

## Is Economics a Green Issue?

*by Susan Belchamber (January 2010)*

Economics may not be the first thing you think about when asked to name the top 'green issues' facing us currently. Most of us would have a whole other list to choose from: global warming, ecosystem destruction, peak oil – the issues go on and on... But, the economic crisis? Of course it's a top concern, especially at the present moment, but it's not really a "green issue" you might say. Or is it? The main question for you to consider is this: *what if economics is actually one of the biggest green issues of all?*

First off, let's discuss *capital*. Naturally financial capital is the first thing that comes to mind. Especially in the midst of our economic crisis, it's easy to forget that ***there is actually more than one form of capital***. Might part of the answer be to remember just what these are?

<u>Four forms of capital</u>		
<b>Financial</b>	–	cash, stocks, bonds, intellectual property
<b>Physical</b>	–	buildings, roads, infrastructure, ports, bridges
<b>Social</b>	–	community/family, social networks, quality of life
<b>Natural</b>	–	clean water & air, biodiversity, renewable resources

Yes, these are **all** forms of capital! Yet, even though we inherently know their value, in our over-zealous pursuit of financial capital we have been devaluing these other forms with unrelenting "efficiency". Our obsession with the financial domain diverts our attention from all the others.

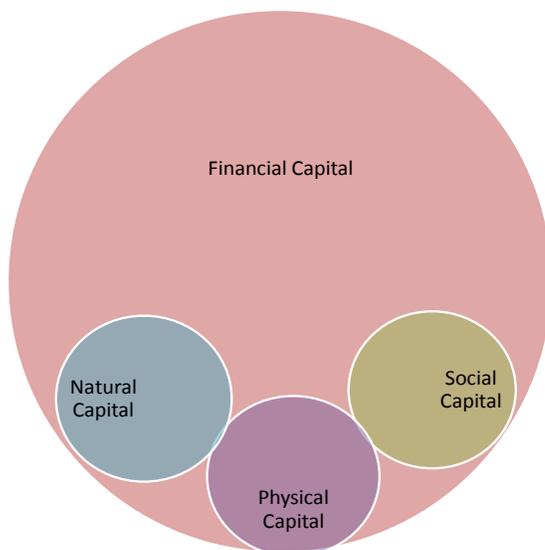
How has the over-emphasis on Financial Capital been allowed to over-ride our sense of what's real, what's valuable? This really is the crux of the matter. There are two points of particular relevance here:

**First**, what is it about our financial/monetary system that promotes the devaluation of so many things that we genuinely know are essential components to our long-term sustainability? How has Financial Capital so thoroughly trumped all the others?

**Second**, what choices do we have to address this imbalance and reclaim the things we know are of lasting value?

Naturally, this short paper will not be able to go into much depth on these huge questions, but at least we can begin a new conversation. (There are a number of more academic papers cited at the end for further investigation, if desired.)

### How did Financial Capital become the whole pie?



Interesting visual, but over-stated, right? But, wait a minute, haven't we, quite literally and systematically, been "monetizing" every other form of capital over time? Don't we talk about everything in terms of its relationship to money? You can almost hear the on-going excuses, can't you? "Sure, we really want to take

care of a) the ecosystem, b) the national electric grid, and/or c) our school system, but we just don't have the money!" **When everything becomes monetized we are forced to behave in increasingly irrational ways** – we continue to narrow our already short-term horizons -- ultimately leading to reckless waste all forms of capital! (One quick example: we lose approximately 7 billion gallons of water per year through broken underground pipes that we can't "afford" to repair. This seems pretty irrational on multiple levels, doesn't it?) Because we place such high value on financial capital, **we increasingly devalue the core necessities of life: our water, our health, our relationships, our very future.**

The finer details of how this happened are a subject for another time, but the bottom line is that we have all fallen victim to an unstable – and unsustainable – monetary system which took a turn off the rails when it became unhinged from natural restraint. Money and debt have become inextricably linked, and we've been creating both at such a rate that it's hard to make any real sense of the numbers, even though, culturally, we seem fixated on indices and market reports. This fixation has essentially overridden our values and our reason.

***"Natural and Social Capital have no collateral value, so these elemental human values do not flourish in a financially dominant system."***

***– Chris Belchamber***

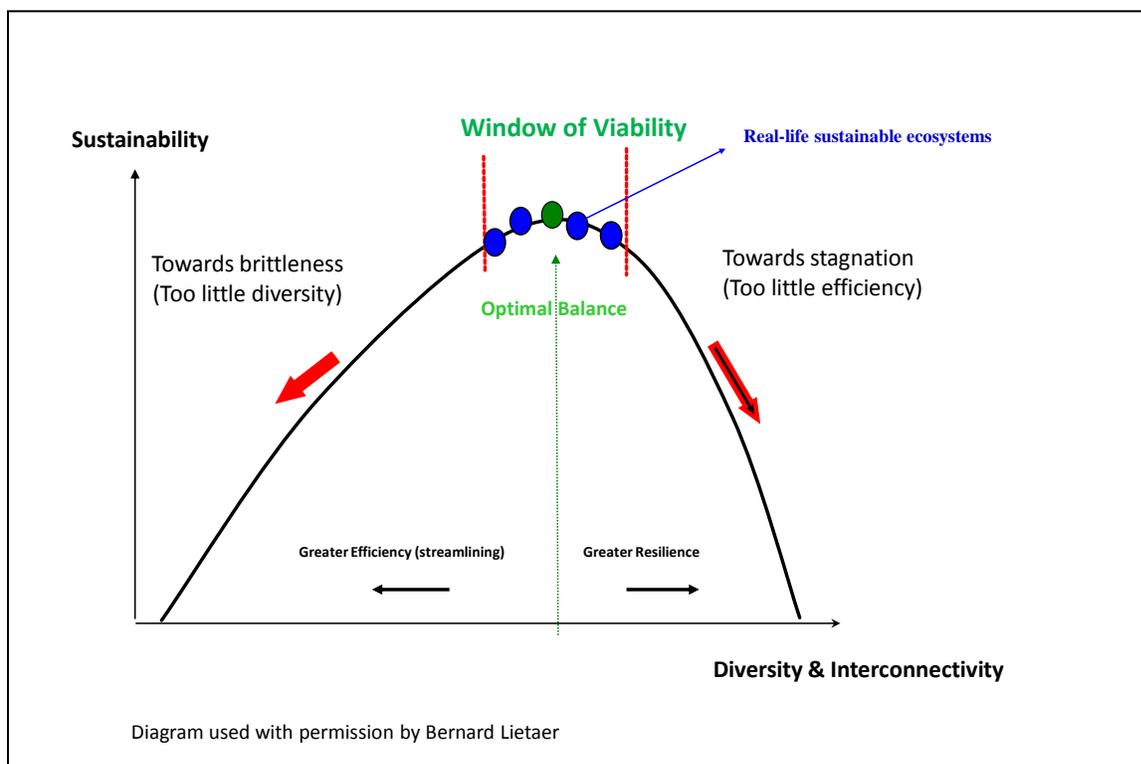
Here's one bit that no one really wants to acknowledge: an exponential level of debt creates the *need for exponential growth* to keep up with it! And this need for growth fuels the fire of unsustainable choices. **This is one clear reason why economics is such a green issue.** Some so-called experts are still trying to tell us that "growth is limitless" -- does that *really* seem possible to you? Anything exponentially unstable simply cannot be sustainable long-term. The intensity of this push for growth at all costs has led to the manic frenzy of a boom-to-bust economy – which in turn leads to increasingly *short-sighted and wasteful decisions*. And these decisions affect every aspect of our environment, every part of our lives.

***"The economy is a wholly owned subsidiary of the environment, not the other way around."*** -- Gaylord Nelson

## The Window of Viability:

Another way of looking at this issue is through the lens of ecosystems and what makes them sustainable – or not. It seems that **the sustainability of any system is actually a balancing act between its resilience and its efficiency** (Lietaer, Ulanowicz, Goerner, and McLaren, 2010). Whereas we tend to understand the concept of efficiency quite well (reducing redundancy, streamlining), we're often less knowledgeable about what actually creates resilience – a (generally less quantifiable) combination of diversity and interconnections.

It seems that an ecosystem only survives if it finds a way to remain in a certain “*window of viability*” – essentially finding a balance between what makes it efficient while assuring that it maintains its resilience. In fact, research on optimal sustainability of systems points to the need for *more resilience than efficiency*. Without resilience, it seems, a system can have a disastrous turn towards collapse. The chart below sums up this point:



This “window of viability” formulation has much to offer our discussion about what maintains sustainability in financial systems. It seems that over the last few decades we have been raising the pursuit of “efficiency” to extreme levels – focusing on just one side of the equation, with one question on our lips: “how do we increase efficiency?” We’ve been told that this is the true path to “optimizing productivity” as if it were the Holy Grail itself. Following this argument, *of course* we need to “streamline” the workforce, eliminate the “redundancy” in our natural gas and electric delivery systems, make our food sources more “efficient” by increasing the size and “productivity” of agriculture through the use of chemicals and modified seeds. Because, **following this line of thinking, nothing much matters except the bottom line.**

Yet, sadly, even this obsession with producing and maximizing Financial Capital does not seem to be doing the trick – as you’ve probably noticed, we’ve been having a couple of problems stabilizing our economic system of late. *“Today’s global monetary ecosystem is significantly overshooting the optimal balance, or the Window of Viability,”* Lietaer tells us, *“because of its exclusive emphasis on efficiency. It is careening toward brittleness and collapse because a general belief prevails that all improvements need to go further in the same exclusive direction of increasing growth and efficiency.”* (Lietaer, 2009)

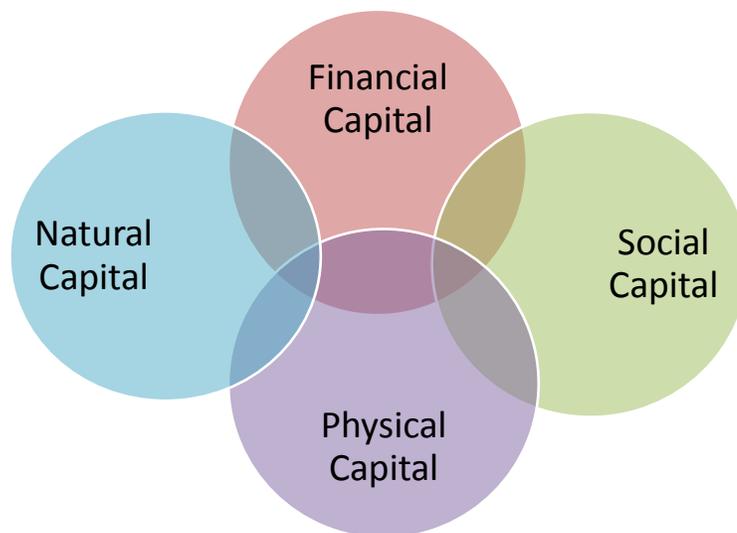
***The point being made here is truly profound and has wide-reaching implications for all complex systems, natural or human-made. Placing too much emphasis on efficiency tends to automatically maximize flows, size and consolidation at the expense of choice, connectivity and resilience until the entire system becomes unstable and collapses. –Bernard Lietaer***

So, with all of these plaguing concerns – the dominance of Financial Capital, the corresponding devaluing of all other forms of capital, the exponentially growing debt driving an unrelenting quest for “efficiency” and “growth” – what can we possibly do?

*We can begin to have a new conversation. And, guess what? The good news is that you've already begun!*

### **Some thoughts on re-balancing:**

The level of rethinking and re-visioning necessary to change things may appear to be overwhelming. But, just notice what you've been experiencing of late – more and more of us are having these conversations every day! Of course, change rarely seems painless or easy. But small steps can and do add up. One seemingly small step may be to move back towards the “*window of viability*” for our human ecosystem by redefining what a balance between efficiency and resilience might look like. Perhaps something like this?



Just how we create **this re-balancing act** will almost certainly be part of the next big conversation we have – if we intend to continue being a functioning human ecosystem. By drawing from real examples of how Nature continually balances itself we can build confidence in our own capacity to return to our “*window of viability*”. Having some counter-arguments to our traditional over-reliance on “*efficiency*” can provide us some space for new conversations and action steps to

emerge – and a way **to build our Social Capital into something big enough to counter the forces propelling us away from sustainability.**

Even though the antidotes necessary to counter the toxicity of our current predicament are being discovered every day, we too often lose momentum and hope of changing things if we stay isolated and impotent. (Know the feeling? ‘Bet you do.) Perhaps with our ever-growing social networks – which reach across the globe with lightning speed – we may be able to move past this debilitating isolation and towards a renewed sense of empowerment. Perhaps this is part of our evolutionary urge to survive? It seems rather clear that we must begin to reclaim our belief in our power to **re-align with those ideas that draw us towards resilience.**

We cannot hope to truly build a more resilient and sustainable society – that nourishes and reinforces our Social and Natural capital and adequately maintains our Physical capital – until we acknowledge the interconnection between our whole human ecosystem. And this can start with understanding the role our current financial system has played and the massive influence it’s had on so many aspects of our lives.

And this, my friends, is why the Economy is definitely a “green issue”.

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### **End notes:**

This article could not have been written without drawing upon the brilliance of two specific people: **Chris Belchamber and Bernard Lietaer**. I happen to live with the former and have had the benefit of twenty years of discussion with him on his passion for understanding the inner workings of the financial system. His impressive research and on-going efforts to inform can be found on his website ([www.chrisbelchamber.com](http://www.chrisbelchamber.com)). Additionally, our joint presentation on “Financial and Social Capital” goes into much greater detail about the perils of our current monetary system.

I had the pleasure of meeting Bernard Lietaer way back in 2000 and have been *trying* to follow the sheer genius of his thought process ever since. I treasure the galley edition of his groundbreaking work *Of Human Wealth—Beyond Greed & Scarcity* he gave me in 2004. And Chris and I

feel deeply indebted to him for sharing all the outstanding articles he makes available on his website ([www.lietaer.com/home](http://www.lietaer.com/home)) and allowing us to use his essential diagram of the “Window of Viability”. Additionally, much of this paper uses quotations from a forthcoming academic paper: “*Is Our Monetary Structure a Systemic Cause for Financial Instability? Evidence and Remedies from Nature*” which will appear in the *Journal of Future Studies* (February-March 2010) which he co-authored with Robert Ulanowicz, Sally Goerner, and Nadia McLaren. We can all improve our general knowledge of what makes for resilience through continued investigation of his outstanding ideas.

Contact me at [Susan@Lifespan-Development.com](mailto:Susan@Lifespan-Development.com) – I’d enjoy receiving your comments. And please continue to join into this important conversation at Bethesda Green ([www.BethesdaGreen.org](http://www.BethesdaGreen.org)).