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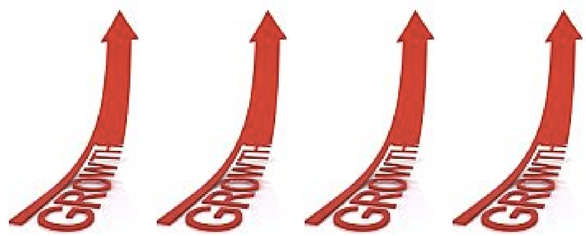

Economists' Growth Insanity

Paul R. Ehrlich

Virtually every economist rejects the concept of limiting growth – by which they normally mean growth in GDP. As Larry Summers, famous as a major cause of the recent U.S. financial disaster, once stated, "The idea that we should put limits on growth because of some natural limit is a profound error, and one that, were it ever to prove influential, would have staggering social costs." More typical of the intellectual contributions of mainstream economics, John Makin of the American Enterprise Institute recently asserted that "There is no magic bullet for stimulating long-term growth, which depends largely on persistent technological change and population growth."[1] Long-term growth is, of course, a " bullet," but lethal, not "magic," being fired directly into the heart of civilization. Even most smart economists, for example Paul Krugman, cannot get over the notion that growth is necessary to solve human problems. As Krugman said recently, " Oh, and politics: between the non-disaster of Obamacare…and the prospect of a decent rate of economic growth, the midterm elections may not go the way many on the right currently expect." Krugman recently spent time on TV talking about how to get growth without bubbles, opining, among other things, that Japan's growth had slowed because of its demographic situation (Japan is one of a handful of overdeveloped nations whose populations, blessedly, have begun to shrink).[2] He is thoroughly hooked on growth, most recently advocating reducing inequality (a good idea) to promote growth[3] (a very bad idea). And Robert Reich recently stated that income inequality is "the enemy of economic growth,"[4] (since it limits the power of the middle class to buy more junk). Economists like Reich and Krugman are wisely concerned with the pain people suffer through poverty and joblessness, which even in a nation as rich as the United States can still lead to clinical depression, hunger, illness, and even death. It is diagnostic of their growthmania that economic growth is inevitably their solution to the problems

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[1] http://www.aei.org/outlook/economics/can-policy-boost-growth/

[2] NYT Jan 4, 2014. Also http://www.businessinsider.com/paul-krugman-bubbles-economic-growth-2013-12

[3] http://www.nytimes.com/2014/03/10/opinion/krugman-liberty-equality-efficiency.html?emc=edit_th_20140310&nl=todaysheadlines&nlid=23306988&_r=0

[4] http://yhoo.it/1abUhPS

of maldistribution of resources – alternative approaches such as a shorter work week (an historic solution to the problem of job shortage), redistribution (except by changes in marginal tax rates), and (in the longer term) steps to limit family size are never considered.

This endemic growthmania creates love of the disease and fear of the cure. Old-time economist Robert Gordon of Northwestern University projects (and laments) a dramatic decline in growth. As he wrote, "We began with the tantalizing (and frightening) suggestion… that per-capita real GDP growth could slow down to a rate of a mere 0.2 percent by 2100." This horrifying slowing of growth would be, according to Gordon, because of "faltering innovation," [5] without considering the obvious environmental/resource factors that make it likely growth will be reversed long before 2100.[6] Of course, if economists could (or would) take into account the ongoing depreciation of the planet's natural capital,[7] I think it is likely that economic growth has already halted, along with (as economists ironically have demonstrated) the growth of human satisfaction. Depreciation of natural capital is the main reason that growth of GDP often leads to a decrease in human well-being – of both current and future generations.

Ironically, economists are also helping to generate what Marxists would call a "false consciousness" even in the numerate public about the role of individuals, the distribution of wealth and power, and what is likely to happen to those distributions in the future. They themselves see the basic system as sound, individuals as "free," and believe everyone will be richer in the future. It is ironic because the major constraints on growth in wealth today were largely unknown to Marx, Engels, and others of their time; but their writings lead me to suspect they would know better and be ecological economists if they were alive today.

How does one explain that economists, many of whom have knowledge of mathematics, consider that 3% per annum is a "healthy" or "decent" economic growth rate?[8] After all, a simple calculation shows that if the U.S. (or any other) economy grew at 3% for about 23 years, it would double in size. In less than 150 years the economy would be 100 times as big. Picture the drought situation in California or the air pollution in Beijing with a doubling of economic activity occurring in only 23 years. Then picture a doubling again and again every couple of decades. Is this the future we want for our children and grandchildren?

The explanation for economic blindness, I'm afraid, lies primarily in educational systems that pump out graduates, including economists with doctorates,[9] who are usually utterly clueless

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[5] http://faculty-web.at.northwestern.edu/economics/gordon../Is%20US%20Economic%20Growth%20Over.pdf

[6] Ehrlich PR, Ehrlich AH. 2013. Can a collapse of civilization be avoided? Proceeding of the Royal Society B http://rspb.royalsocietypublishing.org/content/280/1754/20122845 .

[7] E.G., http://www.youtube.com/watch?v=TFyTSiCXWEE

[8] http://useconomy.about.com/od/grossdomesticproduct/f/Ideal_GDP.htm

[9] Colander D, Klamer A. 1987. The making of an economist. Journal of Economic Perspectives 1: 95-111.

about how the world (or the economic system) actually works. It is crystal clear that few understand that the growth-oriented economic system thrives on the heedless rape of natural capital and generates gross inequities (recall that much of western prosperity was built on a foundation of slavery).[10] They fail to recognize the importance of natural capital, and when they do they are vastly overoptimistic about the chances of technological change offsetting its losses.[11] They can't imagine that the present economic system, dependent on continuous growth in population and consumption, is doomed.

The critical economic questions today are simply: "is there a humane, equitable, and well-being-providing substitute for physical growth and, if so, how can we transition to it?" Indeed, when thinking about the needed total revision of the present economic systems, one must again (shudder) refer to Marx and his concept of alienation. How is it possible for most people not to view themselves as cogs in a giant production machine, and how can we return a sense of pride and association with the results of one's labors?

Economics may be the discipline that has the most to contribute to avoiding a collapse of civilization. It's a great pity that most economists are growthmaniacs -- very much part of the problem rather than the solution.

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[10] Grandin G. 2014. Empire of Necessity: Slavery, Freedom, and Deception in the New World. New York, NY: Metropolitan Books.

[11] Davidson DJ, Andrews J, Pauly D. 2014. The effort factor: Evaluating the increasing marginal impact of resource extraction over time. Global Environmental Change http://bit.ly/1gz9ewG.