The Reality of Business and Governmental Decision-Making in the Context of Sustainable Development

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Abstract

It is absolutely rational for economic actors and decision-makers to seek to operate in their own self-interest. The challenge for anyone who wishes to influence or alter the process lies in knowing where that self-interest lies and changing the nature of the self-interest if that is required or possible. That is a far greater challenge than many understand because regardless of what we might like to do in our personal lives, it is the institution within which we work that dictates how we think and what we value in our service to that institution.

Given the short time frame within which action must be taken to identify and implement focused “sustainability” strategies on behalf of the most vulnerable people and systems, what does it mean that we are dependent cogs in a system comprised of massive and amoral entities? What can be said about the agendas of the large-scale private actors for whom we work, from whom we purchase, and on whom we depend for the health of our economic system and the continuing ability to generate the wealth and jobs required for the operation of the system that has been constructed? These large-scale actors are the concentrations of power that determine the shape of our world. The ultra-responsible people who recycle, educate their children in environmentally sensitive behavior, and drive Volvos are almost entirely irrelevant in the context of the actions that need to be taken because they are “not us”. Such people may be admirable but they are not determining factors capable of changing the demand agendas of the modern world.

In that context it is fair to ask to what extent are massive entities such as Walmart, Toyota, Royal Dutch Shell, British Petroleum and the like concerned with ecological health, the wellbeing of small scale and traditional communities, human rights or the broader distribution of social goods and opportunities? We know that Walmart has destroyed the local character of numerous communities and has done so based on arguments of economic efficiency and scale. Suppliers who sell products to Walmart privately relate how the company is one of the most ruthless entities with which they have ever dealt in terms of the low prices they demand from the suppliers. This, of course, has an inevitable impact on product manufacturing in America since the suppliers can rarely afford to pay U.S. wages to U.S. workers and still compete. All such entities are driven by the dictates of economic return and the need for steady growth to entice new investors and maintain the price of stock. Our economic system is consequently dependent on the expansion of material desires and human insecurity in order to drive continued growth in economic activity. The process is banal and dehumanizing. Yet it is absolutely real, inescapable and pervasive. How this plays out in the context of achieving the most critical reforms that we refer to as sustainable development is at the core of strategic crisis management that must occur. Designing and implementing an effective set of
realistic and focused strategies targeted on the most critical challenges requires a clear understanding of business, governmental and “quasi-governmental” decision-making.

I. The Reality of Business Decision-Making

Alexander Hamilton warned that “power over a man’s subsistence amounts to a power over his will” must be understood as a human imperative. 1 Lord Acton offered the well-known insight that “all power tends to corrupt, and absolute power corrupts absolutely.”2

This is particularly applicable to the situation we face. So is the fact that powerlessness may be even more corrupting than power because it makes us afraid and dependent. Unaccountable and invisibly exercised power over the lives of others is at the core of what powerful institutions do. Even with the pledges of greater transparency for national and multinational actors, much of the process and virtually all of the real policy and decision-making will continue to occur outside the view of those who will be negatively affected by the decisions.

I admit to being somewhat of a Machiavellian in my suspicions about the continuing behavior of human institutions of virtually all kinds. Certainly business and government decision-makers are predictably Machiavellian in their actual behavior. Machiavelli warned that the prudent individual must be cunning and deceptive. He added that the prince [to whom he was directing his remarks] must combine the talents of beast and man in order to survive in a harsh and deceptive world. This approach is required because: “a prudent ruler cannot, and must not, honour his word when it places him at a disadvantage.... If all men were good, this precept would not be good; but because men are wretched creatures who would not keep their word to you, you need not keep your word to them.” 3 He continues: “one must know how to colour one’s actions and to be a great liar and deceiver.” 4 He adds that the prince “should appear to be compassionate, faithful to his word, kind, guileless, and devout. And indeed he should be so. But his disposition should be such that, if he needs to be the opposite, he knows how.” 5 In far too many ways this represents “how to get ahead” in business and government.

Fairness requires me to confess that many activists in the environmental, social justice and human rights communities are as Machiavellian as many governmental and business people with whom I have dealt. In fact it is clear that activist work on behalf of “good causes” does not prevent some really creepy behavior by public interest advocates, including diverting grants intended for other organizations, competing for funders’ attention, locking abruptly fired people out of their offices just as we hear about in corporate contexts, “backstabbing”, undermining others for promotions and much more.

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1 Alexander Hamilton, Federalist # 10 (November 22, 1787), in The Federalist 56, Edited and introduced by Jacob E. Cooke (1961).
4 The Prince, id. Machiavelli tends to be misunderstood and certainly undervalued as a thinker and strategist relevant to our time. An insightful work is J.G.A. Pocock, The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition (1975).
5 The Prince, id.
There have been far too many instances where I have seen “public interest people” behave toward others in ways that would embarrass some of the criminal clients I once represented.

This position undeniably colors what I say here about the impossibility of achieving anything approximating what environmentalists, ecological economists and numerous international agencies and multilateral institutions intend when they talk about sustainable development. One certainly hopes the dismal sentiments of the kind Machiavelli argued are overstated. But it is equally certain that such analyses are far too often close to the target when we are honest in considering how governments, international institutions and businesses act.

A. Businesses’ “Business” as Demand Stimulation

Although some have sought to rebut John Galbraith’s analysis in *The Affluent Society* that consumer demand is stimulated, controlled and nurtured by business advertising it seems clear that consumer oriented businesses depend on advertising to convince consumers that they have a need for their products. Why else would we be surrounded by advertisements for such things as tobacco products, or newly invented diseases and illnesses that bring enormous profits to pharmaceutical companies and doctors?

Given the short time frame within which action to identify and implement focused strategies on behalf of the most vulnerable people and systems must be taken, what does it mean that we are dependent cogs in a system comprised of massive and amoral entities? What can be said about the agendas of the large-scale private actors for whom we work, from whom we purchase, and on whom we depend for the health of our economic system and the continuing ability to generate the wealth and jobs required for the operation of the system that has been constructed? These are the nodes of power that determine the shape of our world. The ultra-responsible personalities who recycle, educate their children in environmentally sensitive behavior, and drive Volvos are almost entirely irrelevant in the context of the actions that need to be taken because they are “not us”. Such people may be admirable but they are not determining factors capable of changing the demand agendas of the modern world.

In that context it is fair to ask to what extent are massive entities such as Walmart, Toyota, Royal Dutch Shell, British Petroleum and the like concerned with ecological health, the wellbeing of small scale and traditional communities, or human rights and the broader distribution of social goods and opportunities? We know that no matter what

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6 See, e.g., Molly Ivins, “The Lack of Corporate Accountability,” *Reporter-News Archives*, INFACT, Boston, MA. [http://www.texnews.com/opinion97/molly051897.html](http://www.texnews.com/opinion97/molly051897.html), 12/3/05. “Big Money owns both our political parties. The question that affects us all is: What do they get for their money? The answer can be found in a close reading of any decent daily. Or, for a handy short course, try ‘The 1997 People’s Annual Report: The Human Toll of Corporate Influence Peddling’,” put out by INFACT. INFACT is a Boston-based 20-year-old watchdog group that collects information on corporate accountability and the lack thereof. This year’s report is particularly chilling. It focuses particularly on tobacco, including RJR and Philip Morris. ‘The Columbia/HCA health-care system, Dow Chemical and WMX Technologies are also examined. Just try these numbers from INFACT’s ‘Corporate Imbalance Sheet’ for Philip Morris, for example:
their public relations propaganda state so eloquently with soft music and beautiful pictures that they are not. Walmart has destroyed the local character of numerous communities and has done so based on arguments of economic efficiency and scale. Suppliers who sell products to Walmart privately relate how the company is one of the most ruthless entities with which they have ever dealt in terms of the low prices they demand from the suppliers. This, of course, has an inevitable impact on product manufacturing in America since the suppliers can rarely afford to pay U.S. wages to U.S. workers and still compete. Such entities are driven by the unforgiving dictates of economic return and the need for steady growth to entice new investors and maintain the price of stock. Our economic system is consequently dependent on the expansion of material desires and human insecurity in order to drive continued growth in economic activity. The process is banal and dehumanizing. Yet it is absolutely real, inescapable and pervasive.

In a system dedicated to consumer products and services what are some of the most common areas in which economic activity is focused on creating increased demand for

--- $3.9 million - Amount of PAC money and soft money contributed in the 1995-96 federal election cycle.
--- 90 - The number of registered federal lobbyists in 1997.
--- 150 - The number of registered lobbyists in 44 states in 1996.
--- $2 million - The amount contributed to the Republican Host Committee in San Diego for the Republican National Convention.
--- $12.4 million - The amount spent lobbying at the federal level in the first six months of 1996.
--- 60 percent – Marlboro’s share of the U.S. youth market.
--- 3:1 - The ratio of cigarette advertising’s effect on kids to its effect on adults.
--- $96 million - Philip Morris’ U.S. advertising budget for Marlboro cigarettes.
--- $112 million - Philip Morris’ operating profit from illegal sales to American teen-agers in 1995.
--- $5.4 billion - Philip Morris’ operating profit in 1995 (fourth in the Fortune 500).
--- 460,000 - The number of new teen smokers whom Philip Morris addicts each year, 153,000 of whom will die from tobacco-related illness.
--- $23 billion - The share of U.S. health-care costs that Philip Morris should pay annually to treat tobacco-related illnesses (based on market share).

But the sins of the tobacco industry are an old story by now, so let’s try some more exciting corporate vistas. Here’s the poop on Columbia/HCA:
--- $216,000 - The amount of PAC money contributed in Florida in 1994, making it Florida’s largest PAC.
--- 24 - The number of lobbyists hired to repeal 1992 Florida law requiring the corporation to disclose physician-investors.
--- $19.9 billion - Columbia/HCA’s revenue in 1996.
--- 2,000 - The number of layoffs and positions eliminated since 1994.
--- $70,000 - The amount paid in fines for patient “dumping” violations in Florida.
--- $116 million - The amount paid in tax breaks over 10 years for Columbia/HCA to move its headquarters from Kentucky to Tennessee.

Three - The number of days’ notice Columbia/HCA gave the town of Destin, Fla., before closing its hospital. And so on. The annual report includes lots of instructive narratives on how these corporations maneuver around the law as well as how they pay to get it changed. But I think my favorite part is the quotes from the corporate guys themselves: “As you can see by the size of the numbers, people have come to the conclusion that this is the American way, the way of having your voice heard, and so be it. The business community hates to spend money on anything it doesn't have to, and it doesn’t. Soft money is the entry vehicle to be heard.” - Richard Mahoney, former chairman of Monsanto.

“...a world where every quid has its quo.” - Don Tyson, senior chairman of the board, Tyson Foods Inc.”
goods and services? We are inundated by the diet and beauty industry. Are you overweight, are your teeth a little crooked or dull, do you need artificial breasts so you will be “attractive”? Are you neurotic, depressed, not sleeping well? Take a drug—seek professional help. If your children are hyperactive or not paying attention in school, the solution isn’t to try harder as a parent but to find a counselor who will prescribe mood altering drugs to “calm” the children. We used to say “kids will be kids” but now we are drugging our children to subdue what is in fact within the zone of young peoples’ normal behavior. While there are situations in which treatment is needed, many of these attitudes are artificially stimulated market phenomena that create demand, prey on our insecurity, and satisfy the new demand by selling pills, medical and cosmetic services, and by doping our children. It is a massive industry aimed at creating insecurity, concern and paranoia that becomes profit. And I am even pro-business.

B. The Narrow Parameters of Business Decision-Making

In the months following the publication of the Global 2000 Report to the President I was working at the Natural Resources Defense Council’s Washington, D.C. office. One of the projects in which I was involved included working with a lawyer at the International Institute for Environment and Development (IIED). We were charged with pulling together a report for the President’s Council on Environmental Quality (CEQ) concerning large corporations’ approaches for dealing with the kinds of issues considered in Global 2000. This project included visiting numerous corporations and interviewing key personnel about their strategies. Two companies, AT&T and Royal Dutch Shell, remain in my mind even after twenty years. At AT&T we sat down with the company’s main futures group to discuss how they were working to ensure that AT&T kept on top of important unfolding trends and used them to its advantage. They devoted considerable time to showing us their glossy reports and explaining how their innovative work was a key aspect of the company’s behavior. It was impressive.

We then interviewed the AT&T Vice President who was in charge of the futures group as well as other responsibilities. We told him of our fascinating interaction with the group. He looked at us rather blankly, considered for a moment what we had said, and then said words to the effect, “oh you mean the people who do all those long reports! I can’t actually say I have time to read them because I’m spending all my time trying to figure out how we can make a profit on all the copper wiring we have strung across the country and are now taking down.” The main messages are several. The first is that many companies have smart people doing interesting work. But if the company doesn’t value or listen to what is being said, and the key internal figures who must buy into the findings fail to understand or value what is being said or are too busy with other things, it doesn’t matter. The question is whether you have gained the attention of key decision-makers. If

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7 Thomas Hoffmann and David Barnhizer, “Looking Back, Looking Ahead: An Analysis of How Major U.S. Corporations Reacted to the Global 2000 Report.” Report to the U.S. Council on Environmental Quality, May 31, 1982. [Report on file with author]. Among the conclusions is that: “Private companies are mainly interested in global resources and environmental data to the extent that their corporate destiny is clearly entwined in a particular issue. … Not only must linkages be specific for global issues to be seen as relevant, but the consequences and stakes must not lie too far in the future.” Id, at 5.
those key decision-makers do not value the information and insist that it be systematically incorporated into the decision-making process it is only an interesting intellectual enterprise.

The Royal Dutch Shell example was one of decision-making within inordinate complexity. We sat in the New York offices of the company and had another fascinating discussion with a key executive in charge of futures analysis. He showed us an organizational chart that was absolutely stunning. The chart depicted the Shell group as being made up of 240 or so separate companies representing an incredible array of functions. It was obvious that while it was possible to create the superbly detailed organizational chart, it was impossible for anyone to understand and synthesize the activities of that many discreet actors and create a coherent strategy that incorporated their behaviors.

A third example of the reality of how businesses function involves a well-known company that obtained great public relations mileage among environmentalists from a process it labeled *Pollution Prevention Pays* or PPP. This program was considered a glowing example of responsible corporate citizenship in the environmental community. It was thought if this could be done by one major company the others would see its wisdom and quickly fall in line based on their self-interest. During a conference at which the individual who headed the PPP program was speaking I had the opportunity to talk with him in the hotel’s lounge. As I told him how impressive the PPP program was, he made a face and explained to me that the reality was that while PPP did in fact save hundreds of thousands of dollars for the company, he had been unsuccessful at convincing many other executives to accept the approach. They simply didn’t want to bother with something different from how they had been trained that would require them to accept an unfamiliar approach and alter how they behaved.

The idea of conflict of interest also comes into play. Consider the motivations of large petrochemical companies in relation to how they are likely to approach the research and development of alternative energy technologies, not to mention the commercialization of those processes and technologies. At one point I was a consultant to a BP joint venture involving solar energy. BP spent something like $40 million on the R&D (research and development) phase of the project and developed an advanced solar cell system that could be bonded to a thin stainless steel backing for purposes of portability and structural integrity. The product was very close to applications in niche uses. Then BP shut down the joint venture and sat on the technology.

Major petrochemical companies should not be allowed to control the development and implementation of alternative sources of energy potentially at odds with their interests but important to a society’s energy interests. Their motivation is to gain maximum profits for their existing resources for as long as possible. They are not interested in creating products and systems that compete with their own interests. The motivation in acquiring and controlling the patents and technologies of potentially competitive energy systems is to be able to control the pace and scale at which other energy sources can be bought to market. This achieves several key aims. One is that by inhibiting the development and
introduction of alternatives they keep returns on their base products at high levels. The second is that by owning the alternative sources of energy they can prevent the emergence of competitors and then dominate the alternative energy markets when they decide it is time for a significant shift to such systems.

PURPA is a statutory scheme aimed at requiring large energy utilities to set up systems whereby small energy producers and even individuals can sell electrical energy to the utility grid. The idea is that there is untapped potential for individuals and small producers to generate energy through alternative technologies including solar and wind energy systems. PURPA has largely failed because the utilities did everything possible to throw up barriers to the smaller producers. The utility industry came up with every reason possible to obstruct and undermine PURPA and sought aggressively to have the authorizing legislation terminated. We can ask “what kind of cretins would deliberately undermine such a statutory strategy aimed at improving energy sustainability” but the fact is we already know. Those cretins are us, our friends, our bosses and the like.

Another example is a business with several thousand private sector investors of which I was a director. Regardless of the positive social intent of the board members the bottom line is that we do not want to lose our money or that of our investors. Anyone who forgets that the basic value of business is to make money is engaged in wishful thinking. In the business of which I speak most of the members of the board would generally be thought of as having positive social values. Several of us have spent years in public interest and environmental work. But the “bottom line” really is the bottom line. We have a fiduciary duty to our investors to secure their investment and make a reasonable profit.

A reader might say something like, “you have a fiduciary duty to the world and its people” and in some ways this is undeniably correct. But our first and immediate duty is to investors and that dominates our perspective. Certainly we would try not to do harmful things. But for most businesses the constraints on their behavior relate to legal duties and internalized costs and benefits rather than to the pursuit of “good thoughts.” When you are serving in such a capacity there is a relatively closed system within which you operate and make decisions. In the field of ethics this has been referred to as “role differentiated morality” and this stands for the proposition that specific roles dictate identifiable sets of values and behaviors.

When I am functioning in a business capacity my role focuses me on issues, strategies and needs inherent in that role. I am aware of social issues, but they are not the dominant

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8 For a critique of PURPA’s effects on energy pricing see, Robert L. Bradley, Jr., “Why Renewable Energy Is Not Cheap and Not Green: The Case Against Eco-Energy Planning,” National Center for Policy Analysis, http://www.ncpa.org/~ncpa/studies/renew/renew8a.html, visited 12/14/05. Bradley argues: “While achieving its purposes of promoting independent power and renewable generation, PURPA significantly contributed to overcapacity in the electric generation market and higher electric rates overall. [fn. omitted] Utilities, while concerned about increasing rates, acquiesced so long as state commissions allowed them to pass through QF costs to consumers and so long as their customers could not bypass the system. But with electric utility restructuring raising the specter of “stranded costs” that might not be recoverable, utility concern turned into legal challenge.”
paradigm for my decision-making. If this is so for an individual who has spent his life in social and environmental work consider how business decision-makers without such background, understanding and commitment functions in the business role. Unless something that is generally external to the business system is forced into the decision-making process by the existence of accountability for the consequences if the factors are not considered then it is just a lot of fluff. This unquestionably applies to voluntary codes of practice and even to laws that are left unenforced.

C. Institutional Culture, Self Interest, and the Shaping of Decision-Makers’ Values

It is absolutely rational for economic actors and decision-makers to seek to operate in their own self-interest. The problem is in knowing where that self-interest lies and changing the nature of the self-interest if that is required. There is another problem relating to the quality of information, habit, the rapidity of competitive change, external factors over which the specific actor has no control, as well as various investment cycles. I will return to these factors later. Regardless of what we might like to do in our personal lives, it is the institution within which we work that dictates how we think and what we value in our service to that institution. This phenomenon has become a dominant characteristic of our period. Few would dispute the assertion that it is in the nature of closed decision-making systems to keep tight control on who is allowed to participate and what we are allowed to consider.

An important way to ensure success within such a community is by adopting and absorbing the values, allegiances and behaviors that are part of that community. This includes a great deal of tacit behavior, and questionable values are transmitted by a “wink and a nod” rather than open discourse and kept in place by hiring people who are “like you.” We are motivated to become cooperative servants of our employers and patrons. 9 We prize financial security and status much more than freedom, because while freedom is proclaimed as a dominant individual virtue, the fact is that it carries within it a personal responsibility and accountability we instinctively avoid.10 Because so few are in fact free, the individual who seeks freedom, adherence to principle, and individuality within an unfree system will be isolated and lonely. There is a price for freedom and individuality few are willing to pay. As Peter Berger concludes: “…most of the time we ourselves desire just that which society expects of us. We want to obey the rules. We want the parts that society has assigned to us.” 11

There is an inherent conflict between investors, investment systems and brokers, social regulators and corporate managers. An investor who buys into a company on a public

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9 See, e.g., Peter Berger, Invitation to Sociology: A Humanistic Perspective 93 (Doubleday & Co. 1963).
10 Inga Carlman, “The Rule of Sustainability and Planning Adaptivity,” AMBIO: A Journal of the Human Environment, V. 34, Issue 2, 163-168. 12/2/05. http://www.bioone.org/bioone/?request=get-document&issn=0044-7447&volume=034&issue=02&page=0163. The abstract concludes: “This article confronts present mainstream planning approaches against the perspective of ecological sustainability, as relevant for Rule of Law countries and based on a modern environmental law approach. It discusses the setting and implementation of environmental goals against the general experience of massive implementation deficits regarding environmental policies all over the world.”
11 Berger, supra, n. 9, at 77.
market, or who has no control over management, suffers unless there is effective oversight of the company. This oversight can come from varied sources. It can be public or private, internal or external. It can be a mixture of public and private. Even with oversight there are frequent abuses and violations of fiduciary and other responsibilities owed by management to investors. If this is so even in a country such as the U.S. where there are numerous legal mechanisms and governmental institutions where legally created duties, reporting processes, fiduciary responsibilities and the like are imposed on management, as well as the ability to resort to judicial power by investors who feel corporate management is not serving their interests, the undeniable fact is that social or political interests are ignored in the activities of business. Such concerns are way down the authority/accountability chain that determines how management operates.

Beyond these obvious conflicts there are serious problems with the perspectives and motivations of investment systems and the brokers who control the direction of hundreds of billions of dollars in investor assets. Even here there are differing motivations and scales of activity. In the U.S., for example, thousands of broker-dealers operate almost invisibly to persuade potential investors to trust them with their funds. Much of this activity raises capital for legitimate entrepreneurial development. A significant part, however, is a scam in which vast sums are siphoned to weak or even false business opportunities with no hope of productive results. In either event the motivation of the investors is to obtain a significant return on their capital, not to have the funds used for “social” or long term purposes. Rates of return, exit strategies, share appreciation, wealth creation and similar factors are the interests pursued by the investors. Acquisition of personal wealth as fast as possible is the aim of most of the broker-dealers who operate in this enormous investment subsystem. No voluntary code of practice or unenforced law or treaty replete with “good thoughts” will alter these motivations.


The very concept of ecological connectedness in which a seemingly trivial event can lead to the collapse of an entire system is not useful in the context of actual human behavior.\footnote{These broker-dealers work through approaches that are described as high pressure Boiler Room telephone operations, Ponzi Schemes that use the funds from subsequent investors to pay returns to initial investors until the system ultimately collapses, Affinity Schemes that use a purported common connection or identity factor to induce a sense of trust in the investor, Telecom Fraud, and Real Estate Schemes and Oil and Gas venture capital scams. Much of the time this is done through the sale of limited partnerships from which the investors never receive any payback but where the broker-dealers extol the enormous returns when the new company “goes public” with an IPO.}

\footnote{The “Butterfly Effect” is defined at: http://www.fortunecity.com/emachines/e11/86/beffect.html. It is described as: “the propensity of a system to be sensitive to initial conditions. Such systems over time become unpredictable, this idea gave rise to the notion of a butterfly flapping it’s wings in one area of the world, causing a tornado or some such weather event to occur in another remote area of the world.” Further: “Comparing this effect to the domino effect, is slightly misleading. There is dependence on the initial sensitivity, but whereas a simple linear row of dominoes would cause one event to initiate another similar one, the butterfly effect amplifies the condition upon each iteration.” This is perhaps best understood in connection with the idea of “chaos systems” in which a system, such as a supersaturated liquid, appears normal until the point of its collapse and even disintegration. By the time the event occurs it is far too late to stop it. For an overview of such systems see, M. Mitchell Waldrop, \textit{Complexity: The Emerging Science at the Edge of Order and Chaos} (Simon & Schuster 1992).}

Nor does it have any relationship to how businesses make decisions. While it is true that analytically everything may be connected in some way to everything else, the links, possibilities and probabilities are so vague and disparate that it is impossible to know anything with certainty. The result of attempting to master the intricacies and to avoid taking any action without a full understanding of everything that might be affected by the decision would be decisional paralysis. This is because every event could be linked to potential catastrophe or at least to some harmful consequences to some one or some thing. This is why the precautionary principle articulated at the 1972 Stockholm Conference has never been integrated into economic decision-making.\textsuperscript{14}

This does not mean there might not be actions we take that could produce destructive “butterfly effects.” Certainly GMOs (genetically modified organisms) offer the potential for catastrophic consequences for our food supply system. The fear is that there may be subtle connections that could result in a key factor being added or removed from the natural system in ways that ripple throughout our agricultural production systems. Certainly all the promises made by the business, scientific and technical communities concerning security of GMOs is not comforting when we hear of “leakage” of GMO-based crop strains into the commercial agricultural system.\textsuperscript{15} The same may apply to the high level use of antibiotics and other systemic chemicals in our agricultural system. Although the causes are not known, some of these substances used in commercial or agricultural applications may have contributed to mutations in viruses such as SARS and Avian Flu that allow cross species transfers of diseases that were long thought to be impossible. Extensive chemical, antibiotic and probiotic use as well as POPS (Persistent

\textsuperscript{14} The articulation of the precautionary principle has generally been associated with the 1972 United Nations Conference on Humans and the Environment (Stockholm Convention). It was further stated in the 1982 UN Resolution 37/7, the World Charter of Nature, and then incorporated throughout the UNCED (UN Commission on Environment and Development) work. In the 1972 Stockholm meeting the concept of the precautionary principle was agreed to by the member states of the United Nations. It was said: “A point has been reached in history when we must shape our actions throughout the world with a more prudent care for their environmental consequences. Through ignorance or indifference we can do massive and irreversible harm to the earthly environment...” Declaration of the United Nations Conference on the Human Environment (1972). This principle was clarified in 1982 in the World Charter of Nature where it was stated: “Activities which are likely to pose a significant risk to nature shall be preceded by an exhaustive examination; their proponents shall demonstrate that expected benefits outweigh potential damage to nature, and where potential adverse effects are not fully understood, the activities should not proceed.” World Charter of Nature (1982).

\textsuperscript{15} See,“GMO ‘leakage’ Proves Costly to Company: Garst Maker Pays Up for Contaminated Seed,” Cropphice.com, \url{http://www.cropphice.com/leastry807f.html?recid=134}. Visited 12/14/05. Friends of the Earth Europe has responded to EU legislation concerning company liability for leakage or damage to the environmental caused by GMOs with the following critique: “Liability for GMOs is not covered in the revised EU Deliberate Release Directive (2001/18/EC repealing 90/220/EEC). Despite promising at the time 2001/18/EC was adopted that GMOs would be covered in separate legislation, the European Commission’s “Proposal for a Directive on Environmental Liability with regard to the prevention and restoration of environmental damage” (COM(2002) 21) fails to address the problem. Therefore, damage caused by GMOs to the environment and human health, or economic loss to farmers whose crops may be contaminated by GMOs, is not adequately addressed by any EU legal framework. The Commission’s Proposals falls down badly on several different points:

The definition of biodiversity
The exemptions provided for industry to escape liability
The time-frame under which liability may apply
The way in which prosecution and redress can be carried out
The lack of provision for insurance or compensation funds.”

FOE Europe, \url{http://www.foeeurope.org/GMOs/Liability.htm}, visited 12/14/05.
Organic Pollutants) have created chemical stews we do not understand and will never remove from our natural systems.

EPA toxics testing or the almost complete lack thereof offers an example. Although we know about something close to 60,000 possible Superfund sites resulting from industrial activity, only a very small percentage have been cleaned up. There are thousands of chemical compounds used in our manufacturing and in our products but we know the toxic and carcinogenic potential of less than one hundred. The assumption is that a chemical is benign unless and until there is epidemiological proof to the contrary. From the governmental perspective, establishing clear scientific proof of harmful consequences and the levels of “safe” use of a chemical requires years of testing, millions of dollars, and continual battles with well-funded industry representatives. The result is that we simply do not know the dangers posed by thousands of chemical compounds because they are never tested for such characteristics.

Given the past inadequacy of how businesses have made decisions the analysis being offered here about the impracticability of business systems adhering faithfully to the precautionary principle doesn’t mean the existing mode of decision-making is benign. Quite the contrary. My position is not that decision-making without consideration of the potentially harmful effects has worked well. I occasionally teach a course in Toxic Torts that is one of the most depressing academic experiences I have ever encountered. It is a testimony to the extreme carelessness, greed and callousness of human nature and the fact that businesses will do whatever they can get away with in continual validation of Hardin’s tragedy of the commons.

We have radioactive waste sites, hidden chemical dumps, gross resource waste, a petroleum based energy system that not only generates pollution but leads to oil wars, political corruption and repression. These have been brought to us by a combination of business and governmental decision making that makes a joke out of any expectation that such systems will follow voluntary codes or implement the principles of sustainable development and Agenda 21. Without real law and real sanctions consistently imposed on those who make bad decisions that harm others there can be no solutions.

Similarly, because our systems of knowledge and technical function have been segregated into increasingly specialized compartments, many of the connections between systems and their potential consequences are not understood by anyone. Regardless of the expertise claimed by scientists our knowledge systems and methods are specialized and fragmented to a degree that no one has the ability to fully understand the connections between interacting subsystems. There is also a tendency to shift the burdens of proof to those who oppose a potentially harmful chemical rather than placing the responsibility of proving the substance is harmless on those who claim the right to inject it into the human and natural environments.

The conclusion is obvious. If business (and government) managers too often flaunt responsibilities for which they can be held legally accountable, it is not realistic to expect them to voluntarily build into their decision-making system matters for which they have
The nature of the public equity markets is one where investors who are far removed from the company’s operations make decisions based on short term financial returns. These investors punish companies and managers who fail to achieve the investors’ expectations by withdrawing their investments or seeking removal of the managers.

Many investors, corporate managers and other financial decision-makers, such as pension funds, have developed sophisticated hedging techniques and strategies aimed at allowing them to “win” not only by ordinary productive profitability, but by taking advantage of crises and seemingly negative trends. They seek to anticipate events and devise means to make money not only from what we think of as good corporate management and enhanced productivity but from tragedy and misfortune. Large oil companies have skimmed vastly higher profits due to a supposed supply shortfall, expanded demand for oil, and refinery shutdowns or cutbacks due to hurricanes and other natural disasters are only the most obvious examples. There is no realistic way to change this behavior without using real law to alter the culture within which decisions are made.

E. An Example of Business Decision-Making: The Problems Involved in Shifting from Oil Dependence to Alternative Fuels, Technologies, and Enhanced Efficiency

Global warming offers one example of this as a situation where the issue has been debated and politicked endlessly for the last twenty years or more. The reality is far simpler. I worked on global warming with NRDC in the early 1980s and became disillusionsed to the extent I ended my involvement. The problem is that global warming as a debate has been cast in such a way that the “bad guys” have already won. The solution to global warming is one we could and should have been implementing two decades ago regardless of what Reagan and Bush condemned as the speculative science of global warming. Now that the science has “hardened” the fact is that it is almost certainly too late to do much but limited mitigation of the climate alteration.

The “win-win” solution in the global warming arena was that we needed to develop better energy technologies and conservation measures. A major push in that direction would have ended up in cleaner energy and generated an economic stimulus to the U.S. and many other countries. But America’s politicians and corporate leaders have deliberately

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16 Thomas Donaldson, “The Promise of Corporate Codes of Conduct,” Carnegie Council on Ethics and International Affairs, Vis. 12/3/05. http://www.carnegiecouncil.org/viewMedia.php/prmTemplateID/8/prmlD/280. Donaldson explains: “The pessimism about global codes is understandable, since the formal goal of the for-profit corporation is the maximal return on investment for shareowners. ‘Most corporate codes could be written by slave owners,’ a management consultant once quipped, and it is no secret that some global companies hone their competitive edge through unethical behavior. Incidents such as the Philippines 1996 Marcopper mining disaster, in which the dumping of 1.5 million tons of minerals forced the evacuation of 1,200 residents and silted the waterways, are painful reminders that corporate recklessness abounds. Even business trade journals, usually cozy to business, often despair. Margaret Emmelhainz, writing in the Journal of Supply Chain Management, notes that while many firms in the apparel industry have global codes, only limited uniformity exists across the codes, the codes themselves lack detail, and they are particularly lax in the area of monitoring and enforcement. For observers such as Stephen Frost, this is not surprising. ‘Corporate codes of conduct are not written for workers,’ he asserts in these pages. Rather, ‘they are written about workers, for an audience elsewhere—in shopping malls, on university campuses, or in cyberspace.’ ”
dragged their feet. They have not allowed the new energy technologies to be pursued or implemented on a legitimate scale due to the combination of greed and ignorance.

Fuel economy and auto emissions standards offer dramatic examples of this. Automobile manufacturer executives fought aggressively in the 1970s to avoid implementation of clean air laws aimed at removing lead as an additive from gasoline even though it was clearly harmful to human health. They spent years saying they couldn’t do it but when ultimately ordered to do so the transition was rapid. The unfortunate irony is that the fuel additive MTBE that replaced lead has proved to be a dangerous chemical that has penetrated underground aquifers and is most likely impossible to remove from the natural environment. Fuel economy standards have also been a point of contention for decades. U.S. manufacturers most likely lost significant market share due to their foot dragging on fuel efficient cars and insistence that American consumers wanted larger cars and SUVs. To the extent some fuel economy gains were made they often came, not by improving fuel efficiency and engine performance, but by removing weight. This has safety implications for smaller vehicles and has caused some consumers to buy heavier cars and trucks in self-defense.

There is little question that it would have been in America’s (and most of the world’s) interests if our politicians, including Bush I, had possessed the wisdom and integrity to implement an intelligent energy policy rather than one that has resulted in us being held hostage in our security arrangements as well as undercutting our economic strength with massive trade deficits and an aging and unreliable “low-tech” energy system. Failure to stimulate a strong and innovative energy system has cost the U.S. enormous amounts of money, unnecessary political ill will, and the lives of our young soldiers in the Middle East where we support corrupt regimes that exist due to the oil money received from the U.S. and other Western nations. It has relegated us to the status of a vulnerable fossil energy-dependent colossus that has already lost the opportunity to control its strategic, social and economic future due to energy dependency.

Even if we could achieve a different system involving more benign energy technologies and greater conservation and efficiency how fast could the shift occur without collapsing the production and supply subsystems that depend on the existing system? An economic system can be understood in the same way as an ecological system. The complex “ecology” of both economic and natural systems involves a significant number of interacting elements dependent on the health of other components. Some of these elements are obvious while others are invisible.

One element of the ecology of a business system is the requirement that demand exist in sufficient numbers for the products and services that make up the markets of the system. This means that businesses are created that serve a wide variety of functions. These include supply, production, transport, processing, warehousing, distribution, sales to end or near end users, financing, investment and so forth. All these activities generate their own secondary and tertiary chains relating both directly and indirectly to their specific activity. They may need knowledge producers, innovators, educators, maintenance and repair people, secondary supply systems, infrastructure manufacturers and supply. This
means that for every primary or core economic activity there is a supporting system that serves one or more of the differentiated multiplicity of interests involved in making the complete system function.

Once all these primary, secondary and tertiary systems are in place, people are invested in their continuation. They don’t want to change and will resist change. They understandably want to be part of a stable and predictable production, sales and distribution, or service system from which they can extract a living. Such people—and this is really all of us at some level—are not engaged in an intellectual exercise or in one involving large-scale “good” values outside the context in which they primarily function. People value security and comfort as well as stability. This includes the ability to know what they are doing and what they can continue to rely on rather than becoming lost in a complex and unmanageable maze.

Think about the effects of shifting from a petroleum-based internal combustion system for motor vehicles to a mass transit or alternative fuels system. Who are the winners and losers? A normal motor vehicle fleet change takes five to seven years as owners extract the anticipated use from their vehicles, pay them off and buy a replacement. Even here, however, beyond the new car market there are secondary and even tertiary markets in used cars that represent significant revenues not only for consumers selling privately to other consumers, but for trade-ins to dealers who depend on profiting from the dealer resale market. Add to this the mechanical shops, aftermarket parts and accessories suppliers and so forth that depend on supplying tires, exhaust systems, brakes, repair services and parts to the used vehicles that are increasingly in need as the cars age. Numerous stakeholders would be affected to the point of bankruptcy if it were mandated that the fleet changeover process be accelerated and/or the aftermarket for vehicle resale, repairs and parts were eliminated.

What if we abruptly shifted to a fuel cell or hybrid propulsion technology rather than gasoline or diesel fueled engines? First of all, I would be willing to guarantee that the technological capacity to make such a change exists right now. But technology is only one element of an economic system, particularly given the high cost of investment in manufacturing and support as well as the cost of the products themselves. The timing, extent and pace of change are being controlled by automobile manufacturers who have no real reason to take the chance on being the leader, and by oil companies who want to sell their product as fuel until it is so scarce that it will be far more lucrative to sell it for chemical product uses even beyond the present. In part we need to consider what will happen with a major change in terms of new investment and retrofit costs that would ripple throughout the entire economic environment created by the internal combustion engine car system. It is not only an issue of manufacturing and the technology of the cars themselves. There are issues of market share, risk, consumer preference and familiarity, as well as the timing of a manufacturer’s current capital investment cycle as well as the capital needed to create new facilities.

Even these considerations are only scratching the surface of what must be involved in the transition. Radically new engine technology requires new parts and a crash program in
technical training to prepare mechanics in engine maintenance and performance. The new engines would reduce the use of oil as the source of gasoline and diesel fuel. This sounds like a great idea but there are significant consequences for the investors, owners and managers who are sitting on vast oil reserves or who have made multi-billion dollar investments in oil exploration. These investors are not only greedy capitalists of the kind environmentalists love to hate, but pension funds and private small investors who depend on the investments in the publicly traded shares as a stable source of income and asset protection. Along with the part of the system relating to the oil resource itself there are transport systems, oil tankers, refineries, distribution systems and the like. At every level of activity there are economic entities committed to extracting value from these resources and assets. There are also communities whose tax base and jobs depend on things remaining the way they are.

Few people would willingly walk away from the massive investment and expectations of return represented by the oil industry. The rational self-interested behavior of such actors is to take actions they consider necessary to protect their investments. Although different actors will behave in various ways, for many of the people rational behavior includes acquisition of reserves, forging of political alliances, lobbying to ensure they have strong support in the appropriate venues, bribery if necessary, and even often questionable actions that help stimulate higher prices for what they have to sell.

As suggested earlier in the context of BP’s solar energy venture, rational strategies also include locking up legal control of other potentially competing sources of energy through patent acquisition and then dragging their feet on research and development work on alternative energy technologies. Owning the patents, controlling the licenses, and conducting the research in their own labs allows the oil industry, the electrical utility industry, and the automobile industry to claim that technologies are not ready for commercialization at anything approaching competitive rates. The reality is that the industry is not ready for the products to be commercialized.

This brings out the fact that to most investors, sustainability doesn’t mean what it does to an environmentalist, ecologist or ecological economist. For investors, sustainability is time-bound and linked directly to such things as the internal rate of return on an investment, how fast their investment capital is returned and profit harvested, as well as the form of and scale of profit in the context of other competing investment opportunities. This relates to issues of liquidity in which a substantial return is received from distributions made by an operating company and/or the ability to implement an effective exit strategy within a realistic time frame.

The exit strategy can take various forms. It can be an initial equity investment where the hope is that a sound company can be built that someone else will buy at a substantial premium because it fits into their system’s needs. Another device is to buy shares in a publicly traded company either in the hope they will increase in value or that distributions will be made that justify the purchase. In either case there is risk and that risk is managed to varying degrees. The investor’s focus, however, is on the amount of return, the rate of return and the share price, not on social responsibility. Of course there are an increasing
number of social and “green” investment firms that seek to serve the interests of investors trying to combine return with social responsibility. This is discussed briefly in the final part of this article. While admirable such activities will remain a small piece of the market action.

II. Governmental Decision-Making is as Self-Interested as Business Decision-Making

All governments, including those in the U.S. and Western Europe, lack the full range and depth of scientific and technical knowledge required to incorporate the decision-making insights essential to sustainability. In many instances government officials do not want to enforce laws against significant producers. This can be due to corruption, because the officials are investors, or the fear that significant economic harm will occur for which they will be held accountable. Government regulators suffer from influence peddling, lobbying and other forms of corruption.

A. The Global 2000 Report to the President and the Grace Commission

Decision-making in the public sector is driven by its own conditions of self-interest. This self-interest involves such factors as “turf” protection, career security and salary, and continuation of public funding so that the institution itself is “sustained.” Regardless of the formal legal mission of a public institution that mission is no more than secondary to the actual operation of the entity. It was painfully ironic from the perspective of having been working at NRDC in the immediate aftermath of the Carter administration’s Global 2000 Report to the President to hear the second Bush administration and the 9/11 Commission complain about the lack of coordination and sharing of information among key federal agencies.

The 9/11 Commission’s findings produced a sense of déjà vu that took me back twenty-five years. During the last few months of the Carter administration in the autumn of 1980, there was substantial recognition of the many deficiencies in cooperation among federal agencies. Even when the agencies appeared to be talking about the same issues,

17 George W. Bush presents a clear example of the worst of this kind of behavior. See, e.g., Associated Press, “Bush’s 2004 backers benefit from recent changes in policy,” The Plain Dealer, Monday, December 19, 2005, at A 3. The AP reports that many of Bush’s “Pioneers” and “Rangers” who raised at least $100-200,000 in campaign contributions received: “Benefits in the form of targeted tax breaks, regulatory changes, legislation, government appointments and contracts…..” Beneficiaries included doctors (liability caps), stock brokers (dividend tax cut), and pharmaceutical company executives.

18 Martin Blackmore, “Mind the Gap: Exploring the Implementation Deficit in the Administration of the Stricter Benefits Regime,” Social Policy and Administration, V. 35, Number 2, June 2001, 145-162, http://www.ingentaconnect.com/content/bpl/spol/2001/00000035/00000002/art00224. Visited 12/2/05. Blackmore’s paper reviews evidence indicating: “the coercive aspects of UK unemployment and social security policies have not been implemented as rigorously as policy statements and commentators have implied. [Abstract]” It admits that a main problem is indicated in the context of policy ambiguity in which real implementation of the supposedly desired objectives can be undermined. This failure of implementation occurs through allowing decision-makers a wide zone of informal discretion. It is here where those decision-makers can act in ways to nullify or ignore the policy objectives they favor least.


they used radically different assumptions, databases and trend projection models. Numerous interagency meetings were held following the July 1980 release of the *Global 2000 Report to the President*. This process led to a set of recommendations contained in a report designated *Global Futures: Time to Act*. Global Futures sought to offer a strategy for integrating and harmonizing federal databases and analytical systems to ensure that projections, data and policy recommendations within the Executive Branch were on the same page.

Jimmy Carter lost the November 1980 election. The incoming Reagan administration immediately embargoed the *Global Futures: Time to Act* report, destroying it even before it had the chance to collect dust on shelves. But even if it had been retained and efforts were made to implement its recommendations, anyone who has dealt with the system in Washington, D.C. knows there is an inherent resistance against harmonizing systems among the federal agencies and other executive branch institutions. The Reagan administration had its own report and governmental efficiency strategy in the form of the *Grace Commission* and the work on OMB wunderkind David Stockman. But regardless of such proposals and plans nothing really changed in the working of the federal government. An intractable problem is that if you have spent your career working in key positions in a federal agency, it is a completely rational personal “sustainability” [read “survival”] strategy to create a context in which you can claim unique insights and roles. If all federal agencies worked on identical terms, models and data, any specific agency or agency component might be shown to be redundant because someone else could do the same job.

### B. Agency and Executive “Turf” Protection

This brings to the fore one of the most fundamental systemic obstacles to sound decision-making—the absolute commitment of political institutions everywhere to survive, continue and grow. Turf protection was rampant in the period of the *Global 2000 Report* and its follow up activities. The very powerful and generally invisible bureaucrats of the federal government’s Senior Executive Service represent the core of our national government’s structure. They quietly endure the coming and going of individual administrations while controlling the Executive Branch institutions. They have mastered the appearance of taking things seriously while continuing to do what they had always done. They are a core of master bureaucrats who can and do sabotage the “best laid plans” of the fresh-faced ingénues and political hacks who receive an incoming administration’s *Plum Book* appointments as the reward for political and financial support of the incoming administration, not for their intrinsic merit, experience and knowledge. The bureaucratic Senior Executives do largely what they want—all while

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23 There really is a “Plum Book” indicating the top presidential appointed jobs in Washington. It comes out every four years and can be obtained from the Government Printing Office. Its technical name is *United States Government Policy and Supporting Positions*. [http://www.gpoaccess.gov/plumbook/](http://www.gpoaccess.gov/plumbook/). Visited 12/22/05.
allowing the administration’s appointees to think they are running the show. In an era of massive budget deficits and cuts in all but the military budget it is unlikely that turf protection has become less intense.

Then and now the CIA operated its own shop and only spoke to the FBI when compelled. President Bush can draw up as many strategies as he wants to restructure the intelligence gathering system but the changes are largely on paper and doodles depicting hypothetical new chains of authority and titles rather than actual behavior. The Department of Energy may have had a key role in energy systems but DOE doesn’t really coordinate with the EPA or the departments of the Interior or Commerce. I was engaged in a lengthy negotiation with DOE during a lawsuit on behalf of a collection of environmental groups over DOE’s nuclear program, research labs and storage facilities. It was soon apparent that DOE is a massive, poorly run and sloppy entity unable to manage its own systems and activities. DOE didn’t bother to let anyone know they were polluting huge portions of the country with poorly stored radioactive waste. Nor did they want to admit they don’t have much control over their research labs or outside contractors operating critical nuclear development, research and processing facilities. DOE can’t even coordinate its own activities efficiently so how realistic is it to expect them to coordinate with other agencies or be willing to air their really very dirty laundry in public?

C. Transparency and Good Data for Decisions = Accountability

This suggests another reason why transparent information and data systems are resisted by governmental and other institutions. Good information leads to accountability. People do not want others to be able to follow a detailed information chain directly to them. Not many years ago I discussed this with a Honduran researcher in Tegucigalpa in the context of countries such as Honduras. His response was that the problem was not just a function of poor record keeping by accident or even negligence. He concluded that governmental and business leaders and their subordinate minions deliberately kept accurate record keeping systems from being created. They did this because when something bad happened they had plausible deniability. They could demand that their accusers produce hard proof, or shift the responsibility to someone else. In less obvious, but equally obstructive ways, this same “ethic” operates within the U.S. government. If people do not know what you are doing or can only attack you through generalized rhetoric, the government or business actor can “stonewall” the critics until they run out of steam and give up.

In any event, Ronald Reagan supplanted Jimmy Carter and the effort that had been created was but sabotaged by a Reagan administration that saw data gathering and analysis as a left-wing Commie strategy to give the government more power and to oppress the business community by keeping records of their dumping and other misbehavior. As we have seen in the aftermath of the intelligence failures related to 9/11, U.S. government agencies are still unwilling and unable to talk the same language other than that of empty Washington bureaucratese. Their fear must be that if you keep good information on activities and decisions people could ultimately be held accountable and embarrassing cases proved. Information that proves wrongdoing is not the friend of the
culprit, and transparency gives ammunition to your enemies. One need only recall the account given by former Terrorism Czar Richard Clarke concerning when the Bush II administration and National Security Advisor Condoleeza Rice had information concerning possible terror attacks prior to 9/11. Rice demonstrated as clearly as possible during her statements the importance of shoddy and self-serving record keeping aimed at allowing plausible deniability as part of a strategy to avoid accountability.

C. The WTO is Not a Friend of “Sustainability”

My purpose here is not to rail against the corporate and governmental worlds. I am attempting on the one hand to examine why voluntary codes and treaties are either meaningless or counterproductive, and alternatively what is required if we actually want to solve critical problems. But there is a great deal of truth in the statements issued by

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24 See, e.g., http://www.goodmoney.com/directory_codes.htm. In looking at the sampling below, consider how many of the efforts have succeeded in making a substantial difference in the relevant area. The site lists the following codes:

2. Blood, Sweat & Shears: Corporate Codes of Conduct: Produced by Corporate Watch and Sweatshop Watch.
4. Caux Round Table: Principles for Business: In 1994, the CRT published its Principles for Business, which seek to express a worldwide standard for ethical and responsible corporate behavior and is offered as a foundation for dialogue and action by business and leaders worldwide.
5. C.E.R.E.S. (1989): Formerly the Valdez Principles, the CERES Principles for environmentally sound business practices were drafted by the Coalition for Environmentally Responsible Economies.
7. Community Reinvestment Act (CRA) of 1977: Requires investment by financial institutions in local community development.
10. The Dublin Principles: Cooperation among the beverage alcohol industry, governments, scientific researchers, and the public health community to encourage the understanding of both the benefits and the risks of alcohol beverage consumption.
14. Institute of Global Ethics: Nonsectarian, nonpolitical organization dedicated to elevating public awareness and promoting the discussion of ethics in a global context.
an anti-free trade group, Global Exchange. It argues: “The World Trade Organization is the most powerful legislative and judicial body in the world. By promoting the “free trade” agenda of multinational corporations above the interests of local communities, working families, and the environment, the WTO has systematically undermined democracy around the world. In the years of its existence, WTO panels composed of corporate attorneys have ruled that: the US law protecting sea turtles was a barrier to “free trade”; that US clean air standards and laws protecting dolphins are too; that the European Union law banning hormone-treated beef is illegal. According to the WTO, our democratically elected public officials no longer have the rights to protect the environment and public health. Unlike United Nations treaties, the International Labor Organization conventions, or multilateral environmental agreements, WTO rules can be enforced through sanctions. This gives the WTO more power than any other international body. The WTO's authority even eclipses national governments.”

One of the main ways in which the WTO excluded concerns about social justice is by not allowing complaints against producer countries based on alleged “process” concerns such as environmental degradation, workplace standards, and the like. Complaints are allowed about the products but not about how the products were produced. With these kinds of matters excluded from the WTO’s dispute process the system can concentrate on trade related issues with which the participants are most familiar and comfortable. It also allows the imposition of real sanctions for non-compliance. As suggested earlier, it may be that the WTO represents a new form of anti-democratic government. But that is not my point here. The WTO is an example of a relatively effective system. It is not a perfect system but it is generally achieving what it wants to do. It mutes the worst of the protectionism, creates a “neutral” Dispute Settlement Process, and controls the rules of international trade.