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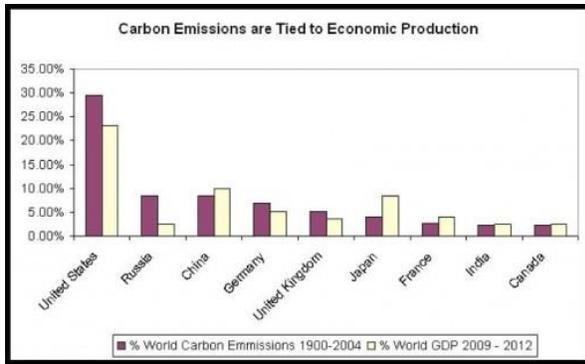
Global Warming is Economic Imperialism

The Time for Technological Gimmicks is Long Gone

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Global warming unites the interests of ‘the world’ that would otherwise be particular through the everyday relations of complex interconnectedness. It is an unnatural ‘natural’ phenomenon in that it is an accumulation, an aggregation, of a large number of like acts. These like acts tie directly to capitalism in history as ‘a way of doing things,’ as a broad approach to ‘the world.’ The tie to capitalist production is incontrovertible—the rise in greenhouse gases correlates with the rise in capitalist production and these gases can be directly related to it as its known ‘byproducts.’ To state what is becoming increasingly obvious, unless global warming is resolved the fate of the world in any form recognizable to ‘us’ is at stake. The problem goes beyond the particulars— rising sea levels and increasing droughts and floods, to threaten the breadth of living relations. Given its genesis in capitalist production the question of resolution is one of the nature of capitalism, of the approach to ‘the world’ that brought ‘us’ from there to here in two short centuries?



Graph (1) above: the claim that ‘we,’ humans broadly considered, are responsible for global warming is more precisely explained as capitalist production is responsible for it. The graph relates carbon emissions over the last century to more recent GDP (Gross Domestic Production) data, a broad measure of economic production; to show that carbon emissions are closely related to economic production. Russia, China and India fit into the global capitalism explanation through oil and gas production (Russia) and through ‘outsourced’ industrial production (China, India). China and India are increasingly adding to carbon emissions by building out their domestic economies and through export strategies that target the capitalist West as primary customers. Sources: The World Bank and the World Resources Institute.

With the U.S. historically being the largest emitter of carbon and other greenhouse gases it is overwhelmingly responsible for global warming. The shift in emissions from China in recent years has by degree been a function of Chinese manufacturing for export to the West. Global resolution is indeed necessary, but the American frame of a global ‘we’ who is responsible is an effort to deflect culpability from the U.S. as the primary source of global environmental dysfunction. In the realm of the political American Republicans are the more straightforwardly corrupted impediments to environmental resolution within the U.S. However, after five years in office where he and his administration mumbled hardly a word about global warming while undermining international efforts at resolution through backroom ‘deals’ in international ‘negotiations,’ Democrat President Barack Obama has finally come out in a year of likely tough mid-term elections to back the EPA (Environmental Protection Agency) in suggesting that someday, somebody, somewhere really ought to do something about carbon emissions. As is typical with American politicians trying to take credit for passing warm gas while assuring that nothing gets resolved, Mr. Obama’s promise to reduce carbon emissions is as vague and institutionally pliable as it is far out in the distance of time.

	1989	1992	1995	1998	2001	2004	2007	2010
0% - 50%	3.0%	3.3%	3.6%	3.0%	2.8%	2.5%	2.5%	1.1%
50% - 90%	29.9%	29.6%	28.6%	28.4%	27.4%	27.9%	26.0%	24.3%
90% - 99%	37.1%	36.9%	33.2%	34.7%	37.1%	36.1%	37.7%	40.0%
99% - 100%	30.1%	30.2%	34.6%	33.9%	32.7%	33.4%	33.8%	34.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Top 10%	67.2%	67.1%	67.8%	68.6%	69.8%	69.5%	71.5%	74.5%

Table (1) above: In addition to the U.S. taking the lion’s share of global ‘wealth’ by being the ‘largest economy’ in the world over the last century, within the U.S. wealth tends to be highly

concentrated. The top ten percent of households owned 75% of U.S. wealth by 2010. Tied together, ten percent of the wealthiest households of the richest country in the world own 75% of the wealth. This ties the interests of the richest citizens of the richest country in the world to maintaining the existing economic order. In a political system ruled by plutocratic interests, this makes resolution of global warming through 'official' channels highly improbable. Source: Federal Reserve Bank of Washington.

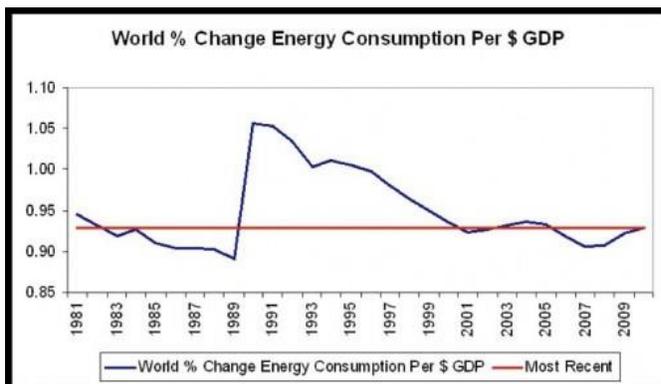
The mainstream Western economic explanation of carbon emissions as 'externalities' from industry and industrial agriculture frames them as unintended consequences of capitalist wealth production. This is nonsense. If carbon emissions are known to occur from industrial production and industrial production continues to take place then the consequences are entirely intended. Capitalists have known for centuries that if they make air unbreathable, water undrinkable and food inedible that these are costs of production forced onto others. A brief look at the arithmetic of corporate profits makes this easier to understand. If profits are defined as revenues minus costs ($P = R - C$) then shifting costs by forcing other people to bear the effects of environmental degradation raises profits. Even radical 'free market' economist Friedrich Hayek understood this until Papa Koch, father of the toxic baby Koch's, paid him to not understand it anymore. To extend this just a bit, if C_d is the direct costs of production and C_e is the 'externalized' costs like environmental destruction, then the profit arithmetic can be written as $P = R - C_d + C_e$.

The attendant frame, that curbing carbon emissions will cost jobs and economic 'growth,' only works when C_e , the cost of environmental destruction, is assumed away. To be clear, C_e necessarily approximates the cost of rectification, the jobs and economic 'production' lost, because it is the implied cost of the externalized pollution. Environmental degradation could (in theory) have been curtailed on the front end or the back end of economic production. The choice of not curtailing it, as is evident in the fact of global warming, places these (implied) costs on the back end. Should these rightly be claimed to be incommensurable what that means is that there is no adequate 'compensation' for killing the planet. And what don't appear to be understood is that these costs are already being borne by the peoples of the world through environmental devastation. The capitalist claim that reducing carbon emissions will cost jobs and economic production isn't an argument over the costs of global warming, it is an argument over who pays them.

This is an important point so please bear with me. The argument coming out of the 1970s, of which economist / apologist Friedrich Hayek was one of the developers, is that 'we all' benefit from capitalist production and therefore that environmental restrictions and controls reduce the social benefits of said production by raising its costs. Again, the costs are borne whether Western economists acknowledge it or not. As can be seen in Graph (1) above, when it comes to the capitalist production that is causing global warming the 'we' who benefits has historically been American. On a planet where global warming affects us all, if by degree, it is not the same 'we' who pays the price for it. And what Table (1) above shows is that even within the U.S. the 'we' who benefits is not the 'we' who pays the price. The profit arithmetic illustrates that 'true' profits, profits earned where the full costs of production are borne by the producers, are nowhere to be found. How do 'we' know this? Global warming is the most evident indicator. Unbreathable air, undrinkable water and inedible food are others.

While I hate to so regularly pick on economist Paul Krugman (I really do), whom I have no personal animus toward, he tends to represent the received wisdom of the urban liberal status quo as regards pretty much any issue. In a recent blog he makes the argument that with Western liberal Democrat guidance more capitalism— ‘markets,’ can help limit carbon emissions by degree. His basic point is that capitalist ‘innovation’ tied to regulations and restrictions can replace high carbon emission production with lower emission technologies. Through this technological innovation reducing carbon emissions will reduce economic production far less than is claimed argues Mr. Krugman. In theory this makes sense. In theory capitalism makes sense. Environmental resolution through government regulations and restrictions was well underway in the 1970s until liberal Democrat Jimmy Carter began deregulating select industries to restore capitalist competition, with ‘competition’ defined as reducing the power of organized labor. It was hardly a coincidence then when Ronald Reagan began undoing environmental regulations as he ratcheted up the effort to end collective bargaining rights. The point is that fully forty years ago an effort was underway to do approximately what Mr. Krugman is now suggesting be done and it was undone through political-economic power relations, not intellectual suasion.

More pointed, however, is the profit arithmetic laid out above. Mr. Krugman argues that innovation can reduce C_e , the externalized costs of capitalist production, by reducing e , environmental destruction. In the modular world of comparative statics (mainstream economics) lowering C_e raises ‘true’ P , profits that ‘compensate’ for environmental destruction. Either through the designs of well intentioned and effective Democrat policies wholly missing for the last forty years or through other capitalists drawn to higher profit opportunities, ‘markets’ will replace older, higher carbon emission technologies with newer, high efficiency technologies. Left unstated is that current circumstance, broadly considered, is exactly and precisely the result of this reasoning. The reason why the U.S. is dependent on cars instead of energy efficient mass transit is that a century ago a consortium of connected capitalists decided that getting rid of mass transit was the way to sell more cars, tires and gasoline. The number one impediment to developing more ‘efficient’ energy technologies in recent decades has been the economic cum political prowess of the fossil fuel industry. Natural gas ‘fracking’ and nuclear power have different externalities, not fewer. The existing economic order could care less about sustainability— look at the wholesale resurrection of the suicide finance of Wall Street for evidence, yet another case of private profits and socialized costs. The existing economic order of large corporations owned by plutocrats can, will and has maintained profits by cramming global warming down our throats.



Graph (2) above: The information in the graph above was cited by Mr. Krugman as evidence of progress in reducing the relation of economic production to energy consumption. If the world is becoming more 'efficient' by reducing the amount of energy needed to produce a dollars worth of economic production then the blue line would move lower (downwards) over time. What can be seen is that the blue line has indeed been variable, largely a function of variations in GDP, the denominator in the ratio. But in the thirty years represented it takes about the same amount of energy today to produce a dollar's worth of economic output as it did in 1981. Source: U.S. Energy Information Administration.

A large part of China's increase in carbon emissions in recent decades has been due to the Chinese governments articulated export strategy. About three centuries ago the British government implemented a generally analogous export strategy— it subsidized 'home' industries backed by the most powerful navy in the 'known' world and used it to develop 'free' markets for British goods abroad. Beginning in the 1980s the Chinese government took lessons learned from three centuries of external economic policies and developed an export economy with Europe and the U.S. as target customers for Chinese goods. Through a currency peg to the U.S. dollar the Chinese were able to maintain a price advantage over U.S. producers with the result being that U.S. production— 'manufacturing,' declined while Chinese manufacturing grew. Another way of saying this is that externality (Ce) generating economic production shifted from the U.S. to China, from U.S. carbon emission 'accounts' to Chinese, while the goods produced ended up in Europe and the U.S. As with the 'cap and trade' policies implemented in Europe in recent decades, there are near endless ways of evading national carbon emission limits while producing the same or greater levels of carbon emissions. 'Market' based solutions to impending environmental catastrophe are either naïve or cynical diversions.

The bottom line is one of commensurability. Economic production that produces toxic externalities like global warming, dead oceans, undrinkable water, unbreathable air, etc, depends on assigning little or no value to these. To make this very clear, Western economic 'accounting' places no value on these, on the most fundamental necessities of living beings, by design. As Oscar Wilde put it, a cynic is someone who knows the price of everything and the value of nothing. This is in fact a summation of Western economics; circumscription of the 'knowable' world by what has had a price tag put on it. The externalized costs of capitalist production are real— more real than the stuff in stores that is only 'cheap' because the true costs were lobbed off on people who haven't yet fought back. To Mr. Krugman's argument, even if technological innovation did reduce carbon emissions the people who would reap the benefits are not the same people who will pay the consequences— more carbon emissions is more even if the rate of growth is reduced.

Global warming is but shorthand for the increasingly conspicuous fact that the quest for 'stuff' has turned the entire planet into a noxious garbage dump. This concern might rightly be considered effete if 'we,' broadly considered, could exist in the garbage that some of us have created. But as global warming suggests, we can't. The time for gimmicks, 'technology,' was a half century ago. And unless you missed this, the West is still plenty rich— rich in approximate proportion to the social and environmental catastrophes that capitalism has wrought. The question today is who pays, not what the costs are.