The Recession's Human and Environmental Impacts

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Too often news coverage focuses on discreet current events at the expense of a more synthetic approach to notable happenings. While it is important that the public learns of major incidents in the world as they take place, sometimes this can lead to some observers "not seeing the forest for the trees."

On account, it might be easy to miss the connection between the global recession (and possible future depression) with the ongoing decline of environmental well-being and increase in human population. All the same, these three areas are deeply intertwined. Here are a few details concerning the relationship.

Let's start with the present economic decline: Part of the reasons that there are global jitters involving the weakening of the $ USD is that it provides a means to assess worth of other holdings. In short, many countries and individuals, directly and indirectly, assign their own fiscal strength based on the dollar's standard. This is especially the case when they are carrying the US public debt, which is currently well over $9 Trillion dollars.

In addition, practically all of the US national debt owned by foreigners is held by private investors except for central banks, which hold 64%. Further, the size of the foreign-owned portion of this amount owed is practically three times the total amount of currency in circulation! Indeed, the numbers given by the Federal Reserve for June 2007 put its amount at US $755 billion.

In tandem, the average US family's credit card balance is now almost 5 % of its annual income (with a median U.S. household income presently at $43,200), more that 40 % of American families spend more than they earn, personal bankruptcies in US have doubled in the last decade and the overall consumer debt has reached $2.46 Trillion as of June 2007 (excluding the $440 billion of revolving home equity loans, $600 Billion owed for second mortgages and an overall $9 Trillion in mortgage debt). As such, the total US consumer revolving debt grew to $904 Billion last summer.

Why has this happened? In part, it is because real wages of most workers languished or declined since 1975. So, many Americans reacted by taking on loans to maintain or raise their living standards.

As Polonius, Shakespeare character in Hamlet cautioned, "neither a borrower, nor a lender be" and, certainly, there is trouble with being either. However, everyone, even an individual with neither role, can be in trouble when the value of the currency that he maintains plummets.

So, why is the American money losing clout? The answer is partly dependent upon the way that it gained worth in the first place and, indeed, its relative merit is created by any number of factors. These include the country issuing it having a robust economy (a trade surplus rather than being a debtor nation), having something of universal worth tied to it for which it stands, such as precious metal from which the $ USD was effectively severed in 1971 when the US government refused to exchange a relative small sum of dollars held by several other governments for gold, or some other coveted resource for which the currency alone must be traded, something like OPEC petroleum. (The latter contingency is the reason that some dollar holders find the Iran Bourse, with its plans to reject the $ USD as payment for oil, threatening and suspect that the recent cable failures were a deliberate attempt to postpone its arrangements being set in place.) In short, without a monetary standard having it's worth assigned by being attached to something deemed of unquestionable worth, it tends to have uncertain value.

Meanwhile, the US economy, itself, can't grow. Partly, this is due to globalization of industry, which has created jobs in second and third world countries by taking many of them away from Americans, who cannot continue their high rates of consumption of products due to the increasing deficit of employment opportunities, diminished fiscal returns, raising prices for goods (including staples) and advancing inflation. So, it is no wonder that, while oil and food prices are rising, so are the number of home foreclosures while home worth, in general, is depreciating across the board.

Simultaneously, it is no surprise that US wages are kept depressed by the existence of a proliferation of out-of-work laborers relative to the smaller amount of jobs in existence. At the same time, the already huge homeless population, as would be expected, is skyrocketing. In fact, the number of persistently homeless Americans, ones with repeated episodes or who have been homeless for long periods, involves between 847,000 to 3,470,000 individuals, many of whom are children and unemployed veterans. Posed another way, close to 3.5 million people, of whom roughly 1.35 million are minors, are likely to experience homelessness in any given year in the US (National Law Center on Homelessness and Poverty, 2007).

At the same time, further outsourcing of labor guarantees that more jobs will be cut with the outcome that US citizens will possess even less money to buy either locally manufactured or imported goods. In relation, economic growth in other countries is, also, due to slow down, as exports are no longer quickly snapped up in the US. However, this consequence was long set to develop, given that, since 2000, a total of 3.2 million — one in six factory jobs — have disappeared from the American shores and the lowest rate of US job growth in four years occurred as recently as December 2007 when, simultaneously, the unemployment rate shot up 0.3 percentage points to almost 5 %. By factoring in huge losses in other work positions — such as the ones related to construction, fiscal services and retail sales — it is easy to see that American spending, even for relatively inexpensive foreign made goods, was bound to take a nosedive. How could it not do so when adequate job provision and reasonable salaries have, in effect, largely disappeared?

All the same, this overall arrangement has not been bad for those in the top economic tier as their capacity to pay meager second and third world wages, coupled with receipt of high income from finished products acquired by first world customers, has created an economic boon. Indeed, by mechanisms such as these, the ranks of millionaires and billionaires, during the past few years, has greatly expanded. (The number of millionaires in the world swelled to 8.7 million and the number of billionaires around the world rose to a record 793, the latter of which hold $2.6 trillion in assets and personally garner an extraordinary amount of resources.) So have the overall profit margins of many transnational companies, such as the pharmaceutical, oil and other industrial giants.

All considered, there is no way that many Americans, even with the minimum wage set at a measly $5.85/ hour, can compete with overseas $1/ day wages, nor subsume the fundamental costs associated with their rents, mortgages, the increase in food and oil prices, rising medical insurance payments and other basic expenses. On account, an overall decline in purchases has, recently, taken place in the US and, while this is not good for suppliers, it does give the environment a break.

The reason that it does is that the slow down in business, while ominous from an economic standpoint, is good for the environment, that cannot continue to be assaulted at an ever higher level in order to make an ever higher financial gain off of its largely finite resources. As it is, ecologists anticipate that, if present rates of deforestation continue, rainforests will disappear from the planet within this century, which would kill off an inordinate amount of the world's animal and plant species while effecting global climate in unpredictable ways. (Presently, the global annual rate of deforestation is .8 percent.)

The outlook for the ocean life is just as grim with currently 71-78 % of it being 'fully exploited', 'over exploited' or 'significantly depleted' according to the United Nations. In addition, many types of aquatic plants and animals are on the verge of total extermination and 90 % of all big fish are already gone.

Add to this that, according to recent UN studies, arid lands prone to desertification cover more than one third of the planet's landmass, which supports more than twenty percent of the human population. While requirements from these delicate environments grow, they increasingly become incapable of supporting life. As such, the global rate of desertification is rapidly escalating, although the actual rates vary by locality.

All of this in mind, we cannot keep expecting ever greater economic growth, nor an ever enlarging human population. Instead, we collectively need to drastically cut back on personal resource use, curtail manufacturing (due to stresses on the environment caused by global warming and other industrial impingements) and face a world that is likely to provide a dwindling supply of jobs.

In actuality, we cannot even endure a 5.5 to 7 degree F. (3 to four degree C.) rise in temperature due to carbon loading from industry and transportation of goods. This is because our doing so would all but ensure that human life would be unsupportable over much of the globe and likely prevent pollination for many major crops. Along with the resultant changed rainfall patterns, the lack of pollination would prompt a tremendous decrease in food production.

Regardless of whether this extreme heat occurs or not, the global population, according to the International Data Base, is expected to increase from 6 billion in 1999 to 9 billion by 2042, an increase of 50 percent that will require a mere 43 years. This, of course, has alarming implications for the maxed out natural world (including its water supplies), the labor market, food availability, product price and ever higher global warming.

So, just how are we to cope with these assorted dismal factors? First, we need to recognize the absolute need to stymie growth of GDP in every country, proactively delimit population and reduce general consumption. Put another way, we cannot have any positive outcomes from expecting myriad environments to yield up an unlimited cornucopia of goods, especially as our very lives depend on our severely lowering greenhouse gases and maintaining a large diversity of healthy intact natural environments. Second, we must, quickly, develop a wide array of "green jobs" to make up for the scarcity of ones that will come to pass on account of policies mandating deliberate curtailment of energy intensive manufacturing. Third, we need to quickly create business capable of providing, on an extensive basis, electricity derived from benign alternatives to fossil fuels.

Further, it would be helpful for people to form into small scale, self-sustaining communities to ride through the recession. Indeed, their establishment would, without doubt, help with the transition away from transnational sweatshops, provide regional employment and curb reliance on oil as less goods, including necessities, would require extensive transportation if produced locally.

The coalescence of a recession, mounting population, peak oil, mass extinction, urgent water shortages, climate change and other disastrous environmental impacts challenge us to take immediate action. Our doing so need not be disastrous if we collectively begin to make the essential changes on the scale needed. If we do not, the results could likely be catastrophic on a scope barely imagined by any of us. With firm resolve, let us all begin to undertake the critical modifications at once.

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