

# Opinion & Analysis

## Just what planet are economists on?



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**OPINION**

Growth and the pursuit of growth is the secular religion of the western world, and its dogma is infecting every society

**B**RIAN COWEN and Enda Kenny suffer from this. So does Gordon Brown and at least nine in 10 other world leaders. All are labouring under the same crippling psychosis. This is their shared conviction that, whatever the problem, the solution lies in economic growth.

So deeply ingrained has the notion of relentless, limitless growth become that to suggest that it may be the cause of, rather than the solution to, our greatest challenges borders on heresy.

Growth and the pursuit of growth is the secular religion of the western world, and its dogma is gradually infecting every society on Earth via globalisation. Every cult needs its clergy, and the high priests of growth are our economists. Purporting to understand such magic as the "hidden hand of the marketplace", economists have been feted by presidents and parliaments as the new alchemists, with their dazzling theories suffused with the promise of technological transubstantiation that will somehow lift us beyond the mortal limits of our fragile blue planet.

These sorcerers have led politicians and populations alike to believe that they alone understood and could tame the raging

marketplace, while extracting from it an infinity of goods to sate our ever-expanding appetites.

Perhaps their greatest sleight of hand has been in selling the notion of infinite growth within a finite – and sharply declining – ecosystem. Take Robert Solow, a Nobel Prize-winning US economist. "The world can, in effect, get along without natural resources," was his breathtakingly myopic analysis.

Ask an economist to value a forest, and he'll tell you how much timber sells by the tonne. The Amazon releases 20 billion tonnes of water into the atmosphere every day, free of charge. Forests control floods, purify water, protect biodiversity and keep the planet habitable, but what does this matter to a hedge fund manager? Another trick, called temporal discounting, allows economists to sell our children's future down the heavily polluted river in favour of short-term profit.

Yet this analytical vacuity is the norm, not the exception, among the economic elite. Alan Greenspan, former chairman of the US Federal Reserve, dressed up political ideology and passed it off as rational economics, while cheerfully choreographing the world's greatest financial crisis since the 1930s. None of this has dented the collective

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self-confidence of the ruling cabal of economists, nor cooled the media's love affair with them.

Tune in to RTÉ or Today FM any day of the week to hear the very economists who sold us the poison during the boom years; now they are peddling their repackaged "cures" in the form of the latest economic elixirs of growth. Heavy drinkers will be familiar with this logic: it's called the hair of the dog.

In nature, growth is a phase, leading to the equilibrium of maturity. An adult that continues growing can only do so by becoming obese. Within the body, cells that multiply exponentially in an otherwise stable organism are more commonly known as a cancerous

growth or tumour. The World Wildlife Fund's Living Planet Index has tracked the ecological health of the world since 1970. Its 2008 report found that total planetary resources have been permanently depleted by 30 per cent in well under four decades.

"The possibility of financial recession pales in comparison to the looming ecological crunch," said the fund. The report found that three in four people live in countries that have exceeded their own ecological limits. Ireland is well up the debtor list. We consume resources requiring three times the amount of land actually available globally per person. We are ecologically as well as economically in hock. You really wouldn't want to be around when this debt is called in.

For now, we continue propping up our house of cards by rapidly running down the ecological capital of other countries to maintain our astonishing bubble of affluence. In famine times, this was called eating the seed corn. When our political elite, guided by their hierarchy of economics believe they can cure the recession by "jump-starting" the consumption-driven economy and so plunge us deeper into ecological debt, you see just how the cancer cult of growth economics has metastasised throughout the body politic.

Capitalism, in the words of John Maynard Keynes, an economist now back in vogue having been deemed passé by the seeming triumph of right-wing political ideology, "is the astounding belief that the most wickedest of men will do the most wickedest of things for the good of everybody".

Many people who live in man-made environments like cities may wonder what ecology has got to do with them. Put simply, our environment is to human survival and wellbeing what water is to a fish. If growth is toxic, what about the alternatives? In 1972, a group called the Club of Rome published its prescient book, *The Limits to Growth*.

Reaching what they call equilibrium would require hard choices. We would have to trade some freedoms, such as the right to have unlimited population growth and resource consumption, "for other freedoms, such as relief from pollution and crowding and the threat of collapse of the world system".

In the 36 years since its publication, Earth now bends under the burden of an additional 3.3 billion people. As we fret about declining property prices, philosopher Henry David Thoreau's observation was never truer: "What good is a house, if you haven't got a tolerable planet to put it on?"