

Economists vs. Ecologists

By HAZEL HENDERSON

Much of the heat in the current conflicts between economists and ecologists is generated because we fail to explore each other's assumptions before we throw the first punch.

Ecologists see economics as a sub-set of ecology, while economists see ecology as a sub-set of economics. Or to put it another way: economists favor analysis while ecologists prefer synthesis.

Economists, therefore, tend to view ecological questions as a set of irritating but minor variables, which, sooner or later, must be accommodated in their models. Naturally, out of this viewpoint grows the conviction that it is not necessary to change the basic model, but merely to incorporate this sudden explosion of new variables and factor in their effects.

Historically, economics has been forced to embrace ever more variables in its analyses, whether the activities of governments, the vagaries of international trade and currency, the growing power of labor unions or the recent rise of consumerism and the movements for racial and sexual equality.

As each of these formerly minor variables became more dominant, it forced a restructuring and expansion of the theoretical models underlying the economic discipline. I submit that the new ecological variables are so far-reaching in their implications that they will require a major restructuring of current economic theories.

One of the first concepts that needs redefinition is that of "profit." Economists will have to face the difficult question of whether what we in this country call "profit" and what state-controlled economies call "economic expansion" has not in the past been won at the expense of an equal but unrecorded debit entry in some social or environmental ledger.

A new definition of profit would reformulate inputs into such indicators as the gross national product and lead to refinement of other measures of well-being, such as social and political indicators. One of the results of such a reformulation of our national economic data might have been a very different set of economic proposals than those put forward by President Nixon to ameliorate our current stagnation, unemployment and inflation.

From an ecological viewpoint, our economy is grievously distorted if it must have an adrenalin shot to boost production of automobiles, which have already saturated the nation and produced an incredible backwash of diseconomies.

Environmentalists would agree with labor and minority groups that economic stimulation should not trickle down from corporations, but rather "trickle up" from some form of consumer credits to expand purchasing, and that human service programs, which tend to be environmentally benign, should have been extended.

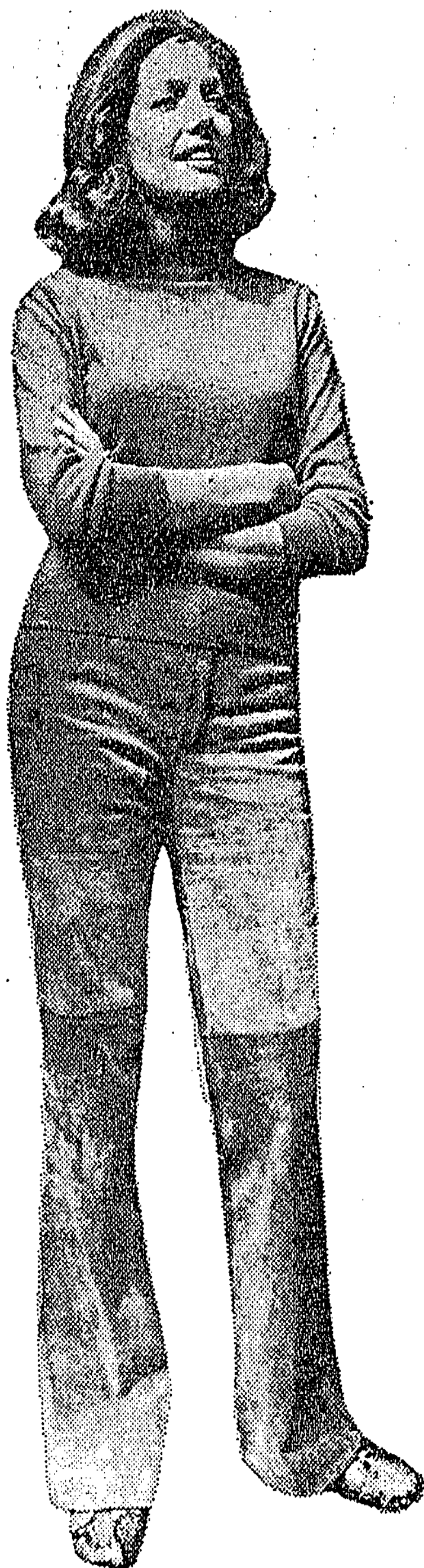
Similarly, a national minimum-income program is more needed than ever, since it creates purchasing power for instant spending on unmet needs, such as clothing and food, and also permits the poor greater mobility to seek opportunity in uncrowded areas, thereby relieving the overburdened biosystems of our cities.

Another concept requiring re-examination is that of economic growth itself. Ever since Malthus stated his theories some 150 years ago that food supply would eventually force reduction of population, we have debated this issue. Now, in addition to Malthus's correct identification of food supply, ecologists bring new inhibiting factors into the consideration of exponential growth.

They include depletion of natural resources,

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pollution and, in the opinion of many, capital investment itself, which leads to ever faster depletion of resources and increase of pollution.

Prof. Jay Forrester states that it is not a question of whether growth will cease, but rather whether the coming transition to equilibrium will occur traumatically or with some measure of human intervention, which may head off some of the most tragic outcomes.

Economists such as Kenneth Boulding, J. Kenneth Galbraith, Barbara Ward and Ezra Mishan are all wrestling with concepts of economic equilibrium within a closed planetary system. One resulting conceptual tool developed by Mishan which may prove increasingly relevant is that of amenity rights, which he claims should share equal status in law and custom with property rights, with which they often conflict.

Another stimulating concept is advanced by ecologist-engineer Prof. Howard T. Odum in his new book, "Environment Power and Society." Professor Odum suggests that money is no longer an adequate metaphor to describe accurately our various resource allocations and human transactions.

The money metaphor needs to be augmented by a system of energy accounting and simulation which could embrace descriptions on how underlying energy-matter exchanges operate and how hidden energy subsidies or outflows obscure or prevent accurate accounting of the real costs, benefits and trade-offs in human activities.

But undoubtedly, the most intellectually stimulating set of concepts put forth in support of the equilibrium economy are embodied in Jay Forrester's planetary models and their gloomy scenarios in "World Dynamics." Some of the shattering implications to current economic assumptions are:

¶There may be no realistic hope that presently underdeveloped countries will ever reach the standards of living enjoyed by present industrialized nations.

¶Industrialization may be a more fundamentally disturbing force in world ecology than population.

¶A society with a high level of industrialization may be nonsustainable and self-extinguishing.

¶From the perspective of a hundred years hence, the present efforts of underdeveloped countries may be unwise, because they may now be closer to the ultimate equilibrium with the environment and in better condition for surviving the forthcoming worldwide pressures than industrialized nations.

In assessing outcomes of his models, Forrester fears that within the next century man may face choices from a four-pronged dilemma: suppression of modern industrial society by a natural resource shortage; decline in world population due to pollution; population limitation by food shortage; or population collapse from war, disease and social stresses caused by physical and psychological crowding.

If there is any merit to all of this new ferment over the ecological implications of our current course of action, then we are faced by a strange paradox. Far from accepting the current view that environmentalists are those harboring wildly unrealistic expectations from our economy, we may have to countenance the opposite view—that businessmen, in fact, aided and abetted by traditional economic theories of unlimited growth, may be the ones whose expectation trajectory has soared out of line with the reality curve of the earth's available resources.

Mrs. Henderson is a director of the Council on Economic Priorities. These are excerpts from a talk to the National Association of Business Economists in Pittsburgh Sept. 28.