
Consumption Must Be Curtailed to Sustain the Human Race? It Just Ain't So!

BY GENE CALLAHAN

Jared Diamond, in a January 2 op-ed in the *New York Times*, argues for a political solution to what he sees as a looming “consumption crisis” facing humanity. He notes that the current consumption of many resources, such as oil and metals, is roughly 32 times higher in the developed than in the developing world and that, given the earth’s finite stock of these substances, developing countries will be unable to fulfill their desire to live First World lifestyles. He proposes mandating reduced consumption in wealthier nations, so that the poor may consume a fair share of these limited resources.

Those concerned with individual liberty are likely to resist Diamond’s program because of its coercive nature. But that objection may prove inadequate: many people may believe our situation is so dire that we need to sacrifice freedom to ensure the survival of our species. However, I will argue that Diamond’s case fails even on its own terms.

Diamond contends, “Now we realize that [a rising population] matters only insofar as people consume and produce. . . . [Many commentators find a big problem in the] populations of countries like Kenya . . . growing rapidly . . . but it’s not a burden on the whole world, because Kenyans consume so little.”

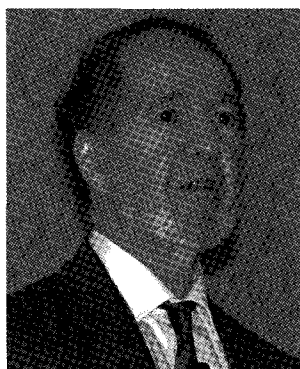
However, the residents of countries like Kenya generate problems out of proportion to their consumption levels. Their relative poverty means that they burn dirty but cheap fuels, that they cultivate much more land than their First World counterparts to produce equivalent output, and that they devote little of their income to activities like creating wildlife preserves.

Diamond continues, “People in the third world are aware of this difference in per capita consumption. . . . When they believe their chances of catching up to be hopeless, they sometimes . . . become terrorists, or tolerate or support terrorists.” So why not allow the poor every chance to catch up by promoting economic freedom? Then their improving living standards will give them hope for the future and lessen the tendency for them to embrace nihilism.

To support his case, Diamond cites China: “Among the developing countries that are seeking to increase per capita consumption rates at home, China stands out. . . . The world is already running out of resources, and it will do so even sooner if China achieves American-level consumption rates.”

Here, Diamond has embraced a hoary economic fallacy. What counts as a “resource” is an economic question, not a material given. Things become resources when acting man conceives of how he can employ them to further his ends. The history of economic development is one of creating greater value out of the same quantity of physical inputs. Whereas in 1970 “it took [Americans] 15,000 BTU to produce \$1 of GDP . . . [by] 2003, this had fallen to 9,500 BTU, a decline of nearly 37 percent,” writes Richard H. Mattoon, a senior economist at the Federal Reserve Bank of Chicago. Similarly, “since 1950 . . . 200 million acres of U.S. farmland have been retired,” despite the growth in America’s population, says Jerry Taylor of the Cato Institute.

Gene Callahan (gcallah@mac.com) is the author of Economics for Real People and Puck: A Novel.



Jared Diamond
commons.wikimedia.org

Indeed, the nascent field of nanotechnology already offers much more efficient use of raw materials, as well as holding out the possibility that the contents of garbage dumps or sewage plants efficiently could be transformed into valued consumption goods. (For examples, see <http://tinyurl.com/32bm4v>.) And progress in space travel will make available physical resources from beyond the earth. "Available resources" are constrained by human ingenuity, not by fixed physical endowments.

Diamond writes, "Per capita consumption rates in China are still . . . below ours, but let's suppose they rise to our level. . . . Oil consumption would increase by 106 percent and . . . metal consumption by 94 percent." But as China becomes more prosperous, its increasing demand for productive inputs and the consequent rise in their prices will spur entrepreneurs to employ those inputs more efficiently and to find alternatives to scarce commodities.

Diamond chastises those who advocate freedom as the best solution to poverty, saying, "[W]e . . . promise developing countries that if they will . . . institute honest government and a free-market economy—they, too, will be able to enjoy a first-world lifestyle. This promise is impossible, a cruel hoax. . . ."

I suggest we humbly admit to having no idea what kind of lifestyle our descendants may achieve. Think of Stone Age Jared Diamond berating optimists for suggesting that one day, most humans might be able to live to the venerable age of 50 or 60 reached by only a lucky few in his time.

Diamond advocates a future "in which all countries converge on consumption rates considerably below the current highest levels [since] willingly or not, [Americans] shall soon have lower consumption rates, because our present rates are unsustainable."

That conclusion assumes that raising living standards requires ever more use of the same resources employed today. However, Stone Age consumption of mammoth tusks and inhabitable caves was clearly unsustain-

able given a population growing from 100,000 to 6,000,000,000. Fortunately, there was no need to increase consumption of those products in step with our increased numbers.

To support his case, Diamond notes that "Most of the world's fisheries are still operated non-sustainably . . . even though we know how to manage them in such a way as to preserve the environment and the fish supply."

But why are current fishing enterprises exploiting these resources so profligately? Private owners of limited resource pools have an incentive to use them responsibly, not extracting so much for current income that tomorrow's income goes to zero. Notice that there is no crisis of sheep, chickens, or corn being harvested "non-sustainably." But when the stock of a resource is unowned, then every producer is motivated to grab as much of that common pool as soon as possible, since other producers will be doing the same.

Political Will

Diamond recommends reliance on "political will" to enforce a command-and-control regime of conservation. Even if he has no concern for the loss of personal freedom

his program entails, I suggest that he is betting on the wrong horse in this race. A conservation "solution" that relies on coercing individuals to ignore their self-interest is inherently "non-sustainable": any time the "political will" enforcing it wavers, it is likely to fail. Governments, always in need of the support or at least the acquiescence of their citizens, in times of crisis are quite likely to opt for the reckless exploitation of some resource over the threat of widespread unrest or rebellion. Preserving our natural heritage for the benefit of future generations is a laudable aim, but our best hope for realizing it is to create institutions aligning wise stewardship of the environment with individuals' desire to improve their own lives, rather than fantasizing that everyone can be united perpetually behind some central planner's bucolic vision.



Downtown Revitalization: City Governments Versus Consumers

BY J. H. HUEBERT

What a thrill to visit cities that have “revitalized” their downtown areas! From the empty streets to the government offices to the abandoned retail spaces—what’s not to like?

Well, everything, of course.

Not only are such areas unsightly and useless, they often come at the expense of millions of taxpayer dollars and eminent-domain coercion.

There’s nothing wrong with feeling a bit nostalgic for when everyone worked and shopped in a bustling downtown—although I happen to enjoy today’s so-called “sprawl,” especially as I think about how it demonstrates how well the market serves consumers with an ever-increasing variety of goods at ever-lower prices. But in any event, fuzzy feelings about downtown areas apparently aren’t very important to most people who do have them, because those people don’t put their money where their mouths are. They choose to live, work, and shop in outlying neighborhoods instead.

Voting, however, offers such people an opportunity to act on their emotions at virtually no personal cost. Thus we get government-sponsored “revitalize downtown” efforts in cities all across America that fail again and again.

My city of Columbus, Ohio, tried its own ridiculous plan along these lines about 20 years ago, when it built a downtown mall called the “City Center.” It opened in 1989 to much fanfare, filled with stores intended to

lure suburbanites and others from all over the state.

And it did. For a very short time crowds indeed came. Politicians were quick to take credit for this putative victory—declaring “mission accomplished” like George W. Bush in Iraq within days of the mall’s opening—while the media praised them for having “the courage to ignore the criticism and continue with the project.”

An early manager of the mall declared it “almost competition-proof,” bringing to mind certain claims about the “unsinkable” *Titanic*. A visitor in those first days breathlessly told a newspaper reporter that the mall’s “novelty will never wear off.”

Now, though, the mall is just about empty. Entrepreneurs saw opportunities soon after it opened to put malls where people actually wanted them, in the suburbs circling the city, and that is where everyone goes—including city-dwellers like me.

There are no more “anchor” stores in the City Center. The mall’s third floor—once home to only the most upscale stores—in

recent years housed a public school in a former Henri Bendel space, and now even *that’s* closed. The second floor—with a Sunglass Hut and nothing else—is thriving by comparison.



The City Center
Photo by J. H. Huebert

J. H. Huebert (jhhuebert@jhhuebert.com) is an attorney and a former FEE intern.