



The Steady Stater

Newsletter of the Center for the Advancement of the Steady State Economy

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Feature Article – From Financial Meltdown to Economic Renewal

A Memoir from the CASSE Executive Director at the International Forum on Globalization

I participated in an astonishing meeting from October 6 - 8. Part of the experience was the ironic view from the conference room. On a hilltop at Fort Mason above San Francisco Bay, as participants were discussing unsustainable economic systems and the financial meltdown, I could see big cargo ships hauling their wares into port.

Calling these ships “big” is akin to calling the climb up Mount Everest “an uphill walk.” They are loaded with standard shipping containers – steel boxes that measure approximately 20 feet (6 m) long, 8 feet (2.4 m) wide, and 8 feet high. Each of these containers can carry up to 60,000 pounds (28,000 kg). On one of the ships passing across the view from the conference room window, I counted 20 boxes along the length of the ship and 15 across the deck, stacked 7 high. There is no need to supply a precise calculation here – that’s a massive amount of stuff! I had to celebrate the irony of the situation – seeing these ships pass as I sat next

continued on page 2

INSIDE THIS ISSUE

- 1-3** Feature: Meltdown and Renewal
- 1** Media Highlights
- 2** Steady Stater Quotable
- 2** Hot off the Press
- 2** Position Endorsement Spotlight
- 3** Recent Scholarly Publications
- 3** Encouraging Words
- 4** Count of Position Signatories
- 4** Policy Corner
- 4** Funding Update

CASSE MISSION

The mission of CASSE is to advocate a sustainable economy by:

- educating citizens, organizations, and policy makers on the conflict between economic growth and (1) environmental protection, (2) ecological and economic sustainability, and (3) national security and international stability;
- promoting a steady state economy of stable or mildly fluctuating size as an alternative to economic growth; and
- studying the means to establish a steady state economy.

MEDIA HIGHLIGHTS

CASSE posts highlights from the Internet and news outlets on its website, www.steadystate.org. Check the news/events section of the website regularly for updates. Here are three notable items:

The financial meltdown and subsequent bailout to keep the growth machine on life support have brought renewed interest in steady state economics. CASSE European director Dan O’Neill was a featured speaker on the October 30 BBC World Radio program with an essay on the ecological underpinnings of the meltdown.

On October 17, CASSE President Brian Czech served on a panel at the conference of the Society of Environmental Journalists. Moderated by Beth Daley from the *Boston Globe*, the panel was titled, “Must We Grow?” With standing room only, the panel and other venues at the conference assured CASSE of numerous follow-ups in the print media.

The October 16 edition of the *New Scientist* contains a special section on economic growth and the havoc it is wreaking on the planet. Articles by Herman Daly, David Suzuki, Gus Speth, and others bring the issue of uneconomic growth to the forefront. ❖

to Annie Leonard, who was discussing her video, *the Story of Stuff* (an insightful look at the material flow of our economy).

The meeting, scheduled months in advance by the International Forum on Globalization, was structured to address some of the pitfalls of modern capitalism and economic growth. It could not have occurred at a more fitting moment. The stock markets were in the midst of a historic tailspin in response to Wall Street mismanagement. The U.S. Congress was holding hearings to dress down former financial tycoons, who had personally pocketed hundreds of millions of dollars while running monumentally flawed organizations into the ground (perhaps a hypocritical position for some of the Congressional representatives). Following huge buyouts and bailouts from the weeks prior, captains of industry and heads of state were developing the unprecedented \$700 billion bailout package to keep the banks solvent and restore faith in the fantasy of a perpetually growing economy. Amidst all this turmoil, some of the finest thinkers on sustainability issues gathered in one room to exchange ideas.

I fully appreciated the perceptive comments from all the participants, who came from around the world to share their knowledge and wisdom. I also gained new perspectives and more cultural awareness from my side discussions (at least as much as I could, given the packed agenda). And I used this outstanding opportunity to present the CASSE perspective and increase awareness of our position on economic growth.

We talked about the global problems linked to human economic activities, problems like climate change, peak oil production, ecosystem breakdowns, and overconsumption of resources. We talked about systemic changes necessary to attack these problems. But with the financial meltdown providing such a dramatic backdrop, we frequently talked about what was happening and how we might use public frustration with the bailout to help deliver a message of economic sustainability.

Although much of note happened in a short period of time, it is worth mentioning a few specific highlights. Richard Heinberg surprised his fellow participants and even himself when he proclaimed that we may have seen the final year of global economic growth. Over a long walk to dinner, John Fullerton described his career transition from seeking the highest returns on capital to seeking the biggest social benefit and most sustainable outcomes from investments. Lisi Krall, Andrew Kimbrell, Josh Farley, and many others provided poetic appeals to remedy the disconnection

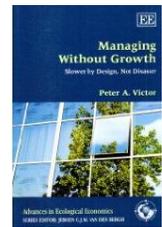
Steady Stater Quotable:

***Well, I have my rights, sir, and I'm telling you I intend to go on doing just what I do!
And, for your information, you Lorax, I'm figgering on biggering
and BIGGERING
and BIGGERING
and BIGGERING...***

-The Once-ler in Dr. Seuss's classic, The Lorax

HOT OFF THE PRESS

Managing without Growth: Slower by Design, not Disaster. Peter Victor's new book is about the destructive results of aspiring to endless growth and pawning off the costs on the natural world. He calls for societies to move deliberately toward steady state economies that operate within the limits dictated by the biosphere. ❖



POSITION ENDORSEMENT SPOTLIGHT

A recent addition to the list of organizations endorsing the CASSE position on economic growth is the The Arthur Morgan Institute for Community Solutions.



This highly effective nonprofit organization is a national resource for knowledge and practices on low-energy living and self-reliant communities. Providing educational resources on the global oil production peak and climate change, Community Solutions promotes design solutions to the current unsustainable, fossil-fuel based, overly centralized way of living. Executive director Pat Murphy explains in his new book, *Plan C: Community Survival Strategies for Peak Oil and Climate Change*, how curtailment and community are the keys to economic sustainability and wellbeing. More information is available online at www.communitysolution.org. ❖

between the economy and the ecological systems underpinning it. One of my favorite quotes of the meeting came when Robin Hahnel said, “You’ve got to be kidding me – are we so socially challenged that we can’t come up with a better system for managing our economic affairs?”

Several points became increasingly clear over the course of our discussions. First, proponents of growth will fight tooth and nail to prop up the system as it exists. Leaders of the most consumptive nations of the world are already planning ways to bandage the ailing global growth economy with more of the same policies and financial mischief that created the mess.

Second, there is more to the story of the financial meltdown than a “credit crunch.” A major requirement of the growth paradigm is confidence among people that there will be more growth tomorrow. This confidence is what allows banks to loan money and expect repayment with interest; it allows people to make investments and expect positive returns. But if physical and ecological limits block further growth, confidence begins to erode. It does not matter what kind of financial instruments investment bankers invent if those instruments become unhitched from the realities of economic production and consumption.

Third, the financial meltdown (as well as the chaos and anger it has created) provides an opportunity for rethinking our economic systems and policies, from the local to the international scale. I don’t remember which of my colleagues offered this thought, but it is an important message for those who want to work toward a sustainable and more benign economy: “A crisis is a terrible thing to waste.” ❖



RECENT SCHOLARLY PUBLICATIONS

Ayres, R. U. 2008. Sustainability economics: Where do we stand? *Ecological Economics* 67(2):281-310.

Czech, B. 2008. [Prospects for reconciling the conflict between economic growth and biodiversity conservation with technological progress](#). *Conservation Biology* 22(6): In Press. ❖



ENCOURAGING WORDS

CASSE is delighted to receive positive comments from visitors to the website.

“The CASSE position on economic growth is exactly my take, in a well-articulated form, on the root causes of the problems we are experiencing worldwide at this time.”

“The recent economic turmoil got me thinking about these ideas. Still I couldn’t believe that no one had thought of these ideas before so I did a quick web search. Glad to see that I didn’t have to invent a whole new field myself... ..it is just common sense. You cannot have growth infinitely in a finite system. Keep up the good work.” ❖

SIGNATORIES COUNTER

In this space, CASSE tracks the support for our position on economic growth, which can be viewed and signed at www.steadystate.org/CASSEPositionOnEG.html

As of October 27, 2008:

The number of individuals who have signed the CASSE position on economic growth is

1,948,

the number of professional societies, government agencies, and science groups that have adopted positions on economic growth similar to CASSE's is

9, and

the number of private, corporate, nonprofit, and political organizations that have endorsed the CASSE position is

43. ❖

POLICY CORNER

In this space, CASSE provides a brief introduction to a policy idea that supports a steady state economy. A more in-depth resource is also listed for further study.

Fractional reserve banking is the practice of loaning funds in excess of the amount held in reserve. The rules of this practice enable banks to hold a small portion of their deposits, and to originate loans larger than deposits. This scheme is possible as long as numerous depositors do not try to withdraw funds at the same time.

Fractional reserve banking imparts the power of money creation to the banks, as they loan money into existence with the expectation that it will be repaid with interest. This expectation is based on confidence that economic growth will allow borrowers to pay principal plus interest. Monetary practices of the banks, therefore, require economic growth. Regardless of the ecological consequences or physical limits of growth, fractional reserve banking calls for growth. Herman Daly advocates a gradual increase in fractional reserve requirements until they reach 100%.

Brown, Ellen. 2008. *Web of Debt: The Shocking Truth About Our Money System and How We Can Break Free*. Third Millennium Press. ❖

FUNDING UPDATE

In this space, CASSE reports on organizational finances and efforts to raise funding.

CASSE is running low on funds. We have not secured operating funds from a charitable foundation, although we continue to pursue this funding source. We are requesting funds from previous donors and concerned citizens who support the transition to a sustainable economy. More than 90% of CASSE's small annual budget pays for our executive director. Having a dedicated staff member helps CASSE organize global volunteers, develop projects (e.g., our project on population stability and economic wellbeing), and work with other organizations. ❖



CASSE is a nonprofit organization dedicated to the advancement of the steady state economy. Please e-mail comments to info@steadystate.org or find additional contact information in the "about us" section of our website (www.steadystate.org).

Thank you for reading the *Steady Stater* Newsletter.

