



**Institute of Management, Slovak University of Technology,  
Center for the Study of Institutions, Evolution and Policies**

**I N V I T A T I O N**  
**First call**  
**October 23, 2012 14,00**  
**Aula Dionýza Ilkoviča, Mýtina 36**

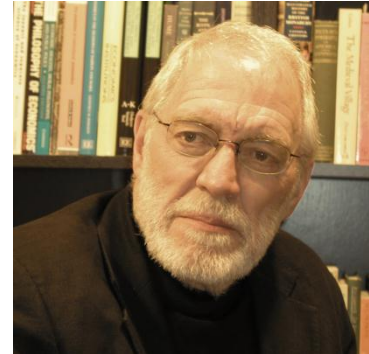
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**The Global Financial Crisis:  
Are We Trapped in an Obsolete Economic System?**

The world economic order has many profound accomplishments to its credit. Living standards in the industrialized world have reached a level where many serious observers now warn that our consumption threatens the future of the environment on which life depends. Meanwhile, in the Middle East and Africa, many families survive at a level common in Europe during the Middle Ages. Income disparities between the industrialized world and the remainder are now embarrassing. Within a few industrialized economies, the income gap between the top 1% of households and the remaining 99% must be considered scandalous. Since the collapse of the Soviet Union, market-based global capitalism has emerged politically triumphant. However, there is an argument to be made that the global economic system is morally bankrupt and functionally incoherent.

We now live in a world being run on the principles worked out by Adam Smith in the early years of the Industrial Revolution. Deregulated financial markets have given us a global economic crisis that would bring a smile to the face of Karl Marx. Meanwhile a number of influential political leaders and citizens imagine that we have happily arrived at the end of economic history. Some want us to believe that these transformations offer definitive proof of the superiority of global capitalism. Even an average philosopher would ask: "Superior with respect to what?"

In this lecture I will argue that the "spirit of the times" is delusional. I will suggest that economic theory and practice has lost its way. Pursuit of growth has driven out the necessary focus on the moral dimension of economic processes and economic outcomes. Before Adam Smith, economics was studied as a component of moral philosophy. After two hundred years of intellectual independence it is time to re-imagine economic theory and political economy.



## Daniel W. Bromley

Daniel W. Bromley is Anderson-Bascom Professor (Emeritus) of applied economics at the University of Wisconsin-Madison. He is also Visiting Professor, Humboldt University-Berlin. Professor Bromley has published extensively on: (1) the institutional foundations of the economy; (2) legal and philosophical dimensions of property rights; (3) economics of natural resources and the environment; and (4) economic development. He has been editor of the journal Land Economics since 1974. In 2011 he received the €50,000 Reimar Lüst Prize from the Alexander von Humboldt Foundation in Germany. He is a Fellow of the Association of Environmental and Resource Economists, the Agricultural and Applied Economics Association, and is listed in *Who's Who in Economics*. He recently completed a three-year term as Chair of the U. S. Federal Advisory Committee on Marine Protected Areas. He also served on a special committee of the National Academy of Sciences concerning America's Climate Choices.

He has been a consultant to the Global Environment Facility; the World Bank; the Ford Foundation; the U.S. Agency for International Development; the Asian Development Bank; the Organization for Economic Cooperation and Development; the Ministry for the Environment in New Zealand; and the Aga Khan Foundation. He has worked and lectured in over 25 countries around the world. Recently he has been an advisor to the Government of National Unity in Sudan on economic recovery in the South and in Darfur. In addition, he has advised the Government of Jordan on institutional reform in the water sector. He recently served as Senior Research Advisor for a team designing and implementing an economic diagnostic to guide future economic development strategies in Iraq. Professor Bromley will be guest of Tatra Banka foundation with the cooperation of Slovak Economic Association (SES).

Professor Bromley has written and edited thirteen books, the most recent of which are: Economic Interests and Institutions: Conceptual Foundations of Public Policy (Blackwell, 1989). Environment and Economy: Property Rights and Public Policy (Blackwell, 1991). The Social Response to Environmental Risk (Kluwer, 1992). (with Kathleen Segerson) The Handbook of Environmental Economics (Blackwell, 1995). Sustaining Development: Environmental Resources in Developing Countries (Elgar, 1999). Economics, Ethics, and Environmental Policy (Blackwell, 2002). (with Jouni Päävola) Sufficient Reason: Volitional Pragmatism and the Meaning of Economic Institutions (Princeton, 2006). Vulnerable People, Vulnerable States: Redefining the Development Challenge (Routledge, 2012) (with Glen Anderson)