

New Evidence for Changing the Nature of the Global Economy

Contributed by Brent Blackwelder
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Billion-dollar weather catastrophes this year, along with the latest figures on Chinese consumption, emphasize the urgency of a shift in economic thinking.

The National Oceanic and Atmospheric Administration cites 10 massive weather disasters in the U.S. this year, each exceeding a billion dollars. The nine months of unprecedented weather extremes include these estimates of death and damage:

Hurricane Irene: 50 deaths and \$7 billion;

Upper Midwest flooding along the Missouri River: \$2 billion;

Mississippi River flooding in spring and summer: \$4 billion;

Drought and heat waves in Texas and Oklahoma: \$5 billion;

Tornadoes in the Midwest and Southeast in May: 177 deaths and \$7 billion;

Tornadoes in the Ohio Valley and Southeast in April: 32 deaths and \$9 billion;

Tornadoes in Oklahoma and Pennsylvania in April: \$2 billion;

Tornadoes in the Northeast and Midwest April 8-11: \$2.2 billion;

Tornadoes in central and southern states April 4-5: \$2.3 billion;

Blizzard in January from Chicago to the Northeast: 36 deaths and \$2 billion.

Although we cannot conclude that any particular event was caused by global warming, climate models predict growing frequency and intensity of storms. The tragic weather events of 2011 could well be due to the accumulation of dangerous levels of greenhouse gases in our atmosphere.

This year's disasters are sending a powerful signal that the time has arrived for a new economic framework. The current structure of markets puts the wrong prices on goods and services, because it neglects the ecological costs of producing them. This market failure is especially critical in the energy sector, where overconsumption of fossil fuels is driving climate destabilization.

How long can governments keep spending huge amounts to deal with catastrophe after catastrophe? Weather disasters undermine governance in two ways: first, they require large amounts of money and human resources for emergency relief, cleanup and rehabilitation. Second, they impair the ability of governments to provide ongoing public services by diverting revenue and personnel.

At the beginning of summer, New York Times columnist Thomas Friedman pointed to alarming evidence that the human race is consuming at a rate that requires one and a half planet earths to maintain. Friedman describes the consumer-driven growth model as broken and suggests a transition to a "happiness-driven growth model, based on people working less and owning less." Many of us have been making these very points for some time, but it is noteworthy that a major growth advocate has had a change of thinking. And now there is new data on consumption in China that reinforces our concerns.

In a recent article entitled "Learning from China: Why the Existing Economic Model Will Fail," Lester Brown provides some sobering statistics. When compared to the U.S., China consumes twice as much meat, three times as much coal, and

four times as much steel. The per capita consumption of the 1.2 billion people in China is far below that in the U.S., but it is moving upward and is on track to equal ours in 25 years, Brown notes.

What does such growth in consumption mean if the Chinese embrace the same spending habits as U.S. consumers? Take a look at two factors: paper and automobiles. If the projected 1.4 billion people in China in 2035 consume paper at the American rate, then China itself would consume a quantity equal to four fifths of today's paper usage. The world's forests, already under intense pressure, would suffer under this additional onslaught.

Lester Brown considers what would happen if Chinese car ownership in 2035 matched that of the U.S., which currently has three cars for every four people. China would have 1.1 billion cars. Today the world has roughly one billion automobiles. Brown estimates that such a fleet of vehicles would necessitate so many new roads and parking areas, that an area two thirds the size of the acreage now growing rice in China would have to be paved. All these new vehicles would consume about the same volume of gasoline that the entire world auto fleet currently uses each day.

Why are the Obama Administration and Congress so focused on the debt panel when there are such pressing problems with the economy at home and around the world? They are missing the big picture and failing to enact changes that are called for in these perilous times. Now is the time to write letters to the editor about real economic solutions. We don't need to be slashing government programs; we need to be making progress toward the transition to a steady state economy.

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The above article appeared in the Daly News, the online commentary publication of the Center for the Advancement of the Steady State Economy, used by permission. Columnists of the Daly News include these Regular Contributors: Herman Daly, Brian Czech, Brent Blackwelder, and Rob Dietz.

Brent Blackwelder recently retired as the president of Friends of the Earth where he was renowned for speaking truth to power. He testified in front of the U.S. Congress on pressing environmental issues more than 100 times. He also was a founder of American Rivers, a top river-saving organization. As a leader in the effort to safeguard rivers, Brent helped expand the National Wild and Scenic Rivers System from eight rivers in 1973 to over 250 today. On the economics front, he initiated campaigns to reform the World Bank and succeeded in getting Congress to enact a series of significant reforms directing the Bank to pay more attention to the environment.

Brent Blackwelder's previous articles in Culture Change have been More Accidents Await with President Obama's Errant Energy Policies and The New Congressional Debt Panel: An Opportunity for an Essential Economic Debate