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Growth Is the Problem

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By Chris Hedges

The ceaseless expansion of economic exploitation, the engine of global capitalism, has come to an end. The futile and myopic effort to resurrect this expansion—a fallacy embraced by most economists—means that we respond to illusion rather than reality. We invest our efforts into bringing back what is gone forever. This strange twilight moment, in which our experts and systems managers squander resources in attempting to re-create an expanding economic system that is moribund, will inevitably lead to systems collapse. The steady depletion of natural resources, especially fossil fuels, along with the accelerated pace of climate change, will combine with crippling levels of personal and national debt to thrust us into a global depression that will dwarf any in the history of capitalism. And very few of us are prepared.

“Our solution is our problem,” Richard Heinberg, the author of “The End of Growth: Adapting to Our New Economic Reality,” told me when I reached him by phone in California. “Its name is growth. But growth has become uneconomic. We are worse off because of growth. To achieve growth now means mounting debt, more pollution, an accelerated loss of biodiversity and the continued destabilization of the climate. But we are addicted to growth. If there is no growth there are insufficient tax revenues and jobs. If there is no growth existing debt levels become unsustainable. The elites see the current economic crisis as a temporary impediment. They are desperately trying to fix it. But this crisis signals an irreversible change for civilization itself. We cannot prevent it. We can only decide whether we will adapt to it or not.”

Heinberg, a senior fellow at the Post Carbon Institute, argues that we cannot grasp the real state of the global economy by the usual metrics—GDP, unemployment, housing, durable goods, national deficits, personal income and consumer spending—although even these measures point to severe and chronic problems. Rather, he says, we have to examine the structural flaws that sit like time bombs embedded within the economic edifice. U.S. household debt enabled the expansion of consumer spending during the boom years, he says, but consumer debt cannot continue to grow as house prices decline to realistic levels. Toxic assets litter the portfolios of the major banks, presaging another global financial meltdown. The Earth’s natural resources are being exhausted. And climate change, with its extreme weather conditions, is beginning to exact a heavy economic toll on countries, including the United States, through the destruction brought about by droughts, floods, wildfires and loss of crop yields.

Heinberg also highlights what he calls “the highly dysfunctional U.S. political system,” which is paralyzed and hostage to corporate power. It is unable to respond rationally to the crisis or solve “even the most trivial of problems.”

“The government at this point exacerbates nearly every crisis the nation faces,” he said. “Policy decisions do not emerge from deliberations between the public and elected leaders. They arise from unaccountable government agencies and private interest groups. The Republican Party has taken leave of reality. It exists in a hermetically sealed ideasphere where climate change is a hoax and economic problems can be solved by cutting spending and taxes. The Democrats, meanwhile, offer no realistic strategy for coping with the economic unraveling or climate change.”

The collision course is set. It is now only a matter of time and our personal response.

“It could implode in a few weeks, in a few months or maybe in a few years,” Heinberg said, “but unless radical steps are taken to restructure the economy, it will implode. And when it does the financial system will seize up far more dramatically than in 2008. You will go to the bank or the ATM and there will be no money. Food will be scarce and expensive. Unemployment will be rampant. And government services will break down. Living standards will plummet. ‘Austerity’ programs will become more draconian. Economic inequality will widen to create massive gaps between a tiny, oligarchic global elite and the masses. The collapse will also inevitably trigger the kind of instability and unrest, including riots, that we have seen in countries such as Greece. The elites, who understand and deeply fear the possibility of an unraveling, have been pillaging state resources to save their corrupt, insolvent banks, militarize their police forces and rewrite legal codes to criminalize dissent.”

If nations were able to respond rationally to the crisis they could forestall social collapse by reconfiguring their economies away from ceaseless growth and exploitation. It remains possible, at least in the industrialized world, to provide to most citizens the basics—food, water, housing, medical care, employment, education and public safety. This, however, as Heinberg points out, would require a radical reversal of the structures of power. It would necessitate a massive cancellation of debt, along with the slashing of bloated militaries, heavy regulation and restraints placed on the financial sector and high taxes imposed on oligarchic elites and corporations in order to reduce unsustainable levels of inequality. While this economic reconfiguration would not mitigate the effects of climate change and the depletion of natural resources it would create the social stability needed to cope with a new post-growth regime. But Heinberg says he doubts a rational policy is forthcoming. He fears that as deterioration accelerates there will be a greater resolve on the part of the power elite to “cannibalize the resources of society in order to prop up megabanks and military establishments.”

Survival will be determined by localities. Communities will have to create collectives to grow their own food and provide for their security, education, financial systems and self-governance, efforts that Heinberg suspects will “be discouraged and perhaps criminalized by those in authority.” This process of decentralization will, he said, become “the signal economic and social trend of the 21st century.” It will be, in effect, a repudiation of classic economic models such as free enterprise versus the planned economy or Keynesian stimulus versus austerity. The reconfiguration will arise not through ideologies, but through the necessities of survival forced on the poor and former members of the working and middle class who have joined the poor. This will inevitably create conflicts as decentralization weakens the power of the elites and the corporate state.

Joseph Tainter, an archeologist, in his book “The Collapse of Complex Societies” provides a useful blueprint for how such societies unravel. All of history’s major 24 civilizations have collapsed and the patterns are strikingly similar, he writes. The difference this time around is that we will unravel as a planet. Tainter notes that as societies become more complex they inevitably invest greater and greater amounts of diminishing resources in expanding systems of complexity. This proves to be fatal.

“More complex societies are costlier to maintain than simpler ones and require higher support levels per capita,” Tainter writes. The investments required to maintain an overly complex system become too costly, and these investments yield declining returns. The elites, in a desperate effort to maintain their own levels of consumption and preserve the system that empowers them, through repression and austerity measures squeeze the masses harder and harder until the edifice collapses. This collapse leaves behind decentralized, autonomous pockets of human communities.

Heinberg says this is our fate. The quality of our lives will depend on the quality of our communities. If communal structures are strong we will be able to endure. If they are weak we will succumb to the bleakness. It is important that these structures be set in place before the onset of the crisis, he says. This means starting to “know your neighbors.” It means setting up food banks and farmers’ markets. It means establishing a local currency, carpooling, creating clothing exchanges, establishing cooperative housing, growing gardens, raising chickens and buying local. It is the matrix of neighbors, family and friends, Heinberg says, that will provide “our refuge and our opportunity to build anew.”

“The inevitable decline in resources to support societal complexity will generate a centrifugal force,” Heinberg said. “It will break up existing economic and governmental power structures. It will unleash a battle for diminishing resources. This battle will see conflicts erupt between nations and within nations. Localism will soon be our fate. It will also be our strategy for survival. Learning practical skills, becoming more self-sufficient, forming bonds of trust with our neighbors will determine the quality of our lives and the lives of our children.”

To see long excerpts from Richard Heinberg’s “The End of Growth” and Joseph Tainter’s “The Collapse of Complex Societies,” click here and here.