

# Lyuba Zarsky

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## Recommended Citation

Lyuba Zarsky, "Lyuba Zarsky", pegasus, January 01, 1994, <https://nautilus.org/pegasus/lyuba-zarsky/>

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### Guides & Mentors



**Lyuba Zarsky**  
Co-Director  
Nautilus Institute for Security and  
Sustainable Development  
Berkeley, California  
(photo of Lyuba with her two children)

### Tell us about you job? What inspired you to pursue this career?

This "career" is still a work in progress! Day by day, I continue to try to understand and define what I do, refine and restructure what I create.

My work is a combination of intellectual and political passions. On the intellectual side, I am deeply motivated to understand the world around me, especially people and the social structures they/we create. I realized when I first left my parents home at 19 to live in a communal house that the rules we humans live by have a tremendous impact not just on what we do but on who we are.

The idea that we can create those rules was exhilarating and propelled me along a path in which I worked with others to create an alternative university and my own bachelor degree program, and later to pursue a graduate program at a "radical" university in international political economy. Even today, my work here at Nautilus is focused on the concept of "markets and institutions," that is, the making of socially just and environmentally sound rules for a market economy.

On the political side, I felt from an early age that the best game in town was making history, that is, in making social and political change. Here in northern California, I had an early exposure to the civil rights movement and anti-Vietnam War activism. Moreover, my father was committed to politics—he fought for independence in his home country of Ukraine and fled persecution after WWII. He often told me, "Honey, you have to think not only of yourself but all of humanity." A tall order! I jumped into the fray in a big way in trying to stop a nuclear power plant from being built at Diablo Canyon, on the coast near San Luis Obispo. This plant was being built on an earthquake fault and threatened human and animal life. I ran the media campaign for the Abalone Alliance, a statewide citizens group and in the course of that work, was pulled toward work focused on criticizing and stopping nuclear power exports to Asia. I also met people who would eventually be my partners in creating what became the Nautilus Institute.

Nautilus brings many sides of me together—not just the political and the intellectual but my immigrant-international inclinations and the spiritual "nature-girl" side. I grew up camping and hiking and learned to love and crave the wild varied beauty of the California landscape.

Here, we aim to bring strong thinking, i.e. analysis and information, to the creation of new policy agendas which promote ecological sustainability, cooperative engagement, and human rights. We write and speak and bring key people together from government, thinktanks, and community/citizen groups to build momentum for innovative approaches. I like being my own boss, doing a lot of different things, and most of all, feeling like my shoulder is to the wheel in pressing for a better world. The most challenging part, besides keeping all the different projects we do here on track, is continually questioning how best to have an effect.

### **What does it mean to live in a global economy? For the average person, what are the benefits? What are the costs?**

It is not quite clear yet exactly what it means to live in a global economy because we don't. Most economic activity still happens pretty close to home, especially in a highly service-oriented economy like our own.

Nonetheless, as an economy and society we are increasingly intertwined with peoples in other countries, as well as with global market forces. The term "global economy" refers to this increasing economic interdependence and most importantly, to a global policy consensus based on promoting "free and open international trade and investment."

One of the best things about a global economy is that it brings many different kinds of people and cultures in touch with each other. Contact is made through a host of channels, including business transactions, academic exchanges, tourism, and immigration. Studies have shown that patterns of immigration follow patterns of capital movement, including trade and investment. The cross-cultural fertilization makes life more interesting (in some places, like Australia, it has greatly improved the local cuisine!) and brings cultural, economic and political vibrancy.

Unfortunately, there has also been a backlash against immigration in many rich Western countries, including here in California. The sources for the backlash are varied but all share the feature of scapegoating, that is, blaming immigrants—typically poorer and darker-skinned immigrants—for local economic or social problems. (Sudden and unplanned influxes of people can indeed strain local planning capacities, but in California, at least, the problematic influxes have tended to come as much from other US states as from other countries.)

The central problem is that to date, a "global economy" has been understood primarily in terms of enhancing the rights of business and consumers—to buy, sell and invest freely throughout the world.

Except within the European Union, it has not extended to people, especially poor people, the right to cross borders freely and live and work where they wish. On the one hand, free trade initiatives like the North American Free Trade Agreement (NAFTA) and the Asia Pacific Economic Cooperation "free and open trade and investment" vision (APEC), unleash great rivers of commerce across borders. On the other hand, they dam up the borders to the people who are pulled along by the rivers. Little wonder that the US-Mexican border is a militarized zone.

In macroeconomic terms, living in a global economy means that more and more people in the US and elsewhere depend on trade, especially exports, for employment and income. Just a few years ago, only some 8-10% of US jobs were dependent on exports; now the number is closer to 18-20%. While many Americans have gained jobs, especially people in high-tech and information-intensive industries, trade openness and the cheaper imports it pulls in has also displaced jobs, especially for people in older, less highly skilled sectors of the economy. Moreover, it has created a "two-tier" economy: at the top are higher paying professional jobs, while at the bottom are minimum wage low skilled jobs. Some of the jobs lost in the US, in turn, have gone to people in other countries, especially "rapidly industrializing" countries in Asia and elsewhere.

The process of globalization, in short, creates winners and losers, often in a short period of time. The central ethical and policy issues revolve around how to deal with this gap. If not dealt with compassionately and effectively, i.e. by tempering losses and helping losers become winners, globalization can make for an ugly and conflicted society.

The push to be competitive—which is the essence of any market economy—is intensified under conditions of globalization. The results? On the one hand, better and cheaper products; on the other hand, less job security for all workers and a tilt in bargaining power towards employers. So far, at least, it seems for the average person in the US that life in a global economy means more work and more stress, but also more stuff and more opportunity.

At the policy level, globalization constrains what nation-states can do unilaterally in many dimensions of policymaking, most importantly, social welfare and environmental management. Governments try to make their own companies and territorial jurisdictions as competitive as possible, which often means cutting taxes and social services and sometimes offering laxer environmental management requirements. (Indeed, in the US, states have done this to each other.) In order to significantly raise standards of welfare and environmental policy, nations have to set new rules collectively.

The upshot is that there are both up and down sides to living in a global economy. The central aim of policy is to maximize the up and minimize the down. This means that the heart of the matter lies in how we govern our society and economy in the context of globalization. The alternative to the problematic sides of globalization need not be nationalism and xenophobia. "Globalization with a human face" requires international institutions and national policies which expressly aim to condition markets on environmental and human rights grounds.

### **What does "balance of trade" mean? How does balance of trade affect America's trading partnership with Japan?**

"Balance of trade" refers to the bilateral flows of imports and exports of goods and services between two countries. If Country A exports more to Country B (in value terms) than it imports, than Country A has a positive balance of trade. If Country A exports less to Country B than it imports, than Country A has a negative balance of trade.

Japan and the U.S. have been at loggerheads for nearly twenty five years over the fact that Japan

regularly runs a positive balance of trade with the U.S. Economists have studied and debated the sources for this gap over the years. Some concluded that the "problem" is simply that Japan's industries are more productive and efficient. Others have pointed to "structural" problems stemming largely from government policies, especially those which inhibit consumer spending and encourage high rates of saving. Still others have pointed to Japan's "network" economy, wherein Japanese companies buy and sell to each other and utilize a host of devices to keep out foreigners. The role of the banks and other financial institutions is key in this process.

Japanese policymakers, on the other hand, have pointed fingers at the U.S., especially "profligate" spending patterns which keep US savings rates among the lowest in the world. Currently, as a result of the financial crisis in Asia and the fragility of the financial sector in Japan, bargaining power has tilted towards the U.S. This means that the Japanese government will be pressured to stimulate spending in Japan and to open up the economy to foreign goods and investment. If Japan responds to this pressure with a carefully designed and measured policy aimed at transitioning to a higher consumption level, then it will likely emerge a stronger economy. If however, the policy response is to "dig in its heels" and resist transformation, Japan is likely to become less competitive in the Asian and global economy. >\* Economic growth and environmental protection often seem at odds. How can >communities (and nations) continue to grow their economies while creating a >sustainable future?

It is far from clear that, in the long run and on a global basis, industrial, market-based economic growth and ecological sustainability can be made to be compatible. In the short to medium term, however, there are many things that can be done to improve environmental performance while enhancing economic welfare and creating jobs.

The first thing to do, obviously, is to make environmental sustainability a goal with equal status as economic growth. Typically, projects and policies—whether by business or government—aim primarily to enhance economic growth, with environmental impacts considered secondarily. Even when they are considered, too often environmental impacts are seen in terms of "mitigation" or "clean up" rather than in terms of "design" and "pollution prevention."

The idea that there are gains to business by being more environmentally conscious is termed "eco-efficiency". The idea is that emissions into air and water typically represented a wasted resource. Waste, in turn, means money is being lost. Minimizing pollution and enhancing the efficiency of energy and materials is good for business, and good for the environment. Designing new plants and equipment with an environmental consciousness

The logic of eco-efficiency is impeccable and many business are catching on and adopting "environment management systems." Given the large impacts of industrial pollution, this is a hopeful development. Moreover, governments throughout the world have increasingly established ministries and agencies of various sorts to manage and protect the environment. In East Asia, for example, the 1990s have seen a burst of environmental consciousness.

At the level of the economic sectors, there are many goods and services which either directly promote environmental health—e.g. energy products based on renewable energy sources—or deliver basic goods and services in a more environmentally sustainable way. For example, take the transportation sector: Figuring out how to deliver mobility in an industrialized economy in a way that does not generate carbon emissions and greatly reduces the role of automobiles will generate a lot of business and jobs.

One of the central and most difficult issues, however, is developing ways that the economy as a whole can enhance environmental health. Even if all business were maximally eco-efficient, and all

consumers only "bought green," we could still run into sustainability problems because of the sheer volume of economic activity. The problem is a "prisoner's dilemma:" decisions which are rational at the level of the individual add up to a social irrationality.

To deal with this macro level, we need institutional mechanisms for effective decision-making, including on issues of land and resource use. As a society, we will need to move toward better urban design to accommodate growing population and restrictive access, especially for industrial and residential development, of some land areas. We will also need to set economy-wide ceilings for a variety of emissions.

### **For you, what does it mean to live on a bay?**

I grew up in Oakland, and the San Francisco Bay and the ocean that we could glimpse beyond the Golden Gate Bridge was always part of my consciousness. Yet, only rich people went sailing so I didn't get out on the Bay until I was a grown-up. To me, the Bay and the Pacific Ocean beckon infinite worlds to explore. The Bay also separates me from the big City (i.e. SF) and creates bottlenecks in the form of a highly congested bridge in getting there. The bay is the central geographical marker of our lives: everyone lives somewhere along the Bay—the east Bay, the south Bay, near the SF Bay Bridge, on the other side of the San Mateo Bridge, etc.

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