Matthew Yglisias has a generally free market orientation and doesn't usually focus on environmental issues. He recently had a very interesting posting, however, about a problem that U.S. policymakers need to start thinking about:

> Over time, we've seen more and more countries engage in spurts of "catch-up" growth in which they rapidly narrow the gap in living standards between themselves and the rich countries. What's more, countries seem to be getting better at catching up. Japanese catch-up growth was the fastest thing ever seen in its day, but Korea was faster and China is faster still. Today, India is putting up numbers that would have blown minds in the 1960s but that today produce talk of falling behind China. It seems plausible to me that this kind of super-fast learning happening in large population poor countries will outpace the world's ability to innovate in terms of natural resource extraction. It's not that market incentives don't work or we won't see innovation, it's just that it may not be possible to innovate as quickly as China and India can grow given that they basically just need to copy practices that exist in richer countries.
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> So you could easily have a scenario in which natural resource costs are falling relative to world GDP (because large poor countries are growing very fast) but rising relative to U.S. GDP (because we can't grow as fast as poor countries) in which case we're going to feel a ton of pain unless we can become a less energy-intensive society.

The way Yglesias poses the problem is actually a bit optimistic. It's also possible that skyrocketing demand for natural resources could actually choke off growth, here and in the developing world.

Those with rose-tinted spectacles will optimistically believe that the market will automatically deliver innovations in time to prevent the crunch. But there may be limits to how many technologies can innovate how quickly. After all, economics is often called the science of scarcity, and both R&D funds and trained scientific talent are not in unlimited supply. Even if innovation saves us in terms of most resources, it would only take a couple of exceptions to get us in real trouble. Think about oil, natural gas, rare earths, etc.

It seems to be hard for the political system to deal with even today's urgent problems, let alone plan for tomorrow. But the world unfortunately may not tailor our problems to match our political foibles.