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Green Economics

A Planetary Alternative to the Global Economy

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Money or life? Which will be the object of our devotion? The organizing principle of our governing institutions? The standard against which we measure our accomplishment? This was the real issue at stake when tens of thousands of people from around the world gathered in Seattle at the end of November to stop the World Trade Organization's (WTO) deadly assault against democracy, humanity, and the planet.

As the WTO champions a new world order in which money rules, the old politics of left and right give way to a new politics defined by a choice between money and life as the measure of our lives and institutions. Will we give ourselves over to roles serving money as consumers and workers in a competitive global economy ruled by global corporations and financial speculators? Or will we act as whole human beings -- citizens of planet earth -- with the right and responsibility to create a planetary society ruled by people to the benefit of the whole of life?

The Global Capitalist Economy

Inequality and injustice are not accidental outcomes of global capitalism, they are its defining characteristics. In a capitalist regime, money is embraced as the measure of all value. The maximization of returns to financial capital becomes society's defining goal. Competition, individualism, and materialism are nurtured as favored cultural norms. Stock prices and gross domestic product (GDP) are the accepted measures of progress and well being. Inflation of land and stock values is encouraged, while wages are held constant or depressed, thus creating ever growing inequality by increasing the financial assets of a small elite relative to the incomes of working people.

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Capitalism trains and selects as its leaders those imbued with a highly developed financial consciousness -- "think money." Its favored institution is the publicly traded, limited liability corporation, which concentrates power in the hands of a chief corporate executive accountable only to absentee owners who themselves are shielded from public accountability for the decisions made on their behalf. With a legal fiduciary responsibility to maximize short-term returns to its shareholders, the legal structure of the corporation virtually compels it to mimic a cancer -- pursuing its own unlimited growth without regard to consequences for either itself or its host.

Though living capital -- human, social, institutional, or natural -- is the ultimate source of all real wealth, capitalism assigns it no value and makes no accounting for its depletion. The ultimate power over both governments and corporations resides with global financial markets in which speculators gamble with hundreds of billions of dollars in borrowed money. Corporate ownership of media and politicians renders democracy meaningless as the institutions of money rewrite laws to free themselves from public regulation, economic borders, and restraint on their ability to eliminate competition through mergers, acquisitions, and strategic alliances.

Meanwhile the WTO, a body created at the instigation of the world's largest corporations to serve their financial interests, has been given the power to challenge local and national laws that conflict with its view of global priorities. Through the WTO the world's rich and powerful aggressively advance the negotiation and enforcement of international agreements to place the protection of property rights ahead of the protection of human rights, regulate governments to prohibit them from regulating global corporations and finance, remove barriers to the spread of a homogenized corporate-friendly consumer culture, mold all countries into a standardized laissez-faire capitalist economic model, press governments to privatize public goods and services, assure global corporations unrestricted access to natural resources, and provide public guarantees for private investors and speculators.

Capitalism is by definition a system that concentrates economic power in the hands of the few to the exclusion of the many -- creating an illusion in the minds of power holders that it is an engine of prosperity rather than an engine of destruction and upward redistribution.

The increasingly shaky legitimacy of this flawed economic model rests in large measure on two well promoted fallacies:

- *Fallacy 1:* The fairest and most effective way to end poverty is to expand the economic pie through economic growth, thus improving the standard of living of everyone. *Reality:* The economic growth we currently experience is destroying the real living wealth of society and the planet, thus reducing the pie of real wealth.
- *Fallacy 2:* The global victory of capitalism is a victory for democracy and the market economy -- which is the fairest and most efficient mechanism for allocating economic resources. *Reality:* Democracy and market economies are exactly what we should be seeking, because they are the foundation of equitable, self-organizing societies. Unfortunately, capitalism is the mortal enemy of both. Capitalism is by definition a system that concentrates economic power in the hands of the few to the exclusion of the many -- creating an illusion in the minds of power holders that it is an engine of prosperity rather than an engine of destruction and upward redistribution.

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A Planetary Society

Consider the possibility of a planetary society in which life is the measure of value and the defining goal is to assure the happiness, well-being, and creative expression of each person. Well-being and progress are evaluated on the basis of indices of the vitality, diversity, and productive potential of the whole of society's living capital -- its human, social, institutional, and natural capital. These indices are monitored as carefully as we now monitor GDP and stock prices. Any sign of decline evokes prompt corrective action. Leaders are trained and selected for their highly developed planetary consciousness -- "think living planet."

Human rights and political sovereignty reside in real persons on the basis of one person one vote. Civic associations facilitate the practice of direct democracy. Public funding of elections and free access for political candidates to media minimize the role of money in elections.

Economic life centers on well regulated, self-organizing markets that function within a strong ethical culture of cooperation and mutual responsibility. Some call it the mindful market economy. Firms are human-scale and owned by real human stakeholders -- their workers, customers, suppliers, and community members. There are many forms of

enterprise, including proprietorships, cooperatives, partnerships, and stakeholder owned corporations -- but the once common publicly traded, limited-liability corporation no longer exists.

The right of each person to a means of livelihood is considered to be the most basic of human rights -- a right secured in part through owning a share in the assets on which one's livelihood depends. Concerns for equity and public accountability are hallmarks of economic life.

Money is society's servant, not its master, and is used solely to facilitate productive investment and beneficial exchange. Its creation is a public function. Financial speculation is strongly discouraged by regulation and tax policy. Local currencies are common, as are independent community banks and credit unions. Thus, finance is predominantly local, as are most enterprises and most production. Countries trade their surplus production based on their comparative natural endowments.

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Cultural diversity is highly valued, as is economic diversity and experimentation. Individual local and national economies vary substantially in their mix of public and private ownership and in the extent of their participation in a planetary trading system -- depending on their circumstances and preferences. Experience, culture, information, and technology are freely shared among people, communities, and nations through individual travel and electronic communication, thus facilitating rapid social learning toward constant improvements in real living standards and the quality of life of all.

Each community or nation has the right to determine what and how much it will trade, with whom, and under what circumstances. Similarly it has the right to decide on the terms, if any, under which it will invite others to participate in its economy through investment. These rights, as well as other appropriate standards for an equitable and beneficial planetary trading system, are secured by international agreements implemented under the supervision of the United Nations.

**Yes to Trade Rules, Markets, and Fair Trade.
No to Global Capitalism and the WTO**

Fair and balanced trade that serves the mutual interests of the trading partners is welcomed. However, the planetary society has a natural preference for local production to strengthen local control and economic security, increase the stability and resilience of economic relations among countries, and reduce transportation costs and energy use.

Another point of difference between the planetary society and the global economy is that the former takes seriously the underlying principles of market and trade theory -- including the principle that markets must be regulated to maintain the conditions of efficient market function. It thus uses regulatory and fiscal measures to maintain a reasonable balance in trade between countries (exports = imports for each trading partner), assure that full costs are internalized by producers and reflected in selling prices (no direct or hidden subsidies and no unfair competitive practices such as dumping), and keep finance and ownership predominantly national (limit international financial flows and foreign/absentee ownership). In short, it takes trade rules seriously.

We often hear the advocates of free trade defend the WTO on the ground that is a source of the trade rules needed to prevent trade wars and protect the interests of poor nations. Note the contradiction. Since free trade by definition means unregulated trade, it is odd to hear self-professed free traders arguing for trade rules. In fact the WTO has no mandate to regulate international trade or the conduct of global corporations and financial markets. Its mandate is quite the opposite -- to open markets by eliminating laws that restrict the free flow of trade.

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If one looks closely at what the WTO is actually doing and the new proposals under consideration, we see a telling pattern. For example, it has told Japan that its tax on bourbon whiskey produced in the United States is too high. Presumably the WTO believes the world will be a better place if Japanese drink more bourbon. Canada is told it cannot protect its culture by taxing U.S. magazines. India is told it cannot provide its people with inexpensive generic drugs because it is unfair to foreign drug companies that profit handsomely from branded products. The United States is told it cannot choose not to import tuna fish caught with methods harmful to dolphins.

Europeans are told they cannot give an import preference to bananas produced by small banana cooperatives located in the Carribean. They are also told they cannot restrict the import of beef treated with growth hormones or genetically modified food products that pose potential risks to human and environmental health until they provide conclusive proof that those products are harmful. The WTO even takes for itself the responsibility for determining whether Europeans, and others, will be allowed to label such products and thus let consumers decide for themselves.

Proposals up for consideration at the next round of WTO trade negotiations would prevent governments from acting to favor local over foreign investors (including banking,

media, and other service sectors), favor local firms in public procurement, preserve national food security by protecting local farmers from foreign competition, protect forest and water resources from exploitation by foreign corporations, or regulate speculative movements of international money. They would also open the way to privatizing public services such as public schools and health care.

The WTO was created at the behest of international corporations and financiers to prevent and roll back the regulation of trade, corporations, or finance by governments. As to the claim that the WTO is saving us from trade wars and protecting the interests of smaller countries in the global economy, the banana case mentioned above is instructive.

The United States decided that Europe's import preference for bananas produced by small farmers in the Caribbean was unfair to two giant US agribusiness corporations -- Chiquita and Dole -- that grow bananas in Central America, control half the world's banana trade, and make large political contributions to both the Democratic and Republican parties. The United States took the case to the WTO, which ruled in favor of the corporations and thus placed the livelihoods of some 200,000 small farmers at risk. The Europeans refused to yield and the US, acting on the WTO decision, launched a retaliatory trade war by levying massive tariffs on such things as European-made cashmere sweaters and Roquefort cheese. In one move the WTO ruled against a preference for the poor and sanctioned a retaliatory trade war, thus revealing that the professed WTO concern for trade rules, the prevention of trade wars, and the interests of the poor is nothing but smoke and mirrors.

We have desperate need of a system of rules for the global economy that reverses its destructive course and puts us on the path toward a planetary society in which life is master and money the servant. The Seattle protests called for a moratorium on negotiating any new trade agreements, review of the consequences of existing agreements, and repair of the damage already done. Post-Seattle we must craft a more comprehensive agenda aimed at creating a planetary society that works for all.

A Reform Agenda

Given that the WTO was created to move us away from, rather than toward, a planetary society, I believe it is best dismantled. Essential responsibility for economic regulation at the international level belongs in an open and democratic international body with the appropriate expertise and mandate to address complex issues from an holistic perspective on global priorities. The obvious choice is the Economic and Social Council (ECOSOC) of the United Nations, which is responsible under the General Assembly for carrying out the functions of the United Nations with regard to international economic, social, cultural, education, health, and related matters. I suggest we call for an invigorated ECOSOC to build a comprehensive agenda of global economic reform involving the negotiation and implementation of strong international agreements intended to:

- Regulate transnational corporations and finance to sharply curb financial speculation, the money laundering activities of transnational banks, trade in arms and illegal drugs, corporate tax evasion using off-shore havens, the sale abroad of chemicals and drugs banned in a corporation's home country, and anti-competitive practices such as price-fixing cartels.

- Establish a strong international anti-trust regime to reverse the trend toward the global concentration of corporate power, especially in such sensitive areas as banking, media, and agribusiness, and maintain competitiveness in international markets.
- Require global corporations to adhere to the highest of international, local, or their home country standards regarding human rights, labor, environment, health, and safety everywhere they operate.
- Monitor national trade balances and facilitate negotiations toward agreement on corrective action where consequential and persistent imbalances are found.
- Organize sanctions in cases where a country engages in an economic assault on another by dumping products at prices substantially below the real costs of production, uses bullying tactics to force a country to open its markets to products it considers harmful or unnecessary, or intentionally disrupts the economy of another country by unilaterally imposing an economic embargo not sanctioned by the United Nations General Assembly.
- Create mechanisms for dealing with such matters as the problem of invasive alien species like the Asian longhorn beetle, the threat to human food security created by the growing number of countries that are dependent on food imports, threats to human, economic, and environmental health posed by the reckless introduction of genetically modified organisms into food supplies and the environment, the use of child and slave labor in export production, and the abuse of intellectual property rights to overprice beneficial drugs and technologies and limit their availability to poor people and countries.

These are but a few of the real problems of international trade and investment that WTO rules ignore and in many instances worsen. Needless to say, replacing the WTO and its agenda with a more life-friendly rule-setting regime for international commerce will not be quickly achieved. It will take a massive effort of citizen education and mobilization.

One immediate task, beyond stopping the WTO juggernaut, will be to stop further erosion of the integrity and legitimacy of the United Nations by corporations and the International Chamber of Commerce intent on using the UN's funding crisis to establish their influence over its decision processes for the specific purpose of precluding any action along the lines proposed here.

Those politicians who seem surprised that thoughtful citizens from around the world have mobilized to protest the WTO reveal how far out of touch they have become with real people and the human interest. Their disdain for those of us who protest and their ignorance of our views is typified by President Clinton. "You know," he said, "every NGO, just about, with an environmental or a labor ax to grind is going to be outside the meeting room in Seattle, demonstrating against us, telling us what a terrible thing world trade is. Now I think they're dead wrong about that."

Politicians like Clinton, Al Gore, Senator Patty Murray, and others who count labor and environmentalists among their constituents, yet consider the protesters misguided and

misinformed, should consider how they themselves look to the protesters -- who are in fact extremely well informed about the political betrayal of the public trust represented by NAFTA, the WTO, and similar instruments of corporate rule championed by politicians we once trusted. We who protest are also voters. To the extent our very real concerns about the WTO continue to be ignored by both Democrats and Republicans, every one of us becomes a prospective Green Party voter.

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