Chapter 2 Preview | Nathan John Hagens

Energy, Credit, and the End of Growth

Could expensive energy spell the end of economic growth and undermine our welfare?

> "We urgently need institutions and populations to begin to prepare, physically and psychologically, for a world with the same or less each year instead of more—a mindset that is not in our collective psyches or even imaginations."

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The prosperous economies and the culture of growth that industrialized nations take for normal, and that most other nations aspire to, rest on cheap (mainly fossil) energy. But, as Nathan John Hagens explains, we already have tapped the easy energy stores, so the push for continued growth is taking increasing amounts of energy and investment money, leaving less for every other activity. Moreover, energy prices are walking a tightrope: energy must be costly enough to be profitable for producers, yet cheap enough to be affordable to consumers. Higher energy prices are needed to support ongoing fossil energy development, but higher prices also mean economic malaise and rising debt. Only a fundamental rethinking of the purpose of economies—away from perpetual growth—can address the conundrum of increasingly expensive energy.

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We have two major, interrelated problems. The physical one is that we are hitting limits to growth thresholds. The social one is that modern democracies struggle to acknowledge or even understand these risks.