

Commentary

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The Time of Big Government is Coming to an End

By Richard Heinberg

As economies contract, a global popular uprising confronts power elites over access to the essentials of human existence. What are the underlying dynamics of the conflict, and how is it likely to play out?

1. Prologue

As the world economy crashes against debt and resource limits, more and more countries are responding by attempting to salvage what are actually their most expendable features—corrupt, insolvent banks and bloated militaries—while leaving the majority of their people to languish in “austerity.” The result, predictably, is a global uprising. This current set of conditions and responses will lead, sooner or later, to social as well as economic upheaval—and a collapse of the support infrastructure on which billions depend for their very survival.

Nations could, in principle, forestall social collapse by providing the basics of existence (food, water, housing, medical care, family planning, education, employment for those able to work, and public safety) universally and in a way that could be sustained for some time, while paying for this by deliberately shrinking other features of society—starting with military and financial sectors—and by taxing the wealthy. The cost of covering the basics for everyone is within the means of most nations. Providing human necessities would not remove all fundamental problems now converging (climate change, resource depletion, and the need for fundamental economic reforms), but it would provide a platform of social stability and equity to give the world time to grapple with deeper, existential challenges.

Unfortunately, many governments are averse to this course of action. In fact, they will most likely continue to do what they are doing now—cannibalizing the resources of society at large in order to prop up megabanks and military establishments.

Even if they do provide universal safety nets, on-going economic contraction may still likely result in conflict, though in this instance it would arise from groups opposed to the perceived failures of “big government.”

In either instance, it will increasingly be up to households and communities to provide the basics for themselves while reducing their dependence upon, and vulnerability to, centralized systems of financial and governmental power. This is a strategy that will

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require sustained effort and one that will in many cases be discouraged and even criminalized by national authorities.

The decentralization of food, finance, education, and other basic societal support systems has been advocated for decades by theorists on the far left and far right of the political spectrum. Some efforts toward decentralization (such as the local food movement) have resulted in the development of niche markets. However, here we are describing not just the incremental growth of social movements or marginal industries, but what may become the signal economic and social trend for the remainder of the 21st century—a trend that is currently ignored and resisted by governmental, economic, and media elites who can't imagine an alternative beyond the dichotomies of free enterprise versus planned economy, or Keynesian stimulus versus austerity.

The decentralized provision of basic necessities is not likely to flow from a utopian vision of a perfect or even improved society (as have some social movements of the past). It will emerge instead from iterative human responses to a daunting and worsening set of environmental and economic problems, and it will in many instances be impeded and opposed by politicians, bankers, and industrialists. It is this contest between traditional power elites on one hand, and growing masses of disenfranchised poor and formerly middle-class people attempting to provide the necessities of life for themselves in the context of a shrinking economy, that is shaping up to be the fight of the century.

2. When civilizations decline

In his benchmark 1988 book [The Collapse of Complex Societies](#), archaeologist Joseph Tainter explained the rise and demise of civilizations in terms of complexity. He used the word complexity to refer to “the size of a society, the number and distinctiveness of its parts, the variety of specialized social roles that it incorporates, the number of distinct social personalities present, and the variety of mechanisms for organizing these into a coherent, functioning whole.”

Civilizations are complex societies organized around cities; they obtain their food from agriculture (field crops), use writing and mathematics, and maintain full-time division of labor. They are centralized, with people and resources constantly flowing from the hinterlands toward urban hubs. Thousands of human cultures have flourished throughout the human past, but there have been only about 24 civilizations. And all (except our current global industrial civilization—so far) have collapsed.

Tainter describes the growth of civilization as a process of investing societal resources in the development of ever-greater complexity in order to solve problems. For example, in village-based tribal societies an arms race between tribes can erupt, requiring each village to become more centralized and complexly organized in order to fend off attacks. But complexity costs energy. As Tainter puts it, “More complex societies are costlier to

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maintain than simpler ones and require higher support levels per capita." Since available energy and resources are limited, a point therefore comes when increasing investments become too costly and yield declining marginal returns. Even the maintenance of existing levels of complexity costs too much (citizens may experience this as onerous levels of taxation), and a general simplification and decentralization of society ensues—a process colloquially referred to as collapse.

During such times societies typically see sharply declining population levels, and the survivors experience severe hardship. Elites lose their grip on power. Domestic revolutions and foreign wars erupt. People flee cities and establish new, smaller communities in the hinterlands. Governments fall and new sets of power relations emerge.

It is frightening to think about what collapse would mean for our current global civilization. Nevertheless, as we are about to see, there are good reasons for concluding that it is reaching limits of centralization and complexity, that marginal returns on investments in complexity are declining, and that simplification and decentralization are inevitable.

Thinking in terms of simplification, contraction, and decentralization is more accurate and helpful, and probably less scary, than contemplating collapse. It also opens avenues for foreseeing, reshaping, and even harnessing inevitable social processes as to minimize hardship and maximize possible benefits.

3. The premise: why contraction, simplification, and decentralization are inevitable

The premise that a simplification of global industrial civilization is soon inevitable is the summarized conclusion of a robust discourse developed in scores of books and hundreds of scientific papers during the past four decades, drawing upon developments in the studies of ecology, the history of civilizations, the economics of energy, and systems theory. This premise can be stated as follows:

- The dramatic increase in societal complexity seen during the past two centuries (measured, for example, in a relentless trend toward urbanization and soaring volumes of trade) resulted primarily from increasing rates of energy flow for manufacturing and transport. Fossil fuels provided by far the biggest energy subsidy in human history, and were responsible for industrialization, urbanization, and massive population growth.
- Today, as conventional fossil fuels rapidly deplete, world energy flows appear set to decline. While there are enormous amounts of unconventional fossil fuels yet to be exploited, these will be so costly to extract—in monetary, energy, and environmental terms—that continued growth in available fossil energy supplies is unlikely; meanwhile alternative energy sources remain largely undeveloped and will require extraordinary levels of investment if they are to make up for declines in fossil energy.
- Declining rates of energy flow and declining energy quality will have predictable direct effects: higher energy prices, the need for increased energy efficiency in all sectors of society, and the need for the direction of an ever-greater proportion of increasingly

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scarce investment capital toward the energy sector.

- Some of the effects of declining energy will be non-linear and unpredictable, and could lead to a general collapse of civilization. Economic contraction will not be as gradual and orderly as economic expansion has been. The indirect and non-linear effects of declining energy may include an uncontrollable and catastrophic unwinding of the global system of credit, finance, and trade, or the dramatic expansion of warfare as a result of heightened competition for energy resources or the protection of trade privileges.

- Large-scale trade requires money, and so economic growth has required an on-going expansion of currency, credit, and debt. It is possible, however, for credit and debt to expand faster than the energy-fed “real” economy of manufacturing and trade; when this happens, the result is a credit/debt bubble, which must eventually deflate—usually resulting in massive destruction of capital and extreme economic distress. During the past few decades, the industrialized world has inflated the largest credit/debt bubble in human history.

- As resource consumption has burgeoned during the past century, so have environmental impacts. Droughts and floods are increasing in frequency and worsening in intensity, straining food systems while also imposing direct monetary costs (many of which are ultimately borne by the insurance industry). These impacts—primarily arising from global climate change—now threaten to undermine not only economic growth, but also the ecological basis of civilization.

To summarize this already brief summary: Due to energy limits, overwhelming debt burdens, and accumulating environmental impacts, the world has reached a point where continued economic growth may be unachievable. Instead of increasing its complexity, therefore, society will—for the foreseeable future, and probably in fits and starts—be shedding complexity.

General economic contraction has arguably already begun in Europe and the US. The signs are everywhere. High unemployment levels, declining energy consumption, and jittery markets herald what some bearish financial analysts describe as a “greater depression” perhaps lasting until mid-century (see, for example, George Soros’s comments in a recent [Newsweek interview](#)). But even that stark assessment misses the true dimensions of the crisis because it focuses only on its financial and social manifestations while ignoring its energy and ecological basis.

Whether or not the root causes of worldwide economic turmoil are generally understood, that turmoil is already impacting political systems as well as the daily lives of hundreds of millions of people. Banks that innovated their way into insolvency in the years leading up to 2008 have been bailed out by governments and central banks fearful to avert a contagious deflationary destruction of global capital. Meanwhile, governments that borrowed heavily during the last decade or two with the expectation that further economic growth would swell tax revenues and make it easy to repay debts now find themselves with declining revenues and rising borrowing costs—a sure formula for default.

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In a few instances, the very financial institutions that some governments temporarily saved from insolvency are now undermining the economies of other governments by forcing a downgrade of their credit ratings, making debt rollovers more difficult. Those latter governments are being given an ultimatum: reduce domestic spending or face exclusion from the system of global capital. But in many cases domestic spending is all that's keeping the national economy functioning. Increasingly, even in countries recently considered good credit risks, the costs of preventing a collapse of the financial sector are being shifted to the general populace by way of austerity measures that result in economic contraction and general misery.

A global popular uprising is the predictable result of governments' cuts in social services, their efforts to shield wealthy investors from consequences of their own greed, and rising food and fuel prices. Throughout the past year, recurring protests have erupted in Africa, the Middle East, Asia, Europe, and North America. The long-range aims of protesters are in many cases yet to be articulated, but the immediate reasons for the protests are not hard to discern. As food and fuel prices squeeze, poor people naturally feel the pinch first. When the poor are still able to get by, they are often reluctant to risk assembling in the street to oppose corrupt, entrenched regimes. When they can no longer make ends meet, the risks of protest seem less significant—there is nothing to lose; life is intolerable anyway. Widespread protest opens the opportunity for needed political and economic reforms, but it also leads to the prospect of bloody crackdowns and reduced social and political stability.

4. Scenarios for societal simplification

If this premise is correct, then two scenarios can easily be envisioned:

A. Continued pursuit of business-as-usual. In this scenario, policy makers desperately try to re-start economic growth with stimulus spending and bailouts; all efforts are directed toward increasing, or at least maintaining, the complexity and centralization of society. Deficits are disregarded.

This was the general strategy for many governments in late 2008 and throughout 2009 as they grappled with the first phase of the global financial crisis. The US and stronger members of the EU experienced tangible but limited success at engineering a recovery and averting a deflationary meltdown of their economies through deficit spending. However, the fundamental problems that led to the crisis were merely papered over. Most of the largest banks are still functionally insolvent, with temporarily hidden "toxic assets" still weighing on their balance sheets.

The limits of this course of action are revealing themselves as the US "recovery" fails to gain traction, Chinese growth winds down, and the EU slips into recession. Further stimulus spending would require another massive round of government borrowing, and

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that would face strong domestic political headwinds as well as resistance from the financial community (taking the form of credit downgrades, which would make further borrowing more expensive).

Meanwhile, despite much talk about the potential for low-grade alternative fossil fuels such as tar sands and shale oil, world energy supplies are in essentially the same straits as they were at the start of the 2008 crisis (which, it is important to recall, was partly triggered by a historic oil price spike). And without increasing and affordable energy flows a genuine economic recovery (meaning a return to growth in manufacturing and trade) is probably not possible. Thus financial pump priming will yield diminishing returns.

The pursuit of business-as-usual appears to lead us back to the sort of turmoil seen in 2008; however, next time the situation will be worse, as most of the available stimulus/bailout “ammunition” is already used up. If governments and central banks are able to get ahead of debt deflation and deleveraging by massive “printing” of new money, the eventual result will be hyperinflation and currency collapse.

B. Simplification by austerity. In this scenario, nations pull back from their current state of over-indebtedness and placate bond markets by cutting domestic social spending and withdrawing social safety nets put in place during the past few decades of steady growth. This strategy is being adopted by the US and many EU nations, partly out of perceived necessity and partly on the advice of economists who promise that domestic social spending cuts (along with privatization of government services) will spur more private-sector economic activity and thereby jumpstart a sustainable recovery.

The evidence for the efficacy of austerity as a path to increased economic health is spotty at best in “normal” economic times. Under current circumstances, the evidence is overwhelming that austerity leads to declining economic performance as well as social unraveling. In nations where the austerity prescription has been most vigorously applied (Ireland, Greece, Spain, Italy, and Portugal), contraction is accelerating and popular protest is on the rise. Even Germany, Europe’s strongest economy, is being impacted—its economy contracted in Q4 of 2011. As Jeff Madrick argued recently in the [New York Review of Books](#), policy makers are failing to see that rising deficits are more a symptom of slower economic growth than the cause.

Austerity is having similar effects in states, counties, and cities in the US. State and local governments have cut roughly half a million jobs during the past two years; had they kept hiring at their previous pace to keep up with population growth, they would instead have added a half-million jobs. Meanwhile, due to declining tax revenues, local governments are allowing paved roads to turn to gravel, closing libraries and parks, and laying off public employees.

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It's not hard to recognize a self-reinforcing feedback loop at work here. A shrinking economy means lower tax revenues, which make it harder for governments to repay debt. In order to avoid a credit downgrade, governments must cut spending. This shrinks the economy further, eventually resulting in credit downgrades anyway. That in turn raises the cost of borrowing. So government must cut spending even further to remain credit-worthy. The need for social spending explodes as unemployment, homelessness, and malnutrition increase, while the availability of social services declines. The only apparent way out of this death spiral is a revival of rapid economic growth. But if the premise above is correct, that is a mere pipedream.

Both of these scenarios lead to unacceptable and unstable outcomes. Are there no other possibilities? Well, yes. Here are two.

C. Centralized provision of the basics.

In this scenario, nations directly provide jobs and basic necessities to the general public while deliberately simplifying, downsizing, or eliminating expendable features of society such as the financial sector and the military and taxing wealthy individuals, banks, and businesses.

In many cases, centralized provision of basic necessities is relatively cheap and efficient. For example, since the beginning of the current financial crisis the US government has gone about creating jobs mainly through channeling tax breaks and stimulus spending to the private sector, but this has turned out to be an extremely costly and inefficient way of providing jobs, far more of which could be called into existence (per dollar spent) by direct government hiring. Similarly, the new (yet to be implemented) US federal policy of increasing the public's access to health care by requiring individuals to purchase private medical insurance is more costly than simply providing a universal government-run health insurance program. If Britain's experience during and immediately after World War II is any guide, then better access to higher-quality food could be ensured with a government-run rationing program than through a fully privatized food system. And government banks could arguably provide a more reliable public service than private banks, which funnel enormous streams of unearned income to bankers and investors. If all this sounds like an argument for utopian socialism, read on—it's not. But there are indeed real benefits to be reaped from government provision of necessities, and it would be foolish to ignore them.

A parallel line of reasoning goes like this. Immediately after natural disasters and huge industrial accidents, people impacted typically turn to the state for aid. As the global climate chaotically changes, and as the hunt for ever-lower-grade fossil energy sources forces companies to drill deeper and in more sensitive areas, we will undoubtedly see worsening weather crises, environmental degradation and pollution, and industrial accidents such as oil spills. Inevitably, more and more families and communities will be

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relying upon state-provided aid for disaster relief.

Many people would be tempted to view an expansion of state support services with alarm, as the ballooning of the powers of an already bloated central government. There may be substance to this fear, depending on how the strategy is pursued. But it is important to remember that the economy as a whole, in this scenario, would be contracting—and would continue to contract—due to resource limits. Think of state provision of services not as utopian socialism (whether that phrase is viewed positively or negatively), but as a strategic reorganization of society in pursuit of greater efficiency in times of scarcity. Perhaps the best analogy would be with wartime rationing—a practice in which government takes on a larger role in managing distribution so as to free up resources for fighting a common enemy.

How to pay for such an expansion of services in a time of over-indebtedness and scarce credit? The financial industry could be downsized by taxing financial transactions and unearned income. Further, the national government could create its own financing directly, without having to borrow from banks. One might think that if government can just create as much money as it wants, then it could do away with scarcity altogether. But in the end it's not just money that makes the world go 'round. With energy and resources in short supply, the economy would continue to shrink no matter how much money the central government printed; over-printing would simply result in hyperinflation. However, up to a point, efficiency gains and equitable distribution could reduce human misery even as the economic pie continued to shrink.

Some nations have already begun to make policy shifts along the lines suggested in this scenario: Ecuador, for example, has expanded direct public employment, enforced social security provisions for all workers, diversified its economy to reduce dependence on oil exports, and enlarged public banking operations.

For some large industrial nations, such as the US, entrenched interests (principally, the fossil-fuel, financial, and weapons industries) would work to prevent movement in these directions—as they are already doing. Meanwhile, the fact that the economy was still contracting even in the face of strenuous government efforts might lead many people to believe that contraction was occurring because of government, and so popular opposition to government (from some quarters at least) might increase. Government might be motivated to crush such dissent in order to maintain stability (this, of course, is what far-right anti-government groups most fear). A nation that remained stuck in option C for decades would likely come to resemble the Soviet Union or Cuba. It might also resort to extreme efforts to stoke patriotic sentiment as a way of justifying repression of dissent.

In any case, it's hard to say how long this strategy could be maintained in the face of declining energy supplies. Eventually, central authorities' ability to operate and repair

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the infrastructure necessary to continue supporting the general citizenry might erode to the point that the centre would no longer hold. At that stage, Strategy C would fade out and Strategy D would fade in.

D. Local provision of the basics. Suppose that as economies contract national governments fail to step up to provide the basics of existence to their citizens. Or (as just discussed) suppose those efforts wane over time due to an inability to maintain national-scale infrastructure. In this final scenario, the provision of basic necessities is organized by local governments, ad hoc social movements, and non-governmental organizations. These could include small businesses, churches and cults, street gangs with an expanded mission, and formal or informal co-operative enterprises of all sorts.

In the absence of global transport networks, electricity grids, and other elements of infrastructure that bind modern nations together, whatever levels of support that can originate locally would provide a mere shadow of the standard of living currently enjoyed by middle-class Americans or Europeans. Just one telling example: we will likely never see families getting together in church basements to manufacture laptop computers or cell phones from scratch. The on-going local provision of food and simple manufactured goods is a reasonable possibility, given intelligent, cooperative effort; for the most part, however, during the next few decades a truly local economy will be mostly a salvage economy (as described by John Michael Greer in [The Ecotechnic Future](#), pp. 70 ff.).

If central governments seek to maintain their complexity at the expense of locales, then conflict between communities and sputtering national or global power hubs is likely. Communities may begin to withdraw streams of support from central authorities—and not only governmental authorities, but financial and corporate ones as well.

In recent decades, communities have seen it as being in their interest to give national and global corporations tax breaks and other subsidies for locating factories and stores within the local tax-shed. Analysis after-the-fact is showing that in many instances this was a poor bargain: tax revenues have been insufficient to make up for new infrastructure costs (roads, sewer, water); meanwhile, most of the wealth generated by factories and mega-store outlets tends to find its way to distant corporate headquarters and to Wall Street investors (see Michael Shuman, the [Small-Mart Revolution](#)). Increasingly, communities are recognizing big chain-retail corporations (and big banks as well) as parasites siphoning away local capital, and are looking for ways to support small, local businesses instead.

City and county governments are just beginning to adopt a similar attitude toward federal and state governments. Formerly, larger governmental entities provided subsidies for local infrastructure projects and anti-poverty programs. As funding streams for those projects and programs dry up, local governments find themselves increasingly

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in competition with their cash-starved big brothers.

If communities are being hit by declining tax revenues, competition with larger governments, and the predatory practices of mega-corporations and banks, then non-profit organizations—which support tens of thousands of local arts, education, and charity efforts—face perhaps even greater challenges. The current philanthropic model rests entirely upon assumed economic growth: foundation grants come from returns on investments. As growth slows and reverses, the world of non-profit organizations will shake and crumble, and the casualties will include thousands of aid agencies, environmental organizations devoted to protecting regional habitat, symphony orchestras, dance ensembles, museums, art galleries, and on and on.

If national government loses its grip, with local governments pinched simultaneously from above and below, and with non-profit organizations starved for funding, from where will come the means to support the local citizenry? Local businesses and co-ops (including cooperative banks, otherwise known as credit unions) could shoulder some of the burden if they are able to remain profitable and avoid falling victim to big banks and mega-corporations before the latter go under.

The next line of support would come from the volunteer efforts of people willing to work hard for the common good. Every town and city is replete with churches and service organizations. Many of these would be well placed to help educate and organize the general populace to facilitate survival and recovery—especially some of the more recent arrivals, such as the Transition Initiatives, which already have collapse preparedness as a *raison d'être*. In the best instance, volunteer efforts would get under way well before crisis hits, organizing farmers' markets, ride- and car-share programs, local currencies, and "buy local" campaigns. There is a growing body of literature intended to help that pre-crisis effort; the latest worthy entry in that field is [Local Dollars, *Local Sense: How to Shift Your Money from Wall Street to Main Street and Achieve Real Prosperity*](#), by Michael Shuman.

The final source of support would consist of families and neighborhoods banding together to do whatever is necessary to survive—grow gardens, keep chickens, reuse, repurpose, repair, defend, share, and, if all else fails, learn to do without. People would move into shared housing to cut costs. They would look out for one another to maintain safety and security. These extreme-local practices would sometimes fly against the headwinds of local and national regulations. In those cases, even if they're in no place to help materially, local governments could lend a hand simply by getting out of the way—for example, by changing zoning ordinances to allow new uses of space. (See, for example, this helpful article on how counties can use land banks and eminent domain to take over unused real estate and make it available for community use.) Thus enabled, neighborhood committees could identify vacant houses and commercial spaces, and turn these into community gardens and meeting centers. In return, as neighborhoods network with other neighborhoods, a stronger social fabric might re-invigorate local

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government.

As discussed above, movements to support localization—however benign their motives—may be perceived as a threat by national authorities. This is all the more likely as the Occupy movement organizes popular resistance to traditional power elites.

Where national governments see local citizens' demands for greater autonomy as menacing, the response could include surveillance, denial of public assembly, infiltration of protest organizations, militarization of the police, the development of an increasing array of non-lethal weapons for use against protesters, the adoption of laws that abrogate the rights to trial and evidentiary hearings, torture, and the deployment of death squads. Chris Hedges, in a recent article, tellingly quoted Canadian activist Leah Henderson's letter to fellow dissidents before being sent to prison: "My skills and experience—as a facilitator, as a trainer, as a legal professional and as someone linking different communities and movements—were all targeted in this case, with the state trying to depict me as a 'brainwasher' and as a mastermind of mayhem, violence and destruction. . . . It is clear that the skills that make us strong, the alternatives that reduce our reliance on their systems [emphasis added] and prefigure a new world, are the very things that they are most afraid of."

Altogether, the road to localism may not be as easy and cheerful a path as some proponents portray. It will be filled with hard work, pitfalls, conflicts, and struggle—as well as comradeship, community, and comity. Its ultimate advantage: the primary trends of the current century (discussed above) seem to lead ultimately in this direction. If all else fails, the local matrix of neighbors, family, and friends will offer our last refuge.

5. Complications

Scenarios are not forecasts; they are planning tools. As prophecies, they're not much more reliable than dreams. What really happens in the years ahead will be shaped as much by "black swan" events as by trends in resource depletion or credit markets. We know that environmental impacts from climate change will intensify, but we don't know exactly where, when, or how severely those impacts will manifest; meanwhile, there is always the possibility of a massive environmental disaster not caused by human activity (such as an earthquake or volcanic eruption) occurring in such a location or on such a scale as to substantially alter the course of world events. Wars are also impossible to predict in terms of intensity and outcome, yet we know that geopolitical tensions are building. It is just possible (not very, but just) that some new energy technology—such as cold fusion—could reset the collapse clock, enabling the global economy to lurch along for another couple of decades before humanity breaches its next crucial natural limit. The simplification of society is likely to be a complicated and surprising process. Nevertheless, the four scenarios offered here do provide a rudimentary map of some of

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the main possibilities.

These scenarios are not mutually exclusive. A single nation might traverse two, three, or all of them over a period of years or decades.

If our premise is correct, then Strategy A (the pursuit of business-as-usual) is inherently untenable even over the short term; it must soon give way to B, C, or D.

Strategy B (austerity) seems to lead, via social and economic disintegration, quickly to D (local provision of the basics), as evidenced in a recent [New York Times article](#) about Greeks reverting to subsistence farming in the face of government cutbacks.

Strategy C (central provision of the basics) would probably lead to D as well, though the path would likely take longer—possibly much longer—to traverse. In other words, all roads appear to lead eventually to localism; the question is: how and when shall we arrive there, and in what condition?

The route via austerity has the virtue of being quicker, but only because it induces more misery more suddenly.

Centralized provision of essentials might be merely a way of prolonging the agony of collapse—unless authorities understand the inevitable trend of events and deliberately plan for a gradual shift from central to local provision of basic needs. The US could do this by, for example, enacting agricultural policies to favor small commercial farms and subsistence farms while removing subsidies from big agribusiness. Outsourcing, off-shoring, and other practices that serve the interests of global capital at the expense of local communities could be discouraged through regulation and taxation, while domestic manufacturers could be favored. (This “protectionism” would no doubt be decried both domestically and internationally.) Altogether, the planned transition from C to D may constitute its own scenario, perhaps the best of the lot in its likely outcomes.

The success of governments in navigating the transitions ahead may depend on measurable qualities and characteristics of governance itself. In this regard, there could be useful clues to be gleaned from the World Governance Index, which assesses governments according to criteria of peace and security, rule of law, human rights and participation, sustainable development, and human development. For 2011, the US ranked number 32 (and falling: it was number 28 in 2008)—behind Uruguay, Estonia, and Portugal, but ahead of China (number 140) and Russia (number 148).

On the other hand, “collapse preparedness” (Dmitry Orlov’s memorable phrase) may co-exist with governmental practices that appear inefficient and even repressive in pre-collapse conditions. In his book *Reinventing Collapse*, Orlov makes the case that the Soviet Union, for all its dreariness and poor governance, provided more collapse

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preparedness than does the US today, partly because people's expectations in the USSR were already low after decades spent barely getting by. Or was the USSR's high level of collapse preparedness largely a matter of its having long guaranteed the very basics of existence to its people? No one became homeless when the Soviet system disintegrated, since no one had a mortgage to be foreclosed upon; when the economy crashed, people simply stayed where they were.

In the era of economic contraction governmental competence will not determine all the prospects of nations. Demographics will also be decisive: Egypt's political and social tumult has been driven not just by weariness with corruption, but also by high birth rates—which have led to 83 percent unemployment for those between 15 and 29, inadequate education, high poverty rates, and a growing inability of the nation to feed itself (about half of Egypt's food is now imported). Perhaps it could be argued that one of the first signs of competent governance is effective population policy.

For the sake of any national policy maker who may be reading this essay, here are a few take-home bullet points that summarize most of the advice that can be gleaned from our scenario exercise:

- Guarantee the basics of existence to the general public for as long as possible.
- At the same time, promote local production of essential goods, strengthen local social interconnectivity, and shore up local economies.
- Promote environmental protection and resource conservation, reducing reliance of fossil fuels in every way possible.
- Stabilize population levels.
- Foster sound governance (especially in terms of participation and transparency).
- Provide universal education in practical skills (gardening, cooking, bicycle repair, sewing, etc.) as well as in basic academic subjects (reading, math, science, critical thinking, and history). And finally,
- Don't be evil—that is, don't succumb to the temptation to deploy military tactics against your own people as you feel your grip on power slipping; the process of decentralization is inexorable, so plan to facilitate it.

One wonders how many big-government centralists of the left, right, or centre—who often see the stability of the state, the status of their own careers, and the ultimate good of the people as being virtually identical—are likely to embrace such a prescription.

6. Final thoughts

To reiterate the theme of this essay one last time: The decline in resources available to support societal complexity will generate a centrifugal force breaking up existing economic and governmental power structures everywhere. As a result there is a fight brewing—a protracted and intense one, impacting most countries if not all—over access to a shrinking economic pie. It will manifest not only as competition among nations, but

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also as conflicts within nations between power elites and the increasingly impoverished masses.

History teaches us at least as much as scenario exercises can. The convergence of debt bubbles, economic contraction, and extreme inequality is hardly unique to our historical moment. A particularly instructive and fateful previous instance occurred in France in the late 18th century. The result then was the French Revolution, which brought with it war, despotism, mass executions—and an utter failure to address underlying economic problems. (See three excellent short videos about the French Revolution [here](#), [here](#), and [here](#)). So often, as in this case, nations suffering under economic contraction, rather than downsizing their armies so as to free up resources, double down on militarism by going to war, hoping thereby both to win spoils and to give mobs of angry young men a target for their frustrations other than their own government. The gambit seldom succeeds; Napoleon made it work for a while, but not long. France and (most of) its people did survive the tumult. But then, at the dawn of the 19th century Europe was on the cusp of another revolution—the fossil-fuelled Industrial Revolution—and decades of economic growth shimmered on the horizon. Today we are just starting our long slide down the decline side of the fossil fuel supply curve. Will we handle the inevitable social conflicts more wisely than the French did? Will we learn from history?

Sometimes historic social conflict has taken the form of right-wing groups fighting to oppose and overthrow left-democratic national governments (Germany in the 1920s), sometimes as leftist groups battling centre-right or far-right governments (Nicaragua in the 1960s and '70s). There is plenty of potential for both brands of conflict within today's countries, which vary greatly in terms of their likely trajectories. If you're a mobile global citizen who has the luxury of choosing a country of residence, perhaps this essay can help in assessing your prospects.

Thinking in big-picture terms is useful for those who have access to information and time for reflection; it provides a sense of perspective and a potential for more effective action. For those of us who sit, Arjuna-like, before the battlefield of the 21st century, the question presents itself: What is our appropriate role? Shall we engage in conflict? Or would it be better to prevent conflict, resolve conflict, or avoid conflict? Differing circumstances and personal temperaments will lead to differing answers. If this essay were a polemic, it might incite readers to resist and oppose those wielding centralized political and economic power. But that is not my purpose here; rather, it is merely to survey the landscape of conflict so as to see where the points of leverage may lie; it is up to readers to do with this very rudimentary analysis what they will.

If the premise and scenarios outlined above are even vaguely accurate, then localism will sooner or later be our fate and our strategy for survival. It seems fairly clear that, whatever our stance regarding conflict, efforts spent now to learn practical skills,

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become more self-sufficient, and form bonds of trust with neighbors will pay off in the long run.