Capitalism, Nature, and Us

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With George Bush still only a heartbeat away from the Presidency, Dick Cheney has now told us what our new national energy policy should be. Build a new power plant a week, drill and mine some more on protected lands, and tell those who object to pillaging the earth for coal and oil to stop their whining, since there's no necessary tradeoff between increasing such energy reserves and protecting the environment. Not that, mind you, there'd be much choice in the matter even if there were. We must have economic growth, as measured by increased Gross National Product (GNP), and for that we need more energy. End of discussion, except to add that a truly balanced energy policy also usefully includes increased military spending, the better to deploy our troops to oil-rich trouble spots around the world as the need arises.

Absent this additional counsel for military force, we hear an echo of the same sort of thinking in Wisconsin. Politicians and business leaders here have lately been warning of the need to boost the state's energy supply. Tommy Thompson, in his farewell "State of the State" address, cited the need to increase state energy supplies as the most pressing issue facing Wisconsin. And they also tout growth -- this time measured in Gross State Product -- as an overriding and uncontroversial imperative, to which the environment comes, after interceding profits, a distant third.

Now to be sure, there are legitimate energy needs, nationally and in Wisconsin. And nobody wants to stand in the way of useful economic activity. But it bears note that almost everything about the above arguments is wrong -- an almost textbook example of how not to think about the economy, the environment, and present demands of public policy.

For starters, GNP and GSP are the wrong measures of useful economic activity, since they don't distinguish the useful from the bad. Get cancer, get mugged, get stuck in a traffic jam, pollute like crazy with your new SUV -- it all contributes to "gross" product, but doesn't help yourself or anybody else. GNP and GSP per capita are both up considerably from a few decades ago. But more nuanced measures of growth in welfare looking at health, free time, and desired consumption paint a very different picture of how the economy is doing, and where we want to steer it in the future. On one such measure, developed by researchers at Fordham University and now widely used around the world, the real per capita "product" of the U.S. economy has actually declined about 40 percent since the early 1970s. Surely we shouldn't be demanding more movement in that direction.

For another, focusing an energy strategy -- or any strategy involving consumption of some scarce natural resource -- only on the "supply" side will have all the effects of our ill-fated war on drugs. You need to pay attention to demand on the patterns of production and living that are fueling our demand for ... well in this case, fuel. You can explore all you want, drill everywhere on earth. At some point we're going to reach the limits of the world's supply of fossil fuels. We need to recognize this, and start changing our production and consumption patterns accordingly.

This doesn't mean living less comfortably; in most cases, in fact, it will mean living better than we do at present. But it does mean coming to grips, in a serious way, with the fact that the basic economics of the environment are changing, and will within our lifetimes dictate a reordering of our relation to the earth.

The earth is about 4.6 billion years old. Life on earth is about 3.8 billion years old, and in the years since accumulated a vast store of "natural capital" -- from plants and animals to oil and much else used in current production. It is nearly impossible to assign a money value to this natural capital, both because of measurement problems and because much of it is literally irreplaceable, but that makes it no less an important part of the world's economic equation. Total world product is on the order of $40 trillion annually. Some $37 trillion of that are flows from nature store, which we began invading in earnest some 300 years ago with the birth of the industrial revolution. Subsequent productivity and population gains have recently increased our rate of depletion. Over the past three decades, alone, for instance, we have used up one third of the world's natural resources. On a continuation of present trends, all of our natural capital will be gone by century's end. Already, there is no major in which case, so will we.

That is why we need to work on the "demand" side of the environmental equation. Once nature was so vast that we could barely grasp the fact of it having limits. Now they are coming clearly into view. Once labor was scarce, and nature abundant. Now the opposite is the case.

Recognizing this fact, seeking extraordinary gains in the efficiency with which we use our dwindling natural resources, and even replenishing them while we also liberating people to engage in useful and non-destructive work, is humankind's greatest challenge in this century.

Fortunately -- if entirely lost on Mr. Cheney and his way of thinking about the environment -- it is also a fantastic opportunity.

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On Jan. 29, COWS debuted "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. The themes expressed in this view of the state of the state will carry through the next 18 months as COWS uses Sustaining Wisconsin to put the Wisconsin Idea into action.