

As a public service,

THE LAUCKS FOUNDATION

from time to time calls attention to published material that might contribute toward clarification or understanding of issues affecting world peace. The accompanying reprints constitute Reprint Mailing No. 105.

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The following is quoted from the January 1 World Day of Peace message of Pope John Paul II, as published December 29, 1989, in The National Catholic Reporter, p. 13:

"An education in ecological responsibility is urgent: responsibility for oneself, for others and for the earth. This education cannot be rooted in mere sentiment or empty wishes. Its purpose cannot be ideological or political. It must not be based on a rejection of the modern world or a vague desire to return to some 'paradise lost.'

"Instead, a true education in responsibility entails a genuine conversion in ways of thought and behavior. Churches and religious bodies, nongovernmental and governmental organizations, indeed, all members of society, have a precise role to play in such education. The first educator, however, is the family, where the child learns to respect his neighbor and to love nature."

(Reprinted, with permission, from *The Land Report* Fall 1989. These are excerpts of presentations at a symposium, "The Marriage of Ecology and Agriculture," held Oct. 20-22, 1989, at The Land Institute, 2440 E. Water Well Rd., Salina, Ks. 67401):

On the Marriage between Ecology and Agriculture

Nature as Measure

Wendell Berry
(an excerpt)

Industrial agriculture, built according to the single standard of productivity, has dealt with nature, including human nature, in the manner of a monologist or an orator. It has not asked for anything, or waited to hear any response. It has told nature what it wanted, and in various clever ways has taken what it wanted. And since it proposed no limit on its wants, exhaustion has been its inevitable and foreseeable result. This, clearly, is a dictatorial or totalitarian form of behavior, and it is as totalitarian in its use of people as it is in its use of nature. Its connections to the world and to humans and the other creatures become more and more abstract, as its economy, its authority, and its power become more and more centralized.

On the other hand, an agriculture using nature, including human nature, as its measure would approach the world in the manner of a conversationalist. It would not undertake to impose its vision and its demands upon a world that it conceives of as a stockpile of raw material, inert and indifferent to any use that may be made of it. It would not proceed directly or soon to some supposedly ideal state of things. It would proceed directly and soon to serious thought about our condition and our predicament. On all farms, farmers would undertake to know responsibly where they are and to "consult the genius of the place." They would ask what nature would be doing there if no one were farming there. They would ask what nature would permit them to do there, and what they could do there with the least harm to the place and to their natural and human neighbors. And they would ask what nature would help them to do there. And after each asking, knowing that nature will respond, they would attend carefully to her response. The use of the place would necessarily change the user. The conversation itself would thus assume a kind of creaturely life, binding the place and its inhabitants together, changing and growing to no end, no final accomplishment, that can be conceived or foreseen.

Farming in this way, though it certainly would proceed by desire, is not visionary in the political or utopian sense. In a conversation, you always expect a reply. And if you honor the other party to the conversation, if you honor the otherness of the other party, you understand that you must not expect always to receive a reply that you foresee or one that you will like. A conversation is inimitably two-sided and always to some degree mysterious; it requires faith.

Cautionary Thoughts on a Marriage Proposal

Donald Worster

We have been called together to witness a proposal of marriage—not the marriage itself, which is still only a distant possibility, but an offer of marriage and that made by only one of the parties, the science of ecology. The other party, agriculture, is only barely represented here. We don't really know what he thinks about the idea, or if he thinks at all about it, or even whether he is the marrying kind. The rest of us, including this historian, have come in support of the proposal but must confess to being a little nervous and uncertain as to whether the marriage could work.

Who is this potential groom, agriculture, and what is his past? A very complicated fellow, he is the farmer in the field, of course, but also the rural banker, farm implement manufacturer, pesticide salesman, international grain merchant, and food processor. He is modern agribusiness in all its manifestations. He works hard, is full of self-confidence, and yet he is a ward of the government, unable to function alone these days. He is full of contradictions, not only between his insistence on free enterprise and his demand for public support, but also between ancient memories of stability and harmony and modern drives for wealth and power. The first and most difficult task is to convince this fellow that he needs a mate. Before he will come to the altar, he must be brought to understand that his life is incomplete as it is, that in fact it is a mess, that he needs to reform himself if he has any hopes of surviving, and that the proposed marriage with ecology can be the first step toward that reform.

The history of agriculture in North America provides the best argument I know for reform. Over the past three hundred and fifty years since the Europeans began taking control of the continent away from the first native agriculturists, we have a record that shows as much failure as success. With a determined innocence the agricultural community has tried to ignore those failures.

The first commercial agricultural venture in the New World was the tobacco plantation system established in the sixteenth century around Chesapeake Bay, and scientists have marked that advent from the increased mud that shows up in sediment cores taken from the floor of the Bay. Soil erosion and depletion plagued that regime from the start. The other beachhead for European agriculture was New England, and it too did not show much stability. By 1850 most of southern New England had been

deforested and planted to corn, wheat, English hay, and other crops. The landscape was as open as Kansas. The region was virtually self-sufficient in food. Farmers would have scoffed at anyone warning it would all end soon. By 1900, however, extensive acreages had returned to brush and many farmhouses had been surrendered to the mice and porcupines. Today, two-thirds of the state of Massachusetts is covered with forest once more, and old stone walls that once marked the edges of fields are now lost in the trees. Eighty-four percent of the food is imported. The bears have returned, and so have the beaver and deer and even moose. Is New England a success or a failure agriculturally? If you think about the long term, about enduring rural communities, lasting traditions, stable human and ecological relationships, then the region is very nearly a failure. Our first efforts to farm this continent started off profitably, but within a couple of centuries began to self destruct.

So goes the history of agriculture westward across the continent. Americans boasted of winning a permanent empire, but lost as much as they won. Every decade since the late nineteenth century the cotton belt of the Deep South has had to take in a few more notches, until today it is a much diminished version of its former glory; today some of the largest producers of cotton are located out in west Texas, in Arizona, and in the Central Valley of California. Large expanses of the old cotton kingdom have gone back to grass or forest. Meanwhile, the new cotton fields in the West have an uncertain water supply and may in their turn go out of production.

The Great Plains, which we once prophesied would be the garden of the world, is currently our most failure-prone agricultural region, as it has been throughout the twentieth century. Take away the underground water reserve of the Ogallala aquifer, and the plains will lose a considerable portion of their farm economy. Take away federal relief and price supports, and they will lose even more. The depletion of the aquifer within another half century is now certain, and the drying up of federal monies is more and more a distinct possibility. Consequently, over much of the region we may soon be back to a condition of dry-land farming in a free market economy—a condition that in the 1930s gave us the Dust Bowl and, in some counties, a population loss of over 50%.

Recalling those facts from the near and distant past ought to be enough to sober up the potential groom and send his thoughts toward reform of character, marriage, and settling down. He has been living a hard life, if he only knew it, and it is getting harder.

Agriculture does not have to live this way. In other parts of the world, at least until very recently, there have been plenty of examples of farm communi-

ties that have existed in the same place, with little change in population or techniques, for a thousand or more years. Why have we Americans had so much difficulty in achieving something similar? It is not because we have lacked scientific know-how or capital or time. No, the reason is that the American agricultural sector has been unwilling to accept the social and ecological restraints inherent in such communities. A stable enduring rural society, in equilibrium with the processes of nature, does not allow much freedom or self-assertiveness for the individual. Typically, such societies hedge the individual about with a complex array of rules, regulations, and traditions: for instance, he or she cannot buy or sell land without community approval, cannot marry or start a family before reaching a prescribed age and achieving an adequate holding, cannot plant or harvest before others, must follow the group in the herding of livestock, marketing of cheese, or selecting of seed. The whole community, and all of the ancestors too, are involved in the individual's decisions. The individual farmer acts within a severely constraining network of duties and obligations that allow little personal initiative. That is the best way, people all over the world have understood, to avoid too much risk and preserve the present. Such a network, of course, puts a ceiling on the amount of private wealth that any one person in the community can accumulate. It limits creativity. It is conservative and hidebound. But it avoids most of the failures caused by misjudgment, egotism, ignorance, ambition, experimentation, excitement, fantasy. Why have we in North America rejected that way of thinking? Why is our potential groom, the American agriculturist, so very different in temperament?

The historian replies that our agriculture has, from the beginning point of 1607 or 1620 (depending on whether you start with the settlement of Jamestown or Plymouth), been shaped by the market economy and its culture of economic individualism. Or to put it another way, our modern agriculture began with a capitalistic ethos and has continued thus ever since. It is radical in its rejection of traditional rural community patterns. It is revolutionary in its elevation of the individual over the group. American agriculture has taken as its first principle the idea that the pursuit of unlimited private property and private gain ought to decide all questions of plowing, herding, planting, reaping, all rearrangements and manipulations of nature. Whatever the individual conceives, he should be free to do with the land. Every one of the successes we proudly celebrate in our agriculture—high production, great wealth, diminishing labor—are the clear result of that determination to establish a free, individualistic, market-directed approach to decision making. But then we must admit, when we have stopped being celebratory

or disingenuous, that we have a long list of failures too, and they have resulted from the same market mentality.

So is this American agriculturist, long devoted to his freedom to play around in the grain and wool markets of the world, now chastened and mature, ready to enter into the bonds of matrimony? That is the first question that a historian brings to this scene of proposal.

The bride to be, or that wants to be, is the science of ecology, or more accurately, is a few ecologists who have a feeling for agriculture and want to see it saved from itself. They are like a young earnest schoolmarm, full of piety and learning, eager to land this husband and make him a pupil, teaching him all the virtues of reverence, responsibility, and scientific reason. A historian must admire the intention but wonder about the bride's preparation for marriage. Can this good soul succeed in her desires?

Ecology promises to bring to the marriage an informed, expert understanding of how nature works, a knowledge that agriculture does not have on its own but needs from others. I accept the claim, as almost everyone does. There has been in recent decades an impressive accumulation of knowledge about the processes and structures of the natural world—about, for example, the natural methods plants have developed to combat their insect enemies or survive drought. Most of this knowledge did not exist for farmers of the last ten thousand years, and the fact that it is now available is one of the blessings of modernity. Any one in the agribusiness network who does not appreciate that knowledge and seek to take advantage of it is trying to deny progress.

But the knowledge offered by ecologists is deceptive in one vital respect: it does not afford a general or comprehensive measure of what it means to be successful or unsuccessful in agriculture. Science is excellent in addressing particulars, but vague and indecisive in recommending general policies for a society to follow. Its authority is limited and piecemeal. It is too much a product of its culture to be the broad, independent, all-wise oracle that agriculture needs. All of ecology's models of nature derive at last from culture. The ecologist finds it very difficult to step outside of her moment in history, her place in society, to reveal some general authoritative truth about the order of nature and to insist that agriculture adapt itself to that order.

Take the concept of the ecosystem. Some years ago one might have supposed that it was a firmly established truth, sanctioned by science and completely reliable as a guide. All the farmer had to do was to learn the principles of ecosystems and redesign his farm accordingly. Recently, however, ecologists have begun to find fault with the whole concept

and even to abandon it altogether. An ecosystem, some have said, is merely a fiction. It may describe the structure of nature in some places for brief periods of time, but in other places it is seriously misleading.

The historian sees immediately in these changing fashions in science the fickle but powerful hand of a changing culture. One generation of scientists invents the idea of the ecosystem and, worried about the environmental transformations going on, holds it up as a measure for all to follow. Another generation, looking for verification of the model and perhaps less worried about those transformations, throws the ecosystem out of the textbooks. Neither generation is truly free of its times and culture to talk about nature in some transcendental way. Each is influenced by the world of events. As Raymond Williams has written, in our ideas of nature there is a great deal of history.

We do indeed require some standard against which we can measure our agriculture in its general tendencies and practices. Unfortunately, the science of ecology has not proved able to furnish that standard in clear, unequivocal, enduring terms.

Even what the ecologist knows for certain often proves difficult to apply in practical situations. She may understand in minute detail the folly of our pesticide practices and recommend other methods or ends. But the farmer may feel trapped by his own past and have to ignore her advice. He is not, in truth, an altogether free agent, able to adjust instantly to scientific knowledge. He may have debts to the bank that have to be paid promptly and in full; his crop decisions may therefore be made according to the prospects of high market return, not on moral or ecological grounds. He may see the dangers in letting the marketplace determine land use but feel that circumstances give him no choice but to risk these dangers.

In short, the farmer and all his associates in the agricultural sector are people who cannot live outside of history either. They commonly think in the ways their age sanctions and cannot realistically be expected to do otherwise without a great deal of pressure and persuasion. They often feel they must live with the economic institutions they have inherited, for all their faults, until in some distant future other institutions may have evolved. They may talk a great deal about asserting their individuality, but they also tend to accept the notion that no freedom, even in a marketplace economy, is ever really complete. The weight of economic history and tradition can be lifted but it will not be easy.

Thus the plea from a prospective bride to "come and let me teach you how to be ecological" must appear a little utopian at times to such a groom. Science is not in any position to find for any part of

society, the agricultural or other, a perfectly rational, coherent, comprehensive, objective, permanent design. It has not done that for itself. How could it do it for farmers?

Agriculture in the United States has been deeply embedded in the history of the market economy over the past several centuries. It cannot be expected to go abruptly in new directions without confronting and dealing with that history and that economy. The science of ecology, on the other hand, despite its impressive knowledge, represents neither omniscient authority nor deep historical understanding.

Does the ecologist fully realize what she is up against in the case of the groom, and does she have a realistic sense of her potential as tutoring wife? This is the second question that the historian brings to this scene of proposal.

Speaking as a third-party observer, I hope the marriage takes place and soon, even if it has to be arranged by others instead of coming from a spontaneous romance. What is needed in that marriage, I must add, is a shared dedication to a larger ideal than each other. Both bride and groom, before they take another step, ought to agree on a common moral principle: that nature is a pattern and a set of processes that we humans did not invent and must respect. Nature is more than a field to be exploited by the human mind and its technology. It is more than a pile of commodities to be bought and sold for gain. It is more than an intellectual puzzle to be taken apart by curious scientists. It is more than whatever it is we want it to be. Nature is a whole greater than we can understand or manipulate.

A marriage that does not begin with that common understanding by both parties is likely to flounder soon.

Furthermore, both science and agriculture must acknowledge that they cannot teach that awareness to each other. It must come from outside the relationship, from ethics and philosophy, from politics and social discourse, from the community at large trying to discover a new relationship to nature.

In short, this marriage requires another way of seeing from the one that has dominated both science and agriculture over the past few centuries. I mean our tendency to see nature only in pieces, not as a whole—our habit of being so analytical, so focused on particulars, that we lose sight of the very order of nature—or we lose confidence that such an order even exists. That has happened, I believe, to an agriculture ruled by the market mentality, which cultivates the ability to see opportunities for personal profit but not that sense of interdependencies. The same loss of vision has also plagued science since the seventeenth and eighteenth centuries; science may have begun

with a glorious vision of rational order in nature but now in very many places has reached the point of seeing only chaos in the larger picture.

A marriage that only united two narrow ways of seeing would produce more, not less, blindness. We would not find such a union very promising.

On the other hand, a marriage that brought these two talented parties together in a common search for that principle of order, a marriage that was informed by a broader moral discourse, is one that looks auspicious. Such a union might one day bring forth a child better than any we have known.

The following is quoted from "A Fragile World Can Survive by Refurbishing Postwar Visions" by Hodding Carter III, published in The Wall Street Journal, March 30, 1989, p. A15:

"Most world problems today are as interrelated as the financial markets. The markets are a metaphor for the scope and depth of our interdependence and the futility of single-country efforts to assert autonomy."

NewOptions

December 26, 1989

Issue No. Sixty-three

Alternatives to the "Global Marketplace"

The Soviet Union and Eastern Europe are not only opening up to the West politically. They're also opening up economically. Now there is no barrier, it seems, to the triumph of the "global marketplace," a one-world economy dominated by multinational corporations and dedicated to the proposition that all people should aspire to the American middle-class lifestyle.

I am dismayed that McDonald's is opening its first Soviet restaurant next month. Of course I'd like to live in a global village, but not one shaped by junk food, junk bonds and junk mail.

The emerging global economy is the great underreported-on story of the 1980s. One reason it hasn't gotten nearly the attention it deserves is nobody quite knows how to shape it for the better.

Yes, there are "industrial policy" advocates like economist Lester Thurow — people who say we need to get our house in order before we can "compete with" the likes of Germany and Japan. They'd pump massive amounts of government money into education and R&D, and raise tariffs on certain products (for a temporary period of time, you understand!). But they don't aim to *change* the global marketplace, merely to help American companies do better within it.

Then there are the protectionists, mainly AFL-CIO types and socialist intellectuals who long to get labor to pay attention to them. They'd put up higher tariffs than the industrial policy advocates, and on a broader range of products, and for longer periods of time, maybe even forever. But their arguments all have to do with the short-term interests of American workers, not the needs of people everywhere. And like the putative industrial policymakers, the protectionists aren't interested in changing the global economy. They just want to isolate us from its consequences.

We spent the last few months scouring the trenches for economists who've thought

deeply about how the global economy can be not *adjusted to or hidden from*, but *different* — ecological, just, democratic, decentralizing, human growth oriented (not material growth oriented), and good for the Third World. What we found was exciting.

Herman Daly and James Robertson — two economists on our Advisory Board — were putting the finishing touches on book manuscripts that spoke to just this issue, in path-breakingly original ways. We prevailed upon them to allow us to adapt key portions of their manuscripts. The result is this issue of NEW OPTIONS dedicated entirely to exploring alternatives to the global marketplace — the first "theme" issue we've done since January 1986.

The two articles we've created may appear to be very different from each other. Certainly their emphases are different. But the more you read them, the less different they may begin to seem.

Certainly their authors are similar.

James Robertson is the most prominent decentralist/globally responsible economist in Britain. A former member of the British Cabinet Office and research director for all the British banks, he later had a change of heart and became a founding member of The Other Economic Summit (NEW OPTIONS #17) and a very articulate spokesperson for "ownwork" (self-employment) and the guaranteed basic income. His books include *The Sane Alternative* (1978) and *Future Work* (#27); the book from which our adaptation is taken, *Future Wealth*, will be published in Britain this January by Cassell Ltd. Hopefully some publisher will make it available in the U.S. as well.

Herman Daly is the most prominent decentralist/globally responsible economist in the U.S. His book *Steady-State Economics* (1977) is still a bible for those of us who oppose economic growth and favor an economy

"in which stocks of wealth and people are continually renewed even though neither is growing" (see #44). It is scandalous that no U.S. politician has used Daly as an advisor — though he's having an impact now by "working from within" at the World Bank. His new book, *For the Common Good*, from which our adaptation is taken, will be published January 31 by Beacon Press.

Co-author of *For the Common Good* is the theologian John Cobb Jr. Cobb is the author of *Process Theology as Political Theology* (1982), and his fine essay "Postmodern Social Policy" appeared in David Griffin's anthology *Spirituality and Society* (reviewed in #54).

All three writers couch their ideas in an understated, matter-of-fact prose. But don't be fooled: What they're advocating is nothing less than a revolution in the way the global economy is understood and arranged . . . a revolution that would profoundly affect our jobs, our countries and our daily lives.

Toward a multi-level one-world economy

By James Robertson

We need a new economic order for the 21st century.

This new order must be geared to the real needs of people and the Earth. It must restore to the word "wealth" its original meaning of well-being. It must harmonize economy with ecology, in accordance with the proper meanings of these words — as the management and science of our Earthly home.

It must accept that the era of "the wealth of nations" is past, and treat the world economy as a single economic system.

Catastrophe

The world's present path of economic development is damaging to both people and

Corridors of Power

the Earth. It is leading the world towards catastrophe.

The 1980s have increased the amount of human poverty and misery in the world, and ecological disaster now threatens. By the year 2000, if present trends continue, one-third of the world's productive land will have turned to dust, one million species will be extinct, and the world's climate will be irreparably changed.

This damage is being done by a world population that is now just over five billion. Of these, about a quarter live in the so-called "developed" countries. Per capita, that quarter consumes far more than the three quarters in the developing countries — 15 times as much paper, 10 times as much steel, 12 times as much energy. So even with a stationary world population, if consumption in poor countries were brought up to present rich-country levels this would multiply today's ecological impacts something like 10 times over.

And world population will not remain stable. By the year 2025 it is projected to rise to 8.2 billion. Thereafter it is not expected to stabilize below 10.2 billion on some projections and 14.2 billion on others — twice or three times what it is today. For today's rich-country consumption levels to be achieved by the whole of a world population of that size would mean multiplying today's ecological impacts some 20 or 30 times over.

Anyone who thinks this is remotely possible is living in cloud-cuckoo land. So is anyone who believes that the present polarization of the world's population between a wastefully affluent minority and a very much poorer majority can be indefinitely sustained.

Consumerist values

Although awareness that the world is on course to catastrophe has been growing rapidly in recent years, the dominant thrust of conventional economic development offers no solutions. Quite the reverse. Modern communications, especially television, are hooking the rising population of the world more and more firmly on the consumerist values propagated by rich-country businesses and governments.

This is evident throughout the non-socialist Third World. Even in the socialist economies of the Soviet Union and Eastern Europe — and China too before the terrible events of June 1989 — recent economic reforms leave it doubtful whether the switch being attempted is towards a genuinely new path of development or merely to one based on the consumerist example of the market economies of the industrialized West.

Meanwhile, as the richest countries have been gearing themselves up to drive still fur-

ther along the conventional path of economic growth — this being, for example, the stated purpose of the single European market in 1992 and the 1988 Free Trade Treaty between Canada and the U.S. — the wealth gap grows wider between rich countries and poor, and between rich people and poor people within each country.

A top priority for the early 1990s is to get it firmly established in the public mind worldwide that this whole process is sinfully shortsighted, and that human beings are capable of something better.

One big problem

How can we come up with something better?

One big problem is that the workings of the world economy are made to seem so complicated that most people give up trying to understand them. This suits many of the international bankers, businesspeople, officials, politicians and economists most closely involved.

It is therefore a top priority for us to:

- clarify in our own minds how we think the world's economic institutions should work and how they now need to be reformed, and mount a worldwide campaign of public discussion about it;
- find ways to persuade the experts to say how they think the world economy should now develop, in words people can understand;
- recognize nonetheless that what many of the experts have to say may be less constructive than the sustained exercise of our own common sense and common morality.

Three key principles

I would like to suggest three key principles for a new economic order geared to creating wealth and well-being for people and the Earth.

- It must be *conserving* for the Earth's resources and environment.
- It must be *enabling* for people. Instead of systematically creating and extending dependency, it must systematically favor self-reliance and the capacity for self-development.
- It must be organized and understood as a *multi-level one-world economic system*, with autonomous but interdependent parts at all levels.

Beyond the nation-state

Adam Smith assumed that national economies were the basic entities for organizing economic life. His successors, including Marx and Keynes, continued to take the nation as the focal economic unit. Economic policy-making today is still based on that assumption.

However, the gap between that assumption and economic realities is growing too wide to be ignored.

The need for effective economic policy at the *local* level is highlighted by the economic problems of cities and rural districts in many parts of the world. Meanwhile, recurring international ecological and economic problems, the increasing need for international economic co-ordination, the growing domination of the world economy by transnational corporations, and the emergence of a one-world financial system based on computer communication between London, Tokyo, New York and other centers, emphasize the need for effective economic policy-making at the *global* level.

One-world system

We must begin to understand the world economy as a multi-level one-world system, consisting of autonomous but interdependent parts. These include persons and households; local economies; national economies (and supra-national groupings such as the European community); the global economy; and the organizations (such as business companies) that carry out economic activities.

We must begin to articulate these "parts" or "units" as sub-economies of the world economy. And we must define the principal function of each larger, higher-level economic unit as being to enable its component sub-economies to be more self-reliant and more conserving.

"Economic responsibility"

The world economy has become a single economic system. What happens in one part of the world increasingly affects what happens in others.

The acid rain caused by power stations in Britain kills trees in Scandinavia. People eating hamburgers in the North cause tropical

NewOptions

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Groups

forests in the South to be cut down for cattle ranching.

In countless such ways as these, the economic responsibility of people in one part of the world for what happens to people in others is growing all the time.

Our long-term task, therefore, is to design international rules and institutions and practices that will reflect the reality of a one-world economy . . . and will systematically encourage enabling and conserving ways of economic life in every part of the world.

International taxes

Taxes will be needed at the global level. The function of such taxation should be to raise the revenues needed to encourage economic self-reliance, useful enterprise, and the conservation and efficient use of natural resources; to discourage and penalize waste, pollution, nuisance and crime; and to redistribute financial resources from rich to poor.

Research and discussion is needed on the feasibility of various possible taxes, including:

- international taxes on activities that exploit international resources, such as ocean fishing and seabed mining;
- international taxes on activities that pollute and damage the global environment;
- a uniform international tax on imports between one nation and another;
- a uniform international tax on international currency exchanges (e.g., exchanges between one national currency and another).

"Insulating mechanism"

The last two of these taxes embody an important principle: All economic entities should be enabled to enjoy a degree of insulation against domination by external economic forces.

The case for some such buffering or insulating mechanism to provide all national economies with an agreed level of protection, *within a world trading system that could then be much freer than today's*, was strongly argued by Keith Roberts in his privately and posthumously published *A Design for a Market Economy*.

Roberts suggested that the whole of the present worldwide system of domestic tariffs and international trade restrictions might be replaced by a single international tax on imports.

He suggested a 20% tax, together with an international duty of 1% on all international currency transactions. "The tax would be paid by the importer to an [appropriate] international body," he wrote.

Great blue hope

What is an "appropriate international body"? Let us see how the United Nations

and its associated global agencies, such as the World Health Organization (NEW OPTIONS #50), Food and Agriculture Organization, UNESCO, and so on, develop in the 21st century.

As the 50th birthday of the U.N. in 1995 draws nearer, interest should begin to focus on the prospects for its second 50 years and for the further evolution of the functions of international government. For that reason and others, we may expect discussion to intensify within the next few years about the U.N.'s role in the first half of the 21st century, and about providing the monies necessary to support its expanding activities.

Free trade hypocrisy

What role will be played by international trade in an enabling and conserving world economy? We need to go beyond the old arguments about free trade and protectionism.

The world has never had a genuinely free and fair trading system. The ideology of free trade has been used, as ideologies often are, to justify the strong in taking advantage of the weak — and to persuade the weak that it is neither conceptually respectable nor in their own best long-term interest to protect themselves.

Today's international trading arrangements are as powerfully biased as ever against the interests of poorer countries. Textiles and clothes are one of the areas in which the hollowness of rich-country rhetoric about free trade can be clearly seen. When the interests of their own producers are adversely affected, the rich countries settle for protectionist measures. Free trade principles and the legitimate interest of Third World producers take second place.

Dangers of protectionism

A real danger in the coming years is that protectionist policies will become stronger in the three trading blocs crystallizing around the U.S., Europe and Japan.

Such policies might not only lead to trade wars between these blocs themselves. They would also be very damaging to the poorer countries of the Third World, insofar as these were still trying to export to the industrialized world (or were still being required to do so in order to pay off their debts).

More self-reliance

As a basis for a new international trading regime in the 21st century, we need to start from the following principle:

- The total volume of international trade — as a proportion of total world economic activity — should fall, as nations and localities everywhere move towards greater economic self-reliance and more conserving economies.

This reduction in the volume of international trade should *not* be brought about by national governments (or trading blocs) unilaterally introducing tariffs and subsidies and quotas, i.e. by old-fashioned protectionist measures. These distort the internal working of their own economies.

It should be brought about instead by developing a new international regulatory framework for trade . . . including such measures as the international imports and currency exchange taxes mentioned above. These will affect all countries uniformly, and will encourage greater self-reliance and a more conserving use of resources — while also providing a basis for free and fair trade where necessary.

The main point is that, from now on, the evolution of the world's trading system must be linked with the concept of self-reliant, sustainable development.

In the nation

National economies must be reshaped to operate as integral parts of a multi-level one-world economic system, in which household and local economies and the global economy are just as important as the national economy.

First, each nation's economic policies should concentrate on developing a self-reliant, conserving economy for the nation as a whole.

Next, each national economy — and all its institutions, regulations and policies — should provide an enabling context for self-reliant and conserving economic development by the nation's localities, organizations, households and citizens.

Finally, national economies should be developed as sub-systems of the emerging world economic system.

Import substitution

How should we set about developing more enabling and conserving national economies?

The first step will be to secure acceptance of the basic idea that it is better for sub-systems of the global economic system at every level (national as well as local and household) not to be excessively dependent on economic factors outside their own control.

This will mean getting it widely understood that a change of direction is now needed from the path of world economic development over the last 200 years, which has involved an ever-increasing role for imports and exports in most national economies.

The emphasis must now shift toward meeting a greater proportion of national needs from national work, national production and national resources, with import substitution generally taking priority over export promotion, at least for the foreseeable future.

Groups

The main exceptions to this will be trade in necessary goods which the importing country cannot for natural physical reasons provide from domestic production, and cultural exchanges — including personal travel!

Enabling the Third World

Third World countries, too, should rely as much as possible on domestic savings rather than on external investment capital. And they should encourage production and consumption patterns that minimize the use of foreign exchange.

Attempts by Third World countries to delink from economic dependence on industrialized countries face two problems.

The first is how to pay off — or write off — existing debt. The second is how to acquire the imported technologies and skills that even a development strategy aiming at internal economic self-reliance will need.

There is no escaping the truth, much as rich-country banks and governments have tried. Somehow, the Third World countries must secure a significant easing of their present debt burden and a once-for-all injection of financial and technical aid as a gift from the rich countries.

The aim should be to enable Third World economies to generate the momentum needed for self-reliant development by the Year 2000.

They would then be in a position to decide whether to try to get back to the old conventional path of export-led growth, or to continue on a path of local and national economic self-reliance, or to adopt whatever mix of the two seems likely to suit them best.

Getting there

There are several main tasks here for the early 1990s.

The first is to develop and spread the idea of the 21st century economy as an enabling and conserving, multi-level one-world economy, consisting of autonomous but interdependent parts. We should aim to have this idea more fully developed, more generally understood, and more widely accepted by 1992.

The second task is to spread understanding of the idea that this new economic system must and can be evolved by deliberate design as a collective endeavor on the part of humanity as a whole.

A third task is to seize the opportunity created by the opening of the single European market in 1992.

The stated purpose of the single European market is the expansion of conventional economic growth. Environmental and social considerations are regarded as subordinate.

Our goal is not to obstruct the emergence of a more unified economic entity at the Euro-

pean level. It is to help shape its development into something different from what is now proposed.

In the years up to 1992 there will be increasing public debate in all the European countries about the impending single European market. It will be important to use this opportunity to discuss the idea of an enabling and conserving European economy — and to build strong working links with all those who share that aim.

As the first results of the single European market begin to make themselves felt in the years 1992-95, there is likely to be a rising tide of protest. It will be important to be ready by, say, 1993 with a well-worked out and well-supported scheme for transforming the European Community into an enabling and conserving framework for the national and local economies of Europe.

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Toward a self-reliant national economy

By Herman Daly and John Cobb, Jr.

It's nice to talk about a world community. It's nice to talk about a global community. But it doesn't exist.

There is such a thing as a national community. And if we value community, then surely we have to protect it where it exists.

In today's world you hear a great deal of discussion about free trade and the global economy, and "integration into the world economy." And this is usually put forward as a good thing — helping to build an international community, being neighbors with everyone in the world, and so forth.

Both of us have always been internationalists. It's only recently and through a certain amount of painful re-thinking that we've come to see that free trade is a bad idea. We've come to see that, in today's world, there are some pretty good reasons to favor a nationalist policy that reduces free trade, entanglements and interdependence among nations.

Death of affluence

To appreciate the enormous breach of community implicit in modern free trade, consider what the U.S. capitalists are, in ef-

fect, telling the U.S. laborers. They are saying that labor has to compete in the world market against the poor masses in the overpopulated Third World countries such as Mexico, Brazil, and so on.

No longer will U.S. labor have the advantage of superior technology or management, because those attributes move with capital. Furthermore, an enormous reservoir of cheap labor in India and China, almost half the world's population, has previously not competed in the world's labor market, and is about to enter.

By making the world of separate national communities into a single common, overpopulated labor pool in the name of free trade, the U.S. would compete away the high standard of living of the majority of its citizens!

Death of standards

A high standard of living is not the only good thing that depends on community. Once community is devalued in the name of free trade, there will be a generalized competing away of community standards.

Social security, medicare, and unemployment benefits all raise the cost of production just like high wages, and they too will not survive a general standards-lowering competition. Likewise, the environmental protection and conservation standards of the community also raise costs of production and will be competed down to the level that rules in overpopulated Third World countries.

Growth is not the answer

It may be argued that the downward pressure on wages toward subsistence will eventually turn around, and that the rapid industrialism made possible by free trade will involve the vast labor force of the world in productive work. The expectation is that the Gross World Product will be enormous, and all will enjoy together a hitherto undreamed-of prosperity.

But there are hundreds of millions of unemployed people today, and many more are underemployed. The size of the work force is growing very rapidly in most Third World countries. The method of capitalist economic growth requires ever fewer workers in relation to production. It is hard to share the expectation that this increasingly automated industry will absorb this vast work force.

The likelihood that this problem will be solved by growth seems even more remote when the process of industrialization is placed in the context of what is known about the environment. The quantity of resources required and the quantity of waste produced in this scenario stagger the imagination. Certainly global warming and the melting of the

ice caps will be accelerated — to the extent that societies will have to cope with massive physical dislocations.

Community is the answer

World community at least at present is an abstract vision. Real community now exists only at national and subnational levels. Free traders, having freed themselves from the restraints of community at the national level and having moved into the cosmopolitan world, *which is not a community*, have effectively freed themselves of all community obligations.

We believe it is folly to sacrifice existing institutions of community at the national level in the supposed service of nonexistent institutions of community at the world level. Better to build and strengthen the weakening bonds of national community first, and then expand community by federation into larger trading blocs among national communities that have similar standards regarding wages, welfare, population control and environmental protection.

Limit imports

By what principles, then, should international trade be governed, if not by free trade and comparative advantage?

The first of these principles is that trade should be balanced.

Perhaps the simplest way to balance trade is to limit imports to rough equality with expected exports. One way that can be done is by issuing import quota licenses, and auctioning them to competing import firms.

Limit foreign lending

If we have balanced trade, then there is no need for international lending and borrowing.

The consequence of free international finance — a necessary complement to free trade — has been the running up of unrepayable debts. Banks pumped money (the trade surpluses of oil-exporting countries) into Third World countries at a rate much greater than the ability of those governments to build wisely or to administer honestly.

Does elimination of international lending mean that developing countries could no longer import needed capital equipment from the U.S.? By no means. Brazil could still import tractors and computers and pay for them with coffee and shoes. Brazil simply could not borrow in order to import tractors and computers *faster* than it could export coffee and shoes. Nor of course could the U.S. borrow by importing products and services faster than it could pay for them with other products and services.

Elimination of all international lending and borrowing is admittedly extreme. Is there not room for permitting some international transfer on capital account along with the compensatory imbalance on trade account? We believe there could be — if the money were to be spent on clearly beneficial and productive projects as judged from the perspective of both national communities. This is an area for further reflection and research.

Impose tariffs

According to establishment economist Lester Thurow, "Tariff protection and subsidies imprison us in a low productivity area. If we cannot learn to disinvest, we cannot compete in the modern-growth race."

Thurow is correct. If the U.S. is committed to competing in the great international growth race, then it should impose no tariffs. It should cease producing whatever can be produced more efficiently (that is, cheaply) elsewhere. It will, of course, cease to be even remotely self-sufficient, since the growth race encourages specialization.

But we see no reason to hold competition in the modern growth race as sacrosanct. There are other means of meeting human needs that induce less suffering and are far less costly to the planet.

We would opt out of the international growth race and all the disinvestment that entails in order to rebuild a self-sufficient national economy. The simplest, most effective policy instrument for doing that is the tariff.

Tariffs would protect now-endangered industries from further erosion and allow them to begin to recover lost ground. Tariffs would also encourage new enterprise in areas where the U.S. has become dependent on imports. With the assurance that these industries could be profitable while paying suitable wages, capital would flow to them.

The operation of the free market — within national boundaries reinforced by tariffs — would lead to the industrial self-sufficiency that would make possible truly free trade, that is, trade in which the nation is free to engage or not.

Costs and benefits

A system of tariffs is not without its economic costs, as any economist will quickly point out. It is designed to raise the price of goods — and that will have a negative effect on the purchasing power of consumers.

But there is also no question that in one way or another the American standard of living will be reduced. A correction for America's vast international debt and profligate spending these past years cannot be avoided.

We do not argue that our version of a tariff system will work better in terms of the in-

crease in GNP. By that standard it may well be worse. We argue that it will work better in terms of a true index of economic welfare, and much better in terms of what are considered noneconomic goals.

Third World fallout

Third World countries will suffer in having tariffs imposed on their exports to us. Equally threatening to these countries would be the reduction of capital that would be invested in their industrialization.

A moral argument can be made that the U.S. should do nothing to slow down the industrialization of the poorer nations. This argument has force only to the extent that industrialization actually benefits poor people in poor countries and not just the elite. This is frequently not the case.

The only industrialization that would help the masses would be based on "appropriate" technology — one that enhances the ability of ordinary people to deal with their problems. But this is not what is of interest to foreign investors. International capital introduces techniques and methods that render Third World countries more dependent on the First World.

The U.S. has two basic choices. It can remain in the free trade system, paying a high price in the standard of living of its workers and its future economic power. In this way, it can for some time export capital and scatter factories around the world. This would help Third World elites.

Alternately, the U.S. can seek self-sufficiency and control over its own economic life. If it does that, it will have a strong moral responsibility to assist many Third World nations in becoming self-sufficient again . . . since the U.S. bears major responsibility for having persuaded them to abandon relative self-sufficiency for the international trading system.

Incentives for efficiency

Assuming that the nation chooses the path of balanced trade through tariffs for the sake of self-sufficiency, a major problem would be that of retaining incentives for efficiency in production.

The whole purpose of the tariff is to reduce foreign competition. Yet healthy competition is essential to the market system.

To insure healthy competition in the national market would require policies designed to prevent consolidation of economic power in a few hands. A policy that handicaps imports must be accompanied by others that would intensify competition at home.

Every effort should be made to reverse the trend toward mergers and takeovers, friendly and unfriendly, and to increase the number of smaller businesspeople and manufacturers.

Tax laws can be written to discourage

mergers and encourage spin-offs. Government can also use economic incentives to encourage the decentralization and breakup of conglomerates. All of this can be supplemented by enforcing antitrust laws already on the books and passing new ones as needed.

Regionalization

The single greatest factor leading to the deindustrialization of America has been capital mobility across national lines. But a second problem, almost as serious, is capital mobility within the country.

The goal of our economics, an economics for community, is to restore to communities the power to determine their own affairs. That requires a regionalization of economic power and activity that would attach capital to regions. This would be a deep reversal of recent trends.

What policies will encourage such a reversal? Four suggestions:

- Before plants are closed, efforts should be made to buy them locally. Sales to workers are an ideal solution.

- Whenever a plant is about to change hands, workers or other local interests should be given an option to bid against the proposed purchaser.

- Educational programs about how the community gains from buying community-made products can begin to counter national advertising which seeks to promote name brands. A growing demand for locally made products will stimulate new businesses.

- A city could form a council to which such groups as business, labor, the professions, and religious institutions would elect representatives. Although the council would have no formal power, it would be understood that no important policies would be adopted by the mayor and elected city council without consultation. Participation in such councils would tend to build community and deepen roots in such a way as to reduce mobility.

Us

It is important to consider who can be enlisted on the side of a self-sufficient national economy.

One group is those deeply concerned for national security. Even when this is viewed in the narrowly military sense, no one can be indifferent to the ability of the nation to produce its own arms.

Another group is all those businesspeople who are already seeking trade protection. This group is growing all the time.

The most important constituency for rethinking national economic policy is labor. But as long as it accepts the free trade ideology that is destroying it, its ability to resist the consequences of that ideology is slight.

There are dangers in alliances with each of these groups. So we count on a fourth group whose support is less tied to economic self-interest: a network of persons whose consciousness has been changed by participation in feminist and environmental movements, who have never lost an appreciation for the virtues of thrift and self-reliance, who have all along wanted to keep power closer to the people.

Without the leadership of this group, a political coalition of special interest groups cannot succeed.

There is still another group whose support we covet. This is that rather small group of persons who have a deep and knowledgeable concern for the Third World, and are convinced that the U.S. should foster self-sufficiency — not dependency — in the Third World. We have a practical need for their moral authority because of the charge of immorality that will be directed against the move to a self-sufficient national economy.

Them

It is important to consider also who will be against this change. First and foremost, it will be opposed by the financial community. It will also be opposed by economic ideologues and special interest groups, especially importers and retailers.

Mass support for the free trade view will come from those who identify themselves primarily as the economist's traditional "economic man," the rational consumer. Goods manufactured by workers earning U.S. wages will cost more than those that have been imported duty-free. Also, the quality of many U.S. products is inferior, and this situation is likely to continue until more of our best scientists are freed from military research and until labor and management become more of a community working together to improve their products.

There is a massive problem here. With the breakdown of community at all levels, human beings have become more like what the traditional model of "economic man" described. Shopping has become the great national pastime. The one place we can be assured of welcome is in a store. All this makes it difficult to even raise the free trade issue.

Getting there

Two suggestions:

- On the basis of massive borrowing and massive sales of national assets, Americans have been squandering their heritage and impoverishing their children. They have done so for the sake of present consumption. Somehow the disproportion between what is thereby gained and lost must be brought effectively to the attention of the public. The willingness to accept restrictions on trade and capital flows will depend on finding images with mass appeal that show why the current affluence is an illusion and why a self-sufficient national economy is a necessity.

- The current affluence, however illusory, suggests that this may not be the right time to press for change. It is a good time to expose the fallacies of free trade as applied to the situation today. But people will be more willing to consider change when the weakness of the economy is more publicly visible. That time will come again.

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FAS AND THE BERLIN WALL

Ending the nuclear arms race is one thing. Reversing it is quite another.

The breaching of the Berlin Wall and the liberation of eastern Europe is the long awaited signal that the nuclear arms race can be ended. But even were it ended today, there is, as yet, no sign that the superpowers are going to agree to demobilize, dismantle and destroy the warheads and weapons so long built up.

Indeed, everything we know about mankind points in the opposite direction. Unless extraordinary efforts are made, the weapons are certain to be with us long after the popular fear of their use is gone.

First to desert the campaign to roll back the arms race will be the foundations and funders determined to be onto the cutting edge of some new problem. Whatever ceases to seem most urgent is, from their point of view, not sufficiently high in priority to be continued.

Next will be the public. Relieved of a constant drumbeat of press about buildups in weapons, it will treat retained nuclear weapons much as it treated retained poison gas stocks—a problem but not a major one.

And following the public will be the politicians, happy to be freed from the difficult work of negotiating treaties on complicated technical matters.

In short, the ice on the river of the arms race has broken up. But, shortly, it will refreeze. Inertia rather than superpower hostility will become the main enemy of those who want to dismantle the sword of Damocles hanging over the planet.

The next few years will be especially critical. One could imagine, if things went well, that superpower negotiations

over disarmament became so successful that they brought with them, in their wake, reductions of nuclear weapons in the lesser nuclear powers and, even, reduction in the number of nuclear powers. A process might be started that would lead, asymptotically toward zero, if not directly to zero, at some future date.

On the other hand, it is entirely possible that there will be no more real disarmament treaties after START II, if that, and that a conspiracy of silence will descend over many of these issues.

In Europe, especially, the next few years will determine whether tactical nuclear weapons are withdrawn or stay, whether Germany moves onto a path of acquiring nuclear weapons or being banned from securing them, whether the British continue as a nuclear power or not, whether the United States continues to posture itself as providing a nuclear "umbrella" over Europe or not. Everything is up for grabs.

Meanwhile, regional conflicts, and regional processes involving the spread of weapons, formerly frozen in the grip of the cold war, are momentarily amenable to solution. Now is the time to solve them, while Gorbachev is there to work with.

In the longer run, national security problems narrowly considered will merge with world security problems involving weapons, energy, ecology and environment. The FAS Constitution, drafted in 1946, calls on FAS to work on science and society problems generally and we are prepared to work on all such issues for which we can find the resources.

—Jeremy J. Stone



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