



“Summary of article by Kenneth N. Townsend: Steady-State Economies and the Command Economy” in Frontier Issues in Economic Thought, Volume 1: A Survey of Ecological Economics, Island Press: Washington DC, 1995. pp. 131-134

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## **“Summary of article by Kenneth N. Townsend: Steady-State Economies and the Command Economy”**

One of the legacies of the centrally planned economies throughout Eastern Europe, the former USSR and China is the advanced state of environmental deterioration. Lopsided investment in heavy industrialization with little regard for the environment has produced rising morbidity and mortality rates throughout the East. The deceptively green landscape is "contaminated with heavy metals, radioactive fallout, and incredibly high levels of deposits of the oxides of sulfur and nitrogen from the smokestacks of industry. In many command economies water is so polluted that it is often unfit even for industrial cooling applications, and air is so foul that school children must periodically be removed from their homes to more hospitable climes to cleanse their lungs of airborne contaminants. Destruction of the environment points to a critical failure of communism."(276)

### **Environmental Protection in a Command Economy**

The historical emphasis on growth in modern society has led to attempts by humans to control the natural environment so as to yield a higher continuous output than is provided in a state of nature. The Russian mineralogist Vladimir Vernadsky's monumental work, The Biosphere (1926), was a recognition that the growth in the scale of human activity would both have dangerous consequences for the biosphere, and run up against limits imposed by the finite availability of low-entropy materials and energy. He believed that people must collectively organize and transform the biosphere into a rationally managed system to meet not only their material needs but their aesthetic and spiritual needs as well; this system he called the noosphere. This idea is similar to that found in Marxist thought where, once property has been socialized, man "for the first time becomes the real, conscious lord of Nature, because he has now become master of his own social organisation."<sup>1</sup>

It is these thoughts that form the foundation of Eastern environmental philosophy. While in the West an ideal environment is pictured as a pristine natural environment, in the East it is seen as rational, ordered structures imposed on the character of nature by human effort. In spite of Vernadsky's prominence during the formative years in the development of the command economy in the East, the type of development pursued in these economies seems to have been little affected by his insight that human growth and activity must be organized on a scale that is compatible with constraints imposed by the biosphere. Thus large scale projects that fundamentally alter the environment to better suit human needs have been pursued with striking

disregard for environmental limits. Attempts to reverse the flow of rivers or drain the Aral sea for irrigation stand as catastrophic examples of this "rational approach."

In theory, environmental degradation should not have occurred under communism. Marxist-Leninist doctrine held that such problems arise only within a capitalist organization of the means of production. Problems of market failure - e.g., when an individual bears only a fraction of an environmental cost of his or her activity by disposing of harmful wastes in the "commons" - should be rendered moot once all property is commonly held and production is managed by the state, since the state will have to bear these external costs as well.

The state's role as the bearer and enforcer of all social cost remained a theoretical one. In reality, overwhelming emphasis in the planning process was placed upon growth. The state "did not wish to slow itself down with anything as mundane as environmental cost, especially when natural resources are in Marxist theory supposed to be free."(281) This perception of costless resources was buttressed by the vastness of the endowment and the sheer size of the environment available as a waste dump in such places as the USSR and China. Thus, the levels of industrial growth achieved in both countries significantly raised the material standard of living, but at a tremendous environmental cost.

In the seventies, scholars such as Soviet economist V. Alekseev recognized, as Vernadsky had fifty years earlier, that there were limits to growth that even socialism could not overcome. Nevertheless the system of central planning failed to produce policies that substantially reduce the damage being inflicted upon the biosphere. The five year plans invariably emphasized heavy industrialization, in which large scale plant design coupled with energy inefficiency produced intense pollution of the immediate environment. Modern enterprises in the Eastern Bloc and China exhibit some of the highest levels of energy use and pollution per unit of GNP in the world. A survey of environmental conditions in the former and present command economies reveals a pattern of advanced ecological deterioration that is a testimony to the irresponsible attempts to dominate nature under communism.

### **Achieving a Steady State in Eastern Economies**

"Marx, Engels, Lenin, and Mao all shared the honorable vision of improving the human condition in advocating a communistic economy. Unlike Vernadsky, however, they shared a preanalytic vision of the world in which the human economy would not likely exhaust the spontaneous gifts of nature."(290) In large measure, the capitalist societies share this preanalytic vision of infinite sources and sinks. Relatively more efficient capitalist economies have been able to get away with this faulty vision for longer, while command economies, with their production and pollution inefficiencies, have collapsed.

One danger is that the East will think that a market system will solve its problems and permit permanent growth on an ever-expanding scale. Instead, policies that will result in the creation of steady-state economies must be advocated. This will involve limiting the throughput of resources used in production to levels commensurate with both sustainability and achievement of reasonable living standards. This is best achieved by allowing maximum individual choice through microvariability in resource allocations made within a "mutually coerced, mutually

agreed upon" set of total limits on production and pollution. For example, marketable resource use permits or pollution permits could be used, as opposed to more cumbersome command and control procedures. Limiting births through a system of marketable permits may reduce environmental stresses as well.

Unlimited economic growth is not possible in a biosphere with limited capacity both to yield material and energy resources and to absorb economic wastes. Whatever regulations are ultimately used, it is important to recognize the need to reconsider the efficacy of growth for its own sake. Attempts should instead be made to develop the economy by improving the efficiency with which existing levels of stocks of physical capital yield utility for consumers. "Sooner or later, . . . the economies of the world must achieve a rational, ordered noosphere in which the hallmark of the economy is development, not growth."(293)

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1. Frederick Engels, Socialism, Utopian and Scientific, ed. John E. Elliot (Santa Monica, Calif.: Goodyear, 1981), 479-480; cited by Townsend, 277.