

Q&A with James Howard Kunstler



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*James Howard Kunstler is the outspoken author of three books on cities and real estate: **The Geography of Nowhere**, **Home from***

Nowhere, and **The City in Mind**. Now, his recently published **The Long Emergency** forecasts the impact of climate change and declining oil supplies on the world and particularly in the United States, its economy, and its way of life.

Why has your latest book been so controversial?

The American public, at all levels, is gripped by a powerful psychology of previous investment, meaning we have put so much of our post-World War II wealth in the infrastructure of a particular way of life that we can't entertain the necessity to change it.

I refer here to the suburban development pattern and all its furnishings, which I describe as “the greatest misallocation of resources in the history of the world.” It has no future as a practical living arrangement as we move into an era of permanent and severe fossil fuel scarcity.

The main wish these days is that we will be able to run all our stuff by some other means than oil and gas. No combination of alternative fuels or systems for running them will allow us to keep enjoying Walt Disney World, Wal-Mart, the interstate highways, and the rest of the kit. We'll try everything we possibly can, but we're going to be disappointed, and in the long run we will discover painfully that we have to make a lot of other arrangements for daily life.

This is a rather harsh message—and hard for people to take—so they resort to slogans, dogmas, and wishes.

How will your predicted scarcity of fossil fuels affect the U.S. real estate industry, including development and investment?

I'd go as far as to say that it will be the end of real estate as an industry in the sense of a set of business activities organized on the gigantic scale. I think we will say goodbye to the big production homebuilders, the commercial developers of suburban retail venues, the mortgage financing rackets based on grossly irresponsible lending practices that have tragically become routine, and the real estate investment trusts based on the hoped-for appreciation of suburban or tourism assets and cash flows, which will, in reality, crater.

In my view, there will be little to zero development of any kind in the decades ahead. We will be faced mainly with an oversupply of severely devalued properties, terrible problems in the finance sector resulting in sharply curtailed investment capital, and a bankrupted middle class. You could throw in some wild cards, too, like either possible hyperinflation of the U.S. dollar due to government debt policy, or deflationary depression, or both in some kind of sequence, not to mention the potential for social and political turmoil, which usually accompanies these disorders.

Behind all these things, of course, lurks the additional case of climate change, which will only aggravate matters. Finally, don't forget international military mischief over energy resources and religion. It's not a nice combo.

How will these trends affect U.S. commercial properties? Are some types of properties—and their developers and owners—going to be affected profoundly more than others?

Anything based on car dependency is going to lose value, whether it is a McHouse

29 miles outside Denver or a Jiffy Lube. Anything based on national chain retail will probably falter and fail—namely Wal-Mart and its imitators—since economic relations such as 12,000-mile [19,300-km] merchandise supply chains to China and the vaunted “warehouse on wheels” will not work in a world of declining energy supplies and resource wars. You can forget about the investments related to motor tourism—the chain hotels, chain restaurants, resorts, theme parks, timeshares, etc. I would also include all skyscrapers and megastructures, which are apt to lose their value as we run into trouble with the natural gas supply and the electric grid.

How will these trends affect U.S. residential properties, particularly standard suburban development?

Standard suburban development will no longer exist because suburbia will be self-evidently obsolete. The case of our cities is another matter. They are going to contract, too, I believe, even while they densify at their cores and around their waterfronts. We will see a reversal of the 200-year-long trend of people leaving the farms and small towns for the big cities, because industrial farming of the kind that produces cornflakes and Pepsi-Cola will have to be replaced by more intensive local agriculture wherever that is still possible, and it will come much closer to the center of economic life than it has been within memory. Meanwhile, whole urban precincts will wither away.

Scale will be crucial. We have made some mistakes with our waterfronts, thinking that their highest and best uses are condo sites and parks. In reality, we will have to get serious about maritime activities, again at the smaller scale than the giant container ship. We will probably need our waterfronts for the infrastructure associated with them: wharves, warehouses, and flophouses for sailors. This will be inconsistent with luxury housing.

How will these trends affect government's ability to provide the basic services that we take for granted?

I maintain that anything organized on the giant scale, whether it's a government, a retail trade corporation, or a state university, will tend to not do well under the conditions I have described. Bigness has strictly been a luxury of cheap energy.

At the local level, I believe that our planning and zoning legislation will no longer be enforced—or enforceable—since it mandates a suburban outcome nearly everywhere in our country, and we won't be doing that anymore. I think we'll have to ignore many of the building codes, too, which make it onerously difficult to reuse or retrofit older buildings.

What will happen in other nations if your predicted "long emergency" occurs?

Europe has plenty of problems and will no doubt suffer its share of hardship, but at least they did three things that we didn't do. First, they retained healthy central cities at the scale that will work in an energy-scarcer future—seven stories and under. Second, they supported robust passenger rail systems along with public transit links that make U.S.-style incessant motoring unnecessary. Finally, they propped up local agriculture and the value-added activities associated with it on the regional level.

China will implode politically, I believe, since it faces horrific problems with overpopulation, pollution, reckless finance, energy scarcity, and lack of government legitimacy much worse than anything we have in the United States. God knows what will happen to Japan, which imports 95 percent of its energy, or India, ditto—plus it has problems similar to China's.

Latin America will become a backwater with a mix of a few relatively pleasant places—Argentina and Chile; chaotic bandit nations—Colombia and Mexico; and tin-horn tyrannies—Venezuela. Australia and

New Zealand might be okay if they can escape the wrath of refugees fleeing failing states like Indonesia and the Philippines.

Which U.S. regions are best positioned, and which areas might face real problems?

The Southwest is basically out of business. Phoenix, Las Vegas, Tucson—these places are toast. The people who live there now think the opposite. They're merrily issuing permits for a zillion acres of new housing subdivisions. Let's say their disappointment will be keen. On top of an unresilient, hyper-car-dependent development pattern that will be crippled by energy shortages, these places will have additional problems with failing water supplies and an inability to grow much food locally. They will be severely depopulated.

Southern California is in a league of its own as an unsustainable urban hypertrophy with an overlay of intractable ethnic conflicts. The "wet" Sunbelt—east Texas to Florida—presents a somewhat different but equally grim picture. Most of the investment made there over the past half century is precisely the kind of car-dependent dreck that will lose value the most severely. Orlando, the Atlanta metroplex, Houston, Miami: these places are toast—damp toast. I also view these states as containing cultural drawbacks: for instance, a bias for hyper-individualism at the expense of community, and a romance with firearms in the defense of that hyperindividualism—not a good recipe for civic cohesion.

I view the Northeast, the Pacific Northwest, and the upper Midwest east of the short-grass prairie as having the best chances for the maintenance of civilized life, despite the challenges of home heating. The Rocky Mountains you can pretty much forget about. On the whole, I think life in our small towns and small cities will be a better bet than the big-city scene, which is liable to be rather turbulent.

Can the real estate industry safeguard itself against your predicted trends?

Not really, since I do not believe it will survive in anything like its current form. In the decades ahead, we will be lucky if we can redevelop individual building lots and fix some bridges. Also, you can pretty much forget about manufactured and modular building materials. The future will be pretty much about building in regional materials found in nature and at a very modest scale or increment of development.

Can the individual homeowner safeguard himself/herself against these trends?

An awful lot of Americans are going to be stuck with tragic misinvestments: McHouses that they can't afford to heat, located in suburban outlands too distant from services, job centers—perhaps even public safety. The woes of the recent "creative" financing binge are well known and don't require elaboration, except to say one can easily imagine orgies of default and repossession.

When do you expect the impact of your predicted trends to really affect the United States?

I think we've already entered the zone of difficulty and that these dislocations will be palpable in earnest within five years—and probably sooner where the real estate sector is concerned. I think the collapse of the housing bubble will continue downward long after that. The permanent global energy crisis is already underway, but will get big-time traction in the next five years as well. While these events sound frightening and may entail great vicissitude, the eventual outcome may be a far more fit society. We will have to be more self-reliant, we will have to work shoulder to shoulder with our neighbors to stay alive, and will have to sing our own songs. **U**

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