

THE GROWTH SYNDROME ECONOMIC DESTITUTION

Derek J Wilson October 2005 (www.derekjwilson.co.nz)

Read any newspaper or listen to TV and radio and the chances are that one's attention will be drawn to statements by politicians or economists or business executives – sometimes all three – that our future economic well-being depends on more growth. This traditional view of the 'growth' economy, believing that it can continue with impunity to feed on Earth's natural capital instead of living on the interest, admits no recognition of other views. This economic destitution – responsible mainly for the mass poverty of a fifth of the world's population leading to malnutrition, disease and death, not least among children – is here briefly examined. "Quite simply," writes Dr John Peet, "in the long term, economic growth as currently understood is unsustainable." [1] Technical or economic 'fixes' without changing the underlying causes will not solve the basic problem. The road we are travelling can only lead to bankruptcy.

As Aristotle put it so clearly in the fourth century BC:

In the art of acquiring riches its end has no limit, for its object is money and possessions; but economy has a boundary, for acquiring riches is not its real end... for the mere getting of money differs from natural wealth and the latter is the true object of economy.

In 1967, Lynn White, Professor of History at the University of California, suggested what seems to me a rational reason for our increasingly dire situation.

Christianity in absolute contrast to ancient paganism and Asia's religions, has not only established a dualism of man and nature, but also insisted that it is God's will that man exploit nature for its proper ends... Christianity bears a huge burden of guilt for the human attitude that we are superior to nature, contemptuous of it, willing to use it for our slightest whim... We shall continue to have a worsening ecological crisis until we reject the Christian axiom that nature has no reason for existence save to serve man. [2]

Politicians, economists of traditional persuasion, and certainly most business executives who, in the main, place growth and profit before people, subscribe to this view.

The word economy comes from the Greek *oikonomia* which derives from two words – *oikos* meaning 'house' or 'household' and *nomos* meaning 'rule' or 'law'. Thus when we talk about economy we mean literally the careful and thrifty management of the household assets for the increasing benefit of all its members over the long term. Expand this into the wider world community and we have a sound basis for global economics. However, the original concept of *oikonomia* has been totally replaced by what is known as chrematistics, from the Greek *khrematistikos*, which is that branch of political economy relating to the manipulation of property and wealth so as to maximise the short-run monetary exchange value to the owner(s). In *oikonomia* there is such a thing as enough; in chrematistics more is always better. Most investment in

the world today is ‘hot’ – speculative, i.e., of the chrematistic kind – and very short term. In 1970, trade and long-term investment accounted for 90 percent of transactions; in 1995, speculative investment accounted for 95 percent. [3]

In the worldwide form in which economics has developed – for there are now few national boundaries – this is a new phenomenon peculiar to the 20th century. Nations have lost their sovereignty and governments their control to an exceptionally powerful and covert, self-elected behemoth at the top of which sit the world’s leading banking empires and the transnational corporations (TNCs). These have become the “real power of the Earth; the de-facto governments, operating outside the law... The governments have become merely the chauffeurs for the transnationals” which have created “the new global anarchy of the international marketplace.” [4] In fact, the world is now ruled by a global financial system running dangerously out of control. Every 24 hours in the sole pursuit of the accumulation of financial gain, i.e., unrelated to productive investment or trade in actual goods and services, this octopus electronically moved around the world in 1994-95 in the shape of blips on computer screens \$1.3 trillion (\$1,300,000,000,000) - \$9 trillion a week, \$40 trillion a month, \$475 trillion a year. [5] The 1980 daily movement was \$80 billion; by late 2002 it had ballooned to \$6 trillion. This speculation – “this sea of cash sloshing from shore to shore” – can easily cause the downfall of economies and thrust people into poverty. Will economists (or anyone else) tell us exactly what will happen when these enormous, unstable, electronically-controlled plates finally slide, as they surely will?

We have been seduced by this exceptionally pathological mania, this apparently unassailable mantra of the perpetual growth ethic or creeping death – “the ideology of the cancer cell” [6] and an absolute impossibility on our Earth. In this, the driving force behind today’s economy, money has become the primary source of value and meaning for many humans, a substitute for the morality and spirituality that traditionally was a unifying force. Just as a continuously growing cancer eventually destroys its life-support systems by destroying its host, this continuously expanding global economy is surely and mercilessly destroying its host – Earth’s ecosystems. To take one example from the many surrounding us. Commercial fishing fleets are rapidly causing a maritime ecological disaster with fish stocks facing extinction all around the world.

This whole ‘growth’ syndrome – the major source of our worsening global problems – urgently demands the closest scrutiny, for as Herman Daly, until recently senior economist with the environmental department of the World Bank in Washington, reports:

It’s really been only in the last 200 years that growth has been really a part of our lives [since the start of the Industrial Revolution]. Prior to that, on an annual basis, growth was negligible. The idea that we must either grow or die is just not supported by history and I think that the contrary is much more likely: if we continue to grow, then surely we will die. [7]

‘Sustainable growth’, usually at between some two and five percent annually, much bandied about officially and unofficially, also produces wittingly or unwittingly a gross distortion of reality, for it is an oxymoron – a pointedly foolish statement. As Stanford University ecologist Paul Ehrlich remarks:

Steady growth or sustainable growth is a non sequitur. It simply cannot be done on a finite planet. You may be able to grow intellectually for a long time but you cannot grow physically for a long time. We are already past the limits of sustainable growth. So if you hear somebody saying that, you know again that they simply don't understand the situation... There are certain rules of the Universe that humanity simply cannot repeal and the sooner economists, politicians, and businessmen begin to understand that, the sooner they will begin to have a future for their children and grandchildren. [8]

Jenny Wright clearly indicates the fallacies of the growth paradigm:

Conventional economic wisdom, which is predicated on the everlasting growth of materialism at some three percent per year, is having difficulty with the concept of sustainable development. This is partly due to the facts that a large proportion of what passes for development is really ecological destruction and rape of the biosphere, and that much of what currently passes as investment is really consumption. More seriously it is due to a failure of economics to recognise that there is more to life than money, and a lot more to land than rent. The practice of taking from nature can only be continued with impunity if planetary resources are infinite, or if Mother Nature is infinitely capable of repairing the ravages of man. Unfortunately, neither of these conditions is true... Total ecological demand is exceeding total ecological supply and will place an ever increasing load on the biosphere. [9]

One is forced to agree with the growing body of eminent internationalists that, in the main, politicians, economists and business executives are brain-damaged. Wright mentioned consumption. With economic growth inevitably came increasing consumption. (*The Shorter Oxford Dictionary* defines the word consume as meaning “to take away with or destroy; to waste or squander; to use up”.) The unprecedented expansion of this world consumption expenditure is evinced by these figures:

- 1900 \$1.5 trillion
- 1950 \$4.0 trillion
- 1975 \$12.0 trillion
- 1998 \$24.0 trillion [10]

Unfortunately and deliberately, inequalities in consumption have become stark. The false market system so rapidly built up and expanded at every opportunity has to sustain repeated upward growth for it to keep going. This demands that the already over-consumption of the Western and westernised world be maintained and spread as rapidly as possible to the rest of the world. Retail analyst Victor Lebow has warned us of the dangers of this so destructive course: “Our enormously productive economy demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfaction, our ego satisfaction, in consumption... We need things consumed, burned up, worn out, replaced and discarded at an ever-increasing rate.”

The general director of General Motors' Research Laboratories, Charles Kettering, gave one succinct answer to how this is to be achieved when he said that the mission

of business is “the organised creation of dissatisfaction.” [11] People are increasingly persuaded and manipulated into consumerism by a multi-million dollar insidious advertising industry that has the most devastating consequences for the environment and our future. And the chief target of this ceaseless, voracious, merciless industry? Our children – the younger the better.

While these disparities keep growing: “*On average, the additional economic output in each of the last four decades has matched that added from the beginning of civilisation until 1950.*” [12] I have italicised this reference to emphasise its significance. While this phenomenal growth has taken place, i.e., between 1950 and 1990 – over a 40-year span:

- The world’s population has doubled.
- The number of people living in absolute poverty has doubled.
- The gap between rich and poor has increased six-fold. [13]

Vandana Shiva points out that the continuous growth of economic activity guided solely by market economic forces ultimately can only lead to a situation

where the total withdrawal of natural resources both for basic needs satisfaction and for sectoral growth, becomes more than the renewability of natural resources. At this point, the Gross National Product keeps increasing while the Gross Natural Product starts declining... If the process of decline in the renewability of natural resources is allowed beyond a critical point, the process of degradation becomes irreversible... The history of Roman and Mesopotamian civilisations is an example of total societal collapse due to the erosion of nature’s economy. [14]

These and other collapses are brilliantly explored by Ronald Wright in his 2004 five Massey Lectures, later published as *A Short History of Progress*. Another special book which stands together with Wright’s is Jared Diamond’s substantial work *Collapse: How Societies Choose to Fail or Survive*.

George Soros, a most successful capitalist, has seen fit to add his weight to the mounting criticism of the road we are travelling.

Although I have made a fortune in the financial markets, I now fear that the untrammelled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat. [15]

It is important that we ensure that the benefits of economic growth are shared among us all, but the real world doesn’t work that way. The upward movement/concentration of wealth, which has become obscene, ensures that under the present destitute economic system there will never be enough for everyone, especially with a still increasing population. As it is, one in five of the world’s peoples lives on less than one dollar a day while the five percent at the top of the pile enjoys some 85 percent of all the material good things. Bear in mind that in 1900 the Earth’s human population was 1,600,000,000; today it is 6,500,000,000 – the greatest population explosion of all

time. Yet it's the same finite Earth with the same finite resources. The environmental effects of this enormous explosion still seem to elude us. It's essential to understand that it's not entirely population expansion which is depleting resources and intensifying environmental pollution, but the very nature of the growth- and profit-orientated system itself. Thus "a baby born in the United States represents twice the disaster for Earth as one born in Sweden or the USSR, three times one born in Italy, 13 times one born in Brazil, 35 times one born in India, 140 times one born in Bangladesh or Kenya, and 200 times one in Chad, Rwanda, Haiti, or Nepal." [16]

In 1972 the Club of Rome surprised the world with its study, *Limits to Growth*, which concluded that:

- If the population continued to grow as it had been doing [and as it has continued to do], society would run out of renewable resources by the year 2070, resulting in a massive die-off.
- Even if the supply of resources was somehow doubled, a collapse would occur as a result of pollution.

The report's appraisal was the best that could be done at the time. Officialdom was not listening; seemingly had no intention of listening; may have been incapable of listening; while generally speaking the public had little idea of what was happening – a situation which shows little change. Two years earlier, in 1970, petroleum from US oil fields reached peak levels, since when it has slowly and irrevocably declined. Now global oil production has either reached its peak or will do so in the near future. Given that much of the world runs on energy provided by oil, this event can only have a catastrophic effect. It's well past time that officialdom realised that

THERE ARE NO COMBINATIONS OF ENERGY SOURCES WITHIN SIGHT THAT WILL SUPPORT A SMALL FRACTION OF THE LIFE STYLE THAT THE WESTERN AND WESTERNISED WORLDS HAVE GROWN ACCUSTOMED TO

We are already living in a grossly dysfunctional world whose New World Order has greatly diminished our social capital and led to the kind of global poverty described by Christopher Richards as "characterised by feelings of hopelessness, helplessness, worthlessness, shame, depression and despair as well as disillusionment and sometimes aggression and violence."

To try to sum up. At the heart of this worldwide crisis of vast and gross disparities lie two basic lethal flaws.

- An all-powerful dysfunctional economic capitalist system of growth and free trade, to which above all other considerations the world's power brokers are committed, has triggered enormous destruction through the wholesale promotion of consumption, materialism and waste and has promoted a strong desire for the same destructive life-styles in the developing world which it has already overwhelmingly degraded and exploited.
- Earth's varied and complex natural ecosystems, on which all life depends and on an understanding of which the whole human economy should be based, are treated as both limitless and, for the most part, free.

Political solutions cannot humanise the faulty economics at the heart of our dilemma, for being inhuman they are unresponsive to reason.

In *Before It Is Too Late* Aurelio Peccei and Daisaku Ikeda wrote:

The time has come to make a thorough reappraisal of our present outlook and stance, even if it shakes to the very foundations our trust in the material revolutions and the concept we have built of progress, wealth, welfare and civilisation in this epoch. New guidelines for our thinking and action are indispensable if we are to march safely and serenely into the future. And essential among them is the consideration that no other problem can be properly approached, let alone solved, no economic or social development is possible, no plan can be realised and no heritage we wish to bequeath to our children can be effective, nothing can indeed be lasting until and unless we succeed in re-establishing peace and harmony with Nature. Together with that of human development, this is the basic imperative of our age and one of the foremost conclusions to be drawn from our reflections on the ascent of modern man to a position of exalted power and unparalleled responsibility on our small and vulnerable planet. All other considerations can only be ancillary. [17]

That was written in 1984. What *genuine* improvements have we experienced?

References

- 1 Dr John Peet. *Future Times*, Vol 2 2005. New Zealand Futures Trust.
- 2 Lynn White. *Science*, March 1967.
- 3 Noam Chomsky. *Guardian Weekly*, 24 May 1998.
- 4 *The War & Peace Digest*, Vol 4, No 1, April/May 1996.
- 5 *New Internationalist*, No 342, January/February 2002.
- 6 Edward Abbey. *The Fools Paradise*, Henry Holt, New York, 1988.
- 7 Anita Gordon & David Suzuki. *It's a Matter of Survival*, Harvard University Press, Cambridge, Mass., 1991.
- 8 Ibid.
- 9 Jenny Wright. The New Economics of Sustainable Development. A paper presented to the Canadian Association for the Club of Rome, Ottawa, March 1992.
- 10 United Nations Development Programme. *Human Development Report 1998*, Oxford University Press, 1998
- 11 Juliet B Schor. *The Overworked American: The Unexpected Decline of Leisure*, Basic Books, New York, 1991.
- 12 UN Department of International Economic and Social Affairs. *World Demographic Estimates and Projections, 1950-2025*, United Nations, New York.
- 13 Ibid.
- 14 Vandana Shiva. *Ecology and the Politics of Survival*, United Nations University Press, New Delhi, Newbury Park, Sage Publications, 1991.
- 15 *Atlantic Monthly*, February 1997.
- 16 Paul and Anne Ehrlich. Too Many Rich Folk, *Populi*, March 1989.

17 Aurelio Peccei and Daisaku Ikeda. *Before It Is Too Late*, Kodansha Europe, London, 1984.