

CAPITALISM AND THE ENVIRONMENT: CAN THEY CO-EXIST?

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THERE HAS BEEN A HUGE AMOUNT OF TALK ABOUT THE IMPACT OF THE GLOBAL ECONOMY ON THE ENVIRONMENT IN RECENT YEARS. The stream of books,

articles and conferences is unrelenting. We have even had two major world summits on the issue. The first of these, held in Rio in 1992, was at the time the largest international conference ever to have been held, with over 25,000 delegates. It attracted huge media attention and helped to raise public awareness of the issues. Ever since, political and business leaders have insisted that environmental concerns rank high in their list of priorities.

In spite of all this, evidence for the continued destruction of our natural habitat continues to mount.

This raises a serious question. Can capitalism, the ideological framework on which the global economy is built, ever ensure a sustainable environment? In other words, is sustainable capitalism possible, or is it a contradiction in terms?

To answer this question it is necessary first to determine what capitalism is. Only then can we critique it – in this article from the perspective of the biblical story of creation – and consider whether it is possible to envisage a new form of capitalism that is indeed sustainable.

WHAT IS CAPITALISM?

There are many different types of capitalism. But three features are common to most forms: (1) private ownership of economic assets; (2) the autonomous market; and (3) the imperative of profit maximization. These characteristics have been central to capitalism throughout its history. More recently, however, three additional features have been added: (4) large firms owned by shareholders; (5) the loosening of the ties between the financial sector and the real economy; and (6) an emphasis on competition and on unlimited growth and choice.

When taken together, these six characteristics describe what is variably called "advanced capitalism", "late capitalism", or the "new capitalism". The terminology reflects the move we have made in high-income countries from being production- to consumption-orientated societies. This transition is reflected in the emergence of a new economic consensus based on a consumerist ethic and focused on the freedom of the market to determine the organisation of society. Traditional markets, it is argued, have to make room for contemporary ones, even if the former are deeply imbedded in society and culture. Because the

global market-mechanism is autonomous and acceptable in itself, it should be free to cross all social and cultural borders, regardless of short-term costs.

Since the decline of the political left, the new capitalism has become so much the dominant mindset of the west that most are prepared to agree with Margaret Thatcher's famous remark "there is no alternative". Thus the market principle is applied in areas of society previously considered free from the market's constraints. The kind of society that emerges is not only one that *has* markets, but in some real sense *constitutes* a market. So the term "the market" becomes, in the language of the new capitalism, a metaphor for the whole of life – an all-embracing worldview. When applied to the world as a whole, it finds expression in the promotion of a global "free market".

Key features of this market ideology are the Enlightenment ideals of mechanicism and utilitarianism. It is argued, in other words, that the market is governed by the laws of nature and functions like a machine ensuring economic stability or "equilibrium". Good capital return is taken to indicate the social desirability of a particular business venture. Economic growth is the key indicator of human well-being. Such growth is measured in strictly mathematical terms, based on a functional, numerical approach to the economy. While concerns for a healthy environment are important, these are not to take priority over the requirements for growth.

The irony here is that a key feature of the new capitalism is the increasing instability and unpredictability of the global economy. Thus the economist John Gray writes of the development of a "disordered, anarchic capitalism". Such is the tendency to anarchy, he claims, that governments have no way of knowing in advance how markets will react – they are "flying blind". The billionaire currency speculator George Soros has portrayed the emergent "casino capitalism" in alarmist terms, arguing that faith in the laws of nature, expressed in an unquestioning belief in equilibrium, does not square with the way the global financial markets operate, which is characterised by volatility. The sense of being out of control is reflected in the use of the image of the "juggernaut" by some commentators. The new capitalism is like a massive articulated lorry careering down a mountain pass, out of control, leaving havoc and destruction in its wake.

The biblical tradition does not provide us with a blueprint of how to run the economy. But reflection on only one of its themes – creation – provides a more than adequate framework within which the principles of sustainable capitalism can be developed.

APPLYING THE CREATION STORY

What does the new capitalism look like in the light of creation? More specifically, what are the economic implications of three key aspects of the creation story?

- having dominion.
- the creation of human beings in the image of God.
- the setting of certain limits in the created order.

Having dominion: We read in Genesis 1.26 that the first human beings are to “have dominion” over the rest of creation. This passage has generally been interpreted in an anthropocentric way. It is often taken as licence for the extraction and manipulation of the earth’s resources in the service of human “needs”. The Christian economist Brian Griffiths writes: “these verses suggest very clearly that God created the physical world for *our* use and pleasure, with sufficient resources for our needs and with a specific commission to harness the resources of the natural world for our benefit.” But when the first two chapters of Genesis are taken together, it is clear that “having dominion” is to be understood in term of to “till” and to “keep” (Gen. 2.15). These horticultural terms express nurture and care. This is what lies at the heart of the meaning of stewardship, and it provides the basis for a truly theocentric, ecological theology.

It also goes to the very heart of the original meaning of the term “economics”, derived from the Greek term *oikonomia*. This is the responsible and careful administration of the household (*oikos*) of creation for the good of all. This vision of economics was lost largely under the impact of the dualistic worldview of the Enlightenment. As a result, modern economics has tended to leave ethics out of its equations, preferring to see itself as a rational and objective science free from the partiality of moral commitment. Thus the term “economic” tends now simply to mean “financially profitable”. If a business, an investment, or an industry is unprofitable, it is deemed “uneconomic” and we can lay off workers or close it down. It is understandable because it all adds up on the balance sheet. But in the process, economics is in danger of becoming a very narrow science.

Made in the image of God: Christians conclude from their reading of the Old and New Covenants that God is a trinity of persons-in-relation. It follows that if human beings are made in the image of God, then what is essential to human existence is being-in-relationship. In other words, human beings find their true identity in

relationships, relationships that are characterised by intimacy and self-giving.

This insight questions the way in which human beings are perceived in the process of economic globalisation, which tends to be in terms of autonomous individuals. As such, they are free from all obligation except that of serving their own self-interest. The competitive struggle for power that is characteristic of globalisation is a key expression of this.

The values of autonomy and competition can also be traced back to the Enlightenment. They find expression in the notions of “the survival of the fittest” of evolutionary theory and of “economic man” in classical and neo-classical economics. Nevertheless, they have a dubious record, including monopolies of power, war, human degradation and environmental destruction.

Limits: Human beings, we read, were forbidden to eat the fruit from “the tree of the knowledge of good and evil” (Gen. 2.17; 3.1–3). They were also told to refrain from work on the Sabbath because God rested from his work of creation on the seventh day (Ex. 20.8–11). Here, then, we have the notion of *rest* from economic activity. This suggests the value of restraint. Yet the emphasis on “growth” and on “choice”, which are defining characteristics of the new capitalism, assumes that these are, or should be, unlimited. Within a world in which both society and the environment are bound by certain irremovable limits, it is not surprising that the unfettered pursuit of these objectives comes at a heavy human and environmental cost.

IN SEARCH OF A SUSTAINABLE CAPITALISM

Applying the creation story appears to leave little room for optimism as to whether the new capitalism can ever be sustainable. The key challenge is that from the environment. If the current pattern of industrial development continues to be urged on the rest of the world, a few more planets besides this one would be needed to cope with the impact. No one doubts the ability of the capitalist economy to muster and accumulate human-made capital on a vast scale. And few question the fact that it has helped to raise living standards for significant numbers of people. But there is growing recognition that as it does so, natural resources, on which economic prosperity ultimately depends, are in rapid decline. There is a serious possibility, therefore, that ecological forces will eventually dismantle the new capitalism.

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► It is, in fact, the limits of *natural* capital, rather than those of industrial and technological innovation, that are becoming the true limits to prosperity. For instance, the exchange of carbon dioxide and oxygen, crucial for the continuance of nature, is a “recycling service” provided daily free of charge for six billion people. But the burning of fossil fuels means that the capacity of nature to recycle carbon dioxide is rapidly being exceeded. And yet there is no known substitute for this recycling service.

Is there a way out of this predicament? I believe there is, because there is no inherent reason why sustainable capitalism has to be a contradiction in terms.

Here’s why. In the language of contemporary capitalism, the word “capital” is generally used to refer to accumulated wealth in the form of investments, factories and equipment. To function properly, however, an economy needs at least four types of capital:

- human or “social” capital (labour, skill, intelligence, culture and organization).
- financial capital (cash, investments and monetary instruments).
- manufactured capital (infrastructure, machines, tools and factories).
- natural capital (including not only natural resources but living systems and the services of the ecosystem).

The last of these types, natural capital, is transformed by the industrial system’s use of the first three types – human, financial and manufactured capital – into the familiar objects of daily life: cars, roads, houses, food, medicine and schools. But in doing so, the life-supporting capacity of natural capital is being eroded. What is needed, therefore, is a new kind of capitalism (if that is still what we want to call it) that places much greater value on the largest stocks of capital the industrial system employs – the natural resources and living systems of natural capital and the social and cultural systems that are the basis of human capital. It would be a type of capitalism in which the fortunes of human, social and natural capital take priority over the maximization of financial return. Without the setting of this priority, the new capitalism is not able to conform to its own accounting principles. Because its primary concern is with manufactured and human capital, it can use up a good deal of its supplies

of capital and yet can still record an increase in capital on its final balance sheet.

If capitalism is to become sustainable, so that future prosperity can be secured, there seems no other practical option – leaving aside any theological rationale – other than using natural capital far more productively.

The proposed manufacture of the hydrogen-powered car, or “hypercar”, is an example of how this principle might work in practice. A simple chemical reaction between hydrogen and oxygen generates energy, which can be used to power a car that emits only water vapour as exhaust. At present, research into this technology is in dire need of government funding, but as demand increases, the market will effectively underwrite such costs.

The hypercar illustrates one of the basic assumptions of sustainable capitalism: that, because of absolute necessity of natural capital to economic prosperity, the interests of business and of the environment are not at odds with each other – or at least do not need to be. In other words, the economic *ought* not, but also *need* not, be separated from the ecological and the social. Economic growth that damages ecology and society is ultimately uneconomic growth – growth that is unsustainable in the long term.

CONCLUSION

The biblical tradition does not provide us with a blueprint of how to run the economy. But reflection on only one of its themes – creation – provides a more than adequate framework within which the principles of sustainable capitalism can be developed. Indeed, it is encouraging to see the emergence of a large number of non-governmental organisations and economic think tanks addressing environmental and social concerns in ways that resonate deeply with the insights of the Judeo-Christian faith. Contrary to the way they are often perceived, such groups are among those that represent the greatest hope for the future of capitalism. By addressing issues of sustainability head-on and with rigour and imagination, these groups are helping to secure the prospects of business for decades to come. Indeed, there are good grounds to believe that the difficult choices that are now being made in business between sustainable and successful enterprise could one day become a distant memory. Sustainable capitalism is capitalism with a future. ■