

## ECONOMICS – THE ULTIMATE WEAPON OF MASS DESTRUCTION?

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One of the joyful activities I have enjoyed for the past fifty years or so is reading novels of mystery and intrigue. While indulging my fantasies recently, I came across the following statement:

*“...economics can be a powerful weapon....it is the ultimate weapon of mass destruction.”<sup>1</sup>*

With all the reading I have done on economics in the last twelve months, I had already concluded that economics could indeed be a powerful weapon, and I had come to some conclusions about the impacts of economic imperialism, but I had not couched my perspective in such a clear, forthright way as did Steve Berry.

Another interesting quote from the novel by Berry was:

*“Money has no motherland. Financiers are without patriotism and without decency...their sole object is gain.”<sup>1</sup>*

As we have seen over the past couple of years, these quotes have a significant ring of truth and reality about them.

### **Social and Economic Inequity**

In December 1948, the world produced the Universal Declaration of Human rights, the first international statement of the inherent dignity and equal rights of all people. Over the past sixty years, the Universal Declaration has established a common standard of achievement to measure the progress of nations, and has provided inspiration for many millions of citizens around the world in their struggles for equality and justice. Unfortunately for too many countries around the world, the rights affirmed in the Declaration have not been met, especially in the protection of economic and social rights. Today's world features very stark contrasts: unparalleled prosperity for some a few countries, and increasing chronic poverty and daily insecurity for many others. A global economy now more than five times its size in 1948 has not produced equivalent progress in fulfilling basic human rights to adequate food, access to health care and education or to decent employment.

When economics was in its infant stages, it was visualized as a social tool to improve human well-being. While an untold amount of benefits have accrued to humanity through the application of the principles of economics and capitalism, I think it is safe to say that those who see economics as a social tool today are very few in number. When the thinking framework for economics was designed 225 years ago, land was plentiful, labor was cheap, and energy was not a significant factor of production. The limiting factor at the time was scarcity of financial

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<sup>1</sup> Berry, S. 2009. *The Paris vendetta*. Ballantine Books, New York, NY. 483 p.

capital. Over that period of time, capitalism has achieved a social purpose and brought a certain level of stability to society. The economic growth engine resulted in the creation of millions of jobs and economic stability, and was used to measure progress.

This, despite the fact that the growth measures (e.g., Gross Domestic Product, or GDP) do not reflect many key aspects of national wealth and well-being, such as changes in health, extent of education, and changes on the amount and quality of our natural capital. GDP does not consider throughput, the metabolic flow of useful matter and energy from ecological sources, through the economic subsystem (production and consumption), and back to ecological sinks as waste (often toxic). Throughput provides the answer for how big an economy truly is: i.e. what is the actual size of the economy's metabolic flow relative to the natural cycles which regenerate the economy's resource depletion and absorb its waste emissions, as well as providing countless other natural services? The economics subsystem is now very large relative to the ecosystems upon which it depends. How big can the economy possibly be before it overwhelms and destroys the natural world?

There is now an increasing awareness that something is very, very wrong, and that human society must change in fundamental ways in order to address the capacity constraints of natural capital. From many directions, blame is being focused on the ongoing economic crisis, itself a result of crises in energy, food, and finance, and at the parallel crisis in our ecological and climate commons, suggesting that both share a common cause: our failed economic system.

In late 2008, the 'phantom wealth' machine<sup>2</sup> of Wall Street was exposed and its devastating effects on the American, and indeed, the global economy were apparent everywhere. Rather than this exposure serving as an impetus for change, what has resulted is further evidence of Wall Street's grip on the American government, and, thus, the world. One result of the events of the past 24 months in the United States and in Canada is that it is blatantly obvious that the leadership for the necessary transformational change in our economic system must come from, as it always has, outside the institutions of power, i.e., must come from the citizens and communities. It has become crystal clear that we must build:

*"...a powerful social movement based on a shared understanding of the roots of the problem and a shared vision of the path to its resolution."*<sup>2</sup>

As Korten opines, it comes down to a question of the values we believe the economy should serve: priority to money or to life, to the fortunes of the few or the well-being of all? The future of humanity depends on:

*"...replacing the values and institutions of the Wall Street economy with the culture and institutions of a New Economy designed to provide an adequate and satisfying livelihood for all people in a balanced relationship to Earth's biosphere."*<sup>2</sup>

The point must be made that while economies have been focused on output (GDP), most industrial sectors have had to rely on government subsidies to survive. Our acceptance of decreasing air quality, decreasing water quality and quantity, and decreasing standards of environmental review are all part of the subsidization process.

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<sup>2</sup> Korten, D.C. 2010. Agenda for a new economy – from phantom wealth to real wealth. 2<sup>nd</sup> Edition. Berrett-Koehler Publishers, Inc. San Francisco, CA. 311 p.

## **Economic Imperialism**

When the global power structure is dominated by one or two countries, it is difficult to avoid the consequences of imperialism. From the days of colonial powers in Europe and the Mediterranean until today, the main reason for exploring the world and establishing new colonies was economics: new and bountiful resources, vast expanses of free land, and sources of slaves. The prospect of unlimited wealth in the New World was difficult to resist. The practice of colonialism reached a peak in the 18<sup>th</sup> and 19<sup>th</sup> centuries with the British Empire, which later became the British Empire and Commonwealth as countries such as Canada, Australia, New Zealand, and India achieved independence.

Not all members of the British Empire were as fortunate as was Canada, for example. Much of the turmoil in the Middle East can be traced back to the machinations of a declining superpower, Britain (who had colonized much of the Middle East), and an emerging superpower, the United States, as they tried in the middle decades of the 20<sup>th</sup> century to create democratic countries/governments in areas where such philosophies and cultures were foreign. Regardless of the political and cultural challenges faced, there was one underlying economic factor: billions of barrels of oil reserves under the Middle East deserts.

The 20<sup>th</sup> century saw the emergence of the American Empire. During the last half of the 20<sup>th</sup> century, the United States was the world's undisputed military, political, economic, and cultural leader. But things are changing. Once the embodiment of prosperity, the United States now finds that its finances are in shambles, utterly dependent on borrowed money and the kindness of foreigners. The 'greenback' is no longer an undisputed store of value or a universally accepted medium of exchange. The foundations which made the United States the economic, social and cultural beacon around the world have gradually been worn away. At the same time, emerging powers such as China, Russia, and India are increasingly unwilling to toe the US line. Despotic regimes in North Korea, Iran and Venezuela repeatedly challenge the United States' authority, especially when it comes to economic and trade sanctions. Adding insult to injury, numerous polls have revealed that the longtime leader of the free world is no longer respected or admired as it once was. Many of those who live in the Middle East, Asia, South America, and even Western Europe are rejecting United States standards, rules, political goals, and cultural norms in favour of their own.

Nuclear proliferation, breath-taking technological advances, and a decades-long economic boom have increasingly leveled the global economic playing field. A divergence of interests and a hardening of differences between the United States and other countries have been fostered by: a myriad of financial and structural imbalances; competition for energy, food, water, and other resources; and growing social and political divisions. Many of these same differences are systematic within the United States: the country is extremely polarized when it comes to political, social and economic policies, and foreign policy. The United States is finding it very difficult, apart from its strong 'allies,' Canada and Great Britain, to find support to play the same dominant role it once had in the global economy.

Today, I believe that it is safe to say that most, if not all, wars are caused and supported by an economic imperative, be it land, oil, natural gas, or minerals. Is war just business? It is hard not to come to that conclusion. I heard a cynical assessment the other day: We have been engaged in a war on terror and a war on drugs for several years now. We have spent billions of dollars on these wars. The consequence: more threats of terror and bigger drug problems.

Why? Because there is too much money to be made through these wars. Is this cynicism or reality?

Another consequence often not emphasized is the number of people killed or maimed through these and other wars, particularly the “collateral damage.” If wars are just business, this is a very high and criminal cost of doing business.

## **Conclusion**

By examining global economies, we can collect evidence of the massive and destructive effect of economics on humanity:

- (1) The majority of the world’s population is poor, under-nourished, in poor health, and living in unsafe conditions.
- (2) The social and economic inequities are growing daily, in part because of population growth, but mainly because of the effects of globalization consolidating economic power in the hands of a few mega-corporations.
- (3) Hundreds of thousands of people (especially children) are dying each and every year from starvation, disease, violence, wars, globalization, and the imperialistic policies on the part of a few powerful nations.
- (4) Thousands of people are dying each year from air and water pollution in developed countries (Canada, United States, Japan, European Union), and in countries such as China and India who are moving into First World status.

It is the bane of modern history that economic and political control is sought after by a select few entities, either individuals, governments, or corporations. Everyone on the planet is affected daily by economic and political decisions made by those in power. The decisions which have had the worst effects on human health and well-being seemingly have been economic. Thousands of people are have been killed, maimed, displaced, repressed, or suppressed under the guise of progress and prosperity. Third World countries have been exploited for their resources which are used to feed the Western consumer society. Those resources are controlled by a few powerful companies, individuals, or governments, and little of the revenue generated from the extraction of these resources makes its way back to the citizens of those countries. In some cases, these countries are utilized also for the disposal of the toxic wastes of Western society.

While terrorists, drug lords, and despotic leaders are considered the epitome of all evil and command a high profile in the news media, we must be wary of those who wield the most economic and political power – in my opinion, they are causing more damage to human well-being than the terrorists and drug lords ever will.