

WILL CANADA GO THE WAY OF EASTER ISLAND?

By Andrew Nikiforuk

To most business people, Easter Island is a remote and exotic locale with some pretty impressive statues. But to James Brander, an economist at the University of British Columbia, it's an interesting case of too much growth and not enough sense.

In fact, the demise of the island's once prosperous civilization is a surprisingly modern fable about economic progress and resource degradation, with pointed lessons for Canada. For in spite of all its technology and sophistication, Canada remains a vast northern island that is still very dependent on trees, rocks, fossil fuels and wheat for its high standard of living.

In a lecture given recently as part of Industry Canada's Distinguished Speakers in Economics series, Brander spelled out what business people may soon refer to as the "Easter Island Syndrome" or the "Polynesian Bust."

Paradise Found

His story begins in 400 AD, when forty or so Polynesians first settled the island, which is located 3,700 kilometres off the coast of Chile. These economic pioneers immediately recognized the richness of the island's natural capital: the palm forest furnished the wood for large canoes that, in turn, were used to catch fish and dolphins. Birds that nested in the forest also provided fine dinners.

Blessed with this abundance, the people prospered and multiplied and cut down more trees. More canoes led to more fish, and so on. If Easter Island had had a finance minister, he would have recorded a rising GDP. He might even have talked of "new ages" or "virtuous cycles" or "prosperity for our times." And with all this growth, the island's clans started to employ thousands of people to carve impressive statues.

But Easter Island's GDP told only one side of the story. By 900 AD the island's slow-growing forests (each *Jubaea* palm takes forty to sixty years to mature) were looking rather patchy. And by 1400, when the population peaked at 10,000, the entire palm forest had been felled. It seems that no one bothered to replant trees on Easter Island because only someone's grandchildren would have reaped the benefits. This sad tale proves that libertarian and short-sighted economics are fairly ancient concepts.

The disappearance of the twenty-four-metre-tall palms, of course, affected all the island's natural capital, including tasty bird dinners (no nesting places), fewer crops (soil erosion) and even the availability of clean water.

Had any naysayer tried to question all this progress, he or she probably would have been "overridden by vested interests of carvers, bureaucrats and chiefs, whose jobs depended on continued deforestation," as the ecologist Jared Diamond recently wrote.

Until a full-blown crisis erupted, the GDP would have painted a deceptively rosy picture. "If all you are doing is looking at levels of output," says Brander, "you can miss the decline of the resource supporting those gains."

Between 1400 and 1500, a Malthusian correction descended on the island and all stone carving ceased. People started to live in caves or fortified villages, and a new tool entered the archaeological record: a spearhead or dagger. Rwanda-style chaos reigned as hordes of people battled over scarce resources.

Flesh Eaters

Not surprisingly, a new food product entered the marketplace: human flesh. And by the time the first Europeans visited the grassy island, the population had dwindled to about 3,000 improvident souls who no longer remembered how it took an army of 500 people to erect one statue with technology made from forests that no longer existed.

“The caution is simple,” says Brander. “It is pretty easy to abuse a resource base and suffer economic decline as a result.” The Maya, the Anasazi of the U.S. Southwest, and people living in Mesopotamia all learned similar economic lessons.

Canada, of course, is not in decline and GDP is certainly up, but “we are using our natural resources at a rate that is disturbing,” says Brander. Like Easter Island, this nation has no honest index to record or highlight resource depletion.

Not surprisingly, the thirty or so government types and planners that attended Brander’s talk displayed the usual range of reactions. Some were concerned, some sat on the fence. The rest, like Wall Street editorialists, were deeply skeptical. “GDP is up,” they said.

And so it was on Easter Island too.

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Discussion Questions:

- Where is Easter Island located?
- What is Easter Island’s best-known attraction?
- What similarities does James Brander see between the economies of the early civilizations on Easter Island and the Canada of today?
- Outline the sequence of events as they unfolded on Easter Island between:
 - a. 400 and 1400 AD
 - b. 1400 and 1500 AD
- What does the author mean by a “Malthusian correction”?
- Summarize what James Brander means by the phrase “Easter Island Syndrome.”
- What is the message in this essay for Canada?
- Are we listening?