

America: Our Problems and Why We Cannot Solve Them

To begin understanding the problems America faces, we must first fully grasp what Martenson describes as the Three E's (Martenson 7-9). The first is the *economy*, which is predicated on endless, exponential growth. The economy is how our money system works and operates, and growth is always the goal. This growth requires *energy*, the next E. Energy allows the transformation of primary wealth, our natural resource base, into secondary wealth, natural resources that have been processed into workable goods that can enter the market and drive the economy (Martenson 59). For example, oil is the "undisputed king of fuels that drives economic expansion," (Martenson 8) and it has no substitutes or replacements- and most importantly, it is depleting. Less and less oil is available for extraction each year, and this is coupled with increasing extraction costs. The most important energy question of our time is what the next source of energy will be. All energy is derived from the final E, our *environment*, which is the natural base from which we find our resources. According to Martenson, "literally dozens of essential minerals and other natural resources will peak right alongside oil," (Martenson 8) and our natural resource base will begin to shrink. The fundamental issue involving the three E's is simple: our economy is based on endless, exponential growth, but in an environment of limiting resources, this type of economy is simply unsustainable.

Understanding the issues involved with the Three E's, it becomes clear that our economy is inherently destined for failure in its current form. This is because two major factors of our economy, growth and the GDP indicator, skew the goals of our economy. Unlimited GDP growth is the preeminent macroeconomic goal (De Graaf 26). Yet in every part of the economy, from each household to globally, there are physical boundaries where costs eventually surpass

benefits. As we noted before, growth does not facilitate sustainability. Our environment is running out, and we are wildly trying to expand our economy. By growing our economy, we are accelerating the depletion of our natural environment. If we want to curb environmental destruction, we must focus on other factors rather than growth alone. The Gross Domestic Product (GDP) is also a strong reason why our economy is causing the depletion of our environment. As an economic indicator, the GDP is “obsolete” (De Graaf 27). It takes into account expenses on negative things while discounting positive aspects that matter to most Americans. For example, when pollution is caused, it costs money to clean it up. The services rendered to clean up pollution count towards our natural GDP, so pollution- a negative thing- assists in the goal of increasing our GDP. On the other hand, GDP does not take into account things such as good health, family time, or other things that improve the American way of life. In fact, the Genuine Progress Indicator (GPI), which begins with the GDP but discounts the aforementioned negative externalities while taking into account things like housework and volunteering, has actually declined since 1973, despite our GDP more than doubling (De Graaf 22). GDP is a faulty indicator of lifestyle, and because we use it as the main indicator of our economy, we create faulty policies and laws in order to raise it at any cost, hurting the nation.

We have outlined through the lens of the Three E’s two major economic errors- the overemphasis on growth and the unreliability of GDP as an effective economic indicator. Unfortunately, there are major government obstacles that block our addressing of these issues. At the crux of our government is a term that Lawrence Lessig describes as *dependence corruption* (Lessig 17). Elected officials depend on campaign contributions to get into office. The way that elected officials guarantee these massive contributions is to institute policies and laws that favor

donating constituencies- even at the expense of the nation as a whole. This dependency on money creates three devastating dysfunctions of government (Bennett Lecture). The first is distraction. Elected officials spend a great deal of time raising money, and consequently not enough time on constituents or the needs of the country. This leads to a diminished focus and capacity of elected officials. The next dysfunction, and the one that limits our government's ability to effect change, is that money distorts issue agendas. The issue agenda of Congress becomes driven by the lobbying agenda. These lobbied interests are often wealthy corporate interests. Many public interests cannot get their issues on the agenda at all, because those without money cannot buy access. Policy outputs then produce more inequality as those with money lobby their interests, often resulting in them gaining more wealth and consequently gaining more speech. The final dysfunction is that money undermines public trust as people begin to doubt the integrity of elected officials when they know money is present- and a government without trust is not completely legitimate.

The question then becomes how we begin to solve these issues. To even scratch the surface of the issues of the Three E's, government reform is necessary. As long as the issues on the agenda are those driven by lobbying interests, the issues involving the environment, our economy, and our energy as they pertain to the good of the nation will continue to be pushed aside. Reform would serve to "reduce the gap between 'the funders' and 'the people,'" (Lessig 264) so that no one could believe that the actual influence of one was substantially different from the intended influence of the other. A reform that served that purpose would alleviate the three dysfunctions of money dependence, particularly in terms of realigning the policy agenda with the public issue agenda. Lessig advocates The Grant and Franklin Project (Lessig 265-267), a

democracy voucher plan. Since each voter produces at least \$50 in revenue to the U.S. treasury, we would take that first \$50 and turn it into a voucher that the voter can appropriate as they see fit to candidates or parties. They can also add an additional \$100 of their own money to each candidate they wish to support. If a candidate opted into this system, the only money they could accept would be in the form of money vouchers. This plan is effective for four reasons. First, it is voluntary, which avoids invalidation by the Supreme Court. Next, voters' money is not used to support speech they do not believe in as they individually appropriate their support. The system also allows contributions in addition to public funds, further binding the individual to a campaign. The most important factor of this plan is that "no one could believe that money was buying results," (Lessig 268) restoring legitimacy and trust to the government and refocusing the issue agenda. It will not completely solve the problem, but it puts the power back into the hands of the voters. The voters will use vouchers and more candidates will opt into the system, restoring the power balance by reducing the capacity of the wealthy to heavily influence elections and policy agendas.

Once government reform occurs, America can focus on new kinds of economic thinking beyond simply growth and the GDP. Instead of focusing on growth, we can focus on sustainability. We are "rapidly wasting our natural capital," (De Graaf 153) all of the things we get from nature to provide for our needs. De Graaf suggests that we resolve the "Sustainability Paradox," in which the human population is growing, and we are unraveling planetary systems upon which we are dependent in order to facilitate our successes. As De Graaf puts it, "Our successes are endangering the sustainability of our successes" (De Graaf 154) as our economic progression continues to deplete the environment. We must begin to think about sustaining our

current position before we can continue our growth. GDP also must be pushed aside as our most important indicator. Luckily, there are already systems being developed in hopes of replacing GDP. The Key National Indicators Systems (KNIS) allow all of us to immediately access an enormous array of over three hundred new indicators (De Graaf 24). Since our goals are predicated on what we measure, a more complete host of indicators would allow us to identify areas of America that need improving and develop policies to make those improvements.

America must focus on sustainability and economic security in order to preserve our successes.

With these new shifts in thinking and measures, a number of policies could be implemented to stress economic sustainability instead of pure growth. De Graaf and Bakter suggest a wide range of economic reforms to meet these ends (De Graaf 223-226). Financial transaction taxes and currency trading taxes would not burden the every day investor, but would greatly reduce the harmful and risky speculation trading that led to our most recent economic crash. Raising banking reserve requirements and reducing leverage would provide security from bankruptcies while reducing the impact of private risk-taking on taxpayers. Bringing back usury laws would provide limits to real interest rates that can be charged, stimulating prosperity by helping the average American take care of their debts and take on more realistic loans. Lastly, regulating hedge funds as to penalize speculative investment and encourage productive investment would again lower the odds of another crisis. All of these reforms are designed to provide security and incentivize actors in our financial system to take more realistic approaches instead of speculative risks aimed at simply growing. This shift from growth to sustainability would lessen humanity's burden upon our environment, and would mark the beginning of true improvement in terms of the Three E's.