“It’s (not) the Economy, Stupid”

Contributed by Dan Bednarz
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Author’s note: This article will be followed by “How Brittle Is Healthcare?”

As societies throughout the world wobble on the edge of socioeconomic chaos, New York Times columnist Bob Herbert avers, “The economy is obviously issue No. 1.” Well, that’s the proximate problem, but what else is going on? What has made the continuing decline so massive? Why is it that “...the current economic crisis has totally scrambled the intellectual assumptions of almost every policymaker”?(1)

Behind the decadence, greed and folly of financial institutions and those charged with regulating them is, in a word, overconsumption. In detail, our culturally coded pursuit of economic expansion has pushed us into The Bottleneck(2) of ecological limitations and dilemmas. Petroleum -- peak oil -- is the first major resource constraint; further, we have climate change, fresh water scarcity, dying oceans, species extinction, overpopulation, soil erosion, and other problems narrowing our options to align our economy with obdurate ecological realities.

President Obama arrives promising “change,” yet he and his Clinton throwback advisors betray a yearning for the status quo ante. He pursues Keynesian demand creation because he believes this worked seventy years ago for FDR, when the age of oil was dawning and not entering its dénouement. The added debt -- already vast in the public and private spheres -- and associated risks must be accepted, so goes this gambler’s reasoning, to preserve “our way of life,” as if this way of life has no role in creating our predicament.

The ecological question, “Is growth sustainable?” would lead to integrative and forward-looking problem solving, but it is absent from Obama’s recovery lexicon, let alone guiding policy.

To bring this full circle, many financial institutions may be bankrupt and colluding with or deceiving governments, including the US Treasury, hoping that the economy can rebound -- especially housing prices -- to make them solvent or far less debt-ridden. Failing this improbable event, they want a taxpayer bailout. Commitment to growth as much as money-based politics and cronyism, I suggest, explains the government’s silence about investigating and exposing insolvency. In other words, if these institutions are drenched in debt, belief in limitless growth is cast into radical doubt. Therefore, solvency is a taboo topic, as is an airing of the implications of peak oil.

We should remember that public policy and business strategic planning posit an expanding economic pie. How often have we heard, “We’ve got the resources, we just need the commitment ”? If growth as we have known it is no longer possible because oil production has peaked, then pressing social issues, in addition to the havoc energy descent is now beginning to wreak, make it imperative to begin a national dialogue about realistic options for overhauling our way of life: credit, consumption, travel, agriculture, education, healthcare -- you name it.

Redesigning society to function with less energy, which translates into less consumption, should be our national mission -- it’s qualitatively and quantitatively more threatening than terrorism. Indeed, Mother Nature is rearranging our lives now as, for example, colleges impose hiring freezes, lose large portions of their endowments, and propose “no frills education;” automobile and many other consumer goods sales plummet; states cutback on services and furlough workers; healthcare is more expensive and less available; Obama hints at reducing entitlements; millions lose their jobs; and in a thousand other ways our society contracts.

An aside: Overconsumption presents an irony because many Americans are not ostentatious consumers; they are hard

working yet struggling to make ends meet or are mired in or sliding into poverty. They could, I believe, accept massive de-consumption and a reduced standard of living if they knew they were spared destitution and sacrifices were introduced in across-the-board fairness. (This is, by the way, Obama's ace in the hole when his legitimacy comes into question.)
This urgent public discussion is absent because it requires a political and cultural transformation similar to what Thomas Kuhn(3) calls a paradigm-shift in science. Kuhn describes paradigm shifts as governed by political struggle and sociological processes. His controversial core thesis is that scientific evidence itself is paradigm-dependent for meaning and even its recognition as evidence.

Michel Foucault4 has written in a similar vein of the "episteme," which operates at a meta-level to regulate social constructions of "reality" by proscribing thought, knowledge, and notions of morality and judgment to serve current arrangement of power, status and propriety. Foucault describes it as the non-consciously operating yet functionally "strategic apparatus" determining which statements may be regarded as reasonable, obvious, true, etc. and which other statements are considered absurd, illogical, irrelevant, and unworthy of consideration.

Those who toil in the peak oil vineyards know that most people unwittingly rely on the dominant episteme -- "growth and technological progress are natural, unbounded and will save us" -- to reconfigure or dismiss "the facts" of peak oil geology and, more generally, The Bottleneck dilemmas. Blessedly, this episteme is beginning to "rupture," as Foucault phrases it, because it is unable to provide soothing, controlling and cohesive explanations of our disintegrating social-empirical world. Similarly, Kuhn refers to a paradigmatic "crisis" as when scientific "anomalies" accumulate to the point that they inhibit the workings of "normal science." During a scientific crisis the dominant paradigm's adherents check their data and instruments and search for hidden "intervening" variables to account for anomalies; but only under duress as a last resort do they -- if ever -- question the validity of the paradigm itself. Alternative paradigms offer radically different accounts of these anomalies, as in: the economic crisis is rooted in reduced net energy flowing into society -- that's why none of the common "stimulus" tools are working.

In this way competing paradigms and epistemes "talk past" one another and lead to differing problem formations, policies and actions. To illustrate, at a PBS NewsHour seminar held in Pittsburgh in April 2008 on the burgeoning subprime loan crisis, the economist on the panel told the restive retirees in the audience battering him with questions not to worry about their losses in the market because, "Growth overcomes many blunders and misdeeds … and I assure you we'll grow our way out of this crisis." I then raised the question of oil scarcity as a front-end trigger to the spreading financial crisis and, most important, as disallowing a return to growth. He became exasperated and said, "Well, that's just wrong. We've got lots of coal and nuclear power to switch to; energy's so plentiful it's not a concern; that's just basic economics."

It is basic dominant episteme economics, rooted in the premise that we can never exhaust the earth's resources. This episteme has inspired the monetarist, Keynesian and Marxist traditions of economics.

In 1975 heterodox economist Nicholas Georgescu-Roegen characterized this episteme as "anchored in a deep-lying belief in mankind's immortality."(5) He wrote "Energy and Economic Myths"5 to systematically and with humor expose orthodox economics' profound misunderstanding of resources, the environmental costs of economic activity and, most pointedly, how the laws of entropy over the long-term invalidate perpetual growth. For example, he comments on Nobel economist Robert Solow's incredible contention that we could substitute "other factors for natural resources" should we ever need to do so:

One must have a very erroneous view of the economic process as a whole not to see that there are no material factors other than natural resources. To maintain further [as Solow does] 'that the world can, in effect, get along without natural resources' is to ignore the differences between the actual world and the Garden of Eden.

So it is that mainstream analyses of the current financial/economic crisis proceed as if human existence is non-corporeal. For example, two prominent economists(6) argue: "The world's fundamental economic problem today is a staggering loss of business confidence." Ugo Bardi, writing about the parallels between the end of the whaling era and today's blindness to peak oil, observes of a book written in that twilight period:

…we never find mention that whales had become scarce. On the contrary, the decline of the catch was attributed to such factors as the whales' "shyness" and the declining "character of the men engaged". [The author] seems to think that the crisis of the whaling industry of his [nineteenth century] times [could] be solved by means of governmental subsidies.(7)

Such is the power of episteme to obfuscate the obvious -- until it ruptures.

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Dan Bednarz has a website, healthafteroil.wordpress.com, and has written several articles on Culture Change:

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