰. The remedy to such practices is according to Westen to uncover them, to make the underlying message visible.⁶¹ The logic behind his advice is simple: Much fewer conscious than subconscious beliefs are prejudicial beliefs.

⁵⁹ Tavis and Aronson, 2008, p

⁶⁰ Sarah Palin is a master of this genre

⁶¹ Westen, 2007, p 223

Cognitive dissonances are not always solved; the self justification process, which will be discussed in a moment, may just manage to explain them away. In some cases, as when it comes to stereotypes, they are kept, partly because the stereotypes are needed. When the dissonance occasionally is brought into the open it will be up to the conscious self to override the emotions the subconscious has created.

Network of associations

One important feature of the brain is the *networks of association*. There are millions and millions of such neural networks, all unconscious if not activated. They can be structured in many different ways. If you think about a dog you have activated a network that contains words such as terrier and beagle and feelings such as loving or dangerous, depending on your personal experience. Associations can also be made to similar words or more distantly to events in which a dog has had a role. Such networks of association can become latent and more easily accessible by the activation that the word dog created. An external stimulus can activate both networks of which man can become conscious and networks of which he is unaware. Both types can be “locked” with emotions, sometimes conflicting emotions.⁶² Networks of association play an important role in *creativity* and *imagination*; an artist may e.g. get different associations than an engineer when faced with a new situation because their ways of associating are different. The artist’s main association when seeing a new car model may be to other objects with similar colours or forms, while the engineer may associate the word ‘car’ with engines and capacities.

Reciprocation

Evolutionary biologists see reciprocal altruism, the tendency to help one another out to mutual benefit, as one of the three main drivers of human evolution. Sociologists talk about the rule for reciprocation which requires that one person try to repay, in kind, what another person is providing. An individual may give something to another with confidence that it will not be lost as the rule of reciprocation demand him to repay in the future. “The sense of future obligation within the rule makes possible the development of various kinds of continuing relationships, transactions, and exchanges that are beneficial to the society. Consequently, all members of the society are trained from childhood to abide by the rule or suffer serious social disapproval”⁶³

Cialdini seems in this quote to see the rule of reciprocation as part of an ecological inheritance, not a genetic. Reciprocity is according to him something man is trained to do in the interest of society as a whole.

While seeing benefits he also sees dangers with the rule. It is a rule that can be used to gain compliance by making the target person feel obliged to reciprocate in kind to an offer or initial concession. Cialdini gives a lot of examples on how we have been proven to respond “without thinking” to such “gifts”.

⁶² Westen, 1999, p 83

⁶³ Cialdini, 2001, p 50

The rule of reciprocation is an example of a shortcut, where the subconscious self is so strongly conditioned that it acts without alerting the conscious self. As the rule in itself is generally beneficial from a societal point of view, Cialdini claims that the best defence against abuses is not systematic rejection as that would be to go against the conditioned response. The response should instead be to reject to reciprocate, if it is clear that one is tricked, even if he admits that such a stand can lead to cognitive dissonance followed by distress.

Consistency

Consistency is highly valued in society. If the individual is consistent in her words, beliefs, attitudes and deeds it makes her interaction with other people easier. It is also an almost necessary feature of the shortcuts; the aim of many shortcuts is to help to navigate quickly in new situations by applying already made decisions in similar cases in a consistent way.⁶⁴ It seems thus that this aspect of consistency must be part of the genetic heritage as shortcuts by nature are aiming at repetitive and similar responses.

If an individual has made a commitment she has a tendency to make a second. It is the need to be consistent that is pushing her. That is one of the drivers behind partisanship. It is also a feature used by salesmen to make her commit to more and more.

An individual can find himself in distress if he “without thinking” has responded in a consistent way to a series of requests made to him. Suddenly he has committed to something he really does not want to do. The step-by-step justification that will be discussed later is an example of such a situation. To backtrack and admit that he really does not want to buy all these “extras” or agree to all these “actions” is hard as it threatens his thymos. Man wants to be seen as consistent in all he does. Shortcuts that help to act quickly in situations similar to the ones an individual has been experiencing before can be very helpful, but they can also put the conscious self in trouble.

Group conformity, Social proof and Liking

Imitation is one way in which man learns, especially during his first years. The ecological inheritance is often a result of imitation. But the influence of people around the individual does not stop there. When he is uncertain he looks at what others do.

Cialdini has gathered a number of examples of how we can be unduly influenced. In the 1950's a social psychologist Solomon Asch tried to understand why Germans went along with the Nazis. He made an experiment in which people were asked to compare the length of one line with three other lines and tell which one that was closest in length. The task was extremely simple and the six answered quickly and correctly several times all of them. But then something happened. Five of them gave suddenly a wrong answer (which they were told to do as part of the experiment). When faced with this dissonance the sixth person answered wrongly one third of the times, although he did not know any of the other participants or was

⁶⁴ Cialdini, 2001, pp 95-97

likely to meet them again. In a similar experiment performed by another researcher people were asked to consider this statement: “Free speech being a privilege rather than a right, it is proper for a society to suspend free speech when it feels threatened”. Asked the question individually only 19 % of a control group agreed, but being confronted with a yes from four other participants 58 % agreed. Group conformity is a strong motivator.⁶⁵

Sales people know that group dynamics works even better if the “group” consists of people that will like the targeted object for the sales and thus uses references to friends or other of the object’s “stereotype” as social proofs to influence him. Likewise - when people around do not react nor do we. Group dynamics seem to soften personal responsibility. Studies show that a victim to an accident or crime is far more likely to be helped by a single bystander than if passed by hundreds of people⁶⁶.

People prefer to say yes to individuals they like. Psychologists have identified a number of factors that are important: Physical attractiveness, similarity, praise, familiarity, and association.⁶⁷ It should be noted that three of those, similarity, familiarity and association, respond to man’s stereotyping. The more we can identify ourselves with the individual in question the more likely we are to have a positive opinion of him or her. That man responds to praise is natural as it confirms that he is recognized. That he responds to physical attractiveness is likewise not very surprising and most probably linked to Reproductive success.

Authority

Obedience to authority is an important feature of human social organization. It allows the development of sophisticated structures for production of resources, for trade and social control that would not have otherwise been possible. Religions are regularly enforcing obedience to authority; the Bible demands absolute submission to the wishes of God.⁶⁸ When Lieutenant William Calley ordered his soldiers to kill the inhabitants of My Lai in Vietnam - infants and toddlers as well as their parents and grandparents – the soldiers obeyed. A national survey has shown that 51 % of Americans would have done the same if ordered to.⁶⁹ The willingness to comply with authorized command is not a specific American feature. Research done in other countries such as Holland, Germany, Spain, Italy, Australia and Jordan has shown a similar compliance with authority.⁷⁰

Authority is acquired in several different ways. *Titles* are one way. In one experiment conducted on five classes of Australian college students a man from Cambridge University was introduced in different ways; in one class he was presented as a student, in a second as a demonstrator, in a third as a lecturer, in the fourth as a senior lecturer and in a fifth as a professor. After he left the room the students were asked to estimate his height. His height

⁶⁵ Thaler-Sunstein, 2008, pp 55-65

⁶⁶ See e.g. Latané & Darley, 1968

⁶⁷ Cialdini, 2001, p 176

⁶⁸ Cialdini, 2001, p 185

⁶⁹ Kelman & Hamilton, 1989

⁷⁰ Meeus & Raaijmakers, 1986, pp 311-324.

increased in average with half an inch with each increase in status so that the “professor” was perceived to be 2 ½ inches taller than the “student”.⁷¹ *Clothes* also establish authority. Experiments show that an individual is much more likely to comply with a request if the person asking is in uniform than in ordinary clothes. The same is true, even if not in the same degree, if the person is dressed in business attire. Also *trappings* such as expensive jewelry and cars have effect. An experiment showed that motorists would wait significantly longer before honking their horns at a new, luxury car stopped in front of a green traffic light than an older, economy model.⁷² 50 % never touched their horn until the luxury car went on.

The deference to authority is probably part of the ecological inheritance and functions as a kind of decision-making shortcut. Individuals comply with authority because they are conditioned to believe it to be the correct conduct and because authorities are presumed to have knowledge and power.⁷³

Psychological reactance

Something is desired more if it is censored or perceived as scarce or if it has been acquired but been taken away. The effect is called *psychological reactance* and it works also on group level. Information is perceived as more valuable if it is “exclusive” or threatened by censorship. The desire can also be aroused, if there are others competing for the same scarce resource.

Anchoring, priming, similarity and availability

If an individual has just learned the size of Chicago and is then to guess the size of Milwaukee, she will give a much higher estimate than if she just has been told the size of the smaller town Green Bay. This effect is called *anchoring*. Social scientists have found that they can *prime* people into a certain behavior by offering them such seemingly irrelevant clues. Another type of bias can be created by *availability*. People who have just experienced an earthquake, a hurricane or 9/11 are more likely to overestimate future risks than those that have not recently had such experiences. A third bias is *similarity heuristics*. The subconscious shortcuts are expecting that things are going to repeat themselves. If a coin is tossed three times and heads are coming up every time the subconscious self based on similarity heuristics is going to tell the conscious self to expect another head the fourth time.⁷⁴

5. WHICH FEATURES ARE INNATE?

It is an important question whether features are *inherited* or whether and to what degree they are *acquired*. It is an area in which researchers so far have been unable to give clear answers.

The genetic codes that are carried by the DNA have until recently been seen as more or less given through the merger of a sperm and an egg. This perception is now under scrutiny. It has

⁷¹ Wilson, 1968, pp 97-102

⁷² Doob & Gross, 1968 pp 213-218

⁷³ Cialdini, 2001, pp 200-201

⁷⁴ The examples are from Thaler and Sunstein, 2008, pp 22-31

for a long time been recognized that the DNA can be affected by e.g. radioactive radiation, but researchers have now shown that the DNA is less stable than they have believed and that less dramatic mutations can take place during the pregnancy.

There are also many ways in which we can acquire a feature. In the earliest part of our lives we learn by imitation. We learn through experiencing, through trial and error. We internalize, in our subconscious, values and memories through parental guiding with its encouragements and discouragements and we develop our behavioural information and response systems. As we grow up we learn how to read and how to reason in order to develop our knowledge. We are also allegedly born with an ability to invent. Creativity is shown to be a complex interaction between a reflecting mind and environmental conditions⁷⁵.

There are many possible conclusions to the question whether a feature is innate:

- A feature can be genetically coded and therefore in principle unable to change without physical interference. Examples are the colour of our eyes or the length of our legs.
- A feature can be ‘pre-programmed’ but possible to expand. An example is desire. Desiring is a primitive inherited feature and is strongly linked to the evolutionary drivers. Survival demands that we desire food, water and reproductive success. But desires can also as explained be expanded to new areas and influenced by the internalization of experiences and values.
- A capability can be a ‘pre-programmed blank slate’ but possible to develop. Our ability to reason is one example, our ability to play an instrument another. When we develop such features the area in the cortex that is originally set aside for the ability is allowed to expand. The ability to reason is thus innate but the way to reason is acquired. Conscious reasoning is as described not part of what the subconscious amygdale does. Neither are reasoned beliefs automatically internalized.
- A feature can be perceived to be part of a genetic inheritance, but it may instead be part of an almost indistinguishable ecological inheritance. Genetic inheritance is part of an evolved, adapted system, the biological function of which is to generate similarities between parents and off-springs.⁷⁶ Ecological inheritance on the other hand is not involving links between different individuals but can be seen as a downstream cumulative construction process in which behaviours are part of a collective learning process. Many group behaviours are most likely of the latter type.

It seems that we have a predisposition to believe that more features are innate than they actually are proved to be. Sigmund Freud claimed, inspired by Darwin, that sex and aggression are the central instincts that motivate human behaviour. Modern evolutionary psychology⁷⁷ has taken his reasoning and clinical experiences one step further and now talks about three basic “drivers” supporting natural selection: *reproductive success* – the capacity to survive and produce viable offspring; *inclusive fitness* – to care for close relatives with whom

⁷⁵ Markova, 1987, p 244 ff

⁷⁶ Sterelny, 2003, p 152

⁷⁷ Westen, 2007, pp 70-76

you share genes; *reciprocal altruism* – the tendency to help one another out to mutual benefit. There seems to be good reasons to believe that those “drivers” are genetically coded. The research on fixed-action patterns that has been described earlier seems to support the view that inclusive fitness is a genetically inherited feature. The question mark is around reciprocal altruism; the research I have seen does not indisputably show that the feature is part of the genetic inheritance and not the ecological.

There are many different forms of less ‘ingrained’ mental shortcuts termed *judgmental heuristics*, many still to be uncovered.⁷⁸ Some of them are genetically coded, some of them learned, conditioned. It is not always easy to separate the inherited shortcuts from the acquired. Sometimes they are interlinked.

An important conclusion of the contemporary research is that *values* that are held consciously and subconsciously can differ quite significantly, just as other beliefs differ. The values that people cherish consciously are often more ‘ethical’ than those they hold subconsciously. The subconscious processes works with stereotypes that by their very nature are prejudicial and is organizing people in an ‘us and them’. Stereotypes are important and necessary devices to enable the individual to respond fast enough to people and events, but the stereotypes are not automatically supportive of ideas such as the equality of men. We may consciously reject racism but be the victims of subconscious racist attitudes at the same time. How this works is already explained.

Surveys have shown that most people around the world share the same ethical values when asked. Many wish to see this result as a proof that man is born good and that there is a genetic character to values. But this is too hasty a conclusion. When people answer to a survey it is their conscious self that is doing the answering and those answers can differ quite a lot from the values held subconsciously. Market surveyors are well aware of this phenomenon.

When people are seen as naturally ‘evil’ it can also be due to an insufficient control of the subconscious processes. It takes a developed ventromedial prefrontal cortex to control the emotions that the subconscious information systems signal. And that part of the front lobe may in some individuals be weak, less developed or badly ‘programmed’ during the upbringing.

Both conscious and subconscious values are thus – with the exception of some inherited evolutionary features such as ‘the family value’ Inclusive Fitness – acquired, but they are acquired in different ways. Conscious values can be reasoned, while subconscious values are acquired mainly through internalization during the childhood. Children learn what they should or should not from parents and the wider society. Internalization is not very different from learning by experiencing. Children get motivated by the positive response from parents, teachers and the like to pick up some values and inhibited by their scolding or punishments to hold others. But the end result may be different. Whilst experiences are mostly connected with wishes or fears, values are often connected to sentiments such as pride and shame,

⁷⁸ See Chaiken & Trope, 1999 and Kahneman, Slovic & Tversky (Eds.), 1982

enthusiasm and anger. The reason is that values are integrated in the *self-image*. They define how the child wants to be, how she wants to be seen and how she wants others to be.

What needs to be understood is, however, that the values can be changed if the circumstances change and that they need to be kept alive. Europeans still remember how whole populations in Germany, Austria and Poland that were brought up with Christian values, could go along with the extermination of Jews, Roma and Gays. Americans are starting to struggle with the question how they could lose their way so fundamentally after 9/11, allowing torture and denying foreigners their human rights.

There is a lot of anecdotal evidence showing that values, also subconscious values, are possible to influence and change. The military methods for ‘brain-washing’ are well-known examples of how values can be changed. The training of recruits in the US Marines or a European parachute troop is in principle built on lessons from these exercises. The soldiers have often a less fortunate background and the aim of the training is to give them firm and coherent values.

Other examples of value-building are the religious fundamentalist schools such as the Moslem ‘madras’ and the Jewish Orthodox schools. Both types of schools are teaching the children that they belong to a selected few that are closer to God than other believers and they learn how to despise the non-believers. The children are pressed to work hard, which make them more likely to work on ‘auto-pilot’ and less likely to reflect, and they are kept isolated from other children, which deflects dissonant information.

Many workplaces such as the financial institutions in the City and Wall Street have strong subcultures that differ from the values of the society as a whole. Young graduates are, however, quickly adapting to the values of the sub-culture. The fact that the new-comers, just as the children in the madras schools, have to work very hard forces them to accept more and question less consciously, which makes them more susceptible to the sub-culture values.

Evolutionary biologists have highlighted the interaction with others as an important driver of evolution. We have the ability to empathize with other human beings, both cognitively and emotionally. Self-awareness and other-awareness are gained successively during the upbringing.⁷⁹ The ability to separate own reactions from those of others is developed over time. There seems to be a mirror neuron system in several parts of the brain that lets us *experience other people’s feelings*, an ability that supports this development.⁸⁰ The feature was first discovered in monkeys. Scientists were studying how neurons were firing when a monkey was planning or carrying out movements, such as reaching for a banana. What they found was that the same neurons were firing in a monkey that was looking at another monkey reaching for a banana.

⁷⁹ Markova, 1987 chapter 2, 3 and 4.

⁸⁰ Westen, 2007, p 288

6. THE MOST IMPORTANT “DRIVERS”

The third question raised earlier in this chapter was if the three ‘drivers’ of man – desire, reason and thymos - as identified in the philosophical tradition are the three features that political philosophers should give the greatest attention or if there are other ‘drivers’ that are as important.

It has already been recognized that *desiring* is an important feature of human nature. *Desiring* originates from the brainstem and amygdale and it is expanded in scope by valuing, experiencing and through networks of associations. But experiences connected with negative emotions are also remembered in the brainstem and the amygdale in behavioural systems, *fear* being the strongest reaction. And such systems can also be expanded by networks of associations. One lesson learned from contemporary research is thus not to underestimate the power over the minds of people that can be achieved by installing fear. Desiring and fearing are two features of human nature that have to be seen in parallel.

The second important ‘driver’, identified already by Socrates, is our reasoning ability. What we have learned is, as explained, that we make decisions on two levels, consciously and subconsciously. The ability to *reason* is found in the cortex and has thus been added quite late in the evolution chain. The ability is part of a genetic heritage, but how to reason logically is something we are taught. The main claim in this inquiry is that there is a simplified cognition process, sometimes called *on-line processing*, that is going on subconsciously, that it is the dominant decision-maker in our lives, and that it is involved in almost everything we do, also our conscious reasoning.

Researchers have also confirmed that Socrates ‘thymos ‘is a reality. Man has a ‘self-serving bias’, a tendency to believe the best of him and explain away the worst, even if the tendency varies with age, gender and culture⁸¹. The self-esteem is linked to the drive to defend this self-image, *to be recognized* as the person we want to be seen as. The old philosophical term *thymos* will henceforth be used to cover both (1) the self-esteem and (2) the struggle to be recognized by others the way an individual wants to be seen, i.e. his self-image. Thymos seems to play a fundamental role in the genetic heritage. It is important for reproductive success, for survival. We feel pride when we are recognized for the man we want to be seen as; we feel shame when we have failed to live up to our own self-image. We feel enthusiasm when someone is expressing values we share and we feel anger if we or the values that we stand for are met with disrespect. Those are strong feelings. They protect our self-image. The importance of thymos should not be under-estimated and that is one of the lessons of contemporary science.

The self-esteem is central to man and when the self-image is threatened he feels uncomfortable⁸²; that is, if he has a high self-esteem. If he has a low self-esteem he can feel uncomfortable if he *surpasses* expectations⁸³. Hegel would not have been surprised of these

⁸¹ Mezelius, Abramson, Hyde, and Hankin, 2004, pp.711-747

⁸² Thibodeau and Aronson, 1992 pp 591-602

⁸³ Travis and Aronson, 2008, pp 29-32

findings. High self-esteem (thymos) is to be found in “masters”, low thymos in “slaves”. Thymos values thus not only own recognition, self-esteem, but also the recognition of the groups (stereotypes) with which an individual identifies himself. He is concerned if the group to which he feels a belonging is attacked or discredited. Already Socrates pointed out that the thymos of “guardians” included a willingness to stand up and aggressively fight for the whole community and that such a commitment was important for the survival of the community. He has been vindicated. An example: Half a century ago a young social psychologist infiltrated a group that thought the world would end December 21 that year.⁸⁴ When the prophecy failed the leader got a new vision: The world was saved because of the faith of their little band. Soon the members of the group were out on the streets again, talking about the miracle and trying to win proselytes. So strong was their commitment to the group and the need to justify it to keep their own self-esteem.

Stereotypes help to define man’s identity. The protection of the self-image gives the subconscious a strong incentive to attach positive features to the category with which he identifies and suppress any negative such features. The identity includes not only the self but also the stereotypes with which he identifies himself. “I am a man and identify myself with men; I am from Sweden and I identify myself with Swedes etc.” Thymos is as the defender of the identity and the self-image an indispensable part of the human being and part of the genetic heritage; desiring is not enough for survival. The individual needs to be able to stand up and fight, for him and for the groups to which he belongs. The evolutionary drivers, ‘reproductive success’ and ‘inclusive fitness’, are both dependant on that feature. Low thymos is nothing desirable; low self-esteem can be the root of many individual problems and get anyone into trouble.

The self-image that the thymos is protecting is as explained strongly affected *by internalized values*. The Enlightenment philosophers were therefore partly fighting the wrong battle. They were right in arguing strongly in favour of a general acceptance of ethical values such as equality, fairness and justice but they should not have fought thymos. It is a fight that cannot be won. Hegel claimed that the willingness to sacrifice his life is what made man man and that a man should demand recognition for that willingness. He was right to highlight thymos but he was wrong in assuming that it had to be connected to physical violence. The struggle for recognition is an important driver of man, but the self-image that thymos defends has changed over time. The willingness to sacrifice one’s life was a brain-child of the values of the pre-Enlightenment time. Most people, at least most Europeans, are now living in another culture with other sets of values. Children may after a contemporary upbringing want to see themselves not as warriors but as honest and decent human beings, as successful professionals, and good citizens of the community, and can be prepared to fight hard through other means than violence for being recognized as such beings. The reward they may be happy to receive is a fulfilment of those desires.

The conclusion is that *desiring, fearing, logical reasoning, on-line processing* and *thymos* are important “drivers” to consider when discussing governance systems.

⁸⁴ Festinger, Riecken, and Schachter, 1956

7. ALIGNING THE CONSCIOUS AND SUBCONSCIOUS SELVES

The subconscious self thus does most of the work. Nothing else would be possible. The body receives millions and millions of bits of information every second through the senses and the subconscious self responds to almost all of those stimuli. With the help of shortcuts supported by stereotypes the subconscious self steers the individual in his daily life, helps him to walk the stairs, to cross the street, to drive the car, to respond to encounters, compliments and threats. There is usually no problem with that. The conscious self can after all override the subconscious self whenever it wishes; or at least that is what it believes.

The reality is more complex. Often we find ourselves responding in a way that we regret afterwards. Why did I not think first before answering, we ask ourselves? *The subconscious self can be too quick*. There are some shortcuts that are so strongly supported by genetic or ecological inheritance that the conscious self does not get a chance to think. Obvious ones are related to evolutionary concepts such as ‘Inclusive fitness’ – to care for close relatives with whom you share genes and ‘Reciprocal altruism’ – the tendency to help one another out to mutual benefit. But there are more such strong shortcuts and researchers are increasingly uncovering them.

In those situations we can at least become aware of being “cheated” by our subconscious self. But there are situations when the subconscious self is acting to protect the individual from knowing. This is the case when the thymos is under threat. The most common situation is the cognitive dissonance⁸⁵. It is an unpleasant feeling, a state of tension, which occurs when a person holds two cognitions (ideas, attitudes, beliefs, opinions) that are psychologically inconsistent, such as “Smoking is a dumb thing because it could kill me” and “I smoke two packs a day”. People do not rest easy until they find a way of dealing with the dissonance. The positive way of dealing with it is to be rational and e.g. stop smoking. But when there is no such simple way of dealing with the dissonance or when it would threaten the self-esteem to admit a mistake the subconscious initiates the psychological mechanism called *self-justification*. This mechanism can be very strong. The subconscious self can for example induce false memories and prevent the conscious self from reasoning.

How we handle inconsistencies has been the subject of philosophical discussion all since Socrates. Protagoras challenged Socrates, according to Plato, when Protagoras found Socrates to illogically approve of a poem that contained contradictions. Socrates “invented” a series of explanations, none of which really convinced Protagoras. Michel Billig suggests that the most interesting question may be not how consistency operates but how people cope with inconsistency.⁸⁶

Confirmation bias

The first line of defence that the self-justification process applies against cognitive dissonance is the *confirmation bias*. The subconscious self prevents the conscious self to address the

⁸⁵ Festinger, 1957

⁸⁶ Billig, 1987 pp. 164-165.

rational arguments. The reasoning circuits are “blocked”, by what is sometimes called *emotional constraints*. Biases are supported by networks of association. They can, as in the case of flying, be strongly protected by emotional constraints, but they can also be of a very temporary nature following e.g. anchoring and priming, and can influence also conscious reasoning

Scientists have shown in experiments how the confirmation bias works. In one experiment⁸⁷ Drew Westen and his colleagues processed dissonant and consonant information about George Bush and John Kerry to partisans with different biases. The partisans were monitored and their brain activities followed with the help of Magnetic Resonance Imaging (MRI). When confronted with troubling information, such as when their favourite candidate was expressing contradictory views on the same issue, the network of neurons that produces distress became active. Distress seems to be a reaction that triggers the self-justification mechanism. The subconscious self solved the dissonance quickly. The researchers found that the reasoning areas of the brains were virtually shut down when the participants were confronted with the dissonant information. The neural circuits charged with regulation of emotional states seemed instead to recruit faulty beliefs that eliminated the distress. When the subconscious self had restored consonance the partisan brains turned on the circuits that create positive emotions. The participants therefore left the experiment even more convinced about their partisan beliefs than before. The confirmation bias protected them from facing the dissonance that they did not want to be aware of. David O Sears has developed a theory for the role of affect in symbolic politics that is consistent with these findings. Often used political terms can be linked to emotions and when man is faced with the terms they initialize a ‘shortcut’ reaction. Sears calls this *symbolic predisposition*.⁸⁸

Other experiments have shown that people when exposed to articles on highly charged questions have found ways of discarding those that are dissonant with their strongly held opinions. Even lack of evidence has been proven to be accepted as support of partisan beliefs.

Another example: In 2003 it had become abundantly clear that there were no weapons of mass destruction in Iraq. Democrats, who had been against the war in the first place, concluded that the president had lied, or at least was eager to listen to faulty information. Americans who had supported the war and believed in President Bush’s reason for launching it were on the other hand thrown into dissonance. Travis-Aronson found⁸⁹ that more than half of the Republicans resolved the dissonance by refusing to accept evidence. They even told a Knowledge Networks poll that they believed that weapons of mass destruction had been found – a research result that may have been affected by their choice of news outlets that reinforced their beliefs.

A high self-esteem can be an asset when addressing difficult problems that need to be taken care of, especially if a quick decision has to be made based on incomplete information. A strong thymos is often linked to leadership qualities; it can be perceived as charisma when

⁸⁷ Westen, Kilts, Blagov et.al., 2006, pp 1947-1958

⁸⁸ Sears in Kuklinski, 2009

⁸⁹ Travis and Aronson, 2008, pp 18-19

combined with other personality features. But high self-esteem can also lead the owner astray as his need for self-justification when faced with cognitive dissonance can be more pressing.

There is a way around the confirmation bias and Westen has pointed it out⁹⁰. If you want to argue with someone and convince the individual you should strive to evoke positive emotions and to make the listener feel that you have shared, cherished values. Positive emotions unblock the reasoning part of the brain (the conscious self) and give the thymos a way out of the cognitive dissonance: “I have always believed those values to be the most important to me, and I have just come to realize that there is a better way to feel good about myself”.

There is also the possibility that attitudes can be altered in order that the individual may have a consistent outlook at the world. There is a theory that if there is a discrepancy between our actions and our attitudes, it is the attitudes which will be changed to be brought in line with the actions.⁹¹

Rationalization

Dissonance theory has challenged behaviourism. Behaviourism fitted the Locke-Hobbes thinking. With rewards and punishments behaviour could be affected and desires reconciled with reason. The behavioural laws work on humans too, but they are not the whole truth. Elliot Aronson has for example shown that if people get through a great deal of pain, discomfort, effort, or embarrassment to get something, they will be happier with that “something” than if it came to them easily. In an experiment with the colleague Judson Mills⁹² he invited Stanford students to join a discussion group on the psychology of sex. Half of them were accepted effortlessly to the group while half of them had to go through an embarrassing initiation procedure. Each student listened after the acceptance to a boring and worthless audiotape from an alleged discussion in the group. Those that had been easily accepted found the discussion to be as lousy as it was, while those that had gone through an initiation process found the discussion to be interesting and exciting and they were full of excuses for the stammering and awkward statements of some of the participants. Even after having been told how the experiment had been done they persisted in claiming that they found the discussion on the audiotape to be on a high level and that their acclaim had nothing to do with the initiation process. This is one experiment that shows how strong the self-justification process is; so strong is the need to justify actions, beliefs or opinions in order not to shatter the self-esteem that people do not see what has happened even if they are informed about how they have been “manipulated.” It is important to understand, as it explains why e.g. politicians so seldom admit to making mistakes. They are unaware of how the self-justification process has taken care of their “cognitive dissonance” and truly believe what they say. Suppressed emotions can betray what is going on to the observer, but their conscious selves know nothing about it.

One step at a time

⁹⁰ Westen, 2007 p xv

⁹¹ Billig, 1987, p 175

⁹² Tavis and Aronson, 2008, pp 14-17

Researchers have, not very surprisingly, found that it is easier for the subconscious self to solve dissonance, if the gap between the beliefs is relatively small. The social psychologist Judgson Mills studied how attitudes towards cheating changed when children were exposed to temptation⁹³. Children were given the chance to cheat without risk of being discovered in order to pass a difficult test. Those that cheated were afterwards more understanding towards cheating while those that had resisted had hardened their attitude. The changed attitudes were the result of their respective self-justification processes. Travis-Aronson calls it a “*Pyramid of Choice*”. The children had been on the top of the pyramid of choices before the test, they had now taken one step down, but on opposite sides.

If you are subjected to a series of such choices you have only to justify one step at a time. The self-justification mechanism ensures that you do not have to face the fact that you already have taken one or several steps down the pyramid. Researchers have shown that you may end up making a choice you would never have done if you had faced it to start with. The social psychologist Stanley Milgram⁹⁴ was the first one to do a thoroughly scientific study of the one-step-at-a-time justification process. A research subject was asked to respond to questions. The participants in the experiment were told to administer an electric shock every time the subject responded falsely. The voltage was increased, but not drastically, each time the subject could not answer correctly. “The experiment requires that you continue”, the participants were told. In the famous study two-thirds of the participants ended up administering what they thought were life-threatening levels of electric shocks to the subject. The experiment showed both the power of step-to-step justification and of authority.

How someone step by step can be coerced to do things he would normally never do has been described by several participants in the Watergate scandal. Jeb Stuart Magruder⁹⁵ has very honestly told how he justified to himself one step at a time ending up doing things he today finds morally outrageous. Tavis and Aronson explain how politicians can be caught up in conflict of interests with lobbyists by allowing themselves to be involved one step at a time: “When they first enter politics, they accept lunch with a lobbyist, because, after all, that’s how politics works and it’s an efficient way to get information on a bill {...} Once you {...} justify it that way, however, you have started your slide down the pyramid. If you had lunch with a lobbyist to talk about the pending legislation, why not talk things over on the local golf course? {...} And if you talked things over at the local course, why not accept a friendly offer to play golf with him or her – say, in St Andrews in Scotland?”⁹⁶

Selective and false memories

It is a myth that man remembers everything. There is no space in the brain for such a memory. The memory of the subconscious self works, as described, as a running tally. The stimulus, experiences or internalizations leading to the memories are forgotten. But the conscious self is

⁹³ Mills, 1958, pp 517-531

⁹⁴ Milgram, 1963 pp 371-378

⁹⁵ Magruder, 1974

neither remembering as well as we may wish. This is a quite recent realization. We remember only things that have been central to us. We can on the other hand do that very accurately.

It was not all that long ago when psychologists tried to ‘recover’ memories from childhood of e.g. incest and abuse. They have now come to realize that in many cases they actually induced false memories.⁹⁷ It happens that memories are suppressed, in cases of accidents for instance. But the most likely situation, in the cases of abuses, is that if they have really happened, that the victims remember them. The problem for people who have had traumatic experiences is not that they forget them but that the memories return all too often.⁹⁸ Survivors of Camp Erika, a Nazi concentration camp, were asked 40 years afterwards to write down their memories. Those were compared with the depositions they had provided when they had been released and the researchers found a remarkable consistency. A few violent events had been forgotten by some of the survivors but otherwise they remembered every detail in the way they remembered them forty years earlier.

But the memory cannot be trusted when it comes to less central events. The researchers have shown that the memory is “adjusted” to protect the self-image. Self-justification is hard at work when it comes to memories. Embarrassing episodes are conveniently forgotten and history is rewritten to make man look good. Every time he tells his story he may make it better and better from his point of view until he may talk about something that has never happened. Everyone does it, not just the politicians.

The eyesight is perfect only in a restricted area. That is why the eyes have to wander around to capture a new sight. But the memory steps in. The perfect picture of what the eye just had seen remains with the individual as his eyes move on. If he with one glance recognizes his wife coming home the memory fills in all the rest. He thinks he has seen all of her, but he may just have missed that she has a new haircut. A memory of a central event can be both exact and imprecise. The memory is exact when it comes to the actions of a person or persons central to the event, but inexact when it comes to the surroundings or the doings of other persons. The memory may even have filled in that part from a totally different event.

It has also been proven to be not all that difficult to induce false memories. Tavis and Aronson have given numerous examples of how interrogators have been able to implant false memories in suspects to get false confessions; leading to convictions that have later been overturned as DNA-tests have cleared the suspects. The technique that is actually endorsed in the bible of interrogation methods⁹⁹ promotes the introduction of fictitious evidence to make the suspect confused. In the known cases of false confessions the suspects have in addition been subjected to long stressful interrogations and often been teenagers. If you can implant false memories with such limited methods, how about Abu Ghraib and Guantanamo Bay?

⁹⁶ Tavis and Aronson, 2008, pp 45-46. Congressman Tom DeLay, former leader of the House Republicans had to the shock of his supporters accepted a trip to St Andrews with Jack Ambroff, a corrupt lobbyist-turned-informer.

⁹⁷ Tavis and Aronson, 2008, pp

⁹⁸ McNally, 2003

⁹⁹ Inbau, Reid, Buckley, and Jayne

With sleep deprivation and water boarding the torturers can in principle implant any false memories they wish for.

Calculations of false convictions based on the extrapolations from the cases that have been investigated indicate that over 28 500 suspects have been falsely convicted and imprisoned in the US during the last 15 years.¹⁰⁰ The false convictions have in some cases been overturned because of new methods for analyzing evidence, such as DNA tests. In many cases the convictions have been partly based on false confessions. One would expect FBI and prosecutors to be quite concerned. Travis and Aronson have found that most of them are not and the bible is still in use. The reason is that self-justification works also on a collective level. The reputation and the self-esteem of the police corps and of the prosecutors are at stake and therefore they often refuse to accept that they have coerced false confessions, even in the face of overwhelming evidence, according to Travis and Aronson.

Aggression

When man can find no way to justify himself he can become aggressive. That seems to be the last resort for the subconscious self. Fyodor Dostoyevsky has told the following story: The scoundrel Fyodor Pavlovitch recalls “how he had once in the past been asked, ‘Why do you hate so and so, so much? And he had answered them, with his shameless impudence, ‘I’ll tell you. He has done me no harm. But I played him a dirty trick, and ever since I have hated him’”.

If an individual has done someone else an injustice it can create distress. That triggers, as well known by now, the self-justification process. The self-esteem is at stake. For cases such as these the subconscious self has another self-justification process in store. The individual becomes aggressive, starts to find new, even imagined, faults with the victim of his actions.¹⁰¹ This process is seen in the escalation of conflicts to wars. For anyone leading a country in war it is a must to dehumanize the other side. It is part of the training of soldiers that they are made to believe that the others are evil; that the soldiers are fighting on the side of the good. How can a soldier otherwise lift his gun and shoot to kill a boy he has never met? The degrading treatment of Iraqi and Afghan prisoners of war in the hands of US and British soldiers has to be understood in the light of how these soldiers have been manipulated. When the torturers inflicted pain on the prisoners of Abu Ghraib the reports seems to indicate that they came to despise their victims even more, which gave them the incentive to degrade them one step further. That would be a natural and expected reaction.

War feeds war in a vicious circle. It is hard to get out of such a circle. A positive finding is that research shows that it is possible to create virtuous circles. If someone is asked a favour, and helps the individual out, he or she is more likely to think well of that person afterwards. By asking for her help the individual has bolstered her self-esteem and made her feel good.

Affect

¹⁰⁰ Samuel R Gross et al, 2004

¹⁰¹ Tavis and Aronson, 2008, pp 27-29

Another “distortion” of the hierarchy between the conscious self and the subconscious self is the response to *fear*. The subconscious self “takes over the show” when a stimulus is triggering a strong negative response. Man responds without thinking to a physical threat. But reasoning can be blocked even if the threat is not imminent. This is the case if the individual has been intimidated to fear someone or something. Such a situation is also triggering a self-justification process; it helps to explain away the dissonance when the response is inconsistent with the internalized values.

The political scientist Ted Brader¹⁰² carried out a content analysis of over 1,500 political advertisements from the US 2004 election to provide insights as to how the emotions of enthusiasm and fear are used to influence potential voters and has found that the impact is substantial. The results from research done by Brader, Marcus and his colleagues on political processes are clear: Subtle visual and audio cues affect voters' emotions, not least those of informed and interested voters. When exposed to positive emotional campaigning (via media, ads, speeches etc) the voters respond with enthusiasm when the incoming information is in line with the confirmation bias. But the research also shows that those that have an opposite bias become frustrated and respond with increased partisanship.

Emotionally negative campaigning creates in an analogous way fears and those alert the conscious rational selves. Fear breaks habitual routines and direct attention to relevant portions of the environment and any information that may help address the threat.¹⁰³ It activates thinking about alternative courses of action. Fear and negative mood states encourage systematic evaluations and conscious processing of information.¹⁰⁴ Voters who are anxious thus tend to gather more information and reflect more. Marcus and MacKuen have also studied how moods affect elections and have found that voters when in a calm mood have been voting mainly based on their party identification and other partisan cues (symbolic preconditions). When in anxiety they have been much more issue-oriented and have been acting more in line with the rational choice theory.¹⁰⁵ Gerald L Clore and Linda M Isbell have together with other researchers uncovered that happy persons are more likely to ‘shortcut’ than a sad person who will be more reluctant to take quick decisions and more prone to reasoning.¹⁰⁶ At the same time a happy person is more creative. The conclusion by Marcus and MacKuen is that democracy works better when the voters feel some anxiety.

Brader, Marcus and colleagues have found that voters that are generally more educated and more knowledgeable in political issues are the ones that respond the strongest to messages with an emotional cue. They are also more likely to respond to anxiety by activating themselves and change opinion. When in fear they vote less based on preconditioned biases and more on basis of actual information.

¹⁰² Brader, 2006

¹⁰³ Brader, 2006, pp 57, 58

¹⁰⁴ Öhman in Lewis Havilland-Jones (ed.) 2000, pp 573-93

¹⁰⁵ Marcus-MacKuen in Kuklinski (ed), 2009, p 55-62

¹⁰⁶ Clore and Isbell , in Kuklinski (ed), 2009, p 116-118

The result that fear should make voters act more rationally seems counter-intuitive. People are obviously not immune to collective intimidation affecting the general mood. Machiavelli has explained how a skilful leader can create a climate in which he can make people agree to actions that they would never concur to if they were guided by reason. The bullies on the schoolyards have always known how to install fear in others to get their way. Brader admits that the technique also can be used to manipulate people. Politicians may knowingly present information in a way that leads citizens to behave contrary to their true interests. If emotional cues are added to create fear the effect can be strengthened considerably and voters can be manipulated to act far from rational.

There seems, however, to be another explanation. Brader, Marcus and their colleagues have been looking at ideal cases in which legitimate messages have been strengthened by emotional cues. Westen and colleagues have investigated how negative campaigning has worked in reality. They have studied a number of elections among others the 2004 presidential campaign. They have shown that the parallel processing by the subconscious and the conscious selves are not always that parallel. Westen explains: "In our study, only *after* partisans had come to emotionally biased judgments did we see any activation in circuits usually associated with reasoning, suggesting that they had begun to develop rationalizations for their emotional biases."¹⁰⁷ That a voter gives more attention to an issue, when he is scared, does not necessarily mean that he is reasoning more. The truth can be the opposite. Conscious attention is not the same thing as conscious reasoning.

Westen has especially studied "*hidden*" *racist and xenophobic messages* and has found that they often create an anxiety that makes the subjects more receptive to the main message. This is especially the case if the emotional cues are *subliminal*, i.e. presented faster than the conscious self can register them.¹⁰⁸ The voters may believe that they have done an independent rational analysis, whilst the subconscious has reached a conclusion that the self-justification system has helped them to rationalize. Whether they act on this information is not a given. It depends on whether they deem the recommended course of action to be effective (*response efficacy*) or see themselves as capable of taking that action (*self-efficacy*)¹⁰⁹. When fear is strong and perceived efficacy low, individuals are more likely to engage in defensive behaviour such as denial and avoidance.¹¹⁰ Kuklinski asks in relation to Marcus/MacKuen's result: "But what about the situation in which anxiety seems to overwhelm everything else?"¹¹¹ The question is highly relevant as the Western world just has been through a 'reign of fear'. Men who are living under an alleged threat during a long period of time are more likely to respond with fear than with anger and therefore probably more prepared to give up some of their freedom for security. They are also less likely to scrutinize the reasons for fear as the role of their reasoning conscious self is restricted by their need for self-justification. But unjustified fear can most likely also wear off over time. If someone cries 'wolf' too many times and the wolf never shows up people may stop listening.

¹⁰⁷ Westen, 2007, p 351

¹⁰⁸ Westen, 2007, p 58

¹⁰⁹ Rogers, 1983, pp 153-76

¹¹⁰ Witte, in Andersen and Guerrero (ed) 1988, pp 423-50

¹¹¹ Kuklinski, 2009, p 13

Researchers have so far mostly concentrated on the effects on decision-making by temporary emotions of fear and enthusiasm. Research done by e.g. Arne Ohman suggests that moods have a similar effect. It also seems that emotions and moods can be additive and compensating, but more research needs to be done. The Behavioural Information System (not to be confused with the Behavioural Inhibition System) identified by Gray informs us about our mood. When the system focuses on ourselves “changes in our mood, from gloomy to enthusiastic, tell us that we are bursting with confidence, energy, and eagerness. Alternatively when our mood changes in the direction of depression, we conclude that we are exhausted, and beaten”. When the system focuses on those we are identified with “our moods reflect what we have recently experienced. Our trust has been confirmed or we have been disappointed and let down. When focused on ourselves, these feelings gauge self-mastery; when attendant on those we rely upon, these feelings gauge our confidence and trust in others. According to Gray, the moods of depression-enthusiasm provide crucial ongoing information on how well we are conducting ourselves and how well our previously learned behaviours are enacted”¹¹² In that way the system is informing us about the state of our thymos.

Fear can also be installed by *intimidation*, often used within and between systems. Judges can e.g. sometimes be intimidated by the Executive or by media. Such intimidation can, as explained by Travis-Aronson, lead to less reasoned decisions and to irrational self-justification processes that are explaining away the dissonance.

It is thus far from obvious that anxiety among voters is positive for democracy. It would on the contrary in many cases be a faulty conclusion. Researchers have also recognized the need for more knowledge on how other emotions are evoked and work. One hypothesis is that there are similar disposition and surveillance systems related also to emotions such as empathy, love, hate etc. It could e.g. be expected that external stimuli, which can affect thymos, are evaluated in a similar way: confirming stimuli can lead to pride, threats to thymos to anger. Some evolutionary biologists have launched the idea that a way to see the inherited, mostly subconscious, structure is to see it as multi-modular, with a lot of domain-specific cognitive devices adapted for different situations.¹¹³

8. THE CULTURAL AND ECOLOGICAL CONTEXT

The final, fifth, question that was asked in this chapter was how dependent we humans are on the cultural conditions and the ecological inheritance. The answer to that question has to a certain extent already been given. Contemporary research seems to indicate that we have a tendency to overestimate the role of the genetic inheritance and underestimate the importance of the ecological inheritance.

This has in my understanding to do with how we remember. The subconscious memories are functioning as a running tally; they are updated with new experiences and knowledge, but we do not remember why we have come to have the beliefs we have. They all form an intrinsic

¹¹² Marcus-McKuen in Kuklinski(ed), 2009, p 45

¹¹³ An idea promoted by N. Chomsky among others.

knowledge about life and the fact that most of this knowledge is acquired is not something we are aware of.

The subconsciously stored knowledge relates to our immediate situation and the relations to others such as our parents, friends etc, but it has also a considerable component of knowledge around *the relations to the collective other*¹¹⁴. An important part of that knowledge constitutes what is sometimes called *common sense*. It is a concept that summarizes our internalization of cultural and ecological prescriptions on how to respond in different situations to external stimulus and to changing environmental conditions. The development of a common sense is part of our socialization process. What is common sense in Texas is, however, not necessarily what is common sense in Tokyo or Islamabad. The cultural conditions in which we are brought up have thus a major impact on how we act when on ‘autopilot’.

The stereotypes that the subconscious selves are using when ‘short-cutting’ are also culture-sensitive, as are the values we internalize. These are all factors that make democracy such a vulnerable proposition. The conditions for a successful implementation and maintenance of such a system are far from present everywhere and in every situation.

The effect culture has on us is, however, a two-way street. Minorities can affect and change the perceptions of a majority, especially if the majority is striving for consensus.

The fact that we as collectives are so strongly affected by our ecological inheritance also puts limits on how far we can hope to come in issues around global governance. A shared value-base cannot be taken for granted.

9. KEY FINDINGS

It is time to draw some conclusions of value for the inquiry. Contemporary research has uncovered facts about human nature that helps us understand why the best practice systems work the way they do and where to look for possible improvements.

The common perception is that man is in a certain way, that he is one coherent person. Contemporary research shows that it may on the contrary be more accurate to view the human being not as one ‘system’, but as a ‘system of systems’, systems that are built according to different principles and that are in constant and potential conflicts, conflicts which we humans continuously struggle to reconcile. The most striking finding in the on-going research of human nature is perhaps the role of the subconscious. Much more is happening subconsciously than we have been aware of.

We are mostly on ‘auto-pilot’, taking most decisions subconsciously

The subconscious self is the dominant decision-maker and it is making its decisions in a form of on-line processing, shortcutting, using stereotypes, internalized values, predispositions and biases. In a world where the information flow is steadily increasing, as well as the choices that humans are facing, the role of the subconscious is gradually increasing. Nothing else would

¹¹⁴ About human awareness in a societal context see Markova, 1987, ch. 7.

be possible. The conscious self does not have the capacity to reason about everything. When we drive a car we are mostly on 'auto-pilot'. When we are going shopping we are 'shortcutting', letting our 'on-line reasoning' make most of the decisions. We may make a rational decision and choose a brand because we have tested the alternatives and have internalized the knowledge in our subconscious memory, but our subconscious self may also have been influenced by marketing or unsubstantiated biases. The role of the subconscious self is steadily becoming more important as we need to make more and more choices in a short period of time as modern societies become ever more complex. A professor in literature complained in a radio program: "I increasingly feel as if I am on auto-pilot. I don't think, I don't have time to think". And she complained about the blogging culture. "There is nothing reflected in the blogs. People write without thinking; they just express themselves".

The problem is that the subconscious self does not do logical reasoning. The subconscious self does not remember why it has reached a certain view; its memory works as a running tally. The decisions it makes are often rational because that is how it is "programmed", but they do not have to be rational. They can be influenced by stereotypes that are "flattened", even prejudicial, by hidden "cues" and by biases that are unfounded. We may consciously reason around our purchase of a car, but the decision is strongly influenced by the emotions that the subconscious self has attached to the brand, to its form and look and the subconscious self's prediction of how satisfying it would be to drive and own the car.

Values are acquired and not all are internalized

The question if man is born good or evil has been discussed by philosophers for thousands of years. It is an emotionally contentious issue as it involves the self-image. There is something beautiful and comforting in the idea that all newborn children are inherently good, a belief that is part of the teaching of many religions, and there is something frightening in the idea that some are born evil and that little can be done to put them on the right track. The existence of such a genetically based precondition is, however, not supported by contemporary research. *There is little, if any, evidence supporting the perception that values should be genetically inherited.* While evolutionary biologists claim that we are born with features that support survival and reproductive success - among them core 'family values' such as 'inclusive fitness' that strongly attaches us to those with whom we share genes - there is no evidence that more general values such as the equality of men, fairness and honesty are to be found in the genes. The finding offsets the idea that man is born with the innate moral value that we all are equals. It is for many a conclusion that is difficult to accept, especially as the perception that all men are born equal has a strong religious connotation.

Different values can be held consciously than those supported subconsciously. They are also acquired in different ways - the conscious self through processes of reasoning and the subconscious through internalizing. The subconscious self of a child internalizes values by imitating, by being rewarded and punished. Values are taught by parents; they can be part of an ecological inheritance such as the language; languages emphasize different values; they can be part of a national heritage or the culture of a local community. The conscious reasoning self may accept them, but their internalization in the subconscious self is not as easy as it may seem. The subconscious is dependent on stereotypes for its on-line way of

shortcutting. The stereotypes tell the subconscious how it can expect other people or groups of people to be, and they can often be quite prejudicial. Ethical values such as tolerance and the equality of man or empathy with people who are different have an uphill struggle to be internalized.

To protect the self-esteem and to struggle for recognition is an important human feature

It is essential with which relational values people are brought up from another perspective. Internalized values define the self-image and steer the subconscious evaluation processes. *The struggle for recognition and self-esteem (thymos) is one such central feature that is strongly influenced by internalized values.*

Socrates saw a tripartite soul in man: a desiring part, a reasoning part and ‘thymos’. He used the word thymos to describe man’s need to be recognized, to be asserted and to protect his self-esteem. He perceived thymos as a virtue held by guardians who were prepared to defend their city with great courage and anger; he later described it as an innate sense of justice. The guardians were proud, but it was more than a personal feeling; they felt pride in the city and in the common interest. But thymos could, Socrates recognized, be a threat to a community; it had to be tamed.

The Enlightenment philosophers saw thymos in its untamed form, ‘megalothymia’, in the form of passionate and stubborn pride of princes, or the outwardly fanaticism of militant priests as the chief cause of wars. Liberal philosophers therefore strived to suppress thymos as a driver of man, replacing fulfilment of thymos with the fulfilment of desires. Georg W F Hegel strongly criticized this suppression of thymos; it is solely by risking his life man can be a full man, he claimed.

Contemporary research sheds new light on this old debate. Socrates has been proven right in his assumption that thymos is a central human feature but also in his perception that it can be tamed; the way to tame it is through the internalization of values. The internalized values define the self-image in relation to which thymos is measured. Hegel was thus right in his criticism of the liberal suppression of ‘thymos’, but wrong when claiming that the willingness to sacrifice one’s life was what made man man. The latter is a value-based assumption and values are acquired. That Europeans and Americans have different views on conflict-solving may thus be linked to the fact that the thymos seems to be “tamed” in different ways in the Anglo-Saxon and the continental European cultures.

The thymos is continuously exposed when man is acting on the market, as employees or employers, as entrepreneurs or traders. It is a place where he every day gets feedback that affects the self-esteem and where he gets recognition by others. It is also a space in which a man’s thymos can thrive, especially if he has internalized values that highlight the fulfilment of material desires as a sign of success. Thymos seems, however, for most people (those that are not obsessed with megalothymia) to demand satisfaction, not maximization. The need to get recognition and to protect the self-esteem also includes the family and the communities with which the individual identifies himself. The family concept, which the communities are and how large they are is obviously affected by the culture in which the individual is brought up.

The powerful self-justification process

That we can hold different values consciously and subconsciously often put us in situations of cognitive dissonance. An anecdotal example: It is a well-known fact among market surveyors that they cannot trust the answers people give about their values. A broad majority in western economies answers that they are prepared to pay more for organic food and would chose that alternative if offered to them. But when people are shopping they act on 'auto-pilot' and most pick the cheapest alternative. They are steered by their subconsciously held values that differ from their conscious values. When people are asked why they have chosen the cheaper alternative a self-justification process helps them to invent an excuse to explain away the dissonance.

The findings that we humans are *inconsistent*, that we have a reasoning conscious self that can reach other conclusions than an on-line reasoning subconscious self is something that may be difficult to accept. Consistency is a value that is held both consciously and subconsciously and when deciding, either through conscious reasoning or through on-line reasoning, we strive for consistency. That we in practice often take quite different decisions when acting on 'auto-pilot' than when reflecting is something we do not want to know as it threatens our self-image. Luckily for us we have the powerful self-justification process that ensures that we are kept in ignorance about our own inconsistency.

When the conscious and subconscious selves reach different conclusions (which they do every so often, on whether it is dangerous to fly for example) a complicated self-justification process sets in to protect thymos. *The self-justification process both protects and cheats*. The process is as much about protecting thymos and the self-esteem as it is about aligning the subconscious with the conscious self. It protects not only the self-esteem of the individual but also the esteem of the groups ("stereotypes") with which he identifies himself. But it also cheats the conscious self. The researchers have shown the strength of the self-justification processes; in concrete situations the self-justification processes may end up blocking the conscious beliefs, initiating self-justification processes that "rationalize" its decisions, and making the conscious self believing it has taken a reasoned view. The reasoning part of the brain may even be shut down during such a self-justification process. When we are asked why we have done something without 'thinking' we have to 'invent' a justification as the subconscious self has no memory of the reason why it holds a certain belief. In this process the subconscious self can help by falsifying memories.

Travis-Aronson have shown in their research how consensus cultures can develop in a group to protect the collective thymos and create unwillingness from a group to face new facts and to reason logically. They have shown how concerned psychologists as a group refused to face the fact that their therapeutic methods, when questioning children about incest, may have induced false memories; many prosecutors and judges as a group have in a similar way rejected new DNA evidences that have shown that they have convicted the wrong person by coercing false confessions. The Founding fathers of the US Constitution had an intuitive understanding of this effect and therefore tried to build in a number of checks and balances in the governance in order to avoid such consensus cultures to develop.

The self-justification process can be affected by subconscious responses to intimidation and authority. The aim of *intimidation* is to make the target take decisions that are not based on sound reasoning. The self-justification process helps the unfortunate to get out of the situation with his thymos intact. The process may make him believe that he has actually taken an independent and rational stance while he in reality has been pressed to give in. This is a mechanism that to a certain extent explains the recent malfunctioning of legal institutions.

An area in which important research is still ongoing is the effect moods have on how the mind works. Whether a person is in *fear* or in a happy mood clearly affects his reasoning. The mood creates a form of bias. The research of Weston indicates that a subconscious self in fear can initiate decisions based on faulty premises such as subconscious prejudices, before the reasoning conscious self is alerted. In this inquiry the process under which people in Europe and the US have given up much of their privacy during the recent ‘reign of fear’ is of special interest. The risk with a state that has full and unrestricted surveillance of its citizens is of course that such a power can be abused. Most people realize the danger when reflecting rationally about the issue. At the same time the perceived increased security makes them “feel good” and less afraid.

Contemporary research has also shown how people can be subtly *manipulated*. The knowledge gained around mechanisms such as anchoring and priming or the exploiting of group conformity and psychological reactance are not lost on politicians who want to win elections or companies who want to sell products or services. This increased understanding of how to manipulate people is a challenge to democracy, especially as the knowledge gap between an informed elite and a less informed population seems to be increasing in many countries. The risk that the research results will be used to benefit the interests of the privileged few by manipulation of the ordinary citizens is obvious. Tendencies in that direction are noticeable, especially in countries where media are owned by individuals with political ambitions. This leads to another conclusion: *Democracy is a vulnerable system*. Democracy is on the surface placing few demands on the citizen; he is not expected to make decisions every minute of the day. Democracy is not primarily aimed at fulfilling individual desires; it is supposed to be a value-based system that recognizes the equal value of man and ideally leads to collective rational solutions to collective issues. Once in a while people have to take a stance, vote in an election or take part in a referendum. It may seem that they are given ample time to make the choices, all the time they may need to reason deductively and reach considered decisions.

Democracy is in reality, however, not such a simple proposition as it may seem given the nature of man. In order to thrive, democracy needs an environment that supports the development and maintenance of shared values and a rational reasoning based on shared knowledge; such conditions are difficult to create in modern media societies and given the nature of man. Political attitudes and values are internalized together with other values early in life and they create what is sometimes called symbolic preconditions. Those preconditions can form a confirmation bias that blocks rational reasoning, especially if the voters are subject to intimidation or manipulation. With restricted or “blocked” knowledge the “power” of an individual’s conscious self over the subconscious diminishes. The idea of reasoned beliefs that is central to democracy thus demands a media environment reasonably free from

intimidation and manipulation and it demands active efforts to spread and share un-biased knowledge and values.

The drivers in people's daily life are first of all to meet the need for survival and for reproductive success. Many basic desires are thus part of a genetic inheritance, but they are expanded through experiencing and by valuing. When people are acting in their civil life and within the market economy they are trying to meet those desires. The market economy is generally accepted to be the best system ever created to do that, but it is also a bottom-up system that demands that people are making decisions swiftly and on a vast scale. The on-line processing capacity of the subconscious self that helps people cope with that challenge at the same time limits the role of logical reasoning in the process. Reasoning is most likely at work when people look at contracts and negotiate prices, but the market economy as a system does not demand people to reason logically. The system works because man can act within it with subconsciously held motives that may be obscure even to him as long as he follows some simple rules. It is also a place in which man can prove himself, be recognized and build up his self-esteem. The market economy would most likely work better if everybody was acting rationally all the time, but as every man is his own master it is not something the system demands of him. *The market economy is thus less vulnerable as the system responds also to subconscious features, such as thymos.*

Market economy and democracy rely upon and respond to partly different features of human nature and have different justifications from a human nature point of view. But does that make them different systems that, although inter-linked in the liberal states, should be discussed partly separately? That will be the issue of the next chapters.

III. THE NATION-STATE AND THE MARKET ECONOMY – TWO SOCIETAL SYSTEMS

Traditional political theory often makes a distinction between *civil society* and *polity*. 'Civil society' is everything from family and community life and the exercise of religious beliefs to the organisation of production and markets. 'Polity' can be described as a public order which has the authority to regulate the relations between citizens (*demos*) living within its reach. The purpose of the polity is in the liberal tradition primarily to protect the citizens from harm to their health, life and property. The polity should, however, not dominate the citizens. The citizens are in the liberal tradition granted civil rights, i.e. exemption from control in respect to their persons and properties¹¹⁵.

The perception historically has been that the citizens can belong only to *one* polity. In ancient times that polity was often a city-state; today polity is mostly consisting of sovereign nation-states. The structure of polity has, however, continued to evolve; nation-states have joined federations, new regional and global political bodies with power such as the European Union and the World Trade Organization have been created. It is no longer obvious that citizens

¹¹⁵ Bryce, 1931

belong only to *one* polity. They are in practice belonging to a hierarchy of societal systems with different reaches and different objectives. One level, usually the nation-state- is more fundamental than the other levels. The nation-states usually have sovereignty and constitutional power and they define citizenship, but it is not always that simple. The situation is often more blurred in the case of federations, such as the United States. The constitutional power rests in the US in principle with the states, but they have given up some of that power, as well as the citizenship and the sovereignty to the federation. I will, in this more principle discussion and for the sake of simplicity and clarity, regard the nation-state as the constitutional level. That level is defining the legislative and judiciary power of other societal systems. Such powers are in the case of cities and regions within a nation-state given through law. International bodies, such as the European Union, which have both legislative and judicial powers and the World Trade Organisation that has judicial powers, have been assigned those powers through treaties. David Held among others also argues in favour of a new global order that recognizes the need of separate bodies with different geographic reaches acting in parallel.¹¹⁶ Polity is as mentioned frequently defined as a public order which has the authority to regulate the relations between citizens living within its reach. A common claim is that the polity has *territoriality* i.e. makes claims to territories within exact borders, a monopoly on *coercive actions*, an *impersonal structure of power* and some form of *legitimacy*¹¹⁷.

The definition of polity implies that there can be only one level with coercive powers. This is no longer true. The nation-states have given legislative and judiciary powers to other levels that thus also have the power of coercive actions in relation to the individuals. Not to confuse the reader I have chosen to use the term *societal system* to better describe the systems which are part of the societal governance order. Keeping as much as possible of the definition of polity I have defined a societal system in the following way:

A *Societal System* is an order that regulate the relations between individuals,

- on which the individual has no direct influence,
- which has no opt-out
- covers a certain territory, and
- has coercive powers

The societal system is justified if it is

- central to the life, health and property of people

The definition is aligned with the definition of polity, but deviates slightly for reasons I wish to explain. The first is that I want to make the *purpose* of the societal systems somewhat more clear. Liberal philosophers who have defended the justification of a nation-state have claimed that it is '*central to the life, health, liberty and property of the citizens*'; the nation-state is needed especially to protect people from harm. What makes a societal system ultimately

¹¹⁶ Held, 1995, 219 ff

justified is thus to my mind its ability to help people to meet their *needs*. The psychologist Abraham Maslow famously developed “A Theory of Human Motivation”¹¹⁸. He identified a hierarchy of human needs. In his model physiological needs such as breathing, food, water, sex, sleep, homeostasis, and excretion are in the bottom of the hierarchy. Safety including security of body, of employment, of resources, of morality, of the family, of health, of property is placed on the second level. Love and belonging, including friendship, family, and sexual intimacy, is placed on the third level. Esteem in the form of self-esteem, confidence, achievement, respect of others, respect by others is placed on the fourth level. Self-actualization, such as morality, creativity, spontaneity, problem solving, lack of prejudice and acceptance of facts, is the final fifth level. Maslow later added a sixth level - humans' innate curiosity. Maslow's hierarchy has been controversial from the very start, although helpful in many discussions. Humans have a lot in common. All want to feel safe and secure, not to fear being without water, food and shelter, to know that they will be taken care of when ill, that the children will get a fair chance in life. People want to know that if they follow the rules they will be treated fairly, that they have a private sphere and that no one can abuse them or those close to them without consequences. People long to be able to create, move, take up challenges and challenge others in a friendly competition. They want the freedom that helps to realize opportunity; that values self-reliance, self-improvement and risk-taking. They accept collective responsibilities, but demand that the systems ensure the individual freedom. The list of needs is long.

It is, as has been shown, important to separate needs that are genetically inherited from those that are ecologically or culturally inherited. Evolutionary biologists have identified needs that are crucial. For those to be met, humans have partly genetically coded desires. The desires are, as has been shown, expanded as part of the ecological and cultural inheritance. Man also has a personality ‘core’ that in this investigation is called thymos. It corresponds to Maslow's fourth level ‘Esteem’ but is, following the discussion in the previous chapter, much more fundamental than he recognizes.

The problem is to sort out the relative importance of the different needs, their interdependence and how they relate to the nation-states, the market economy and the civil society in general. However, it is an effort that is mostly of policy nature and I will more or less abstain from entering into that discussion. For the purpose of this investigation it is to my mind enough to decide whether the nation-states and the market economy are ‘central to the life, health, liberty and property of the citizens’.

Another characteristic of polity, in the quoted definition, is that it is a ‘public order with authority’, which I here read as stating that the individual has little *direct* influence on the societal system; he may have indirect influence (voting rights etc), but he cannot impose his will on the public order which in practice has an authority that is independent of him.

¹¹⁷ See e.g. Held, 1995 p. 48-49

¹¹⁸ Maslow, 1968

The perception of *one* polity has had the implication that one obvious feature of polity seems to have been understated and that is that there is *no opt-out* from polity. The opt-out criterion is, however, important in a discussion around separate systems. There are many associations within a society of which an individual can be part and that have the right to make decisions that influence the life, health and property of the individual. Churches and sports associations are two examples. Those are, however, not societal systems with the definition used here as they have opt-outs. It is generally regarded as important task for the polity to guarantee the freedom of anyone both to join and leave such associations of which there are so many in the civil society.

The *territoriality* can, as already noted, vary between the societal systems; the nation is one level, federations and unions another and the global level a third. That the nation-state should have a monopoly on '*coercive actions*' will be put in question in this chapter.

There are two aspects of polity that are left out in this definition. The first is the existence of '*an impersonal structure of power*', the reason being that I will claim that a societal system can have authority and exercise coercive actions outside the control of an individual without having an impersonal structure of power.

To be '*legitimate*' a societal system also needs a structure and governance that meets ethical standards. The liberal tradition frequently demands some form of public consent, e.g. a social contract, in order for the polity to have *legitimacy*. Legitimate governance is an issue of great importance, but I will leave the discussion to the next step. The perception of legitimacy has changed over time and the way a societal system is governed, and its output from an ethical point of view has become increasingly important. The legitimacy of many regimes of nation-states, which with an older view on the role of polity would have been legitimate, is under scrutiny and put in question. In this first step I will, for practical purposes, concentrate on whether it is reasonable to regard the nation-state and the market economy as interlinked, but *justified, separate societal systems*. The discussion just undertaken around the human nature and the findings of contemporary research has indicated that the modern democratic nation-state and the market economy as concepts are partly supported by different aspects of human nature and that it may make sense to treat the market economy as a separate, although dependent system. The legitimacy, which is a concept with many layers, will be discussed in the next chapter.

1. THE NATION-STATE – A SOCIETAL SYSTEM

I will first comment on why the nation-state fulfils the criteria of being a justified societal system. It is not put in question; the purpose of the reasoning is mainly to give a reference frame for the discussion of the role of the global market economy as a justified societal system.

Central to the health, life and property of citizens

Locke and Nozick are probably the liberal philosophers who have offered the most consistent argument for the need of a nation-state. Locke starts, following Hobbes, in an imagined 'State of Nature' where men are acting without the presence of the authority of a political society, a nation-state. Responding to those who criticised his starting point he argues in the Second Treatise¹¹⁹:

"It is often asked, as though this were a mighty objection: 'Where are there - where ever *were* there - any men in such a state of nature?' Here is an answer that may suffice in the mean time:

The world always did and always will have many men in the state of nature, because all monarchs and rulers of independent governments throughout the world are in that state. I include in this *all* who govern independent communities, whether or not they are in league with others; for the state of nature between men isn't ended just by their making a pact with one another. The only pact that ends the state of nature is one in which men agree together mutually to enter into one community and make one body politic. The promises and bargains involved in bartering between two men on a desert island, or between a Swiss and an Indian in the woods of America, are binding on them even though they are perfectly in a state of nature in relation to one another; for truth and promise-keeping belongs to men as men, not as members of society - i.e. as a matter of natural law, not positive law.

To those who deny that anyone was ever in the state of nature, I oppose the authority of the judicious Hooker, who writes: The laws of nature bind men absolutely, just *as men*, even if they have no settled fellowship, no solemn agreement among themselves about what to do and what not to do. What naturally leads us to seek communion and fellowship with other people is the fact that on our own we haven't the means to provide ourselves with an adequate store of things that we need for the kind of life our nature desires, a life fit for the dignity of man. It was to make up for *those* defects and imperfections of the solitary life that men first united themselves in politic societies.

And I also affirm that all men are naturally in the state of nature, and remain so until they *consent* to make themselves members of some political society."

Locke thus seems to have had a need to defend himself against any accusation of basing his reasoning on purely theoretical constructs. He perceived his men and their state of nature to be a 'naturalistic' starting point even if he underlined that the analysis that followed was based on 'reason'.

He continues his argument in the following way: The right to property is a central natural right. With property Locke meant "life, liberty, and estate." If someone is robbed of his property he has the natural right to take back so much from the perpetrator as responds to the lost value. It is also part of the natural right that you can punish the perpetrator to deter him from repeating the offence. By saying that political society was established for the better protection of property, Locke claimed that it serves the private interests of its constituent

¹¹⁹ Locke, Edited by Peter Laslett, (ed.) 1967, 2nd Tr., §§ 14,15

members: it does not promote some good which can be realized only in community with others (e.g., virtue). For this account to work, individuals must possess some property outside of society, i.e., in the state of nature; the state cannot be the sole origin of property, declaring what belongs to whom. If the purpose of government is the protection of property, the latter must exist independently of the former. Locke asserted that each individual, at a minimum, "owns" himself; this is a corollary of each individual being free and equal in the state of nature. As a result, each must also own his own labour: to deny him his labour would be to make him a slave.

The state of nature is in the view of Locke a state of plenty: one may take from communal store if one leaves as much and as good for others, and since nature is bountiful, one can take all that one can use without taking anything *from* someone else. Moreover, one can take only so much as one can use before it spoils. Gold does e.g. not rot; neither does silver, nor any other precious metal or gem. They are, moreover, useless, their aesthetic value not entering into the equation. One can heap up as much of them as one wish, or take them in trade for food. By the tacit consent of mankind, they become a form of money (one accepts gold in exchange for apples with the understanding that someone else will accept that gold in exchange for wheat). One can therefore avoid the spoilage limitation by selling all that one has amassed before it rots; the limits on acquisition thus disappear. In this way, Locke argues that a full economic system could, in principle, exist within the state of nature. Property could therefore predate the existence of government, and thus society can be dedicated to the protection of property.

Locke was using those prerequisites to conclude the need of a state, and at this stage he was clearly reasoning and not trying to describe a 'naturalistic' state:

"If man in the state of nature be so free, as has been said; if he be absolute lord of his own person and possessions, equal to the greatest, and subject to no body, why will he part with his freedom? Why will he give up this empire, and subject himself to the dominion and control of any other power? To which it is obvious to answer, that though in the state of nature he hath such a right, yet the enjoyment of it is very uncertain, and constantly exposed to the invasion of others: for all being kings as much as he, every man his equal, and the greater part no strict observers of equity and justice, the enjoyment of the property he has in this state is very unsafe, very unsecure. This makes him willing to quit a condition, which, however free, is full of fears and continual dangers: and it is not without reason, that he seeks out, and is willing to join in society with others, who are already united, or have a mind to unite, for the mutual preservation of their lives, liberties and estates, which I call by the general name, property."¹²⁰

Locke saw, as already noticed, the relationship between the state and its citizens in the form of a 'contract,' whereby the governed agreed to surrender certain freedoms they enjoyed under the state of nature in exchange for the order and protection provided by a state, exercised according to the rule of law. However, if the state oversteps its limits and begins to exercise

¹²⁰ Locke, Edited by Peter Laslett, 1967, 2nd Tr., §123

arbitrary power, it forfeits its 'side' of the contract, and, thus, the contract becomes void; the citizens not only have the right to overthrow the state, but are indeed morally compelled to revolt and replace it. The replacement does not, however, have to be a democracy. It is a misconception that Locke and his social contract demanded a democracy. Rather, Locke felt that a legitimate contract could exist between citizens and monarchies or oligarchies, which did not prevent his ideas from heavily influencing especially the American Revolution. His notions of people's rights and the role of civil government provided strong support for the intellectual movement of the revolution.

Robert Nozick has followed in the footsteps of Locke. Accepting the Lockean rights as 'natural rights' and by reasoning step by step and excluding the alternatives Nozick ends up arguing in favour of an ultra-minimal state. What makes a state different from an association for mutual protection is in his mind, and this is a view that is generally accepted, that the state has a monopoly on the exercise of power and that its protection is universal in the sense that it covers all citizens.¹²¹ Nozick continues by developing the role of the state so that it protects the State of Nature and the Natural Rights from where he started to build his philosophy.

There are many question marks around the Lockean "State of Nature", but his and Nozick's arguments for the need of a nation-state are selected here as they show that one can argue in favour of that need without claiming that the nation-state has to be democratic.

The individual has no direct influence

That the individual has no direct influence on the decisions of a nation-state is obvious. At the very best he can influence the decisions indirectly, through elections in a democracy or through the negotiations of a social contract in a more autocratic society.

No opt-out

Nation-states can, as pointed out by Nozick, force citizens to contribute to causes or actions they dislike. The citizens have de facto no possibility to say no¹²². There are especially two types of situations that are the most common. In the first kind, which can occur in democracies, and which is the one Nozick discusses, it is in principle demanded of those who are better off to transfer some of their created wealth to those who are less well off. Experience shows that the rich within reason are prepared to do that. But if they are pressed too hard they can and do revolt. That happened in many of the European welfare states in the 80's. Many of the rich moved their money and themselves to countries with a more "reasonable" taxation. The rich voted no with their feet. This has become possible in a market economy that is increasingly global. The rich are not "locked in" the way they were in the 70's when Nozick wrote his famous book. It took a while but the countries with the high taxes on the rich have now adapted to the reality that they do not control their rich citizens and

¹²¹ Nozick, 1974, chapter I :5

¹²² See e.g. Nozick, 1974 pp 173-174. The de facto situation occurs e.g. when the citizens concerned are in a minority in a democracy.

lowered the capital taxes on fortunes; with the result that the rich sometimes are moving back. In modern market economies the state cannot have full control of its citizens.

It is a quite different situation for most ordinary citizens, especially those in developing countries. Many African and Arab countries are not poor in an absolute sense as they have riches in natural resources. But it is often sadly the case that the elite through corruption and other means is ensuring that in principle all profits linked to the commodity market stay with them, while the majority of the people is left in poverty. The possibility to vote with their feet is an opportunity that is seldom available for those unfortunate. There are few if any countries that accept immigrants only because their right to a decent living has been abused.

The reality for most people is that there is no opt-out from the nation-state. Those that can vote with their feet are restricted in the sense that they can choose another nation-state, but not to belong to any nation-state at all.

Territoriality

While a nation-state controls a restricted territory in which it is supposedly sovereign, it has become increasingly dependent on its surroundings, especially the relations to other nation-states. Such relations are, following the principles that once were agreed in the peace treaty of Westphalia, in principle settled through the exercise of power, mainly military power. The order was modified after the Second World War, the most important modification being the introduction of the UN Charter and a new type of international legislation. A vast number of international organizations have since then been established.

It is generally recognized that the nation-states are less autonomous than ever. Not only do they delegate power to local level, they are also forced to accept that the globalization is driving the creation of bodies above the nation-state level. While many states for a long time have been part of federations, such as the United States and Germany, the emergence of the European Union and the strengthening of international bodies such as the World Trade Organization points to a more general development of several geographical levels of governance within the polity. While global cooperation has increased it would, however, be a mistake to see the present situation as a new world order. Powerful states have within the evolving global order had their authority enhanced through the granting of special powers in line with the Westphalian thinking.¹²³

Coercive power

A sovereign nation-state has by definition the right to coercive actions within the geographical territory that it covers. In a liberal democracy it is expected of the state to protect the property rights of all its citizens and to punish those that abuse them. Property rights are in the Lockean tradition the right to life and health, the right to property and the liberty to do whatever one likes as long as other men are compensated when their rights are abused. Unwarranted coercive actions can take many other forms than physical violence, as Nozick

¹²³ Held, 1995, p 97

points out. To be bereaved of one's property against one's wish through e.g. theft or fraud, is clearly an example of abuse or violence. To be forced to live under uncalled-for fear, to be the subject of slandering or to lose one's social standing can be other forms of "violence".¹²⁴

The nation-state is de jure the only system that can inflict such harm (in the form of punishments) without risking retaliation. But the market economy is, as will be discussed later, de facto also in a position to exercise such harm on systemic level without retaliation.

To summarize: The nation-state regulates the relation between individuals. There is a need for the nation-state; the citizens have no direct and individual influence and no real opt-outs; the nation-state has territoriality and coercive powers. It thus fulfils the criteria for a societal system.

2. THE MARKET ECONOMY – A SEPARATE SOCIETAL SYSTEM

The remaining question to be answered is whether the right perspective is to regard the market economy as part of the civil society or if it – although interlinked - should be seen as a system working in parallel with the political system. Is market economy a 'Justified Societal System' as defined above? To answer that question the following have to be considered. Is the system central to the life, health, liberty and property of the people living within its reach? Has the individual little direct influence on the system? Is there an opt-out? Is there a defined reach? And finally - does the system have coercive powers?

Central to the life, health, liberty and property of people

When I in an earlier book¹²⁵ first discussed the global market economy as a separate system I noted that the market economy met partly different human needs than the state. The minimal state, in favour of which Locke and Nozick argued, meets people's need for security, liberty and justice in a very formal sense. The modern value-based democracies, in which the value equality plays an important role, have expanded the concept security and given it more of content. The Western well-fare states are offering support if you are taken ill, when you are too old to take care of yourself etc. But when it comes to liberty the nation-states remains mainly as guardians (a role taken less seriously of late, but that is something I will come back to). The liberty the state offers gives the individual the right and possibility to freely search his outcome on the market, to make contracts with whom he like, to produce, acquire and sell goods, services and property. Already the early liberal philosophers recognized that market economy is an efficient way of meeting man's *desires*. Desires are just like internalized values engraved in the subconscious; they are essential for survival and the meeting of almost all evolutionary drivers – Reproductional Success, Inclusive Fitness etc; they are stretched in scope as people are experiencing more and more products and services to wish for. Market economy is in contrast to the nation-state a societal system in which the individual can have his desires met every day and in which he is a constantly present main actor. He has little influence over the system as such but the system allows him large space to act, regardless

¹²⁴See e.g. Nozick, 1974, pp 65-71

¹²⁵ Dahlsten, 2002, p...

whether the actions are based on conscious value-based reasoning or on subconscious processes driven by desires and values of which the conscious self even may be unaware.

The market economy also is the perfect scene for *thymos*. In the market economy no man is equal. In an ideal situation any man can live his dream. The market economy gives the man chance not only to meet his material desires but also to live out *thymos*, the drive for recognition. To that end the reasoning ability is a means that may strengthen the chances of success. The market is an arena in which man to gain recognition has the right to compete and be superior, even be admired for it. He can get recognition in a democratic system too, but only if he competes for public office.

I will come back to the value aspects when I discuss the question of legitimacy, but it is clear that the market economy, in another way than the state, is central to the life, health and property of individuals within its reach.

No direct influence

Man can act quite freely within the market economy. If he has economic power he can also influence the way the system works; he can dominate a local market, create geographical monopolies, price cartels etc. While the system can be used or misused, the way it is built is less easy for most individuals to influence, at least not directly or on their own. The individual has little, if any, direct influence of the functioning of the market economy system as such.

No opt-out

To opt-out from the market economy is not easy; anyone can in theory live isolated from the market - there are after all those living and surviving in jungles or in swamps - but man cannot without help meet more than very basic needs outside the market. While a nation-state in theory could intervene and support those opting-out from the market economy most states, if not all, are demanding of the individual to try to find ways of supporting himself on the market. There is for most people no real opt out from the market.

Global reach

Market economy is as a system much more widely spread than democracy. 153 countries are when this is written recognized market economies and members of the World Trade Organization and 30 more are observers who are negotiating membership. Globalization is enabling work-sharing, distributed production and trading, a strong motivator for countries who have less developed economies to become full-blown members of the global market economy. In contrast only 90 nation-states are regarded as free and democratic.¹²⁶ While almost everyone in the world is living in a more or less developed market economy less than half are living in democracies.

¹²⁶ According to "Freedom in the World 2008" published by Freedom House

One can according to the political scientist Peter Hall and the economist David Soskice identify two successful main varieties of capitalism, the Anglo-Sachsen liberal market economy, and the coordinated market economy combined with a welfare state, a type of capitalism that is to be found in most of Northern and continental Europe.¹²⁷ The institutions and the way they interact differ slightly between the Western countries, but it is clear that countries with more developed societal institutions are generally richer. In countries where the GDP per capita is above 20 000 dollars the public budget is around 53 percent of GDP, in countries where the GDP is between 5 000 and 10 000 dollars per year the level is in average 33 percent and in countries in which the GDP per capita is below 5 000 per year the public expenses are around 27 percent.¹²⁸

The political scientists Bo Rothstein and Johannes Lindvall have in a book *Roads to Welfare*¹²⁹ (my translation) highlighted the interaction national level between the nation-states, especially the democracies and the market economy. They note that the market economy to develop its full wealth creating potential needs socially effective institutions as well as a substantial social capital.

The Commission on Growth and Development, with members from the donor community, sees the social capital issue as being as important as the institutions. With social capital they mean the extent to which people feel that other people can be trusted and how many contacts they have outside their close family group and with people of other ethnic background.¹³⁰ How important trust is in a society is shown by the success of countries where there is such a social capital. According to the World Value Survey about 60 percent of the population in the Nordic countries feel that you in general can trust other people. In continental Europe the figure is 40 percent, in Southern Europe 25 percent and in countries such as Brazil, Rumania, and Turkey around 10 percent.¹³¹

Where there is no trust there is corruption. If you do not trust others to play by the rule, you do not do it yourself. In countries in which the market actors are powerful there may also develop a legal corruption; the World Bank economist Daniel Kaufmann invented this term to describe the influence of powerful financial actors on the lack of regulation in the up-running of the latest financial crisis.¹³²

Rothstein and Lindvall note that there is little evidence that democracy in itself is leading to less corruption. It is sadly on the contrary the case that countries that have newborn democracies become more corrupt after the introduction of democracy and that it is only countries with a long democratic tradition that in general have a low level of corruption.¹³³

¹²⁷ Hall and Soskice, 2001

¹²⁸ Wallis and Weigast, p 17 f, 2009

¹²⁹ Lindvall and Rothstein, 2010

¹³⁰ Lindvall and Rothstein, p 40, 2009

¹³¹ Lindvall and Rothstein, p 42, 2009

¹³² Kaufmann, 2008

¹³³ Lindvall and Rothstein, p 37, 2009

What they show is that it is not enough to build institutions; you need also to focus on the building of shared values and of trust, in short the development of the social capital.

This study is focusing on the issues around how the global market economy is working and on the strengthening of the democracies in the Western, already rich, countries, which should not be seen as an under-estimation of the importance of more general issues around the interaction between the market economy and the nation-states on national level that Rothstein, Lindvall and others have discussed.

There are issues concerning the market economy and the way it functions locally and nationally, which can be successfully regulated by a nation-state, protection of competition and consumers on domestic markets e.g., but there are many aspects that demand regional and global solutions. To tackle such issues the nation-states have stretched their reach through treaties and the creation of multi-national organizations. The international law is, however, limited in scope and more often than not lacks teeth. Events such as the global financial crisis and climate change have, as will be discussed later in more detail, shown the limits of the efforts. There is neither any match between the totality of democratic nation-states and the global market economy, democracy being much less spread than market economy.

The conclusion is thus while nation-states, democratic or not, can claim sovereignty over a territory they have restricted direct influence on a global market economy that now involves some 200 countries.

Coercive powers

The nation-state is, as noted, de jure the only one who can inflict harm (in the form of punishments) without risking retaliation. The next question is whether the nation-state also has a de facto monopoly. It has already been described how the nation-state has granted legislative and judiciary powers through law and treaties to other levels. The global market economy has not been granted any such rights. Can the system as such still inflict harm without the risk of retaliation?

The answer to that question is in my mind in the affirmative. An example of how harm can be inflicted without risk of retaliation is the present financial crisis. Numerous people have lost their properties, their homes, their pensions, and their savings capital without being aware of having taken any risks. It can be claimed that they can sue those that have “cheated” them and some will certainly try to do that. But the truth is that the abuse has happened as a consequence of a series of decisions in a system over which neither they nor the state has a de facto control. Who is to blame? The real estate agents who inflated the values of homes, knowing that they could fix higher mortgages than even those inflated values, the brokers that arranged the loans, the home-buyers that accepted them without having any possibility to pay back, the financial institutions that split up the loans in pieces and sold them off as structured products, the rating institutes that put triple A’s on the products, with the small print that the rating was based on ‘historic performance’, the institutions that bought the products without reading the small print and who used the products to secure the savings and the pensions? Or should the Federal Reserve be blamed, which boosted the US economy with low interest rates

at the same time as the Congress stimulated it with a huge financial deficit? Or the Chinese that let their economy slip into a dangerous dependency on export? Or the young guys of Harvard and Yale who got hundreds of millions in bonuses and who invented the crappy products in the first place? Or the ‘fools’ who should have put their money in the mattresses instead of trusting the banks?

Clearly ‘the fools’ are not the ones to be blamed. The market economy would not function if money were kept in mattresses and not put to work. And it is hard to lay the responsibility firmly on anyone else. The harm done is mainly due to a systemic failure, seldom the result of a single action in bad faith. Such have been identified, and some of them are and will lead to prosecutions or litigations. But they concern less than one percent of the losses that have occurred.

Is then not the state to blame? Is not the state, to use the language from the Lord of the Rings, the Ring to Control Them All? Theoretically and de jure, it is correct. But there are some significant objections to that conclusion. First. The market economy is a huge and complex system in which millions of decisions are taken every minute. To really control it would demand a state of gigantic proportions. There are countries that have tried to exercise that kind of control; countries such as the old Soviet Union and China. Their planned economies collapsed under the pressure of the increased complexity caused by the technological development and the emergence of mass markets. Secondly, while the nation-states have geographical borders the market economy knows no such barriers. The chain described above may have started in a small city in Oklahoma but have ended up in lost savings for an Italian shopkeeper, lost pensions for a Swedish plumber and unemployment for a Chinese worker in a textile factory.

The conclusion is therefore that the nation-state, due mainly to its territorial limits, does not have a monopoly on systemic level when it comes to inflicting harm on individuals. Also the market economy system has that power. The issue is that there is no governance controlling the power.

To summarize: The global market economy regulates just like the nation-states relations between individuals and it is central to their life, health and property. The participants have no direct influence on systemic level and no real opt-outs. The territoriality is global and the market economy has de facto coercive powers on systemic level. It thus fulfils the criteria for a societal system.

IV. ON VALUES AND LEGITIMACY

The conclusion that the market economy has become such an important element of the civil society that it can be seen as a societal system in itself may seem as a radical idea, but has to be seen in the light of a dramatic development of the world economy in which actions of individuals, companies and states all around the world have been increasingly intertwined.

The conclusion of the last chapter that both the nation-states and the global market economy can be seen as justified societal systems, however, does not automatically make the systems *legitimate*, with the terminology I am using.

Legitimacy lies in the eyes of the beholders and the perception of legitimacy has changed over time. Military conquest and domination has historically given rulers legitimacy in the view of the international community more or less automatically. Until a couple of decades ago, it was enough for a ruler to control a territory, and the people in it, in order to receive diplomatic recognition and take a seat in the UN General Assembly. It is still the case that most governments in the world are recognized on that basis and not on how they rule their countries. How the sovereign nation-states are ruled has for a long time been seen as an internal affair and of no concern to people in other countries. Locke argued, as described in the former chapter, that countries should be ruled with the consent of its people and defended revolutionary methods to rid the citizens of a ruler that abused his power, but it seems that he regarded this as an internal matter.

However, to be legitimate a system has increasingly not only to be justified in relation to its purpose and to human nature; it also needs to meet *ethical standards*. In that respect it matters to the public opinion how it is governed. It may be due to the information age, it may have to do with the globalization process and the flow of migrants, but whatever the reason the public opinion is less and less inclined to regard governments that abuse human rights, corruptly captures the riches of their countries in their own pockets and keep their people in an artificial poverty as legitimate rulers. Politicians in the Western sphere are nowadays often using the language *failed states* about states that do not put the welfare of their people first. The governments of Myanmar and North Korea may claim that they are the legitimate rulers of independent states, but they find little support for that claim in the public opinion of the Americas and of Europe. This new perception of legitimacy is also moving the borders between what is regarded as internal state issues and a concern of the world community. A widespread abuse of human rights is e.g. increasingly seen by the Security Council as a reason to intervene in what earlier was perceived as internal affairs of a state. What more and more is giving legitimacy to a rule is thus good governance, not the control of a territory in itself. The legitimacy of the societal systems, the nation-state and the global market economy, therefore cannot be judged without a discussion on how they are governed. It is a combination of a system and its governance that can give it legitimacy.

John Rawls, who has had a great influence on modern progressive liberals, has made a very strict interpretation of legitimacy. He proposes: *No regime is legitimate unless it is reasonable from every individual's point of view*. This is a far-reaching proposition that will make every existing and every possible regime illegitimate, at least if all individuals are accepted to be the best judges of their points of view and the reasonability of these views. Rawls was of course aware of that objection and therefore, as already described, developed a procedure "under the veil of ignorance" in order to reach consensus. This theoretical construction still makes it an almost unattainable goal, to my mind, and above all impractical.

Rothstein and Lindvall associate the legitimacy of a regime mainly to the implementation and the output it delivers. Partisanship and the promotion of certain interests are the norms on the "influx"-side of a democracy, they note. Most people engage politically and in other ways to sponsor the interests of a certain group and a certain area (better communications, more support to families with children, reduced taxes for entrepreneurs, more subsidies to farmers and the like). But when they have succeeded in getting their partisan policies accepted in whatever form they want an implementation that is impartial and evidence-based. It is how a societal system lives up to that ambition that decides its legitimacy.¹³⁴ In line with this observation I offer the following criterion for the legitimacy of a societal system: Besides being recognized as a justified societal system, as defined in the last chapter, *a societal system to be legitimate must have a structure and/or governance that ensures an outcome that is defensible to most people given shared values.*

This proposition is less far reaching than Rawls' suggestion, but is still quite demanding, as it forces a discussion on values and their role in relation to human nature and the societal systems. The discussion on legitimacy has thus to start with a discussion around values. The questions are: What values are really shared and what values should decide the legitimacy of the different systems? How shall the potential conflict between consciously and subconsciously held values be reconciled? What difference does it make that democratic nation-states in principle are based on consciously held values, while the market economy partly relates to subconscious values? And should more strict demands be applied to the governors?

After the discussion on shared values the next step in this chapter will be to discuss different forms of governance. Modern Western democratic states are influenced by several philosophical traditions, making democracy a less 'pure' concept than often perceived. The Platonian idea of government by Guardians has e.g. influenced the way the market economy presently is governed. Existing 'best-practice' is somewhat complex.

The final step in this chapter is to discuss the legitimacy of the societal systems - the nation-states and the market economy including their governance. The justification of the systems is already discussed in the previous chapter and the remaining issue is thus if the systems are legitimate i.e. if they are governed or structured in a way that meets the requirement that the outcome "*is defensible by most people given shared values*". There are three ways in which an outcome in line with generally shared values can be ensured:

1. The system can have an intrinsic structure ensuring such an outcome.
2. A 'constitutional' framework can be imposed on the system.
3. The governance system can be constructed in a way that enables continuous decisions based on values.

It is to my mind important to make those distinctions. The first point is relevant as it gives direction on the need for action. There is no need for 'constitutional' frameworks or

¹³⁴ Lindvall and Rothstein, p 37, 2009

governance orders if the system in itself assures a perfectly reasonable outcome. The second and third points are relevant when considering the implementation of values, especially their scope and mandatory character.

But before coming to this discussion it is necessary to address the complex issue of shared values.

1. SHARING VALUES

The inconsistency between values we hold consciously and subconsciously affects our relation to the two systems. When we participate as actors *in the democratic system* we are supposed to use our conscious abilities to seek and value information, to look for evidence and to reason consciously in accordance with shared values. That is why ample time is given for elections, why we are supposed to be offered alternatives critically questioned in an enlightening debate; that is why the democratic system has built in checks and balances to ensure that the process as little as possible is affected by irrelevant considerations. To formulate the challenge in another way: The democratic system demands of us, *both as participants and as governors*, to exclude the influence of seemingly irrational subconscious processes.

This is a condition that is hard to meet as both conscious and subconscious processes are involved in most of what we do. Our political values are internalized; they partly define our identity and are not easily changed. We can as participants in elections discard information from candidates we do not like or who we do not believe to share our values. We can in the decision-making, as has been shown, be influenced by authority, be manipulated and intimidated – and political campaigners, lobbyists, media barons and the like have increasingly learned how to exploit these weaknesses of human nature. It takes a lot of “social engineering” to create conditions to ensure “an outcome that is defensible to most people given shared values”, to ensure that we as constituents do not vote against our own convictions, as representatives do not support laws that are unjust or as jurors do not find someone guilty just because we do not like him. That is why, as already concluded, the democratic system is such a vulnerable system.

The market economy is not as demanding on how we act *as participants* in the system. There is nothing saying that we on individual basis have to be rational or act in accordance with certain values as long as we follow the rules of the system. The market economy meets different human needs than a democratic nation-state which, as already discussed, contributes to make it a separate system. The argument to regard it as a separate system is strengthened by the fact that the systems also respond to partly different human features.

While the market economy as a system does not demand of the participants to take decisions based on conscious reasoning and shared values the same freedom cannot be automatically granted those that have the responsibility *to govern* the market economy system as the overall objective for both the identified societal systems is that they to be deemed legitimate have to ensure “an outcome that is defensible to most people given shared values”. While democracy

puts equal demands on the participants and the governors this is thus not the case for the market economy.

The ‘shared values’, which I want to identify here, are to be linked to the legitimacy of the structure and governance of the societal systems and should thus supposedly be reasoned and consciously held values. To claim that a set of values is shared is, however, not an unproblematic exercise.

The first problem with reasoned values is that they are part of an ‘ideal world’. The philosophical discipline ‘Moral philosophy’ dwells on this issue and it is not an easy inquiry. Rawls made, as already mentioned, a very ambitious attempt to create basic values through a thought process. He applied the concept of reflective equilibrium to explain the method of justification underlying his theory of social justice¹³⁵. The aim was to justify considered moral judgments found outside of science, taking no judgments to be established simply a priori. The larger suggestion was that moral truth is based significantly on which moral norms can be rationally chosen by members of a given society as norms under which they would be prepared to live. One weakness of the approach is, as already noticed, the underlying assumptions regarding human nature. That the process has some shortcomings is also demonstrated by the fact that the values Rawls champions are not generally shared.

Another issue is that values cannot be proved or be disproved by scientific methods. There is no where to look for the “right” answer, no way of creating experimental conditions through which we can prove the existence or non-existence of a value. In that sense, values are just like mathematics. Mathematics is a tool that we have developed and that helps us analyze the world, but it is built on axioms that we by definition can neither claim to be true, nor untrue. The value of mathematics is defined by its applicability, the way we can use the tool to organize knowledge and make predictions.

Societal values are to my mind of a similar character. The values shared in the Western societies have proved to be useful to us when organizing our societies. They have an ‘axiomatic’ character; they can neither be rejected, nor supported by scientific methods. Just like with mathematics the ‘axiomatic’ values can be reduced to a minimum through the application of logic; the consistency of the value system can likewise be improved. Many philosophers have strived to build a consistent and defensible value system that way. But at the end of the day when they have reduced the assumptions to a minimum, they still have ended up with ‘value axioms’ which they cannot logically deduct. Plato referred those to ‘forms’, a divine structure that supposedly exists independent of man, available only to gods and the enlightened. Locke and Nozick have claimed the existence of a natural order, of natural rights. The historically most common approach has been to claim that the ‘axiomatic’ values are directly or indirectly supported by a God or another divine structure. Kant saw for example the role of a ‘Supreme Being’. Philosophers have found support for moral beliefs in Talmud, in the Bible, in the Quran and in other religious teachings.

¹³⁵ Rawls, 1971

A way of building justification among believers is to base the values on the common denominator of different religions. This has made sense historically and many constitutions are in practice built that way. But time has passed since religious leaders representing diverse churches were talking about the mountain that they were climbing together, although from different sides. Today the gap between people of different faiths is widening again; fundamentalists have been gaining ground. There is an atmosphere of distrust, making any attempt to find common ground between different religions more or less futile.

A ‘common denominator’ justification that is embraced by believers also has the weakness that it not necessarily is seen as a justification by non-believers. This is one fundamental problem with the claim that there is a moral order independent of man. The value of such justifications rests in the eyes of the beholders. The argument does not convince those who are sceptical to the existence of the divine order. If a justification is based on a certain faith it may even alienate those of other creeds. A second more practical issue is that the perception may lead to an underestimation of the importance of maintaining shared values in a society as well as the difficulty in doing it.

Key Values

My conclusion is that it is futile to claim that the values that are shared in the Western world should have a logical or ‘natural’ justification. This is only the first problem in the search of ‘shared values’. The second problem is that values are generally less shared than we want to know. Any meaningful discussion, which has the purpose of being inclusive, has therefore to be restricted to such key values that are an essential and relatively unproblematic part of the Western cultural heritage. For this discourse it is necessary to separate between the developed contentious political values we may hold and that can influence policy decisions taken within the systems on one hand and such basic values that are shared by a broad majority and that should influence the systemic level on the other. I have tried to concentrate the discussion to the latter basic values as a starting point. I will somewhat incorrectly call those values *Key Enlightenment Values* or *Key Values* for short. It is a bit unhistorical as our perception of the Enlightenment values has developed over time. The Enlightenment philosophers were far from in agreement on those values; Max Weber had not the same views as Jean-Jacques Rousseau; the relative value consensus is a later achievement. The reasoned values, which I have chosen to discuss, are selected with no other justification than that they seem to me to be part of a generally accepted philosophical heritage that finds its roots both in the Enlightenment and in religious traditions. The selected values are: *Belief in science and reason, liberty, security, privacy, equality and fairness.*

Subconsciously or consciously held values

Before discussing the values in more detail we have to remind ourselves of the fact that not all values are internalized or supported subconsciously. Values are, as has been explained in chapter II, only to a limited degree genetically coded. It is true that the evolutionary drivers, such as inclusive fitness that stimulates us to care about those with which we share genes, support what can be perceived as family values, but not because of their ethical character but

due to their link to survival and reproductive success. Most values are acquired. John Locke was not completely, but almost right when he claimed that we are born a *tabula rasa*, i.e. a clean slate, without any innate values. Anarchists such as Robert Paul Wolff were on the other hand wrong in believing in an autonomous man with a built-in capacity to reach moral decisions.¹³⁶ Man is neither born a moral, nor an immoral being. The values we hold are mostly due to an ecological inheritance and a result of our upbringing. Values are learned and internalized early in life when we imitate parents and other persons close to us and when those role models teach us what is right and wrong by rewarding and scolding us. We can be taught to be honest, to show respect for authority, to take care of elderly and vulnerable etc. The values may be accepted both by our conscious and our subconscious selves, but not all values are easily internalized subconsciously. The internalization is crucial as it affects the self-image, the stereotypes and the on-line evaluation processes performed by the subconscious self.

The Key Values that have been identified relates to the conscious and subconscious selves in different ways. *Belief in reason and science* is a value we can hold consciously, but bear little consequence for subconscious processes that do not do reasoning. It is a value that thus is unsupported by the subconscious processes. This can, as the example I have offered on the fright for flying shows, create cognitive dissonance in cases when the beliefs we hold subconsciously differ from those we hold consciously. If we want reason and science to govern how the democracy works and how the market economy is governed we need to create environments in which the subconscious processes play an insignificant role.

We do not have the same problem to internalize the values *security, liberty* and *privacy*. They are part of the ecological inheritance and are in principle supported both consciously and subconsciously; even if some of the subconscious support, as will be discussed later, may be linked to intimidation or manipulation.

Equality and *fairness* are on the other hand values that are more problematic in this respect. Man is definitely not born with the idea that all men are of equal value and deserve the same dignity and respect; those are values that he may or may not have acquired as he grows up. Man is on the contrary born with a brain that creates stereotypes that he attaches to groups of people, to those that are like him, as well as to people who have another colour of the skin, that speak or dress differently, or worship in another way. Prejudice is another word for stereotypes that are irrationally diverse. I will in the following discuss how this conflict between the conscious and subconscious beliefs could be reconciled.

2. BELIEF IN SCIENCE AND REASON

The first Key Value I will discuss is a value central to the Enlightenment - the belief in reason and science.

Values are generally split into those that are *relational*, i.e. that can entail some kind of relationship between an individual and others and those that are *non-relational*. Belief in

¹³⁶ Dahl, 1999, p 42-43

science and reason can be seen as a non-relational value. But it is also influenced by the cultural environment and in that sense it is relational.

The Enlightenment philosophers had to take quite a fight with the priesthood for that belief. In Egypt there are ruins of temples that show how the priests once steered the pharaohs. Around an inner chamber, supposedly only accessible by the Pharaoh, the priests built a secret passageway giving them the opportunity to whisper messages to the Pharaoh through small holes. The pharaohs, who thought they were alone, believed that their God was speaking to them; the truth being that it was just the priests manipulating them. The scheme worked because the pharaohs were made believe that they had a special relationship to their God. In a similar way the Catholic Church defended the feudal order of the Medieval Ages as an order that was of divine origin; the authority of the monarchs were given them by God. The priests, as the ultimate interpreters of the divine will, gained thus considerable influence on the feudal rulers. Also contemporary leading politicians sometimes talk about their special relation to God in order to increase their authority. Seen in a historic perspective such a claim can be a way of manipulation, but the divine relationship can also be a case of self-delusion and the politicians can be victims of their own self-justification processes.

The Enlightenment movement saw as initially described science as the carrier of light, as a bulwark against such prejudice, mysticism and manipulation. One of the major achievements of the Enlightenment was thus that it liberated science. Rational reasoning was mainly the property of the autocracy and the priesthood before the Enlightenment. The ordinary man was kept in ignorance, fed with teachings of mysticism and superstition. The Enlightenment opened the wells of rationality and science to the many. School education was made widely available; freedoms of expression and information helped narrow the knowledge gap. What has followed is an almost exponential increase in human knowledge. Technological progress has been driving change as societies in a short period of time have been moving from being agricultural to becoming industrial and now service economies.

Western countries have modern science to thank for the progress of the societies, for the drugs that cure diseases and give people a longer life than ever before, for airplanes, trains and cars that makes the world accessible, for information technologies that make it flat and for the electricity that keep the stoves cooking and the washing machines cleaning. The main argument behind accepting science and reason as the basis for societal decision-making is thus that it is an approach that has served man well. Progress since the Enlightenment, when the lid that the churches put on the reasoning mind was lifted, has been impressive.

Philosophers have seen the interaction between technology and societal change from different perspectives. Karl Marx highlighted the effects of technological progress on the production conditions and saw those as the major driver of societal change while e.g. Francis Fukuyama attributed the spreading of new societal ideas to those that had embraced new technologies and used them to increase their military power. Even if philosophers have different perceptions of cause and effect they are in agreement that there is a strong link between progress in science and technology on one hand and societal development on the other.

Given the apparent success one would expect science to stand above suspicions, to be accepted as an indispensable cornerstone of the modern societies. This is, as is well-known, not the case. The Enlightenment ended a long period in which science was rebuffed and hounded by the dominant Catholic Church. Scientists have ever since been respected in the Western societies, even often been heralded as heroes. The possible misuse of science has always – and rightly so – created intense debates, but it is not until the last two decades that a negative attitude to science as such has started to spread. The campaign against science is just as under the Medieval Times coming from religious corners. The first victim of the new mysticism has been the evolutionary theory. Although there are overwhelming evidence on how the world has developed from the Big Bang onwards the so called creationists have been able to make one third of the American population believe that the tales of the Bible are as much science as all the indisputable findings of thousands of researchers. This new anti-Enlightenment movement is gaining strength and should not be under-estimated. In the latest presidential election the Republican candidate, in order to mobilize his base, chose a candidate for Vice President that among other things is a believer in creationism. In some states in the US the opponents to science have been able to assemble the support of the majority and as a consequence hundreds of thousands of children are taught to believe that allegoric narratives are science. It would also be a mistake to read the anti-science campaign from religious fundamentalists as a purely US phenomenon. According to a recent survey one third of the teachers in the UK think that creationism should be taught in schools not as a religious belief but as “science”. The new Pope has distanced himself from the clear endorsement of Darwinism by his predecessor and fired the outspoken Chief Astronomer of the Vatican when he attacked the “Intelligent Design”-movement.¹³⁷ The anti-science campaign is steadily spreading to new areas such as stem cell research, genetics and nanotechnology. It is a worrying development since belief in science and reasoning are cornerstones in governance systems such as democracy and the rule of law. The systems stand and fall with this belief. The whole structure with its built-in checks and balances aims at ensuring that decisions are taken based on reasoning and evidence. So is e.g. an independent judiciary that bases its decisions on facts and sound reasoning a central element in the liberal societies.

It is imperative to separate this negative campaigning based on prejudice from a necessary debate on the use or misuse of the path-finding sciences. There are important ethical issues to be discussed in relation to the use of the scientific findings, but those discussions should rest on a rational foundation.

¹³⁷ <http://www.timesonline.co.uk/tol/comment/faith/article1645572.ece>. A debate has arisen because of the publication in Germany of *Creation and Evolution*, a summary of the Pope's discussion of Darwinism at Castelgandolfo late 2006 with fellow theologians, behind closed doors. "The question is not to either make a decision for a creationism that fundamentally excludes science, or for an evolutionary theory that covers over its own gaps and does not want to see the questions that reach beyond the methodological possibilities of natural science," the Pope said. The Vatican is obviously concerned by the debate and has in a statement reported in *International Herald Tribune* 3 March 2009 claimed that it would be counter-productive to teach religious beliefs as part of the teachings in science.

Even if we cherish reason and believe in science it is in practice impossible only to take reasoned and considered decisions in everyday life situations. We can neither demand nor expect people to act rationally in all circumstances. However, it is quite possible to insist that decisions that are taken as part of the governance of the societal systems should as far as possible be reasoned and evidence-based. For that to be possible the environment around the decision-making has to encourage conscious and considered deliberations, free from manipulation, intimidation or other forms of undue influence. Such an atmosphere is not easy to create as the inquiry into human nature has made apparent, but it is imperative to try as the rate of success affects the perceived legitimacy of the societal systems and the different forms of governance. It is important, while there still is time, to harvest from the relatively broad consensus that both democratic nation-states and the market economy as far as possible should be governed rationally.

3. LIBERTY, SECURITY AND PRIVACY

Following the perception that man should have the right to pursue his own happiness, *liberty* has been seen as a Key Value that has been highlighted by Enlightenment philosophers as well as in the French and American revolutions. At the time of the revolutions the focus was shifted from collective liberty, i.e. the freedom from foreign rule, to individual liberty. The US Founding Fathers saw a special need to protect the freedom of the individuals in relation to the state. Their ancestors had been living under autocratic rulers in Europe who had stretched their shadow also over American soil; they wanted to free themselves and their off springs from any such future tyranny. They wanted a clear line to be drawn between the authority of the state and the freedom of the individual and found inspiration in the philosophy of Hobbes and Locke. In Locke's state of nature the individuals are "in a state of perfect freedom to order their actions and dispose of their possessions and persons as they think fit, within the bounds of the law of nature, without asking leave or dependency upon the will of any other man"(sect 4)¹³⁸. The liberty should, however, have its boundaries: "no one ought to harm another in his life, health, liberty, or possessions" (sect 6). In the libertarian tradition, which see liberty as the most important value, the only role for the state is to protect the citizens from such harm, to offer them *security*. Robert Nozick warns against paternalism and any tendencies of the state to stretch the obligation to protect the citizens too far as that would undermine their liberty.

In a classical work of James Bryce¹³⁹ human rights are integrated in political liberalism and are defined as the rule of law that exempts certain individual rights or freedoms from government control. Such 'rights of liberty' are

Civil rights, i.e. exemption from control of the citizen in respect to his person and property

Religious rights, i.e. exemption from control in the expression of religious opinions and the practice of worship

¹³⁸ Locke, ed Peter Laslett, 2nd treatise, 1967

¹³⁹ Bryce, 1931

Political rights, i.e. exemption from control in matters which do not so plainly affect the welfare of the whole community as to render control necessary

These were the original rights in the US Constitution and they were inspired by the Lockean natural rights. One right that supports reasoned decisions as well as the concept of liberty has been added later and that is *the right to information and to spread information*.¹⁴⁰

The basic original human rights that are part of the US Constitution and its amendments can be found in many other constitutions and in several international declarations of human rights. However, their implementation has often been complicated. The civil rights are the most controversial, especially the right to privacy; the interest of collective security is in conflict with the right to individual freedom. Religious rights are more or less uncontroversial, but the demand from religious fanatics to demonstrate their beliefs publicly has created controversy.¹⁴¹ The request that the states shall ensure the citizens right to information is another demanding proposition that it is more and more difficult for the democratic systems to live up to.

Privacy

It follows, if liberty is seen as an important value, that privacy ought to be an important human right. Privacy did not exist as a word in the early formulations of human rights, but it seems clear that the right to a private sphere was intended to be part of the concept civil rights.

The right to a private sphere defines the relation to other people, to commercial interests but above all the relation to the state. There are therefore few developments during the last decade that are so contentious and that have created so strong feelings, not necessarily along party lines, as the perceived loss of privacy rights. The futurologist Ray Hammond remembers: “I recall describing what we now know as ‘the surveillance society’ to a British audience in the early 1980s. There was uproar and, almost to a person, the audience members were appalled at such a ‘Big Brother’ idea and all were certain that such a thing would never be tolerated in the UK. Today, although there are many vociferous critics of our mushrooming surveillance infrastructure, the vast majority of people in Britain are entirely content to be watched over”¹⁴²

How far the UK has slipped into a surveillance state that even includes informers can be exemplified by a Home Office-funded radio advertisement: “How can you tell if they’re a

¹⁴⁰ It is an important right as it directly relates to the right for the citizens to participate in the democratic system on equal terms; it entails in contrast to the original human rights an obligation for the state to actively ensure its implementation. Media and information freedom is, however, not a Lockean right; we should remember that he had an open mind in relation to the running of a state. He was not opposing monarchy or any other similar rule; what he was against was a totalitarian rule; he propagated a ‘social contract’ between the ruler and the citizens that ensured them their natural rights.

¹⁴¹ The most debated question right now is seems to be if women, who by some fanatics are seen as the property of man, and not as human beings with equal rights, should be allowed to wear clothes that demonstrate their “slavery” publicly.

¹⁴² Hammond, 2007, p 309

normal everyday person or a terrorist? The answer is that you don't have to. If you call the confidential Anti-Terrorist Hotline on 0800 789 321, the specialist officers you speak to will analyze the information. They'll decide if and how to follow it up. You don't have to be sure. If you suspect it, report it."¹⁴³ If reported by a snooping neighbour a person may end up in custody where the government can keep anyone for questioning during 42 days without charging him or her.

Twenty-thirty years ago the memory of World War II was still present in Europe and the love for the new won freedom was strong, stronger than any fear of terrorists. Europe had its fair share of terrorist attacks during the after war period: ETA, IRA, the Baader-Meinhof League, the Red Brigade, PKK etc. The idea to give up the newly gained personal freedom to gain more security was, however, never raised. The situation in the US is different. The US was once created by people who were prepared to risk their lives to gain freedom from oppression; they would never have traded freedom for security. But times have changed and while the US has been involved in many wars few citizens living today have any experience of a suppressing state. Their response to nine-eleven, the first non-domestic terrorist attack on the home ground, was therefore quite different from the European reaction to similar events a couple of decades earlier. The event created a shock wave as it challenged the self-image of the US as the dominating power in the world order, and calls for extra-judicial state actions were common. The US hefty reaction came to govern the reactions of Europe, however irrational that may have been. The fear in the amygdalae of the Americans was projected on the European mindset, not least through media. An explanation can be that media are much more commercially oriented today than a couple of decades ago and that fear sells. Chief Editors are no longer primarily defenders of freedom but of sales. Terrorism is scaring and it is natural that people get afraid, especially of attacks at home.

The reduction of privacy is above all an example of what can happen when *a common value base collapses*. Liberty has been seen as the key value by many liberal philosophers, but it has in the case of privacy been traded for security in face of the alleged terror threats following 9/11. The question is how it happened. Politicians that have spent a substantial part of their careers to talk about the value of open democracies, about the equal value of man, about everyone's right to be judged by the courts not on the colour of his skin, not on the beliefs he holds, not on what relatives or friends he has but on what he himself has done and that alone; how could they vote Yes to law after law that goes against everything they have stood for? How could privacy disappear given all the checks and balances that are built into modern Western democracies? There are after all constitutions in most democracies that are supposed to protect human rights in situations of this type, one important aim of the constitutions being to prevent politicians to do things they will regret later. There are courts that are supposed to supervise the lawmakers in order to ensure that they do not overstep their authority and abuse those constitutions. How can judges that are supposed to protect the basic values of our constitutions have chosen to look the other way? And why have so few been listening to the Human Rights organizations? The results of research around human nature that has been described earlier gives a credible explanation. Following the research of Travis-Aronson and

¹⁴³ As quoted by Carole Cadwalladr in the newspaper Observer, 22 February 2009, p 11

colleagues the sliding into a surveillance society is the work of *group dynamics*, of *collective self-justification*, on the *step by step* moving down the Travis-Aronson pyramid. A lawmaker may have justified himself the first time around in the following way: “Terrorism is terrible; we have to do something. This may not be something I normally would support, but this is an emergency.” Next time the self-justification may sound: “The first step was obviously not enough; the terrorists are still around. We have to do more, even if it is principally wrong. And to take this second step is *consistent* with the decision I have already taken.” The third time may the justification be: “Well, this may be against my principles, but I have already accepted a law that is very similar in character. This is just applying it to a new area”. Consistency can function as a justifier in many steps down the pyramid. The justification may probably hold for the fourth, fifth, sixth, seventh and eight laws too. And so – step by step legislators who when they joined politics would never dream of abolishing privacy have done just that.

Thymos is hard at work too. The legislators are put in fear of being perceived by others as weak or morally unpardonable. That tactics was used very efficiently when getting the Patriot’s Act accepted by the US Congress. Everyone against was portrayed by the leading media as unpatriotic, which is the worst thing you can be accused of in the US. There was no possibility whatsoever in the climate of fear for human rights lawyers to rationally argue the importance of privacy for a functioning democracy or the relevance of accountability in any judicial decision.

There is also a *knowledge issue*. Those who are not aware of the technology issues are seldom conscious about what is at stake. Media empires are strongly pushing for the unchecked state powers and they are not balanced by other actors to ensure a reduction of the knowledge gap.

New technology empowers and protects but increases the possibilities to control

The main argument in favour of the surveillance state is that it ensures a better protection against terrorists. There may be some truth in that claim. Most people are also in agreement that more internet security would be welcome and that more protection against cyber crimes is needed. Important critical infrastructures are often too vulnerable and open to attacks. The Estonians discovered a few years ago how little protection they have when their public systems were hacked into, probably by an upset Russian neighbour. With the exchange of views, with more and more emails, with the convergence of all networks, of internet, voicemail, TV, peer to peer and multicasting the freedom will increase but so will the need for protection against hackers and cyber criminals.

However, at the same time as IT will make life richer, safer and easier those employed by an authority with access to all IT related devices in peoples’ private spheres will be able to know almost everything worth knowing about everyone else. Professor Joel R. Reidenberg encouraged his students in a pedagogical exercise that found its way to the web¹⁴⁴ to find out how much that is already available on the Net by encouraging them to make a dossier on

¹⁴⁴ See ‘Concurring Opinions’, a blog administered by law professor Daniel Solove.

Justice Antonin Scalia, who had expressed himself in an ambiguous way about privacy protection. The 15 page dossier the students created vindicated Reidenberg's thesis that 'practical obscurity' is already lost. He has noted that certain personal information may have always been publicly available – at the courthouse, say – but in reality very hard to discover and disseminate before the age of IT.

Has an 'Extended I' become an 'I' without privacy?

Privacy was not very difficult to define in the old days. Our home is our castle, was an ancient saying. No one had the right to search homes without a warrant. When man started to communicate with letters and not only orally it was seen as an extended privacy. A postman could be hanged for opening lacquered letters. In most countries a policeman has had to convince a judge or another representative of the law that he had good reasons for his request in order to be allowed to open letters. When the telephone came privacy was extended to phone calls.

The emerging information society has given privacy a new meaning. There are numerous new tools at people's disposal. The 'I' has been *extended* with the help of personal computers and handheld devices. The devices are used as an extra memory, as a notebook, as a diary, as a communication tool, as a library, as an encyclopedia, and for purchasing. The tools are used to check on the car and to access the camera that may have been activated in the summer house. The extension of the 'I' that information technologies have enabled has empowered people but it has also made them more vulnerable and more open for snooping. Information is available to others that earlier was strictly within the private sphere. Diaries and notes were in the pre-IT era available to no one but their owners. What people bought, when shopping, was a private matter. With all that information now stored or available on-line it is obvious that privacy has become an issue.

There are two ways of seeing this development. One way is to claim that the development demands a wider and better protection of privacy, a new definition of the private sphere. Another reaction is to regard privacy as history. Both views are common. An interesting question is whether the two different ways of responding are a generational issue and if privacy is something that only concerns the pre-web generation. It is an important question to rise and it needs to be taken seriously. Jeremy Rifkin, who believes that it is a generational issue, wrote in his book *Hydrogen Economy 2002*: "Whereas previous generations defined freedom in terms of autonomy and exclusivity – each person is a self-contained island – the children of the Web have grown up in a very different technological environment, in which autonomy is thought of (if at all) as isolation and death, and in which freedom is more likely to be viewed as the right to be included in multiple relationships. Their identities are far more bound up in the networks to which they affiliate. For them, time is virtually simultaneous, and distances hardly matter. They are increasingly connected to everyone and everything by way of an electronically mediated central nervous system that spans the whole of the Earth and seeks to encompass virtually everything in it. And, with every passing day, they become more

deeply embedded in a larger social organism, in which notions of personal autonomy make little sense and the feeling of unlimited mobility is circumscribed by the sheer density and interactivity that bind everyone so tightly together”¹⁴⁵ Teenagers get used to expose everything about themselves on social community sites as Facebook and Twitter. They dream about being part of reality shows in which the most intimate aspects of their lives are depicted. They are seen and want to be seen. Ray Hammond suggests provocatively that the children of the Web should be called *homo virtualis* rather than *homo sapiens*.¹⁴⁶

Many of the young believes that there is no turning back and that privacy is gone for good. There is even a movement called *sousveillance*¹⁴⁷ that tries to make the best of the situation by countering the power of the controllers with control of those in power. The idea is that if everything is in the public domain, even the activities of those that are controlling, then it would no longer matter, because there would be a balance of power. The activities have created interesting effects. When the "...surveyors" have come in with their video cameras into shops with CCTV cameras they have been met with strong negative reactions. They have not been allowed to film the surveyors.

Should we let privacy go?

Is the conclusion that we should let privacy go? Is the value of the extension of the ‘I’ and the protection against terrorists so high that is worth giving up most of our privacy? Before answering yes to that question the reader is encouraged to learn from history and the inquiry into human nature.

The first lesson is that state officials when been given sweeping authorities have historically been abusing democratic civil rights. *Unchecked power corrupts*. It has happened in the US during three earlier occasions in the last century.¹⁴⁸ In 1920 more than 10 000 people were rounded up in the US in the so called Palmer raids, mostly because they were members of certain labour unions or perceived as being “communists”. They had been under illegal surveillance and an unconstitutional file on their activities had been created. The abuses stopped when the “Red Scare” was over.

In the 1950’s Joe McCarthy inspired a new period of “Red Scare” in which companies and individuals were intimidated to spy on their employees and their neighbours; people who had signed petitions against the harassments were denied employments, barring their ability to earn a living. At the end of the McCarthy period he was the one discredited and many of those that he persecuted were back in business.

During the Vietnam War the government started to systematically wiretap its opponents, journalists, yes even members of Congress. Hearings led by Senator Frank Church of Idaho

¹⁴⁵ <http://www.amazon.com/Hydrogen-Economy-Jeremy-Rifkin/dp/1585422541>

¹⁴⁶ Hammond, 2007, p. 243

¹⁴⁷ French play with words. While surveillance means control top-down *sousveillance* is control from beneath. S. Mann: ” 'Reflectionism' and 'diffusionism': new tactics for deconstructing the video surveillance superhighway.” *Leonardo*, 31(2), 1998, pp 93-102.

¹⁴⁸ Read e.g. Terkel, 2007

exposed 1975 this practice. The public opinion reacted and a law was passed in 1978, which placed national security investigations, including wiretapping, under a system of warrants approved by a special court.

It is interesting to note how similar the arguments in favour of the need for state surveillance were during these periods of abuse of the civil rights to the ones used now. The main argument was that the objective was to protect the citizens from alleged threats. That those threats were exaggerated was something that was only slowly uncovered. The outrage among citizens and leading politicians and journalists that led to the abolishment of the practices developed when they realized that it was not 'only' alleged communists that were investigated and wiretapped. So were many of their friends and acquaintances that they knew to be good patriots.

There have been similar periods of abuse of civil rights in Europe – the worst committed by the authoritarian regimes that toppled the weak democracies in Europe as a consequence of the Great Depression. Europe is still struggling to come to grips with this recent and horrible history. Just as a thought experiment. Imagine that the surveillance tools that now are developed and put in place to allegedly fight terrorism had been available to Stalin, Hitler and Mussolini. Would the citizens of continental Europe ever have been able to regain their freedom?

Non-technicians often believe that data can be easily protected and that it therefore is little risk in storing them if the use of unauthorized personnel is forbidden. They sometimes, as in the case of email retention by ISP providers, even enforce storing 'just to be on the safe side'. The truth is that data, if not stored in a very safe and costly way, always are accessible by some who may or may not be tempted to use the power that follows with the access.

The *social habits* of people are already starting to be available. People tell too much about themselves on social sites and a 16 year old English girl just realized the dangers of such exposure, when she got fired after writing on Facebook that her job was boring. Employers have started to learn how to use Facebook in order to check applicants, making many unemployable. The now postponed new British ID-card was intended to store all visits to pubs and other places where the ID-card was used and the information would have followed the card also after the owner's death.

Imagine that the *DNA* of everyone would be stored. The data banks are already under way, and they may become broadly accessible by not only hospitals but also law enforcement officers and security personnel. Imagine that the DNA formally or informally would become available to insurance companies. They would certainly start to differentiate terms and conditions and relate them to the individual risk picture. Imagine that they become available to employers. They can then avoid employing people with genes that predict a short life or periods of absence.

The question is if the web generation has reflected on the price it may have to pay if privacy is gone. Media are today quite unforgiving to people who have made mistakes, making them

e.g. unelectable to public office. And the state may get ideas related to the people ‘Anne’ tells Facebook that she has met, the ‘Ahmed’ with which she has been romantically involved for a night or two and who has been reported as ‘suspicious’ by a neighbour. ‘Anne’ may never get to know that she is registered as a security risk, until the day the police pick her up for questioning, an unexpected ordeal that can last for weeks and which is doomed to change her life forever.

A neglected aspect is that a personal sphere is important because it is an area in which the individual can claim full ownership and be treated solely as an end. When stepping outside that sphere she has to face a complex reality where she is partly a means to other peoples’ ends. When the personal sphere shrinks she loses some of her ‘eigenwert’; her power over her own life diminishes and the power of others increases. From a systemic point of view it also means that the power of the state and of the market economy actors is expanded.

There is another systemic risk involved. A surveillance society is a society in which there will be a widening gap between the state and the citizens - an “us” and a “them”. That should not be the future of an enlightened society. “They” are not supposed to spy on “us” and control “us”. “They” are supposed to represent “us”. The good news for the Americans is that they have been through these periods before and have been able to clean up their act afterwards. The system has failed but it has also been possible to restore. It seems that this may happen this time around too. Digital Due Process – a coalition that includes Google, Microsoft, the Center for Democracy and Technology and the American Civil Liberties Union – has in a hearing with the Senate and House Judiciary Committees proposed that all private data not voluntarily made public, such as stored e-mail, should be protected as data in a person’s home. To get to them, the government should need a search warrant. The initiative may bring US privacy law back on track again.

But the damage to information freedom and privacy in a global perspective seems to be more difficult to undo. Amnesty International writes: “The web is a great tool for sharing ideas and freedom of expression. However, efforts to try and control the Internet are growing. Internet repression is reported in countries like China, Vietnam, Tunisia, Iran, Saudi Arabia and Syria. People are persecuted and imprisoned simply for criticizing their government, calling for democracy and greater press freedom, or exposing human rights abuses, online. But Internet repression is not just about governments. IT companies have helped build the systems that enable surveillance and censorship to take place. Yahoo! have supplied email users’ private data to the Chinese authorities, helping to facilitate cases of wrongful imprisonment. Microsoft and Google have both complied with government demands to actively censor Chinese users of their services.” When this is written Google has withdrawn from mainland China, when realizing that the Chinese have hacked into their systems to expose dissidents.

There is, however, no reason to have too high expectations on the market actors. *The market will not protect privacy.* There are no incentives built into the market economy as such for that to happen.

Conclusion

Liberty and security are reasoned values. But they are also supported subconsciously. The urge to do what we like, to meet desires that we do not have to justify to anyone else, and to be able to prove ourselves in competition with others are strong subconscious drivers and they support our conscious value of freedom. To feel secure is another important subconscious wish. The problem is that liberty, especially privacy, and security are values that are partly complimentary, partly in conflict, and that the issue on how to balance them has become increasingly debated. The risk with developed surveillance societies is twofold. The very concepts of democracy and rule of law can be continuously undermined and, secondly, the internationally accepted level of surveillance may in practice make it very difficult for the populations of autocracies to claim liberty. That the priorities have changed can be the result of an induced public mood of fear that has blocked reasoned decision-making, or it can be the result of a genuine shift in priorities. It is impossible to know whether the value shift would be reversed, if the citizens were to be better informed. The only way to find out is to protect the democratic decision-making from intimidation and manipulation.

4. RECONCILIATION OF THE VALUE OF EQUALITY

Equality is a concept with many layers. Equality can for example mean equal rights, equal dignity, equal opportunities or equal outcome. It is not as easy to agree upon as many would wish. It was less than a hundred years ago that it was accepted in Western countries that women could be as suitable as men to vote and it was hard for the great-grandchildren of many of the former slave owners to accept that black men should have equal rights. I will here discuss some of perceptions around equality and their possible implications.

Equal value

To assign all men *equal value* is a central thought in the democratic concept. For the Levellers and the Puritans, who had a significant influence on the US Constitution, *the intrinsic equality of man* was a fundamental belief. The Leveller Richard Overton wrote: “all men are equal...delivered of God by the hand of nature into this world, everyone with a natural innate freedom and propriety.”¹⁴⁹ .

The perception that all men are of equal value is expressed in a number of principles of which no one seems contentious, e.g.

- Universal suffrage according to the principle one man-one vote
- Everyone should be equal in front of the law

Many perceive that equality and *fairness*¹⁵⁰ are two sides of the same coin. The idea that you should do to others what you want them to do to you is prominent in most modern religious and secular ethical teachings.

¹⁴⁹ Woodhouse, 1938, p 69

¹⁵⁰ I have chosen the term ‘fairness’ instead of ‘justice’ as justice includes both non-relational and relational values. ‘Social justice’ is here treated as a value-based right.

Linked to idea of everyone's equal value is the demand for *impartiality* in the exercise of power by the public servants. Rothstein and Lindvall see impartiality in the implementation to be crucial to the perceived legitimacy of a regime.

Equal social rights

The concept equality becomes immediately more problematic when equality is defined as *equal social rights*. The discussion about such rights is a relatively new debate that has come with the effects of industrialization and globalisation; it led during the 20th century to the formulation of a more social set of value-based rights. John Rawls has been given most of the credit for the development of the philosophy of social human rights but many of his ideas had actually started to be adopted in European charters before he wrote his famous “Social Justice”. Man has according to this thinking not only the right to expect the state to protect him and his property but also to provide him with the necessary conditions for a good life. Such rights are often called *social human rights*. In the UN Universal Human Rights Declaration unanimously adopted by the 2005 UN World Summit, the following rights are asserted:

“Everyone has *the right to a standard of living* adequate for the health and well-being of himself and his family, including food, clothing, housing, and medical care and necessary social services, and *the right to security* in the event of unemployment, sickness disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

These rights are reflected in The Charter on Human Rights that has been adopted by the European Union and has been accepted by almost all members of the Union. The most notable exception is the UK, the reason, at least officially, to be found in special UK objections related to labour market conditions.

Formulated the UN way the social rights can be seen as a safety net available to everyone. It is not an impossible proposition, but as the level of the safety net is a contentious issue I have chosen to see the rights not as a systemic issue but as a policy question.

Strong Principle of Equality

Many political scientists have pointed out that a democracy in which everyone is given an equal say demands that they have equal information and equal resources. Dahl criticizes the concept intrinsic equality for being too weak and argues in favour of a ‘Strong Principle of Equality’ that recognizes the need both for political and economical equality. Held is propagating a ‘Principle of Autonomy’ and argues that autonomy demands equal opportunity to participate in public affairs and claims as Dahl that political and economical equality is a prerequisite. This is a very demanding proposition. We are far from that situation in the modern democracies and it is hard to see how we can get there without imposing conditions on the market economy that are far-reaching and that would alter its character – something any individual nation-state that want to be part of the global market economy would be unable

to do anyway. I will in a moment explain why I also believe it to be a claim that is unsupported by our human nature.

Equal recognition

One of the findings around human nature is that our need for recognition is an important driver. But do we need equal recognition? In a contemporary definition by Dworkin¹⁵¹ ‘moral equality’ is to be understood as prescribing treatment of persons as equals, i.e., with equal concern and respect. Humanitarianism, on the other hand, which recognizes that human beings are all of equal value, does not demand that they are treated uniformly in any respects other than those in which they clearly have a moral claim to be treated alike. Stanford Encyclopaedia of Philosophy notes: “Present-day philosophical debates are concerned with the kind of equal treatment normatively required when we mutually consider ourselves persons with equal dignity.”¹⁵²

Fukuyama uses the term *isothymia*¹⁵³ to describe an all-pervasive desire to be recognized as the equal of other people. This is according to Fukuyama a futile desire. While capitalism is capable of creating enormous amounts of wealth it will, Fukuyama recognizes, continue to fail to satisfy the human desire for equal recognition. “With the division of labour come differences in the dignity of different occupations”, he notes. “In prosperous democracies, the problem of poverty has been transformed from one of natural need, into one of recognition.”¹⁵⁴ But, he argues: “No existing liberal society is based exclusively on *isothymia*; all must permit some degree of safe and domesticated *megalothymia*, even if it runs contrary to the principles they profess to believe in”¹⁵⁵ The market economy gives unequal recognition and it cannot work in any other way. The only option left is to opt out from the global market economy and we all know how unsuccessful such attempts have been.

Reconciliation

Can these different views on equality be reconciled?

There is an assumption underpinning the value Equality: People are to be seen as *goals* in themselves. It is an assumption that can be broken down in two: Man has himself as an end and, secondly, man should treat other men as ends, not as means. Most liberal philosophers have that in common that they see man as an end in himself. Their basic criticism of other alternatives is often that they deny the individual the right to be the best judge of his own fortune. The libertarian Nozick argues e.g. in favour of “an end-state maximizing view”¹⁵⁶ with the sole restriction that aggression against another being is forbidden. He claims that utilitarianism in contrast is a philosophy in which people are seen as objects, as means.

¹⁵¹ Dworkin, 1977, p 370

¹⁵² <http://plato.stanford.edu/entries/equality/>

¹⁵³ Fukuyama, 1992, p 190

¹⁵⁴ Fukuyama, 1992, p 292

¹⁵⁵ Fukuyama, 1992, p 337

¹⁵⁶ Nozick, 1974, p 33

In order to reconcile the consciously and subconsciously held values it is to my mind necessary to withdraw somewhat from the assumption that man always should be treated as an end in himself. Man expects to be treated as an equal when voting or when in front of a judge, but can do that without demanding to be regarded as an equal in every other sense. Man can specifically *accept to be treated as means on the market, if that ensures him that his desires are met to a greater extent, as long as he is treated with sufficient respect, receives sufficient recognition.*

Human labour has always been treated as a means on the market place. Humans have never been more than just another production factor, just as land, factories, and other capital. The development of the feudal system was very much linked to the role of land in the economy of the time. Farming represented ninety percent of the economies and to own land was to ensure your own support and the future of your offspring. Wars were fought to gain land and who of the feudal lords that won was decided not in relation to the number of men whose lives they sacrificed, but in relation to how much land they had after the war in order to support future generations compared to how much they had before they entered into it.

When handicraft and trading started to be important in the overall economies those who were the main players in the emerging new economy were given influence, with the implicit purpose to ensure future provisions for the community. With the industrialization the new important production factor was the capital invested in factories and machines, in electricity and transportation systems. Man was initially expendable. The mechanization of the agriculture made most workers unneeded in the country side, forcing them to offer their labour to unhealthy and dirty industries in the cities. Modern democracy in Europe did not begin to evolve until the steady flow of new workers dried up and the workers started to organize themselves.

The process of urbanization has in a global perspective not finished yet. It is still ongoing in countries such as China and India where millions every year have been leaving the farming areas for work in the cities. They are during this process no more than production factors, nonessential and replaceable.

Agriculture and industry has continued to mechanize in the most developed countries and produce steadily more with fewer employees; agriculture is employing less than three percent of the total workforce in those countries and industry less than 20 percent. The vast majority is starting to be employed in the services and knowledge industries and in those the human capital is the totally dominating production factor. Real estate is still a valuable asset in the service economies, especially if it contains natural resources, as is capital and factories that are crucial for industrial production and for export and import, but human capital has not for a long time played such a large role. The term 'human capital' is, however, another euphemism for humans as means, and not as goals. Human feet can in principle be replaced by a truck, arms by a robot, and brains by computers. From the perspective of the market humans are exchangeable with other means of production.

The industrialization and globalisation have not taken place without conflicts. Trade unions and political parties have been created as an expression of anger over disrespect and unfair distribution of wealth. But they have seldom demanded a strictly egalitarian distribution of power and resources. They have asked for better conditions as they have felt that their desires have been insufficiently met and that they have been given insufficient recognition. Seeing the wealth creation potential of an increasingly global economy people have been prepared to make a trade off between their wish for equal treatment and the fulfilment of their desires. People have recognized the power of capitalism and the market economy as a means to meet those desires. The reconciliation is that they accept being treated as means as long as they are met with sufficient respect and are given sufficient recognition. The definition of what sufficient means is context-sensitive and obviously varies over time.

Forty years ago I wrote a thesis on ‘The value of human life in theory and in practice’.¹⁵⁷ The purpose was to uncover which principles, if any, that were steering the evaluation of human life in different situations. The subject was chosen as it was the clearest case of conflict between seeing man as a means or as an end that I could figure out. The result of the investigation was quite enlightening; man is evaluated after his market value when the context is of market character, while he is attached an ‘eigenvalue’ when the context is public services. In other words, by market actors he was treated as a means and by public services as an end. A couple of examples: In the analysis related to traffic safety the cost of the loss of a life has to be evaluated. In the first generations of the macroeconomic cost-benefit calculations, when such analysis became trendy, the loss of human life was valued at the loss of production value. The consequence was that the society gained every time anyone in retirement or close to retirement was killed. When the calculations started to be understood by politicians they reacted and the economists added an ‘eigenvalue’ to the human production value in order to neutralize this effect. Ethical restrictions imposed by the politicians thus ‘corrected’ the economic analysis but they were not part of the original market-based analysis. I also found that there were different levels of safety standards for elevators in industrial buildings and office buildings reflecting the different production values of the blue-collar and white-collar workers. Another example: When Pentagon as part of the war in Vietnam had to calculate the cost for losing a soldier they only included the training cost of a new soldier; for a pilot that was quite a high cost; for a foot soldier it was negligible. The soldiers’ lives were means, resources, not goals. That way of calculating has changed as the US public since then has become much more concerned about the losses of lives.

In publicly owned hospitals that were part of the Swedish general welfare system there was found to be another culture. When having to decide which patients that were to be given regular dialysis for kidney failure, or in more concrete terms, which patients that would have to die and which that were to be saved, the doctors needed ethical guidance. The principles that were followed were that those that had dependent children had the first priority, that young people were given priority over older, and those ‘important’ for society priority over those less important. Important could be anything from a company manager, to a doctor or a painter. The last criterion was the closest to market economy thinking they came.

¹⁵⁷ The thesis is only available in Swedish. Dahlsten, 1970

The fact that unrestricted actors are guided by strict market economy principles, in different countries and in different environments, when they count the value of a human life as the production value, is evidence of the conflict between perception and reality. An unregulated market is not producing the “end-state-maximization” that Nozick predicted.

It seems that there is ample evidence that man in general is prepared to let someone else use his abilities as a production factor among others, as a means to the other person’s end. The reason is that such an arrangement is giving man the best possibilities to meet his desires. He may hold the reasonable view that everyone cannot be best at everything, that some people are more entrepreneurial and more apt to lead, and that some are better at organizing and others at doing. The success of the market economy concept shows that man within reason is prepared to make tradeoffs between his thymos and the fulfilment of his desires. In other terms: To fulfil the needs of thymos is an objective that demands *satisfaction*, while the meeting of the desires is a goal that people in principle strive to *maximize*. Not all individuals make this priority -megalothymia is a reality to start with –but enough people do to make this reconciliation a reasonable proposition. I will come back to the question how this reconciliation affects the governance of the global market economy

Democracy is, in contrast to the market economy, built upon the principle of the equal value of man. The universal suffrage is one such example. Human and social rights are other examples. Equal participation that do not infringe on the market economy are natural ingredients. The reconciliation proposed here only entails that the application of the key reasoned values should not be stretched in a way that comes into conflict with other human needs. That man wants to be treated as an equal in affairs of the state and in front of the law does not imply that he has to be treated the same way when participating in the market economy. This can be seen as an inconsistency, and of course it is, but I prefer to see it as an acceptance of man as he is.

A careful reading of Kant’s second postulate shows that the distance to his views may not be all that far. He makes no ranking between the ways man should be treated. He only claims that man should never be treated *simply* as a means, but *at the same time* as a goal.

5. THE DEVELOPMENT OF DEMOCRACY

The progress of democracy has, as the political scientists have pointed out, been far from linear and it is difficult to track the advancement of a coherent philosophy. The Athenians developed an early form of direct democracy that included not more than a minority of citizens. The Scandinavian countries had an early form of direct democracy, but there is no known link between the Scandinavian “ting” democracy and the Athenian version. Neither is there any “ideological” link between those early democracies and the post-medieval development of democracy in the Western world. David Held sees the latter development rather as a response to the challenges and opportunities that the nation-states were facing at the time.¹⁵⁸ The rulers had to mobilize military resources and capital in order to finance

¹⁵⁸ Held, 1995, p 60 ff

colonial expeditions and benefit from raw materials and goods at low costs. To achieve their objectives the rulers needed the *consent* of their people and in order to get that they offered them participation in the governance of the states. The notion of public consent was central also to John Locke as he developed the Kantian and Rousseauian idea of a *social contract* between a ruler and the people, the ‘demos’.

Rothstein and Lindvall see democracy mainly as a way of promoting the interests of the group or the societal context to which people belong. The *value-base* for democracy is a relatively new discussion, as Held points out. The importance of Reason, Justice and Virtue has been a central theme in most discussions about societal governance; they are highlighted by liberal philosophers, proponents of guardianships, republics and fascism alike. But the relational value of equality has a less straight history and the understanding of it has, as already been discussed, varied over time.

Values had a prominent role in the US Constitutional documents. The famous formulation “All men are born equal” can be found in the US Declaration of Independence and civil, political and religious rights in the Constitution. It is a quite cherished American myth that the American Constitution was born by ‘divinely inspired’ Founders; the Founding Fathers were after all inspired not only by liberal Enlightenment philosophers, but perhaps even more by articles of faith propagated by e.g. the Levellers and the Puritans and value systems in orders such as the Freemasons. The truth is much less exciting, which should in no way diminish the high esteem in which these extraordinary men should be held, but it was above all the roles of Adams, Hamilton, Madison and Jefferson to try to balance the different interests they represented: Farmers and the Cities, the East and the West, the South and the North. They did not even share the same religious views, and why should they have had? America is after all created by men who often fled the religious oppression of Old Europe to be able to exercise their own beliefs. The American constitution is not a Bible; it is basically about allocating power not to allow it to be abused and to ensure that all the different interests are reasonably balanced.

It is another myth that the American democracy was a simple victory of reason over sentiments. The Founders of the US constitution recognized that the system, that in itself was supposed to enable a rational decision-making, would not prevail without the emotional backing of the people. It had to be based on ethics and shared values. The founders knew that man is complex and they saw the need to safeguard the principles of human rights, the freedom of speech, equality in the face of justice etc with checks and balances. The perception of right and wrong is, however, changing over time and the memory tends to be short. It is e.g. a myth that the American constitution was built on the principle of the equal value of *all* men. It took more than 80 years and a fifteenth amendment adopted 1870 to state: “The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, colour, or previous condition of servitude.” And it took another fifty years, until 1920, for amendment 19 to state: “The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account

of sex.”¹⁵⁹ Now the US has a black president, a final formal recognition of race equality. But the fight for gender equality is not over yet. The landmarking language in the decision 2007 by the Supreme Court on *Gonzales v. Carhart* has moved the thinking on Women’s rights backwards in a fundamental way. The majority writes: “Whether to have an abortion requires a difficult and painful moral decision... While we find no reliable data to measure the phenomenon, it seems unexceptionable to conclude some women come to regret their choice to abort... Severe depression and loss of esteem can follow.” In a steely dissent Justice Ruth Bader Ginsburg states that it is all about “a woman’s autonomy to decide for herself her life’s course, and thus to enjoy equal citizenship stature.” She continues in referring to the passage above: “This way of protecting women recalls ancient notions about women’s place in society and under the Constitution – ideas that have long since been discredited”.¹⁶⁰

Social human rights are by many seen as a necessity to ensure social cohesion and equal participation. Robert Nozick, who represents a negative view on the idea of such rights, has speculated about how a democratic system will focus on the two percent of the population in the middle, who neither belongs to those better off nor to those less well off.¹⁶¹ Those are the two percent he speculates that a 49 % -coalition of either the better-off or the less well-off will have to win over to be able to win the election. Practice has shown that there in most modern western societies has developed such a middle group, the support of which political parties in most countries try to gain, but the middle group is much larger – some 60 percent of the population. The top twenty percent don’t have to rely upon the democratic system; they can rely on their market power and have a vested interest in as a small state as possible, while the last 20 percent risk being left out as the parties focus on winning the support of the sixty percent in the middle. This type of society where 80 percent are looked after either through the market mechanisms or by the state and 20 percent are neglected is sometimes called an 80-20 society. The risk with such a society is that it develops an underclass that is dissatisfied, that rejects the democratic system and not even votes. The underclass can be Algerian immigrants in the ‘banlieus’ of Paris, Moroccans in Spain, Arabs in Israel or black men in Harlem. While it is a development that can threaten the social cohesion of the societies, it is very hard to prevent given how the democratic decision process is constructed. It demands that a political coalition that can create a majority can convince the 80 percent that it is in their interest that everyone is guaranteed some social human rights such as healthcare, basic education and a form of pension. Such coalitions have been successfully created in the Scandinavian and several continental European countries, but it is not an easy proposition as the debate in the US around the universal right to medical care has amply shown; many argue like Nozick against the principle of social rights that they feel would impose unnecessary restrictions on the market economy.

¹⁵⁹ The fact that it took the women so much longer to become recognized as citizens of full value is one of the reasons why many have believed, before the present struggle even started, that the US would have a black male president long before it would have a female. Sex has been proven by history to be a larger barrier than race.

¹⁶⁰ *Gonzales v. Carhart*, 550 US, 2007

¹⁶¹ Nozick, 1974 chapter II: 8

There is thus no coherent value base in relation to equality built into the Western modern democracies. In the standard definitions of democracy values are neither very prominent. In the James Bryce-tradition e.g. a 'democracy' is defined as a nation-state that grants its people the right to choose their own government through periodic, secret-ballot, multi-party elections, on the basis of universal and equal adult suffrage. This definition is narrow and formalistic. It is narrow as it does not include direct democracy, such as the Swiss model with referendums on all important issues. It is formalistic as it does not say anything about the role of the democracy and its objectives. Bryce includes one value-based statement, "equal suffrage", in his definition. The demand "secret-ballot" can with a bit of a stretch be seen as based on fairness. But there is no direct referral to values such as reason, liberty or security. The lack of referral to values is interesting as the modern democracies as such are inspired by an Enlightenment movement in which values were the centre-piece. There is on the other hand no limit in the Bryce definition to what a nation- state in general and a democracy in particular can do; the objectives of the state are set by the voters in the elections.

It is finally notable that Bryce uses the expression that "the country grants its people" democracy, indirectly implying that "the country", read the state, is a concept that is hierarchically above and ahead of the concept "the people";

There are more contemporary definitions of democracy. Dahl e.g. defines a modern Western democracy (or a 'polyarchy' as he calls it) the following way.¹⁶² Polyarchy "is a political order distinguished by the presence of seven institutions, all of which must exist for a government to be classified as a polyarchy.

Elected officials. Control over government decisions about policy is constitutionally vested in elected officials.

Free and fair elections. Elected officials are chosen in frequent and fairly conducted elections in which coercion is comparatively uncommon.

Inclusive suffrage. Practically all adults have the right to vote in the election of officials.

Right to run for office. Practically all adults have the right to run for elective offices in the government, though age limits may be higher for holding office than for suffrage.

Freedom of expression. Citizens have a right to express themselves without the danger of severe punishment on political matters broadly defined, including criticism of officials, the government, the regime, the socioeconomic order, and the prevailing ideology.

Alternative information. Citizens have the right to seek out alternative sources of information. Moreover, alternative sources of information exist and are protected by laws.

¹⁶² Dahl, 1989, p 221 ff

Associational autonomy. To achieve their various rights, including those listed above, citizens also have a right to form relatively independent associations or organizations, including independent political parties and interest.

Dahl sees these institutions as essential to satisfy five criteria on democracy namely voting equality, effective participation, enlightened understanding, control of the agenda and inclusion. Dahl's more extended definition is besides the equal right to participate in the election and stand for office also highlighting the importance of enlightened, reasoned decisions, but neither in this definition anything is said about the purpose of democracy or how it is to be used. Minority protections and civil rights, that are so essential for liberal philosophers, are e.g. not part of the structure. Dahl notes thus that the structure only defines a *formal democracy*, and he recognizes that much more is requested if his Strong Principle of Equality is to be attained. Held observes in a similar way that a formal democracy in itself is no guarantee for the Principle of Autonomy that he propagates. Both Held and Dahl thus argue in favour of a more "full" democracy.

It is obvious that many states that have formal democracy are not meeting the value conditions. Many countries have elections that are more "pro forma" than real; they may confirm the relative strength of different tribes as in many African countries; they may decide which landowning family that will dominate politics the next period as in the Philippines; they may confirm an oligarchic governance structure as in Thailand etc.

It is a presumption in this inquiry that Western modern democracy can be seen as a 'best practice' governance system but it should be noted that there are many critical voices. Many books have been written about the decline of Western democracy and the failing market economy in the face of globalization. In a recent withering attack on the degeneration of Western democracies¹⁶³ the entrepreneur Lars A Boisen and the Secretary General of the European Cultural Parliament Karl-Erik Norrman are claiming that the European democracies no longer deserve their label. Since the 70's, they claim, the democracies have been turned into "mediocracies", driven into mediocrity by an enormous uncontrolled power of media. The US democracy deserves an even tougher reassessment they claim, labelling it a "militocracy" as not only media has gained power but also people with money and the military establishment. They, as so many others, note the rebirth of theocracies in the Arab world. On January 12 2009, the Human Rights group Freedom House released the findings from the latest edition of *Freedom in the World*, the annual survey of global political rights and civil liberties. According to the survey's findings, 2008 marked the third consecutive year in which global freedom and the number of democratic societies suffered a decline. The setback affected most regions of the world.¹⁶⁴

Democracies have fallen before. The democratic German Weimar Republic was easily overturned by a corporal from Austria, promising what the Republic had been unable to deliver: hope and pride, jobs and a feeling of security. Fear for the future, fear for being

¹⁶³ Boisen and Norrman, 2009

¹⁶⁴ <http://www.freedomhouse.org/template.cfm?page=445>

unable to feed their families, fear of unemployment, unrestrained, nameless fear – that is what brought the ordinary man into the arms of dictators to the left and to the right all over Europe. Fear blocked reason; fear blocked empathy. Democracies fell all around Europe following the Great Depression of the 20's. It was far from only Germany that became a prey for autocratic ideas. Spain fell, as did Portugal; Italy got Mussolini and Greece a military junta. It is part of the irony of history that democracies often have been overturned at the height of their developments, culturally and socially. Amos Elon, a Jewish Scholar, describes the German Jewry of his youth as “the secular elite of Europe. They were the essence of modernism – leaders who made their livelihood from brainpower and not from brawn, mediators and not workers of the land. Journalists, writers, scientists. If it all hadn't ended so horribly, today we'd be singing the praises of Weimar culture. We'd be comparing it to the Italian Renaissance. What happened there in the fields of literature, psychology, painting and architecture didn't happen anywhere else. There hadn't been anything like it since the Renaissance.”¹⁶⁵

And yet, the democracies fell and dictators took over. It was especially countries with a short democratic tradition that became victims of prolonged dictatorships. Occupied countries with a longer democratic tradition such as France, Belgium, Holland and Denmark returned to democracy as soon as they became free.

The question if it could happen again may seem purely academic to many who lack the experience of living under dictatorships in continental Europe. But it can be noted that the new National Intelligence Director Dennis Blair in his first Annual Threat Assessment highlighted the internal instability of many states that can follow a prolonged recession as the largest threat to world stability. He especially mentioned Europe and the former Soviet Union states.¹⁶⁶ Dennis Blair is right: The risk that a weak new democracy in Europe can be toppled exists, even if it can be perceived as small. An authoritarian regime would, if it ever were to happen, have the advantage of much better conditions for keeping power than the predecessors, as it will have access to the unprecedented surveillance tools that have been developed and deployed in Europe. At a European Research Symposium organized in July 2007 by a Californian organization of researchers called CITRIS where those risks were discussed an old female professor stood up and said with a trembling voice that moved us all: “I am Jewish. I was born in Germany and I know exactly what you are talking about. I am deeply worried. We have to do everything we can to stop history repeating itself”.¹⁶⁷

While caution always is a good thing the positive news are that surveys show that a majority around the world support the democratic concept, even if less so in Islamic states than in other countries. The support has declined since the war on terror started and the belief in the moral ways of democracies started to crumble. Actions have been taken in many Western countries that have undermined the perception that democratic societies are societies in which all men are equal, and the development has naturally contributed to a loss of attraction in the

¹⁶⁵ Amos Elon, 2004

¹⁶⁶ <http://intelligence.senate.gov/090212/blair.pdf>

¹⁶⁷ I was invited to speak as Director in the European Commission responsible for the funding of emerging IT technologies and infrastructures

democratic concept. But there is still a majority in e.g. China that would like to have democracy, even if many more are convinced about the benefits of market economy; at least that was the case in surveys done before the recession.¹⁶⁸

Two Swedish political scientists from Uppsala, Sten Widmalm and Sven Oskarsson, have tried to find explanations why certain emerging economies are developing in a democratic direction, while others are not¹⁶⁹. They have looked into the relations between democratization, market economy and tolerance and have found that societies with a high degree of social tolerance are the ones that have developed in a more democratic direction. China and Russia have a low degree of social tolerance in comparison with India, South Africa and Brazil, they claim. They see this as a probable explanation why the Russian and Chinese economies have been able to grow fast without being democratized in the same way.

The China experts Goran Leijonhufvud and Agneta Enqvist give a number of other reasons¹⁷⁰ why China during the next century can become the largest economy in the world without implementing democracy. They claim that the middle class in the cities benefit from the stable market-friendly environment and that the citizens of the cities fear a democracy in which the poor peasants have the ultimate power. The right of the middle class to property is also guaranteed nowadays making them more afraid of drastic changes. Internet is strictly controlled (with the help of US companies) and state propaganda has been replaced by soft American-style “infotainment” focusing people’s attention on consumption, fashion, celebrities etc instead of on “real” news. The Communist party has been developed into a meritocracy, inviting successful entrepreneurs and intellectuals as members. Leijonhufvud and Enqvist see the development of a steering oligarchy as new leaders often are recruited from the “old” families.

Robert Kagan talks in a new book about *The Return of History and The End of Dreams*. In his worldview Russia and China are looking more and more as rather stable autocracies. The US, as a leader of the group of democracies, will find itself in a 19th century-like conflict with the autocracies, he predicts¹⁷¹.

The attraction as well as weakness of democracy is that the system is value-based. The belief in reason and science, in liberty, security and equality are values that to a high degree are acquired, they are mostly not innate. They have to be taught and, if possible, internalized; and for the latter to happen the value-base must be imitated or supported by people’s experiences. The schools are teaching reasoning, but the equal value of man has to be lived to be believed by the subconscious self. The fact that democracy is a value-based system makes it more vulnerable and may explain why it is not, and perhaps never will be, as widespread as the market economy.

6. GUARDIANSHIP – AN ALTERNATIVE OR COMPLEMENT

¹⁶⁸ See also interviews in FT 22 May 2009 of Chinese students of which many have been studying in the US.

¹⁶⁹ Widmalm & Oskarsson, 2008

¹⁷⁰ Leijonhufvud and Enqvist, 2008, pp 226-247.

¹⁷¹ Kagan, 2008

Democracy has always been a debated system of governance. It is, as David Held calls attention to, not until the last decades that democracy has become the norm and rulers have strived to portray their regimes as ‘democratic’ regardless of the real situation. Already the Athenian democracy was constantly put into question, not so much for its excluding of the slaves or the women, but for its lack of legitimacy and efficiency.

A perennial alternative to democracy has as Robert Dahl points out¹⁷² been *government by guardians*, the notion being that the idea that ordinary people can be counted on to understand and defend their own interests – much less the interests of the larger society - is preposterous. People are just not competent enough. *Confucius* and *Plato* belonged to those who saw a system with knowledgeable and trained guardians (or mandarins as they are called in the Confucian tradition) as a better alternative. Confucianism has still a huge influence over the Chinese thinking and Plato’s book *The Republic* has inspired many followers; hierarchy has in fact been a more common way of governing than democracy in the history of mankind. Much effort should in the thinking of Confucius and Plato be given the selection and education of the guardians. They were to be trained in the art of governing seen by Plato as a science. Both Confucius and Plato highlighted their dedication to the common good and their virtue. The citizens, recognizing the excellence of their rulers¹⁷³, were expected to give them their loyalty and support, implying that the guardians were expected to rule with the consent of their people.

The idea of government by guardians has been criticized from different angles. While sharing the view that the people cannot rule on their own the Republicans have claimed the idea that the guardians would be guided only by virtue and a commitment to the public good to be unrealistic. Democratic theorists such as Dahl¹⁷⁴ have focused on the argument that guardians should have special knowledge claiming that there is scarce evidence showing that some people are more apt to govern than others. Dahl claims first that there is no evidence that *moral knowledge* should be a science in the sense that there is an ‘objective truth’. His view is supported by our findings regarding human nature. Values are mainly acquired and they are not set in stone. Dahl also attacks the notion that there should be a public good that is anything more than the interests or the good of the persons who compose the collectivity, or are affected by it. While he notes that a person’s interests may be broader than merely one’s private or self-regarding interests, he asks, why we human beings should value a human system above and beyond the value it has for us.

Dahl also attacks the guardianship view that some people should have *instrumental knowledge* making them more apt to be decision-makers. Quoting Georges Clemenceau’s famous aphorism that war is too important to be left to the generals he gives a number of examples on military issues with strong moral implications on which generals are no more apt than the ordinary man to make a judgment. He also reminds about research that has shown that experts are no better at forecasts than people in general.

¹⁷² Dahl, 1995, chapter 4

¹⁷³ Plato went as far as suggesting that the gods had mixed gold in the nature of guardians, silver in the nature of auxiliaries and bronze in farmers and other workers.

¹⁷⁴ Dahl, 1995, chapter 5

On this latter point Dahl's arguments are less convincing. They are basically anecdotal and are contradictory to other modern democratic ideas. Democracy of today is, as discussed, based not only on the notion that all have equal rights but also on the heralding of reason over prejudice and science over ignorance. Basic learning and training is generally seen as a social right and general education a prerequisite for a functioning democracy. So why should the knowledge of the individual not matter when governing? The argument is confusing.

It is also easy to find anecdotal evidence that shows that individual knowledge does matter. It is e.g. obvious that some CEOs have been more successful in running their companies than others, that some doctors have a higher success rates in the operation theatre and that trained plumbers, electricians and carpenters do a better job.

Part of Plato's criticism of the Athenian democracy was that it was a regime of rule by raw, unmediated, uninformed public opinion. Our inquiry in human nature shows that he makes a valid point. When a populous is gathered on a square to make an immediate decision there is a great risk that the judgment will be irrational. People will be influenced by the situation, by the inclination to abide to authority, intimidation, group conformity and other biases. They may end up taking an 'on-line' decision rather than making a considered reasoned judgement. The self-justification process ensures that they are unaware of their failure.

The way modern representative democracies work diminishes this risk, at least in theory. As Dahl points out: "Modern democracies, with their elaborate systems of representation, delegation, committee specialization, and administrative expertise, have enormously increased the amount and quality of information and understanding brought to bear on decisions"¹⁷⁵ It could be added that the system with representatives holds them accountable to those who have elected them. When taking a stance the representatives know that they have to be able to defend the decision to the electorate at a later occasion; at least that is the way it is supposed to work. All these safeguards are in principle supporting a more conscious reasoned decision-making.

The ambivalence in Dahl's reasoning around the importance of knowledge seems to stem from a theoretical distinction that he makes between knowledge available to the representatives and their own knowledge. His view appears to be not only that all citizens should have the same right to participate in the election of representatives; they are also in principle equally electable and capable of holding office. The individual knowledge is deemed to be of little concern as the lack of such knowledge is expected to be compensated through the procedure. This is a discussion that brings us back to the points made earlier in this chapter around the different understandings of the equality of man.

The unresolved issue around individual competence makes the role and character of the representatives in modern democracies a contentious issue. In many countries with party systems and proportional representation it has been seen as desirable to have candidates that as a group are not only representing but also representative for the electorate. There should be

¹⁷⁵ Dahl, 1989, p 77

50 % men and women, young candidates as well as older ones, representatives with all kinds of working background, from the countryside, small and big cities etc. The idea is that the parliament should be a “mini-electorate” and the presumption is, following Dahl, that all citizens in principle are equally fit to govern.

Other countries, which also regularly have political parties, have procedures in which the electorate chooses between different candidates. The presumption is that it matters who is President, Governor or Mayor and that not all candidates are equally fit to hold office even if they have similar ideas. Such representative democracies have combined the ideals of the Athenian democracy with the idea of guardians. Instead of being selected by the gods as proposed by Plato, or their predecessors as proposed by Confucius, the guardians are elected by the citizens. Also democracies with proportional representation have come to accept that individual knowledge and abilities matter and ministers are therefore often chosen outside the parliament.

The return of guardianship as an element of the modern democracies is bolstered by the mounting complexity of the societies and the increasing role of the public sectors. This development is putting demands on the politicians that they sometimes have difficulties to live up to. The politicians are in many fields feeling forced to leave the real decisions to experts, giving them only vague direction through legislation. Dahl is arguing that this delegation should be restricted to the choice of *means* while the *policies* should remain with the legislators. He calls this the Presumption of Personal Autonomy: *In the absence of compelling showing to the contrary everyone should be assumed to be the best judge of his or her own good or interests.*¹⁷⁶ But the reality is different. The delegation has in many cases gone quite far. This development is especially present when it comes to the market economy. In most democracies the elected representatives have abstained from regulating the money market and left it to the Central Banks to make the decisions. The decision-making Governors of those banks consist regularly of seasoned experts with a long experience of the functioning of the financial markets. The presumption is that there is an objectively best way of managing the market and that the selection of a group of independent guardians is the best way of ensuring that objectively correct judgements are made. This way of thinking has also influenced the organisation of global institutions as the World Bank and the IMF. Dahl recognizes this development and concludes later: “With respect to decisions on crucial international affairs, then, the danger is that the third transformation will lead not to an extension of the democratic idea beyond the nation-state but to the victory in that domain of de facto guardianship”¹⁷⁷

7. REPUBLICANISM

Another alternative to democracy, *classical republicanism*, stems from the Greek philosopher Aristotle. If anything the concept was inspired by the Spartans, the enemies of Athens. The followers of Aristotle have been as critical to the Platonian guardianship as they have to the

¹⁷⁶ Dahl, 1989, pp 99-100

¹⁷⁷ Dahl, 1989, p 320

Athenian democracy. In both systems they have seen a risk for corruption. Power can corrupt the guardians, but so can direct democracy its proponents. *Demos* is not a homogenous body with identical interest; above all Aristotle saw a conflict of interest between an aristocracy with physical and other properties and citizens without such assets. The risk was, as he saw it, that a 'corrupt' majority would illegitimately bereave the aristocracy of its rightful property. He proposed a model that balanced the different interests: a democratic and popular element, an aristocratic or oligarchic element and in the top a monocratic or monarchical element, a ruler driven by the ambition to enhance his own position, status and power. The classical republicanism can thus be seen as a rule of the one, the few and the many. The republican Rome with its system of consuls, senate and the tribunes of the people is an example of classic republicanism as is the Republic of Venice.

During the Renaissance Francesco Guiccardini and Nicolo Machiavelli rediscovered and reshaped republicanism, from partly other perspectives. They saw the necessity for the feudal ruler to gain consent both from the aristocracy and the public. In the eighteenth century the British adopted a 'constitution' in that spirit. The sovereign monarch shared some of his power with a House of Lords and a House of Commons. Baron de Montesquieu belonged to those heralding the system as an epitome of a perfect balance.

The Enlightenment and the liberal philosophy that followed in its footsteps paved the way for a new more *radical republicanism*. Hinted at by Machiavelli and proposed early by John Adams in America, radical Whigs and later by Thomas Jefferson these republicans put the citizens in the centre of their models, not the monarch. They saw the prospects of good government in the qualities of the people and wanted to balance the power of the single monarch or the few, while they agreed with the classical republicans that concentration of power is always dangerous.

Democracy was not a self-evident alternative for the founders of the US Constitution. They were influenced by Rousseau and Locke, who were far from being proponents of a purely popular rule, and they were influenced by the thinking of the republicans, especially the British. The British system was, however, a model not easily transferred to the young American federation. Without a king and without a natural hereditary aristocracy the founders had to look for inspiration from other sources. They found it in the thinking of Montesquieu who proposed another way of avoiding concentration of power – the constitutional and institutional separation of powers in three main branches: legislative, executive, and judicial.

In the US version the legislative members of the Senate and House of Representatives are elected, as are the Executive President and the Vice President. The most prominent judges are however appointed by the President after the selections have been confirmed by the Congress. The members of the Supreme Court, who are appointed for life, see themselves as the Guardians of the Rule of Law and of the US Constitution.

The findings around human nature that have been highlighted in this inquiry support to a certain extent the republican thinking. It has already been pointed out that representative

democracy has an advantage in relation to direct democracy, namely accountability. Representatives are accountable to the electorate, which makes them more likely to reason rationally and in a way that is defensible logically. Republicanism offers two other safeguards. The first was highlighted already by Aristotle; with bodies with different interests there is less risk for corruption. The second is that the separation of powers in different bodies with diverse objectives and dissimilar accountabilities will counter the risk for a destructive 'consensus' culture. How strong the self-justification process is on collective level is one of the most stunning findings of contemporary research. It is in my mind quite obvious that the consensus culture developed among the main actors on the financial market raising concerns and that there is a lot to learn from the republican thinking. Modern democrats and radical republicans alike have thus good reasons to question the guardianship model that has been adopted when it comes to the governance of the financial markets.

8. THE LEGITIMACY OF MODERN DEMOCRACIES

Three questions have been raised in the introduction of this chapter in order to judge the legitimacy of a democratic nation-state. The justifiability of the nation-state as a societal system is already settled. The issue now is whether that system will be legitimate given a democratic rule.

The first question *concerns the structure of the system and if there are any intrinsic elements that ensures an outcome in line with shared values.*

It has already been shown that *formal democracy* is not enough to ensure an outcome in line with shared values. It is somewhat more complicated to answer the question whether modern Western democracies have an intrinsic structure that is a guarantee for a reasonable outcome from a value-perspective as those democracies also comprise elements of guardianship and republicanism. Those features to a certain extent seem to strengthen the democratic governance system, make it more resilient to intimidation and less prone to produce unreasoned decisions, but they cannot promise a value-based outcome. It is thus obvious that democracy as a structure does not meet the criteria of legitimacy.

For legitimacy there is thus a need for a *constitutional framework imposed on the structure as suggested in the second question or at least, in line with the third question, an established way of making decisions that ensures reflected decisions based on shared ethical values.*

Modern western democracies are in general meeting the constitutional demands. There are many 'best practices' around that ensures that the democracy becomes more than a formal envelope; that it also has content. Minority protections and regulation of civil and political rights in developed constitutions are such examples.

The reconciliation of values that has been proposed excludes, however, as already has been discussed, a more demanding interpretation of democratic legitimacy. It needs thus to be accepted that the debate whether social human rights should be ensured in some democracies will have to be left to the election campaigns and cannot be finally solved in the constitutions.

Social human rights are therefore not here seen as ‘systemic rights’ but as objectives to be discussed in elections. It should, however, be noted that while the reconciliation puts less demand on the regulation of the polity, it puts more demand on the regulation of the market economy.

While the second question about the existence of an appropriate constitutional framework thus can be answered in the affirmative, with remarks, the answer to the third one is more problematic. Are to start with the necessary environmental conditions in place for *reasoned* decision-making on systemic level? Can especially the electorate be expected to make a rational choice between alternatives? A depressing answer is that researchers in political science have since at least fifty years known that the voters are quite ignorant. *Rational choice* is a myth.¹⁷⁸ But so is the idea that man is governed solely by emotions. What is going on in the subconscious self is a cognition process. Man is early in life creating beliefs that the subconscious accept. Sears calls them, as mentioned, ‘symbolic preconditions’. They form the political bias. When exposed to new political facts that do not fit that bias the subconscious self can do three things. It can disregard them with the help of cognitive (emotional) constraints, they can be explained away through a self-justification process that strengthens the preconditions or the conscious self can be encouraged to start listen to them in which case they may weaken the convictions or alter them. For the latter to happen it helps if man feels sympathy for the politician (he may like him, find him reliable, or be able to identify with him etc). He can also find that they have common values. If asked in surveys about facts he may not be able to answer the questions as the “shortcut” memory of the subconscious self is accumulative. That does not mean, however, that facts have not influenced him. They may have strengthened his bias or weakened it. People are thus taking in more facts than many surveys show, even if they are far from acting in accordance with the rational choice theory.

The increasing knowledge about human nature can of course be misused and is misused. It has already been shown how we humans can be manipulated and intimidated, how we can develop emotional and conformational biases and how political actors, whether they are politicians, media barons or lobbyists, have learned how to exploit this emerging knowledge about human nature. It is not a very desirable development, but it will be very difficult, if not impossible, to prevent the misuse as any defensive actions could risk other values such as the freedom of speech. While some excesses in misinformation and manipulation might be possible to forbid the major counteractions have to be found in more positive measures such as the support of an enlightened public information space. It is not an easy task, especially as the tough competition in the new information age has forced also serious media to change their role into more of ‘infotainers’ than enlighteners. It is a paradox that while we are entering a knowledge society the knowledge gap seems to be widening in many countries, creating what can be seen as a divide between the ‘Enlightened Few’ and the ‘Manipulated Many’. It seems thus important to, as far as possible, partly restore and partly build the conditions for an informed electorate as that is one prerequisite for a well-functioning democracy.

178

The challenges do not end there, more is needed. Democracy is also about representation and accountability, and a lot is expected of the elected representatives. They are expected to deliver on their promises, to satisfy the desires they have undertaken to meet. At the same time, when elected, they are expected to let themselves be guided by reason, by the facts of the case, not by emotions or prejudice. That is neither an easy proposition in the modern media environment and partly as a consequence the majority support for democracy that exists in Western countries is not matched with a similar support for the democratic institutions. The trust in them has been declining slowly but steadily during the last decades. With few exceptions less than half of the populations trust the work of their parliaments and governments, often only some 20-30 percent. It is just leaders that are personally elected - presidents, mayors etc – that can hope for the approval of a majority of the voters. There is a co-variation between less trust in politicians and less confidence in journalists. This does not prove that the weakened trust in media is the reason for the fall in credibility of the political institutions, but it is a coincidence that leaves the question open. There are in all fairness exceptions to the somewhat depressing picture, but they are few. While this ought to be a worrying phenomenon in times when the institutions are working under extraordinary strain, many claim that the surveys should be ignored and that they are a consequence of the majority rule. Almost half of the population voted for the opposition after all, they note, and point to the fact that the continuous debate between government and opposition by necessity creates a climate of conflict that one has to live with. As long as people vote, they argue, the low confidence level is nothing to lose sleep over.

The new direction of journalism has old roots; manipulation via media is nothing new. But the latest trend affects politics according to President Obama, while he in a disclaimer notes that he himself in general has been a beneficiary of this trend: “Politicians held captive by their big-money contributors or succumbing to interest-group pressure – this is a staple of modern political reporting, the story line that weaves its way into about every analysis of what’s wrong with our democracy. But for the politician who is worried about keeping his seat, there is a third force that pushes and pulls him, that shapes the nature of the political debate and defines the scope of what he feels he can and can’t do, the positions he can and can’t take. Forty or fifty years ago, that force would have been the party apparatus: the big-city bosses, the political fixers, the power brokers in Washington who could make or break a career with a phone call. Today, that force is the media”¹⁷⁹.

It is not only the value of reasoned decisions that is under pressure on systemic level, so is the value of liberty. People have in the Western world been prepared to give up most of their rights to a private sphere in order to gain a perceived sense of security. It is another paradox that the same people that vigorously opposes any regulation of the market economy and see such regulation as a threat to their civil rights often been the ones who most eagerly have advocated increased surveillance. This has been at least the case in the US. The explanation is probably the obvious one; while they believe that restrictions on the market economy will affect their possibilities to enrich themselves negatively, they do not expect to be the victims of a ‘snooping’ state. This is, as anyone familiar with European history can tell, a dangerous

¹⁷⁹ Obama, 2007, p 120

perception. It also undermines the belief in the rule of law, as the presumption is that people will be treated differently depending on their birthplace, their faith and the colour of their skin.

To conclude: Democracy needs an environment that promotes reason and conscious decision-making to work even in a formal sense, an environment that is somewhat wanting. There are concerns related to the right to enlightened information, infringed by the new role of media as 'infotainers'; there are concerns surrounding the right to a private sphere, a sphere in which many Western states now are intruding; there are concerns around a mal-functioning rule of law and intimidated judges. Actions have been taken under stress that undermines the idea that all men are born equal, making the Western democratic concept less attractive to people who has no prior experience of democracy. Those are question marks that need to be straightened out and some of them will be addressed as the inquiry moves forward. Still, countries with a long tradition of democracy seem to stick to the system for better and for worse. Even if they are critical of how their democratic institutions work they see the system as the best way of ensuring their interests. The modern Western democracies are not perfect, but they must be deemed legitimate.

It should be noted that this discussion has been about democracy when implemented on nation-state level. The actual situation is that democracy is a concept that is applied on several levels with different reaches. A female plumber in Sweden may live in Karlskrona; as a citizen there she has the right to vote on the composition of the City Council; as a citizen in the Blekinge region she may be able to vote on the Members of the Regional Council and as a Swedish citizen on the composition of the Swedish Parliament. She can also as a European vote on the Members of the European Parliament and although there is a democratic deficit in the EU this may with the new treaty be the most important vote as 80 % of all legislation in Europe is initiated on the EU level. All these levels merit their own discussion on legitimacy. The issue is often whether the electable bodies have the mandate they need to live up to the expectations of the citizens. Another issue is that decisions with international reach often are taken in forms that exclude accountability.

9. THE LEGITIMACY OF THE GLOBAL MARKET ECONOMY

This chapter started with noting that while a system may be regarded as a justified societal system the question about its legitimacy has to be answered. To be legitimate a societal system, in the way I use the term, not only has to be justified i.e. by being central to the life, health and property of the citizens, but also give an outcome that is in line with shared values. I have just concluded that modern Western democracy with all its short-comings ought to be recognized as a reasonably legitimate governance of nation-states in that sense. The same criteria that were applied for the democratic systems will now be used to judge the legitimacy of the market economy. Three questions are put, the first one being: *Does the system have an intrinsic structure ensuring an outcome in line with key Enlightenment values?*

Many economists of the 20th century claim this to be true. The mechanism that ensures a legitimate outcome is called *the invisible hand*. The argument can be split up in steps:

- There is an invisible hand that steers the markets towards equilibriums
- As man is rational this hand, and the equilibriums it creates, will deliver an outcome that will benefit everyone
- Even if man is not rational a self-regulation will develop that will ensure an ethical outcome.

The *first* claim is in my view true. The market economy is a dynamic system. Such systems have been studied theoretically by mathematicians and they strive under certain conditions towards different forms of equilibriums (that due to disturbances and external restrictions may never occur; but that is another story). The fact that there within constraints are ‘invisible’ forces pushing systems towards certain equilibriums has however nothing to do with values; it is a mathematical effect. An invisible hand is present in many systems, as Nozick points out¹⁸⁰ in his defence for an unregulated market economy, but a closer look at his examples shows that there are no value aspects influencing the movements of the hand. Nozick’s examples are just other types of dynamic systems.

Adam Smith is often seen as the father of the concept ‘the invisible hand’. The Economist Emma Rothschild who has made a comprehensive inquiry into the Smithian thinking defends him and concludes: “What I will suggest is that Smith did not especially esteem the invisible hand. The image of the invisible hand is best interpreted as a mildly ironic joke. The evidence for this interpretation, as will be seen, raises interesting questions both about Smith and about the invisible hands of the twentieth century”¹⁸¹. The evidence she offers is that Smith used the term invisible hand only occasionally and then in a derogatory way. Smith was no believer in a divine invisible hand or a Stoic natural order, she shows. At one occasion he uses the term with irony when describing the political efforts of merchants to gain or retain monopolies, relying on an invisible hand to create benefits to society as a whole. In this context the expression ‘invisible’ was used to describe blindness.

The *second* argument, that man’s rationality will ensure an outcome that will benefit everyone, is to my mind false. That the claim is faulty is problematic from a systemic point of view as a common economic opinion has been that the equilibriums, which the ‘invisible hand’ supposedly create, will be rational because man is acting rationally on the market. I have already developed the reasons why the Rational Man is a myth and I am not going to repeat them.

Rothschild speculates about the reasons why the idea that the invisible hand should guide the economy to an ethically acceptable outcome has been so resilient. Three conditions have constituted the modern conception of the invisible hand she suggests: The unintended consequences of actions, the orderliness of the ensuing events, and the beneficence of the unintended order.¹⁸² On the first point she notes that Smith in his *Theory of Moral Sentiments* is preoccupied with what he describes as the “good or bad consequences of actions upon the sentiments both of the person who performs them, and of others.” The most

¹⁸⁰ Nozick, 1974, p 20-21

¹⁸¹ Rothschild, 2001, p 116

forceful illustration of unintended consequences that he offers is, however, not good but frightful.

The attraction of the second condition, of orderliness – of orders that could have been designed – is obscure, Rothschild notices, from the perspective of the more secular thinking that dominated the twentieth century. One interpretation is that the idea supports non-intervention. “The outcome could have been planned; as it happens it was not; why therefore should we have a planner?”¹⁸³ The second interpretation, as promoted by Hayeck, is that human actions lead to spontaneous ordered structures that are “superior to conscious action”¹⁸⁴ The problem with that interpretation is that it reduces the role of the independent actors, of their selfish and futile intentions, which is clearly un-Smithian.

The third condition of the invisible hand, whereby the unintended order turns out to be beneficial for the people whom it orders is even more problematic. The general equilibrium theories that have been developed in the twentieth century are making assumptions about the markets that are un-Smithian, Rothschild reflects. Smith believed that actors would take any chances to manipulate markets, create monopolies, influence politicians and the like in order to promote their interests. Smith thus not only rejected the idea about the rational economic man; he also refuted the idea of man as a genuinely moral being; he does not expect man to always act in a morally defensible way on the market place, rather the opposite.

The *third* argument about self-organization is developed by Friedrich Hayeck. He disdains the Smithian-Humian view of man as a reasoning being who is the best judge of his own interests. He believes man to be taking decisions on limited knowledge and without conscious thinking. (An interesting view as it in principle coincides with the findings in this inquiry). But he still believes that a beneficial self-organized social order would develop. Rothschild punctures his vision by pointing out that Hayeck believes the spontaneous development of social structures to be guided by thoughtful “gardeners” and by scholars, judges that gives enlightened and respectful advice. The Hayeck society is not, as many of his followers seem to claim, a truly self-organized society. It is a meritocratic society based on the governance by guardians.

The answer to the first question whether there is an intrinsic structure in the market economy that ensures a rational and ethical outcome is thus in my mind clear: There is no such structure.

The second and third questions are whether there is a ‘*constitutional*’ framework imposed on the system to guarantee the respect of key values and if there is a governance system that enables reflected decisions based on such values.

One obvious answer to the questions is that there is no ‘constitutional’ framework for the overall global market economy as such and that there is no governance system either.

¹⁸² Rothschild, 2001, p 138

¹⁸³ Rothschild, 2201, p 139

¹⁸⁴ Hayeck, 1969, pp 104-105

However, there are especially two aspects of the market economy on global level where there are global treaties and a certain governance structure: the first is the functioning of the *financial markets* and the second concerns *trade*. Both governance orders are controversial, but from partly different perspectives.

Financial markets

The governance of the financial markets has hitherto been mainly a national issue. The regulation that exists on that level has, as already explained, been seen as a basically technical issue and increasingly been left to the *guardianship of seasoned economists*. As a dominating view among economists has been that the market system when left to self-regulation will produce a rational and ethically acceptable outcome the guardians have as a principle resisted calls for more regulation, taking as minimal actions as possible.

The Western economies have experienced two financial asset bubbles within one decade; the first one was the Internet bubble that was linked to over-optimistic predictions on the uptake of internet services. The issue was not that the forecasters were fundamentally wrong, but that they over-estimated how fast the use of internet would grow. The market is now where the optimists of 1999 thought it would be 2002; new “cool” technical solutions have been found making the business models of the internet boom looking “stone-age”, a quite typical development during the breakthrough phase of a new technology. The guardians did not intervene when the stock prices skyrocketed, but they issued warnings that those that speculated on the market did not listen to.

There were some lessons learned by the central banks and the regulators from the burst of the internet bubble. It had been filled by creative accounting and conflicts of interests leading to irresponsible auditing; banks had been making money on IPOs at the same time as they had been rating the companies. To avoid a similar incidence again the stock exchanges, the financial regulators and the central banks issued new directives, forced auditing firms to sell off their consultancy arms and banks to better separate their businesses. Managers in some of the companies that had been the most creative in their accounting had to face trials.

The bursting of the Internet bubble was in itself not a very dramatic thing. It led to necessary corrections of the share prices on a couple of stock markets and the bankruptcy and down-scaling of a number of companies, but the effect on the economy in “the real world” of the bubble burst was quite limited. What was really hitting especially the US economy hard at the time was instead 9/11. The shock made the US economy go into a temporary “standstill”; a psychological effect countered by Alan Greenspan (followed partly by European central bankers) as he brought down the interest rates to almost zero. As an undesired side-effect a new asset bubble started to develop; trillions of available dollars started to look for a better return than the central banks’ “zero” rates. Financial institutions started to lend money carelessly, ignoring the third-party risks. Bad loans were packaged in complex “structured products” and sold around the world to unsuspecting pension funds, public institutions and private investors. Their losses were enormous when the new bubble started to burst. In hindsight the financial regulatory regime has clearly been too laidback. The commercial

development of the new products took mainly place in an unregulated system, a system in which there was not the same accountability or demand on capital coverage as in the ordinary banks. There were those, including Congress committees, that questioned that lack of regulation, especially in relation to the hedge funds, which is one of many type of actors in this financial “secondary” bank market; but Alan Greenspan and other central bankers rejected the requests.

Many have questioned whether the old generation in top of the banks really understood what their younger colleagues, which had so much higher marks from Harvard and Yale than they themselves once had, were up to; “I did not buy the products because I have never understood them” the always honest Walter Buffet has declared. But how many of the older actors in the financial world have had such high self-esteem to be able to admit in front of young brilliant collaborators that they do not understand something they are supposed to understand? If they had their *thymos* - their own self-image and how they are recognized by others - would have been threatened. With a global savings surplus looking for returns and triple A ratings from the ratings institutes it was easy for the young financial wizards of Wall Street and their friends in the City to sell the products to the world.

When the bubble burst the trust in the financial system waned; a deep recession in the real economy followed contributing to a second wave of losses in the banks. Unemployment soared and many saw the value of their houses decline, finding themselves with more loans than value in the houses, should they want to sell them. When banks stopped lending to one another due to the perceived risks, a lack of liquidity on a global level developed, and companies found it difficult to get financing of their businesses deepening the recession further. Central bankers have responded by a massive issuing of new money and governments have stimulated their economies by borrowing money from countries with an account surplus, mainly China and the commodity-rich countries. The lack of liquidity on a global level has hit especially the developing countries hard and the International Monetary Fund has been forced to intervene in some cases. When they have done that they have, in line with the Washington consensus but contrary to the road chosen by its financiers, given the countries the recipe to contract their public expenditure leading to an accelerated fall in asset prices and increased unemployment.

This time the leaders of the main economies have acted in concert. A so called G 20 group consisting of the largest economies and the largest emerging economies has been created and has met several times in order to coordinate the national responses to the crisis and strengthen global cooperation in managing the financial markets. The G 20 group is discussing a long list of actions that they believe ought to be taken to improve the control of the global financial system. Substantial financial commitments have been made to IMF and the World Bank.

In a declaration¹⁸⁵ after the meeting in Washington that has been retrieved but was public for one day, the G 20 Leaders describe the root causes of the crisis:

¹⁸⁵ Published on www.whitehouse.gov. Retrieved the day after.

“During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks and failed to exercise proper due diligence. At the same time, weak underwriting standards, unsound risk management practices, increasingly complex and opaque financial products, and consequent excessive leverage combined to create vulnerabilities in the system. Policy-makers, regulators and supervisors, in some advanced countries, did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions. Major underlying factors to the current situation were, among others, inconsistent and insufficiently coordinated macroeconomic policies, inadequate structural reforms, which led to unsustainable global macroeconomic outcomes. These developments, together, contributed to excesses and ultimately resulted in severe market disruption.”

A comprehensive action plan was according to the document agreed basically outlining deepened cooperation between the twenty countries, the International Monetary Fund, overseeing financial markets, and the Financial Stability Forum, overseeing standards. The countries agreed that this work, now done ??? by a body dominated by central bankers – the Financial Stability Board, should be supervised by their finance ministers. Besides short term actions to increase liquidity and stimulate growth G 20 agreed on more cross border cooperation between regulators to supervise internationally active actors, to prevent tax evasion and market manipulations. A review of the scope of financial regulation is undertaken, with a special emphasis on institutions, instruments, and markets that are currently unregulated, along with ensuring that all systemically-important institutions as the rating institutes are appropriately regulated. Global accounting standards are aligned; particularly the evaluation of complex securities. G 20 has also called upon more transparency of off-sheet balances and of credit derivatives markets to reduce their systemic risks. G-20 members have committed to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessments of countries national regulatory systems. A review of the differentiated nature of regulation in the banking, securities, and insurance sectors is to be undertaken. National and regional authorities are to review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions. Strengthened capital requirements for banks structured credit and securitization activities are proposed. Risk management is to be improved; especially the systemic risks of credit default swaps (CDS) and over-the-counter (OTC) derivatives transactions are to be reduced. The role of IMF and FSF are expanded but not their authority. The FSF is expected to increase the membership of emerging economies. The IMF, with its focus on surveillance, and the expanded FSF, with its focus on standard setting, are expected to strengthen their partnership and be more active in giving recommendations related to regulatory issues and standards. The IMF is to conduct vigorous and even-handed surveillance reviews of all countries.

The G 20 response to the financial crisis may seem ambitious, but there are some major issues. The first is that the counterparty risks that almost sank the ship in the first place, will remain mainly unregulated and without full transparency. The second issue is that all actions

are based on voluntary cooperation. The proposal will neither solve issues that arise because of competition between countries. The light touch regulation applied by the UK (and that is at the heart of the problem) has e.g. been seen as a competitive advantage for the City of London. Lord Turner of the British regulator the Financial Services Authority (FSA) has in a testimony to a committee within the British Parliament¹⁸⁶ complained that he was under pressure from the government to keep a light touch regulation and not to intervene although the excessive lending culture had created concerns within the FSA.

Another issue is the interdependence. Studies that have been ordered by the European Commission show that there are three geographical levels of risk – the country level, the currency level and the global level. In many cases, such as the UK, the country and currency level is the same. But this is not true for the Euro zone. The need for a common financial regulator in the Euro zone has been repeatedly identified. The former IMF governor Jacques de Larosière has, however, in a recent report only proposed ‘cooperation’ bodies involving the national regulators to enhance the regulatory regime. If countries fail to act they are to be named and shamed. The proposal that has been accepted in Brussels is mainly cosmetic as supervisors already have been meeting regularly with ECB to discuss systemic issues, meetings that obviously have not been productive enough. The public explanation why de Larosière did not propose a Euro zone regulator is a bit odd as the alleged reason¹⁸⁷ is that it would be met with a veto from the UK. It is odd as the UK is not part of the Euro zone and has no formal say in the internal affairs of the zone.

The financial crisis that started as a debt crisis with banks and households finding themselves with more debt than assets, has developed into somewhat of a debt crisis for states. Several developed countries, including more advanced economies such as the US and the UK as well as more traditional economies such as Greece and Hungary have had an undisciplined budget regime already before the financial crisis. The problems has deepened as many countries have been forced to 'socialize' the bank debts in order to keep the banks solvent, and to take over some of the household debts for social cohesion reasons. Already debt-ridden countries have moved the total debt from one place in their economies to another. The Euro zone has been forced to fight off the distrust that has been created towards some of its members by issuing guarantees and loans and by establishing a new level of cooperation. The G 20 group for the moment seems to have turned from trying to prevent a new crisis to seeking to ensure that the nation-states do not have to socialize the debts of banks and households when a new financial crisis occurs. The tabled actions aim at preventing households to borrow more than 75-80 % of the values of their houses, giving them space to absorb a future loss of value of their properties. Banks and other financial institutions are forced to keep an increased reserve liquidity to enable them to handle credit losses at the next financial crisis without having to ask the nation-states to help them out.

But the actions will not very likely prevent the development of new financial crisis. There is, besides a better regulation, an imbalance that remains to be addressed. For several decades the

¹⁸⁶ Daily Telegraph, February 26, 2009, p 1

¹⁸⁷ IHT, February 26, 2009, p 9

official statistics have shown that the global savings have surpassed the investments. This can be passed by as a statistical villa as savings and investments are supposed to match one another at the end of the day, but I believe that the figures signal underlying problems. The reasons are to be found both on the demand and the supply side. The demand for industrial capacity building has come down as the replacement investments in the East have been cheaper than the earlier investments in the West. The services sector that is playing a larger and larger role in all countries is also demanding less investment in relation to its contribution to GDP than the agricultural and industrial sectors. The investment opportunities in real capital in relation to the global GDP have thus decreased. However, those employed in the services sector are saving as much as those employed in industries or on farms, and they are doing it mainly to support their pension schemes. Those savings are substantial, but in a Chinese perspective they pale; the ordinary Chinese save as much as 50 percent of his income. Some countries - China and the commodity-rich countries - have as a consequence of this development and the change of their relative competitiveness large saving surpluses, while others - the US, the UK and the Euro zone - are borrowing heavily. This imbalance would in a perfect market be corrected by an adaptation of the exchange rates. The Chinese yuan would be appreciated and the dollar, the pound, and the euro depreciated, but this is not happening as the currencies are manipulated, for reasons that will be discussed later. A second 'automatic' defence mechanism is the interest rates, but they are for other reasons not flexible enough.

It seems to me that we as long as we start off with a situation in which the global savings surpass the investments will have a surplus capital looking for a return that is hard to find. There is a lack of available investments to balance the savings and the market will answer by inflating the values of financial assets and by 'inventing' investment opportunities with perceived, but imaginary values. With a surplus of 'easy money' there will always be a temptation for someone responsible for capital return to take risks he would not have taken with a better balance between demand and supply; there will likewise be a strong enticement for financial actors to offer products with returns they are unlikely to be able to live up to. The savings and the investments will short-term balance one another, but it is an unsustainable balance. The asset bubble will after a while burst and the values of the savings have to be written down. Such a development seems to be more or less inevitable as long as we do not have proper global market governance.

Many blame the Washington consensus, the economic school that has dominated the International Monetary Fund, The World Bank and the US Treasury, for the seemingly inadequate responses to the financial crisis. The Consensus for a long time remained faithful to the Rational Choice Theory and the General Equilibrium Theory, which we now know to give an incomplete picture of the financial markets and the economy as a whole. There are psychological reasons, such as group conformity and collective self-justification, why the consensus economists abode by their models, but that is already history. Leading proponents such as Alan Greenspan have concluded that their belief in the self-correcting and self-regulatory power of the market has been mistaken. President Obama has not included the critics of the old regime among his advisers, but the ones he has chosen have "reformed" their

own thinking. Economists in central banks and finance ministries around the world are now looking for economic models that give a better representation of the markets.

It is not that such models are readily available. The critics of the Washington Consensus have shown how faulty the old theories have been. The Nobel Prize Winner Joseph Stiglitz e.g. already in his youth showed how asymmetric information distorts the markets and he has repeatedly criticised the recipes that IMF and others have issued based on their models.¹⁸⁸ Stiglitz has together with Paul Krugman, Amartya Sen and Jacques Attali advised the French President Nicolas Sarkozy to take a wider look at the economy and include environmental and other impacts in the decision process.

But no one has so far offered an alternative model on which central bankers and finance ministries can base their decisions. The historic reason is simple. It is not until the last decade, more or less, that the computing power and computational knowledge has been available to create such alternative models. Those responsible for economic modelling are now with increasing interest looking at the opportunities that are available to them, especially on how to create models that are based upon a representation of "real" people acting on the market, so called agent-based models. It is a challenging proposition and it will take many years to develop such models and an intense cooperation between institutions, economic researchers and computer scientists, but this expressed interest is creating hopes for the future.

While economists of the dominating school have revised their thinking, the financial actors have remained committed to the old ways of reasoning. The British journalist Robert Peston has in a well-researched book "Who runs Britain?"¹⁸⁹ given a scathing description on how those actors have been able to steer the actions of the democratically elected government. When the reformed economists in the Treasury and Federal Reserve jointly proposed new financial regulations in the US based on the discussions in the G 20 group they had to face a Senate under heavy attack from well-funded lobbyists who opposed most of the proposals. At the end the Senate made a compromise between the interests of the public as expressed by the government and the financial actors as expressed by their lobbyists. What has to be recognized is that there is a group that has a vested interest in an unregulated market and this group has not disappeared, even if the scientific basis for its claims has withered away. There is a real underlying conflict of interest between 'the many' and 'the few'.

The few and the many

Ever since Plato and Aristotle the role of the 'few' has been a contentious issue. It seems that all countries in all periods of time have had a tendency to develop some sort of aristocracy, oligarchy, nomenclatura or whatever the 'few' might have been called. In the earlier days the 'few' were owners of physical property, of real estate, and they were often easily identifiable and recognized. The Republicans saw the participation of those 'few' as a necessary and important element to create balanced governance. The UK model with a Monarch, a House of

¹⁸⁸ See e.g. Stiglitz, 2006

¹⁸⁹ Peston, 2008

Lords and a House of Commons is, as mentioned, built on the republican thinking. At the time of the US Revolution there was no identifiable aristocracy in the US, but the idea of balanced government survived and the split of the power in Legislative, Executive and Judicial branches was introduced in order partly to create some form of balance between the interest of the many and the enlightened view of the few.

The issue is now whether the development has not created a new group of 'few', this time defined by their financial assets, and whether this group has a vested interest in the governance of the market economy, an interest that may differ from the interest of the 'many'. Karl Marx would have claimed that the answer to the question is obvious. A capitalist economy creates capitalists and they are getting increasingly powerful if their power is not hampered. There is nothing really wrong with this analysis; the problem with Marx was that his prescription did not work. He wanted to move into a society without the 'few', but in order to get to this society of dreams he, and especially Lenin, saw the need for a guiding role of the enlightened Elite. One of the faulty perceptions of Marx and Lenin were that the 'few', the nomenclature, would be prepared to give up their new-won privileges; they were, as we all know, not.

The tendency of all societies to develop a group of 'few' has been mostly ducked by democratic theorists, the assumption being that the problem can be handled through social engineering or by a radical transfer of economic resources from those with too much to those with too little. The claim of this study is that the idea that democratic nation-states could master the global market economy that way is presumptuous and that it is unlikely that a global 'super-democracy' will ever develop. Democracy is responding to many human features and the idea that all men have the same value is appealing to us. But the market economy is an equally strong concept, if not stronger, as it appeals to our desires and our struggle to be recognized. The systems are both justified, the issue here being how to make them legitimate and create a constructive conflict.

It can be seen as being in the interest of the 'few' to keep the myth of the rational economy led by an invisible hand alive. The myth ensures that the governance of the market economy is seen as a 'technical' issue best left to experts; it also ensures that no demands stemming from ethical values are put on the guardians. As a consequence there will be few restrictions on the possibilities of the 'few' to enrich themselves further. As most people want to see themselves as moral beings with high ethical standards the easiest way to reconcile the personal 'greed' and the ethical values is to support the myth; the self-justification processes that are so forceful are helpful in achieving such a reconciliation; capitalists don't have to be acting in bad faith, even if many do; they may just fool themselves. There is an old saying that 'the interest never lies'; a more proper formulation given contemporary findings about human nature is that 'the interest may make you believe anything that helps you manage a cognitive dissonance'

The fact that the old consensus culture is supported by the interest of the 'few' is important to grasp as it defines the uphill struggle for change. The link have been strengthened by the common background of the guardians and the economic elite. They are all most likely to have

studied in the same business schools, having been taught the same myths. Such personal links reinforced the group conformity. Many informal meeting places and societies have not only a social role; they also reinforce a common view. Similar forums have been created on a world-wide level in the wake of a more and more global market economy. The World Economic Forum and the Bilderberg Group are two examples of such places for the exchange of views cross national borders. There are many conspiracy theories around those meetings; some even claim them to be meetings of a 'Secret Society', a form of informal 'World Government'. As a participant in many such meetings I can testify that this perception is faulty; if anything the meetings share best practices, allow for diverse views to be debated, and create awareness of common problems. The fact that many participants listen more to some arguments than other is more due to the preset minds with which they attend the meetings than how the meetings are organized. The reinforcing role of these conferences on common perceptions is much more subtle than the conspiracy theorists realize, and the sceptics can be reassured that the present crisis has created vivid debates at these kind of meetings.

To accept that the best practice systems that we in the Western world embrace, democracy and market economy, with necessity will lead to the emergence of a financial elite with resources to influence both how the markets work and the democratic decision-making may seem revolting to many, but everyone is in my mind better off accepting the reality; man is after all prepared to be treated as a means if sufficiently respected in order to get his desires met and he accepts that others may be more lucky on the market. The influence of the few on public affairs is a price that has to be paid if everyone wants to benefit from the wealth-creating capabilities of the market economy. It is to an external observer obvious that the US democracy already works in such a way and that it balances the interests of the many with the interests of the few. Candidates who want to be elected need the financial support of at least some of the few and when in office an elected official has to take the interests of the few into account if he or she wants to be re-elected. The conclusion is thus *not* that a global governance should be created that breaks the power of the few; what is needed is a global governance structure that recognizes *not only* the interests of the few, but also those of the many, interests that are quite legitimate such as full employment and secured pensions

Trade

While global regulation of financial markets has been off the agenda for a while, in order now to reappear, trade relations have always been on the agenda. Although officially guided by principles such as free trade, they have in reality been heavily influenced by the Westphalian spirit; the relative power of the nation-states has more or less decided the outcome. The cynic may also add that trade streams are much easier for nation-states to control than financial streams.

The drivers behind the development of global markets are well-known. The Western economies have moved from being agricultural and industrial to become knowledge and service oriented. More than half of the world's population is, however, still in farming. There is a well-described global dynamism in which countries on the early stages of the development curve are trying to catch up with the countries higher up. So far this dynamism

has been proven to be a win-win situation for everyone, but there are now many in Europe and the US who are starting to question if the world economy has not passed the point where all are winning and have come to a stage where the US and Europe are starting to be on the losing side.

The most common answer to that question is that people have worried unnecessarily about such a scenario since the Japanese started to recover after World War II. Many believed at the time that the Japanese would overtake and out-compete American and European industry. But while some industries had to close down in face of the Japanese competition, other flourished as Japan increased its demand for Western products. The end result was that the wages in Japan came up to European level and after a while the Japanese were facing the same problem as the US and Europe, namely how to address competition from other countries that were trying to catch up. As a consequence of the unforeseen difficulties Japan faced a financial crisis fifteen years ago. It was read as an effect of a loss of export competitiveness due to an increased domestic cost-level and the emergence of new low-cost alternatives. A real-estate bubble also contributed. The general remedy prescribed to Japan by most actors –after interest rates were reduced to zero - was to increase domestic demand and to reduce the level of savings in the economy. The problem has, besides a slow recovery of the financial system, been that the Japanese population has not complied. Some claim that it is a cultural issue, some a slow recovery of the banks and others that it is due to the lack of pension and health systems covering all citizens; it may be a combination. The result anyway is that the Japanese economy has recovered very slowly; a positive late development, however, being that it has been less affected by the latest global crisis than other countries.

One of the challengers that brought Japan to its knees was South Korea. Its competitiveness led to the closing down of both Japanese and Western industries, such as the shipyards. The negative effect on employment in Europe and the US was, however, balanced by the increasing demand for other products and services. The Koreans are now starting to worry, almost as much as the Americans, the Europeans and the Japanese, about the effect on their economy of the two the latest entrants on the global scene, China and India.

A reason why it could be different this time is the sheer scale of these countries' potential. Their populations outnumber Europe and the US together more than three to one. When they catch up as Japan did and South Korea is close to doing their economies will be far bigger than the US and European economies together. That would have an unprecedented impact on the global market economy as it would change the epicenter of global power.

Another reason why it may be different this time is that information technology has enabled an outsourcing of production in a scale hitherto unseen. Factories are being closed down in the Western economies in a worrying and seemingly accelerating speed. What is happening is that information technology enables companies to put together supply and production chains that can ensure quality and just-in-time not possible before. Exports from especially China but also from India have until the financial crisis been growing at an extreme speed.

A concern from both a Western and Chinese point of view is that the domestic demand in China, but also in India, has not been growing at the same pace. This has had as a consequence a lower demand on imports that could have balanced the export growth, in turn creating a growing trade deficit for Europe and the US in relation to especially China. Economists have warned China not to keep the currency too low and to become too dependent on export. While China has had as an official policy to encourage more domestic demand, they have, however, not put the pension or health schemes in place to make the policy credible. Just like the Japanese the Chinese also have a cultural aversion against debt, something many in the West probably would be better off learning from. When the US economy, followed by many European economies, went into recession and their import demand tumbled the Chinese had to face a similar situation to the one the Japanese faced before them. The reasons why China so far has managed better than Japan did are mainly three. The first is that China still is a low-cost country, the second that it has an undervalued currency, and the third that China in contrast to Japan decided to use the state budget to heavily increase the public demand, especially related to infrastructures.

The US had a relatively balanced increase of exports and imports until the end of the 1990s. It was the ability to innovate and exploit new technology discoveries in especially IT and medicine that held up the exports. But since 2000 the export is no longer increasing. The increase in GDP and domestic consumption has during the new millennium been financed on loans from countries with an export surplus, mainly the commodity rich countries, China, and Japan. When the new President of the US decided to stimulate the US economy even more than already decided he counted on the willingness of especially China to lend the US more money to get out of the recession and to start import again. It is a gamble that seems to have succeeded; the US has been allowed to borrow, even if the lenders cannot be certain of ever getting the money back, at least not at the current currency rate.

If the world gets out of the present recession in a reasonable way, the world has bought itself a couple of years to address the structural problems. Most economists are in agreement that those years must be used well. China and Japan have to find ways of stimulating domestic demand and make their economies less dependent on exports. The US as well as all of the European countries have to learn how to live within their means, to reduce their energy consumption and make better use of available resources for e.g. health care. There is a general consensus that the market cannot solve these problems by itself. They have to be addressed also on governance level and by partly regulatory means.

Is there a mechanism to solve these issues? Feeling powerless or possibly believing that threats will help, many Democrats in the US Congress have brought old mercantilist thinking out of the wardrobe weathering all types of wishful protectionist actions to be taken to stop jobs to leave the US. Almost all economists, both consensus economists and their opponents, are in agreement that it is a route that only will deepen the economic problems. There are, they claim, better alternatives.

A country has to earn, to export, in order to buy, to import; a country can also to a limited extent take up loans to pay for its consumption, offering its value creation capabilities as

security. The insight that the recession has given the lenders is that the underlying value-creation capabilities of the US economy have been overestimated. US listed companies are often doing well, but that is mostly because many of them are truly multinational. The lacklustre performance of the US economy has been reflected in the value of its currency. For lenders that is bad news and Chinese funds as well as Arab investors and unsuspecting and risk-taking European banks have all lost huge amounts. There is no bouncing back from that situation; it is a one-way street; the dollar and to a certain extent the euro will have to depreciate in relation to especially the Chinese yuan to create a new balance; the fall of the dollar has already contributed to halving the account deficit. It is imperative for both Europe and the US to have a balanced trade, e.g. to sell as much on export as they import. Anyone who is trying to “talk away” this simple fact is just wishful. Economic fundamentals have always won the day at the end of it. The issue to concentrate on is how to ensure that the US and Europe has the money to pay for the imports in the future.

A more reliable global IPR regime could improve the interest worldwide in real investments compared to financial investments, but nothing would probably contribute more to a better world balance between savings and investments than if China implemented a pension and a healthcare reform. That would lower the need for private savings, increase domestic demands of both industrial products and services and as a consequence increase investments in China. China would with fewer problems be able to appreciate its currency more substantially, which also would have healthy effects on the savings balance and on the investment level in the West. If India followed suit the positive effect on the world economy would be strengthened.

International trade relations are today settled mainly bilaterally or between trading blocks and are in substance more often than not reflecting the relative power of the signatories. A successively more powerful organization is, however, the World Trade Organization (WTO); it is at the same time one of the most debated international institutions, a reason being that it contrary to most other international bodies has teeth. Membership is not automatic; countries have to have a recognized market economy to join. They are also held accountable, which makes WTO different from most other international organizations. In most international relations countries can sign up to almost anything without being held responsible for keeping their promises. If the trade agreements that have been signed in WTO are breached on the other hand the trading partners that have been damaged can be given the right to retaliate; after an open legal process in which all parties are heard. WTO is thus an organization with authority that matches the global reach of the market economy, in contrary to e.g. IMF and FSF.

Not everything WTO does is uncontroversial. Joseph Stiglitz¹⁹⁰ criticizes e.g. how the intellectual property regime – Trade-Related Aspects of Intellectual Property Rights, so called TRIPs – have been used to create unfair conditions for the developing countries. The trade barriers to the export of agricultural products from the developing countries are also questionable, especially as the American and European households are paying a high price every time they go to the supermarket for this policy.

¹⁹⁰ Stiglitz, 2007, p 119 - 132

The issues around WTO are, however, not so much what it does, but what it does not. It has a limited scope. An holistic approach to the world markets is lacking, an approach that besides trade also covers e.g. the right to buy foreign assets, the stability of the financial markets, the joint responsibility for global climate and environment, and how to exploit valuable and scarce resources in sensitive areas as the Arctic.

Lack of legitimacy

The objective of this inquiry is to find ways to improve the existing governance order by using the contemporary expanded knowledge of human nature and the new perspectives it offers. One lesson has been that we may hold conscious values and beliefs that differ from those that we apply in our daily life when we are ‘on-line reasoning’ and that our self-justification processes enables us to be inconsistent without losing self-esteem. This has given us a new perception on the functioning of the market economy that we can benefit from and that has supported the conclusion that the market economy should be seen as a separate societal system. The market economy is not only relating to partly different human features than the democratic governance of a nation-state; it has also a global reach and the system as such can inflict harm that is outside the direct influence of any single individual.

The discussion has now concentrated on the legitimacy of the market economy and can be concluded in the following way. The common view that the market economy is based on people’s rational choices and that an ethically acceptable outcome is guaranteed through the hidden actions of an invisible hand has been rejected. The conclusion has been that the market economy is in need of a governance structure that ensures both rationality and a result in line with basic and shared ethical values. There are two aspects of the market economy that today are partly regulated on a global basis, the financial markets and the trade relations; but the governance models are inadequate. The present ‘Guardianship’ of the financial markets by seasoned experts lacks the broader objectives that are needed; it is hampered by a partly destructive consensus culture and lacks global reach. The G 20 proposals in order to better regulate the global financial markets are steps in the right direction but they lack clear objectives, teeth, transparency and accountability and are unlikely to be far-reaching enough. Trade relations, although still mainly bilateral, are regulated through the World Trade Organization, which contrary to IMF and FSF has the power to impose agreed rules. The problem is that the scope is limited; many important issues such as the right to buy assets, exploit natural resources and protect the environment are outside its remit. The WTO agreements are also more reflecting the power relations between countries than shared values and principles.

The answer to the two last questions, whether there is a ‘constitutional’ framework in the market economy or part of it that supports an outcome in line with shared values or a governance system that supports rational and ethical considerations is thus negative. To conclude, the existing and planned governance of the global market economy are lacking in legitimacy.

From this conclusion does not automatically follow that market economy needs a separate governance or any governance at all, and more specifically what type of governance, should it be needed. There are, at least theoretically, other major options on how to move forward given the existing order.

The first option is to let the market economy continue to be basically self-regulated. This is an alternative that already has been discussed at a certain length and rejected.

The second alternative is to expand best practice democratic governance to global level and to let an evolving new democratic 'world-state' govern the market economy. Such an alternative is favoured by many political theorists, who propose a step by step approach to reach this goal. It would be a giant leap forward but is hardly realistic given the fact that only a small minority of the population of the world is living in democracies today.

The third alternative, which I see as the preferred option, is to develop a separate global governance order for the market economy. This alternative would partly replace, partly integrate the existing rudimentary guardianship of the financial markets and the more evolved executive structure of the World Trade Organization. It has to be built on the realities on the ground, i.e. it has to reflect the fact that the world consists of nation-states with various legitimacies and with different economic power. The largest economies, who with the exception of China, also are democracies could enforce some form of 'constitutional' framework that reflects a broader scope of objectives and highlights shared values. To ensure checks and balances inspiration could be gained from modern republicanism. A separation of Legislative, Executive and Judicial power is an effective way of breaking up consensus cultures. Ideas along those lines will be discussed in the next chapter.

**Part 2 POSSIBLE WAYS TO IMPROVE THE SOCIETAL
SYSTEMS AND THEIR INSTITUTIONS**

V. REFLECTIONS

The challenges facing the liberal, political and economic, systems are serious, but should not be exaggerated. The whole world is not in a dire state. The European project has brought peace and stability to a continent that has been war-ridden for centuries. The benefits of industrialisation that earlier were experienced mainly by the Western societies are spreading fast among populations in especially Asian countries. There is a strong belief in the future among the citizens in countries such as China and India. The death rate among newborns has declined sharply in the developing countries; more children are given education and the transmission of many deadly diseases has been halted. Fewer are living in life-threatening poverty.

But it is a shaky progress and that has also to be recognized. Deadly regional and local conflicts, such as the unsolved Israel and Palestine question and struggles for control over natural resources in many African and Arab countries, increasingly affect the whole world. The financial imbalances and the environmental challenges have to a large degree been left unsolved. And while more people reap the economic benefits of progress, the gaps between the have and the have-nots have increased both within nations and between nations. People and nature in many developing countries are suffering from the effects of a destructive unrestricted capitalism. Joseph Stiglitz, the Nobel Prize winner, has together with many others rightly been highlighting the negative consequences for the developing world of the present undisciplined global market economy¹⁹¹. The global problems are piling up and the existing world order seems to be unable to address the most severe of them in a satisfactory way.

Many had the unrealistic expectation that President Barack Obama would take a major initiative in order to improve the world order when he took office, but the momentum, if there ever was one, has been partly lost as the US Senate stalled and watered down his bills on financial regulations and climate change; actions that among other things have shown the Senate's opposition towards global governance. Following the disappointing result of the UN climate negotiations in Copenhagen renewed calls have been made by international think-tanks¹⁹² for a new global world order, but the expectations of progress are generally low.

It is not only the world order that is in a worrying state. A sad fact is also that fewer are living in democracies and societies that respect human rights than ten years ago. The fall of the Berlin Wall and the damage to the reputation of the Communist alternative that followed did not lead to the expected global victory for democracy. It has astonished many and I must admit that I am one of those taken by surprise; after all, over time human thought has had a tendency to converge. The seemingly joint destiny once lead Immanuel Kant to ask the question whether history is universal and whether it may have a common ending; a question that since then has challenged many philosophers following in his footsteps. The convergence was at the early 19th century perceived so obvious that Georg Friedrich Wilhelm Hegel in

¹⁹¹ See e.g. Stiglitz, 2007

¹⁹² E.g. by the Tällberg Foundation.

response to the Kantian challenge famously declared the End of History after the Battle of Jena 1806¹⁹³. When the Berlin Wall fell, the philosopher Francis Fukuyama repeated the statement¹⁹⁴. The liberal philosophies had by then withstood challenges from Marxism-Leninism, from Fascism, from National Socialism, from surviving forms of autocracy in the East and the South and from other ideologies; all these alternative forms of societal governance had been found to be wanting.

But the development did not follow the expected route. The confidence in the democratic institutions and their ability to meet the present challenges, in politicians and journalists, has for quite a while been waning in the Western liberal societies. Many in the world outside the West are in their turn upset about the failure of the value-based liberal democratic and legal institutions to uphold human rights in the aftermath of 9/11, in spite of built-in checks and balances. This has not only weakened the trust in the Western democratic institutions, but also contributed to the falling support for democracy as a concept in the Islamic world and in fast-growing countries such as China. Autocratic regimes have had a comeback and the forms of liberal democracy that started to develop in Russia and partly in China seem to have reached a standstill. People in both Western and other countries have begun to look for answers outside the political systems, turning to religious fanatics and populists with xenophobic tendencies. This is not the only disappointment. The information age has created conditions for a truly global marketplace with an enormous flow of goods and services, entertainment, games and the like, but it has not delivered the information freedom of the scale that was expected.

Many media have taken on a new role and some media groups have even helped politicians to suppress information, to intimidate and to manipulate the public opinion. There is a lack of a public, informed debate; the intellectual, enlightened voices are less audible in the public information space, having been ‘drowned’ out by easily consumed ‘infotainment’.

The lack of victory for the liberal project has led to the gloomy prediction¹⁹⁵ that we instead of an End of History will see an ugly struggle for world hegemony between a declining US empire and a rising Chinese super power. It is a forecast that is beginning to look all too real; so does the prediction that the loser in this battle will be many of the Enlightenment values, perhaps especially liberty and justice.

It is far from obvious why the institutions of the Western liberal project have failed to manage globalisation in a way that protects the underpinning values. The Western world with all its military resources, economic strength, innovative entrepreneurial culture and lessons learned from two World Wars ought to have been capable of using its position to create an international order and internal institutions that would have prevented this failure to address pressing world issues.

There are several explanations that can be offered, one of which is an American unwillingness to face uncomfortable facts. The US Congress, especially the Senate, has refused to

¹⁹³ Hegel, 1956

¹⁹⁴ Fukuyama, 1992

¹⁹⁵ See e.g. Hutton, 2007

acknowledge what many independent observers have warned about the last two decades, namely the inevitable decline of US power due to the lack of a value creation that balances the increasing consumption. Many of the latter US Presidents seem to have been aware of the situation, but have failed to get a mandate from the US Senate to act in order to create a stable world order in the long term interest of their own citizens, and of a majority around the world.

Europe is not without guilt. European weakness has, as much as the American hubris, contributed to the present dilemma. The European Union has after all been the largest economy in the world and the largest world trader for quite a while. There is no acceptable excuse for the lack of leadership that has prevented the EU to use its economic power to exercise a decisive influence on the global development.

This is a rough and superficial account of what is happening, but it does not explain why and what, if anything, that can be done to change the course of events.

In the next chapters I will offer some *social engineering* ideas on how to develop the governance of the global market economy and how to strengthen the democracies, the rule of law and a shared public information space. The efforts are based on the analysis I have offered in part 1 of this study and they aim in the old Enlightenment spirit to encourage governance based on reasoned decision-making and consciously shared values. In the last chapter I will very shortly discuss how the ideas could be implemented, which perhaps is the largest challenge of all.

A world order in which such governance is expanding its role would be less prone to use military methods to solve conflicts. I will not dwell on the use of military power in the last chapters, which does not mean that the question should not deserve reflection.

The human struggle for recognition by others has been a recurrent theme in this book. Hegel saw, as mentioned, the willingness to sacrifice one's life as the feature that made man man. Physical strength has always been admired as well as feared, as the ownership of such strength implies the possibility of its use. This has been a permanent fact of life at individual level as well as at collective level. School children learn how to abuse to gain respect or how to avoid a conflict with the abusers. Criminal gangs have learned how to scare people into paying them for 'protection', and have also developed internal pecking orders based on the ruthless use of violence. Countries have learned how to use military force to conquer and colonize other less militarily strong, but often commodity-rich, nations. The exercise of military force can be seen as the ultimate expression of 'collective thymos', the wish of the citizens of one country to be recognized by the citizens of other countries as superior.

Scientists who have tried to understand the rise and fall of empires have made a connection between the willingness of the citizens to make sacrifices in wars and the build-up of the empires and, likewise, between the reluctance to make such sacrifices and the down-falls of the empires. The citizens have not always wanted the wars. The Enlightenment movement saw the recurring wars in Europe rather as a proof of the 'megalothymia' of stubborn princes and fanatic priests

It is a fact of life that the relative wealth of the Western world has been built partly on the use of military force. It is also the underlying presumption of the present Westphalia world order that the relative power of nations is decided by their military strength. The international institutions that have been built after World War II in order to avoid military solutions to all kinds of problems reflect the relative strength that the Westphalia order gives countries. The more militarily powerful a country is and the more prepared it is to use that power, the more influential it is on the affairs of the world.

Franklin D Roosevelt made the decision at the end of World War II not to attempt to establish world supremacy based on a unilateral exercise of military power; he and his successor could possibly have achieved it and there were members of Congress that urged them to strive for it. But there were also many US citizens who wanted the US to take care of its own problems and to, as far as possible, withdraw from solving the problems of others; the majority of the citizens wanted a period of peace. There were also the realities on the ground to consider. The US and the UK were emerging as winners in the war, but so were the hard-line communists in Moscow. In the world view of FDR and many US citizens the West had to accept this fact in order to win peace. The road FDR and his successor chose was thus to accept a split of Europe in a Western and Eastern part, develop international law and create international institutions such as the United Nations to enforce it.

In the Western European part the US helped rebuilding the democracies as well as the economies through the generous and far sighted Marshall plan. However, not all West-European states became democracies again at the end of World War II, some of the fascist regimes from the pre-war period remained in place for quite a while, the Franco dictatorship in Spain being the most prominent. The US also stayed with a military presence in Western Europe to prevent history to repeat itself, i.e. to impede the type of military build-up in Europe in search of revenge that happened after World War I. Later the military presence became motivated in order to protect the vulnerable European states from Soviet Union aggression and to show US commitment in case the Soviet Union would make any military moves. For this Europe is indebted to the US that still is offering Europe a much needed military support.

In Eastern Europe the other winner of the Second World War, the communist dictator Stalin, created an empire built on fear and oppression as he installed puppet regimes in the Baltic satellite states, in Poland, Czechoslovakia, Hungary, Romania and Bulgaria. All opposition was forbidden and persecuted, hopes of a return to democracy shelved.

The intention of the UN was to create a mechanism to resolve world conflicts in a peaceful way, to offer an alternative to the way of war. Someone has called the UN 'the indispensable organization', an organization that would have to be invented, had it not existed. The existence of the UN has, however, not abolished the role of military power; it only offers a way of *solving conflicts through the threat of use of military power*. The Security Council has in many cases been involved in trying to defuse conflicts that have been developing gradually, using all available means from mediation to economic sanctions. When those efforts have failed or have been close to failing the Security Council has used strong language that seldom

directly have supported military engagement from one of the Council members, usually the US, but not excluded it either. This was e.g. the case when NATO started bombing Serbia to stop the genocide in Kosovo and when the US and the UK attacked Iraq. To reach a conclusion the military powers, which are permanent members of the Security Council, have to agree, each one having a veto. The Security Council can be seen as a mechanism that ensures that no military actions are undertaken that can lead to a new world war. The Council must not be in *agreement* on the necessity of the actions, but its deliberations and the veto rights of the major military powers is a guarantee that all military actions undertaken by the permanent members are *tolerated*.

The tentative proposals in this exercise of ‘social engineering’ partly aims at finding an alternative to a world order in which military power is the decisive factor. It has been deemed unrealistic to strive for a global democratic world order, however desirable it would have been, but it has been judged possible to under certain conditions create a form of World Market Governance. Such governance would diminish the reasons for international conflicts as it could, if implemented in the right way, offer a peaceful way to resolve many clashes of interest. The proposals would, however, not create a world free of conflicts in which military solutions can be totally excluded.

The Presidents of the US and Russia have also in a very positive development agreed not only to the prolongation of armament treaties that are about to expire, but above all how to reduce the arsenal of nuclear weapons and to better control nuclear proliferation. Their common understanding has been reached with the prior blessing and backing of a formal meeting of the UN Security Council in which Heads of States participated. President Obama was awarded the Nobel Peace Prize for the expectations he raised at that moment of time. In an informal meeting in Washington, to which President Obama managed to gather forty-seven Heads of States and Prime Ministers, some additional, mainly symbolic steps were taken in order to increase nuclear security.

If President Obama succeeds in his ambitions he will have made a major achievement, at least in European eyes. An overall issue is, however, how sustainable a new global order would be. President Obama may have the moral support of the public opinion in most countries, but the lack of support for his efforts, domestically and by his closest ally, Israel, is a concern to his counterparts. If he does not succeed, on the other hand, the discussion in this study may turn out to be of purely academic interest. As of January 14, 2010, the Doomsday Clock, which is a symbolic clock face, maintained since 1947 by the Board of Directors of the Bulletin of the Atomic Scientists at the University of Chicago, stands at six minutes to midnight, one minute further away from midnight than the year before, but decisively closer to midnight than during the nineties. The closer the clock is to midnight, the closer the world is estimated to be to global disaster.

A special issue is the development of mercenary armies. History has shown that armies that no longer are deployed and supported can turn against the hand that has fed them. A dangerous situation may quickly develop if the UN missions, to which large army units are deployed from countries such as the nuclear Pakistan, are suddenly cancelled.

The role of military power in the affairs of the world is basically an issue of values and policies and to a very little extent related to governance and institutions. There are many critics of the UN, but there are few, if any proposals tabled that would offer any better way to control the use or misuse of military power, than the UN already offers. The question is more how to develop the international governance so that the UN will be able to exercise its role in the environment of the 21st century in a better way.

The existence of military power as a factor of importance on the world scene must be recognized, but will not, as already stated, be the subject of the "social engineering" efforts in the next chapters.

When the proposals of the last chapters have been read by economists and political scientists I have often met the reaction that many of the proposals stand on their own feet as they are supported by 'common sense'; the analysis in Part 1 around human nature would according to this view be mostly superfluous. The positive interpretation of this objection is that the chapters in Part 2 can be read independently by those interested in a certain subject without obliging them to read the whole study; I have as the whole approach is evolutionary no problems with such a selective reading.

That I have stuck to the initial structure is mainly because it to my mind gives a clear indication on the priorities. The most important finding is that we humans are not one system but a 'system of systems', just as the 'polity' and the market economy are two separate, though interlinked systems, and that we would be better off accepting those facts and the built-in conflicts in the human 'systems' as well as between the societal systems. If we accept that analysis we may be more ready to accept that we need new governance of the market economy that accepts its global character and that people are not always acting rationally.

Another central conclusion of Part 1 is that democracy is a vulnerable system that we should not take for granted. The proposals in Part 2 may be seen as mainly 'common sense' ideas, but they are inspired by the insights in human nature highlighted in Part 1.

VI. WORLD MARKET GOVERNANCE

The conclusion of the last chapter is that the global market economy needs a more developed governance structure of its own. The reasons is mainly that the dominating view of the '20th century' that the market economy left on its own will produce a rational and ethically acceptable outcome is faulty. The 'governance of guardians' that has been applied in especially the national financial markets and is proposed to be somewhat extended to a global level has been deemed to be insufficient as the issues that need to be addressed are wider and not only technical. I will in the following develop some ideas as an input to a debate about the governance of the world market economy that many accept to be necessary.

The ideas are built upon the following presumptions:

The first is the *reconciled ethical values* as discussed in the chapter IV. The governance should thus strive to steer the market economy in a direction of an outcome that

- is *rational*; market failures of different types should e.g. be addressed
- supports *liberty*, especially man's right to privacy and the civil right to fully control his possessions and do what he likes as long as he does not hurt the interests of other men without compensating them
- supports *security*, i.e. as far as possible protects everyone from systemic harm as well as harm from other market actors
- supports *intrinsic equality*, i.e. that all men are of equal value and ensures that man, when he is prepared to be *a means to other men's ends*, in order to better meet his *desires*, is given *sufficient respect and recognition*.

The second presumption is that the governance has to build on *recognized market economies* and take *their relative economic strength* into account. To be a recognized market economy does not demand of a nation-state to have a legitimate rule. Less than half of the countries that have a market economy recognized by WTO also have Western-type democracies. This presumption is, however, in line with the pre-condition that the inquiry while building on contemporary understanding of human nature also has existing order and the best practice within that order as a starting point. By WTO recognized market economies seems to be such a starting-point.

A third presumption is that the *lessons learned* from the history and the findings around human nature should be taken into account as much as possible. The governance model thus needs checks and balances, transparency and accountability; evidence based decision-making should be supported by a rule of law, knowledge sharing by a public information space. The fourth presumption is that the governance while mainly steered by the interest of 'the many' also should be found to be acceptable, even desirable by 'the few'.

The elements of a World Market Governance are in this proposition a World Market Charter, a Legislative Assembly, a World Market Organization and an independent Judiciary. The scope is decided in the Charter.

1. WORLD MARKET CHARTER

The first necessary step in establishing World Market Governance is to get a legal framework in place. As it is of fundamental importance it should be given a higher status than an ordinary convention status would imply. There are too many conventions around that are not respected since they lack teeth. The term 'charter' would give the framework a higher status and raise the right expectations when the negotiations start. The proposal here is to name the convention *World Market Charter*.

The presumption is, as already described, that the existing recognized market economies, the members and candidate countries of WTO, should be signatories. They are also the countries

expected to be involved in the negotiations. It would be highly commendable if the negotiations were to be conducted in *an open and transparent way* and documented in working papers on principles and values. That is a highly unusual procedure in international negotiations but it would increase the legitimacy of the Charter. A public scrutiny is essential as it would increase the chances to gain public consent. One of the reasons why the US Constitution is held in such a high regard is the documented and public trace that the process left. A Charter negotiated behind closed doors and without public debate risks on the other hand to create the feeling that the interest of the ‘many’ is left out and that the Charter is all about distributing power among the ‘few’. It is thus not just the content of a possible charter that would be important; it is also the way it would be created. A successful outcome is demanding a skilful negotiator and a carefully thought-through process.

A Charter would need to establish *shared values*. Many orthodox economists may disagree with that notion, but the value-base is imperative if the World Market Governance is to get reasonable legitimacy in the eyes of the general public. The presumption here is that it ought to be possible to reach broad agreement on the reconciled values as described above.

The *objectives* of the governance also need to be stated. They cannot only be technical as the overall role of the market economy is to contribute to the life, health, well-being and property of the population within its reach. The objectives have on the other hand to be restricted. Domestic problems have e.g. to be tackled on a national level. That includes the severe imbalances in many economies. Only China can address its export dependence; only China can increase the domestic consumption and incentivize its citizens to do so by giving them more social security. Only the US can address its over-consumption, reduce budget deficit and imports and make the economy more energy-efficient and competitive. Only Europe can increase the productivity in its industries by adopting more modern technologies and create a demand driven innovation system that can shorten time to market.

There are many existing conventions covering different aspects of the market economy. They concern everything from trade, financial markets and exploration, to labour market conditions, maritime issues and environment. Such conventions can be partly integrated in a Charter, but the Charter cannot be expected to have the same clear language or scope as those conventions; the Charter will be the basis for binding legislation, while most conventions have a less formal implementation procedure. Countries will be much more careful to agree to an objective if it will be enforceable than if it just an expression of a generally desirable state.

2. A LEGISLATIVE ASSEMBLY

World Market Governance with legislative power would need a *Legislative Assembly*. Such an assembly can have several chambers as often is the case in Western modern democracies. One of the chambers in democracies usually represents the citizens in a more direct way, while the other chamber has the purpose to add to the checks and balances of the system. The second chamber is in federations often representing the interests of the different states as is

the case in the US and in Germany. The European Union has a similar construction. With the new treaty almost all legislation demands the approval both of the directly elected Parliament and the Council of Ministers that represents the interest of the nation-states. The UK has a reminiscence of the old Republican order with a representation of the 'many' and the 'few'; the House of Commons representing the citizens and the House of Lords, representing both the aristocracy and the meritocracy. As one of the purposes of the World Market Governance model is to replace a model of 'Guardianship' with a more elaborate governance structure, which also gives a reasonable representation to the interest of the 'many', there are reasons to be inspired by the model with two chambers, of which one represents 'the many' and one gives 'the few' the confidence that their interests will not be overlooked.

In *the House* the recognized market economies could be represented in relation to their economic strength. That would initially give a strong voting power to the US, the EU and Japan - a voting power that over time will diminish as emerging economies will get an increased share of the votes. A voting power that does not take the populations into account can be seen as unfair, and too much in the Westphalia spirit. It is, however, a much better alternative than veto powers that could block and delay necessary decisions.

To gain support of World Market Governance from seasoned economists and to ensure that the interest of the 'few', those that have the highest stakes in the market economy, is taken into account, one could consider a second chamber, *the Senate*. The senators could be recognized senior experts e.g. central bank governors, regulators, researchers, senior industrial leaders and labour market actors. The Senate could have similar powers to those of the British House of Lords, i.e. it could offer opinions on legislation and in case of difference in views influence or delay a decision by the House. As the process is public the real influence of the Senate can be expected to be larger than the formal one.

There are several advantages with a Legislative Assembly. One is that it is a much quicker way of reaching results than through negotiating new conventions that need ratifications by every single participating nation. One example: Most people are in agreement that something needs to be done to prevent climate change, but the process to reach agreed actions is so complicated and time-consuming that many believe that the resulting legislation will be adopted too late to prevent a major climate shift. Such slow decision processes are inadequate also for the global market economy. Crisis within the market economy develop fast and they need quick responses.

Another advantage is the public character and the media scrutiny. Even if people are not represented in a formal democratic way they can follow the debate and they can in democracies put pressure on their elected representatives to act in accordance with their interest when representing them in the Assembly.

3. WORLD MARKET ORGANIZATION

World Market Governance also needs an Executive Branch, here called the *World Market Organization (WMO)*. The most important building block in such an organization would be the World Trade Organization; it is the organization that has the most experience of execution. The International Monetary Fund, IMF, and the Financial Stability Forum, FSF, organs with oversight over financial services regulations and standards, would also be a natural part of the WMO, although they would have to be reshaped to fit into a more executive role. Links between the WMO and other international organizations as the International Labour Organization, ILO, is also desirable.

The composition of the *Governing Board* of such a WMO is an important question. It would make sense and perhaps increase the legitimacy if there were different Governors, or perhaps Commissioners, responsible for different areas such as Financial Markets, Trade, Commodities and Environment. If they are selected from different regions it would increase their visibility.

4. AN INDEPENDENT JUDICIARY

A crucial part of the governance is a functioning *Judiciary*. Without that the legislations risk lacking teeth and the executive branch be drawn into backdoor negotiations. A strong judiciary ensures transparency and a rule of law. As the legislation would have a global reach and therefore be imposed on different levels, local and national courts have to be the first instances, and more often than not the last; not all cases should or could be handled by international courts. The international courts can mostly be expected to deal with complaints by states. Experiences from the European Union shows that it would make sense to have two levels of courts within the international system, giving the opposing parties the chance to appeal. The members of the highest court, here called the *International Market Court* could be nominated by WMO and approved by the Legislative Assembly in a transparent procedure.

The role of *prosecutors* should not be underestimated. National prosecutors should have the right to bring breaches of the international legislation to national courts. International prosecutors could support the national prosecutors and address complaints that should be handled by the international courts. They must also be appointed in a transparent way, perhaps approved by the International Market Court.

5. THE SCOPE OF WORLD MARKET GOVERNANCE

The *scope* of the World Market Governance would be decided through the Charter. There is clearly a need to stretch the scope further than the areas covered by the present or planned international governance, i.e. trade and to some extent financial regulations. The most urgent issues are related to the financial markets, where a more developed international regulation is absolutely vital if a new meltdown is to be avoided. However, there are many other areas that

ought to be covered, such as environmental externalities, exploration of natural resources and consumer and labour protection.

The scope also needs to be restricted; World Market Governance should not interfere in the rights of nation-states to develop their own systems for education, health care and pensions, to honour their own religious and cultural traditions to give some examples. World Market Governance should not be seen as a step towards a World Government. The Charter has to be as clear about what is out of the scope of the governance as what is within it.

Here follows some reflections around the scope.

Trade

The market economy has a global reach. WTO is the only organization with authority that matches that reach, which makes WTO different from e.g. IMF and FSF. If the trade agreements that have been signed in WTO are breached the trading partners that have been damaged can be given the right to retaliate after an open legal process in which all parties are heard.

The free trade agreements are starting from the presumption that there is no free trade between nations. The trade agreements have been driven both by the conviction of those involved that free trade will make everyone better off and by the principle of reciprocity: “I open up my markets if you open up yours”.

Most industrial products are today covered by trade agreements that ensure more or less free trade. The same is true for most commodities. In agriculture and in services, however, the level of protectionism is still very high. To move forward towards a more liberalized services market has been one of the main objectives of the still ongoing Doha round. It can be noted that the global leaders in the G 20 meetings repeatedly have committed themselves to conclude the round.

To buy assets or to buy goods – what is the difference?

It is hard to see the principal difference from a trading point of view between buying goods and buying assets. The transactions are about allocating resources in a way that gives the most value. However, the right to own assets in another country is in principle not covered by international agreements. If there is any presumption it is the opposite one to the trade of goods: It is generally allowed to buy any type of assets if not prevented by laws in the country concerned. The issue is that those laws as well as the public opinions vary quite a lot. Foreigners are e.g. not allowed to own a majority stake in an American airline and the purchase of ports by Arab funds has created negative reactions. China is protecting many sectors from foreign investments, especially sectors dominated by old state-owned companies. European leaders are expressing concerns about foreign governments investing in critical

infrastructures in their countries, in some cases even when those governments happen to be partners in the European Union.

The oil-rich countries have started Sovereignty Funds that have worried the public opinion as they have the resources to buy up major assets. At the same time the American and European public opinion is –illogically it may seem - in favour of their companies buying businesses in the Asian economies and the West is pressing Arab and other developing countries to allow Western companies to get the right to exploit their energy resources and raw materials as oil, gas and metals.

The lack of a coherent international framework has created a number of unnecessary international clashes as globalization is moving on. There is a need for a global law and order also when it comes to the acquisitions of assets. One responsibility of a new World Market Organization could therefore be to negotiate a multilateral agreement on the right to own assets in another country. It could, as the trade agreements, be based on the principle of free and open markets and on reciprocity. Such an agreement, that could be turned into law by the Legislative Assembly, would counter the development towards violent confrontations where in many cases the right to own assets is the underlying reason for the conflict. It would probably be helpful if the negotiations came to be connected to the overall trade negotiations and be part of the round that has to follow the so far failed Doha round. When an agreement is reached the nations could be held accountable for implementing it, in the same way as they have been held responsible for living up to their trade agreements.

World Governance will not be able to solve all global conflicts related to the right to own assets in another country as all countries will not be members. But World Governance would be able to establish an international standard, a standard that if necessary could be enforced on states that are not recognized market economies.

Failing states and currencies

When the present international financial institutions were created the issue was how to avoid such instabilities in the international financial system that could be caused by failing states or currencies. The International Monetary Fund became an international watchdog with the objective to intervene if necessary. The resources put in place were limited as the expectations were that major countries would solve their problems themselves.

The issue on how to handle failing economies need to be clarified. Countries that are recognized members of the world market economy need to follow certain rules and the consequences if they breach them have to be defined, a process now under way in the European Union

A market for goods, services and assets cannot work without a functioning financial market

The present financial crisis has shown that market actors with global reach can create more damage to the international financial system than any failed state. It is clear that there is a need of a global financial regulator that matches their reach. G 20 has only so far been able to agree upon increased cooperation. The European Union has been able to agree on a common central bank for the Euro zone but not on a common regulator although the need is obvious. Central bankers and financial regulators meet to discuss both on European and global level but there is no whip around forcing them to binding conclusions.

IMF was not created to handle a crisis emanating from a malfunctioning of the financial market in its largest member states. The present financial crisis has therefore not been up to IMF to respond to. It has certainly been discussed in the meetings of IMF as it is a forum in which finance ministers, central bankers and regulators meet to discuss global financial issues. But neither IMF nor FSF or any other body has had a mandate to intervene other than by supporting states that need help. In an era of globalization where there is an increasing demand for financial stability and clear rules the international financial institutions have no authority. If a World Market Organization is created it should be one of its major functions to become the missing global regulator of the financial markets.

The market actors must take responsibility for the environment

The protests against the World Trade Organization have many roots. Most seem to be governed by purely egoistic reasons. But there is also a minority among the protesters that raise their voice for some very good reasons. They want e.g. to stop climate change, the melting of the Arctic ice, they want to stop the destruction of the rain forests, the spreading of the deserts and the pollution of air and water. And their concerns are justified; a functioning market economy must live in harmony with nature.

To add the environmental dimension into a new round of trade negotiations may make these negotiations more difficult; but there is too much at stake. The right to export and to trade should be connected to an implementation of basic environmental standards.

A WMO could also take responsibility for the global trading systems that can be a result of the new round of negotiations concerning climate change.

World poverty

Franklin D Roosevelt famously said 1944: “People who are hungry, people who are out of a job are the stuff of which dictatorships are made” To quote Barack Obama: “Nobody likes being poor or hungry, and nobody likes to live under an economic system in which the fruits of his or her labour go perpetually unrewarded”¹⁹⁶ A state with a system that does not meet the basic needs of most of its population is not a stable state. The neo-conservatives to their

¹⁹⁶ Obama, 2007, p 315

credit have understood that something more radical has to be done long-term to avoid conflicts, terrorism and insurgencies. They claim that the Western World never can feel safe as long as so many are living in states that do not deliver full benefits to their citizens. Therefore, they want to spread good governance around the world, introduce citizens to democracy and market economy, fight corruption and create the rule of law. But the way to do it is not simple and when the motives are blurred the efforts may be futile. As history recently has shown, it is not credible to come to a country telling the citizens with one voice: “We are here to give you democracy” and with another voice: “By the way, we want your oil.”

The cost to eradicate poverty is in a global perspective negligible. Some countries are poor in every respect. In such cases the lack of actions is mainly due to the lack of political will and not systemic failures. That such will is missing could be related to the knowledge gap and to the deterioration of shared values. There is no need for new actors; there are already many actors involved. The fight against poverty is done directly through UN organizations as the World Health Organization, UNICEF and the World Bank, through charities and national development aid programs. The UN, especially the World Bank, has the legitimacy to play a coordinating role; the Bank has also introduced new schemes to support investments in infrastructures. The G 20 has during the financial crisis tried to ease the credit squeeze for developing countries, who have found it increasingly difficult to get credits, by committing more support via IMF and the World Bank. There are especially two issues that need to be addressed. The first is how to fund the fight against poverty and the second is how to ensure that the aid does not disappear in corruption.

Exploration of oil and other scarce resources

Another issue is how to address the exploitation of limited global natural resources in the form of oil, gas and coal, minerals and rain forests. The West has a not very honourable history of ‘go and grab’. Commodity rich countries have been conquered, colonized, blackmailed and bribed to let Western countries benefit from their riches to a low price. This is a practice that is still ongoing. It is not only the Western countries that are involved; so are all economies that are developed or emerging. The issues surrounding the Arctic do not make the problem easier to solve.

The practice is the main underlying cause of wars and terrorism. It is probably the one that is most difficult to root out as it strongly linked to a greed that blocks reason. The following discussion is therefore more of a thought exercise than other tentative, perhaps more realistic proposals.

The first question that can be asked is who that can claim legitimate ownership of the natural resources. In this approach the states are not an automatic choice as their legitimacy is dependent on the way they are ruled. Most people would agree that the population of a

country that is commodity rich should benefit somehow, especially if it is poor. This is, however, an ethical consideration that has to be imposed on the market if to be applied. Failed states with corrupt leaders that put the profits in their own private pockets are with this perspective not automatically legitimate owners of oil fields and mines. If military power gives the right to demand concessions from commodity rich countries is another issue with moral implications. It can be legitimate to use military power to prevent terrorism and human rights abuses, especially if it is used in a consensual way. But how about using it explicitly or implicitly to gain access to natural resources in another country? This is a question that few citizens want to face. They want their governments to take the necessary steps to ensure that they get petrol to their cars, can heat their homes and that the industries on which they are dependent can get the raw material they need. They do not want to know how, as this would create a cognitive dissonance, a conflict between what they have learned and the values they have.

A reasoned solution to the problem could, purely theoretically, be to see natural resources as resources that ought to be owned by humanity as a whole, as part of a global regulated market economy. Any exploitation could with this approach be overseen by WMO and follow its regulations. Elements of such a regulation could tentatively be:

- Before exploitation all projects could be subject to an environmental assessment leading to a decision on necessary restrictions. A local court can be first instance but a decision could be possible to appeal to an international court.
- A tender process for exploitation rights open to all WMO countries could be organized by the state concerned in line with WMO directives.
- A certain regulated percentage of the revenues could go to the country concerned under the condition that they are used in a transparent way
- Another percentage could go to international funds connected to WHO and the World Bank in order to finance the eradication of diseases as malaria and polio and to eradicate world poverty.
- The sales on the market could follow the trade agreements.

Competition, intellectual property rights and sound trading practices

The competition legislations of individual countries and trading blocks are partly overlapping, partly in conflict from the perspective of international companies and entrepreneurs. The same is true for intellectual property rights such as patent law. A common international legislation would be welcome by many actors.

Corruption is also all too common and difficult to out-root, even in many democracies. An international legislation around trade practices may help in advancing the fight against corruption.

VII. STRENGTHENING DEMOCRACY

Modern Western democracies are not perfect, but they are reasonably legitimate. This was one of the conclusions in chapter IV. Countries with a long tradition of democracy seem to stick to the system for better and for worse, even if people are critical to how the democratic institutions work and there are question marks related to the legitimacy of the democracies that are far from easy to straighten out. To increase people's trust in the democratic systems is a challenging proposition. The overreaching problem is, as just discussed, that most nation-states have limited influence on the global market economy, while the developments on the market are increasingly important for their citizens. How the global market evolves decides the citizens' employment, their salaries, wages and pensions. One reason, why the confidence in politicians has decreased, is that they sometimes have been tempted to promise more, when it comes to jobs and people's economy, than they actually have the power to deliver. A positive side-effect of the creation of World Market Governance is that it may change people's expectations and make their demands on the national politicians more realistic.

But there are other issues that need to be addressed if the confidence in the democratic institutions is to be raised. Democracy needs an environment that promotes reason and conscious decision-making to work even in a formal sense, an environment that is somewhat wanting. There are concerns related to the right to enlightened information, infringed by the new role of media as 'infotainers'; there is a growing knowledge gap leading to distrust between politicians and voters; there is a lack of personal accountability in most countries; there are concerns surrounding the right to a private sphere, a sphere in which many Western states now are intruding; there are concerns around a mal-functioning rule of law and intimidated judges. There are many reasons why the belief in the democratic system and its institutions is waning, besides the issues around human nature.

Some democratic institutions are facing other types of problems. A general truth is that all organizations over time develop habits and informal structures that are counterproductive to their objectives. Democratic institutions are no different. It seems e.g. that all parliaments develop informal paths for the members to promote their favourite projects. Such 'bargaining' can be quite destructive and, while voters may like that their representatives are able to get investments and jobs to their districts, they may dismay the way it happened. That is why management researchers recommend *regular overhaul* of all type of organizations, change for the sake of change. The budget process is an example of a process that needs to be radically changed from time to time to remain efficient.

There are substantial and minor changes that in different ways can strengthen the Western democratic systems, the confidence in the systems and their attractiveness to those that have not experienced democracy yet. Some such 'social engineering' efforts will be offered here. Tentative suggestions will be put forward in relation to personal accountability, shared values, a private sphere and a World Democracy Organization. The issues surrounding public information and the rule of law will be addressed in the next chapters as they are of importance for the functioning both of the democracies and the market economy. The reader will note that many of the ideas that are floated already have been identified in one form of

the other in other studies. The perspective that this approach adds is sometimes only that contemporary knowledge about human nature should be taken into account. And as stated several times: There is no such thing as a perfect system; there are only 'good-enough' systems applicable to a certain situation and a certain moment of time.

It is far from certain that the systemic proposals, if applied, would change the downward spiral in which many democratic systems seem to find themselves. For that to happen there is probably a need for much more, such as World Market Governance, and, besides that, also new policies and a new interest in politics among the young. However, I do not want to overstate the predicaments the systems are facing or contribute to the despair about the possibilities to address them. The Western democracies are after all still alive, many other forms of governance have been tested and no better governance has been found.

1. PERSONAL ACCOUNTABILITY

The Western democratic systems are based on *party systems*, with parties inspired by political philosophies developed in the wake of the industrial revolution. The issue is that the political parties in Europe are no longer attracting members the same way as before. The old struggles seem to the young a bit out-dated. The differences between the positions of the parties are today also not seldom smaller than the differences between individuals. The more outlandish political theories are more or less obsolete, even if there still are people who believe that the market economy should be replaced by a planned socialist economy and those that mean that the state should not care about the welfare of its people; in most countries such beliefs are held by declining minorities to the left and to the right. The majority among citizens as well as politicians supports a democracy that ensures a basic welfare system combined with a market economy. There is a "crowding" of parties in the middle trying to capture the centre-stage. That makes the choice between parties less important and voters are as a consequence generally less and less committed to one specific party. What people instead are looking for in the elections are more and more the qualities of the leaders. People want to know if the leading candidates can drive the complex system forward and people want to be able to hold the political leaders personally responsible for how they succeed. If people cannot find leaders they can trust within the democratic system, history shows that they will start looking for them elsewhere. This is what happened at the time of the Great Depression and that is what can happen again.

The elections that create substantial interest are elections where the citizens are able to choose between individuals, not just parties. The latest election of an American President caught the interest of the whole world; the election of the French President caught the interest of the whole of Europe. Millions outside the United States and France were listening to the debates between the candidates in those two elections trying to decide on whom to believe in. The choice the voters made was not mainly a choice between different ideologies, but between different personalities and their presumed ability to deliver change. Both campaigns stirred up more interest among European citizens than the elections to their own parliaments or the European Parliament.

As the frontiers between old ideologies have been blurred there is an obvious and growing need for citizens to be given the chance to vote for individuals that they can hold responsible. A positive side effect of a more direct election of political leaders would probably be stronger candidates as the parties would need to pay more attention to how their nominated candidates are perceived by the general public. Stronger public leaders can also on average be expected to govern better and deliver more. Researchers have also shown how important it is that we can identify ourselves with a leader. A strong leader is a symbol for the “us” and gets more commitment from the collective “thymos”. A strong leader is energizing also the followers.

2. STRENGTHEN THE VALUE-BASE

A main lesson in this study is that a functioning democracy must be based on shared and communicated values. Values are the glue that keeps the societies together. The fabric of shared values is, however as has been shown, a fabric with gaping and widening holes. The key Enlightenment values, the belief in science and reason and the relational values liberty, fairness, equality and security have thus to be regained as a top priority. They are important as they are the basis not only of democracy as such but also of the human rights and the rule of law.

A stronger focus must be put on the teaching of shared values in the early years of the children’s upbringing. Parents have an important role. It may be more difficult to live up to that role than before with the prejudicial campaigning of tabloids and some TV channels, but parents must try to prevent children from too much exposure to such media and discuss the value issues with the children when they have been exposed. The responsibility can, however, not rest solely with the parents. There is also a need for community efforts to build ethical cultures and bring people together. Teachers need to take the teaching of values seriously and church leaders have to denounce those that preach intolerance.

The world has just been through a period after 9/11 which some have called “*The reign of fear*”. Barack Obama won an election by countering that threat messages with “*The audacity of hope*”, focusing on shared values. He has shown that there is an urge among people to hear about values and to have their hopes restored. His positive message has raised expectations, especially among Europeans, expectations that are hard met. How far we in the Western world are from sharing values is demonstrated by the fact that, while Europeans mostly find Barack Obama’s values to be main stream, a substantial right-wing opposition in the US see them as un-American; polls show that many claim that they do not share Obama’s values.

Religious intolerance

An increasing religious intolerance seems to be one major reason for the split in values.

Religious fanatics have not only undermined the belief in science they have also attacked the perception that all humans have the same basic rights, claiming that people of different creeds can and should be treated differently. History is somewhat repeating itself. The perhaps

toughest fights undertaken by the Enlightenment philosophers were the ones against religiously inspired prejudice, intolerance and manipulation.

There are no two words that seem to create a larger distance between people than the words 'good' and 'evil'. There is something absolute about them. What makes the language so distressing is the religious connotation. To fear, yes even hate evil is something you may have been taught early on in life in Sunday school or the equivalent. If you call someone evil or denounce a group of believers as being evil you have chosen a language that rejects the whole idea of attaching any human value or any human rights to the subjects. If someone with authority tells you that a certain group of people is evil your stereotype will most certainly be affected as will your tolerance towards this group that is different from you.

Enlightenment philosophers fought against a church that used such language as it generated bigotry and intolerance. In the post-war period the divisive language of good and evil was brought in disrepute when used frequently by Joe McCarthy. Empathy with the poor and tolerance towards those who were different became the socially accepted norm, in the period that followed his demise. John F Kennedy said in his famous speech at the American University 45 years ago: "We must examine our own attitudes – as individuals and as a nation – for our attitude is as essential as theirs...No government or social system is so evil that its people must be considered as lacking in virtue." The spirit of the time, in which the speech was delivered, paved the way for the Partial Ban Treaty, the beginning of the arms control regime that perhaps saved the world right then.¹⁹⁷

The religious undercurrent when President George W Bush started to use the word evil was not missed by anyone. He presented himself as a man on a crusade, a word he also used. The idea that a whole population or groups of people who do not share your religious beliefs are evil have always resonated with sentiments in groups with fundamentalist religious views. Those groups have not for a long period been as influential as now. The Orthodox Jews have been successful in propagating their view that the Jews are a selected people with a special relation to God and that the Palestinians are inherently evil. Pope Benedict started his papacy in that spirit by making some statements on what create true believers that were quite divisive, attacking not only Muslims, but also other Christians, burying the ecumenism propagated by his predecessor. He blocked religious dialogues with other churches, claiming that they only should discuss cultural issues. He may have changed his mind at late, noting the negative reactions; at least he seems to wish to reduce the tensions his comments have created. During his visit to Israel and Palestine in May 2009 he delivered a new more conciliatory message. He even indicated that Christians, Jews and Moslems may believe in the same God.

It can be perceived as a mystery that priests can talk about 'the golden rule' and 'the good Samaritan' at the same time as they preach intolerance and hatred and how the followers can buy into the obvious dissonance. The explanation is that the priests do not preach to the conscious selves but to the subconscious selves. When preaching, the priests strengthen

¹⁹⁷ Sorensen, 2008

already existing biases. Emotional constraints are built up that hinder rational arguments to reach the members of congregation when they are faced with them.

Hatred is always mutual. If people are told that they are evil, they will start to hate too. Partly as an effect of the Western reactions to 9/11, partly because of the Israeli-Palestinian conflict, and partly for other reasons the teaching of the Islamic fundamentalists has gained ground. The British-born Muslim Ed Husain describes in his book “The Islamist” how he as a young student moved step-by-step away from the moderate beliefs of his up-bringing to a more and more fundamentalist stance. He became the follower first of non-violent Islamists, later by more and more extreme teachers. His book is an illustrative account of the step-by-step justification process that has been earlier described. Islamism believes that “history is a clash between good and evil”¹⁹⁸, he explains, and has the ambition to replace Western type governance of the societies with *one* Muslim nation, one *ummah*, if need be by violence. “As an Islamist I too believed that the taking of Jewish and non-Muslim lives was perfectly acceptable if it would facilitate Islamist domination”, he adds.¹⁹⁹

Moderate religious beliefs have in common that they mostly deal with issues relating to people’s private lives, while fundamentalists strive for political dominance. There is no difference between Judaism, Christianity and Islam in that sense.

There has therefore always been a question whether religious fundamentalism is the source of the extreme beliefs or if it is just a way to find justification for beliefs that are held for other reasons. The question is worthy of reflection as it decides how the problem should be addressed.

Is the Orthodox Jews belief that the Jews are a select people with a special relation to God the reason for their claim of Jewish Supremacy and their right to an ethnically cleansed Israel or just a way found to justify a racist world view? Is the Islamist preaching that the world should be turned into one Muslim State under sharia law based on true religious beliefs or are those beliefs just a justification for the wish to revenge perceived injustices imposed on the Arab world by Western oppressors? Is the Christian Evangelists call for a crusade based primarily on religious beliefs or is the main reason for the growing support, which they are obtaining, an expression of a fear among the American population that the US is losing some of its imperial status? The self-justification processes work in mysterious ways.

A connected theory is that the disappearing war between ideologies has created a vacuum. People need, besides genetic connections, a group, a ‘stereotype’, with which they can strongly identify, and that define them in relation to other groups, it is claimed. When the political field no longer offers any clear battle lines people turn to other areas. Religious and ethnic dissimilarities offer in that situation an alternative way of defining oneself. This theory may neither be without merit.

¹⁹⁸ Husain, 2007, p. 48

¹⁹⁹ Husain, 2007, p. 264

Fundamentalism would not be such an issue if it was not for the legitimacy it has acquired. Ed Husain describes in his book how the Islamists have been able to portray themselves as the “real” believers, making ordinary Muslims ashamed of their Western ways. The movements in which Husain involved himself made young mainstream Muslim women start covering themselves, stop talking to men outside their families, stop dating non-Muslims etc. To be a fundamentalist was to be respected.

The same is true for Orthodox Jews. Mainstream Jews may be embarrassed over their racist slur and somewhat odd appearances, but they recognize them as the “real” thing. They are given a special status in Israel; they are given tax-breaks; they do not have to enrol in the army etc. They are driving the settlement movement that is blocking the peace process between the Palestinians and Israel, but the mainstream Jews send their sons and daughters to die in order to protect the Orthodox settlers.

The Christian Right has established a legitimacy of its own in the US and it is not seen as politically correct to attack them. The fear of Muslims they preach influence people in general. Political parties, often with links to the Roman Catholic Church, have in a similar way been successful in European countries such as Poland and Hungary with a mainly anti-Muslim and anti-Semitic message. In Amazon a book, with five star reviews, is on sale called EURABIA – the Euro-Arab Axis. The book is written by Bat Ye’or²⁰⁰. He describes how the Arab world will take over Europe during the thirty years to come. The mechanisms are two – immigration and oil. The majority of the children born in the Netherlands are already Arabs, the author claims, as is the case in several German cities. The Arab world, he predicts, will make Europe oil offers that it cannot refuse, but with conditions that step by step will make Europe more and more dependent on the Arab world. The surprisingly praising reviews smell of the fear Bat Ye’or has aroused. For those who remember the anti-Semitic books published in the 20’s and 30’s it is an easily recognizable smell. If one switches Arabs to Jews and Oil to Banks the story is basically the same.

The increasing tolerance towards intolerance, yes even admiration of intolerance, is deeply disturbing. How troublesome the present situation is and, at the same time, how a way out can be found is illustrated by a study made by the anthropologist Scott Atran and the professor in psychology Jeremy Ginges. From 2004 to 2008 they surveyed nearly 4000 Palestinians and Israelis, including refugees, supporters of Hamas and Israeli settlers in the West Bank. They found that common sense solutions like simply trading land for peace or accepting shared sovereignty over Jerusalem were rejected because of values involved that were felt to be sacred to the respondents. Half of the Israeli settlers that were surveyed said that they would not consider trading any land in the West Bank - territory they believed was granted them by God – in exchange for peace. More than half of the Palestinians considered full sovereignty over Jerusalem in the same light, and more than four-fifths felt that the “right of return” was a sacred value too. The greater the monetary incentives involved in any deal tested by the researchers, the greater the disgust from the respondents.

²⁰⁰ Bat Ye’or, 2007

But the researchers also found that mutual recognitions of the legitimacy of the other party's values and concerns would unlock the resistance towards peace deals. If the enemy would make symbolic but difficult gestures it would change the attitudes. For example, Palestinian hard-liners were more willing to consider recognizing the right of Israel to exist if the Israelis offered an official apology for Palestinian suffering in the 1948 war.²⁰¹ This is a result very much in line with the earlier findings in this study. Internalized values are important as they define against what an individual measure his thymos. To show respect for someone's values is therefore to show respect for him.

Another method to prevent religious intolerance can be to offer an alternative attachment. It is not a novel idea, but worth pursuing. The Founding Fathers of the US Constitution saw that option as an opportunity. They were aware of the risks that religious conflicts would affect the functioning of government. Madison in particular expressed concern. He was afraid that democracies would not be able to address the most extreme, emotionally intense conflicts among their members, particularly conflicts among competing sects. The founders hoped that they could keep such conflicts at bay through a combination of attachment to the nation, protection of private property, creation of the conditions for prosperity that would strongly motivate people to restrict their battles to the ballot box, and creating a separation of church and state that would discourage sectarian battles waged using the instrument of government.²⁰² 'Attachment to the nation' can, however, also be exploited. Just as man needs an 'enemy', a state that contains disparate groups may need one to keep together according to a third theory, supported by e.g. Machiavelli. A common external enemy can create a distraction from internal conflicts and problems.²⁰³ The remedy to such actions is to expose them.

Waning trust in science

Rationality is another cornerstone in democracy. The elected representatives are expected to take decisions based upon the evidence of the case. It is therefore imperative that the decision processes are protected against manipulation and intimidation. Methods to strengthen the rationality of the processes have already been discussed, but no protections will work if not based upon a shared belief in science and reason among the citizens. I have already discussed how to fight religious extremism and I will come back to the question of the role of media. There is, however, more to be said, especially about the role of scientists.

Scientists have a clear responsibility to contribute to a rational discussion. It is a central Enlightenment value that scientists should be free to search for truths wherever they can be found; but scientists also have a responsibility to care about how their research is used, what kind of future societal structures it supports. Technologies are by themselves neither good nor bad. Almost all technologies can be used in a dual way. It is how society implements the new

²⁰¹ The research funded by National Science Foundation and the Defense Department was presented by the researchers in International Herald Tribune 27 January, 2009 p 6.

²⁰² Westen, 1999, p 123

²⁰³ The enjoyable US movie 'Wag the Dog' in which the President starts a 'virtual war' to distract the public opinion makes this case in a very convincing way.

technologies that decide their ethical implications. This is nothing new. Already the first major discovery by mankind, fire, could be used beneficially for cooking and heating but also malevolently to burn down the hut of the enemy. What has changed over time is the potential of the technology advances, both when it comes to positive and negative impact. It is not a responsibility to be taken lightly and there are seldom simple answers. It is especially important that researchers take active part in a discussion about the use of their findings when new breakthroughs are made; when old barriers are history, new horizons have been opened up and new roads towards the unknown future have to be defined.

Nuclear scientists were in that situation sixty years ago, and the dilemma that many of them faced must have been horrendous. Many are today daily profiting from energy released by nuclear power plants. At the same time mankind face the threat of total eradication in a nuclear war. Institutions have been built and treaties negotiated in order to reduce the risk for such a war, but the institutions are weak and the treaties are not respected, not even by all democracies. As the potential for both use and misuse of new technologies is increasing exponentially the failure of establishing a trustworthy regime for control of nuclear weapons is worrying. How will man be able to address future challenges of significant magnitude when he has been so inept at handling the first major test?

Those that now are involved in the development of emerging technologies such as information technologies are facing a similar challenge although perhaps not as dramatic. But the misuse of their research is already of a scale that makes many of them worried. Everyone involved in IT development has that in common with the nuclear scientists that they are exploiting an enormous power. IT researchers are developing technologies, new tools for the knowledge society, which already have a major impact on people's way of life. The new tools can empower people, make everyone freer and more resourceful, better informed and more able to fulfil his dreams, to participate in and influence the development of the societies. And this is what almost all involved in the ICT research dream of achieving.

Scientists are in the process of developing a future internet that will integrate the different ways of communication. That will make everyone's life easier. The future internet will be more than a technical solution. It will be a cornerstone in a societal building; play a major role in the lives of the citizens. The refrigerator is already a computer. The next generation will be connected to internet so that people can be warned when away from home if it malfunctions. It is already possible to get information including video pictures to the "blackberry" if someone enters your home when you are on vacation. The cars will be always connected and can give their GPS position so that the police can trace them if they are stolen; the cars will be connected to 'the intelligent road' to avoid traffic accidents; the cars may even be driven by 'the intelligent road'. The "iPhone" is connected to GPS; that is very practical and makes life difficult for anyone who wants to steal the hand-held device. When entering a shopping centre the handset will be automatically connected and receive information about where the sales are; many will love that. Most people will carry with them a smart card with their whole medical history recorded. It can be read only with their permission, but in emergencies it can

be read by the medical staff, with new technology at a couple of meters distance. The knowledge society under creation is a fantastic step forward for mankind.

But it is clear that the endeavours of researchers also can be used in an opposite context, by states that want to control and supervise their people, to manipulate them, to keep them in ignorance and to bereave them of any real opportunity to form their own way of life. This is especially a risk in countries where people have not yet experienced democracy or where the democracy is new and weak. This is the situation in most countries. We may be privileged in our part of the world and unconcerned, but we have to be aware that what is done here, the ICT tools that are developed here, can and will be used in a global context. The information society knows no borders. It is in the self interest of Americans and Europeans alike to prevent misuse of the new opportunities that emerging technologies offer.

The American futurist and inventor Ray Kurzweil writes: “An analysis of the history of technology shows that technological change is exponential, contrary to the common-sense ‘intuitive linear’ view. So we won’t experience 100 years of progress in the 21st century – it will be more like 20,000 years of progress (at today’s rate). The ‘returns’, such as chip speed and cost-effectiveness, also increase exponentially [...] In a few decades machine intelligence will surpass human intelligence, leading to The Singularity – technological change so rapid and profound it represents a rupture in the fabric of human history”²⁰⁴. Bill Hubbard, Senior Scientist at the Space Science and Engineering in Wisconsin explains: “A critical event in the progress of science is imminent. This is the physical explanation of consciousness and demonstration by building a conscious machine [...] we will build machines much more intelligent than humans, because intelligent machines will help with their own science and engineering. And the knowledge gap that has been shrinking over the centuries will start to grow [...] We will understand the machine’s mind about as much as our pets understand us”²⁰⁵

The futurologist Ray Hammond is even more dramatic in his forecasts: “In the longer term I suspect, as I have for over forty years, that enhanced human beings and super-computer intelligence will merge to become a new species that will become our successors, a new non-biological species [...] I don’t see the super-intelligent computer personalities of the future as being terrifyingly alien beings, but as a natural product and extension of ourselves. They will indeed be our children”²⁰⁶

Those predictions are quoted, not because they are inevitable or necessarily accurate, but in order to highlight the explosive progress of science as well as the ethical questions that the accelerating development of new technologies will raise. How to respond to “super-intelligence” and “conscious machines” enabled by progress in information technologies, biomedicine, nanotechnology and quantum information processing? How far to go in genetic manipulation to enhance longevity and reduce the risk for hereditary diseases? An artificial hand can already replace a hand lost in an accident. But the same technique can be used to

²⁰⁴ <http://karmak.org/archive/2003/01/art0134.html>

²⁰⁵ <http://www.amazon.ca/Super-Intelligent-Machines-Bill-Hubbard/dp/0306473887>

²⁰⁶ Ray Hammond: “The World in 2030”, 2007, p 318

create “super-humans” with extraordinary physical power. How to relate to such a development? And will the choice not be dependent on in which environment it is taken – in open democracies guided by ethical values or in autocracies guided by the self-interests of the rulers? The last question, which is obviously rhetorical, shows the depth of the challenge.

3. RESTORE A PRIVATE SPHERE

In annual reports the Electronic Privacy Information Center (US) and Privacy International (UK) reviews the state of privacy in more than 75 countries around the world. The reports outline legal protections for privacy, and summarize important issues and events relating to privacy and surveillance. Each country report covers the constitutional, legal and regulatory framework protecting privacy and the surveillance of communications by law enforcement, new landmark court cases, most noteworthy advocacy work of non-governmental organizations and human rights groups, various new developments, and major news stories related to privacy.

The latest report covering 2007 marked the proliferation of new technologies and surveillance applications in both the public and private sectors. Here follows some highlights from that report²⁰⁷

“Advanced identification schemes are being used for an unprecedented number of purposes, both in the public and private spheres. Real-time biometric identification using wireless handheld scanners is now being deployed. The amount of biometric and other information stored on identification cards is increasing to include iris scans, fingerprints, health information, and information of dependents. Several government identification card systems are now offering a “junior” version of the cards for children. Although many identification cards are currently voluntary, limited access to government services makes the cards de facto mandatory in many cases.”

“RFID-enabled license plates are now being used to track the movement of vehicles. Face recognition is being employed to monitor crowds at sporting events. New workplace surveillance systems include GPS tracking of company vehicles, voice verification technologies, and biometric building access. The private sector is also implementing biometric identification for entry into leisure facilities and clubs, while governments are expanding smart cards uses to library access, banking, and e-health. In the criminal justice sector, DNA databases continue to expand, providing both new forms of forensic analysis and new privacy challenges.”

“During the past year, the increased flow of personal information across national borders brought divergence in international approaches to data protection and privacy to the forefront of political debate, particularly between the United States and Europe.”

²⁰⁷ [http://www.privacyinternational.org/article.shtml?cmd\[347\]=x-347-559060&als\[theme\]=Privacy%20and%20Human%20Rights%202004](http://www.privacyinternational.org/article.shtml?cmd[347]=x-347-559060&als[theme]=Privacy%20and%20Human%20Rights%202004)

EPIC and Privacy International presented 2006 a National Privacy Ranking with European Union countries and “Leading surveillance societies”²⁰⁸. The ranking was based on an evaluation of constitutional protection, statutory protection, privacy enforcement, identity cards and biometrics, data-sharing, visual surveillance, comms interception, workplace monitoring, law enforcement access, comms data retention, travel, finances, transborder, leadership, and democratic safeguards. On the top of the list came Germany and Canada with ‘Significant protection and safeguards’. At the bottom of the list and ranked as ‘Surveillance societies’ came China, Malaysia, Russia, Singapore, Philippines, Thailand, the US and the UK. Close to the bottom with ‘Systemic failure to uphold safeguards’ were the ‘internet countries’ Sweden and the Netherlands to be found.

Positive signs?

EPIC and PI see some positive developments in their 2007 report. The use of surveillance tools is increasing but so is the opposition:

“The transition from analog media to digital media has created new opportunities to record and store personal information in both the public and private sectors. Law enforcement agencies believe that retaining data on the users of the Internet and telecommunications services may help uncover patterns of criminal activity. Many of the obligations to store this data fall on Internet Service Providers and telephone companies. At the same time, Internet search companies and advertising firms are keeping personal information on users to create profiles and develop highly targeted advertising. Opposition to both forms of data retention appears to be growing.”

“Civil liberties groups and NGOs have continued to mount successful campaigns against privacy-invading schemes. Protests against the national identification system “Juki Net” continued in Japan. In Germany, thousands of protesters have voiced opposition to the EU Data Retention Directive. NGO groups successfully narrowed the scope of surveillance and identifications schemes by incorporating purpose limitations, data destruction requirements, limiting the use of personal identification numbers, and meaningful oversight and penalty provisions into draft legislation. In the United States, public protest appears to have derailed the plan for a national ID card.”

“International governmental organizations have played an active role in privacy policy formation. Several countries have adopted or amended data protection legislation with an eye to entering the European Union or the European information technology market.”

“The European Court of Human Rights has played an increasingly important role in the interpretation of privacy rights protected by Article 8 of the European Convention on Human Rights. The Court established a right to privacy in several cases during the past year, in such matters as identity documents, communications surveillance, and workplace privacy.”

²⁰⁸ <http://www.privacyinternational.org/survey/phr2005/phr2005spread.jpg>

“Around the world, new laws have been enacted and many bills are pending to protect individuals' right to privacy and data protection.”

The latest positive sign is the on-going discussion in the US Congress on a strengthened privacy.

There are, however, also negative signs. The French Parliament has just adopted a law that reduces the freedom of information for offenders of copyrights.

How to restore a private sphere

Democracy is a vulnerable system and without a right for citizens to a private sphere it will in my opinion be increasingly vulnerable. Most IT-specialists agree that it is possible from a *technological* point of view to restore a private sphere. It demands, however, an international consensus on how to do it as internet is a global tool. A judicial-technical solution could follow the following lines:

Step 1 would be to *define the private sphere*. The definition has to recognize that the private sphere is extended in the information age. The ‘I’ has become an ‘Extended I’.

Step 2 would be to agree on *a technological solutions that protects the sphere*. The solution can include offline storages, firewalls and access conditions. The protection must be ‘hard’ if privacy should have a meaning.

Step 3. *Access rights* have to be well defined and difficult to hack into. The rights must belong to the owner and to a trusted third party. Whenever the sphere is accessed it must be possible to trace the access.

A new *legal framework* would also be needed. It would have to recognize the new definition of a private sphere and to regulate on which conditions the sphere can be accessed. A state official who wants access rights from a trusted third party would first have to get a legal warrant issued by a judge. All accesses would have to be registered in order to hold everyone accountable. It is not enough to strengthen ordinary law. Also the constitutions need strengthening, as do the courts that have the role to prevent laws to be adopted that are unconstitutional.

The private spheres would also need to be protected from intrusive practices of *market actors*. In the thinking of the old libertarians the citizens only needed protection from a powerful state. But as the market economy has developed so has the power of the market actors. People are as dependant on electricity utilities and internet banks, IT and telecom providers, bus companies and large retailers as on the state; the integrity of the private sphere has to be ensured also in relation to the market. Google, Yahoo and the like should have no principle right to store searches or the bus company to store pictures from their surveillance cameras.

It is also imperative to take the ongoing *research* into account. There is a development of a new future internet under way in which all different form of digital communication will be

integrated, an internet of things in which not only the individual but also his belongings are part. The US Department of Homeland Security is a main sponsor of this development. That ministry as well as other ministries responsible for the security has a legitimate interest in influencing future internet. Those interests of the state have to be balanced with the interests of the individuals. There is a need to broaden the participation in the development of the future internet, to involve more and independent researchers and involve social scientists in a dialogue on which future society the technology will support.

4. WORLD DEMOCRACY ORGANIZATION

Related to the UN system there are a number of charters, conventions and treaties that states in varying degree have signed. Many of them are expressing principles and positions that every supporter of human rights, the rule of law and democracy is happy to endorse. There is, however, a major problem. Most countries in the world are run by autocrats, meritocrats, theocrats or military dictators; they may have put their names under the demanding declarations, but they have no intention to live up to them.

The Security Council has been constructed to enable a shared control of military deployment by the dominating powers of the world. It is based on the realities on the ground. So is the General Assembly in which every country has one vote independent of size and independent of how it is ruled. For anyone to be regarded as a “legitimate” representative of a state it is enough to control the territory; how you control it is not in question.

What has happened in the world landscape after the fall of the Soviet Union and the rise of Asia is a change of the ideological climate. It is, as already noted, no longer enough in the eyes of the educated world opinion to control your territory to be a legitimate ruler. A respected state needs a system that is putting the welfare of its people first, that ensures human rights and the rule of law and it needs to have a functioning market economy.

The growing global interdependence of the economies has forced the development of a parallel organization to the UN, now called the World Trade Organization. To be a member of that organization a country needs to be recognized as a reasonably well functioning market economy. As states around the world have an obvious self interest of becoming part of global work sharing and of global trade they have had strong incentives to reform their economies, moving the economies from being directed and protectionist to being free and open to private and foreign investments and to trade. In that way a prospective membership of WTO has been the same heave for change as the potential membership in the European Union has been stimulating reforms of malfunctioning authoritarian systems. A new World Market Organization covering all aspects of global markets, not just the trade, would have the same attraction.

The missing link is then a global organization of nation states in which you only can become member if you are a recognized democracy. That this link is wanted has been identified by many actors, among them the American neoconservatives. The former Spanish Prime Minister José Maria Aznar has led the work on a proposal to reform NATO into An Alliance for

Freedom open to all democracies with the objective to fight Islamic fundamentalism and to build democracy when involving in peace keeping operations.²⁰⁹ The report was well received when presented in the US and has together with a similar proposal from Robert Kagan²¹⁰ on a “Concert of Democracies” probably been one of the sources of inspiration to John McCain, when he in a speech in Los Angeles April 2008 proposed a “League of Democracies” with basically the same purpose. The league could sponsor intervention in Darfur or “bring concerted pressure to bear on tyrants in Burma or Zimbabwe, with or without Moscow and Beijing’s approval”. Alternatively, “it could unite to impose sanctions on Iran”. He promised that he would call a summit of democracies in his first year in the White House – and likened the formation of the new democratic league to the foundation of NATO.

Gideon Rachman wrote in the *Financial Times*²¹¹: “Mr. McCain’s support for a league of democracies means that it has quickly been labeled a rightwing idea. But variants of the idea have also attracted support from liberals. The Princeton Project on National Security – supported by many liberal academics – has promoted the idea of a ‘concert of democracies’. Ivo Daalder, an adviser to Mr. Obama, has also pushed the idea.”

Many, including Gideon Rachman, have denounced the idea as outright dangerous as they believe that it would alienate Russia and China and create a new Cold War; a confrontation the world does not need right now.

There are two issues with the proposals tabled so far. The first issue is that Aznar and McCain are mixing up military power and democracy. The two aspects have to be separated. It is one thing as done by WTO and the EU to peacefully promote the spreading of market economy and good democratic governance to states who want to become members, another to use military means to enforce democracy as proposed by Aznar and McCain. The “soft power” of the EU and WTO has worked and has not made the world more dangerous. The “hard power” of military power ought to be balanced also in the future by the deliberations in the Security Council. It is in fact imperative that the US accepts to work through the UN Security Council when using military force in the way George Bush Sr and Bill Clinton did it. The US may end up in situations like the one Bill Clinton faced when deciding to intervene in Kosovo to stop the ethnical cleansing and the ongoing genocide. The world opinion deemed that action to be “illegal but legitimate” because it knew that the US was committed to global consensus building before using its military power. It would have been a major mistake of the new US administration to build up a parallel institution consisting of “the willing” to compete with the UN Security Council. The new “Obama doctrine” that brings the US back into the ‘family of nations’ is therefore a welcome step. It should be noted that a partly dormant institution for democracies actually exists, without having made a major impact so far. It is called the ‘Community of Democracies’ initiative and has the aim to forge international consensus among countries committed to the democratic path on ways they can better work together to support and deepen democracy, but also ‘to defend it where threatened’. It was created in

²⁰⁹ Aznar, Bardazi, Portero, 2005

²¹⁰ Kagan, 2008, p 97-103

²¹¹ Gideon Rachman *Financial Times*, 5 May 2008

Warsaw 2000 and was expanded in 2006 to encompass countries that aligned themselves with the US in its approach to the War on Terror. It has now 17 members out of which five are European, Poland the Czech Republic, Lithuania, Portugal and Italy. The current invitation process has come under criticism as being too lax, undermining the credibility of the organization.

The second issue is related to Russia and China. If the intention is to isolate them and create a new Cold War, which is how Gideon Rachman reads the proposal, it is easy to agree with him. That would be both counterproductive and dangerous. It would be counterproductive as it means a refusal to see the development in those countries in all its complexity. It is important to remember that the West is highly culpable in generating the present situation in Russia. It was bad advice given by the US and Europe that led to a premature privatization wave, creating an unruly "mafia state". Putin has taken the fight with many mafia bosses and re-established some sort of law and order. He has prevented them from using their economic power in order to steer the state, buying up media companies and the like. His critics claim that he at the same time has enriched himself and started to use the instruments of the state for personal gain. His methods may not fall within the rules of a developed liberal democracy but he has for the moment strong public support. He most likely feels that he has shown his long-term commitment to play by the rules by stepping down voluntarily from the presidency, taking the humiliation of being second in command. To exclude Russia long term from a membership in a concept of democracies would therefore be a major mistake. The developed democracies should instead make Russia a Candidate Country and use the "soft power" to encourage Russia to develop its system on the three points where it is especially weak – press freedom, corruption and the rule of law. No one should demand of Putin to let mafia bosses take over TV channels or newspapers; he should instead be asked to give journalists the right to freely report and for media to be diversified. He should be asked to more strongly fight corruption and to make the courts more independent.

China is a similar case. The West has good reasons to actively support its development from a backward agrarian and totalitarian state to a modern industrialized market economy with ambitions to enter into a global role on equal terms with the US and the EU. Fifteen years ago in Davos and in a private conversation one of the leading men in the Chinese government told me about their plans. He talked about the free zones, on how they would expand market economy to the whole country and he talked about how they were going to start to get the Chinese used to the idea of voting for leaders by organizing elections of local leaders in the villages. We do not want to make the same mistake as the Russians, he said, and you must understand that our people have never experienced democracy.

So far they have followed the plans. The introduction of market economy has obviously been a success, too much of a success and too uncontrolled perhaps, but still a major step forward. The democracy introduction has been less encouraging. The research done by Leijonhufvud and Enqvist, referred to earlier, has included the local democracy trials and their conclusion is that the villagers are disappointed with democracy. It is really not very surprising; what the people in the villages want are the basic things: a decent living, a pension when retiring, a

doctor to look after them and their families. On none of these issues a locally elected “mayor” can deliver.

History has shown that democratization in most cases has taken off with industrialization and as the population becomes more educated. It is not until the level of development has passed a certain stage that people have enough knowledge to make informed decisions. It seems clear by now that the Chinese, if they still are serious in their ambitions, should have started by developing democracy in the big cities, in Beijing and Shanghai. Two alternative positions can be taken: We could, following the analysis that Leijonhufvud and Enqvist among others have made that China is unlikely to develop into a democracy, condemn the Chinese for their mistakes. Or we could give them the benefit of the doubt and try to support them in finding their way. The second approach seems by far the most productive.

It is only a minority of the world’s population that is living in democracies today. Generously counted it is about 2.5 billion, representing some 40 % of the global population. A relatively big share of the world population is living in autocratic market economies, and a not inconsiderable group is living in states with feudal or tribal system.

A World Democracy Organisation could, if created the right way, be a promotion of the spreading of democratic ideas that now has been halted. A possible step forward could be to create a World Democracy Organization, a WDO, which with “soft power” could support the development of democracy, human rights and the rule of law, just in the same way as the World Trade Organization with “soft power” has spread good market economy practices around the world. But whenever a possible WDO has reason to consider the use of “hard power” it should refer the issue to the UN Security Council. A WDO should not involve itself in military actions and should not be connected to NATO. Any such explicit or implicit link would be counterproductive and be seen as a confrontational move.

There is no perfect democracy and there is no perfect market economy. WTO has used a number of criteria to decide when an economy is to be regarded as a market economy. A WDO could establish criteria for membership in a similar way, perhaps building on the Copenhagen criteria so successfully used in the EU accession negotiations. The political criterion originally decided by the European Council in Copenhagen 1993 is that a new member must have “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities”²¹²

There are many possible and important tasks for a World Democracy Organization. Some of those could for instance be to become

- *the Guardian of Internet*. The US has understandably enough not been prepared to give the UN any role in supervising internet as the UN is dominated by countries that do not respect the freedom of information and press. It should be noted that there is an old promise to the EU to involve it in the governance of internet that has not been fulfilled.

- *the Guardian of Human Rights*. Existing international law could be revised by the members of WDO and a mandate be given to the International Court, that also could be connected to a WDO.
- *to offer guidance and assistance* on nation-building and democratic procedures as elections. The UN Security Council can decide on military actions but there is no one responsible for building peace.
- *the Guardian of Minority Rights*.

WDO would with this role be a “soft power” attracting states to be accepted as members just as a membership of WTO has been of both economic and prestigious importance to many countries. It should be admitted that the attraction of WDO to autocratic regimes would be low, much lower than the attraction of a membership in a possible future WMO. To become a member of WDO the country must want to be a democracy. It would therefore of course not hurt if developed countries made some of their development aid dependent on a membership of WDO.

A WDO would not make a major change, but it could contribute to a change.

VIII. A PUBLIC INFORMATION SPACE

A major conclusion of this inquiry is that it makes some sense to regard nation-states and the global market economy as separate societal systems. However, they are also as pointed out interlinked and dependent on common features. Two such aspects will be discussed in this and the following chapter. The focus in this chapter will be on the role of a *Public Information Space* and the next chapter will deal with the *Rule of Law*. The information space and the rule of law can be seen as almost necessary *support systems*. Democracy cannot function without informed citizens and the market economy will certainly benefit from more informed actors. A judiciary is a prerequisite for a public order; nation-states and the global market economy would not be societal systems without the support of law.

1. THE POWER OF INFORMATION

Niccolo Machiavelli wrote his famous *Principe* in order to get back in favour with the Prince of Medici. He could not possibly have foreseen that his writing would be published after his death and he most certainly would not have expected it to have a major influence on the thinking of politicians half a millennium later, but that is what has happened. His brutal advices are followed by men in power all around the world: Don't share power with anyone who wants to take it away from you! If you beat someone, do it thoroughly so he cannot come back for revenge! And, control the access and spreading of information! Information is one of the most important ways of exercising power.

²¹² For latest update see *Treaty of Lisbon*

For Machiavelli, politics was about one and only one thing: getting and keeping power or authority. Everything else—religion, morality, etc—that people associate with politics had according to him nothing to do with this fundamental aspect of politics—unless being moral helps one to get and keep power. The only skill that counts in getting and maintaining power is calculation; the successful politician knows what to do or what to say for every situation.²¹³ This was a breach with the old tradition of Aristotle for which politics was a continuation of ethics.

To follow the advice to control the access to and spreading of information was for those in power not so difficult at a time when writing was done by hand and oral communication was the most important channel of communication. But when Gutenberg invented the printing, when we got printed books and newsletters, things started to change; and even more so with the radio and the television. For rulers who wanted to use information to control and manipulate its citizens this technical development raised new challenges. However, history has shown that the autocratic rulers in general have been able to master the new tools, even using them to strengthen their grip over the population. This still is the situation in most countries of the world. Free media is the exception, not the rule.

When the western democracies were created media came to play another role; for a democracy the freedom of expression in all forms is essential. It includes the freedom of speech, the freedom to organize in parties and associations, the freedom to meet and to make peaceful demonstrations and last but not least the right to express any views in media and to distribute those views freely to others. The freedom of information is often seen as a way of controlling power from being misused and ensuring that the citizens going to the polls are well informed.

The right for anyone to publish books and newspapers has therefore been an essential part of the human rights that has been protected in the modern constitutions of all democracies. An issue has been how to make it possible for all parts of society to get a voice and not to make the right to publish directly connected to economic power. In some countries a voice for the under privileged has been assured by an active publishing role of emerging trade unions and other organizations. In other traditions there has been a separation of ownership power and the editorial role, giving the editors the freedom to push for political opinions not necessarily supported by the owner. Publishing houses as the *Shibsteds* of Norway have even seen it as a business opportunity to own papers with different political colors. In other traditions as the French the state has supported a press with various political allegiances and as “compensation” expected the press to be “serious” and “objective”. The overall international trend has however been that the ownership of newspapers has become more and more concentrated to owners with both commercial and political interests.

Radio, TV...

²¹³ Quoted from <http://www.wsu.edu/~dee/REN/MACHIAV.HTM>

It has always been an issue how to ensure a freedom of the press that actually supports democracy, that ensures that citizens are well-informed so that they can make rational decisions, that takes on the role of a serious controller of how power is exercised. Too much concentration in the ownership of the press has frequently been seen as a problem. When the radio came it was perceived as a very powerful but costly media, somewhat of a natural monopoly. That is one of the reasons why the idea came up of the radio as a public service that should be objective and impartial, and reflect all opinions. It was a perspective on the radio medium that gained ground in Europe especially after World War II. When television arrived the perception of a natural monopoly was even stronger. The general feeling was also that the new media was so powerful that any misuse had to be prevented. Public service TV and (partly) radio was for a long period a monopoly service in Europe. They still play a strong role in many countries even if the fight for viewers and listeners with the commercial alternatives has had a quite significant impact on their editorial policies. The Italian RAI or Spanish TVE are today hard to distinguish from the commercial channels.

There is an important distinction to be made between the television media and the paper-based media. Tests show that people respond differently to television than to a written text. Television is much more of an emotional media, while the paper-based media have traditionally been oriented to reach the more intellectual part of our brain, the more rational self. That is why advertising in TV has been mainly about creating a positive emotion around a brand rather than to give details about a product. For the latter purpose conscious marketing directors have chosen other media such as direct mail and newspapers.

The fact that TV is an emotional media has made it more suited than the papers to entertain; it seems that people as their living standards are rising are prepared to pay quite a lot to be entertained. In Spain one can get 600 channels to choose between when buying a parabolic antenna, only a handful of which are about information. The rest are all about entertainment and those channels are often the ones people have to pay to access.

The papers have started to adapt in order to benefit from this trend. More and more in the best-selling newspapers are about things the readers have seen on TV. The papers are trying to be more commercially attractive by arousing the feelings people had when they were looking at the same subject on TV. It is a play with their subconscious. People would not have felt the same way when reading in the newspapers about the ordeals of the people of Myanmar, if they had not seen on TV their despair of being abandoned by a corrupt drug-trafficking junta, just to give one example.

The newspapers also try to wake up emotions in other ways to become more entertaining, more selling. There are more pictures, the language is more emotional, the layout more aggressive to awake sentiments. Papers have moved as close as they can to the TV media to be more attractive. And no one has understood this commercial angle better than Rupert Murdoch. That is why his newspapers are selling copies in the millions; that is why the “ordinary” papers have to be satisfied with a tenth of that.

There is nothing morally questionable in being commercially effective. Market economy is an accepted and efficient system. And it is hard to be upset with those using their media power to influence politics. But it is morally disgusting when tabloids and some TV channels sometimes support illegal detentions and torturing, when they not seldom hunt immigrants, people with the wrong color of their skin or the wrong religion just in order to sell copies or get viewers. Such papers and TV channels poison society against poor people most of which are living in appalling circumstances with working hours and pays that no English or American born would accept. But moral outrage must not allow anyone even consider restrictions in the media freedom.

The media moguls have also learned how to better promote their political interests. Political and media actors are, as shown by Westen²¹⁴, increasingly aware of how they can manipulate the citizens and have also started to do it. Many voters have no access to unbiased information. Surveys have shown that the perceptions about the state of world affairs in countries as the US and the UK often differ substantially from reality. In the 00's a majority of those living in the Midwest of the United States believed that Saddam Hussein was behind 9/11 and that the US had the support of a majority of the people of the world in its crusade. They were victims of a systematic manipulation. As informed voters are one of the bases for a functioning democracy this is an issue that raises severe concerns and we have to ask ourselves if and in that case how we can remedy this shortcoming of the media system.

...and the internet dream

In the early nineties something happened that will change the media landscape for ever. A young guy Tim Berners Lee employed by the research centre CERN in Switzerland invented the World Wide Web. That invention, for which he deserves the Nobel Prize, gave a new dimension to the internet network that the Massachusetts Institute of Technology had taken over from the military and had started to use for communication with academic purposes. I remember listening to this extraordinary man's vision at the World Economic Forum, his wish to empower the ordinary man, to give any individual access to any information anytime, anywhere. Berners Lee saw the Web as an instrument for breaking the information power of the mighty over the small. Asked whether dictators would not be able to build firewalls around their country and prevent the flow of information in and out of the country he answered that he did not believe it to be possible. And he and the consortium that was created to support the development of the Web did what they could to make it impossible. The consortium aligned itself with the US Department of Commerce as the US at the time was seen as a Guardian of the freedom of speech and privacy.

What has happened afterwards is somewhat of a marathon chase. The Web has exploded and become what Tim Berners Lee was dreaming about, a free information space open to everyone. It has also become a major market place not only for ideas but also for services and goods. Global markets would not have developed the way they have without the information and communication tools that have become available. Science has jumped into a Research

²¹⁴ Westen, 2007

2.0, developing models of the world in which actual research can be done from anywhere in the world. Television has taken the step into the new technical environment enabling people to look at TV programs and movies at a time of their choice. The users have become co-creators, engaging in social networks as Facebook and publishing videos on YouTube. The benefits internet has brought to societies have been enormous. As a consequence of the technological development it has become almost a commercial necessity for many newspapers, television and internet channels to move more into the market of entertainment and leave the market of information.

The new media landscape has changed the political game in another way. There is no hiding. There was no hiding in the long run of Guantanamo Bay; not for Myanmar's drug-trafficking generals; or for Zimbabwe's once freedom-fighting president, now turned into a despicable dictator. The access to all the bad news may have made the world look worse than it is as there is a tendency to spread the bad news and forget to tell about everything that is going well. But at least the freedom to do it is granted.

The internet community has tried to be one step ahead of the dictators' hunting dogs, the national security services who wants to establish a control over the flow of information, to stop people from knowing. The community has, however, not only had to face the illegitimate wishes of dictators to continue to control information given to the citizens; they have also had to face legitimate concerns from democratic regimes. Internet can and has been misused and it is a clear societal interest to prevent abuse of the freedom of speech as the spreading of child pornography or the selling of drugs and weapons. In that everyone agrees and the internet community has done what it can to help to stop such abuse.

Too much information?

The Web vision of a total information freedom on the Net had a flaw. The sheer amount available on internet is already surpassing any human reach. The individual needs help to navigate and find his way in this ocean of information. Tools as the search engines of Google and Yahoo have become imperative and people have to use them even if they know that the companies manipulate the order in which the sites are presented. But what to do with 452 876 hits and only five minutes to spare to find an answer?

Also when it comes to finding out what is happening in the world there is an information overflow. The news sites are needed as are the old friends, the newspapers, the radio and the TV, but their role has changed. Before the IT revolution media had the power to select what information that should be available, now the power lays in selecting what information that should be given attention. There is no practical alternative but to trust media to do the work to select. When media have put someone on the trail of something interesting he can deepen his knowledge on the net and discuss it with others in the social networking sites that have been created – even if most want to use those sites to meet someone for other purposes than to discuss the latest news on CNN.

The role and power of media has thus not diminished. On the contrary people are as dependent on the choice of information that media has made to convey and to the media interpretations as ever before.

2. PUBLIC SERVICES MEDIA

Media is changing and it has to be accepted that media more and more are meeting people's legitimate needs to be entertained. Where the money is, there goes the market. Media moguls such as Rupert Murdoch may have political ambitions with their empires, but they have to be taken on their words when they say that politics to them is secondary to their business interests. Another problem is of cultural nature. Newspapers compete over sold copies and TV channels over viewers. To sell and attract they want to be first with the news. But they do not compete about being true. If a newspaper gets a story wrong it is deemed as disloyal of another paper to attack it, even if it is a tabloid. The consensus culture demands newspapers to protect one another; next time it could be the other way around. This culture leaves, however, the individuals that have been unfairly attacked in a limbo. There is no one standing up to defend their honour.

To be an informed citizen has also started to be a class issue again as a majority of the voters is relying on media that have other objectives than to inform them. The atmosphere of fear that has been dominating the political landscape since 9/11 is, no doubt about it, the result of a symbiosis of media that knows that fear sells and politicians who, for their own purposes, have an interest in exploiting the fear the media has delivered. It can be seen in two ways: The climate of fear that media has helped create has on one hand strengthened politicians who have the interest to reinforce the executive power in relation to the judicial system and given them more leeway in pursuing national and special interests in a way earlier hindered by their constitutions, international conventions and human rights legislation. The US Patriot Act and its replicas in Europe, Guantanamo Bay, Abu Ghrabi, the detentions centres for immigrants and alleged terrorists around Europe and the intimidation of the courts – none of those actions and events would have been possible without the atmosphere of fear created by leading media. The development can be seen from another perspective too. The reign of fear is preventing politicians who do not approve of the development to raise objections. If they do they will be doubly attacked by their political opponents and by the media.

Many argue in favour of *tougher regulations* of media, demanding a greater respect for privacy and legal restrictions against paparazzi, the use of their videos and photos, forbidding the papers to find someone guilty who is not yet convicted in court, preventing obvious racist and xenophobic campaigns. Such regulations would certainly be a step in the right direction and some of the actions may even be possible, but they would not solve the information deficiency that the democracies are facing.

One remedy to the information deficit that I believe to be worth considering could be to *expand the public services media* function. However, it is far from easy to find a definition of the role of public services media that everyone agrees upon. The Peacock Committee, sponsored by the UK Government, found 1986 that they “had some difficulty in obtaining an

operational definition”²¹⁵ of public services. The most prominent public services broadcaster BBC has of late tried to initiate a debate about its role. Stephen Fry in a debate organized by BBC defended the role of a the public services broadcaster BBC in the following way: “It pioneers comedy and popular entertainment, it reveals some of our cultural heritage to us in the form of costume drama, documentary, history and science programming; it informs, educates and entertains, it tells us about the human heart and the cosmos, the wide globe and the narrow street, it responds to new technologies and still manages to retain some sense of being the nation’s fireplace”²¹⁶ Will Hutton called in a similar debate for a public services broadcaster like BBC “to enlarge and enrich my life as a citizen by trying *to establish the truth of matters* across the range of its programmes – in drama and documentary as much as in news and current affairs”²¹⁷ He attacked the 1986 Peacock report, which famously wanted to replace the idea of public services with a ‘market for truth’. Will Hutton argued that the markets of truths have failed and that there is a need for a public space, not a state space, free from commercial interests:

“Immanuel Kant famously summed up the spirit of the Enlightenment by calling on individuals to dare to know, but one can only dare to know if there is a public space that permits me – and you – access to information and knowledge that gives us the material to base some daring on. Information will inevitably be doctored by censors, spin doctors, thought manipulators, power brokers and influence peddlers. The powerful in both the private and public sectors want us to believe their truth. Our only recourse is an independent public space which allows us to compensate by freely challenging and testing these partial truths – and sometimes actual lies – so that we can arrive at the truth. Parliament, courts and universities are part of this public space, but so, crucially, is an independent media”. The public services media function is today fulfilled mainly by TV channels. BBC in the UK is the most prominent, but many other European countries have similar channels. The EU is supporting Euronews and Arte, which both have public services ambitions on European level. A problem is that TV is an emotional media and therefore not necessarily the best channel for information that demands reflection. Following this reasoning an idea could be to start supporting public services media based on paper and on the Net to complement the public services role of some TV channels. Existing serious papers may not be all that negative to such a solution as they are struggling with more and more difficult market conditions. Support systems for non-commercial papers exist already in several European countries and they could be steered into a more thoughtful backing of a public services media function. A lesson learned from the investigation is that there is a need to encourage competition in such a function. A new media culture is needed allowing papers to compete also about the truth. A paper needs other papers to check its truthfulness just as a government needs opposition.

An idea on how to select which public services media to support could be to have a tendering procedure, after which a non-partisan board could select a number of media to in competition

²¹⁵The Peacock Committee, 1986, para 130

²¹⁶ Debate organized by BBC 7 May 2008. http://www.bbc.co.uk/thefuture/transcript_fry.shtml

²¹⁷ Debate organized by BBC 15 May 2008. http://www.bbc.co.uk/thefuture/transcript_hutton6.shtml

fulfil the public services role. To be eligible for public support printed newspapers, newspapers on-line and TV channels could be asked to abide to some strict rules e.g.:

- Their reporting should be impartial, factual and non-partisan
- Partisan views should only be allowed in editorials and on pages open for debate
- Complaints that are not met by the Editor-in-chief should be possible to direct to a Media Complaints Board and the media concerned should be obliged to follow its decision
- The amount of advertising could be restricted.

3. GLOBAL VIRTUAL RESEARCH COMMUNITIES

There is a silent revolution going on in the global world of research. More than 30 million researchers from Asia, Africa and South America have been connected to the European and American electronic research networks. These specially allocated connections enable the researchers to send and receive information in volumes and speeds for which Internet, with all its merits, has been proven to be inadequate

A university in Jakarta has build up an Early-Warning System for tsunami with the help of German researchers. Simulation models are sent back and forth. 15 000 commands from researchers in high-energy physics from more than 70 institutions all around the world are every day processed in a grid that distributes the work from CERN in Geneva to more than 1000 computers in all continents. Doctors in Vietnam are trained in key-hole surgery from an operation done live in a theatre in Japan. By coordniating telescopes located around the globe the researchers can now see further out in space than any time before. The new technologies that are used and are about to be used are in themselves fascinating and pathfinding .

A university is about education and about research. The virtualisation of higher *education* has been going on for quite a while now. For all practical purpose the internet fills most of the needs when it comes to electronic infrastructure. The way *research* is being done has perhaps less obviously changed dramatically the last ten years. A noticeably increasing part of the *research is performed in the virtual world* and a lesser and lesser part in the real world. Researchers in areas such as physics, chemistry, biology, medicine and environment have found that it is so much quicker to simulate processes than do the physical experiments. They do compare the results they reach through the simulated processes with the results received in experiments but more and more often in order just to improve the simulation models rather than because they expect different results. The confidence in the use of models as representations of the real world is rapidly increasing. This is true not only for more theoretically oriented areas such as high energy physics. It is also true for brain research, research on climate change or nanotechnologies to mention a few areas. Medicine researchers

in Taiwan have expressed how happy they are to have been able to simulate 60 vaccines for malaria and avian flu in two days in a European grid for biomedicine, a work that would have taken them four to six months before. Car manufacturers develop their new models almost completely virtually before they start building prototypes. They test the models in virtual wind tunnels, on virtual roads in rain and in snow and they feel reasonably confident that they get it right or mostly right.

The new IT tools thus enables the researchers and the developers to increase their *productivity* dramatically.

It is not just engineers or other natural scientists that have discovered how much more efficient it is to do research and development in the virtual world. Archaeologists have found that it is really time-saving to take three dimensional photos of all pieces of urns and relics that they gather and let the computers help them put the pieces together rather than doing it by hand. And when museums all around the world starts to take such 3D photos of everything they have stored in their vast collections totally new perspectives on how to do archaeological research are opening up.

This new virtual world of research obviously knows *no physical boundaries*. If the researcher Alice is sitting in a stuffed chamber in Cambridge, in the beautiful new library in Alexandria or on the 23rd floor in the new IT tower at Tsinghua University in Beijing does not matter as long as she has access to the electronic research network and its connections. She can do almost anything she wants, work with anyone she wants.

There is a Global Virtual Research Community under creation. It is being built *bottom-up* by independent virtual research communities. There is seldom any global master plan. There is almost always a *core of respected actors* in the centre of each community who have taken responsibility for making proposals and manage the projects when they are funded. This core is often more or less self appointed and self recruiting. The community is normally *open ended* and *self organizing*. To become a member it is regularly enough to be recruited or selected by a senior member of the community. It is up to the participants to decide on their own quite *variable activity level*. In the heart of a community you frequently see a *common virtual workplace* in which you find research results being made known before they are peer reviewed and published in scientific journals, most of which still are very traditional. On these workplaces the researchers get immediate feedback from other researchers interested in the same field.

More advanced virtual communities also *share resources*. They share computing capacities, share digital repositories, share simulation models and share access to sensors or other facilities. The European Union has the last decade been the biggest founder of such advanced resource sharing and virtual research communities.

To continue building both a Global Virtual University for education and a truly Global Virtual Research Community would serve a purpose of global dimension for mankind, the inclusion of students and researchers all around the world in the highest level of the

Knowledge Society. It allows the young on whatever circumstances they are born to fulfil their aspirations. There is an altruistic almost compassionate dimension to that statement, but there are some very solid and rational motives too.

By engaging all parts of the world the best brains are enabled to participate in the creation of new knowledge. This is important as mankind share many urgent and common research challenges. It is in everyone's interest to know more about the inner secrets of nature, to protect our environment, to find cures for diseases such as AIDS and cancer. By working together researchers can better meet these challenges. There are also specific research challenges in the developing countries that are poorly met today. An example is the research around most tropical diseases that is almost non-existent. A global electronic infrastructure for research enables a gathering of information from the field that is essential as well as cooperation between researchers in those developing countries and the established old universities. It is a vision that, however, that needs to be qualified. When research turns to innovation Europe, the US, China, Japan and other countries are competitors. The Global Research Community therefore has to be restricted to what sometimes is called pre-competitive research.

The development of a Global Virtual Research Community would have many other benefits than expanding the boundaries of research. It would above all contribute to a diminishing of the knowledge gap between different parts of the world. Spreading knowledge is also creating the basis for the spreading of Enlightenment values, the ideas around democracy and the rule of law and the concept of human rights to more countries. That would especially be true if a global cooperation in virtual communities, which are focusing on social sciences, would develop the same way as in natural sciences.

A second side benefit is thus that the Community would support the creation of an educated and informed middle class in more countries. Such a middle class has often been the advocate and driver of change. It is e.g. the perception in the Nordic countries, in Spain and Portugal that it was the middle class that initiated the democratic development, even if not all political scientists see the development of a middle class as the main reason for the raise of democracy. Davis Held highlights, as mentioned, the need for the rulers to gain the consent of their people for endeavours such as colonial expansion, and Goran Leijonhufvud perceive the growing middle class in China as uninterested in political change. But the scientists seem to agree that democracies established in countries, where knowledge is restricted to the upper class and illiteracy is widespread, seldom are stable

A third benefit is that knowledge and tolerance seems to be two sides of the same coin. Knowledge decreases tensions and creates more understanding between religions and between ethnical groups. In that way the sharing and spreading of knowledge also contributes to our own security.

IX. THE RULE OF LAW

The aim of these latter chapters of the inquiry has been to build a “social engineering” effort on not only the findings of the inquiry but also on existing best practices. The idea of “best practice” is a special challenge when it comes to the Rule of Law, for where to find such a best practice? The US legal system has been admired around the world, but its credibility has been severely undermined during the last decade. A European or Asian defence attorney may have considered entering a ruling of the US Supreme Court as evidence in a case ten-twenty years ago. Today that would be a counterproductive move in most countries. It still happens that rulings of the US Supreme Court are quoted in court decisions in other Anglo-Saxon countries, but the practice is less common than before.

This development would have saddened the Founding Fathers of the US constitution. They knew that logical reasoning, fairness and human rights is something that cannot be taken for granted and that such values and rights have to be assured by checks and balances built into the structure, checks and balances that counter ambition with ambition. That is one reason why the Founders wanted the Legislative Power, Congress, to control the Executive Power, the President and why the Judiciary was supposed to control both the Executive and the Legislative Power. It is also why they built in checks and balances within the Judiciary itself. The Judiciary is in the US, as in most Western democracies, working on several levels with local courts, state courts, federal or equivalent courts.

It is a beautiful conceptual thinking that Montesquieu inspired, but how the checks and balances are working in practice is nowadays increasingly cast in doubt. The admiration of the US Judiciary system, especially the Supreme Court, has faded. Most observers outside the US regard the present Supreme Court less as the Guardian of the Constitution, which it was intended to be, than as just another partisan political body. It may to a certain extent always have been that way, but the reading has changed. It is especially three events that have steered the change of perceptions. The first was the intervention by the Court in the *Bush v Gore* case. The intervention created a wave of reactions of incredulity around the world and many intellectuals have wondered how the Supreme Court got away with it. It is perhaps, however, the inaction in relation to the obvious abuse of the Rule of Law that has and is taking place in Guantanamo Bay and similar places that has undermined the belief in the US Judiciary system in the eyes of the public opinion of the world. The Supreme Court has taken every opportunity to look the other way, although the most basic constitutional principles, such as the right to a lawyer and a court hearing before imprisonment, have been violated. The perception has been that the majority in the Court has acted in this questionable way mainly because of an alignment to the party in control of the previous Administration. The latest “evidence” of the political character of the Court is, at least to many “insiders”, the findings around the right of corporations to fund political campaigns unlimitedly. That the Supreme Court judges are likely to object to the interpretation, that their rulings are partisan, is to most observers just another example of the work of collective self-justification processes.

The US judges are elected and have therefore to connect themselves to political parties, who in their turn have views on how the judges should exercise their authorities. The judges have

the political parties to thank for their promotions and they need the support of the parties if they want to enhance their career further. The Supreme Court judges are selected by a President and are obliged to him - and the political majority of the Congress at the time - for their appointments. This life-long alignment with a party creates strong loyalty bonds. The Anglo-Saxon legislative tradition also gives the judges a wide space of action as the judges are allowed to develop a quite extensive case-law. This tradition contrasts to the German or French situations, in which the laws are much more precise and allow only for a very narrow space of interpretation. The on-going discussion in the US on abortion rights, in which a Supreme Court ruling, *Roe v Wade*, is a centre-piece, would be impossible in continental Europe, where it is seen as the role of the legislative assembly to make such decisions.

Given the present situation it is hard to see the US legal system as a best practice. It does not offer the checks and balances that the US Founding Fathers thought it would offer. The judges have been too easily intimidated by the Executive Branch, or perhaps more correctly, felt a loyalty bond with the Executive Branch that have prevented the Courts, especially the Supreme Court, to exercise proper checks and balances. The legislative tradition gives the courts a political role that undermines a clear distinctive border line between politics and judiciary.

The situation is to my mind somewhat better in continental Europe, even if the European rule of law is far from perfect. Many challenges that face the legal system in the US are also recognizable in Europe. But the European courts seem in general to be more politically independent. Most European courts in general have for example reacted when the political system sometimes has gone astray in the face of the acute security crisis and e.g. objected to the detention of people without proper procedures, to some of the invasion of privacy and the like. That .law-makers . have rejected the opposition of the Courts and introduced new legislations to overcome the objectives of the Courts, is, however, pointing to another problem, namely the Judiciaries' lack of authority.

To find common ground it may therefore, perhaps, be better to start the discussion, not from a perceived 'best practice', but from the idea of the Rule of Law and then to discuss what can be done to make the Western systems work more in line with this idea given our present understanding of human nature.

The objectives are often set high. Lord Bingham of Cornhill²¹⁸ has in a famous speech developed his idea of the Rule of Law. It demands, he claims, that the law must be accessible and so far as possible intelligible, clear and predictable; questions of legal right and liability should ordinarily be resolved by application of the law and not the exercise of discretion; the laws of the land should apply equally to all, save to the extent that objective differences justify differentiation; the law must afford adequate protection of fundamental human rights; means must be provided for resolving, without prohibitive cost or inordinate delay, bona fide civil disputes which the parties themselves are unable to resolve; ministers and public officers

²¹⁸ Lord Bingham of Cornhill, Speech on November 16, 2006 for the Sir David Williams Lecture in the Law Faculty of Cambridge University

at all levels must exercise the powers conferred on them reasonably, in good faith, for the purpose for which the powers were conferred and without exceeding the limits of such powers; adjudicative procedures provided by the state should be fair; the state must comply with its obligations in international law, the law which, whether deriving from treaty or international custom and practice, governs the conduct of nations.

This is a definition that in contrast to the text-book democracy definition contains a number of value statements about equality, reason and fairness. Such value propositions are usually found in constitutions, in legal code of conducts and in oaths taken by servants of the judiciary and of the courts. The objectives of the rule of law are, in the version of Lord Bingham of Cornhill, also made clear. Laws are created to support human rights, the well-functioning of the civil society and to uphold international obligations and should be implemented in a fair and reasonable way. The courts can apply laws that concern relations between the individual and the public; they can also take on cases that relate to the market economy to the extent that they are regulated by law or are referred to the courts by the parties concerned.

The rule of law is a government of laws, not of men the US Supreme Court has stated several times²¹⁹. The implicit meaning is that the judiciary should be guided by *reason*, not by emotions. Neither should it be intimidated by man, by his power, his standing or his money. The Judiciary is expected to rise above prejudice and emotional constraints, to be guided only by facts and to play by the rules. This is a strong value proposition. The rule of law also resonates with another value, *fairness*, as people are expected to be treated alike. The rule of law also offers the *thymos* an alternative to physical aggression, a peaceful way of problem solving. It is worth noticing that the definition that is used above strongly underlines those values: “{...} clear and predictable {...} application of the law and not the exercise of discretion {...} apply equally to all {...} exercise the powers {...} reasonably, in good faith”.

Values are, as already suggested, what keep societies together; they have to be discussed and lived, questioned and defended. They have to be regained by every new generation as they are not in our genes. The Judiciary is not living outside the society; it is as affected by the values of the time as everyone else. The Judiciary has, however, a very special role. It is the main bulwark for reason against prejudice and perceptions, against corruption and intimidation. In the eyes of the law all should be equals; everyone should be judged on the merits of the case, not on sentiments.

What then can be done to strengthen the Rule of Law, to make it to work more in line with the ideals? I will now shortly dwell on that question. As the Rule of Law is exercised in so many different ways around the world it will be a very tentative discussion.

A first issue seems to be how to ensure the independence of the Judiciary system and to make it less open to intimidation. There are two dimensions to that *independence*. The first relates to the political system. There is a need for a clear division of responsibilities and a separation

²¹⁹ First stated by John Adams in draft to Massachusetts Constitution, Part The First, art. XXX (1780).

of roles to avoid a destructive consensus culture or interdependence based on loyalty and gratitude. The second dimension relates to the role of media. There have been many high-profile cases of late in several Western countries in which media has either “convicted” suspects beforehand or in other ways influenced the proceedings. Another issue is the *authority of the Courts*. If they are to exercise effective checks and balances they have to have the standing and authority to really do that. To uphold the constitutions is one such role. There is also reason to reflect upon how the Rule of Law can be strengthened in the *legislative process* given recent experiences. Finally the Rule of Law in a more and more *international landscape* is worthy of reflection. The issue has already been touched upon in two earlier chapters.

1. INDEPENDENCE

It is a question for interpretation how *independent* the judicial system in a country is. The independence is defined, among other things, by how wide-ranging and precise the laws are, how the judges are appointed and which freedom the courts have to accept cases raised by individuals. The independence varies between countries and over time. The Rule of Law, although a liberal system, is not directly linked to democracy. Several combinations of systems can be found in different countries. Countries such as India, Greece and Croatia have democracy and market economy but a partly corrupt Judiciary. There are countries that are autocratic and are market economies but have a reasonably well functioning Judiciary such as Monaco etc.

One way of ensuring a more independent Judiciary is to my mind a clear *separation of roles*. The continental European tradition with more unambiguous laws that do not allow the courts the space to take political decisions seems to be one way of achieving that goal. Another can be to ensure that legislation that is imperative to protect the integrity of the Judiciary is integrated in the constitutions.

To have a procedure for the *recruitment and career development of the judges* that is reasonably independent of the political parties and the Executive Branch seems also to be important. If the appointment of judges is transparent and non-partisan it allows judges, who otherwise may feel that their job security or career chances are under threat, to follow the law and their conscience. But the independence must not go too far. The Judiciary should not be allowed to become a state within the state. A balance must thus be struck between the interest of checks and balances and the overall interest of coherent and accountable governance.

Real independence demands more than a separation of formal roles and transparent and non-partisan recruitment procedures. The courts must also be protected from *intimidation*, not only from the Executive branch but also from powerful media and a stirred public opinion. Courts can be swayed and have historically been swayed when put under pressure, both before and after Herodias asked the Publicus whom to spare.

It cannot be excluded that the unwillingness of the US Supreme Court to intervene in the abuses of the Rule of Law during the alleged War on Terror has been as much due to a fear of

being portrayed as unpatriotic by the dominating media group as by a feeling of loyalty. Members of the Supreme Court are after all humans and as dependent on the recognition of others as everyone else. The fact that the leading media group have strongly contributed to the build-up of a widespread feeling of insecurity that have allowed the politicians to take extra-judicial actions with public support has certainly not been lost on the members of the Court. When having to choose between their roles as the Guardians of the Constitution and the chance to avoid a possible public disgrace, or perhaps even personal danger, they seem quite humanly to have favoured the latter option.

There are a number of high-profile cases of late, and not only in the US, in which media has played a role that has undermined proper proceedings. There have for example been “show-cases” in many European countries, in which prominent business leaders have been accused of different forms of wrong-doing without sufficient evidence. In many cases they have finally been found not guilty by a higher court, but only after media have published their names and they thus have been subject to a public disgrace. Media have functioned as both prosecutors and judges. Their verdicts have been impossible to eradicate and the lives and careers of the innocently accused have been destroyed.

Such miscarriages of justice can be found in many countries - my home-country, Sweden, too. The most spectacular case of media influence on a judicial process in Sweden is otherwise perhaps the murder of a previous Swedish Prime Minister. The alleged murderer, who had a very distinctive appearance, had been identified by the Prime Minister’s wife who is a psychologist with a photographic memory and who saw him shooting also at her on less than two metres distance. He was seen also by others, who knew him well, at the scene of the crime. He had furthermore a history of being a bodyguard to a gangster, with a proven grudge towards the Prime Minister. The jurors in the first instance convicted the man, but media refused to accept the verdict and started a campaign against the widow, who could not be trusted according to them. They were especially upset with her as she had refused to talk to them about the murder. The Appeal court freed the accused. Media hailed the verdict and the General Prosecutor did not dare, facing the media pressure, to appeal although the verdict was based on an expert witness who publicly claimed that the court had misunderstood him. The Supreme Court was later given a chance to open the case again, but ducked the opportunity.

The Courts obviously need to be better protected against intimidation by media; one way of doing that and to ensure fair trials could be to regulate the reporting of ongoing processes. The pros and cons with such a regulation have already been touched upon. As things have developed the pros seem to be more and more relevant.

2. THE AUTHORITY OF THE COURTS

The Judiciaries’ have increasingly been bypassed in the aftermath of 9/11. The power of the Executive Branch has increased; the most obvious example being the development of what some perceive as surveillance societies. Reading emails or “hacking” into an individual’s computer or his home security cameras is often no longer demanding court approval.

Not only the independence but also the *authority of the courts* needs to be restored. The courts must be able to effectively enforce the constitutions and uphold the human rights that they are supposed to protect. The power of the courts to do that is, however, weak in many countries and several countries. are even lacking a *constitutional court*. .

3. SEPARATE MINISTERS FOR POLICING AND THE JUDICIARY

Most European democracies have historically had one justice minister and one police minister, often called interior minister. The former was responsible for legislation and for managing the Court system, the second responsible for police, for hunting down the criminals. That separation has for different reasons disappeared in many countries during the last decade, if the distinction has ever existed. The Justice Minister is now sometimes responsible both for upholding the rule of law and for the policing.

The agenda of the Justice Ministers has changed radically the last decades, after 9/11 to be exact. Although Europe has fewer terrorist attacks now than 30 years ago European Justice Ministers have decided to put terrorism on top of their agenda and the fight against terrorism has been dominating their legislative initiatives. It is not only the surveillance of the citizens that has increased through European legislation, just as it has done with the Patriot Act in the US; the human rights have also been diluted as the detention of suspects has been allowed for long periods without judicial process. Citizens can be held up to one a month without solid suspicions or court hearings, immigrants up to 18 months with the only motivation that they lack proper documents. The International Red Cross and Amnesty International have protested, the UN Human Rights Commissioner has criticized member states. Nothing has helped as there has been no proper receiver of their complaints, no one in the European Commission or in the governments with the sole task to stand up for human rights and the rule of law.

When the minister responsible for the rule of law and for defending the human rights has been the same as the minister responsible for policing, an important check and balance in the system has disappeared. The roles should be separated. A special “Justice Minister” is needed in all EU countries with responsibility for the judicial legislation, with the task to increase the integrity of the courts, and to make them more independent of both government and of media. A special “Police Minister” that protects citizens, catch criminals, expose trafficking, crash down on drug cartels and terrorist networks is also wanted; a Minister that can be held responsible for a practice that is based on evidence and meets the requirements of a state ruled by law. It is a very positive development that those roles have been separated in the new European Commission that now has two Commissioners with two distinctly different interests to protect. Parliamentary committees, including those in the European Parliament, ought to be separated in a similar way.

4. STRENGTHEN INTERNATIONAL LAW

The reach of the rule of law can be different from that of the country. It is generally accepted that courts can have a jurisdiction not only in relation to the citizens of the country to which

they belong but also in relation to foreigners or foreign companies when active in the country. An exception is the US that has refused to accept that the courts of other countries are handling criminal charges against US servicemen, even if the alleged crimes are committed there.

A controversial issue is whether the courts should have the right to extend their reach to activities in other countries. US courts often claim that they have that right. Spanish and Belgian courts have accepted to handle cases in which foreigners have been accused of genocides, war crimes and crimes against humanity claiming general jurisdiction for such crimes; a practice recently blocked in Spain through a new legislation.

Several courts exist on European level, inside and outside the EU. Some countries also recognize international courts such as the World Court and The International Criminal Court in the Hague, many such as the US and Israel do not recognize them.

In short – the international system for the rule of law is not functioning in a generally accepted way. This is of special concern in relation to the market economy that is global in nature and needs a global rule of law. The need for generally recognized international courts as part of a World Market Governance has been described earlier.

X. THE WAY FORWARD

This study has highlighted the inconsistency in human nature. The way to see human nature is not as a coherent 'system', but as a 'system of systems' with built-in conflicts, a 'system of systems' that is person- and context-sensitive, that is driven by desires, fears and values, that can be easily manipulated and intimidated and that is kept unaware of its own inconsistencies with the help of self-justification processes that protect the core, the need for recognition and for self-esteem.

To raise awareness around who we are, is a goal in itself as it affects our understanding of how we and others respond to cultural and societal orders and conditions. Each culture develops its own 'common sense', which is transferred from generation to generation, and it may seem enough to follow the guidance of that 'common sense' when reflecting on societal systems and their governance; the issue is that 'common sense' is a summary word for internalized memories and beliefs that have the form of 'running tallies'; we do not remember why we hold a certain view; if asked we invent an explanation.

If we are to successfully address challenges, which are partly new to us and which stretch outside our own culture, we need an analysis that goes a step further than 'common sense'; we need to understand what is driving us and why we and others react the way we do. The purpose of this study has been to broaden the perspective that way. It can thereby hopefully contribute to a better understanding of how the main societal systems, 'the global market economy' and the 'democratic nation-states', relate to one another in a constructive conflict and to why democracy is such a vulnerable system.

The study is intended to be read as a whole, which does not mean that the indicative proposals in Part 2 could not be discussed individually and on their own merits.

Appendix: THE MYTH OF THE RATIONAL MAN

The first liberal philosophers such as the political philosophers Thomas Hobbes and John Locke and the founder of the theory of modern capitalism Adam Smith based their perceptions of human nature on old philosophical traditions that can find its roots as far back as Socrates and Plato. They saw a complex human nature driven as much by desires and a need for recognition as by reasoning. The question about the morality of man had in their views no simple answer. This understanding of man influenced their thinking and the demands they put on the institutions.

However, something very odd happened during the twentieth century. At the same time as the research on human nature evolved and influenced media barons, marketing economists and political campaigners and the like, economic theorists and political theorists adopted a simplified model of human nature, *The Rational Man*. It is a quite striking inconsistency in the development of scientific knowledge that I believe led both the Political Right and the Political Left of the twentieth century astray. It is besides the scope of this investigation to try to explain why this has happened. It has to be left to historians to find the truth behind this extraordinary development. Tom Atkins²²⁰ has offered the hypothesis that economists and other social scientists have become infatuated by the successful use of mathematics in the natural sciences. It was seen as a major task in economic and political theory to develop mathematical models that can predict the outcome of different decision situations, economic interventions and the like in a similar way that such models give predictions in natural sciences. To be able to use such models the economists needed a simplified model of man. The Rational Choice Theory offered such a man, and the use of him was eventually not lost on political scientists either. Contemporary research on human nature, which has put the rationality of man in question, has impacted behavioural economists and sociologists and their teaching in marketing, organisation and political campaigning. But the lack of interdisciplinary exchange between theoretical and practical scientists, which is a sad state of affairs in many universities, seems to have contributed to a lack of influence of this partly new knowledge on their more theoretical colleagues in political economics and political science.

While it is a question open for research why economic and political theorists alike have adopted the faulty Rational Man-theory it is somewhat easier to see why many of them may wish to cling to it.

For the Political Right of the twentieth century the perception offered support for the idea that the market economy is best left to self-regulation. The economists have been able to show that the economy will function at its best, in the interest of everyone, if man is left acting on his own in line with the Rational Choice Theory. This perception is called “the trickle down” theory and claims that the fortunes made by the few will ultimately benefit all. But the theory stands and falls with the idea of The Rational Man. It collapses if man is not always acting rationally. There is thus not only the personal credibility of many economists, but also a huge

²²⁰ At a conference with BEPA, European Commission, 2009.

political capital invested in the theory. A lot is at stake if the political economists of this dominating school are to recognize that the Rational Man is a modern myth. The uncomfortable situation became quite obvious in the running up of the recent financial crisis. The whistle-blowers were far from silent but the system governors, mostly belonging to the consensus school, refused to listen and do what would have been needed to be done in order to avert the financial meltdown. Something prevented them. The actual burning question to be answered is why so many in this group still are not in a position to address the underlying problems - problems that have to be tackled, if a repetition of the financial crisis is to be avoided. I will later discuss how this situation may be linked to the interests of the financial elite that the global market economy has created.

The idea of the reasoning and reasonable man is also part of the heritage of the Political Left. Marx based his thinking on a rational “scientific” approach that also influenced political philosophers leaning to the Left in the Post-Socialist era. The Political Left during the twentieth century concentrated on developing the ideas of democracy, arguing the case that a more developed democracy would contribute to an equality and social justice that would be in the interest of everyone. To make his case the leading left-leaning philosopher of the twentieth century John Rawls imagined reasonable men meeting under a veil of ignorance to reach a joint result based on sound reasoning. It may be claimed that this only was a thought experiment, but underlying this experiment and the arguments made by Rawls’ followers is the idea that people when acting collectively in democratic forms can be expected to come to more rational decisions than an unregulated market would offer. An expanded democracy in this vision of the Left is just as demanding on the rationality of man as the self-regulated market is in the vision of the Right. Theoretically it is not an impossible proposition, but it is unlikely, as will be shown later, given the nature of man that a global democracy would ever develop, at least not in time to address the issues mankind presently is facing.

It is a paradox that, while many economic and political theorists have dug themselves into a hole from which some of them do not want to escape, the issues around reasoning and rationality have attracted a wide inter-disciplinary attention. The philosophers Richard Samuels, Stephen Stich and Luc Faucher have in an overview²²¹ found it helpful to mention especially three types of projects - *normative*, *descriptive* and *evaluative* projects. The *normative project* is concerned not so much with how people actually reason as with how they *should* reason. The goal is, following Samuels et.al, to discover rules or principles that specify standards against which the quality of human reasoning can be measured. The *descriptive project* – which is typically pursued by psychologists, though anthropologists and computer scientists have also made important contributions – aims to characterize how people *actually* go about the business of reasoning and to discover the psychological mechanisms and processes that underlie the patterns of reasoning that are observed. The *evaluative projects*, finally, aim at determining the extent to which actual reasoning accords with the set standards.

All these aspects of rationality are important.

²²¹ Samuels, Stich and Faucher, 1999

How to reason rationally is the subject of epistemology and is under constant debate. It is of interest to this inquiry under which conditions man can be expected to reason in accordance with set standards and therefore the standards themselves need to be discussed. Edward Stein has defined these standards in what he calls the *Standard Picture*:

“According to this picture, to be rational is to reason in accordance with principles of reasoning that are based on rules of logic, probability theory and so forth. If the standard picture of reasoning is right, principles of reasoning that are based on such rules are normative principles of reasoning, namely they are principles we ought to reason in accordance with”²²²

The philosopher Harold Brown²²³ recognizes e.g. universality, necessity, rules, and algorithms as necessary elements of rationality but also notes that the way to reason rationally is far from uncontroversial, mentioning induction as one example. Stein, Brown and others concentrate on rationality as a way of reasoning, on what it is to reason correctly. This focus on normative standards is sometimes called *deontology*.²²⁴ It is not an uninteresting debate for this inquiry especially as there are some proponents for what is called *moral epistemology* that claim that an innate moral “compass” offers the best available normative standard. I will not offer any attempt of resolution of the eternal debate, but one, a rejection of the idea that man is born with moral epistemic norms.

While it is of interest how one should go about the business of reasoning to reach the most correct conclusions the focus here is rather on *consequentialism*, that is on how to reason correctly in such a way that you are likely to attain certain goals or outcomes. The Rational Choice Theorists are generally seen as belonging to this school of thought. Political theorists also often seem to have this approach, which makes sense as the purpose of both democracy and market economy after all is to meet the needs of people. To quote the Rational Choice proponent Michael Allingham: “My choice is rational, or supported by reason, if it coheres with what I prefer”²²⁵. To see rationality as a means to an end has a long philosophical tradition. Aristotle²²⁶ saw rationality as an instrument for achieving ends which are not themselves determined by reason. He saw choice as desire and reasoning with a view to an end. David Hume went even further making a strong separation between means and ends claiming that “reason is and ought only to be the slave of passions”.²²⁷ Deontology and consequentialism does not necessarily have to be in conflict. It can be claimed that to reason according to normative rules is the best way to reach the desired goals.

I will in chapter IV discuss the values on which to base societal governance systems from a wider perspective than just *normative* rationality, but it should already be recognized here that a consequentialist approach will be seen to be the most appropriate.

²²² Stein, 1996, p 4

²²³ Brown, 1988, pp 3-37

²²⁴ Samuels, Stich, Faucher, 1999, p 22

²²⁵ Allingham, 1999, p 2

²²⁶ Aristotle, transl. 1985, p 139

²²⁷ Hume, 1740, pp 415-16

Many Rational Choice theorists have admitted that it is far from obvious that man always can explain in a logical way why he has reached a certain decision. Many of the efforts of the proponents of the Rational Man idea have therefore lately, with some success, been directed towards the objective to show that, while man may be unaware of having made a rational choice, he has still made it. The understanding of contemporary research into human nature that I will offer in the *descriptive* Chapter II raises, however, a number of issues that challenges this perception.

The most important finding is to my mind that man is *inconsistent*. We humans hold *values* consciously and they influence our conscious reasoning, but they may not have been internalized in a way that affects the subconscious processes. We are internalizing values early in life; we imitate our parents and we learn from their scolding and rewards if what we do is right or wrong. If you are brought up in a loving and tolerant environment you may have internalized the value that you should be honest, fair and reasonable. If you instead are left without support from home you may have learned that the way to earn respect is to prove yourself in the street, by being the toughest fighter. In the latter type of situations it is difficult to internalize the idea that all men are of equal value. The way the subconscious works also makes it hard. To help man function in the increasingly complex world subconscious processes develops stereotypes that help him predict how other people will react. Teenage boys are expected to be in one way, elderly ladies in another. Those stereotypes are often, if not confronted, prejudicial, a fact sometimes used by for example political campaigners who may use questionable ingredients in their advertisements only perceived subconsciously, with an underlying message subtle enough not to alert conscious thought processes. This technique has for instance often been used against black candidates in US elections.²²⁸

The *cognition* process involves both conscious and subconscious processes. We have subconscious detection systems that identify and analyze millions of pieces of information every second. Sometimes they make us act “instinctively” as when we drive a car for example or withdraw our hand from a hot pot. Sometimes they alert the conscious “self” that something is going on that needs its attention. In this process emotions play a central role. I have come to the conclusion that it is to underestimate the role of the subconscious processes to describe them as “an emotional brain”. A more helpful way to see emotions is to look at them as signals from a subconscious cognition process to alert the conscious “self”.

Another inconsistency is that the subconscious processes have another way of remembering than the conscious *memories*. Subconscious memories have the form of a running tally. They store opinions and link them to emotions, but they do not store how they have reached the opinion. We may know what is ‘common sense’ and that we prefer BBC to ITV, but, when asked why, we have to alert a conscious thought process that helps “construct” a memory of why. Whenever there is a conflict between what we have done “without thinking” or, more correctly, based our action on a subconscious cognition process a complicated and extremely important *self-justification* process sets in. It is a well-known fact among marketing experts

²²⁸ The way to counter this tactic is to expose it. Fewer people have conscious racist views than subconscious ones.

that we say one thing in a survey and do another. When people answer surveys they have a tendency to answer what they consciously know that they are supposed to answer, not the opinion they have internalized. When asked why they bought the cheapest milk and not the more expensive ecologically produced milk that they have said in a survey that they would buy, the self-justification process sets in and “invents” rationalizations to explain away the inconsistency. What we do not want to know is that we often do things when on ‘auto-pilot’, that we would not do if we had reasoned consciously.

One purpose of the self-justification process is to keep up the pretence of consistency in order to protect our *self-esteem*. We measure it and how people recognize us in relation to our *identity*, how we want to be and how we want to be seen. The identity can for example be that ‘I am a Republican’ or ‘I am a Democrat’ and such internalized opinions can create biases that influence how we give attention to different messages and how we interpret them. The identity is very much linked to the values with which we are brought up. This is an important observation as it gives an answer to an old conflict in which especially the philosopher GWF Hegel engaged himself, namely the question “what makes man a man”. Hegel was highlighting man’s struggle for recognition and contemporary research is supporting his view; to be recognized and to protect the self-esteem seems to be a strong driver of man. But Hegel also made a mistake. He claimed that it is the willingness to sacrifice one’s life that makes man a man and worthy of recognition. In that respect he was just reflecting the values of his time and culture. In many modern Western cultures it is instead other aspects such as the professional success as entrepreneur, as scientist, as a parent and the like that gives recognition.

What drives man, or to put in another way, his goals and objectives, is, however, more than his struggle for recognition. Evolutionary biologists highlight the wish for survival and successful reproduction, and the drive to protect those with which we share genes. Many see a feature they call ‘reciprocal altruism’ as a main force behind societal development. We bond by giving favours and obtain favours in return. Those features are supposedly part of the innate *desires*, the main driver of man. Such desires are expanded as we grow up through experiencing and internalizing of values. But the desires that are registered subconsciously do not have to be identical to those that we have consciously; they may even be in conflict as the example of our shopping has shown. How often are not all of us in the situation that we have to suppress an emotion created by a subconscious enflamed desire as our conscious “self” find it unacceptable?

Desiring is a positive force, but we are also driven by negative forces, our *fears*. Already in the most primitive part of the brain we can find responses to different forms of threat, a Fight or Flight-mechanism. Just as desires are expanded when we learn and experience, so are fears. The subconscious evaluation processes respond to threats on ‘auto-pilot’ or by alerting the conscious ‘self’ through the creation of negative emotions.

In most situations we leave it to the subconscious processes to make the decisions as nothing else would be possible. We would never get out of the supermarket if we allowed ourselves to dwell consciously on every single decision. But in most decisions of some consequence both

conscious and subconscious processes are involved. The disturbing fact is, however, that we can be steered by surrounding actors into either blocking or alerting the conscious reasoning capacity. We can be manipulated and intimidated, affected by hidden cues, by loyalty, authority and in many other ways still to be uncovered. The outcome of our decision-making may be as dependent on those external factors as by the competence of our own internal processes.

Those that have identified shortcomings in our way of reasoning such as biases and heuristics have often been accused of a *pessimistic interpretation* of the rationality of man and evolutionary biologists such as Gerd Gigerenzer has, based on own experiments, claimed that for most practical purposes the brain reasons rationally.²²⁹ In chapter II I will discuss some of the differences in the results of the experiments they refer to and offer the hypothesis that they have measured different types of cognition processes. In some cases the experiments have been set up in a way that triggers conscious reasoning, in some cases the conditions are such that the answers are given based on subconscious processes.

What I have just presented is a short extract of the descriptive interpretation of human nature that will be offered in chapter II. That interpretation is in its turn a very short summation of a research area of such deep complexity that it is almost unfathomable. To claim that one has been able to catch the essence of a forest consisting of myriad of trees down to the microscopic fauna is a daunting proposition, and of course I have not. But I believe that already this rudimentary approach has combined findings around human nature in a way that gives a new perspective and creates ideas of what possibly can be done in order to find new ways forward.

I have so far discussed two approaches to rationality, the normative and the descriptive. It is of course the third type of project identified by Samuels et.al. , the *evaluative* approach, that is a challenging next step, i.e. to determine to what extent human reasoning accords with appropriate normative standards. Or to put it more bluntly: Is the Rational Man a myth or not? It is quite obvious that the way the brain works does not meet the Standard Picture demands whenever decisions are taken subconsciously or when subconscious processes are involved. The subconscious processes are cognition processes but not reasoning processes in the way the Standard Picture expects of a rational process. But let me for the sake of the argument first address the more “generous” interpretation of rationality as offered by the Rational Choice proponent Michael Allingham: “My choice is rational, or supported by reason, if it coheres with what I prefer”. This interpretation does not demand that the choice has been subject to a deliberation as proposed by the Standard Picture and Aristotle. It only demands that the choice effectively coheres with the preferences of the subject, his goals and objectives. It allows for a decision without deliberations, taken on ‘auto-pilot’, to be rational as long as it meets the goals or objectives of the subject.

²²⁹ See e.g. Gigerenzer, *European Review of Social Psychology*, 2, 83-115.

However, even with this “wide” interpretation of rationality the idea of the Rational Man runs into deep problems, when evaluated in relation to what we know today about human nature. The issue is that desires that are held subconsciously can differ from the reasoned objectives and goals that we hold consciously. It is not that they have to differ. When I stumble down to the corner shop in the morning to buy a croissant and a copy of The International Herald Tribune it is because I have tested the alternatives and have come to the conclusion that to start the morning with a café au lait and a croissant with a paper that actually is about real news is a good start of the day for me. Just because I am on ‘auto-pilot’ does not mean that I act in a different way than I would if I had sat down and consciously reflected about the alternatives. My internalized desire and conscious wishes are the same. But they do not have to be consistent. Subconscious desires are often more “egoistic”, less altruistic. This is among other things a consequence of how subconscious processes work and the difficulties to internalize values such as the equality of man. We all have desires that are not supported by conscious reasoning. The wish to be recognized by others may for example lead to a desire to buy a product of a high-end brand although it is more expensive and of no better quality than the alternative. We may desire a car with higher performance capabilities than we actually need. We may love a person for all the wrong reasons, or more correctly against all conscious reasoning.

The fact that there is an inconsistency between conscious goals and objectives on one hand and subconscious desires on the other is obviously problematic. Which are the “rational” preferences? In the case of conflict it seems logical to give priority to consciously held objectives and regard conflicting subconscious desires as “irrational”. Anything else would be to let the concept of rationality lose all meaning, or would it? Max Weber once discussed the meaning of rationality in a way that still creates debate²³⁰. He has for example recently been accused of having an anti-feminist view on rationality²³¹. Weber sees four forms of rationality. In the first form, *Zweckrational*, the actions are based on rational expectations about human beings and objects in order to attain ends; in the other form, *Wertrational*, the actions are value and belief based. The third is described as affectual, determined by an actor’s specific affect, feelings or emotions and the fourth as traditional, determined by ingrained habituation. Weber is in his description of the last two forms close to a contemporary view on how subconscious processes work. But did he see the two last forms as really rational? It is not absolutely clear. He perceives the third type as being on the border of what he considered “meaningful oriented” and he saw the two latter forms as complementary to the two first, not as isolated types. At the same time he accepted a rationality that is not based on reason but on for example religious convictions.

However, the objection to the Rational Man idea remains even with this somewhat questionable expansion of the concept rationality. The key critique is that conscious and subconscious objectives and desires are inconsistent and that the “rationality” of an action can vary not just in a person-perspective but also with the context. When we act without

²³⁰ Lash, Whimster, 1987

²³¹ Eagleton (ed) , 2003

conscious reasoning and on the basis of subconscious processes the inference is that we may act in conflict with our conscious objectives, a fact that undermines the idea of the Rational Man.

This conclusion that man cannot be seen as always rational, even in the restricted sense of the concept as defined by the Rational Choice theorist Allingham, is important. The serious question is if man is rational at all, if he is capable of living up to the standards set by the deontologists, even when reasoning consciously. The issue is whether he has the *competence* and the answer to that question is neither straightforward. The ability to reason is something with which we are born, but how to do it correctly is something we are trained to do; that is after all what schools are about. The competence level varies of course between individuals due both to genetic conditions and the training or lack thereof. Experiments show that the competence with which we respond to a challenge depends also on the circumstances in which we answer. We can be distracted, deliberately manipulated, feel our self-esteem to be under threat etc. In most non-theoretical situations subconscious processes are also involved which may or may not contribute to a rational decision. There is nothing absolute about our competence to reason rationally; it is a person and context sensitive ability.

We reason more in line with the Standard Picture if we are well educated and if we are well informed, if we have time to deliberate in a conscious manner, if we are incentivised to do it, and if we do not perceive possible negative consequences in the form of for example loss of esteem by our surrounding. These are the kind of conditions around decision-making that the Founding Fathers of the US Constitution tried to achieve when building democratic and legal institutions. They knew that man could not be expected to act rationally unless the preconditions were right. To be sure that the end-result of a democratic deliberation was defensible they felt it necessary to build in checks and balances in the system to prevent any possible abuse. It is in that tradition and in that awareness of human nature that democracies around the world have been built up. To create rational democratic decision processes is thus a demanding proposition and it makes democracy a very vulnerable system. This is most probably one of the reasons why democracies seldom have had a long life-span in human history.

To put similar conditions in place that would make people always take rational decisions in their civil life, especially when acting within the market economy, seems utterly impracticable. The Soviet communists with their planned economies tried to replace market mechanisms with “reasoned” decisions, but the attempt failed as we all know. The economy is far too complex for any such ideas to work.

The intention of this inquiry is to take a step back, to start the analysis from where the nineteenth century philosophers left it and put a bracket on the twentieth century illusion of The Rational Man. My hope is that this approach will be found to be helpful both by politicians to the centre-right and centre-left as it opens up systemic venues which both sides ought to be able to find attractive. An improved systemic foundation of the global market economy and of the governance of nation-states should create better conditions for a credible

analysis and help to identify innovative solutions to the existing challenges. The ultimate purpose of the approach is thus to initiate reflections on how the societal systems can be adapted to give a better response to the present needs. Too few seem to be engaging in improving the systems they increasingly distrust.

I will dwell no more on the Myth of the Rational Man. It is a twentieth century misperception that will have to be left to the historians to explain.

REFERENCE LIST

- Igor Aleksander, *The World in My Mind and My Mind in the World. Key mechanisms of consciousness in people, animals and machines*. Imprint Academic, 2005
- Michael Allingham, *Rational Choice*, MacMillan Press, 1999
- Aristotle, *The Nicomachean Ethics*, transl. D Ross, JL Ackrill, and JO Urmson, Hackett Publishing, Oxford, 1985
- José Maria Aznar, Rafael L Bardazi, Florentino Portero, *NATO: An Alliance for Freedom*, FAES Fundación para el Análisis y los Estudios Sociales, 2005
- Michael Billig, *Arguing and Thinking. A rhetorical approach to social psychology*, Cambridge University Press, 1987
- Lord Bingham of Cornhill, Speech on November 16, 2006 for the Sir David Williams Lecture in the Law Faculty of Cambridge University
- Dennis Blair, <http://www.intelligence.senate.gov/090212/blair.pdf>
- Bodenhausen, Macrae & Sherman, *On the dialectics of discrimination: Dual processes in social stereotyping in Chaiken & Trope (Eds.) Dual-process theories in social psychology*, Guilford Press, 1999
- Lars A Boisen and Karl-Erik Norrman, *Demokratins förfall*, Bookhouse Publishing, 2008
- Richard Bonk, *The Romantic Economist. Imagination in Economics*, Cambridge University Press, 2009
- Ted Brader, *Campaigning for Hearts and Minds: How Emotional Appeals in Political Ads Work*, The University of Chicago Press, 2006
- David Brooks, DN, 28 october 2009
- Harold Brown, *Rationality*, Routledge, 1988
- James Bryce, *Modern democracies*, Macmillan Companies, 1931
- Jimmy Carter, The Advertiser (Australia), 28 May 2005
- Nancy Cartwright, *The Dappled World. A Study of the Boundaries of Science*, Cambridge University Press, 1999
- Chaiken & Trope, 1999 and Kahneman, Slovic & Tversky (Eds.) *Judgment under uncertainty: Heuristics and biases*, Cambridge University Press; 1 edition (April 30, 1982)1982
- David Chalmers, *The Conscious Mind : In Search of a Fundamental Theory* Oxford University Press, 1996
- Wing-Tsit Chan, *A source book in Chinese Philosophy*, Princeton University Press, 1969
- Noam Chomsky, *Language: Chomsky's Theory*. In *The Oxford Companion of the Mind*, 2nd e. Oxford University Press, 2005
- Noam Chomsky, *Failed States: The abuse of Power and the Assault on Democracy*, Penguin Books, 2007
- Robert B Cialdini, *Influence, Science and Practice*, Pearson Education 4 ed, 2001
- Gerald L Clore and Linda M Isbell, *Emotion as Virtue and Vice*, p 116-118 in Kuklinski (ed), 2009
- Robin Cook, Guardian, 27 May 2005
- Robert A Dahl, *Democracy and its critics*, Yale University, 1985
- Ulf Dahlsten, *Människovärdet i teori och praktik*, Handelshögskolan i Stockholm, 1970
- Ulf Dahlsten, *Nirvana kan vänta*, Forum, 2002

Antonio Damasio, *A Second Chance for Emotion*, In *Cognitive Neuroscience of Emotion*, edited by Richard D Lane and Lynn Nadel, 2000

Howard Davies & David Green, *Global Financial Regulation, The Essential Guide*, Polity Press, 2008

Paul Dolan, Michel Hallsworth, David Halpern, Dominic King, Ivo Vlaev, *MindSpace, Influencing behaviour through public policy*, 2009,
<http://www.instituteforgovernment.org.uk/images/files/MINDSPACE-full.pdf>

A N Doob & A E Gross, *Status of frustrator as an inhibitor of horn-honking response*, *Journal of Social Psychology*, 76, 1968

John Dupré, *Human nature and the limits of science*, Oxford University Press, 2008

Ronald Dworkin, *Taking Rights Seriously*, Harvard University Press, 1977

M Eagleton (ed), *A concise Companion to Feminist Theory*, Oxford, Blackwell Publishing, 2003

Amos Elon, interview with Ari Shavit, Ha'aretz, 23 December 2004

Leon Festinger, Henry W Riecken, and Stanley Schachter, *When Prophecy Fails*, Harper & Row, 1956

Leon Festinger, *A Theory of Cognitive Dissonance*, Stanford University Press, 1957

W M Fox, *Concepts in ethology: Animal and human behavior, Freedom in the World*, Freedom House, 2008

Freedom House, <http://www.freedomhouse.org/template.cfm?page=445>

Nico Frijda, *The Emotions*, Cambridge University Press, 1986

Stephen Fry, http://www.bbc.co.uk/thefuture/transcript_fry.shtml, 2008

Francis Fukuyama, *The End of History and the Last Man*, Penguin Books, 1992

Gerd Gigerenzer, *How to make cognitive illusions disappear: Beyond 'heuristics and biases*, *European Review of Social Psychology*, 2, 83-115

Gigerenzer & Goldstein, *Reasoning the fast and frugal way: Models of bounded rationality* *Psychological Review* 103, 1996, p 650-669

Gonzales v. Carhart, 550 US, 2007

A.M. Gray, *Marine Corps Gazette*, May 1990

Samuel R Gross et al., *Exonerations in the United States, 1989 through 2003*, Northwestern University, School of Law, 2004

Peter Hall and David Soskice, *Varieties of Capitalism*, Oxford University Press, 2001

Ray Hammond, *The World in 2030*, Editions Vago, 2007

Stephen Hawking, *A Brief History of Time. From the Big Bang to Black Holes*, Bantam Press, 1988

FA Hayeck, *Studies in Philosophy, Politics, and Economics*, Touchstone, 1969

Georg WF Hegel, *The Philosophy of History*, 1956 trans. J Sibree, Hackett Publishing Company, 1988

GWF Hegel, *The Philosophy of Right*, trans TM Knox, Oxford University Press, 1967

GWF Hegel, *The Phenomenology of Mind*, trans JB Baillie, 1967, 2nd revision, Dover Publications, 2003

David Held, *Democracy and the Global Order. From the modern state to cosmopolitan Governance*, Polity Press, 1995

David Hepstein, *The Political Theory of the Federalist*, University of Chicago Press, 1984

Albert O Hirschman, *The Passions and the Interests*, Princeton University Press, 1977

Thomas Hobbes, *Leviathan*, I 1, ebooks@Adelaide, 2007

Bill Hubbard, <http://www.amazon.ca/Super-Intelligent-Machines-Bill-Hubbard/dp/0306473887>

Ed Husain, *The Islamist*, Penguin, 2007

Will Hutton, *The Writing on the Wall*, Little, Brown & Company, 2007.

Will Hutton, http://www.bbc.co.uk/thefuture/transcript_hutton6.shtml, 2008

David Hume, *A treatise of Human Nature*, London (Noon), 1740

Fred E Inbau, John E Reid, Joseph P Buckley, and Brian C Jayne, *Criminal Interrogation and Confessions*, Jones and Bartlett Publishers, 2004

Robert Kagan, *The Return of History and the End of Dreams*, Alfred A Knopf, Knopf, 2008

Kahneman, Slovic & Tversky (Eds), *Judgement under uncertainty: Heuristics and Biases*, Cambridge University Press, 1982

Daniel Kaufman,
<http://info.worldbank.org/etools/bspan/PresentationView.asp?PID=2363&EID=1056>, 2008

H C Kelman & V L Hamilton, *Crimes of obedience*, Yale University Press, 1989

James Kuklinski, (ed.) *Citizens and Politics. Perspective for political psychology*, Cambridge University Press, 2009

Ray Kurzweil, <http://karmak.org./archive/2003/01/art0134.html>

Scott Lash, Sam Whimster, *Max Weber: Rationality and Modernity*, Unwin Hyman, 1987

B Latané & J M Darley, *The unresponsive bystander: Why doesn't he help?*, New-York Appleton-Century-Crofts, 1968

Goran Leijonhufvud and Agneta Enqvist, *Kina, Den Haltande Kolossen*, Albert Bonniers Förlag, 2008

Johannes Lindvall and Bo Rothstein, *Vägar till Välstånd*, SNS Förlag, 2010

John Locke, *Two treatises of government*, Ed. Peter Laslett, 1967

Emotions and Politics: The Dynamic Functions of Emotionality by George E Marcus and Michael B MacKuen published in James H Kuklinski (ed.) *Citizens and Politics. Perspectives from Political Philosophy*, 2009

C. Neil Macrae, Alan B Milne and Galen V Bodenhausen, *Stereotypes as Energy-Saving Devices : A Peel Inside the Cognitive Toolbox* , Journal of Personality and Social Psychology 66, 1994

MacGwire, International Affairs, January 2005

Jeb Stuart Magruder, *An American Life : One Man's Road to Watergate*, Atheneum, 1974

S. Mann, *Reflectionism and diffusionism: new tactics for deconstructing the video surveillance superhighway*. Leonardo, 31(2), 1998

George E Marcus and Michael D Mackuen, *Emotions and politics. The Dynamic Functions of Emotionality*, Kuklinski (ed), 2009

Ivana Markova, *Human Awareness. Its social development*, Hutchinson, 1987

W H J Meeus & Q A W Raaijmakers, *Administrative obedience: Carrying out orders to use psychological-administrative violence*. European Journal of Social Psychology, 16, 1986

Abraham Maslow: *Toward a psychology of Being*, Wiley, 1968

Richard McNally: *Remembering Trauma*, Belknap Press, 2003

Amy Mezelius, Lyn Y Abramson, Janet S Hyde, and Benjamin L Hankin, *Is There a Universal Positivity Bias in Attributions? A Meta-Analytic Review of Individual, Developmental and Cultural differences in the Self-Serving Attributional Bias*, Psychological Bulletin 130, 2004

Stanley Milgram, *Behavioral Study of Obedience*, Journal of Abnormal and Social Psychology 67, 1963

Judgson Mills, *Changes in Moral Attitudes Following Temptation*, 1958, Journal of Personality 26

Friedrich Nietzsche, *On the Genealogy of Morals*, A Polemic Tract, Reprinted by Richer Resources Publications,

Robert Nozick, *Anarchy, State and Utopia*, Basic Books, 1974,

Barack Obama, *The Audacity of Hope. Thoughts on Reclaiming the American Dream*, Canongate Books, 2007

Arne Öhman, *Fear and anxiety: Evolutionary, Cognitive and Clinical Perspectives*. In *Handbook of Emotions*, 2d ed. Edited by Michael Lewis and Jeanette Haviland-Jones, 2000

The Peacock Committee, para 130, 1986

Robert Peston, *Who Runs Britain?*, Hodder & Stoughton, London, 2008

Plato, *The Republic*, trans A Bloom, New York: Basic Books, 1968

Louis P. Pojman, *What can we know? An introduction to the Theory of Knowledge*, Wadsworth Publishing, 1995

John L. Pollock, *Contemporary Theories of knowledge*, Rowman & Littlefield Publishers Inc., 1986

Privacy International, [http://www.privacyinternational.org/article.shtml?cmd\[347\]=x-347-559060&als\[theme\]=Privacy%20and%20Human%20Rights%202004](http://www.privacyinternational.org/article.shtml?cmd[347]=x-347-559060&als[theme]=Privacy%20and%20Human%20Rights%202004)

Steven Quartz of the California Institute of Technology at a discussion on ethics sponsored by the John Templeton Foundation. Source iht April 10, 2009

Gideon Rachman, *Financial Times*, 5 May 2008

John Rawls, *A theory of justice*, 1971, reprinted by University Press, 2004

John Rawls, *Justice as Fairness: A Restatement*, *The Philosophical Review*, vol 57, 1958

Jeremy Rifkin, *Hydrogen Economy* <http://www.amazon.com/Hydrogen-Economy-Jeremy-Rifkin/dp/1585422541>

Jeremy Rifkin, *The European Dream. How Europe's vision of the Future is Quietly Eclipsing the American Dream*, Polity Press, 2004

Ronald W Rogers, *Cognitive and Psychological processes in Fear appeals and Attitude Change : A Revised Theory of Protection Motivation*. In *Social Psychophysiology*, ed. by John Cacioppo and Richard Petty, 1983

Emma Rothschild, *Economic Sentiments. Adam Smith, Condorcet, and the Enlightenment*, Harvard University Press, 2001

Bertrand Russell, *The problems of philosophy*, Oxford University Press, 1912

Richard Samuels, Stephen Stich and Luc Faucher, *Reason and Rationality*, in Matti Sintonen et.al. *Handbook of Epistemology*, 1999

Daniel Solove Samuels, *Concurring Opinions*, a blog administered by law professor, Stich, Faucher, 1999

André Sapir (ed), *Fragmented Power: Europe and the Global Economy*, Bruegel Books, 2007

Robert Saviano, *Gomorra, Italy's other mafia*, Penguin Books, 2008

David O Sears, *The role of affect in Symbolic Politics* in Kuklinski (ed), 2009

Ted Sorensen, *Counselor: A Life at the Edge of History*, Harper, 2008

Edward Stein, *Without good reason*, Oxford, 1996

Kim Sterelny, *Thought in a Hostile World*, Wiley-Blackwell, 2003

Joseph E. Stiglitz: *Making Globalization Work*, Penguin Books, 2006

Carol Tavris and Elliot Aronson, *Mistakes were made (but not by me)*, Harcourt Books, 2008

Studs Terkel, *The Wiretap this time*, International Herald Tribune, October 30, 2007

Richard H Thaler and Cass R Sunstein, *Nudge. Improving Decisions About Health, Wealth and Happiness*, Yale University Press, 2008

Ruth Thibodeau and Elliot Aronson, *Taking a Closer Look : Reasserting the role of the Self-Concept in Dissonance Theory* , *Personality and Social Psychology Bulletin* 18, 1992

John Vinocur, *Politicus*, The Global Edition of the New York Times 3 June, 2008

Robert Wade, *Governing the Market, Economic theory and the Role of Government in East-Asian industrialization*, Princeton University Press, 2004

- John Wallis and Barry Weingast, *Violence and Social Orders*, Cambridge University Press, 2009
- Drew Westen, Clint Kilts, Pavel Blagov et.al., *The Neural Basis of Motivated Reasoning: A fMRI Study of Emotional Constraints on Political Judgment During the US Presidential Election of 2004*. *Journal of Cognitive Neuroscience* 18, 2006.
- Drew Westen, *The Political Brain*, Public Affairs, 2007
- S Widmalm & S Oskarsson, *Tolerance and Democracy in Liberal and Authoritarian Market Economies*, 2008
- P R Wilson, *The perceptual distortion of height as a function of ascribed academic status*, *Journal of Social Psychology*, 74, 1968
- Kim Witte, *Fear as Motivator, Fear as Inhibitor: Using the Extended Parallel Process Model to Explain Fear Successes and Failures*. In *Handbook of Communication and Emotion* ed. by Peter A Andersen and Laura K Guerrero, Woodhouse, 1998
- Bat Ye'or, *Eurabia – l'Axe Euro-Arabe*, Jean Cyrille Godefroy, 2007