Artificial Scarcity and Artificial Abundance

A One-Two Punch

Kevin Carson

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I write a lot about artificial scarcity as a source of rents for the propertied classes, and the role of the state in enforcing it. But the other side of the coin is the role of the state in rendering naturally scarce things artificially abundant to the privileged classes. We can see this in recent news of the politics surrounding oil and natural gas pipelines in North America.

In early December, US President Barack Obama approved a pipeline project to carry liquified gas or ultra-light oil from Illinois across the Canadian border to Alberta, where it will be used to dilute tar-sand oil which will then flow through the Keystone XL pipleline back south into the United States. A couple weeks later, members of an anti-Keystone group called Great Plains Tar Sands Resistance were arrested on trumped-up charges of "terrorism" (glitter that fell from their banners supposedly caused a "biohazard" scare) after chaining themselves in the headquarters of Devon Corporation to protest its ties to TransCanada and the Alberta tar sands industry.

If anything illustrates the principle of artificial abundance, it's Alberta tar sands oil and the level of government intervention required to make it profitable. It's a classic bubble economy, with huge capital outlays up-front to get wells flowing and a rapid drop-off in productivity (the first-year decline in output alone is 38%). It's a bubble that never would have inflated in the first place without government tipping the balance. The pipelines are built on land stolen through eminent domain (much of it stolen from First Nations in violation of treaty rights, sometimes even defiling sacred burial places). Oil pipelines are exempt from contributing to the Oil Spill Liability Trust Fund (although, as we've already seen, even oil tankers and offshore drilling rigs have their liability capped at a tiny fraction of likely damage from a major spill). The EPA's politically determined, least-common-denominator pollution standards preempt traditional common law standards of tort liability for harm to surrounding communities from air and water pollution. And "anti-terrorism" legislation is used as a pretext to ramp up the penalties for traditional civil disobedience tactics by environmentalists.

The dominant corporate interests in the global economy depend as much on artificial abundance as they do on artificial scarcity. The American economy of the 20th century was built on an extensive growth model, achieved by adding artificially cheap and abundant resource inputs rather than by using existing inputs more efficiently. So we have an agribusiness industry that maximizes output per labor hour rather than output per acre, and uses land far less efficiently than traditional soil-intensive forms of production like raised-bed horticulture. We even have capitalist "farmers" paid government subsidies to hold enormous tracts of arable land out of use (a sweet real estate investment, that!), much like the owners of Latin American haciendas and latifundias hold most of their enclosed land out of use while their land-poor neighbors hire themselves out for agricultural labor.

We have an industrial and retail economy based on inefficient, high-overhead, capital-intensive production technology, overuse of subsidized highways for long-distance shipping, and car-centered communities with sprawl development and monoculture suburbs.

In the Third World, we see agribusiness operations engaged in cash crop export production on land stolen from the native peasantry, and natural resources controlled by the same extractive corporations that originally stole them in the colonial era (Shell in Indonesia and Nigeria, the mineral industry in South Africa, the copper industry in the Andes, etc.).

This artificial abundance, like artificial scarcity, is absolutely necessary to prop up the declining rate of profit under corporate capitalism. As James O'Connor noted in The Fiscal Crisis of the State, a larger and larger share of the operating costs of big business are socialized at taxpayer expense.

But while the state puts a ceiling on corporate input costs, it's putting a floor under their revenues through artificial scarcity. Regulations that mandate artificially high capital outlays for production, effectively counteracts the competitive danger from cheap, ephemeral production technologies that small cooperative shops and self-employed workers could use to produce more efficiently than the corporate dinosaurs. The most important form of artificial scarcity is "intellectual property," by which the rents on the conditions under which others are allowed to produce exceed the actual costs of production.

The good news is that both artificial scarcity and artificial abundance are unsustainable. The "intellectual property" monopolies on which artificial scarcity depends are becoming unenforceable, as the music industry can tell us. And as O'Connor himself pointed out, subsidized production costs result in big business's demand for subsidized inputs outstripping the state's ability to provide them, and to states bankrupting themselves in the process of trying. Between them, these two parallel crises will destroy the corporate-state nexus.

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