



5

## The Capitalist Imperative

### ■ The Radical Position

#### *The Impact of Marxism*

The belief that capitalism is a root cause of our environmental crisis is common to all varieties of radical environmentalism. Among eco-marxists capitalism is, of course, singled out as the overwhelming source of all ills, social and environmental. But even nonmarxist greens like Herman Daly insist that an ecologically sustainable, fully capitalist economy could not exist and that an alternative economic system must therefore be devised (Daly and Cobb 1989:2).

While marxian ideas have been all but ignored in the three previous chapters, here they occupy center stage. Eco-marxists, in fact, share few of the concepts criticized in the previous chapters, and they are in general the most theoretically sophisticated of radical environmentalists. Marxism's criticisms of capitalism are, moreover, far more detailed and voluminous than those of competing eco-radical philosophies. Accordingly, the objections to capitalism found within even the anti-marxian varieties of radical environmentalism are strongly influenced, directly or indirectly, by marxist thought.

Because marxism's influence on the popular imagination in the United States (unlike in much of Western Europe) has remained marginal and indirect, this chapter is concerned largely with academics who write for academic audiences. Considering the philosophy's recent global retreat from political power, one might conclude that the following pages merely flog a dead horse. Yet academic marxism is far from dying. In one form or

another, the doctrine has successfully appropriated the intellectual and moral high ground in a variety of fields, and it shows little sign of ebbing, despite recent events on the political front. Although economics and political science have been little affected, sociology, anthropology, literature, history, and geography have all seen the development of powerful marxian contingents.<sup>1</sup> Similar developments are also apparent in regional studies, where a sizable majority of Latin Americanists and Africanists find marxian theories compelling if not completely convincing.

Despite its academic stature and its pervasive impact on all species of radical thought, marxism as an explicit political philosophy finds little favor in most eco-radical communities. If the spectacular ecological and social failures visible in all communist and ex-communist countries is not dissuasion enough, many environmentalists are ready to dismiss marxism as irredeemably sullied by its humanistic heritage. Yet while denouncing marxian doctrines, radical greens retain, and indeed often extend, the marxian critique of capitalism. Some carry this critique to all existing political regimes, including so-called communist ones. According to many eco-radicals, the Soviet Union represented an ultimate form of monopoly capitalism in which the sole surviving corporation had fully merged with the state (Bookchin 1989:128).

Equating capitalism with contemporary communism might seem to require remarkable intellectual legerdemain, but even a few self-identified marxists have found it a compelling gambit; Deleage (1989: 25), for example, dismisses the USSR of the 1980s on the grounds that it was guided by the "imperatives of state capital" (see also O'Riordan 1989:78). More often, academic marxists simply dismiss the modern socialist and exsocialist industrial nations as bureaucratic deformities that lost the true marxian vision, allowing them to disown the social and ecological catastrophes of the former Soviet Union, Eastern Europe, and China. Yet this remains a tricky issue, as few wish to relinquish entirely the great communist experiment. Many writers both tentatively defend and simultaneously criticize (recently) existing socialist states (for example, Johnston 1989). In the end, however, the environmental and social failings of a country like the Soviet Union prove to be rather beside the point. Existing capitalism, not hoped-for communism, is the primary subject of virtually all academic marxist works. While the modern green-reds promise to include socialist ecological failures within their analytic purview, "capitalism's global destruction of nature" remains their overriding concern (J. O'Connor 1989b:10).

The essential aim of eco-marxism is to use the environmental crisis to revitalize marxism. In practice, this involves two procedures: first, show-

ing that whereas communism may be *accidentally* destructive, capitalism *necessarily* destroys the earth; and second, rehabilitating Marx and Engels as ecological thinkers. The initial task is easily accomplished. All environmental horrors in the First and Third Worlds can, in one way or another, be linked to capitalism, and imaginative thinkers are even able to blame ecological disasters in the former Soviet Union on the capitalist world system, if not Russian-dominated state capitalism. The latter task, however, is not so simple.

In their voluminous writings, Marx and Engels did embrace certain conservation principles (J. O'Connor 1989b:9), but in a manner that most modern greens would regard as hopelessly anthropocentric. There is little if any room for the struggle to preserve wilderness for the sake of wilderness in the marxian agenda. Most varieties of marxism have not only downplayed nature but have largely ignored rural issues as a whole, at least in the industrialized world (Fitzsimmons 1989:113). Nonetheless, the flexibility of contemporary marxism is such that green-red thinkers can still set their sights on capturing the leadership of the entire radical environmental community. Indeed, James O'Connor (1989b:13) describes the movement as "a 'fifth international' as it were."

The following discussion outlines the basic charges against capitalism expounded, often implicitly, within all versions of eco-radicalism. The resulting picture is of necessity greatly simplified; in places it verges on caricature. To balance the simplifications needed to create such a composite view, a subsequent section explores some of the main points of disagreement and debate within the contemporary academic far left. While these debates stray at times quite far from ecological concerns, it is essential to reconstruct in some detail the intellectual underpinnings of the critique of capitalism that in one way or another inform all varieties of eco-radical thought.

### *The Case against Capital*

The most immediate denunciations of capitalism focus on its profit-seeking orientation. Capitalist firms are seen as avaricious in their pursuit of gain, ruthlessly exploiting workers, consumers, and the land so that owners can accumulate ever growing piles of wealth. Capitalism is depicted as an immoral system, based solely on greedy self-interest. The minions of capital are precluded from possessing any sense of ethics or responsibility, as this would only hinder their mandated task of enriching the shareholders. While the logic of capital alone is thought to demonstrate the system's exploitative nature, radicals can easily mar-

shal empirical evidence demonstrating countless examples of corporate brutality.

As discussed in chapter three, eco-radicals also believe that capitalism leads inexorably to ever greater centralization, hence to ever more exploitative social hierarchies. As firms compete, the most avariciously competent will destroy all others. Power thus concentrates in ever fewer hands, destroying in the process any hope of realizing genuine human dignity and freedom.

According to classical marxist theory, capitalism is structured around an invidious twofold distinction in human society, one separating those who own the means of production from those who control nothing but their own labor power. The former group is wealthy and domineering, yet does no productive work; the latter, who actually create all value through their toil, are dominated, impoverished, and oppressed. Because labor is the sole wellspring of value, investors are by definition parasitic. No matter how much workers are paid, they are still taken advantage of, since the owners of capital siphon off the surplus value that only labor can create. Capitalism is also said to demand the maintenance of a "reserve army of the unemployed" that firms can tap when the business cycle swings into full gear. Massive unemployment is thus endemic to the system, bringing untold hardship to the working class. Finally, modern radicals see capitalist exploitation as marching hand in hand with racist and sexist social attitudes. White men, who run the capitalist machine, find great advantage in oppressing women and people of color, as this provides them with a large force of cheap and pliant labor.

The binary structure of capitalist domination is seen as replicated at a global scale. According to the neo-marxist theory endorsed by most eco-radicals, the world is divided into two camps, a wealthy capitalist core, and an impoverished, resource- and labor-providing periphery. Although orthodox marxists diverge here, many contemporary radicals view the success of the West as the singular result of its rapacious exploitation of the Third World, rather than of any internal economic dynamic, let alone virtue (see also chapter six).

Because of the vast power of the capitalist owners and their firms, most eco-radicals consider bourgeois democracy a sham. Corporations are believed to brainwash the populace into accepting the base ideology of individualism through their lock hold on the media. The powerful thereby exercise a cultural hegemony that allows them to manipulate alienated workers into conspiring in their own exploitation. "Commodity fetishism" becomes rampant under capitalist relations of production, as workers, bought off with the trinkets of mass production, are blinded

to their own condition. Meanwhile, elected bodies become little more than stooge-councils for the monied powers that have learned to orchestrate the public through lies, manipulations, and behind-the-scenes power plays. Genuine or popular democracy is considered incompatible with capitalism; according to one highly respected marxist geographer, true democracy "can only take place in a classless society produced via the dictatorship of the proletariat" (Johnston 1989:201).

Underlying capitalism is the market system. While a given society may employ market mechanisms to allocate certain goods and services without being fully capitalistic, capitalism itself is inseparable from market organization. The market is alleged to be an inescapably oppressive means of distributing resources, as it allows the wealthy to purchase whatever they please while the poor remain free to do without. Moreover, markets are inherently unstable, wreaking havoc on the vulnerable working class. When the prices of necessities rise more rapidly than do wages, the poor find themselves squeezed in a relentless vice of economic privation.

Most contemporary radicals deny that markets are a natural outgrowth of the human propensity to truck and barter. Instead, they view them as political creations of relatively recent vintage (Walker 1988). Precapitalist economies, it is often averred, were based either on culturally embedded personal gift transactions or on state-instituted set-figure exchanges, but never on impersonal market haggling (see Polanyi 1957). Since the market is a recent sociopolitical invention, there is no reason why it cannot be eliminated and replaced by a more just and stable mode of allocation. Moderate environmentalists' proposals to harness market mechanisms for pollution control are thus greeted with derision by almost all radical greens.

The culmination of the left-radical critique is the conclusion that capitalism is so beset with contradictions that it will eventually self-destruct. Classical marxism locates the main blockages in the machinery of accumulation, especially in the supposed propensity of the profit rate to fall continually. Contemporary green radicals, on the other hand, are more concerned with environmental contradictions, especially the seeming impossibility of continued economic expansion on a finite planet. By incessantly fouling its own nest, capitalism will surely undermine itself. Indeed, some radicals claim that the costs of environmental regulation helped spark the economic crises of the 1970s and 1980s (Faber and O'Connor 1989).

Finally, both traditional marxists and modern eco-radicals share an eschatological assessment of the world, although they often see the

period following the final days of capitalism in strikingly different terms. Whereas the classical marxist vision foretold the relatively swift appearance of a millennial worker's paradise, most environmental radicals fear that as capitalism collapses it may take the entire planet with it. Eco-marxists may thus find opportunity in harnessing the ultimate optimism of the communist vision to a movement long hobbled by its profound pessimism.

But if eco-marxists retain their hope for an eventual communist utopia, in the short term they see only evidence of advanced decay everywhere they look. Crisis is ubiquitous in the United States; our environment is perishing, our economy is falling apart, and our society is becoming more derelict year by year. Any signs of economic stability, let alone growth, are chimerical. As O'Riordan (1989:77) informs us, by the 1980s "most U.S. wealth was borrowed." Even the modern personality is in crisis; according to James O'Connor (1987:179), the leading proponent of eco-marxism, "The lid is ripped off the id. Libidinal energy becomes commodified, reified in pop music videos." Throughout the world, the enlightened observer can witness capitalism consuming and destroying the very social fabric and natural environment that make its existence possible in the first place. The end of "late capitalism" may well be in sight.

Marxists have, of course, been predicting the imminent demise of capitalism for over 100 years. Contemporary believers, therefore, must explain how the bourgeoisie have been able to devise temporary expedients (sometimes termed "fixes") that allow the moribund system to survive a while longer (see Harvey 1982). Thus, through "spatial fixes" capitalists redeploy their operations to the far reaches of the globe, finding new terrain for profit making once the inherent contradictions of capital have exhausted the possibilities in the old. The amount of space available for the capitalist machine to arrogate, however, remains finite. While contemporary marxists are increasingly inclined to admit that capitalism shows vast adaptive powers, few spurn their doctrine's basic postulate that it must eventually fail.

#### *Ecological Contradictions*

Ecological contradictions within capitalism have most often been emphasized by nonmarxists, but this is precisely the grounds on which eco-marxists now seek to recuperate the communist endeavor (M. O'Connor 1989; Deleage 1989). An initial problem they isolate is the fact that the anonymity of the market hides the environmentally destructive consequences of commodity production (Peet 1991: 516). Capitalism's *ines-*

*capable failing*, however, is that it glorifies—and indeed, requires—continual economic growth; only when expanding can a capitalist economy be considered healthy. Such expansiveness is cancerous, entailing the inexorable consumption of finite natural resources. Eventually the system will encounter the earth's own limits, at which point it cannot help but collapse. The final reckoning, however, may be delayed by technological innovations. Substitutes, for example, can be discovered for many diminishing resources, providing threatened industries with another breathing spell. But, as even the nonmarxian and relatively moderate writer Paul Ehrlich soberly informs us, "the real opportunities for adequate substitution are limited" (Ehrlich 1989:13).

According to the noted marxist geographer David Harvey, capitalism's ultimate environmental contradiction stems from its short-term time horizon. Neoclassical economic thought is founded on the idea that future benefits are of lesser value than benefits that can be immediately realized; a discount rate (related to the interest rate) is thereby used to downplay the future advantages that might be gained by conserving resources. Environmentalism, in contrast, is founded on a long-term, multigenerational (if not geological) time horizon, one in which the need to preserve resources becomes paramount. Harvey concludes that what distinguishes the environmental movement "is precisely the conception of time and space which it brings to bear on questions of social reproduction and organization" (Harvey 1990:421).

In the early 1970s technically oriented environmentalists devised computer simulations to prove that the global economy would soon collapse as essential resources, such as copper, neared exhaustion (Meadows et al. 1972). At the time, several marxist scholars attacked such methods, as well as their underlying neo-malthusian implications, fearing that they were but a mask craftily donned by a metropolitan elite who wanted only to continue monopolizing the earth's resources. In the current reassessment offered by eco-marxism, such "scientistic" methodologies are still regarded with grave suspicion, but a cautionary stance toward resource depletion has finally been adopted. What was considered highly reactionary only fifteen years ago has somehow been transformed into something that can now be regarded as very radical indeed.

A sustainable economy, eco-marxists tell us, can only be realized by instituting socialism. What they seem to envision is a state along the lines of contemporary Cuba, although presumably without the personality cult, a little less bureaucratic in orientation, and lacking the ideology of productivism. The nonmarxian majority of eco-radicals, as we have already seen, also argue for socialism of a sort, but they remain

convinced that socialism can never be anything but a mirage unless we return to small-scale, anarchistic communities. The more moderate, compromising fringe of the eco-radical movement hopes to retain a large-scale market system of some sort, but agrees that capitalism as we know it is simply too expansionary and too exploitative to persist (Daly and Cobb 1989).

The basic marxian critique of capitalism, as sketched above, exerts a powerful influence over all schools of eco-radicalism. But beyond this there is little common ground. Even within the compounds of explicitly marxian scholarship, disagreements are frequent and occasionally fierce.

#### *The Varieties of Marxian Experience*

The global collapse of communism is an obvious threat to the marxian doctrines upon which the eco-radical critique of capitalism rests, yet many marxist scholars would hope to turn this crisis to their own advantage. Eastern European socialism has long been a major embarrassment anyway, and many would just as soon relinquish the tasking job of defending it.

Not surprisingly, different marxist schools offer varying responses to the current challenge, just as they have long offered disparate explanations of communism's decidedly nonparadisiacal incarnations. A common, although hardly materialist, approach has been to dismiss Eastern Europe's errant path as the result of historical contingencies and personal whims, Stalin's accession to power usually being held as the pivotal accident. Others have argued that the machinations of the capitalist powers have forced the poor, struggling socialist states to devote too many of their resources to the military, thus forestalling the development of the economic base necessary to begin constructing real communism. A more encompassing thesis is that in a world system dominated by capitalism, true socialist reform becomes difficult to undertake, simply because would-be socialist states do not have adequate room in which to maneuver (Peter Taylor 1989:347). Other arguments are more simplistic: Commoner (1990:220–21), for example, seems to blame the Soviet Union's ecological disaster largely on the fact that it imported its basic industrial techniques from the West.

A few eco-marxists, however, are beginning to question their own visions of a classless future, asking how an economically successful, humane, and environmentally benign form of socialism might be devised. But this has seldom advanced beyond the stage of idle wondering; few marxists yet have much to say about communism. They aim their analyses squarely at capitalism, and they define their own position as

that of critics of the current order rather than visionaries, let alone planners, of a new society. One searches in vain for concrete proposals for constructing a democratic, prosperous, and ecologically sustainable form of marxian socialism.

One reason for marxism's failure to develop a coherent theory of socialism is its underlying proposition that virtually all problems stem from capitalism alone. Capitalism is pictured as a totality, the one hideous reality that structures everything in its own image. According to James O'Connor (1987:156), only "tiny corners of social life [are] not yet colonized by capital and the state administration." Thus, once capitalism is *globally* extirpated, many believe, a healing process will inevitably commence. But that is a task for later days; the immediate job is to analyze, and then seek to undermine, bourgeois civilization.

Academic marxism may center around the analysis of capitalism, but it is a grave mistake, typical of those who denounce marxism without first intellectually grappling with it, to suppose that any single theory of capitalist dynamics prevails. Orthodox marxism of various stripes, the several neo-marxisms, neo-orthodox marxism, structuralist marxism, post-structuralist marxism, post-enlightenment marxism, postmodern marxism, analytical marxism, and the French regulation school (let alone leninism, trotskyism, and maoism), offer divergent explanations of the capitalist system. The more innovative recent versions are highly sophisticated, having abandoned the strained notions that bourgeois society consists of two classes only (owners and workers) locked in internal conflict, and that capitalism is destined by its internal logic to perish, yielding in the process to a virtuous proletarian regime. Although traditional marxism is dogmatic, deterministic, and teleological, one cannot level such accusations against some of the new, refurbished varieties (Corbridge 1988). Moreover, these various marxian schools can be highly contentious, struggling to claim for themselves, and deny the others, the mantle of Marx and Engels.

In devising a more sophisticated socioeconomic theory, contemporary heterodox marxists have strayed quite far from Marx's original vision, leading several outside observers to wonder just how much marxism one can dispense with and still label one's self a marxist (Bell 1990:310). Indeed, nonmarxists' social theories, such as those propounded by Anthony Giddens, are often "closer than many contemporary Marxists' to orthodox Marxism" (Wright 1983:11). But in becoming more philosophically open, nonorthodox marxists do not necessarily become any less radical. To the contrary, many contemporary neomarxists fiercely deny that capitalism can ever be considered progressive (for example, Peter

Taylor 1989:346), thus jettisoning Marx's fundamental assertion that socialism must be presaged by the development of the forces of production that can occur only under a regime of capitalist accumulation.

Nonmarxist eco-radicals, it turns out, almost universally agree with this hyper-marxist assertion that capitalism never has any positive qualities. They also not uncommonly misconstrue capitalism in a manner that might make a careful marxist scholar blush. Roderick Nash (1989:201), for example, feels that the severity of American slavery can be explained as an instance of unmitigated capitalism. Although marxists often argue that a slave "mode of production" can "articulate" with, and thus benefit, a capitalist one, they certainly recognize that free labor is a *defining* characteristic of capitalism as a system.

Because of this conceptual inconvenience, the radical environmental historian Donald Worster now argues that the conventional definitions of capitalism are too narrow (1990:1,098). It is, after all, easier to denounce capitalism if one can include all objectionable social forms under its umbrella. For this advantage, a loss of theoretical precision may seem a reasonable price. If one is willing to ignore facts, even greater gains can be achieved; Worster (1990:1,106), for example, informs us that the rainforests of Borneo have passed "to modern corporate ownership," evidently unaware of the fact that the ownership of these forests resides, socialistically, with the states of Indonesia and Malaysia (see Repetto and Gillis 1988) (for a telling critique of Worster's position, see Cronon 1990).

#### *Heresy within the Ranks*

Eco-radicals thus concur that capitalism is highly destructive of both nature and society, but they disagree strongly when debating its internal dynamics, its historical role in socioeconomic evolution, and its future trajectory. Assailing the radical environmental theory of capitalism, (whether explicit or implicit), thus becomes a futile exercise, since one will immediately be counterattacked for taking on a straw-person or for naively grappling with an outdated and entirely passe (if not simply vulgar) species of anticapitalist thought. Critics of marxism are also commonly dismissed as mere bourgeois thinkers, the implication being that they are necessarily mystified by capitalism because of their own self-interest in the system's perpetuation.

If marxists can casually dismiss most competing theories as self-interested and collaborationist, they face a special challenge when confronting defectors from their own ranks, some of whom have recently defined themselves as post-marxist (see Corbridge 1986, 1988, 1989,

1990). Because of their thorough schooling in marxian debates, post-marxists are much better prepared to grapple with marxism on its own multifaceted terrain than are garden-variety bourgeois scholars. Their general thrust has been to accept the political-economy framework of marxian studies, but to reject its certainties and its exclusion of competing theories. They are characteristically cagey about their own ultimate political beliefs, as the brilliant geographer Stuart Corbridge writes: "[Post-marxism] is not opposed to socialism . . . but it is concerned to theorize each enterprise and to concern itself with the contours and contradictions of actually existing socialism" (1989:245). Corbridge does imply, however, that genuine (and redeeming?) reform is possible within capitalism, and he insinuates that progressives should strive to work within the existing system (1990:634). In a similar vein, Piers Blaikie reminds fellow socialists that capitalist enterprises can be socially progressive, that the presence of transnational corporations is often a necessity in poor countries, and that environmental degradation can be remarkably severe in marxian states (1989:135, 142, 133). And finally, Andrew Sayer has warned the marxian academic community that it must take seriously the fall of communism in Eastern Europe, since that system was undermined by problems of coordination and motivation for which "Marx himself bears no little responsibility" (Folke and Sayer 1991: 242).

The marxian response to post-marxism has varied from puerile outrage (Blaut 1989), to cajoling attempts to bring the errant children back into the fold (Watts 1988), to open-armed embrace. The last alternative, however, may bespeak a certain naivete regarding the post-marxian agenda. James O'Connor (1989b:4), for example, seems to regard post-marxism as a user friendly version of the essential doctrine; I see it rather as the potential undertaker of the entire effort. Warier marxist scholars, on the other hand, greatly fear the "growing chorus of criticism of marxist scholarship within the left" (Walker 1989:133). One prominent response is a desire to circle the wagons; geographer Richard Walker (1989), for example, calls for peacemaking within the broadly marxian left, coupled with the concerted exclusion of all scholars who deny the fundamental marxian core. Indeed, he goes so far as to berate the editor of a "left" scholarly journal for having the temerity to publish a liberal critique of marxist scholarship (Walker 1989:160).

Walker is certainly correct in identifying threats from the left as the main challenge to academic marxism. Liberal (let alone moderate or conservative) critics can easily be ignored, but what of the radical feminist who illustrates the patriarchal underpinnings of contemporary

marxist thought? The adherents of a vague school that might be labeled "subversive postmodernism," a group drawing inspiration from the deconstruction movement in literary theory, have been known to attack fiercely the monumental certainties of mainstream marxism. To a radical postmodernist feminist like Gillian Rose (1991:120), orthodox marxism (as exemplified by David Harvey [1989]) "embod[ies] the characteristics of western masculinity: hard, logical, certain, oppressive." Harvey (1989:350), for his part, has accused the deconstruction movement on which much of postmodernism rests of having "produced a condition of nihilism that prepared the ground for the re-emergence of a charismatic politics [that is, fascism] and even more simplistic propositions than those which were deconstructed."

The feminist criticism of marxism has much to recommend it; there are indeed close connections between all forms of totalitarianism and traditionally masculine thought. But at the same time, by embracing a self-consciously subversive form of politics that fully endorses the marxian denunciation of capitalism, writers like Rose marginalize their own position. Whereas post-marxism tries to redirect academia's leftward impulse back toward the center, subversive postmodernism strives to deflect it wildly in ever more radical directions. Here, I would argue, lies great danger; irrationalism may be inherently radical, but it can just as easily be harnessed to the radical right, as the examples of the philosopher Heidegger and of the deconstructionist savant Paul de Man—one-time nazis both—so clearly show (see Lehman 1991).

But more often, one must admit, philosophical radicals become, in practice, political ciphers. As David Lehman (1991:70) cogently writes: "Deconstruction makes possible, moreover, a risk-free form of subversiveness. It gives its adepts a way to look daring while playing it safe—to mouth the rhetoric of the radical while climbing up the tenure ladder to pluck the fruits of the system whose legitimacy they claim to question." Much the same could be said about many academic marxists.

#### *Grounds for Comparison*

The remainder of this chapter largely bypasses the internal debates within the radical left on the nature of capitalism; for such an account one should turn to the writings of Corbridge and other post-marxists. I do not feel compelled to address these issues in part because to do so would be to engage the debate on marxian terrain. Here the non-marxist is on perilous ground indeed, since the arguments have been structured beforehand to ensure the defeat of capitalism. In a tactically brilliant but intellectually indefensible gambit, marxists have insisted that cap-

italism be judged by its most egregious practices, whereas marxism is to be evaluated according to its diverse and never stationary critique of capitalism.

In contrast, the stance taken here is that both capitalism and marxism must be assessed by the same criteria. In particular, we should examine how each system has performed in practice, and we should explore the potentialities of each system for achieving environmental sustainability and social justice. On the former score, capitalism—for all its faults—is clearly preferable. In regard to the latter issue, marxism begins with an initial advantage deriving from its utopian visions. But until marxist thinkers begin to devise blueprints of how “true” socialism might be achieved, one is forced to regard those visions as jejune fantasies. Capitalism, on the other hand, has historically demonstrated vast potential for real social and environmental reform, while potentially workable designs for further amelioration have been forwarded by numerous liberal scholars.

Although it is essential to realize that there are many different variants of capitalism (some of which are much more socially and environmentally responsible than others), the unbridgeable gap separating capitalism from marxian socialism must also be recognized. A few leftists may now be touting market socialism, while many environmentalists have long wished for a convergence between capitalism and socialism (for example, Scheffer 1991:170), but such hopes rest on a profound misunderstanding, one that orthodox marxists, at any rate, would never make. A government that mandates social security, for example, does not thereby become partially socialistic, at least in the marxian sense of the term. As Peter Berger cogently insists (1991:xiii), capitalism and socialism must be seen as systems of production, not distribution; Sweden, by this definition, is an overwhelmingly capitalist country that merely has a large welfare system. Unfortunately, many of capitalism’s most fervent apologists are equally confused on this score. Arthur Seldon (1990:10, 23), for example, seems to think that Sweden is half capitalist and half socialist. As a result of such errors, writers like Seldon misidentify capitalism with minimal government, a postulate that can only be accepted if one blinds one’s self to capitalism’s emergent leader: Japan.<sup>2</sup>

Although the following pages unceasingly assail the marxist project, it should be made clear that I hold the greatest respect for numerous marxist scholars. E. P. Thompson and Eric Hobsbawm in social history, Perry Anderson in comparative sociology, Eric Wolf in anthropology, and David Harvey and Edward Soja in geography have presented brilliant analyses of specific socioeconomic processes within the capitalist world.

Indeed, within my own discipline of geography, many if not most of the best scholars in one way or another identify with marxian goals.

Yet the future of American marxism is cloudy, even if it continues to gain strength within academia. Indeed, the very invention of an explicitly environmental marxism can be read, in part, as an attempt to gain broader support for a floundering movement. Such a tactic is clearly evident in the recent greening of Western European communist parties. But while eco-marxism may in the future thrive in select American university departments, I seriously doubt whether it will have much impact on the larger eco-radical community, a group expressing massive fear of any form of state power. But regardless of eco-marxism’s actual success, the marxian critique of capitalism has had a pervasive impact on all eco-radical scholars, even on those who shun the label and who imagine an anarchistic rather than a communistic future.

#### ■ The Failings of the Radical Position

##### “Real Existing Socialism”

The easiest defense of capitalism is simply to contrast it with existing and recently existing examples of marxian socialism. As is now abundantly clear, marxism’s record is dismal on almost every score, be it economic, social, or environmental. These failures cannot be dismissed as errant quirks; marxian regimes have come to power in numerous countries, and everywhere the results have been disheartening. From impoverished African states like Mozambique, Ethiopia, Guinea, Madagascar, and the Congo to highly industrialized, once-prosperous European countries like the former East Germany and Czechoslovakia, all marxist experiments have ended in disaster. Chapter six will address the failings of marxism in the Third World; the present discussion is concerned with the formerly communist industrial states of Eastern Europe. For convenience sake, the analysis focuses on conditions that pertained before the democratic revolutions of the late 1980s and early 1990s.

Radical greens admit that environmental conditions in Eastern Europe are as bad as those found in the West. But such admissions are far from adequate; by almost every measure, the communist environment is more severely degraded than the capitalist environment. Only with the recent downfall of marxian regimes has the ecological debacle of the East come to light. As our knowledge increases, the environmental conditions of Eastern Europe are revealed as ever more horrific. And when one considers the poor performances of the economies that have wreaked

such destruction, the comparison between capitalism and communism becomes one-sided indeed.

Although the general state of environmental devastation in Eastern Europe is now well known, a few specific examples are still in order. It is quite possible that the world's most industrially devastated landscape is that of Poland's Silesia, an area in which the soil is so lead-impregnated as to render farm products virtually poisonous. Nor are conditions much better in other Polish regions. Many Polish rivers are so filthy that their waters cannot even be used for industrial purposes. As Fischhoff (1991:13) reports, "by U.S. and European standards, the country has virtually no potable water." In Poland's industrial belt, air pollution, especially sulfur dioxide contamination, far exceeds anything found in the West. Many buildings in Cracow are simply melting away in an acid bath.

Devastation of similar magnitude may be found in many regions within the former Soviet Union. Latvia, for example, is burdened by many poorly regulated and constantly oozing toxic waste pits, and its Baltic shores are heavily contaminated with bacteria, heavy metals, and even chunks of phosphorus (in 1988 the Soviet army dropped 400 bombs containing 20 tons of phosphorus into the Baltic Sea [Burgelis n.d.:7]). The transformation of the once-rich Aral Sea into a shrunken, almost lifeless sump is now a virtual international emblem of the powers of human destructiveness [Kotlyakov 1991]. Everywhere one looks the stories are the same, recounting one ecological disaster after another.

Equally telling are comparative figures on energy use. One of the principle reasons for Eastern Europe's environmental catastrophe is its appallingly inefficient use of energy. As *The Economist* (February 17, 1990) reports: "On average, the six countries of Eastern Europe . . . use more than twice as much energy per dollar of national income as even the more industrialized countries of Western Europe. Poland, with on some counts a GDP smaller than Belgium's, uses nearly three times as much energy; Hungary, whose GDP is supposedly only a fifth of Spain's, uses more than a third as much energy." Here one can appreciate the environmental consequences of an economy that has approached the vaunted steady-state; lacking economic vitality, the East has been forced to retain an antiquated, inefficient, and highly polluting set of industrial plants. Factories have remained in operation that would have been shuttered decades ago in the West.

The dismal environmental conditions of the communist world stem from the political and economic structures implicit in marxism and not, as academic marxist apologists would have it, from either historical contingencies or the structural power of the capitalist world system. As

has been widely noted, under a "dictatorship of the proletariat" (which in practice has proved to be a dictatorship to be sure, but hardly one of the working class), independent activist groups seeking environmental protection enjoy a precarious standing at best. During Eastern Europe's long marxian night, only a few feckless scientific organizations could dare even ask for environmental consideration.

More intractable problems derive from marxist economic philosophy, especially from the belief that labor is the sole source of value. As Rolston (1989:76) writes, "Marxists often argue that natural resources should be unpriced, for in fact resources as such have no economic value." Although marxian regimes never actually distribute natural resources at no cost, they do consistently undervalue oil, timber, and other such materials. By assigning extremely low prices to natural resources, marxist economics ensure that they will be wastefully employed, leading inevitably to needless environmental degradation (see, for example, Barr 1988 on Soviet forestry). Finally, as is widely appreciated, any large-scale economic system that dispenses with the market must instead rely on *command* for fixing the price structure of goods and services. Yet no government command center can ever obtain adequate information to avoid production and distribution bottlenecks. Command economies are thus inherently inefficient, generating economic waste that is invariably linked with environmental degradation.

Other reasons for the dismal environmental failure of communism stem not from marxist ideology so much as from the specific ways in which marxist political parties have stimulated production. Since they deny the profit system, other methods of motivating workers and managers have by necessity eventually been devised. The most common system has been for central planners to set production quotas, and then to reward plant managers who exceed them. As it turns out, the production quota system supplies incentives to ignore existing environmental regulations every bit as powerful as those of the profit system. Other forms of "motivation" have been far more sinister: Soviet geographer Ruben Mnatsakanyan notes that the vast power of the destructive Soviet Ministry of Land Reclamation and Water Management stemmed from the fact that it was originally "a KGB department that dealt with the digging of canals by prisoners" ("The Changing Face of Environmentalism in the Soviet Union" 1990:5).

Eco-marxists often blame the sorry state of real existing socialism on the crucial mistake of bureaucratization. By vesting too much power in the hands of central party functionaries, this line of reasoning goes, the revolutionaries betrayed their own vision of a just, democratic, socialist

future. But as Theodore Hamerow's (1990) masterful account of the "graying of the revolution" makes abundantly clear, the rise of the bureaucratic oligarchy may have been unintended but it was nonetheless inexorable. If eco-marxists were ever to gain power in the United States, we could expect history to recapitulate itself on this score.

Still, marxist apologists will continue to inform us that communist leaders just made a few critical errors, and that if we were once again to begin building communism, this time we could get it right. This position might be reasonable had the world known only a single marxist state, but the sad fact is that the experiment has been just as disastrous on every occasion and in every social environment in which it has been attempted. Scholars seeking real material and structural explanations in history would be forced to admit that marxism's political failure has been rather more unavoidable than accidental.

#### *A Worker's Paradise?*

Marxian apologists will point out that the communist world has achieved some remarkable successes in the social realm. The former Soviet Union, for example, has much less homelessness, malnutrition, illiteracy, and drug addiction than does the United States—a country of vastly greater economic prowess. There is indeed some truth here, and the social failures of the United States should be considered a national shame. The comparison, however, is invidious in that it singles out the industrial capitalist nation with the worst record on social issues. No other wealthy capitalist state, for example, lacks a national health care system. If one were to contrast Japan or Sweden with the USSR—let alone with Romania—capitalism would come out ahead on virtually every social issue as well.

The social failure of marxian socialism is probably best illustrated by examining the working and living standards of its own laborers—the supposed beneficiaries of the whole system. Simply put, socialist workers lived in penury when compared to their counterparts in industrial capitalism. Polish steelworkers, for example, could hope to earn roughly the equivalent of \$100 a month; if one were to factor in the loss of time entailed in queuing, their remuneration would have to be reduced still further. But such deprivation is utterly mild when contrasted with the lot of Soviet coal miners—men who labored under such appalling conditions that their average longevity was a mere forty-seven years (*The Economist*, "Dark Satanic Mills," October 13, 1990, p. 56). Indeed, industrial safety standards have been virtually nonexistent through much of

the Eastern block. Because of this failing, up to 80 percent of Polish steel workers were disabled and thus forced to retire early (Fischhoff 1991:14).

According to marxist ideology, these Polish and Soviet workers were not exploited—even if their political leaders and party bosses were able to live in aristocratic splendor. ("Exploitation," one will recall, is defined in terms of the surplus extraction that occurs only under a capitalist mode of production.) Such reasoning, evidently, held little appeal for the Polish and Russian proletariat; despite the long years in which it has held absolute political, social, and cultural mastery, marxism was never able to achieve intellectual hegemony in eastern Europe. What seems inevitable now is the collapse of communism, not capitalism.

#### *The Contradictory Success of Capitalism*

The thesis that capitalism is destined to fail from its own internal contradictions is a bit threadbare these days. The present era is one of capitalism regnant, visible in the fall of communism in Eastern Europe, in the renouncing of marxism by sundry African regimes, and in the spectacular success of East Asian capitalist economies. If we are to begin addressing our environmental and social problems we must first come to grips with this fundamental reality.

True believers, however, persist in maintaining that capitalism's success is merely a mirage. Just as Christian fundamentalists still believe that the second coming is nigh, so too marxists stalwarts continue to see the collapse of Japan and the West not only as inevitable but as due very soon indeed. Thus, they proclaim, we are now in the age of "late capitalism." To illustrate the system's impending demise they point to the abundant signs of economic and social decay in the United States—the same signals that many fundamentalist Christians believe prove that Jesus is about to begin his descent.

Several fundamental errors, however, tarnish the crisis and decay thesis. Most importantly, radicals of all stripes consistently overestimate the signs of doom. To appreciate this we can play two schools of extremism against each other and in so doing arrive at a reasonable middle ground. The anti-environmentalist ideologue Ben Wattenburg (1984), on the one hand, argues that all measures of social well-being actually show signs of vast and continual improvement; we are misled by the apocalyptic prophets, he claims, because we see the past through rose-colored glasses. The eco-marxist James O'Connor (1987), on the other hand, sees only decay wherever he looks. Neither view is particularly instructive, and both would prove paralyzing if taken at face value. We should listen

to both Pollyanna and Cassandra, but we would be foolish to accept either as offering accurate assessments or clear prophesies.

In a backhanded and unintended manner, the thesis of inevitable capitalist decay is actually belied in the writings of many contemporary marxists. Such scholars consistently and rightfully point to the damages caused by the Reagan and Bush administrations' social policies. James O'Connor, for example, argues that Reaganomics required us to sacrifice our "dreams of an equitable and just society" (1987:39). This sentiment implies, however, that the recently demolished social programs previously enacted by the Democratic Party were bringing justice and equity to capitalistic American society. Yet if marxism tells us anything it is that justice and equity are *absolutely* impossible under capitalism. Here we encounter a great intellectual game of "cake eating and having." When social progress is made within a capitalist society it is ignored or dismissed as chimerical; when social regression occurs it is highlighted as very real indeed—even if it entails nothing but the dismantling of programs previously denied as unreal. Such sophistry does indeed allow one to argue that capitalist society will only ratchet ever downward into more brutal forms of injustice and exploitation.

The thesis that capitalism is in inevitable decline is also parochial. The unstated assumption is that capitalism is congruent with the West, if not simply with the United States. Signs of decay in America are thus heralded as foretelling the decline of capitalism in general. Here marxists simply don the same blinders that virtually every American enjoys wearing. We find great comfort in believing that the United States is still the world's dominant country simply by virtue of its sizable gross national product (GNP) and formidable military. But America's present lead over Japan reflects not the two nations' internal economic dynamics, but rather America's tremendous head start, its larger population, and, to a lesser extent, its greater wealth in resources and land. On virtually any measure of economic transformation, be it industrial, technological, or financial, Japan is either ahead or closing in quickly.

The great French historian Fernand Braudel (1984) has shown that the world capitalist system is almost always centered in a single city. No city, however, has been able to retain dominance for long; capitalism is simply too competitive. Thus Venice yielded to Antwerp, Antwerp to Genoa, Genoa to Amsterdam, Amsterdam to London, and London to New York. And now New York is falling to Tokyo. As each former center, and its surrounding country, loses primacy, relative decay will be inevitable. In the rising star, however, such signs of decrepitude should be absent.

The essential question thus is whether Japan shows the signs of social and economic collapse that eco-marxists perceive in the United States. It is difficult indeed to argue that it does. Economic growth and productivity increases may have slowed down a bit, but they are healthy year after year; sundry economic shocks may provoke fear, but they are always contained after short periods. Inflation and unemployment levels are minuscule by Western standards, violent crime is rare, drug addiction is scarcely a problem, child abuse is almost unknown, and homelessness is nearly nonexistent. And whereas the wage gap between high school and college graduates is increasing in the United States, in Japan it is decreasing (Reich 1991:206). Not that Japan is a paradise; if one looks closely enough many social evils are readily apparent. Japanese society is, for example, shockingly bigoted and its progress toward women's rights is woefully retarded. But even here halting improvements are being made.

The belief that capitalism is marching ever onward to its inevitable decline is little more than darkly wishful thinking—wishful because marxists believe that true justice can be instituted only when capitalism expires, but darkly because marxists well know that the poor suffer disproportionately in times of chaos and crisis. The unfortunate truth is that in the United States the poor are being immiserated while the beneficiaries of our increasingly second-rate capitalist system grow richer and more numerous every year. This is a sign, however, not of doom but rather of the political failure of liberalism and of the relative slippage of the American economy within the global capitalist system.

#### *Marxist Contradictions*

Contemporary marxist academics shield themselves from many of the problems explored above by leaving their own ultimate aims unstated. Marxism's own traditions unambiguously uphold violent revolution as the only way to usher in socialism, although the numerous democratic communist parties of Western Europe show that many marxists evidently now consider a democratic "gradualist path" possible. American academic marxists, however, are seldom inclined to reveal their own larger designs. One can only assume that many admire Lenin and Trotsky not merely for their scholarly works but also for their activities in the Russian Revolution. The "scholar-revolutionary" seems to be an irresistibly romantic figure for academics humiliated by their drudge-like popular image. But this is never mentioned in polite company; theirs' is indeed a hidden agenda.

A more immediate question is how academic marxists view their own roles within capitalist society. The obvious answer is as intellectual

workers whose job it is to lift the veils of mystification and thus allow others to comprehend the reality of their own oppression. But they communicate these truths largely to each other, with a few notable exceptions, marxist works are so theoretically heavy and jargon laden as to be completely inaccessible to the proletariat. Academic marxists do reach a wider audience through teaching, but most of their students are destined for the managerial rather than the working class. This is especially true for those employed by elite universities, institutions to which most young marxists seemingly aspire. But marxist theory explicitly holds that nothing revolutionary can come from the bourgeoisie, at least once it has triumphed over the aristocracy. The most one could hope to accomplish would be to subvert the minds of budding managers, lawyers, and engineers, thereby making them less effective capitalist functionaries. Once students leave academia, however, few retain the subversive tendencies they may have acquired from their marxist professors.

But no matter how one hopes to achieve it, the revolutionary transformation of capitalist society remains the centerpiece of marxist philosophy, the driving force behind the entire effort. Without the prospect of a socialist future, the voluminous marxian critiques of capitalism lose most of their power and much of their relevance.

Yet a successful marxian transformation, be it evolutionary or revolutionary, hardly seems likely within the United States. The evolutionary path is moribund; socialist parties never achieve more than a percentage point or two in any election, except in a few errant university towns like Berkeley and Santa Cruz, California—or in Vermont. So too the chances of a revolution in the near future, as most marxists fully recognize, are nil. But despite such dismal prospects, marxists cling to the hope that in the event of a severe socioeconomic trauma, success might be theirs'. Therefore, they strive to strengthen their position within academia and to build linkages with social movements (such as environmentalism and feminism) until a more favorable political environment emerges around them.

While an explosive socioeconomic crisis in the near term is hardly likely, the possibility certainly cannot be dismissed. Capitalism is an inherently unstable economic system, and periodic crises of some magnitude are inevitable. An outbreak of jingoistic economic nationalism throughout the world, moreover, could quickly result in virtual economic collapse. Under such circumstances we could indeed enter an epoch of revolutionary social turmoil. Yet I believe that there are good reasons to believe that the victors in such a struggle would be radicals not of the left but rather of the right.

The extreme left, for all its intellectual strength, notably lacks the kind of power necessary to emerge victorious from a real revolution. A few old street radicals may still retain their militant ethos, but today's college professors and their graduate students, the core marxist contingent, would be ineffective. The radical right, on the other hand, would present a very real threat. Populist right-wing paramilitary groups are well armed and well trained, while establishment-minded fascists probably have links with the American military, wherein lies the greatest concentration of destructive power this planet knows. Should a crisis strike so savagely as to splinter the American center and its political institutions, we could well experience a revolutionary movement similar to that of Germany in the 1930s.

Marxists, however, would likely counter this argument by citing the several cases of successful socialist revolutions. Successful though they were, none makes a compelling analogue. First, no marxist revolution has ever come close to occurring in an advanced capitalist nation. Triumphant leftist revolutions have only taken place in economically backward countries, and generally only after an unrelated war had demoralized the old guard. More importantly, as Hamerow (1990) clearly shows, all successful marxian revolutions have relied on the strategic cooperation of the bourgeoisie against the aristocracy; only after the old regime is toppled are the fractionated moderates cut out of power. Considering the fate that has generally befallen them under such circumstances, it is unlikely that the business classes—even in the world's more feudal countries—would again be tempted by the promises of a mixed economy offered to them by would-be leftist revolutionaries. Except perhaps in El Salvador and Peru, contemporary marxist revolutionary movements are irritants to the ruling elites rather than real threats.

In contemplating the likely future of a revolutionary United States, we encounter the ultimate paradox of contemporary marxism: the unintended collusion of the radical left and the radical right. Even during periods of normality, the opposing ends of the political spectrum feed strongly on each other—in sardonic fashion, they are each other's best allies. The marxian left is extraordinarily frightening to the vast majority of the populace, and the stronger it becomes, the more seductive the propaganda of the radical right grows. The equation can also be reversed; leftist rhetoric draws its real power in opposition to the radical right, not the accommodating center. With every kkk outrage, with every atrocity committed by the Los Angeles Police Department, the marxian message grows ever more convincing to horrified progressives. The broad center of responsible conservatives, moderates, and liberals may attempt to

remain dispassionate and to refute both extremes, but in a deteriorating political environment, marked by inflamed passions, such a stance will seem to many increasingly inadequate.

If, in the event of extraordinary crisis, the center does fold, I must conclude that most Americans would follow the far right rather than the far left. American society has simply been too prosperous, and the majority of its citizens too accustomed to owning property, to be willing to risk everything on a communist experiment. Alexander Cockburn of *The Nation* has repeatedly pleaded with liberals not be afraid to endorse socialism—a fine position indeed if one would like to see reactionaries gain uncontested power throughout the United States. If truly concerned about social justice and environmental protection, I would counter, liberals should not be afraid first to embrace, and then seek to reform, capitalism.

American marxism is thus intrinsically paradoxical; not only is it self-defeating, but it actually reinforces (in a perverse antidialectic) its own antithesis. And if that antithesis ever gains power, it will not merely retain the status quo, but rather pull society fiercely backward, leading it into a truly nightmarish world.

But a critique of marxism, now matter how powerful it may be, will fail to impress the majority of eco-radicals, individuals who have never accepted more than Marx's basic arguments against capitalism. In order to further the cause of Promethean environmentalism it is necessary to show how capitalism can be transformed into an ecologically benign economic system.

### ■ Guided Capitalism and the Environment

#### *The Amoralism of Capitalism*

Radicals are correct in arguing that capitalism is based on naked self-interest; this has been abundantly clear ever since Adam Smith. Capitalism is an amoral, although not necessarily an immoral, system. Morality must be derived from an exterior source, and an unguided capitalist economy will tend toward great brutality. Such an ethical backdrop has often been lacking, and countless capitalist firms have perpetuated horrendous evils. Mid-century Germany provides the ultimate example. While nazi ideology was virulently anticapitalist, most German capitalists were happy to cooperate with Hitler once it was clear that he did not really intend to dismantle their corporations.<sup>3</sup>

Leftist academics, however, overemphasize capitalism's lack of morality by confusing the motivation of the individual firm with the require-

ments of the system in general. Rapacious strategies may benefit a given company, but they undermine the larger structure of capitalism. Such confusion is especially evident in studies of South African racial exploitation, a field that has come to be almost entirely marxian in orientation (Murray 1988). By briefly exploring the failings of the main marxist interpretation of apartheid we can better understand how the interests of the individual firm diverge wildly from the interests of capitalism in general.

Many prominent leftist scholars have argued vigorously that apartheid exists because it is functional for South African mining companies, especially by ensuring them a steady supply of cheap labor (for example, Wolpe 1972). Commonly overlooked, however, is the fact that members of the South African capitalist class have, more often than not, opposed apartheid. As Bromberger and Hughes (1987:204) write: "[I]t is not at all clear that capitalist interests were predominant in the creation of South Africa's modern racial order. Some were *not* significantly involved; and over time capitalist support for racial discrimination and controls has diminished and turned, in most sectors, into opposition." Support for apartheid has rather come mainly from the white working class, the white farmers, and the privileged Afrikaaner bureaucracy (see Parnell 1991). As Lipton (1985:370) concludes: "[South African] development since Union does not support the thesis that the state was the instrument of capital. The interests of the economically dominant mining and urban capitalists were often overridden when they were in conflict with those of white labour or the bureaucracy or of economically weaker agricultural capital. The key to this lay partly in the political system, partly in the nature of political mobilization, which was along ethnic, not class, lines. Afrikaaner nationalism is the most striking example of this, and it poses a severe problem for Marxist analysis."

Business leaders have opposed apartheid not because of their magnanimity, but rather because discrimination *is* in many respects highly dysfunctional for the economy. Many South African companies have long suffered from shortages of skilled labor, yet they have been politically prevented from tapping a huge segment of the populace for such positions. As a result, wages for white workers have been far greater than the market would dictate, a situation hardly advantageous for capital. Even more importantly, the fact that so many people have been reduced to dire poverty by political edict greatly reduces the internal South African market, which in turn undercuts the potential profitability of consumer-goods firms. The underdevelopment of the consumer economy, in turn, severely hampers the country's overall economic performance.

The same underlying patterns may be seen, albeit in weaker form, in the United States. It was, of course, the capitalistic Republican Party that dismantled slavery; until relatively recent times the Democratic Party of workers and farmers formed the bulwark of discrimination. As a system, capitalism thrives on equality of opportunity. Efficient corporations welcome talented individuals from all social ranks into their middle and upper echelons—so long as they are adept at making profits. Thus the editor of *Fortune* magazine tells us that “One of America’s great competitive weapons is that we are far ahead of the Japanese and most other foreign competitors in at last beginning to admit women to positions of real power” (July 30, 1990, p. 4). Of course, individual capitalists can be as bigoted as any one else, and many are blind to the general requirements of the system as a whole. And so too, equality of opportunity must never be confused with social equity, as those individuals lacking the demanded skills and motivation will always be poorly rewarded by the rational corporation.

Although capitalism, in the end, precludes economic equality, it does suffer if wage differentials grow too great, as we have already noted in the case of South Africa. As many marxist scholars now recognize, low wages across the board translate into minimal purchasing power, which is hardly advantageous for a capitalist machine often desperate to find markets for its abundant goods. Thus, in the virtuous capitalistic spiral of “Fordism” (Scott and Storper 1986), productivity gains have been partially shared with workers in the form of higher wages; the aggregate result being a prosperous working class and a healthy economy.

It is also essential to recognize that state-mandated social and environmental regulations can actually aid the capitalist system, even if they do burden individual firms. A capitalist society cannot long persist if individually rapacious companies are allowed to destroy their workers or demolish the environment. Despite marxian—and reactionary—claims to the contrary, environmental regulation has contributed little to our economic slowdown (Leonard 1988:57); many experts would go so far as to argue that it functions in the long run to enhance national competitiveness (for example, Porter 1990). Similarly, many American corporate directors are realizing that Japan’s socialized medical system gives its firms a profound advantage in competing against American companies suffering under heavy health insurance burdens. Nor is it coincidental that the most successful capitalist economies of the past two decades—Japan, South Korea, and Taiwan—are distinguished by their relatively equitable distributions of wealth, whereas those countries with the greatest gaps between the rich and the poor, such as Brazil, have faltered

mightily (see chapter six). It is for this reason that conservative proponents of capitalism would be well advised to reexamine the recent socio-economic history of the United States.

#### *American Economic Evolution*

The heyday of American capitalism was the 1950s and 1960s, an era of steady economic growth, healthy corporate profits, increasing labor productivity, general prosperity, and decreasing pay gaps between blue- and white-collar workers. Presiding over this vibrant economy was a series of moderate Democratic and Republican administrations that fully accepted the progressive tax code and social security measures implemented in the 1930s. Most importantly, loose agreements between large industrial companies and labor unions functioned to distribute wealth generated by productivity gains among workers, managers, and owners.

Postwar prosperity did not, of course, usher in a capitalist utopia. Large segments of the populace remained impoverished, often excluded from decent jobs by naked discrimination, while accelerating environmental destruction was virtually ignored. By the mid 1960s, however, pressure was mounting to address the problems of civil rights, poverty, and environmental destruction. For a while it appeared that a new, more encompassing form of liberalism might triumph, but this was not to be the case. Tragically, many of those fighting against injustice came to embrace not liberal reform but rather a left-radical philosophy that sought to bring down the entire system. This intransigent leftward lurch, coupled with a stagnant economy in the 1970s, resulted in increasing political polarization, culminating in the triumph of Reaganism in 1980.

Under the Reagan administration, American capitalism enjoyed only moderate success. The wealthy stratum of the populace grew richer and larger, but the poor layer also grew larger—and poorer. Environmental standards were gutted, allowing many irresponsible firms to reap profits far larger than deserved. Radical Republicans see the era’s economic expansion as proof that social programs and environmental protection thwart capitalist prosperity. Much evidence, however, suggests that they are gravely mistaken. The American economy in the 1980s was a pale counterpart to that of the 1950s and 1960s, a fact immediately confirmed by contrasting figures on productivity gains. Moreover, the prosperity of the 1980s was in part based on money borrowed from Japan.

One cannot, however, lay all of the blame for recent economic polarization at the feet of the Republican presidency. The continuing evolution of capitalism has itself made the comfortable world of Fordism obsolete. As many marxist scholars correctly argue, we have now entered an age of

"post-Fordism." Firms are now not only increasingly unconstrained by national boundaries, but they are even freeing themselves from the barriers separating them from other corporations. As discussed in chapter three, the world of capitalism is now characterized by flexible networks of strategic alliances, subcontracting linkages, licensing arrangements, and so on. As the previously monolithic corporate structure begins to dissolve, Reich (1991) cogently argues, economic elites lose their need to maintain old agreements with production workers; cheap labor, after all, can now be easily obtained in poor countries. Similarly, if environmental regulations become too stiff, executives can relocate their plants in foreign havens unmindful of ecological costs.

We obviously cannot return to the stable and comfortable world of the 1950s. But we by no means must fatalistically assent to the growing polarization of American society. To resist this insidious trend we must first recognize that it is contrary to our national interests. Despite the growing internationalization of capitalism, the national economy—with due respect to Reich—is not going to evaporate. And any national economy that excludes large segments of its population from meaningful participation necessarily impoverishes itself. Reversing the tide of economic stratification will, however, require new foundations for a moderate liberalism. The essential task is not to replace capitalism, but rather to make the social and infrastructural investments necessary to ensure that the entire population can participate within it at reasonably high levels. In order to do this, we must first come to appreciate the powers and problems of competition.

#### *The Powers of Competition*

In emphasizing the atomizing or individualizing side of capitalism, eco-radicals blind themselves to its opposing social aspects, thus ignoring a tradition of thought dating back to Smith and Hume (Novak 1990). This misconception is nowhere more evident than in discussions of competition. Especially among anarchists, a simplistic Spencerian view prevails, one viewing competition as a desperate struggle for survival, the winner taking all and the loser perishing. To most radical environmentalists, competition is intrinsically antisocial, deadly to cooperation, and contrary to the principles of ecology. Even the relatively moderate eco-philosopher Kassiola (1990) centers many if not most of his arguments around the inherent destructiveness of competition in all of its forms.

But as anyone who has ever played sports knows full well, competition usually creates strong social bonds. Camaraderie not only links team members, but it can even develop between opposing contingents. Such

bonding between competitors is most clearly evident in nonteam sports; people generally play tennis or racquetball with their closest friends, not their most bitter enemies. Noncompetitive sports, on the other hand, not only fail to bring out peak performances, but they seldom prove satisfying. When I was an undergraduate at the University of California at Santa Cruz, where marxist, primitivist, and anarchist philosophies prevailed, many students declared that they would no longer play games such as racquetball in competitive manner. Instead they would merely bat the ball around for a while, and in so doing spare the egos of the less-skilled players. In short time, however, most of these caring persons ceased playing altogether.

Economic competition can be analyzed in much the same terms. Here too, "cooperation and competition are opposite sides of the same coin" (Dertouzos et al. 1989:94). Team spirit is generated within successful firms, and even between competing firms a healthy spirit of friendly competition sometimes prevails. Cooperation, moreover, is essential between firms that supply and purchase from each other; not surprisingly, this is an area in which Japan has excelled. Any given company can, of course, display bad, even criminal, sportsmanship. Thus an external referee—the state—is necessary, just as it is in sports. Corrupt or incompetent state officials can still fail at their duty, but this calls for greater vigilance, not repudiation of the system.<sup>4</sup>

Radicals of both the right and the left fundamentally reject the team metaphor of corporate organization. Individuals on both extremes prefer to picture society as internally bifurcated into the inherently antagonistic camps of capitalists and managers, on the one hand, and workers on the other. Such natural enemies are not considered capable of striving for common goals; instead, they are viewed as consistently acting at cross purposes. Radical right-wingers of the old school view workers as uneducable riffraff of dubious moral qualities, individuals who no more form part of the team than do the janitors who clean up a ballpark after a game. Radical leftists, for their part, see capitalists and managers as predatory exploiters who will do everything they can to keep wages at a level just adequate to sustain life. Both groups thus believe that it is essential to place all power on one side of this unbridgeable divide. Rightists want to discipline workers firmly, while leftists would like to eliminate capitalists entirely.

Yet the belief that workers and capitalists have fundamentally divergent interests is no longer reasonable (Thurow 1985). If a firm fails, all fail with it; if it succeeds, all can prosper together. A partnership model, one that regards workers, managers, and investors as striving in team-

like fashion, is potentially advantageous to both capital and labor. All parties contribute essential services both to the individual firm and to the national economy. As Reich (1987) demonstrates, it is "collective entrepreneurialism" that ultimately determines whether or not firms succeed.<sup>5</sup>

Leftists scoff at such a corporatist model. And well they might, as it is deeply threatening to their own agenda. If laborers and managers really begin to work together, if wages are universally replaced by salaries, and if shop-floor workers are increasingly rewarded through profit-sharing and stock-option plans, the very distinction between the bourgeoisie and the proletariat begins to vanish. Of course, one should never expect a corporatist utopia; different factions will still fight to maximize their own benefits, and those individuals possessing more education, skill, or motivation will continue to be more richly rewarded than others, generating perennial ill-will. But in relative terms, an economy based on cooperative competition is potentially far more powerful *and* equitable than one based on contention alone.

To ensure efficiency, the economy must be divided into a multitude of competing firms. As Michael Porter (1990) so well shows, both capitalist firms and national economies thrive only in the atmosphere of challenge and adversity that fierce competition provides. But at a higher level, the entire country must be seen as forming a single "team"; a group of hundreds of millions of individuals sharing common interests in prosperity, justice, and environmental protection. The role of the government is thus not only to intercede between firms to ensure healthy competition, but also to encourage economic growth and to provide public goods—including environmental protection. How active the government's economic role should be is a matter of much needed debate, but as liberal political economists amply demonstrate, America already has an "industrial policy" (Thurow 1985, Rosecrance 1990, Reich 1991). The problem, however, is that this policy has been vague, inefficient, and altogether too closely tied to the military.

This same argument can also be extended to the global scale. National economies, despite their growing interdependencies, will continue to compete against each other. If competition is fair, overall efficiency will increase, generating greater global prosperity. International mechanisms should, however, be strengthened both to ensure fair play and to abet those countries recently devastated by imperialism and now struggling to industrialize and join the world economy. And ultimately, we should regard all of humanity as members of a single team; we may not face extraterrestrial competitors, but we do share the same home. If that

home is destroyed, as it may well be, we will all find ourselves miserable losers indeed.

### *Capitalism and the Environment*

Innumerable capitalist firms have indeed inflicted tremendous damage on the environment in pursuit of their own interests. But such degradation, however much it may benefit the companies responsible for it, is not without economic costs. In the most direct example, a factory can so pollute a stream that its waters may no longer be usable by another industrial plant located downstream. Damage is more often diffuse and difficult to assess, but whenever pollution results in reduced crop yields, increased incidents of disease, or loss of recreational opportunities, to give just a few examples, the economy as a whole suffers substantial damage.

Such costs that can be ignored by the firms responsible for them and instead passed on to society at large are defined as "negative externalities." Many environmental economists regard negative externalities not as unfortunate side effects of the market system, but rather as incidents of market failure. In an efficiently operating market economy, an outside arbiter (some arm of the state) will require the damage-causing firm to pay for the costs it inflicts, thus "internalizing the externalities." Much research conducted by environmental economists assesses the economic damage resulting from environmental degradation and seeks to determine how polluting firms might be made financially responsible.

Many environmental economists also seek to reform the conventional method of setting the discount rate (by which future benefits are given a reduced value in comparison to benefits that can be immediately realized). If the stability of ecosystems is to be taken into account, some argue, a significant lowering of the discount rate may be both ecologically and economically wise (see *The Economist*, March 23, 1991, p. 73). Other concerned scholars, however, believe that there are more appropriate mechanisms for protecting posterity (see Pearce et al. 1990). At any rate, it is essential to recognize that businesses usually discount the future much less than do individual consumers, most of whom resist buying energy-saving appliances even when it is clearly in their own best financial interests (Bevington and Rosenfeld 1990:77). It is also important to realize that capitalist firms do not have uniformly short time horizons. Indeed, one of the main components of Japanese economic success seems to be the abnormally long time spans employed by its corporate managers. Future work by environmental economists may

thus help us to reorient our economic time scale, and in so doing benefit both the environment and the economy.

Despite its vigorous advance in recent years, environmental economics does not offer a panacea. Under certain circumstances a firm can deforest a landscape or even exterminate a species without significantly harming other economic endeavors. Environmental economists may argue that economic damage is still inflicted on society at large, since people can no longer enjoy the forest or the extinct species. Therefore, they strive to determine the precise monetary value that individuals are willing to place on different aspects of nature (for example, Willis and Benson 1988). This is sometimes a relatively straightforward exercise, as in the case of ascertaining the market value of access to a national park. More ambitious scholars, however, seek to discover the value people place on the mere existence of natural features that they never intend to experience directly. Such studies can reach the point of absurdity, assuming as they do that everything can be accorded a specific price.

In the end, environmental economics offers powerful tools for combating pollution, but its utility for ecosystem preservation remains limited. Here radical greens do have a valid point; conventional economic analysis rests on the unconscionable assumptions that human beings are the measure of all things and that other species have no value except insofar as humanity might use or more passively enjoy them. But the deep ecological alternative, a relativism run wild that accords blue whales and smallpox viruses the same intrinsic worth, is just as dangerous. Ultimately, we need both an overriding ethical system that accords intrinsic worth to nonhumans—without insisting on pan-species egalitarianism—and an efficient means of allocating scarce resources.

#### *Market Mechanisms and Environmental Protection*

The economic approach to pollution control deserves the concerted attention of liberal and moderate environmentalists. The recently dominant nonmarket regulatory approach encourages the use of inefficient abatement methods. The EPA has usually set maximum limits for the discharge of specific pollutants, threatening firms that exceed them with legal action. Indeed, it often goes so far as to mandate the use of specific control technologies. Such a system, virtually all economists agree, is inherently inefficient; firms have no incentive to reduce their effluents below the set limits, and they may even be prevented from employing the most cost-effective control systems. Moreover, companies generally have little to fear if they exceed mandated discharge levels. Excess pollution may be penalized, but only a few small fines are ever levied. It is

often in a firm's best interests to continue polluting at criminal levels, to hire a team of skillful lawyers, and simply to pay whatever meager fines may be assessed.

Economic research indicates that a market-based approach to pollution control could accomplish the same results as the regulatory system at a much reduced level of expenditures; a savings rate of some 30 percent is a typical figure (Blinder 1987:153). Alternatively, society could continue to devote the same amount of money to pollution abatement as it currently does, yet enjoy a much cleaner environment. With the advance of the recent Clean Air Act, official policy has indeed swung sharply in the direction of market mechanisms. So compelling is the case, according to *Forbes* magazine, that many mainstream environmental groups are developing a newfound respect for Adam Smith (see "Shaking the Invisible Hand," April 1, 1991, p. 64).

Market mechanisms for pollution control fall into two basic categories. The first is a system of effluent taxes. Under such an arrangement, firms are allowed unlimited discharges, but are forced to pay dearly for the privilege. The second system is one of tradable permits; a specific pollution target is set by the state, and then permits to emit waste up to that level are auctioned off. Firms are not allowed to pollute unless they hold the necessary permit. They can, however, buy and sell discharge rights among themselves, with the value of the permits fluctuating according to market conditions.

Both effluent taxes and marketable pollution permits provide powerful incentives for firms to reduce their discharges. Under the former system, a factory might have the theoretical right to spew out unlimited quantities of waste, but economic considerations would make this impossible; as discharges increase, the tax burden would eventually become unbearable. If, on the other hand, a firm can continually reduce its waste stream, its tax burden will progressively decrease. Pollution will never be eliminated (at some point the marginal effort to reduce discharges further will not be cost effective), but then neither does the regulatory approach promise total cleanliness. The permit system offers similar incentives; a permit-holding firm will strive to reduce its effluents so it can sell its pollution rights and thereby gain additional revenue.

Under either market-based approach, pollution control measures would be implemented first where reduction is most efficiently accomplished. A certain factory might be able to reduce easily its discharges to a small fraction of their previous level, but another may have little option but to purchase more permits or pay higher taxes. The firm

owning the second factory, however, still has a strong financial incentive to purchase or devise new, more efficient, control processes. In a regulatory system, on the other hand, all firms are often required to reduce their discharges to exactly the same level. This means that some factories may continue to spew out pollutants that they could easily eliminate, while others may be forced to shut down immediately, sending thousands of workers into unemployment (see Blinder 1987).

Radical environmentalists quickly dismiss the use of market incentives to control and reduce industrial waste. They claim that such a system only legitimates pollution, as if fouling the environment were some kind of right. Much better, they argue, to treat pollution as a criminal matter. But under the regulatory system, firms still have the right to pollute—so long as they do not exceed a certain arbitrary limit. More importantly, the regulatory approach provides no incentive for firms to reduce their discharges below their rightful allotment.

Considering the clear environmental advantages of the judicious use of market mechanisms, continued opposition indicates that some eco-radicals may have more hostility toward capitalism than concern for nature. If an incentive system can achieve greater pollution reduction than a regulatory approach at the same level of social expenditure, one would expect all environmentalists to support it. If, however, the market is dismissed beforehand as invidious while efficiency itself is suspect as the handmaiden of a nasty capitalist rationality, then the environment will be forced to bear the burden of ideologically mandated degradation.

Interestingly, the radical right-wing “free-market environmentalism” propounded by writers such as Anderson and Leal (1991) is also hostile to the use of market mechanisms. According to these authors, effluent taxes are unacceptable because they must be established by the state. Rather, they favor a system in which all environmental resources are privatized so that individual holders can protect the environment by suing those who degrade their own personal domains. This vision is not merely anticommunal but actually antisocial. Fearing that sightseers may get a free-ride, Anderson and Leal (1991:20) seriously advocate fencing off areas of natural beauty so that private owners could charge others for the privilege of looking at them.

Anderson and Leal, as radical free-marketers, prefer to let the market work its magic without guidance—except by the process of interminable litigation. [As Robert Kuttner argues, “The flip side of rugged individualism and weak government is endless lawsuits” [*Business Week*, June 3, 1991, p. 16].] Indeed, they go so far as to argue that the free market, with its give and take, is structured almost exactly like an ecosystem (1991:5).

Contrarily, the environmental leftist Michael Redclift (1988:55) advises us to shun market mechanisms because “the properties of ecological systems run counter to those of . . . neo-classical economics.” Neither view, however, is at all instructive, as both involve a theoretically naive reification of conceptual models of both the environment and the economy.

Regardless of extremist fantasies, we can expect that once capitalist energies begin to be harnessed to environmental protection, a virtuous spiral will begin to develop. Several American companies, for example, have already pledged to reduce their discharges well below current legal limits. Such firms foresee stricter regulations in the future, and they are not unmindful of the desirability of maintaining good public relations (which, contrary to the green radicals, should be hailed as a powerful force for reform, not disparaged as mere window dressing). Moreover, in learning how to reduce their own effluent streams, such companies will devise new control mechanisms and strategies that they may be able to sell profitably to environmentally retarded firms in a more ecologically aware future world. Leading-edge corporations may eventually have a vested interest in the enactment of stricter pollution control legislation. As *The Economist* prophesies: “The greenest companies will therefore try to ensure that government policies set environmental standards at levels that they can match but their competitors cannot. The greenest governments will see such companies as potential allies, and will try to promote policies that foster investment in environmentally friendly technologies” (“Survey of Industry and the Environment,” September 8, 1990, p. 20).

#### *Economic Growth and Pollution Abatement*

But no matter how efficiently it is accomplished, pollution control will be costly in the short run. The cleaner we wish our environment to be, the more money we will be forced to spend. How then should society pay the bill? The radical approach, to force all costs on industry, is tempting but ultimately unworkable. It is unlikely indeed that corporations would meet such requirements solely by reducing their dividends or executive salaries. More likely, they would pass their additional costs to consumers through higher prices or to workers through lower wages; alternatively, they might simply go bankrupt. Ultimately, the economy as a whole will be forced to bear the costs of environmental protection. Prices will be higher, while wages, salaries, and dividends will be *temporarily* lower than they would in a society unconcerned with the natural environment. (In an environmentally oblivious society, however, the destruction of ecological systems will *eventually* undercut all economic gains.)

But environmental protection need not result in economic decline. We can pay for pollution reduction without sacrificing business health or consumer prosperity, but only so long as we have a vigorously expanding economy. In a growing economy, extra increments of wealth can be channeled into environmental protection without being detracted from existing endeavors; in a steady-state (or "zero-sum") economy, in contrast, resources for pollution control must be diverted, painfully, from other economic spheres.

Radical greens, of course, would just as soon see huge sectors of the economy starved out of existence. Yet they consistently ignore the repercussions of economic stagnation on the politics of environmental protection. In a buoyant economy, individuals are often willing to devote large sums to the public (or "natural") good, knowing that such altruism will not jeopardize their own standings. In a stagnant economy, on the other hand, the electorate often grows more cautious, seeing personal threats in every potential public outlay. Thus, popular support for environmental protection in the United States mushroomed in the robust 1960s, declined sharply in the anemic 1970s and early 1980s, and then rose again with recovery in the mid-1980s.

The notion that economic growth may benefit the environment is anathema to the radical greens. Their foundational belief—that expansion will ultimately destroy the planet—is, however, growing more untenable year by year. Recent economic history demonstrates that an economy can expand while significantly reducing its consumption of both energy and key resources. "Since the oil embargo of 1973, energy intensity—the amount of energy required to produce a dollar of U.S. gross national product—has fallen by 28 percent" (Fickett, Gellings, and Lovins 1990:65). Similarly, the growing American economy has been continually reducing its dependency on numerous mineral resources. Some two decades ago, the Club of Rome (Meadows et al. 1972) predicted that copper shortages could soon spell the end of civilization, a view that now appears quaint as copper telecommunications lines yield to fiber optic cables made ultimately from sand. As Piers Blaikie (1989:130) tersely writes, the limits-to-growth thesis has been subjected to a "number of thorough debunkings."

In fact, as early as 1973 a group of environmentally concerned economists demonstrated clearly that the imperative was to reform rather than to end economic growth (Olson and Landsberg 1973). Several of these writers discerningly pointed to the dangers present in a no-growth economy, notably including a loss of freedom (McKean 1973) and the

possibility that in "the stationary economy, unfortunately, investment in exploitation may pay better than in progress" (Boulding 1973:95). It is not at all coincidental that American liberals have consistently advocated economic expansion, whereas traditional conservatives have been far more concerned with stability (Kuttner 1991).

As a fitting epitaph to the exhausted idea of economic limits, one might inscribe the terms and the outcome of the Ehrlich-Simon wager of 1980 (Tierney 1990). In that year the ecologist Ehrlich bet that the prices of five key minerals would increase over the following decade as natural deposits were consumed; the economist Simon countered that prices would drop as substitutes were developed and new deposits discovered. When the price trends were tallied in 1990, not only did Simon come out ahead, but he would have triumphed even if the terms had not been indexed for inflation. In light of this and other evidence, I believe that we can now safely conclude that the future of advanced technology and of capitalism does not ride on the continued availability of tungsten or tin.

The "limits to growth" hypothesis is ultimately similar to Jeremy Rifkin's notion that we should expend as little energy as possible in order to forestall the eventual heat-death of the universe. Limits do exist for specific resources, but in the most important cases they are so remote as to be virtually meaningless. Using the same logic one could declare all human endeavors futile, seeing that the sun will eventually go supernova and consume everything. More importantly, environmentalists must come to understand that economic growth increasingly entails not the ever mounting consumption of energy and raw materials, but rather ever increasing value added—which as often as not is accomplished through miniaturization, partial dematerialization, and the breakdown of the very distinction between goods and services (*The Economist*, "Survey of Industry and the Environment," September 8, 1990, p. 25; see also Reich 1991).

But in rejecting the limits-to-growth thesis one is by no means obliged to accept Simon's competing cornucopian paradigm, a view marked by striking hostility to nonhuman life forms and by the celebration of ever increasing human numbers. The economy can continue to expand because it is based on value rather than mass, human beings, on the other hand, are unavoidably substantial. Not only are there firm limits to the human population the earth can support, but all environmentalists are obligated to strive to arrest the human tide well before such limits are approached. If we fail here, untold damage will be inflicted on all natural communities.

### *Fiscal Environmentalism*

Although economic growth is environmentally desirable, one cannot assume that a healthy economy can be obtained simply by allowing the market to work its magic. To the contrary, social organization and governmental support and guidance are essential. In particular, we can only hope for environmental salvation if we are able to develop a long-range economic view that stresses investment, especially in human capital. To achieve this, major reforms in fiscal policy will probably be necessary.

As Paehlke (1989: chapter eight) has noted, there are surprising affinities between moderate environmentalism and supply side economics; both favor investment and both denounce unconstrained consumption. The fundamental difference, however, is that environmentalists vehemently reject the conventional supply side belief that investment capital can be augmented by lowering the tax burden of the rich while consumption should be limited by immiserating the poor. This position is both immoral and erroneous; as many observers have noted, the rich devoted most of their Reaganite tax gains to lavish consumption (Reich 1991: 265, 266). While we must never ignore demand, the further development of a liberal supply side economics (Dionne 1991:256) is highly desirable for both environmental and economic reasons.

Social justice alone demands fundamental income tax reform. The United States now employs a horrendously regressive taxation system, one that sometimes forces the poor to relinquish a higher proportion of their income to the government than the rich (provided one factors in social security payments). We could do much to rectify this situation merely by returning to the tax system—adjusting income brackets for inflation—employed during the days of Eisenhower. But if income tax reform is the immediate social need, long-term economic and environmental requirements call for a wholly new tax code, one that would encourage long-term investment. The central question is thus whether social equity and investment augmentation are necessarily in contradiction to each other.

Perhaps we should begin by questioning whether taxing income is the correct tactic in the first place. Lester Thurow (1985) argues, as a staunch Democrat, that both the corporate and individual income tax should be eliminated. The corporate tax, he claims, is merely passed along to consumers, workers, or investors, while income taxes in general discourage saving. Consumption taxes, like the VAT (value added tax), he argues, cause fewer economic distortions and could thus help transform our economy into one that emphasizes long-term growth (see also Derouzos et al. 1989:145). Although consumption taxes are generally re-

garded as socially regressive, they could be manipulated to fall disproportionately on the shoulders of the rich. Indeed, some business leaders are now advocating the creation of a socially progressive consumption tax system—if accompanied by a lowering of tax pressures on productive investments (*Fortune*, April 22, 1991, p. 119). Such a system could also provide a number of environmental benefits. If consumer goods were taxed in accordance with the degree of degradation entailed in their manufacture and disposal, for example, the environmental savings would be immediate and profound (see also MacNeill et al. 1991:39).

A socially and environmentally oriented consumption tax system would begin by acknowledging that the wealthy spend vast sums of money on luxury objects, many of which entail substantial environmental damage. Stiff taxes on high-class automobiles, yachts, private airplanes, furs, foreign travel (especially to wealthy countries), and second homes, to give just a few examples, would be inherently progressive as well as environmentally salvaging. Considering how often luxury goods are imported, such a fiscal policy would also improve the American trade balance. And considering the amount of time and effort now wasted in arcane income tax calculations, vast amounts of social energy could be freed from tax deliberation and instead channeled into productive activities.

Some necessities, it must be acknowledged, entail extraordinary environmental destruction. Gasoline is the prime example. To allow the creation of an ecologically sane transport system, gasoline must be massively taxed—as it is now in Japan and Europe. But such a measure would be regressive, as it would force large numbers of poor people to seek alternative modes of conveyance, while sparing the wealthy any inconvenience.<sup>6</sup> Removing other tax burdens from low income groups and investing in public transport could help restore equity, although the latter measure would be of little assistance to the rural poor. In the end, some contradictions between social and ecological imperatives are probably inescapable.

### *The Reinvention of Bourgeois Values*

Perhaps the creation of an environmentally benign economic order calls for a return to, or an invention of, a truly capitalistic ethos. Capital itself must be regarded as virtually sacred—it represents nothing less than the savings necessary to construct a more prosperous and less environmentally destructive future economy. Capital is deferred gratification writ large. Just as a child must learn to delay the satisfaction of his or her wants in order to become a responsible adult, so too the public must

learn to put away for the future. This imperative will only become more salient as we struggle to develop a new, environmentally benign economic base. As Ogden and Williams (1989) demonstrate, the transition to a pv-hydrogen energy system will entail extraordinary capital costs. Moreover, as Paul Magnusson shows, the United States is already "stumbling worst in technological areas where large capital investments are required" (*Business Week*, April 1, 1991, p. 27).

American society, however, has largely become one of spoiled economic children; individuals who would rather borrow than save, and who enjoy squandering their earnings on frivolous pursuits and meaningless status symbols. As Krugman (1990:47) demonstrates, the fall in the American savings rate is ultimately responsible for many of our economic ills, including our massive trade deficit. Unfortunately, this is not merely an American problem; savings rates have been shrinking in most industrialized countries in recent years, threatening numerous companies with capital shortages (see *The Economist*, "Survey of Capitalism," May 5, 1990, p. 6). Ironically, failure to save seems to be most strongly evident among the wealthy proponents of certain right-wing philosophies. As Robert Reich (1987:27–28) aptly reminds us, traditional conservatism "spoke of austerity and self-discipline," whereas the modern version "preaches austerity and discipline, to be sure, but with the crucial revision that the discipline is not for 'us' but for 'them'" (in other words, the poor). This sorry situation is ironically reinforced by certain radical capitalist enthusiasts who inform us that we should devise institutions "that firmly put the interest of the individual as consumer above his interest as producer" (Seldon 1990:204).

Environmentalists call for voluntary simplicity, and many look to "primal" peoples as exemplars in this regard. The concept is sound, but the example is faulty. Members of small-scale societies often live materially simple lives involuntarily; not uncommonly they covet the goods of the industrial world—witness Melanesian cargo cults. The best examples of voluntary simplicity may be found in capitalist societies, from groups such as the Calvinist burghers of the early modern period to the Japanese "salarymen" of the present. Although the sentiment is now weakening,<sup>7</sup> the Japanese—as a people—have made a commitment to live less prosperously in the present so that they might enjoy a more prosperous future. Similar patterns are visible in the newly industrialized countries of East Asia that have recently climbed out of poverty; all have successfully constrained consumption in order to stimulate investment (see Stallings 1990:72; Bradford 1990:41). Moreover, whereas extremists of both the left and the right tell us that capital can only be

accumulated by the rich, the example of Taiwan shows clearly that accumulation can be a broad-based phenomenon.

If this line of reasoning is valid, one of our central failings is that the business class has been infected with the vanities of the aristocracy, a trend, admittedly, of long standing (Hobsbawm 1975:260–61). The failure of the American rich to invest their tax savings in the early 1980s is indicative of this sorry situation. In part it is a crisis of confidence; the fact that so many leaders of industry should feel compelled to advertise their positions with pathetic little trinkets like power watches shows only how insecure they really are. If anyone doubts this argument they should examine the extravagances of so many of our failed savings and loan institutions; one Miami firm boasted gilt sinks in its executive washrooms (whatever precious metals may have graced the executive toilet seats have not been disclosed). We can also witness the aristocratization of the bourgeoisie in the development of what has been felicitously called "casino" or "punter" capitalism—the practice of betting massively on momentary market fluctuation, thus forsaking long-term productive investment. The aristocracy has always adored gambling; members of the business class once preferred to invest. Just as aristocracies everywhere fell to the rising industrialists, so too nations entranced with windfall gains will relinquish their positions to nations investing in the future.

The fatal flaw of capitalist accumulation may well be inheritance. Neither the proclivities to strive and save, much less simple business acumen, run in family lines. But since most persons long to leave their riches to their progeny, we are perpetually burdened by large numbers of sloth-like individuals of subnormal ability who control, or at least benefit from, vast quantities of capital. Perhaps we need to complete the capitalist revolution. One of the main reasons for the brilliant success of corporate capitalism in the late nineteenth century was that it dismantled family organizations and began to operate by the more efficient principle of ability. Countries that adhered to the old-fashioned family model, such as Great Britain, failed to compete successfully with those developing managerial capitalism, such as Germany and the United States (Chandler 1990). As Michael Porter (1990:659) puts it, "Government can also influence the motivation of individuals through policies that provide citizens with *access to advancement based on merit*. The importance of this for economic upgrading is hard to overstate. Most entrepreneurs in America have not come from the upper strata of society." What in precapitalist societies is regarded as the virtue of looking out after one's own is in capitalism condemned as the vice of nepotism. If

inheritance, which gives tremendous advantages to those who deserve nothing, comes to be considered as disgraceful as providing a half-wit son with a position of grave responsibility, we will have moved much closer to achieving the vaunted equality of opportunity that capitalism promises but never really provides.

But this remains an immoderate proposal that would be flatly rejected by virtually everyone who stands to inherit anything. George McGovern was crucified for suggesting as much in 1972. It also raises the thorny issue of control; who should gain access to a carefully husbanded supply of capital once the person who accumulated it perishes? Unfortunately, institutional investment agents, such as pension fund managers, have proven to be especially vulnerable to the lures of casino capitalism. The flaw may well be endemic to the system.

### *Conclusion*

Considering the hostility of even many moderate environmentalists toward capitalism, the chance of effecting reconciliation between the environmental and the business communities appears to be slim. A vast gap of interest and expertise separates those with ecological and economic concerns, and until this gap begins to be bridged, progress will remain halting. With the notable exception of Alan Blinder, few liberal political economists have much of anything to say about the environment and, with the exception of the academic environmental economists (and the eco-marxists), few greens even want to understand economic processes. It seems quite possible that mutual hostility between the two camps will continue to thwart the development of a coordinated economic-environmental policy founded on a long-range vision that views ecological protection and economic prosperity as mutually reinforcing.

There is hopeful evidence, however, that a few environmentalists are tentatively beginning to endorse capitalism, just as a select group of capitalists are beginning to embrace environmentalism. It is the purpose of this work to encourage such a marriage. Yet a tremendous stumbling block remains, one that has received little attention thus far in this work. Many greens, relative moderates as well as radicals, remain convinced that contemporary capitalist success and general Western prosperity are largely the result of the exploitation of the world's poor countries. It is to this complicated issue that the final chapter turns.