The Environmental Aspect of “Making People Rich as the Top Priority” in China: a Marxian Perspective

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Abstract

Income inequality in China is severe; measured by the Gini-coefficient it amounted to 0.46 in 2011; wealth distribution is even worse with 0.61. These disparities led to a major shift in emphasis of politics in general and of the Five-Year Plan for National Economic and Social Development by the National People’s Congress in particular. While previously the strategy of the Five-Year Plans had been “Making the nation [our emphasis] rich as top priority”, this was changed to “Making people [our emphasis] rich as top priority” in the 12th Five-Year Plan (2011-2015), enacted in March 2011. The strategic change from “nation” to “people” indicates that the political decision-makers in China accepted the aim of a fair income distribution as a political issue of great importance.

In this paper, richness is defined in the political-philosophical tradition as the right measure for one’s own needs and wants; only its environmental aspect is focused on in this study. The development of the Chinese environmental conditions is compared with the German ones and the former’s future outlook is judged optimistically because of the achievements in the last five years. However, the complexity and fragility of the environmental system will within a decade confront Chinese politicians with the same problems as it does right now in Germany. In order to provide a solution addressing this development, this paper analyzes what Karl Marx had to say on the long-run dynamics of the economic system. He saw poverty as a necessary yet unintended consequence of the capitalistic system and used this insight as a “precision tool for the study of social change” (Elster 1986), which can also be employed to examine the unintended repercussions of economic activity on nature. Marx, who studied environmental and resource issues in detail, thought that the inventiveness of the capitalistic system would finally overcome all of them in the course of time. In view of the fact that three billion people on earth still have a backlog demand to satisfy basic needs and in addition a further three billion are expected to be born until 2050, the future of the natural environmental conditions looks somber. If it is not possible to decouple economic growth from ensuing environmental strain, Marx may well be right after all in his prediction that the capitalistic system will collapse, although in quite a different manner than he thought.

This being the case we take recourse to the thoughts of one of the influential intellectual German figures, to Romano Guardini. He foresaw changes in the self-perception of
humankind and in the comprehension of nature. These imply a shift in the ethos of government as well, which would in turn pose three great challenges to politics: (i) understanding nature in a new light, (ii) listening to what drives human hearts, and (iii) governing according to law.

**JEL-Classification:** B14, B51, D31, D63, D90, O13, P26, Q56

**Keywords:** Wealth, Distribution, PR China, Environment, Sustainability, Growth, Marxian Economics, Political Economy
1. Introduction
This paper is based on lectures delivered at various scientific and governmental institutions in the PR China in October and November 2011. Therefore, several of our citations are taken from the Chinese tradition. We note that some of them may sound a little odd to Western ears.

The People’s Republic of China has a population of 1.34 billion. The per capita income is about 3,000 U.S.-Dollars, placing China at number 100 in a global comparison of countries. The official Chinese standard of poverty amounts to 3 Yuan per capita a day, equal to 0.36 Euro per day, which in turn implies an income of 11.37 Euro per capita a month. According to this standard, there would be 26.68 million people below the poverty line in China. However, the global poverty standard of the United Nations is 0.90 Euro per capita a day, which implies that over 150 million people are poor in China. Also noteworthy is the fact that 700 million people in China have an income of 2.18 to 2.47 U.S.-Dollars per capita a day. Although it has to be considered a great achievement that the average income in China has grown tremendously during the last three decades, it must also be noted that income distribution has become increasingly uneven. Expressed in statistical terms, this means that the Gini-coefficient has more than doubled from around 0.2 in the seventies of the previous century to about 0.46 today, implying a dramatic increase in income disparity. This development has even worse consequences for wealth distribution, where the Gini-coefficient has risen to 0.61. It is well established in social sciences that a Gini-coefficient of the income distribution above 0.4 is dangerous for the social stability of a society and that a Gini-coefficient above 0.5 might be an indicator that there is a danger of social uproar. The saying of the Emperor Tai Zong (Tang-Dynasty, 7th century)

„The water (meant is the people) which supports the ship (of state) also overbalances the ship.“

is common not only in the public but also among politicians in China. This sensitivity for disparities in income distributions has led to a major shift in emphasis of the Five-Year Plan for National Economic and Social Development by the National People’s Congress in March 2011. While previously the strategy of the Five-Year Plan had been “Making the nation rich as top priority”, this was changed to “Making people rich as top priority” in the 12th Five Years Plan (2011-2015), enacted in March 2011. The strategic change from “nation” to “people” indicates that the political decision-makers in China accept a fair income distribution as a political issue of great importance.

How does one accomplish “Making people rich as the top priority”? During the last two centuries the common answer has been: economic growth. China has had an exceptional annual growth of about 10 per cent a year during the previous three decades. But in general, fast growth can go hand in hand with an increasing income and wealth disparity. The deficits of this approach are evident and they are the reasons why a central theme of Chinese politics is not making some people rich as in the past, but “making all people rich”. This target

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2 Different parts of this paper were presented as a key lecture at the international conference “Surmounting Middle Income Trap – Policies and Institutions for China’s Equitable and Sustainable Development” at the China Institute of Reform and Development (CIRD), which is one of the major Chinese think-tanks, in Haikou, Heinan, PR China, on October 29th to 30th, 2011, at the National Development and Planning Commission (NDRC), which advises the State Council in Beijing, on November 8th, 2011 and the Chinese Center of Training for Senior Officials in Beijing on November 10th, 2011.

3 These data are taken from: http://www.scharf-links.de/44.0.html?tx_ttnews[tt_news]=14891&cHash=65cfa1ba63

4 The value of the Gini Coefficient can vary from 0 to 1, where 0 means complete equality (every one has the same income) and 1 means complete inequality (one has all the income and all the others have none).
contributes to social stability, which is a prerequisite for the peaceful development of a society. This in turn contributes to justice, because a more equitable income distribution increases the public availability and affordability of goods and services.

So far we have used traditional economic arguments. In contrast to this we now want to adopt a different perspective. For this reason we ask what it actually means to “make people rich” within a market system? It is well known that the capitalistic market system has a tendency to develop unequal income and wealth distribution as mentioned above. This implies that few people become very rich and a considerable part of the population remains poor or becomes poor. Hence, the objective of „Making people rich“ implies that politics may not abandon the market system to its own fate, but rather must strongly regulate the market conditions. For this reason major tasks of Chinese politics include the following:

- reforming the fiscal and taxation system
- rationalizing the national income and wealth distribution
- equalizing access to public services
- changing economic development models.

Only in this way will it be possible to assume political responsibility and

- to overcome poverty and
- to surmount the middle income trap.

To this end both the market system and the government must be reformed, as is acknowledged not only by the public but also by the Chinese government and the Chinese Communist Party, although the latter is rarely mentioned directly and openly, but rather metaphorically by the Chinese public.

How should politics approach this endeavor? To this end we first have to ask what wealth actually means. This is a difficult and encompassing question. Answers may differ in different parts of the world. In the West there exists a long tradition of defining richness in the field of political philosophy. Already the Greek philosopher Aristotle (384-322 B.C.) set standards for answering this question. His argumentation begins with the statement that most human beings misconceive wealth. For they believe that one preferably possesses many goods and that these should even become increase over the course of time. But this is not what wealth actually means. Contrary to this opinion richness means that human beings, but also society and the state, first find the right measure for their own needs and wants. Having discovered this happy mean, the necessary goods and services can be produced. Aristotle argues that true wealth has limits; too much of it is as bad as too little. The advantage of this kind of restrained wealth is that it ensures that the differences in income and wealth in a society do not become too great; since a human measure for needs implies that no one will be privileged and no one will be discriminated.

To summarize “Making all people rich as top priority” means that one has to care first for those whose satisfaction of needs are below any human measure. There are many human beings in China who should be cared for. After the government nearly doubled the poverty line to 1 U.S.-Dollar per capita a day, on November 29th, 2011 (Associated Press, Beijing) the number of paupers increased drastically, although the poverty line is still below the threshold 1.25 U.S.-Dollars of the World Bank. As the China Daily reported,”128 million Chinese in rural areas now qualify as poor, 100 million more than under the previous standard…With the higher threshold, more people qualify for government assistance. Funding for poverty relief is
also being raised more than 20% this year to 27bn Yuan ($4.2bn).”
(http://www.guardian.co.uk/world/2011/nov/30/china-raises-rural-poverty-line)

Richness in the Aristotelian sense as defined above certainly implies access\(^5\) to
- education,
- health care and
- environmental benefits such as clean air and clear water.\(^6\)

In this paper, we shall be mainly concerned with the environmental issue.

2. The Development of Environmental Conditions in China

As mentioned above, justice does not only concern the consumption of private goods and
services but also public services to which environmental benefits belong. To name perhaps
the two most important ones: sufficient access to clean water and air. Comparing the
environmental conditions that prevailed in 2007 - when one of the authors first visited China -
with the present Chinese environmental policy one immediately sees the dynamics in this
area:

- Many laws and regulations have been enacted; among them is the influential circular
  (recycling) economy law.
- The spending on environmental protection has risen by 15 to 20 % annually. This
  implies that expenditure has almost doubled within the last four years.
- Another impressive fact is the rapid annual growth of wind energy: this year planned
  investment is twice as high as in the USA and five times as high as in Germany.
  Nevertheless, much remains to be done in the coming years.

The dynamics of the environmental policy we observe in China are similar to those in
Germany’s past. From our experiences in consulting German, European, American, and
Chinese government offices during the last three decades we are confident that China will
take up its great environmental challenge and succeed in solving the three great environmental
issues, i.e.

- supplying clean water,
- cleaning the air and
- dealing adequately with waste.

It is in this environmental perspective that the future in China looks bright.

3. The Development of Environmental Conditions in Germany

So far so good. Roughly speaking, according to this optimistic view, the future Chinese
environmental perspective will then be similar to the one Germany had in the nineties of the
previous century. At that time only a few environmental problems could be observed on the
surface in Germany. While in earlier times pollution was seen, smelt, tasted, felt or heard, this
was not the case anymore, since the air was clean and the water clear, waste was avoided,
recycled or cleanly disposed of and the noise of traffic was considerably reduced by
provisions such as building sonic walls and the development of low-noise machines.

\(^5\) A general theoretical framework of different dimensions of justice and freedom based on ideas of Aristotle has
been developed by Amartya Sen (1999/2002) in his capability approach.
\(^6\) See Jöst, Niemes, Faber and Roth 2006.
Thus, the environmentally damaging effects of our production and consumption in Germany could no longer be felt and were thus no longer so obvious and therefore, not directly noticed any more. The consequences of this change were that the environmental issue was less and less present in the media and in the awareness of the public at large. While at the end of the eighties it had by far the highest priority of all issues, namely 89%, it dropped and instead, unemployment became the main theme while the environmental issue lost its popularity. As a result votes for the green party decreased considerably (by 10 to 30 % in the state elections). While in earlier times it was rather easy to engage people to be active for the environment this became more difficult.

4. The Complexity of the Environment
The environment, however, is a very complex system. There exist many dangers which one cannot immediately recognise. This statement holds true even for experts as the history of the destruction of the ozone layer demonstrates. In particular, the length of time between the cause and the evidence of its effect is often very long. One of these dangers was dramatically and catastrophically actualised by the so called mad-cow disease, bovine spongiform encephalopathy (abbreviated BSE). This illness is transmitted to humans by eating the meat of an infected cow. It leads to the Creutzfeldt-Jakob (CJD) disease, which is a very serious illness that affects the brain in a fatal way. For this reason

“In the United Kingdom, the country worst affected, more than 180,000 cattle have been infected and 4.4 million slaughtered during the eradication program” (Wikipedia)

Another example was SARS (Severe acute respiratory syndrome):

“There was one near pandemic, between the months of November 2002 and July 2003” (Wikipedia),

which started in China in the province Shandong. SARS is a respiratory disease in humans and caused about1000 fatalities.

To give a third example: During the spring of this year Germany was affected by the Ehec virus (enterohemorrhagic E. coli). This is an antibiotic resistant pathogenic agent which is caused by excrement in the canalization system. The virus led to an epidemic: about 3000 people became seriously ill and 50 died.

To summarise our findings from our experience in Germany during the last two decades: if a country has solved its obvious environmental problems it becomes more and more difficult for laypersons to perceive that there are still essential environmental issues one needs to be attentive to. It is for this reason that as soon as one has cleared up the pollution and repaired the obvious environmental damages, the natural living conditions are taken for granted and other environmental problems no longer need to be taken care of to the same extent. Instead, politics and the public turn their attention towards dealing with welfare, solving problems of justice and expanding the educational system. In contrast to these endeavours the environmental issues seem to be much less pressing. As mentioned above, if the immediate - i.e. the apparently visible, tangible, odorous - environmental problems are solved, then it becomes difficult to motivate people to engage for the environment.

However, nature is a very fragile system. It was the Chinese emperor who was held to be responsible for nature, i.e. the functioning of the natural living conditions throughout China. Today it is the Communist Party of China which has to shoulder this task.
How should its leaders deal with this difficult task? It may be helpful to see what Karl Marx (1818-1883) had to say on this issue, because he is –perhaps – the political economist who best understood the dynamics of the market system.

5. Marx’s View on the Environment

Why did Marx understand the dynamics of the capitalistic system so well? Marx had an eye for the unintended consequences of our actions. Our actions do indeed always have such unintended consequences, however, there are two areas in which these unintended consequences organize themselves and become a determining factor. These two areas are

1. the economy and
2. the environment.

5.1 The Economy

Let us first look at the economy, the domain for which Marx is mainly known. Marx recognized that the production of wealth always goes hand in hand with the creation of poverty and that this happens despite the actors’ best intentions; since poverty does not come into being because people rob others and throw them into poverty, but instead is an unavoidable consequence of the capitalistic system and its dynamics. This connectivity was already observed by the philosopher Friedrich Wilhelm Hegel (1821/1970) in his Philosophy of Right (Rechtsphilosophie). Marx has analyzed this connectivity in greater detail than Hegel, for he developed this idea into a „precision tool for the study of social change” (Elster 1986: 38-39).

It is for this reason that the Marxian analysis bears straight reference to the theme of this paper “Making all people rich”. But on the other hand, this Marxian analytical instrument may be fruitfully employed to study the unintended repercussions of the capitalistic market system on nature, the other topic of this paper to which we turn now.

5.2 The Environment

Let us now look at the second area of concern, nature. In this context it is useful to remember that Marx dealt extensively – at different points in his work – with environmental and resource problems (Kurz 1986, Baumgärtner 1999: 104-107. Baumgärtner, Faber, Schiller 2006: 114-116). He even discussed the possibility of recycling waste and regaining resources from the recycling process (Baumgärtner, Faber, Schiller 2006: 114-116). However, he thought that all environmental problems could and would finally be solved, since he assumed that human creativity and ingenuity would be able to transform all waste products, be it waste water, emissions into the air or solid waste, into valuable goods. Thus there would not only be no environmental problem but also no scarcity of resources. He, therefore, expected that all environmental problems and resource scarcities would be only of a temporary nature (Baumgärtner, Faber Schiller 2006: 116).

It should be emphasized that Marx’s perspective was singular and unique at his time. His particular awareness of the environmental and resource issue demonstrates Marx’s

\[7\] An extensive analysis of Karl Marx, on which the following considerations are based, is given by Petersen and Faber 2012.

extraordinary ability to analyze the capitalistic system and to understand its dynamics. But Marx did not systematically integrate his view on the environment into his economic theory and downplayed it. This is because he was too optimistic in his belief that every production process could be run in such a way that no environmental pollution would occur over the course of time (Kurz 1986: 16-17).

As is proved e.g. by Baumgärtner, Faber, Schiller (2006, Chapter 3), however, this assessment is not valid. The reason is that it can be shown from a thermodynamic point of view that every production yields not only the wanted product but also so-called joint products. Examples are well known in the chemical industry. Thus every industrial production is characterized by joint products in the form of wastes and emissions. Hence, it is not possible to produce in an industrial way without waste. This statement also holds true for recycling processes.

One may also ask why Marx believed so much in progress. This may also be a consequence of the great admiration he had for the capitalistic bourgeoisie, which is documented in his Communist Manifesto (jointly published with Friedrich Engels in 1848: 62):

“Sie (die Bourgeoisie, the authors) hat ganz andere Wunderwerke vollbracht als ägyptische Pyramiden, römische Wasserleitungen und gotische Kathedralen, sie hat ganz andere Züge ausgeführt als Völkerwanderungen und Kreuzzüge.”

„It (the bourgeoisie, the authors) has been the first to show what man's activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals; it has conducted expeditions that put in the shade all former exoduses of nations and crusades.“


„Die Bourgeoisie hat in ihrer kaum hundertjährigen Klassenherrschaft massenhaftere und kolossalere Produktionskräfte geschaffen als alle vergangenen Generationen zusammen.“

(Marx and Engels 1848: 63)

“The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together.”


6. Marx’s View of the Dynamics of the Capitalistic System and Their Implications for the Global Environmental and Resource Problem

Even though Marx did not recognize a general environmental and resource problem in the way we described it, his view on the dynamics of the capitalist system can contribute a good deal to its present understanding. It is generally acknowledged that no social scientist has studied the dynamics of the capitalist system so well and contributed to its analysis so much as Karl Marx. In addition, he developed with his constitutive and fundamental books – in particular with his monograph Capital – and other papers a seminal research agenda, from which many theses have been developed. We want to turn to one of them which gives a decisive insight into the dynamics of our present and future environmental and resource problems. The Marxian economist Meghnad Desai (2002: 44) commented the development of capitalism after the fall of the Wall in Berlin in 1989 as follows:

„Capitalism had survived – not only survived, but become a dynamic worldwide phenomenon yet again, the first time since 1914. It showed a capacity for technological advance with promises of more to come. Across the world people abandoned socialism as a cure for their

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9 Marx’s acknowledgement of the empirical relevance of joint production for the environment and his downplaying at the same time in respect to its theoretical relevance is most clearly formulated in: Capital Volume 2: The Process of circulation of Capital, Chapter 5, Section 4.
problems. Warts and all, it was capitalism they wanted. Capitalism had still a lot of potential; it was not yet ready to lie down and die.”

Desai was inspired to his diagnosis by the following central thesis of Marx (1859/1904: 21):

“No social order ever disappears before all the productive forces for which there is room in it have been developed; and the new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself. Therefore, mankind always sets itself only such tasks as it can solve; since looking at the matter more closely, we will always find that the task itself arises only when the material conditions necessary for the solution already exist, or are at least in the process of formation.”

Marx’s reputation as prophet of socialism and communism has doubtless suffered. But Deasi is certainly correct in taking the development of the world after 1989 as an important indication that Marx’s assertion concerning the dynamics of the method of production is appropriate (true). If this is true, capitalism would have a splendid future lying before it: it has not yet reached its limits in the developed countries and more and more countries and economies are globally captured by capitalism. In the past however, this dynamic has been linked with an ever growing demand for environmental services and resources. Empirical evidence for this hypothesis is the increase in the consumption of energy and the corresponding increase of CO₂. Since the environmental conference in Rio in 1992 both quantities grew by 40 percent and this tendency continues.

Against this background, the perspective for future safeguarding of the natural environmental conditions looks somber. The argument for this statement is twofold, because we have to consider that:
1. at least 3 billion of the world’s population has a considerable backlog demand to satisfy basic needs, such as food, clothing, housing, clean water, health services and education. Even in China half a billion citizens are partly in need of these goods and services;
2. in addition, we have to recognize that the world population will grow, in particular in the emerging economies, by another 3 billion by 2050.

Keeping these two circumstances in mind it does not seem possible to maintain the natural living conditions globally – under the present dynamics of the capitalistic system – if the manner of our present production and consumption does not alter dramatically. In other words it does not seem possible

- to preserve globally the intake capacity of the environment for pollutants and
- to make available sufficient amounts of resources for the production and consumption of 10 billion people.

The resulting damage to nature and shortages of natural resources would be disastrous not only to nature, but would also be a permanent source of conflict.
It is, therefore, necessary to decouple economic growth and

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10 „Eine Gesellschaftsformation geht nie unter, bevor alle Produktivkräfte entwickelt sind, für die sie weit genug ist, und neue höhere Produktionsverhältnisse treten nie an die Stelle, bevor die materiellen Existenzbedingungen derselben im Schoß der alten Gesellschaft selbst ausgebrütet worden sind. Daher stellt sich die Menschheit immer nur Aufgaben, die sie lösen kann, denn genauer betrachtet wird sich stets finden, dass die Aufgabe selbst nur entspringt, wo die materiellen Bedingungen ihrer Lösung schon vorhanden oder wenigstens im Prozess ihres Werdens begriffen sind.“ (MEW 13: 9 Zur Kritik der Politischen Ökonomie 1859)
• the use of exhaustible and nonrenewable resources as well as
• the depletion of the environmental capacity for disposing and cleaning up waste.

If it is not possible to decouple economic growth and the environmental strain, Karl Marx may well be right after all in his prediction that the capitalistic system will collapse, although in quite a different manner than he thought (see also Desai 2002: 9f).

7. The Crisis of the Civic World
Marx expected that the civic world with its “anarchic production” will finally be surmounted by socialism with its rationally and centrally planned production. Although Marx’s vision, realized for the economy, has been proved as a failure, Marx sensed something properly, namely that we can less and less leave the human living conditions to themselves. If we attempt to characterize the civic “awareness of life” – in a woodcarving manner – then we may express it in the following intuition: one allows everyone to develop as freely as possible and to act freely and lets the remaining nature of things simmer. In this way the benefit and welfare desired by all is promoted best. This intuition is expressed especially well by the well-known German poet Johann Wolfgang Goethe’s (1749-1832) two-liner:

„Just do the right thing in your affairs;
The rest will take care of itself.“

In contrast thereto, the daily experience was that “the rest takes care of itself” less and less. To begin with, it became apparent in the nineteenth century that the social order did not care for itself and later in the twentieth century that the same was true for the natural environment. This recognition led some thinkers to the insight that not only some single aspects of our being, but that all of it, be it the social order or the natural environment have to be objects of our care, for these keen observers discovered that our responsibility has grown along with our augmented technical possibilities.

These thinkers recognized that modern technology is not just simply a mean to increase our utility and welfare, but that it constitutes a completely new view of the world of modern man. It is in this spirit that the philosopher Martin Heidegger (1889-1076) and the writer and philosopher Ernst Jünger (1895-1998) developed the thought that technology is first and foremost the exercise of power and dominance. At the same time they asserted that we cannot simply dispense with power and control.

On account of this it is crucial that technology, by which we endanger massively our natural living conditions, is employed in a responsible manner. This does not necessarily imply that the use of technology should be restrained. On the contrary, it may even be extended in order to secure the living conditions of the humans.

It is in this view and understanding that the meaning of technical control of the world is not mainly the increase of utility and welfare. This perspective was explicitly unfolded by the Christian religious philosopher Romano Guardini (1965). To this end he employed the vision of an emerging human being who differs in a fundamental way from the citizen of the nineteenth and twentieth centuries, who was mainly concerned about his own well-being.

11 „Tu nur das Rechte in deinen Sachen,
8. Changes in the Picture of Humankind and in the Comprehension of Nature
Romano Guardini (1885 -1968) was one of the influential intellectual figures in Germany. He postulated that the

‘new human architect of the emerging world […] must know and agree that the import of the coming culture is not welfare but dominion […]. The man we envision must unhesitatingly place security, utility, and welfare second; the greatness of the coming world image must be placed first’ 12[Guardini, 1965, translation: Elinor C. Briefs (Google Books)].

This thesis implies two important changes in the picture of humankind (see also Faber, Petersen, and Schiller 2002):

1. Individual freedom will change its character. In the past, the individual freedom of an economic agent was very encompassing. The reason for this circumstance was that his/her responsibility was rather restricted in earlier times; for example a producer of weapons or chemicals was not responsible for what the buyer employs them for, a consumer was not responsible for how the product he bought was manufactured. In particular, no one was responsible for the repercussions the production and the consumption had on the environment. What Guardini had in mind – in the fifties of the previous century – was that the responsibility for nature will become increasingly relevant over the course of time. Looking back to the last six decades this prognosis has so far proved correct and there are good chances that this process will continue during the next decades: production and consumption will be more and more regulated. The importance of Guardini’s thesis is that it presupposes that there exist human beings who accept this responsibility for nature and that they are even also motivated to accept these regulations voluntarily; for these restrictions can only be carried through if they are accepted by the great majority of the people (see Baumgärtner, Faber, Schiller in cooperation with Thomas Petersen, 2006, Part III, for an extensive analysis of this issue and its corresponding limits).

2. The second implication of Guardini’s statement is that our comprehension and our understanding of nature have to change. Nature is no longer an unshakable resource; hence, we cannot trust in it as we have done in the past. Instead we are experiencing nature in its fragility. We, therefore, cannot depend solely on it any more as we did in earlier times, but instead we have to care for it. Guardini even goes so far to assert that a stable natural environment will be our own work.

9. Ethos of Power and Style of Government
Let us look closer at the implications of these two statements. During the last two centuries, we have generally observed that Western man has been wielding power against nature in

general and the environment in particular – unknowingly or knowingly – and – at the same
time – has had a bad conscience about doing so. To alleviate his conscience for employing his
power in such a selfish way he has put forward as a pretext

- security,
- utility and
- welfare.

It is for this reason that Western man has neither developed

- a genuine ethos of governance nor
- a proper style of governance,

but instead retreated into anonymity. The human being who is required – now and in the
future – will have to decidedly place

- security, utility and welfare second in his list of values and
- the right order of the coming gestalt of the world first,

as Guardini (1965) asserted.

What is meant by an ethos of governance and a style of governance? Answers to these
questions can be found in the Chinese classical tradition. According to Confucius and Laozi,
the good ruler seeks nothing for himself; he does not privilege his own family or other groups
of interest. Rulers, therefore, have to free themselves not only from

- all their selfish needs and private interest,
- but also from their sorrows and anxieties.

This ethos of governance persists in the Chinese classical tradition in as much as one
orientates oneself towards the order of heaven. This is by no means an esoteric or mystical
attitude, but rather refers very concretely to the ability to engage with the nature of things and
in particular with the nature of humans. From this point of view, it follows that the beginning
of every true governance is obedience in the sense of hearing; it is this allegiance in the form
of listening to nature and to humans, by which the good ruler is characterized. A ruler who
understands nature and humans is able to design and shape the world without having to fear
that he either brings about grief or acts destructively. For if one understands nature and
humans one is acting in harmony with the forces of nature and with what drives human hearts.

Such an ethos of governance must be reinterpreted for each time. For our present time and the
near future, we want to explain and represent three essential elements of such an ethos of
governance: (i) nature (ii) governance according to law and (iii) freedom.

(i) Nature
The first is: nature needs to be given very high priority as a policy issue. For China’s strategic
goal of “making people rich”, this implies sustaining or restoring

- the wealth of renewable natural resources such as water, air, soil, forests, and the
  wealth of environmental capacity to dispose of waste and emissions
- the abundance of plants and animals, i.e. biodiversity
- the beauty of the landscape.
One of the great Chinese Chan masters Feng-hsüeh Yen-chao (896-973) gave an illustration of how highly the beauty of nature is esteemed in China. In koan 24 of the Wu-men-koan, (Feng-hsüeh Yen-chao’s Speech and Silence) he quoted a line from one of his own poems:

“I always think of Chian-nan\textsuperscript{13} in March, partridges chirp among the many fragrant flowers”.

We consider it to be one of the greatest challenge of present-day Chinese politics to give nature such a high priority. We are well aware of how difficult this endeavor is.

(ii) Governance According to Law
All human beings share a common desire for law; not only for a written law, but for a law that is really enacted. This is – from our point of view – the second great challenge for Chinese politics. This perspective is actually not new, but was already formulated by the Chinese poet, Huan Kuan (90 to 40 B.C. Han Dynasty) in his disputation “Salt and Iron” more than 2000 years ago:

“The world’s sorrow is not that there does not exist a law, but its sorrow is a law that does not need to be followed.”

This statement implicitly recommends guaranteeing the independence of law enforcement because the law has to be followed by the government and the citizens alike. Common to all people is a desire for just one law, a law that is valid for all human beings irrespective of person. A contribution to the enforcement of such a law is also a considerable contribution to the objective of „making people rich.”

(iii) Freedom
In accordance with Guardini’s remark on the changing picture of humankind, mentioned above, we hold the view that freedom will change its character in the future: human beings will forgo a certain degree of their individual freedom, because they must take responsibility not only for their actions and deeds themselves, but also for the latter’s long-run repercussions to an extent previously unknown. Guardini based his consideration on a conjecture concerning humanity’s future: man’s consciousness of his responsibility for the world in general and for nature in particular. He argues that the latter will be increased in such a way that it becomes more and more relevant over the course of time. This implies that human beings will adapt their consumption preferences to take the maintenance of the natural living foundation into account.

Guardini’s argumentation should not be misunderstood as a political program. For all intents and purposes, it is not a proposal for governments to restrict or even to limit individual freedom. Nonetheless, it can be argued that Guardini’s thesis is consonant with the demand that liberty of consumption and production must be tempered by stronger regulations, as has already been the case in Europe for a long time. We believe that these restrictions on individual freedom are unavoidable if we are to take the responsibility of human beings for the complex intertemporal effects of their actions really seriously (Baumgärtner, Faber, and Schiller 2006 Part III). We note that such constraints on individual freedom present no principal problem as long as that they are implemented in a legal manner and are

\textsuperscript{13} “Chiang.-nan is a broad area south of the Yangtze River that in tang times had beautiful scenery and many great temples.” Aitken 1990: 157.
democratically controlled. This implies that the political liberties of participation in forming the political will and freedom of expression must be granted (Faber, Manstetten and Petersen 1997).

10. Conclusions
The analysis given in this paper is of a general nature. So one may ask:

- What follows from it?
- What conclusions can be drawn from it?

These are legitimate questions. Those readers who are interested in concrete policy proposals might be disappointed that we did not offer more specific recommendations. But let us remind you of two great figures from the past, one is Sunsi or Master Sun (544-496 B.C.); the author of *The Art of War*, the other is Hercules, one of the great Greek mythic heroes. Master Sun (2007: 60) noted that:

> “the wise commander or general, in his deliberations, will take into account both the favourable and the unfavourable factors. By considering the favourable factors when faced with difficulties, he will be able to accomplish great tasks - by considering the unfavourable factors when everything proceeds smoothly, he will be able to avoid possible disasters.”

In spite of many imperfections, deficits, difficulties and hindrances, developments in China have progressed relatively smoothly during the last three decades in many respects, although by no means in all. But it is – according to Master Sun – wise to consider the unfavourable factors when everything proceeds smoothly in order to be able to avoid possible disasters. For this reason we have described the dangerous consequences of the dynamics of the global market system for the environment and for the supply of natural resources.

Let us turn now to the other great figure we mentioned, Hercules. This great hero had to pass through 12 extremely dangerous adventures. On one occasion he had to fight with an oversized reptile with nine heads. The particular problem of fighting that animal was that when one of its heads was cut off, two others grew immediately at its place. This reminds us of our experiences as environmental consultants during the last three decades. As soon as we had solved one environmental problem, such as waste water, two others immediately reared their heads, such as bad air and waste, and so on. Experiencing the repercussions of concrete environmental policy issues taught us that it is expedient not only to deliberate over applied policy problems but also to give some thought to general aspects of long-term development as a whole, which is what we have attempted in this paper.

Fortunately, we do not seem to be alone in this opinion. When one observes the teaching and research programme of the Shanghai Party Institute (SPI) & Shanghai Administration Institute (SAI), perhaps the best-known comprehensive base for cadre-training in China, i.e. an institution to train civil servants and their successors at the intermediate and senior levels, one notices the following: its program is very broad and general, because this is obviously expedient for the higher education of policymakers and civil servants, despite the fact that it is their profession to make concrete policy decisions and to administer in reality (see: http://www.libweb.sdx.sh.cn.).
11. Summary
The complexity of the capitalistic system is essentially due to the individual freedom of its economic actors. Marx argues that this complexity is not controllable. In the present day, evidence for this hypothesis can be easily observed both in the world of finance, particularly in the USA and the European Union, as well as in the environmental realm. If this state of affairs were to change drastically, extensive political provisions would be necessary for

- the preservation of economic and social stability and
- the protection of the environment.

This in turn would imply implementing a considerable degree of administrative control of the economy and the environment. For this reason, restrictions to individual freedom should be considered. But what should these restrictions look like? As a matter of fact, freedom is bound to responsibility (Baumgärtner, Faber, and Schiller 2006 Part III). It is, however, much easier to define responsibility for the financial system than for the environment: the financial market and its actors have to be subjected to stronger regulations.

But our considerations for the financial system can be applied to other policy areas as well, particularly to the environment in particular and, more relevant for the main theme of our paper in general, they can be utilized for the distribution of income and wealth as well. It is, however, very difficult to imagine the state restricting individual freedom to a much more encompassing extent, even if we expect the state – as a matter of fact – to regulate more and more over the course of time.

The obvious limitations of regulation available to the state imply that we must look for other solutions than the restrictions of individual freedom. We believe that the contemporary human being varies and cultivates other orientations, orientations in which his individual freedom concerning actions with environmental repercussions no longer has the predominant position it has held until now. Instead, human being has to develop an ethos of governance (Guardini 1965); he/she has to acknowledge that the preservation of social stability and the sustainability of natural living conditions belong to his most important tasks. The human being has to take responsibility for the fulfillment of these duties, i.e. he/she must be willing to take on full responsibility and therefore commit himself/herself to taking the necessary steps.

Such a change cannot be ordered by governmental measures; it can only occur in freedom. However – if we see things correctly – this alteration is already taking place right now. For we observe that the stability of nature is no longer simply taken for granted, but is considered as severely endangered. This in turn is increasingly leading to the development of a caring attitude towards nature. It seems important to carefully observe these signs of the times.

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