

Population and Laissez faire Capitalism

"In all societies prior to the modern, no matter how diverse in other ways, there existed an essential harmony between the people and the land, a harmony in which nature was not violently altered or violated" Charles Reich---*The Greening of America*

We do not tend to think of ourselves as participants in stripping the planet of all its resources as rapidly as possible. We do not tend to think of ourselves as people who are living in a sybaritic fashion which would have been the envy of medieval kings or queens. We tend to think of ourselves as hardworking sorts who are bettering their lives through chemistry, through entrepreneurial zeal, through personal initiative and the ability to respond to challenges. It is not at all surprising that we feel this way. The underlying philosophy of the past 400 years developed in a manner that made it possible for us to have this image of ourselves. Prior to the changes in thinking which made the Industrial Revolution inevitable, it was obvious to all that humans were dependent on nature for their existence. We were part of an organic system which we had to respect because it dominated our lives. We lived close to the source of our lives, the cycles of nature that provided our sustenance. Milk came from local livestock, bread was baked in the home from local grains, and animals providing meat were killed in the wild or on the plot of land where they had been raised. It was not necessarily the most pleasant condition in which to live, but people were well aware that their living depended on the health of the natural environment around them.

We lost this concept in adopting the mechanized view of the earth and human society which would spawn the industrial revolution. It was no accident that this brainchild which followed the Renaissance took the world by storm. It had enthusiastic sponsors, men of power who were the recognized intellectual leaders of their time. The philosophy of Rene Descartes and the scientific writings of Isaac Newton established a view which held that the universe and nature were mechanical systems which could be understood in terms of their components. Thinking of nature in a mechanized manner led to manipulating natural systems in a mechanized manner. Nature became an entity which must be dominated and "improved."

This primary world view went on to influence the political, scientific, religious and economic thinking of those who followed. John Locke used this framework to establish the importance of self-interest in individual behavior, formulating the development of individualism, private property, free markets and representative government. Adam Smith, in his treatise "An Inquiry into the Nature and Causes of the Wealth of Nations," refined the theory of free markets, believing that the "Invisible Hand" of the market was self-regulating and would produce material wealth for all involved. The idea that continual growth would maintain the welfare of the society became an implicit assumption of economic thinking. In this atmosphere the stage was set for laissez faire capitalism to take hold.

Historically, capitalism, or the private ownership of the means of production and distribution of goods, has enjoyed a reputation as an effective economic mechanism for the attainment of personal wealth. Ignoring for a moment the fact that this wealth has always been unequally distributed--at times viciously so--free enterprise nevertheless has seemed a model of economic efficiency, maximizing both creativity and productivity beyond that of any competing economic system, past or

present. The recent transformation of British socialism to a more pronounced capitalism, the quiet but quite perceptible interjections of capitalist accoutrements to Soviet and Sino communism and the recent economic successes of many of the Pacific rim countries attest to both the effectiveness of and the necessity for at least some elements of capitalism in the global struggle for economic parity or superiority. Capitalism, with appropriate regulation and restraint, can serve to distribute wealth more evenly and enhance the standard of living of great segments of the populace. This observation has helped to diminish the ugly reputation capitalism deservedly garnered during the early period of the Industrial Revolution. Indeed, the inhumanity and greed of unfettered capitalism in the 19th century in Europe was a major stimulus to the emergence of Marxism. Present-day Marxists, while remaining unconvinced that the laissez faire capitalism espoused by Republican administrations in the United States is the political equivalent of the Holy Grail, nevertheless can see the writing on the wall. In the production and distribution of goods and services, capitalism is king.

Soviet President Mikhail Gorbachev, in authoring the policies of glasnost and perestroika understood that communism, garbed in the traditional clothing of bureaucratic inefficiency and totalitarian authority, was a dinosaur headed for economic ruin and possible ideological extinction. Just as capitalism has had to incorporate elements of socialism in order to ameliorate the negative effects of concentrated wealth and to forestall popular revolution, communism is having to assimilate those elements of capitalistic enterprise that will allow it to compete in a world increasingly less dominated by military superiority than economic flexibility. Whether the world will become increasingly democratized or increasingly socialized by these emergent events is not relevant to the concerns of this book. What is relevant is the apparent inclusion of more and more nations, and therefore more and more people, into the highly competitive and frenetically exploitative capitalistic economic system. The ramifications of this phenomenon on the well being and survival of the human race promise to replace nuclear annihilation as humanity's greatest threat.

The underdeveloped nations presently harbor about two-thirds of the world's population. This means that over 3 1/3 billion people exist at a subsistence level with equivalent average annual incomes at least 80 percent less than the poverty level established by the United States government. Since there is a strong correlation between income and consumption of goods, it becomes apparent that most of the world's present populace is doing without nearly everything most Americans take for granted. Although the ethical ramifications of this state are of genuine concern to many, the practical implications of improving the living conditions of this large mass of humanity are poorly understood. The consensus view as expressed by the Progressives is that we must improve the living standards of the UDCs (underdeveloped countries) by stimulating their economies with vast infusions of capital to provide a competitive industrial and technological base, so that they can gradually merge with the ranks of industrialized nations.

Unfortunately, the needs of the UDCs are often so great and their capital requirements are so large that their ability to pay even the interest on debts is often nil. In some cases the debts exceed the Gross National Product of the country in question. As of late 1987, the world's largest banks were not just renegotiating lower interest payments for their client borrower nations, but began writing off virtually billions of dollars in loans. So rather than improving the standard of living of people in the UDCs, living standards are lowered for people in the developed countries (DCs), as the monetary expenditure is not merely written off. It is money lost to the loaner nations, money which might have been used for economic gain, but now is an economic drain because in the

capitalist system consumers pay for all business losses. Such losses to the DCs might be less painful if commensurate gains were made by the UDCs, but that is seldom the case. The infusion of capital, as large as it seems, is so paltry in comparison to the requirements of these countries that the net effect is hard to distinguish from an international welfare program.

There are examples of relatively undeveloped nations which are beginning to acquire or have acquired rather solid and competitive economies. Japan, which has succeeded through massive infusions of capital following the Second World War, is the obvious model upon which the "salvation through industrialization" battle cry is based. Other Asian countries are making progress in the race to industrialize. South Korea, Taiwan and Thailand are beginning to afford some degree of competition to the "Establishment." As already stated, sleeping giants like Russia and China are starting to enter the fray. Previously successful economies like those of Australia and Canada are expanding to capture greater market shares. The United States, which at one time enjoyed a virtual monopoly of trade, now finds itself swimming upstream. The emergence of a global economy and the clamor of the have-nots for more of the action is already resulting in a redistribution of international wealth. Not only is the standard of living declining in America, but the United States has emerged as the world's greatest debtor nation, conditions which simply could not have existed when the United States dominated the world economy. The political response to this humiliating situation has been divided. The old defensive school of protectionism is calling for the reestablishment of trade barriers to protect the United States from "unfair" trade practices. The other school, represented by the laissez faire dogma of Reaganomics blames America's fall from economic preeminence on creeping socialism. Capitalism, according to the adherents of this doctrine, must be unfettered to function efficiently. The debate between the capitalists and the socialists promises to be endless, precisely because the capitalist system, like its socialist and communist counterparts, does not provide in practice what it promises in theory. No socioeconomic system ever will. What seems obvious, however, is the immense advantage capitalism enjoys in the creation, production and distribution of consumer goods.

The Soviet Union, mighty military-industrial power that it was perceived to have been, does not come remotely close to providing its citizenry with the plethora of consumer products available in the United States. Literally hundreds of different brands of processed foods, personal hygiene products, electronic devices and a multitude of other categories of consumer goods flood the United States market. Products which in many nations are distinct luxury items are so common in the United States that they have become nearly mundane. VCRs, stereos, cameras, pleasure boats, travel vans and a host of other commodities are included in this group. This productive-distributive success of capitalism resides in its ability, in fact its inherent tendency, to exploit every conceivable consumer niche and, in its more aggressive mode, to create consumer demand where none naturally existed. By catering to virtually every segment of society and creating an atmosphere of consumptive delirium through saturation advertising, laissez faire capitalism is self-perpetuating. It is fueled by extravagance (over-processing, over-packaging, throw-away convenience), a continuously expanding population base and a boundless materialism engendered by the system itself. Of course, the conversion of resources into commodity goods and the marketing and distribution of these goods require a substantial labor pool. Jobs are created as the demand for products increases. The cycle of consumption begets employment which begets more consumption which begets more employment continues indefinitely.

So what is wrong with an economic system that provides so much to so many? On the surface there is nothing wrong with the system. But paradoxically, capitalism's greatest virtue may prove to be its greatest defect. From the standpoint of resource utilization, capitalism is unarguably the most exploitative of existent economic systems. Since it provides a greater variety and abundance of products whose manufacture and distribution require energy and other resources, it follows that it places greater demands on planetary resources and has a greater impact on the environment than less opportunistic economic systems. Thus China, with one-fifth of the world's total population consumes only one-fifteenth of its resources. The United States, with one-twentieth of the world's population consumes one-third of the world's resources. Thus, per capita consumption in the United States is 20 times greater than per capita consumption in China. Efforts to remedy this inequality are not directed toward reducing consumption/production by the over-consuming nations, but rather toward increasing consumption in the under-consuming nations. This seems a natural enough mechanism, and indeed, is the only mechanism by which laissez-faire capitalism can function. On top of this, consumptive levels of over-consuming nations must continually increase in order to maintain a healthy economy. The process is therefore unidirectional and self-propelling.

If the goal of increasing the standard of living of the world's present human population to approximate parity with the United States is achieved, present global resource utilization-production-consumption-pollution will have increased about 10 fold. Looking at the impact of this occurrence on a single non-renewable resource, oil, world annual consumption will soar from nearly 2 billion barrels to 20 billion barrels. Energy production (all sources worldwide) will increase from 293 quadrillion BTU's annually (1984) to nearly 3,000 quadrillion BTUs. Since planetary oil reserves will expire during the next century, this huge energy requirement will almost inevitably come from coal and nuclear sources which are likewise non-renewable and highly polluting. The same effect will apply to virtually all of Earth's resources. The point in time at which the planet can no longer support human life will correlate with either the expiration of essential resource reserves, or the intolerable alteration of the ecological balance through pollution and habitat destruction. Whether the time frame involved in reaching this point is 20 years, 200 years or 2000 years doesn't matter because it is inevitable. In the end, technology cannot save us because technology requires the same energy and resources that are already being depleted. The apparent efficiency of free enterprise in converting resources to products depends upon the abundance of those resources. As readily available and inexpensive resources decline, energy requirements for extracting and processing less abundant or technically less accessible resources increase dramatically.

A simple example will demonstrate the point. Less than two average lifetimes ago, the search for the precious metal gold created a fever unparalleled in United States history. Certain geographic areas including Alaska and California beckoned those who dreamed of instant wealth--the get-rich-quick predecessors to our modern Wall Street arbitrageurs. Rumors flew that there was gold, solid metal nuggets as large as one's fist, lying in streams and riverbeds for the taking. With little more than the shirts on their backs and dreams of instantaneous wealth, the exodus of the Forty-niners and the Klondikers began. Indeed, there was gold. Baseball-size nuggets of pure gold were fewer than rumor promised, but many hunter-gatherers did get rich. And those who labored with gold pans for hours on end made a living, at the least. More ambitious hard-rock miners extracted solid gold with pick and shovel from rich veins just below the surface. Sluice boxes

increased the recovery rate of gold dust from streams. Boom towns sprang up everywhere, Chinese coolie laborers were brought in, and gold fever reigned supreme. Then, nearly as suddenly as it had all begun, the gold ran out. The simple tools of the early miners, shovels and picks, gold pans and sluice boxes were no longer practical because the once abundant metal was no longer abundant--at least not as pure, easily gathered gold. But gold was still precious, so the mining continued. Replacing the pick and shovel were coring machines and dynamite. Surface mining gave way to deep mining, more than a mile deep in many cases. Equipment requirements for all types of mining became massive. Dredges, power shovels and mucking machines appeared. Huge quantities of trees were cut down to provide the timber for shoring up the miles of tunnels and building the huge gallows frames that lowered men and machinery into the bowels of the earth to bring the ore to the surface. Railroads, rock crushers, smelters and concentrators became the staples of the huge mining complex. Open pit mining emerged. Mountains of waste rock and smelter slag accumulated while toxic settling ponds appeared, along with water courses heavily polluted with mining discharges.

As the richness of gold-bearing ore continues to decline, technological and industrial complexity increases along with all of the associated costs. Energy expenditures have evolved from practically nil to astronomical. That gold mining remains marginally profitable is due almost entirely to the fact that the value of gold has always been overinflated and the costs of resource depletion and pollution have been deferred to future generations. And the beat goes on, with titanium, aluminum, platinum, oil, coal, uranium, timber, copper---all eventually having the same escalating extraction requirements as gold. The name of the game is resource depletion, technological complexity, environmental degradation and soaring costs.

More expensive industrial input is required to produce each unit of usable energy. We have already arrived at a situation where, in some instances, the energy required to provide energy may exceed the energy yield, for example, nuclear power generation. In fact, the economics and politics of nuclear power production provide an interesting example of the head-in-the-sand approach to meeting the energy needs of the 5 billion and growing human population. Lest you think that we are unfairly harsh in our assessment of nuclear energy, we must point out that by their poor judgment, fiscal irresponsibility and disregard for safety, the nuclear industry has made itself an easy target.

The emergence of commercial nuclear power generation, first developed in the United States, was the primary result of three conditions. First, the Manhattan Project and the successful deployment of the atomic bomb which it had conceived unlocked the secrets of the atomic nucleus and demonstrated the enormous energy potential of nuclear fission and fusion. Calculations revealed that 1 gram of the uranium isotope U-235 contained 2.5 million times more energy (released through nuclear fission) than that provided by 1 gram of hydrocarbon (released by oxidation or burning of oil and coal). Furthermore, the process of nuclear fusion had a potential energy release four times that of the fission process. Such massive energy potential was truly astounding. The second condition developed because of this astonishing revelation and the demonstration that nuclear energy could be tapped. Many brilliant and persuasive scientists believed that this potential energy bonanza was a panacea to the energy needs of the world. Some argued that there was justification to proceed immediately with the development of commercial nuclear power production, on the grounds that electricity would be so cheap to generate that it might not even have to be metered--the free lunch expedient in the extreme. And finally, future energy requirements based upon projections of industrial and population growth made it paramount that new energy be

developed. Although coal was abundant and readily accessible, it was considered dirty and expensive by comparison. One might also assume that it was much less glamorous than U-235, and the military possibilities presented by further research and development of nuclear energy were used to justify the expense.

Thus the stage was set. The United States now has over 100 functioning commercial nuclear power plants providing 20 percent of our electrical energy needs. Worldwide there are 350 such plants, with plans for many more. But how efficient is nuclear power generation? The answer, as usual, depends upon those providing the analysis. Pro-nuclear groups, including many scientists, the federal government, the nuclear industry and its employees, believe nuclear power to be safe, efficient and necessary. Anti-nuclear groups, including many scientists, environmental organizations, and substantial portions of the medical community and the public-at-large consider nuclear power to be hazardous, overly complex, poorly managed, economically bankrupt and unnecessary. Without engaging in endless rhetoric or offering complex and mind-boggling analyses, it is instructive to compare nuclear power with hydroelectric power. One need not have a Ph.D in economics, environmental science, nuclear physics or geology in order to immediately grasp the immense across-the-board advantages of hydropower over nuclear power. Keeping in mind these two technologies, reflect if you will on the following:

1. Relative complexity
2. Technical staff requirements
3. Fuel requirements (water vs processed uranium)
4. Construction costs, including cost over-runs, interest paid on borrowed money, cost of environmental impact studies, licensing requirements and delays
5. Waste management and disposal; environmental impact
6. Project abandonment
7. Maintenance and safety requirements
8. Downtime (emergency, safety, operational)
9. Decommissioning problems and costs
10. Disaster contingency planning
11. Disaster likelihood, consequences and associated costs
12. Relative overall desirability, cost effectiveness and efficiency

Even the most idealistic proponent of nuclear power would be hard-pressed to argue its superiority over hydroelectric power in even a single of the above categories. And some of these categories have such enormous practical, environmental and financial consequences (#s 5,9 and 11) that it is clear nuclear power is no match for hydropower. In the final analysis, the world plunged head first into a complex technology. The long term economic and technical considerations were poorly explored, and continue to be downplayed by government and industry because of real energy needs and a monumental capital investment.

The obvious point to be made from the preceding enumeration is two fold. First, our hard driving free enterprise system, coupled with overpopulation, places such high demand on energy that simple, abundant and pollution free sources (hydroelectric and others) are inadequate to our needs. Second, we must resort to increasingly exotic technology to process potential energy resources (oil, coal, nuclear), which in itself presents a host of problems which are non-existent with the simpler technology. We are caught in an unremitting technological trap, with each successive technological increment requiring more resource utilization at dramatically increased cost accompanied by diminished returns. While many of us are enjoying the short-term benefits of this vicious cycle, we are inexorably mortgaging our collective future. And it is not as though this cycle was limited to any one part of our industrialized society. The same phenomenon appears in virtually every aspect of our technology-dependent culture. For instance, modern agricultural practices, while producing higher crop yields, require greater energy expenditure and resource use, produce more environmental degradation and add to the inefficiency of the entire system.

It is argued by many--respected professionals included--that this natural technico-economic evolution is inherently self-limiting, that many perceived ill-consequences are benefits in disguise. Thus pollution, although bad, results in the emergence of a new pollution-abatement industry, which is good. This is proclaimed by a headline in the newspaper exhorting "Environmental protection provided 167,000 U.S. jobs in 1985." Sounds impressive, doesn't it? The article, prepared by a Washington consulting firm for a tidy profit at taxpayer expense goes on to describe how \$8.5 billion went to purchase pollution control equipment. This is presented as a positive event "because the firms providing that equipment have to pay suppliers and workers, and those firms and employees spend the money they get" at 2.27 times the original expenditure, thereby stimulating the economy. The article also noted that a total of \$70 billion was spent in the United States in 1985 to control pollution. (31)

Using the same logic, we arrive at the conclusion that starvation in Africa is good because it provides American wheat farmers with an expanded market. The nuclear arms race is good because it boosts the profits of giant war-materials producers--who obviously must hire workers. Crime is good because it supports a huge law enforcement apparatus including police officers, judicial officers, lawyers and prison construction workers. But somehow, deep down, most of us don't believe all this is good, even though we may personally benefit. Our instincts are justified. We know this is an immensely wasteful use of time, money and resources. We know from Ben Franklin that an "ounce of prevention is worth a pound of cure." We know that if we had assumed a positive stance toward controlling our own runaway human population, and toward developing a deliberate and conservative economic system, the problems we are creating faster than they can be solved

would ameliorate. They would not disappear, but there is no doubt that they would not be as unmanageable.

Our reckless, hell-bent-for-leather laissez faire economic system to which we have entrusted our destiny is a powerful aphrodisiac, literally forcing us into a posture of short-term expediency at the expense of long-term sufficiency. Our salvation will require a major change in consciousness. We must get back to the business of choosing leaders for their courage and vision, rather than on the basis of their innocuousness or managerial resumes. Individually, we must stress quality over quantity, fulfillment over materialistic gluttony and respect for nature over domination of nature. We must realize that the viability of any economic system, free market or otherwise, depends upon conservative and sustainable resource utilization. We can begin this process by recognizing the unreasonable demands overpopulation and technological saturation place on our environment. We can each make a commitment to reduce the population burden on our planet and ourselves by deliberate consideration of all the effects of our own reproductive contributions.