The New Mandate: Climate Risk, Global Economics & the Governance of Shared Prosperity

An Architecture of Stewardship for Climate Resilience and Economic Transformation in a Rapidly Changing World.

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ABSTRACT

Across advanced and emerging economies, systems of social insurance and risk governance face escalating pressure from three converging structural forces: rapid climate disruption, demographic aging, and persistent economic fragility in regions dependent on land-based livelihoods. These trends are most pronounced in specific transatlantic geographies—the Black American South, post-socialist Eastern Europe, and TransAfrican agrarian economies—where households and firms navigate overlapping social insurance programs, incomplete markets, informal work, and rising exposure to climate shocks. This paper provides a conceptual, empirical, and institutional analysis of how social protection systems function in these contexts and how they might be redesigned to safeguard land, livelihoods, and community wealth under conditions of accelerating structural change.

The paper begins by documenting the behavioral consequences of current social insurance frameworks in these regions, focusing on how program design and implementation shape retirement decisions, business succession, labor supply responses, and household asset management within aging agricultural economies. I examine how households respond to the constellation of programs they face—crop insurance, disaster aid, disability coverage, pensions, SNAP-like income transfers, and region-specific subsidies (e.g., EU CAP). Using geographically matched data from USDA/ERS micro-indicators, Eurostat's Farm Structure Survey, labor force modules from Eastern European national statistics offices, and African household panel surveys, I model how households and firms adjust their production, land tenure, informal work, and business continuation behavior in response to both perceived and actual program incentives. A central contribution is to identify how program interactions, incomplete knowledge about program provisions, and administrative burdens reshape economic behavior, particularly in low-capacity or climate-vulnerable regions.

Second, I investigate the limits of existing social insurance architectures, showing that in many rural and semi-rural regions, formal programs do not adequately insure climate-exposed or informally employed households. Here, I focus on misaligned incentives that emerge when multiple programs overlap: households exit the formal labor market to retain disability or pension eligibility; smallholder farmers underreport production to avoid taxation; and rural owners delay business succession or land transfer due to uncertainty around program access. I show how these behavioral distortions are amplified when climate shocks increase volatility in land values, crop yields, and rural earnings, thereby increasing reliance on ad hoc disaster assistance, informal borrowing, and household risk-sharing mechanisms.

Third, the paper introduces a new conceptual mechanism: cooperative and shared-ownership institutions as quasi–social insurance systems. Drawing on evidence from worker cooperatives, employee ownership programs, producer associations, and shared-equity agricultural enterprises in the U.S., Europe, and TransAfrica, I argue that these structures generate insurance-like functions—smoothing income volatility, stabilizing employment, pooling risk, preserving intergenerational assets, and facilitating business succession—particularly where public programs are incomplete or inaccessible. I develop a simple behavioral model illustrating how the presence of shared-ownership structures changes household incentives relating to labor supply, retirement, migration, and investment, especially under climate uncertainty.

Fourth, the paper explores the role of universities and local anchor institutions as institutional intermediaries in social insurance take-up, program navigation, and risk governance. Using case studies of Historically Black Colleges and Universities (HBCUs), Eastern European rural universities, and TransAfrican agricultural universities, I show how community-based anchors reduce administrative burdens, increase household knowledge of program provisions, assist with compliance, and facilitate cooperative or employee-ownership transitions in aging rural economies. These institutions lower the transaction costs of navigating complex social safety nets—particularly for older, informal, or low-literacy populations—helping to correct behavioral inefficiencies rooted in program complexity.

The paper concludes by proposing a Transatlantic “Architecture of Stewardship”: a policy framework for redesigning social insurance systems to address the behavioral realities of climate-disrupted, aging, and economically fragile regions. This architecture integrates (1) climate-risk governance, (2) social protection programs, (3) shared-ownership institutions, and (4) community-based anchors that mediate access, knowledge, and compliance. I outline potential reforms—including multi-program coordination platforms, climate-adjusted benefit formulas, cooperative succession incentives, and federally supported anchor-based benefit navigators—designed to improve incentive alignment, reduce administrative burdens, and stabilize household and firm-level decision-making.

Overall, this work contributes to public economics by illuminating how households and firms behave when navigating fragmented social safety nets under climate and demographic stress, and by offering institutional and policy designs that integrate public, private, and community-based mechanisms for sustaining economic security in vulnerable regions.

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