

21st-Century US Foreign Policy Is Shaped By Fears Of China's Rise, Chomsky Says



Noam Chomsky

Is the increasing influence of China in international affairs a threat to world order? The United States thinks so, and so does Britain, its closest ally. Indeed, the U.S.-China rivalry is likely to dominate world affairs in the 21st century. In this geostrategic game, certain states outside the western security community, such as India, are expected to play a key role in the new stage of imperialism under way. The U.S. is a declining power and can no longer dictate unilaterally; however, as Noam Chomsky underscores in this exclusive interview for *Truthout*, the decline of the U.S. is “mostly from internal blows.” As an imperial power, the U.S. poses a threat to world peace as well as to its own citizens. There is even a radical plan to dismantle whatever is left of U.S. democracy in the event that Trump returns to the White House in 2024. Other Republican winnable dictators could also enforce the plan. What’s next for U.S. imperial power, and its impact on the world stage?

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The Secrets of Words (with Andrea Moro; MIT Press, 2022); *The Withdrawal: Iraq, Libya, Afghanistan, and the Fragility of U.S. Power* (with Vijay Prashad; The New Press, 2022); and *The Precipice: Neoliberalism, the Pandemic and the Urgent Need for Social Change* (with C.J. Polychroniou; Haymarket Books, 2021).

C.J. Polychroniou: Noam, western powers are responding to China's rise as a dominant economic and military power with ever-increasing calls in favor of bellicose diplomacy. U.S. General Mark Milley, chairman of the Joint Chiefs of Staff, said during a recent trip to the Indo-Pacific that China has become more aggressive in the region and the Biden administration has described it as a "pacing threat." Rishi Sunak, currently the leading candidate to replace outgoing prime minister Boris Johnson, said China is the U.K.'s "biggest threat." Sunak has promised to ban Confucius Institutes, learning centers funded and run by an organization affiliated with the Chinese government, from the U.K. if he becomes the next prime minister. Why is the west so frightened of a prospering China and what does it say about imperialism in the 21st century?

Noam Chomsky: It may be useful to take a brief but broader look, first at the record of the fears, then at the geostrategic circumstances of their current manifestations. We are speaking here of the West in a narrow sense, specifically the Anglo-American "special relationship," which since 1945 has been the United States with Britain a junior partner, sometimes reluctant, sometimes eager to serve the master, strikingly in the Blair years.

The fears are far-reaching. In the case of Russia, they go back to 1917. Secretary of State Robert Lansing warned President Wilson that the Bolsheviks were appealing "to the proletariat of all countries, to the ignorant and mentally deficient, who by their numbers are urged to become masters... a very real danger in view of the present social unrest throughout the world."

Lansing's concerns were reiterated in different circumstances by Secretary of State John Foster Dulles 40 years later, when he lamented that the U.S. is "hopelessly far behind the Soviets in developing controls over the minds and emotions of unsophisticated peoples." The basic problem, he elaborated, is the Communist "ability to get control of mass movements . . . something we have no capacity to duplicate.... The poor people are the ones they appeal to and they have always wanted to plunder the rich."

These are recurrent fears of the privileged, in one form or another, throughout history.

Scholarship substantially agrees with Lansing's concerns. The acknowledged dean of Cold War scholarship, John Lewis Gaddis, traces the Cold War back to 1917, with the Bolshevik challenge "to the very survival of the capitalist order... a profound and potentially far-reaching intervention by the new Soviet government in the internal affairs, not just of the West, but of virtually every country in the world." The Bolshevik intervention was what Lansing recognized: working people around the world might take note and react, the feared domino effect, a dominant theme in planning. Gaddis goes on to argue that the Western (including U.S.) invasion of Russia was a justified act of self-defense against this intolerable challenge to what is right and just, what is now termed "the rule-based international order" (in which the U.S. sets the rules).

Gaddis was appealing to a concept that the U.S. War Department in 1945 called "logical illogicality," referring to the postwar plans for the U.S. to take control of most of the world and surround Russia with military force, while denying the adversary any comparable rights. The superficial observer might regard that as illogical, but it has a deeper logic, the War Department recognized — a logic called "imperialism" by the unkind.

The same doctrines of logical illogicality reign today as the U.S. defends itself from Eurasian threats. At the Western border of Eurasia, the U.S. defends itself by expanding to the Russian border the aggressive military alliance it runs, NATO. At the Eastern border, the U.S. defends itself by establishing a ring of "sentinel states" to "encircle" China, armed with high precision weapons aimed at China, backed with huge naval military exercises (RIMPAC) aimed not very subtly at China. All of this is part of the more extensive efforts at encirclements, jointly with "subimperialist" Australia, which we have [discussed earlier](#), borrowing Clinton Fernandes's term and analysis. One effect might be to increase the incentive for China to attack Taiwan in order to break out of the encirclement and have open access to the oceans.

Needless to say, there are no reciprocal rights. Logical illogicality.

Always the actions are in "self-defense." If there was a violent power in history that wasn't acting in "self-defense," it would be helpful to be reminded of it.

Fear of China is more visceral, drawing from the deep racist currents that have poisoned American society since its origins. In the 19th century, Chinese people were kidnapped and brought to work as virtual slaves to build railroads as the nation expanded to its “natural borders”; the slur that was applied to them (“coolie”) was an import from Britain, where Chinese workers also served as virtual slave laborers generating Britain’s wealth. Chinese people who tried to settle were subjected to vicious racist attacks. Chinese laborers were banned entry for 10 years in the 1882 Chinese Exclusion Act, and Chinese were banned entirely in the racist 1924 immigration act, aimed primarily at Italians and Jews (sending many to gas chambers when entry to the U.S. was denied).

Yellow Peril hysteria was reawakened in the 1950s, after China’s stunning defeat of MacArthur’s army in Korea. The fears resonate often, ranging widely in nature. At one level, Lyndon Johnson warned that without superior air power, unless we stop “them” in Vietnam, “they” will sweep over us and take all “we” have. At another level, when Congress breaks its GOP-imposed logjam to pass legislation to reconstruct collapsing infrastructure and the crucial chip industry, not because the U.S. needs them but to overcome the challenge of China’s development.

There are others who pose imminent threats to our survival. Right now, Russia. The Chair of the House Permanent Select Committee on Intelligence, Adam Schiff, draws on deeply rooted cultural maladies when he warns that unless we stop them in Ukraine, they’ll be attacking our shores.

There is never a dearth of terrifying enemies, but the “heathen Chinese” have always conjured up special fears.

Let’s turn from understandable paranoia about the poor who want to plunder the rich to the second topic: world order and imperialism in the 21st century, and the intense U.S.-U.K. geopolitical concerns about an emergent China.

It’s useful to recall the experience of our predecessor in global dominance. An island off the coast of Europe, Britain’s primary concern was to prevent unification of Europe into a force beyond its control. Similarly, though magnified far beyond, the U.S. and its western hemisphere domains can be regarded as an “island” off the coast of the Eurasian land mass — which is the basis for world control according to the “heartland theory” of Halford Mackinder, a founder of modern geopolitics, whose thoughts are now being revived by global strategists.

Extending the logic of imperial Britain, then, we would expect the U.S. to be seeking to prevent unification of the “heartland” as an independent force, not subject to U.S. domination. The self-defense operations at the western and eastern ends of the heartland also fall into place.

Conflict over heartland unification has been a significant theme in post-WWII history. During the Cold War years, there were some European initiatives to construct a unified Europe incorporating Russia that would be an independent force in world affairs. Such ideas were advanced most prominently by Charles de Gaulle, with echoes in Germany. They were beaten back in favor of the Atlanticist system, NATO-based, largely run from Washington.

Heartland unification took on new prominence with the collapse of the Soviet Union. The idea of a “common European home” from Lisbon to Vladivostok was advanced by Mikhail Gorbachev, who looked forward to transition to social democracy in Russia and its former domains, and to a coequal partnership with the U.S. in creating a world order based on cooperation rather than conflict. These are topics of substantial scholarship, [explored in unusual depth by historian Richard Sakwa](#).

Predictably, the U.S. — the island off the coast of Eurasia — strongly opposed these initiatives. Throughout the Cold War, they were not much of a problem given power relations and prevailing doctrine about the Kremlin conspiracy to conquer the world. The task took new forms with the collapse of the Soviet Union. With some wavering at the margins, the U.S. quickly adopted the policy of “enlargement” of the Atlantic power system, with Russia participating only on subordinate terms. Coequal partnership proposals continued to be put forth during the Putin years, until quite recently. They were “anathema to those who believe in enduring hegemony of the Atlanticist power system,” Sakwa observes.

Putin’s invasion of Ukraine, after dismissing tentative French and German efforts to avert the tragic crime, have settled the issue, at least for now. For now, Europe has succumbed to the Atlanticist doctrine, even adopting the formal U.S. goal of “weakening Russia” severely, whatever the cost to Ukraine and well beyond.

For now. Without integration, German-based Europe and Russia will very likely decline. Russia, with its enormous natural resources, is likely to continue to drift into the massive China-based Eurasian development project, the Belt-and-Road

Initiative (BRI), now expanding to Africa and even Latin America.

The temptation for Europe to join the BRI system, already strong, will likely intensify. The German-based integrated production system in Europe, stretching from the Netherlands to Russia's former Eastern European satellites, [has become the most successful economic system](#) in the world. It relies heavily on the huge export market and investment opportunities in China, and on Russia's rich natural resources, even including metals needed for transition to renewable energy. Abandoning all of that, along with access to the expanding global BRI system, will be quite a price to pay for hanging on to Washington's coattails. Such considerations will not be absent as the world system takes shape in the wake of the COVID crisis and Russia's invasion of Ukraine.

The question of Eurasian integration in a common European home falls within a more general framework, which cannot be forgotten for a moment. Either the great powers will cooperate to face ominous global crises or they will march to oblivion together.

With the bitter antagonisms of today, it may seem impossible to imagine such cooperation. But it need not be an unattainable idea. In 1945 it seemed no less impossible to imagine that France, Germany, England, and smaller European powers could cooperate in a Western Europe without borders and with some common institutions. They are not without internal problems, and Britain has recently pulled out, dooming itself to becoming a probably fading U.S. satellite. Nonetheless, it is a stunning reversal of centuries of savage mutual destruction, peaking in the 20th century.

Taking note of that, Sakwa writes, "What for one generation is a sad delusion, for another becomes a realistic and necessary project." A project that is essential if a livable world is to emerge from today's chaos and violence.

China-Russia ties have deepened after Russia's invasion of Ukraine, though there are probably limits to the partnership. In any case, is there something else in this strategic relationship between two autocratic nations besides the concern for limiting U.S. power and influence? And to what extent could the U.S. take advantage of potential strains and divisions in the Sino-Russian relationship as it did during the Cold War era?

The record during the Cold War is instructive. Even when Russia and China were

close to war, the U.S. kept insisting on the immense threat posed by the imagined "Sino-Soviet alliance." Something similar was true of North Vietnam. Its leaders recognized that their real enemy was China: the U.S. could devastate Vietnam with its incomparable means of violence, but it would go away. China would always be there, a permanent threat. U.S. planners refused to hear.

Kissinger's diplomacy belatedly recognized the facts and exploited China-Russia conflicts. I don't think that carries lessons for today. Circumstances are very different.

Putin and associates appear to have visions of a Russian sphere occupying an independent place between the Atlanticist and China-based global systems. That does not seem very likely to transpire. More likely China will accept Russia as a subordinate, providing raw materials, advanced weapons, scientific talent, maybe more.

The Atlanticist powers along with their Asian subimperial associates are becoming isolated in the world scene. The Global South is mostly standing aloof, not joining in sanctions against Russia or breaking commercial and other relations. Though it has serious internal problems, China keeps moving ahead with its vast development, investment, loan programs abroad and technological progress at home. It is far in the lead in the fast-growing sustainable energy sector and has just surprised the world by creating a super-advanced chip, still probably years short of production but a central part of the modern advanced economy.

There are many uncertainties, but it seems a fair guess that these tendencies will persist. If there is a break, it may be unwillingness of German-based Europe to continue to suffer the effects of subordination in the Atlanticist system. The advantages of a common European home may well become increasingly tempting, with major consequences for world order.

India is being wooed by China, Russia and the U.S. Does India have anything to worry about in a strong Sino-Russian partnership? Can the Quad rely on India for full cooperation in connection with its mission and objectives in the Indo-Pacific region?

Before discussing India's foreign policy concerns, let's not forget some stark facts. South Asia is facing major catastrophe. Summer heat is already at a level

that is barely survivable for the vast poor majority, and much worse is coming. India and Pakistan must cooperate on this and related crises, like management of dwindling water resources. Instead, each is devoting scarce resources to unwinnable wars, for Pakistan an intolerable burden.

Both states have severe internal problems. In India, PM Modi has been leading an effort to destroy India's secular democracy, which, with all its flaws, is still one of the great achievements of the post-colonial era. His program is aimed at creating a racist Hindu ethnocracy. He is a natural associate in the growing alliance of states with similar characteristics: Hungary along with Israel and its Abraham Accord partners, closely linked with the core sectors of the GOP. That's aside from the brutal repression of Kashmir, reportedly the most militarized territory in the world and the scene of harsh repression. The occupation of foreign territory again qualifies him for association with the Abraham accords, which bring together the other two cases of criminal annexation and occupation, Israel and Morocco.

All of that is part of the background for addressing the serious questions of India's international relations.

India is engaged in a difficult balancing act. Russia remains [by far its major source of arms](#). It is engaged in a long and worsening border dispute with China. It therefore must eye with concern a deepening Russia-China alliance. The U.S.-run Quad (U.S.-Japan-Australia-India) is intended to be a core part of the encirclement of China, but India is a reluctant partner, unwilling to fully adopt the subimperial role. Unlike the other members of the Quad, it joins the rest of the Global South in refusing to become embroiled in what they see as a U.S.-Russia proxy war in Ukraine. India cannot however move too far in alienating the U.S., which is also a natural ally, particularly so in the framework of the emerging GOP-centered alliance of reactionary states.

Altogether, a complex situation, even overlooking the enormous internal problems facing South Asia.

The U.S. is a country in political and social turmoil and possibly in the midst of a historic transition. Its influence in the world has been weakening in recent years and its institutions are under severe attack from dark and reactionary forces. Indeed, with U.S. democracy in sharp decline, there is even talk of a radical plan

for the restructuring of the federal government in the event that Donald Trump returns to power in 2024. To what extent has imperial overstretch contributed to the decline of the domestic society, and to what degree can domestic politics have an effect on foreign policy decision-making? In either case, is a declining U.S. less or more likely to represent a threat to global peace and security?

There has been much talk of U.S. decline for decades. There is some truth to it. The peak of U.S. power, with no historical parallel, was in 1945. That obviously couldn't last and has been declining since, though by some measures U.S. power remains about as it was then, as Sean Kenji Starrs shows in [his important studies of control of wealth by transnationals](#).

There is a great deal to say about this general topic, discussed elsewhere. But keeping to the narrower question raised, recent U.S. decline is mostly from internal blows. And it is severe. One crucial measure is mortality. The headline of one recent study reads: "[America Was in an Early-Death Crisis Long Before COVID](#)." The study goes on to show that "Even before the pandemic began, more people here were dying at younger ages than in comparably wealthy nations." The data are startling, going well beyond even the "deaths of despair" phenomenon among working-age white Americans that has led to increasing mortality, something unheard of apart from war and pestilence. That is only one striking indication of how the country has been falling apart socioeconomically and politically since the neoliberal assault took shape with Reagan-Bush, Clinton, and their successors.

The "radical plan" to undermine the remnants of American democracy was announced a few days before the November election, and quickly forgotten in the ensuing turmoil. [It was revealed only recently in an Axios investigation](#). The basic idea is to reverse the programs since the 19th century to create an apolitical civil service, an essential foundation for a functioning democracy. Trump issued an executive order giving the president (intended to be him, or maybe more accurately Him) the authority to fill the top ranks of the civil service with loyalists, a step towards the fascist ideal of a powerful party with a Maximal Leader that controls the society. Biden reversed the order. Congressional Democrats are seeking to pass legislation to bar such a direct attack on democracy, but Republicans are unlikely to go along, anticipating that their many current initiatives to establish their permanent rule as a minority party will bear fruit. The reactionary Roberts Court might well approve.

More may be in store. The Court decided to take up an outlandish case, [*Moore v. Harper*](#), which, if the Court approves, would permit state legislatures, mostly Republican because of well-known GOP structural advantages, to pick electors who reject the popular vote and keep to party loyalty. This “independent state legislature theory” does have some constitutional basis but has been considered so outrageous that it has been dismissed — until now, as the GOP hurtles forward in its campaign to hold on to power no matter what the irrelevant population wants.

It doesn't seem to me that the GOP campaign to undermine democracy results from imperial overstretch. [There's a good deal of valuable scholarship](#) about its nature and roots, which seem to lie elsewhere, primarily in search for power.

It's not clear what the impact would be on foreign policy. Trump himself is a loose cannon, with no clear idea in his head apart from ME! He also has a penchant for wrecking whatever anyone else has helped construct — while always adhering very closely to the primary principle: Enrich the super-rich and corporate power, at least that part that doesn't veer to some criticism of his august majesty. His GOP competitors are in such awe and fear of his power over the mass voting base that they say very little.

The general implications for global peace and security seem clear enough. Trump's triumphs in this domain were to greatly enhance the two major threats to survival of organized human society: environmental destruction and nuclear war. Neither were spared his wrecking ball. He pulled out of the Paris agreements on impending climate catastrophe, and did what he could to eliminate regulations that somewhat mitigate the effects on Americans. He carried forward the GOP program (started by G.W. Bush) to dismantle the arms control regime that has been laboriously constructed to reduce the threat of terminal nuclear war. He also wrecked the Joint Agreement with Iran on nuclear policy (JCPOA), violating the UN Security Council endorsement of the Agreement, again enhancing global threats.

What he might do on particular issues is anyone's guess. Perhaps what he had just heard on *Fox News*.

The idea that the future of the world might soon again be in such hands almost surpasses belief.

There's no shortage of vital tasks ahead.

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We Can't Avoid Climate Breakdown Without Reducing Growth, Leading Economist Says



Herman Daly – Photo: Youtube.com

The current economic system is at the heart of the climate breakdown, argues Herman Daly, a leading expert in the field of ecological economics who for many decades has been at the forefront of the struggle to redirect economics toward environmental sustainability. For his contributions to economics and the environment, Daly has received numerous prestigious awards, including Sweden's Honorary Right Livelihood Award, the Heineken Prize for Environmental Science awarded by the Royal Netherlands Academy for Arts and Sciences, the Leontief Prize for contributions to economic thought, and the Medal of the Presidency of the Italian Republic. In this exclusive interview for *Truthout*, Daly — who is now professor emeritus at the University of Maryland School of Public Policy and who once served as a senior economist at the World Bank — explains why the current economic system is destroying the environment and outlines the policy steps that the world must take in order to achieve a sustainable future.

C.J. Polychroniou: You have been arguing for many years now that the present economic system, formed around the principles of neoclassical economics, ignores planetary limits and, as such, it is destroying the fabric of the ecology on Earth and posing an existential threat to humanity. However, it is only rather recently that this message has been making inroads into the wider public due to the increasing awareness of the link between fossil fuels and the climate crisis. Can you briefly describe the way the current economic system impacts on the global ecosystem and is responsible for the climate crisis?

Herman Daly: Today's economy impacts our environment in the same way that a size 12 foot impacts a size 10 shoe — it stretches the shoe out of shape while painfully squeezing the foot. The ecological-economic term for this is “overshoot,” consisting of excessive *takeover* of land capable of supporting the capture of the current flow of solar energy by photosynthesis, and excessive *drawdown* of fossil fuels (the stored stock of the solar energy of Paleolithic summers), as well as

other mineral deposits. It is these physical resources that human labor transforms into the psychic experience of the enjoyment of life, and into physical waste. The rate of transformation is excessive if it exceeds the rate of regeneration of renewable resources, the absorptive capacity of the environment for wastes, or the rate of improvement of resource-saving technologies.

Our current excessive rate of transformation of resources into wastes, the “metabolic throughput,” is driven by the excessive scale of population times the excessive scale of per capita resource consumption, relative to the finite and entropically constrained biosphere in which we live. Climate change is only one symptom of overshoot, although the major one. Other symptoms of overshoot include biodiversity loss, disruption of the biosphere with novel substances (tetraethyl lead, endocrine disruptors, radioactive materials, etc.) with which the biosphere has had no evolutionary experience, plus increasing inequality and poverty, sometimes resulting in violence.

In spite of all the evidence about the catastrophic effects of burning fossil fuels on the climate, the world systematically continues to emit carbon emissions into the atmosphere. Why is it so hard to come up with a reasonable policy that limits significantly the use of fossil fuels?

Because fossil fuels concentrate so much energy in such a small and convenient form compared to alternatives. Also, fossil fuels are collected from underground, and unlike the energy alternatives of wood or fodder for draft animals, do not compete with agricultural land surface for human food. Given the enormous stocks of fossil fuels, we were able for many years to live off of past accumulated “capital” rather than current solar “income.” This enabled the excessive scale of the human economy, the overshoot that is now coming to a forced end thanks to the combined costs of depletion and pollution that we could ignore in the empty world before we filled it with goods, “bads” and people.

We could and should transition to renewable resources, but that will require a reduction in the scale of the human economy to a smaller level that could be maintained more or less in a steady state. Renewable resources become nonrenewable if exploited beyond sustainable yield. Growthist values would have to be replaced by an ethic of sufficiency, sharing and qualitative development rather than quantitative growth. The fossil fuel industry strenuously resists this change in an effort to hold on to their enormous resource rents and monopoly

profits. Transition to renewable energy should be encouraged, but there is a lot of unfounded optimism that renewables will be cheap and plentiful enough to replace fossil fuels without a reduction in the scale of the economy, or even in its rate of growth. The need to reduce the human scale is primary. Short of that, we can and should increase allocative efficiency by internalizing external costs, and improve distributive fairness by redistribution. But unless we also reduce the scale of the macroeconomy to a sustainable level, we will just be making the best of an ever-worsening situation, given that growth itself has become uneconomic.

The scale of the economy is the product of population times per capita resource consumption. A lot of ideological ink is wasted arguing over whether it is population increase or per capita consumption increase that is responsible for excessive scale. That is a bit like arguing whether it is length or width that most determines the area of a rectangle. In my lifetime, world population has quadrupled (from 2 to 8 billion), while [highly variable and unequal] per capita consumption has grown even more, perhaps nine-fold depending on how measured. Neither factor can be neglected.

You have introduced the concept of uneconomic growth to indicate that “growth is uneconomic when it increases environmental and social costs by more than it increases production benefits.” Indeed, you have rejected the idea that economic growth is a good measure of human well-being, and, in contrast, you call for a transition to a steady-state economy.

Growth was economic when the world was empty of us and our stuff. Now it is full, and further growth of our economy into the finite biosphere causes increasing marginal costs of preempted life support services in order to satisfy decreasing marginal benefits of trivial consumption that has to be aggressively advertised to be sold. Growth in rich countries now costs more than it is worth, it is uneconomic, even while growth in poor countries remains economic until they have reached a similar level of sufficiency. The poor cannot attain sufficiency unless the rich make ecological room for them.

First, what are the policies suggested by steady-state economics? Second, is a steady-state economy a green economy? And, third, how does a steady-state economy balance conservation with growing human needs?

Ten policies for moving toward a steady-state economy are listed below. Many

could be adopted independently and gradually, although they cohere in the sense that some compensate for the shortcomings of others. Of course, the question of the desired level of steady-state economy is crucial, and local, regional and global ecological limits must be considered in fashioning effective policies. Ten is an arbitrary number in order to be specific and focused. The reader is invited to add, subtract or consolidate.

Developing Cap-Auction-Trade systems for basic resources (especially fossil fuels): Set caps for basic natural resources according to three key rules: (1) renewable resources should not be depleted faster than they regenerate; (2) nonrenewable resources should not be depleted faster than renewable substitutes are developed; and (3) wastes from all resource use should not be returned to the ecosystem faster than they can be absorbed and reconstituted by natural systems. This approach achieves sustainable scale and market efficiency, avoids the [Jevons rebound effect](#) whereby increased resource efficiency induces greater use of the resource, and raises auction revenue for progressive redistribution.

Tax shifting: Shift the tax base from “value added” (labor and capital) to that to which value is added, namely natural resource throughput, which has become the limiting factor. Such taxes will raise the price of the limiting factor, improving allocative efficiency and inducing resource-saving technology, as well as providing government revenue.

Limiting the range of inequality: Establish minimum and maximum income limits, maintaining differences large enough to preserve incentives, but small enough to suppress the plutocratic tendencies of market economies which have become extreme. Also remove rival goods and services from the open-access commons (e.g., atmospheric waste absorption) and tax them for the public benefit, while freeing non-rival goods (e.g., knowledge and information) from the artificial scarcity needed to make them fit the price system. That is, stop treating the scarce as if it were free, and stop treating the free as if it were scarce.

Reforming the banking sector: Move from a fractional reserve banking system to 100 percent reserve requirements on demand deposits. Money would no longer be mainly interest-bearing debt created by private banks, but non-interest-bearing government debt issued by the Treasury. Every dollar loaned for investment would be a dollar previously saved by someone else, restoring the classical balance between investment and abstinence from consumption, and

dampening boom and bust cycles, as well as inflationary tendencies.

Managing international trade for the public good: Move from free trade and free capital mobility to balanced and regulated international trade. While the interdependence of national economies is inevitable, their integration into one global economy is not. Free trade undercuts domestic cost-internalization policies, while also encouraging cheap-labor policies, leading to a competitive race to the bottom by underpricing resources and labor. Free capital mobility also invalidates the basic comparative advantage argument for free trade in goods.

Expanding leisure time: Reduce conventional work time in favor of part-time work, personal work and leisure, thereby embracing well-being as a core metric of prosperity while reducing the drive for limitless production. From a welfare perspective, in our current society the freedom to choose between the basic alternatives of work time and leisure time is highly restricted, while the freedom to choose between a thousand brands of breakfast cereal is guaranteed.

Stabilizing population: Strive toward a balance in which births plus in-migrants equals deaths plus out-migrants, and in which every birth is a wanted birth, and every immigrant has legal documentation.

Reforming national accounts: Separate GDP into a cost account and a benefits account so that throughput growth can be stopped when rising marginal costs equal falling marginal benefits and further growth becomes uneconomic. Accurately measuring costs and benefits is difficult, but even inaccurate measures and comparisons makes a lot more sense than simply conflating them under the rubric of “economic activity.”

Restoring full employment: Restore the U.S. Full Employment Act of 1945 and its equivalent in other nations in order to make full employment once again the end, and economic growth the temporary means. Un/under-employment is the price we pay for growth from automation, off-shoring, deregulated trade and a cheap-labor immigration policy. Under steady-state conditions, productivity improvements would lead to expanded leisure time rather than unemployment.

Advancing just global governance: Seek world community as a federation of national communities, not the dissolution of nations into a single “world without borders.” Globalization by free trade, free capital mobility and [mass crisis-driven] migration dissolves national community, leaving nothing to federate. Such

globalization is individualism writ large — a post-national corporate feudalism in a global commons. Instead, strengthen the original Bretton Woods vision of interdependent national economies, and resist the World Trade Organization vision of a single integrated global economy. Respect the principle of subsidiarity: although climate change and arms control require global institutions, basic law enforcement and infrastructure maintenance remain local issues. Focus our limited capacity for global cooperation on what truly demands it.

What practical steps need to be taken to make the transition to a steady-state economy, and what role do you see activism play in helping us make the transition to a sustainable future?

Good policies based on sound scientific and moral understanding are necessary but not sufficient. Passionate activism in support of the policies is also necessary, but insufficient. We need both — both mind and spirit, both intellectual understanding and moral inspiration — if we are to sustain with justice the miraculous world we have inherited, and which is now under very serious threat of self-destruction.

This interview has been lightly edited for clarity.

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Chomsky, 2021); and *Economics and the Left: Interviews with Progressive Economists* (2021).