Toward a Just and Sustainable Economic Order

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The present global system aims at economic integration for the sake of maximizing "growth" as measured by the gross national product (GNP). This leads to sustained efforts to destroy all national barriers to trade and to make all people interdependent. The results are widespread injustice and unsustainable pressures on the environment. The Brundtland Commission’s proposal of "sustainable development," which involves expanding the entire economy five-to tenfold, will not work. Increasing the GNP does not correspond well with improving economic welfare, much less with social well-being. Realizing this noncorrespondence may make it possible to develop an economic order that is geared to meeting the needs of people rather than increasing production. Such an economy would be decentralized and organized from the bottom up.

Many morally concerned people today believe we should make moderate changes in the present economic order so as to render it just and sustainable. Others, however, and I am one of them, believe the basic principles that govern the global economy today inherently lead to increasing injustice and unsustainability. Policies based on these principles concentrate wealth in fewer hands, leaving the poor more destitute. They transfer wealth from poorer to richer countries. And they speed the destruction of natural resources, especially in the poorer countries. Reforms within the system can moderate these tendencies, but they cannot basically change them. If we are concerned for either justice or sustainability, we must envision, and work for, a different economic system.

At present there is little discussion of alternatives. Many assume that the only options are the present global market economy, on the one hand, and the bureaucratically managed economy, on the other. The latter has shown itself,

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particularly in eastern Europe and China, to be inseparable from political injustice and oppression. It has also shown itself to be inefficient in its use of resources, whereas sustainability requires efficiency. To suppose that these are the only options limits us to a choice between two unjust and unsustainable systems. We need to envision ways of organizing the global economy that differ from both.

This article offers some principles and outlines of an alternative economic system that has the possibility of being both sustainable and just. After expounding the vision that now shapes our national and international policies and institutions, their achievements and limitations are addressed. The principle of "sustainable development" is analyzed, its shortcomings noted, and an alternative proposed.

The Vision That Now Guides Us

The most important change in the global order after World War II was the shift from a primarily political world system to a primarily economic one. This shift is not manifest in the United Nations. It was clearly expressed at the 1944 meeting at Bretton Woods, where the International Monetary Fund (IMF), and the World Bank were established, and shortly thereafter with the General Agreement on Tariffs and Trade (GATT; Kock, 1969; Van Dormael, 1978). Whereas the United Nations was designed to deal with international affairs, assuming the continuing sovereignty of states, the institutions generated at Bretton Woods were designed to deal with the global economy. The most powerful nations are now cooperating for the sake of the growth of the global economy. Competition is among firms across national boundaries. Through trade agreements, the governments of even the most powerful nations have systematically given up their ability to control these economic actors by raising tariffs or other actions deemed to be in restraint of trade. They have also greatly restricted the ability of the weaker nations to do so (Raghavan, 1990).

This massive shift of power from nations to transnational corporations was long obscured by the cold war. The shift occurred within the First World, but public attention was riveted on the confrontation between the First and Second Worlds. At the deepest level this, too, was economic, and it was the vastly greater growth of the First World system that led to the collapse of the Second. But the political and military conflict was more visible. Now that this conflict has drastically diminished, and the Second World is seeking entry into the First World system, the primacy of the global economic order is apparent.

In the past the United Nations provided a forum for debate about economic issues in which the concerns of the poorer nations were voiced. But this debate had little influence on actual global economic policies, and today it has been
largely silenced. Serious discussion of economic matters takes place only in those institutions created after World War II to give new shape to the planet. Political agreements needed to attain the goals of the global economic institutions are made through negotiations among the major economic powers, most visibly through the annual economic summit of leaders from the big seven economic powers.

The policies of these powers, and of the global institutions they largely control, are shaped for their economic benefit. However, one should not view this cynically. The goal of Bretton Woods was to increase the rate of economic growth globally. It has been assumed throughout that global economic growth benefits all. The enemy is not the self-interest of individual nations but is seen as policies that slow this global growth.

Economic theory from the time of Adam Smith (1776/1991) has viewed the one engine of growth as being rational, competitive behavior in the market. In this view all sell their labor and goods as dearly as possible and acquire the labor and goods of others as cheaply as possible. This brings about efficient allocation of resources, improved organization, and technological development. These, in turn, cause increased production and lower prices; in short, economic growth. The chief obstacle to such growth is viewed as imposition of restrictions by governments. Although all governments necessarily impose some restrictions, according to standard economic theory these should be kept to a minimum.

Equally important is the size of the market. The larger the market, the more specialization can be achieved within it. Increased specialization leads to "economies of scale," that is, to increased efficiency, lower prices, and more consumption. Most nations have national markets within which investments and goods flow freely and a high degree of specialization is possible. Since World War II the goal has been a global free market that allows for much greater specialization internationally.

The major obstacle to this global market is restriction placed on economic action across national boundaries. Tariffs are imposed, exports are controlled, and ownership of business by outsiders is limited. These policies cause the people of a country to produce for themselves what could be produced more cheaply by others. Total production is less than it could be.

The global economic institutions work to reduce all such barriers to trade with their accompanying inefficiencies. Ratification by all national participants of the recently completed GATT negotiations (called the Uruguay Round) will go a long way toward realizing these goals. It will establish the World Trade Organization (WTO) as the arbiter of international disputes. Meanwhile, short of global economic integration, the free market can be expanded regionally. The two most important expansions thus far have been the European Community and the North American Free Trade Agreement (NAFTA).
Success and Limitations

The single-minded pursuit of global economic growth has achieved many of its goals. From the end of World War II until around 1980 the global economy grew at a remarkable rate (Green, 1984). Some countries moved from poverty to affluence, inspiring others to see this as a possibility for themselves as well. At the same time, the already affluent nations greatly increased their wealth. The market magic worked. The growth of some was not at the expense of others but rather facilitated the growth of others.

Nonenvironmental Issues

When one goal is pursued in this way, it is inevitable that there will be unintended side effects. Successful cases of rapid growth, such as South Korea, Taiwan, and Singapore, all had highly authoritarian governments during the important take-off stage. These were needed to maintain discipline in a laboring class that was being severely exploited (Bello & Rosenfeld, 1990). However, when growth reached a certain level, some of the prosperity was shared with the workers, and at that point the governments could become less authoritarian. Although few citizens of democracies are attracted to these methods, the promise that in time the exploited would also profit from the policies required for growth has come true to a considerable degree. Thus the general conviction that rapid economic growth makes possible the solution of other problems, including those it creates, has been reinforced.

A second problem has been that the breakdown of established communities, inherent in growth-oriented policies, has led to the moral decay of some societies. For example, in many tropical countries the displacement of peasant farms with modern agribusiness monoculture has reduced the need for farm labor and sent millions of people to the slums surrounding cities. There traditional social values are hard to maintain. This breakdown can be illustrated in the United States as well, where levels of family instability, crime, drugs, and social alienation have increased along with the urbanization associated with growth of the gross national product (GNP). This raises questions about the wisdom of our primary commitment to growth-oriented policies. The reply is often that more growth is needed in order to reintegrate alienated people into the economic system and to have the resources to deal with all social needs.

A third problem is that, alongside the success stories, there are other countries in which economic growth has not kept up with the increase of population (Brown, 1987). This is especially common in sub-Saharan Africa. In many of these countries growth-oriented policies have concentrated wealth in fewer hands, so that masses of the people are much poorer than they were before these policies were put into effect.
The response is usually that this results from imperfect implementation of market policies. Too many governments have tried to manage economic developments bureaucratically, have taxed business too much, have inhibited free trade, have yielded to political pressures (David, 1985). On this assumption the task is to overcome these restrictions on business activity and allow the economy to grow rapidly enough to absorb the unemployed and improve the standard of living of all. The restructuring agreements imposed by the IMF on debtor countries move in this direction (Cobb, 1994).

Environmental Issues

A fourth problem has been environmental. When firms compete with each other in the free market, their decisions are not guided by environmental considerations. They can produce more cheaply when they dispose of their wastes in the least expensive way—for example, in the nearest river. The loss of fish is costly to fishermen, and the loss of recreational areas diminishes the quality of life for others, but as long as competitors are also disposing of wastes in this cheap way, no manufacturer can afford to do otherwise. The cost is borne by society as a whole. Recognizing this, all advanced industrial nations have rules governing the disposal of industrial waste.

Most advocates of the free market affirm the need of such rules. They recognize that market activity has unintended side effects that transfer costs to third parties. These are called "externalities" (Daly & Cobb, 1994). In an ideal market all externalities would be internalized, so that the purchaser pays the full cost of the goods. As long as all producers within the market abide by the same rules, there is "a level playing field."

Unfortunately, the desirability of internalizing social costs through governmental regulations has not been assimilated into the thinking of most of the economists who influence policies. The problem is particularly acute as free markets are expanded beyond national boundaries. When this happens, differing regulations in the countries involved destroy the level playing field and give the advantage to industries in the country with the lowest standards.

The progressive reduction of barriers to trade between the United States and Mexico during the 1980s serves as an example of the problem. As tariffs were reduced, many U.S. companies found it more economical to relocate production across the border. One reason they could produce more cheaply there was that they did not have to spend money on expensive waste disposal. They could dump their wastes into the Rio Grande. They could ship their products back into the United States to undersell the goods of competitors who were subject to U.S. rules. Now it is recognized that the river should be cleaned up. The best proposals now being considered at the governmental level are for an expenditure of nine billion dollars for this purpose. The Sierra Club estimates that the cost for a
real cleanup would be twenty-one billion dollars (Sierra Club, 1993, p. 16). In any case, these costs are to be borne primarily by the taxpayers and concerned citizens of Mexico and the United States, rather than by the polluters.

In the negotiation of NAFTA under the Bush administration, little attention was given to these environmental matters. The goal was to secure existing U.S. investments in Mexico, improve the climate for additional investment, and thus increase the total growth rate of North America. The Clinton administration is more concerned with environmental issues, but the basic problem of the lack of a level playing field is still dealt with only tangentially in a side agreement to NAFTA.

The problem is not only with regard to those plants that actually move across the border. The problem is also with legislation within the United States. If a state desires, for environmental reasons, to enact new restrictive legislation, it is told that more of its businesses will move away. In view of the number of polluting industries that have already moved across the Mexican border, it is clear that this is not always an idle threat! If the industry wishes to remain in the United States, it may still find it advantageous to move—from California to Utah, for example. The extension of the free market beyond political boundaries inherently makes it more difficult to slow environmental decay within those boundaries.

The exhaustion of resources is a somewhat different problem. With regard to pollution, the problem is that those committed to economic growth fail to pay attention to an accepted economic principle, namely, that external costs should be internalized. With regard to resources, the problem is that economic thinking has not developed the needed principle—instead, it is based on the idea that natural resources are, for practical purposes, inexhaustible.

The assumption of inexhaustible resources has gained repeated reinforcement from experience. For example, when an ore is said to be exhausted, this means only that mining the remaining inferior grades of ore is not profitable at current prices with current technology. As prices rise and new technology is developed, more ore can be extracted. Also, plastics can be devised as substitutes for scarce minerals. Thus economists typically hold that we should give technological ingenuity a free hand and allow the market to provide the needed incentives.

Unfortunately, this theory has led to blindness to the actual effects of the free market in many parts of the world. Since industry is the sector of the economy capable of continuing growth, growth-oriented policies emphasize the export of whatever is available in order to bring in the capital needed for industrialization. In many countries the available resource most desired by the global market is lumber. Accordingly, the earth as a whole is being rapidly deforested.

To understand what is happening, Allen Durning asks us to imagine a time lapse film of the earth.
Since 1950 vast tracts of forest vanish from Japan, the Philippines, and the mainland of Southeast Asia, from most of Central America and the horn of Africa, from western North America and eastern South America, from the Indian subcontinent and sub-Saharan Africa. Fires rage in the Amazon basin where they never did before. Central Europe’s forests die, poisoned by the air and the rain. Southeast Asia looks like a dog with the mange. Malaysian Borneo is scalped. . . . The clearing spreads to Siberia and the Canadian north. (Durning, 1994, p. 22)

It is almost meaningless to speak of substituting other resources for forest cover. The loss of forest cover leads to extensive erosion, which limits the possibility of reforestation. It also destroys large tracts of agricultural land. It leads to the extinction of species. It takes away the livelihood of those who have depended on this resource. It changes the weather both locally and globally. There is no way in which its costs could be adequately internalized, although, if economists had undertaken such calculations, this might have helped to slow down the process of deforestation. Technology, in the form of developing new types of trees that grow more rapidly and survive on poorer soil, can play a positive role once the devastation has occurred, but it is a small compensation for what has been permanently lost.

The global economic system is not the only cause of the reduction of forest cover, but it has been and continues to be the major factor. The growth-oriented switch from peasant farms to agribusiness displaces many lowland farmers onto forested hillsides, which they must then clear if they are to survive. Many countries export lumber on an unsustainable basis in order to get the capital for industrialization. Those governments that do wish to preserve this basic resource for use by their own people are inhibited from doing so by the need to increase their exports as part of the structural adjustment imposed by the IMF (Bello, 1994).

Advocates of growth-oriented policies sometimes argue that, however regrettable some of these environmental losses are, economic growth will offer rewards that more than compensate. Growth also enables societies to afford the luxury of setting aside selected areas for scenic and recreational enjoyment. These supporters of the growth solution point out that it is affluent nations that best protect their environment. If we pursue growth-oriented policies unflinchingly, they claim, eventually all countries will be able to give high priority to reducing the pollution of their environment and to protecting natural resources. Thus the response to issues of unsustainability is like the response to problems of social breakdown and injustice. For standard economic thinking, economic growth is the only solution.

**Sustainable Growth**

Most advocates of growth-oriented solutions now recognize that some actions taken for the sake of growth are not sustainable. For example, the extensive
use of chemicals that deplete the ozone layer is recognized as unsustainable. An agreement was reached in 1987, The Montreal Protocol, to curtail the production of these chemicals (Meadows, Meadows, & Randers, 1994). Although some economists might argue that the elimination of some popular species of fish would not much matter, since others could be substituted or technology could invent substitutes for our table, most agree that it is better to aim at sustainable limits of fishing particular stocks, at least on a global basis. Accordingly, there is general consensus that some forms of economic growth are better than others—that is, economic growth that is not destructive of the natural environment (or of social order) is preferable to that which is.

This recognition is given its most influential expression in what is often called “the Brundtland Report” by the United Nations World Commission on Environment and Development headed by a former prime minister of Norway, Gro Brundtland. The official title of the report is *Our Common Future* (Brundtland, 1987).

This report describes well the multiple interrelated environmental and human problems afflicting the planet. It recognizes that economic development thus far has not led to a decrease in human misery. It shows utmost sensitivity for the suffering of the global poor. It argues that overriding priority should be given to their needs, and also that development should meet the needs of the present without compromising the ability of future generations to meet theirs.

The report points out that current practices are wasteful. It leans heavily on the sorts of insights that Hunter and Amory Lovins have so effectively highlighted—namely, that if we used our resources more efficiently, we could continue present high levels of consumption with much less pressure on the environment (Lovins, 1977).

*Our Common Future* proposes that the global poor need greatly increased per capita consumption in order to have a decent life. Since their numbers will also continue to increase, the report calls for a five- to tenfold increase of goods and services for them. This might appear to be threatening to those who are committed to continuing and strengthening the present global economic system, since it prepares us to think of restricting growth in the already affluent nations and concentrating it in the poorer ones, while making sure that wealth in these countries is fairly distributed.

In fact, no such proposal is made. Instead, the report assumes that the present global system will continue. In this system the poor can be benefited only as the rich grow richer, that is, only by, and in proportion to, an increase in the total economy. Hence, a five- to tenfold increase of consumption by the poor requires a similar increase in consumption by the rich. The only answer to how such growth can occur without intensifying ecological destruction is that resources can be used more efficiently and that particularly destructive channels of growth can be avoided (cf. Olson, this issue).
Those who are primarily concerned for justice and sustainability agree that many of the poor need greatly increased consumption. The increase in total global production required to make this possible could be covered by more efficient use of resources. Care in avoiding especially dangerous types of growth might enable humanity to find its way through the current crisis, increasing the consumption by the poor and maintaining the affluence of the rich, while relating sustainably to the environment. But the proposal that the rich must grow richer by the same percentage as the poor is disastrous.

When a family with $1500 a year increases its income to $4500, this is an increase of only $3000. The family needs it and the Earth can afford it. When a family with $150,000 a year increases its income to $450,000, this is an increase of $300,000. The family does not need it, and the earth cannot afford the additional consumption.

It may be claimed, nevertheless, that this is the only realistic possibility for helping the poor. The forces that now rule the world will not accept any form of development for the poor that does not increase their own wealth and power. Any program designed to help the poor while leaving the affluent where they are would require a massive shift of power that is now unthinkable.

But is this true "realism?" Is a five- to ten-fold increase in global industrial output possible? Even if half of this increase came from greater efficiency in the use of resources, the answer is "No." Present levels of resource use and pollution are unsustainable (Postel, 1994). Tripling or quadrupling these levels is not a realistic option (cf. Olson, this issue).

Furthermore, the policies directed to the end of increasing production have always proved costly to the poor. In some instances, as noted above, successful countries have been able to compensate their poor at later stages of development with improved living standards. But on a global basis such success is impossible. To continue policies that harm the poor now for the sake of a later improvement that cannot occur is profoundly unjust.

The disastrous consequences of the global system are already visible in many parts of the world, and especially in parts of Africa. In "The Coming Anarchy," Robert D. Kaplan (1994) describes the vast migration to the cities throughout the "developing" world and the rise of slums as major centers of population. He details the situation in West Africa, and especially Sierra Leone, as a warning of where tendencies in many other places are leading.

The exploitation of the people and resources of this part of Africa goes back to the slave trade and the colonial period. However, it was accelerated with the neocolonial system that developed after World War II with political independence. Forests covered 60% of Sierra Leone at independence in 1961. Now this area has been reduced to 6%, and the export of logs continues. Deforestation has resulted in widespread erosion of former farmland, and deforested land has become swampy, ideal breeding grounds for malarial mosquitoes. The popula-
tion has continued to grow, while the basis of livelihood in the rural area declined. The result has been massive urban migration, chiefly to new slums where water supply and sewers are not distinguished.

The Sierra Leone government maintains some order in the cities during the day, none by night. Other armies roam the countryside. AIDS and tuberculosis spread rapidly. Malaria is extremely widespread, and is no longer responsive to earlier forms of treatment. Fear of malaria keeps outsiders away. In any case, with the disappearance of the forests and the end of the cold war, foreign powers have little interest in what happens.

**Countering the Idealization of Growth**

The Brundtland Report assumes that increased consumption is a good thing, needed especially by the poor. It accepts the trickledown approach to their economic well-being as the only one available. Given these assumptions, its proposals may be as good as can be found. But since they lead to an impasse, and since policies based on this report will continue to sacrifice the poor and add to the pressure on the environment, we need to think about an alternative global economic system. This, of course, will be seen as "unrealistic," since "realism" requires that we accept the present system and only propose policies that are compatible with it. But it is better to be unrealistic than to support a global direction that has already brought catastrophe to many and will eventually lead to catastrophe for all.

Little progress can be made toward a different way of envisaging the global system as long as "growth" is viewed as a, indeed the, self-evident good. Demystification of growth requires recognition that increased per capita GNP, which is the standard meaning of "growth," is not identical with improvement in the economic well-being of real human beings. To promote this demystification, I have worked with others (especially Clifford W. Cobb) to develop an Index of Sustainable Economic Welfare (ISEW) for the United States (Cobb & Cobb, 1994).

Computation of the ISEW begins with personal consumption, but then adjusts this in relation to income distribution. (Our assumption is that the well-being of the society as a whole is affected by the condition of the poorest.) The index then adds for household services, chiefly the contribution of housewives. It subtracts for "defensive costs," that is, costs that result from economic growth and the social changes, such as urbanization, that accompany it. (For example, the cost of commuting to work should not be viewed as an addition to welfare just because it adds to the GNP.) This applies also to the cost of pollution. Since it is an index of sustainable welfare, it subtracts for the reduction of natural capital, and adds or subtracts for change in the net international position.

The index can be used to compare growth as measured by per capita GNP...
with economic welfare as measured by per capita ISEW. From 1951 to 1990, (in 1972 dollars) per capita GNP for the U.S. more than doubled from $3741 to $7756; per capita ISEW rose less than 15% from $2793 to $3253. This suggests that economic well-being can be improved better in other ways than by simply seeking GNP growth. This suggestion is reinforced by figures for the second half of this period. From 1971 to 1990, per capita GNP rose from $5405 to $7756, or 43%; per capita ISEW fell from $3425 to $3253, or 5%.

Only economic welfare is considered in these calculations. Other indicators of social health in the United States, such as family stability, the quality of public education, crime, alcohol and drug abuse, and citizen participation in political life, show that significant social decline has accompanied growth of production.

The disconnection between economic growth and social well-being can be illustrated by international comparisons as well. One example is infant mortality rates. In 1990, Sri Lanka, with a per capital GNP of only \(\frac{1}{2}\) that of the United States, and in the midst of ethnic strife amounting to civil war, had an infant mortality rate of 19 per 1000, only slightly more than the 17.6 figure for black citizens of the United States (Jackson, 1993). Clearly the reduction of infant mortality is not dependent on, or guaranteed by, the increase of GNP.

Over a broader front, the state of Kerala in India shows that many social needs can be met without significant economic growth. The per capita income in Kerala is about the same as that for India as a whole. But, with regard to infant mortality and life expectancy, it ranks well in comparison with highly industrialized nations. At the same time it has greatly reduced its rate of population growth without resorting to authoritarian measures. It has achieved this by educating its people, and especially its women, about health and population issues, providing inexpensive care to all, and meeting other basic needs (Alexander, 1994; Franke & Chasin, 1989).

The danger of using GNP growth as an indicator of well-being can be illustrated in another way. When peasants lose their land to multinational agribusiness, some of them are employed. Their wages show up in GNP. Their basic inability to feed and house themselves is not counted as a loss. Hence, even though they are less well fed and housed as employees than they were as independent peasants, the GNP goes up. If these large estates were broken up again into peasant holdings, the new owners would be better off. But this could not be ascertained from GNP figures.

This means that even the idealistic proposal to which the Brundtland Report might lead, that is, increase of per capita consumption by the poor without increasing that of the rich, is a poor guide to what is needed. Our concern should be that the poor have access to the means of production whereby they can feed, clothe, and house themselves and have an enjoyable life free from external oppression. How this would show up in GNP figures should be a secondary consideration or not one at all. The question is whether we can envision a world
in which the basic needs of all, and some less basic ones as well, are met without continuing unsustainable pressures on the environment.

**An Alternative Global Economic System**

The centerpiece of the present global economic system is the principle that the greater the specialization in production, the more efficiently workers can produce. The larger the market, the more specialization is possible. Hence the ideal is a global free market in which everyone everywhere concentrates on producing what is best produced in that location and imports everything else from other regions. The ideal is complete global interdependence.

The intended and actual consequence of present economic policy is that no community or nation feeds, or houses, or clothes itself. All of this is to depend on trade. This trade is “free” in the sense that the firms engaged in it are free from interference or restriction by governments. But the people of each region are not free not to trade. They cannot live without importing the necessities for their livelihood, however unfavorable the terms of trade may be.

An alternate ideal is one in which relatively small regions are relatively self-sufficient economically. People of such regions can then make basic decisions about themselves and about the rules by which they are governed. They are free to trade or not according to the terms of trade that are attractive to them. Not to trade means to deny themselves many desirable goods, but it does not threaten their healthy survival.

Within such regions the market should be as free as possible. The community should set the terms on which all firms compete, including standards dealing with minimum wages, workplace safety, and the environment. These requirements on the producers will internalize the social costs that result from inadequate wages, poor health, and pollution.

If these requirements are not to be unfair to producers, then goods produced elsewhere, where low wages, poor working conditions, and extensive pollution are tolerated, cannot be allowed to undersell local products. Tariffs at least equal to the extra costs of production within the region must be assessed. The region would establish its trading policies with its social goals in view—not for the sake of minimizing prices and maximizing global specialization and production. One of its goals would be to encourage other regions to organize their economies in similar ways, and tariffs could be used to this end.

The terms “relatively small” and “relatively self-sufficient” are intentionally vague. There may be places where this can realistically refer to a single village. In other instances it may be pointless to seek anything resembling self-sufficiency at a level smaller than a nation. In either case it requires that several competing producers can be supported in the region.

In most cases, there would be several levels of organization with different
types of production involved. For example, in the United States a region the size of a county might become relatively self-sufficient with regard to most of the necessities of life. But the production of cars would make sense only in a region including several states, and aircraft production might be at the national level.

Each productive activity should take place in as small a region as is practical, with the recognition that for some purposes this region will be quite large. The smaller regions are communities, and the larger regions are communities of communities. In all cases, the political unit will include the economic one and set conditions for competition within it. No subordination of political institutions to economic ones will be allowed.

The communities of communities would be governed by representatives of the communities governed. They should also have responsibility to ensure that the local communities function as such, that is, that they not exclude any of their residents from the rights and privileges of citizenship. They also would not allow any community to export pollution to its neighbors.

Although there is little need for production to take place at the global level, there are many problems that can only be dealt with there. The United Nations already functions as a community of nations. That is, its decisions are made by representatives of nations, which themselves should be transformed into communities of communities. The United Nations should be strengthened in order to deal with those issues that can only be confronted globally, such as the protection of local resources whose value is global, as well as countering and mitigating international conflict. On the other hand, the Bretton Woods institutions should be dismantled, since they embody the principle of the independence of economic institutions from political ones. Their necessary functions should be taken over by agencies fully responsible to the General Assembly of the United Nations. This would restore the subordination of economic institutions to political ones in which the will of the people can be expressed.

The primacy of the political over the economic, combined with weakening global economic institutions, would make possible economic decentralization. It would be possible for nations and even regions within nations to develop relatively self-sufficient economies. They would then trade with one another only as this did not weaken their capacity to meet their own basic needs. They would cooperate in establishing larger markets for goods that cannot be efficiently produced for smaller ones.

Since much of the unsustainability of the present economy stems from the appropriation of the resources of the poorer countries by the richer ones, the ending of the present global economic system would counter this. For example, most of the rapid deforestation of the planet is for the sake of export, either of lumber or of beef that can be raised on formerly forested land. If the focus of attention is on the local economy, the value of the standing forest counts for
more. In this and other ways, in regions which were not heavily oriented to export, the people would often be concerned that their region continue to provide a habitable home to their children, and they would be more likely to adopt sustainable relations to the environment.

Nevertheless, policies that commend themselves locally may have negative consequences globally. An example is production of ozone-destroying chemicals. They may be produced in a part of the world where destruction of the ozone layer does not seem a pressing problem. The most threatened regions may have little direct political clout with those that cause the danger. Global political institutions must have the power to protect the global environment from such local infringements. Global warming may prove another problem that will require strict rules from the global level to be enforced in every region.

Fantasy or Possible Future?

I have proposed a global order that could be relatively just and sustainable. Economic decentralization would reduce pressure on the environment and give people more participation in the decisions that are important for their lives. It would not guarantee that those decisions would be wise, however. This is not a utopia. It does offer a chance for a decent survival, one that continuation of present policies precludes.

It can still be objected that this is too different from the structures and practices to which we are accustomed, that it appeals to motives that have been subordinated to profit and consumerism, that it implies a transfer of power that no one is in a position to effect, that it requires changes that would be painful. One’s response to these objections will depend on the degree of one’s distress about what is now taking place and the impending catastrophes. Those who are relatively content with what has been happening and are able to avoid thinking of catastrophes to come will conclude that it is better to continue muddling along, mitigating suffering where possible, and adapting to the rest. Those who are truly concerned about the suffering now occurring because of dominant policies, and those who are unable to accept continued movement toward the precipice as “realistic,” will acknowledge the extreme difficulty of changing direction, but will take the first step.

That step is the acknowledgment that the redirection of efforts is urgent. Only in that context can there be serious discussion of further steps that can and should be taken. Hoping that some of my readers share with me the sense of urgency, I will describe further steps that are now possible in order to begin the shift of direction.

The next step is to raise the consciousness of those who are already deeply concerned about injustice and unsustainability. Too many of them have accepted the idea that justice and sustainability can be attained by, or in tandem with, the
pursuit of growth-oriented policies, assuming that economic growth is inherently beneficial. Exposing the fallacy of this assumption may make it possible to mobilize the natural constituencies for economic policies that would make for justice and sustainability.

The environmental movement is one such constituency. A substantial part of this movement has begun to understand the close connection between environmental decay and policies aimed at economic growth. Several major environmental organizations, such as the Sierra Club and Greenpeace, opposed NAFTA, along with the Humane Society. On the other hand, many environmental organizations, including the Natural Resources Defense Council, the Environmental Defense Fund, and the National Audubon Society, supported it. They were pleased that with its side agreements it introduced environmental considerations into a trade agreement for the first time, and they see that it offers promise in dealing with specific environmental problems such as the polluted Rio Grande. They see the basic relation between economic growth and environmental protection as positive.

Rosemary Ostergen (personal communication, March 2, 1994), Director of Membership of the Environmental Defense Fund, wrote to those supporters of the Fund who had questioned its advocacy of NAFTA. She stated, “We believe that collective action and economic growth will prove to be a more effective vehicle to prevent further environmental degradation from occurring in North America.” Not mentioned were the facts that it is precisely the sort of undirected economic growth promoted by the agreement that polluted the Rio Grande, that the expansion of such growth will add to pollution elsewhere, that NAFTA’s promotion of agribusiness will displace millions of peasants and degrade the soil, and that it will speed up the exploitation of other resources in Mexico. In other words, like many environmentalists, the Environmental Defense Fund does not see the inherent conflict between sustaining the environment and policies directed toward increasing the GNP.

Labor is a second natural constituency for changing the direction of the global economy. In relation to the test case of NAFTA, organized labor understood its interests better than many of the environmentalists. Since the globalization of the economy has already depressed wages in the United States, and it was easy to see that NAFTA was one more step in this direction, the leaders of organized labor were united in opposition. Unfortunately, the globalization of the economy has already greatly weakened organized labor. Also, labor leaders did not articulate an alternative vision for the economic future; so they appeared to be opposing “progress” for the sake of “special interests.”

The growing underclass is a third group that, if it were able to function as a constituency, would certainly have reason to support change. This underclass is created by the global economy and will continue to grow as long as the present growth-oriented, globalizing policies are in effect. Unfortunately, the underclass
is poorly organized and is forced to exist on a day-by-day basis, rather than to dream dreams of a new economic order.

Communitarians constitute a fourth natural constituency of support for change. Unfortunately, many of them are also neoliberals in economic thinking, not recognizing that it is the application of standard economic principles that systematically undermines community (e.g., Etzioni, 1983). Other communitarians ignore economic issues, concentrating on social and political ones, not realizing that all the progress they make there can often be wiped out by a single decision made by a distant corporation.

Humanitarians are a fifth such constituency. The present policies are brutal in their effects on billions of people. The suffering will grow worse and will not be compensated in most countries by an eventual improvement. Nevertheless, most humanitarians are persuaded that economic growth is an essential part of the solution to human problems. Most continue to suppose that an increase in per capita GNP indicates that the lot of human beings is improving. Most do not see that the catastrophes that are coming upon humanity are the result of just these growth-oriented policies (e.g., Sherman, 1992; Weaver, 1994).

Even if all these natural constituencies for change were mobilized, could they give a different direction to the global system? Each year the transnational corporations and the elites all over the world, who profit from the present global system, grow more powerful. By supporting trade that cannot be controlled or regulated at the national level, governments are surrendering to these corporations control not only over international economic transactions but also over the laws that operate within their own countries (Nader, 1994). This surrender is now embodied in binding international agreements such as NAFTA and GATT. Billions of people have been persuaded that political institutions are inefficient and corrupt and that only business leaders can get "the job" done. Could all this be reversed?

Not easily, certainly. Probably not until more catastrophes strike and people grow more desperate. But desperation by itself is more likely to lead to acceptance of totalitarian governments than to decentralization of economic and political power, unless a vision of a livable alternative already has strong support. Otherwise, most will continue to believe the solution to the problems caused by global economic integration is more rigorous application of the policies directed to that end.

Meanwhile, in addition to raising consciousness about the incompatibility of aiming primarily at economic growth with the attainment of justice and sustainability, we can form alliances to oppose further steps in the direction now called "progress." We can also support subdominant trends that appear in many areas. Even within business there is growing recognition that highly centralized control is not efficient. Decentralization of decision making does occur. There are political movements in the same direction.
There is increasing recognition that top-down development projects do not work. For example, the World Bank, after much criticism, finally withdrew from the Narmada Project in India, the largest water project ever undertaken. Development for the sake of the people should begin instead where they are and help them attain their own goals along the lines articulated in “Another Development” (Ekins, 1992, chap. 5).

There are significant movements in agriculture away from land-exploiting agribusiness toward small scale stewardship of land by families. And there are many communities that are, as far as the present economy allows, taking more responsibility for their own lives (Fisher, 1993). Some institutions are beginning to support local farmers and business rather than tie into the national and global economies (Valen, 1992). Some colleges and universities are introducing programs of study that clarify the present functioning of the global economy and its consequences and promote thinking about alternatives. Many individuals are reordering their lives around service rather than around gaining wealth, and the New Roadmap Foundation works to encourage this decision (Dominguez & Robin, 1992). Thus, while the dominant trends at the top lead to injustice and unsustainability, there is a new ferment among the peoples of the world calling for and embodying new directions.

References


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