



The Steady Stater

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

Volume 2, Issue 1

January - March 2009

Feature Article – No More Business as Usual

If there were a Mount Rushmore for Western economists, it would likely contain the chiseled faces of Adam Smith, Thomas Malthus, David Ricardo, and John Maynard Keynes. Keynes is acclaimed for the ideas in his book, *The General Theory of Employment, Interest and Money*. In those pages, he presented the prescription for curing a depression: get the economy running (and growing) by using government debt to finance big public works projects. Ever since the Great Depression, governments have used Keynesian policies to promote economic growth, manage employment, and control inflation.

Armed with 7 decades of practice busting recessions and promoting robust growth, Western economists believe they know how to manage the economy. In the wake of the financial meltdown at the end of 2008, they are scrambling to enact a stimulus plan to return to "business as usual." The problem, however, is that the underlying conditions of the economic system have changed, and the change rules out a return to business as usual. Before identifying the change, it is important to understand the factors of production.

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CASSE MISSION

The mission of CASSE is to advance the steady state economy, with stabilized population and consumption, as a policy goal with widespread public support.

We pursue this mission by:

- educating citizens 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 as a desirable 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:

With a new administration in Washington, DC, the U.S. Green Party is contemplating how the first 100 days of a green administration would look. Brian Czech provides a vision of starting the transition to a steady state economy.

<http://www.gp.org/first100/?p=12>

In his article in the *Toronto Star*, Peter Gorrie questions the growth-at-all-costs mentality and highlights the work of ecological economist Peter Victor.

<http://www.thestar.com/article/561016>

Martin Oliver writes about economic history, the obsession with economic growth, and the work of Herman Daly in his article in *Living Now* magazine. He also highlights CASSE as a resource for more information.

<http://www.livingnow.com.au/2009/01/a-world-obsessed-with-economic-growth/> ❖

Factors of production are the resources used to create goods and services in an economy. The two main categories of these factors are labor and capital. Capital can also be categorized into 2 types: natural and human-made. Natural capital consists of environmental resources that deliver raw materials and services to the economy. Human-made capital consists of infrastructure, durable equipment, accumulated skills and knowledge, and institutions that are used in the economy. Investments in labor and capital increase the productivity of an economy.

The big change in the underlying conditions of the economy between the 1930s and today is the drop in natural capital available for use, especially when viewed on a per capita basis. New Deal policies to overcome the Great Depression were aimed at putting people to work building projects, many of which converted natural capital to both human-made capital and consumable goods and services. The strategy worked well, especially in a nation with abundant natural resources, including energy, fertile land, water, forests, and minerals. Over the ensuing 70 years, economic growth has accelerated this transformation of natural capital into human-made capital, goods and services. Many of the ubiquitous negative environmental headlines (e.g., declining fisheries, desertification, over-pumping of groundwater) are a direct result of this process. Today, the stock of natural capital is much smaller than in the 1930s, both in absolute terms and relative to the stock of human-made capital.

Measurements of resource availability confirm the decline in natural capital. Analysis of the ecological footprint tells us that the global economy has exceeded the biological capacity of the planet by about 30%. Researchers have found that human appropriation of net products of photosynthesis (HANPP) may be as high as 55%. Measures like the ecological footprint and HANPP reveal the huge scale of human economies and the degree to which they direct energy and resources away from natural capital. To invest in natural capital, we have to let the economy of nature do its work.

Investment in natural capital is critical, but it is difficult to do when it doesn't provide direct and easily recognizable benefits to human populations. At a micro-scale, this dilemma is demonstrated by slash-and-burn agriculture in the Amazon basin. Although the forested watershed is immensely valuable for climate regulation and habitat provision (among other ecological services), a cleared patch can be used to raise crops and feed a family. Population pressure and lack of available agricultural land drive people to

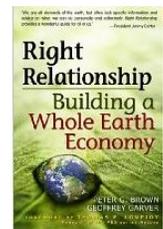
Steady Stater Quotable:

In countries that are already very rich, we especially need to figure out if there are feasible alternatives to our hidebound commitment to economic growth, because it's becoming increasingly clear that endless material growth is incompatible with the long-term viability of Earth's environment.

-Thomas Homer Dixon

HOT OFF THE PRESS

Right Relationship: Building a Whole Earth Economy. Peter Brown and Geoffrey Garver ask five questions in their new book: (1) What is an economy for? (2) How does it work? (3) How big is too big? (4) What's fair? and (5) How can it best be governed? The Moral Economy Project has more information. <http://www.moraleconomy.org> ❖



POSITION ENDORSEMENT SPOTLIGHT

A recent addition to the list of organizations endorsing the CASSE position on economic growth is the the Manomet Center for Conservation Sciences. For



nearly 40 years, Manomet has worked to build a sustainable world based on healthy natural systems that support human and wildlife populations. The center is a leader in creating a sustainable planet, bringing together stakeholders, including communities, individuals, universities, government agencies, and businesses, to develop cooperative, science-based solutions that work in the real world. Manomet currently focuses on the topics of climate change, natural capital, and shorebird recovery and conservation. More information is available online at www.manomet.org. ❖

liquidate forests in order to meet their needs. As long as our economies are defined by expanding populations and expanding demand for consumer goods and services, we will find it difficult to maintain or increase investments in natural capital. The answer for a long-term stimulus plan is to stabilize population and consumption and then find the right mix of investments in natural and human-made capital.

In his book, *Managing without Growth*, Peter Victor writes, "The dilemma for policy makers is that the scope of change required for managing without growth is so great that no democratically elected government could implement the requisite policies without the broad-based consent of the electorate. Even talking about them could make a politician unelectable. At CASSE, we understand his point all too well – it is the focus of our operations. We are working on that broad-based support. Our mission is to build widespread support for the steady state economy.

Our position on economic growth points out the conflicts between economic growth and societal goals such as environmental protection, ecological health, and national security. It also calls for a gradual transition from policies that promote growth to those that promote sustainability. People want a prosperous economy that provides employment, freedom of choice, and opportunities to meet needs without destroying the ecological systems that support life on Earth. The CASSE position on economic growth boils these concepts down into a few sentences. As a recipient of this newsletter, you have likely signed the position. But to develop widespread support for a steady state economy, we need your help in attracting more attention. Now is the time to move beyond business as usual. Please spread the message. ❖



SCHOLARLY PUBLICATIONS

The December issue of *Conservation Biology* has a section on economic growth and biodiversity conservation.

Lawn, P. 2008. Macroeconomic policy, growth, and biodiversity conservation. *Conservation Biology* 22(6): 1418-1423

Rosales, J. 2008. Economic growth, climate change, and biodiversity loss: distributive justice for the global north and south. *Conservation Biology* 22(6): 1409-1417. ❖



ENCOURAGING WORDS

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

"Thank you so much for putting into print what I have been thinking and saying for so many years!!! Great to find kindred souls!"

"I commend... ..CASSE for their steadfast commitment to genuine environmental and economic sustainability and for their vision of a positive future that takes into account the ecosphere's limits."

"Love this! I've been talking about fighting the addictive model of constant growth since being in finance class during my MBA program. ❖

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 January 28, 2009:

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

2,217,

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

58. ❖

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.

Garrett Hardin's classic 1968 paper described the tragedy of the commons, in which a commonly held resource becomes overexploited when access to it is unlimited. One way to address this problem is to charge fees for accessing the commonly held resource. Herman Daly has suggested enclosing the remaining commons of rival natural capital in public trusts and pricing them. Rival means that consumption of a resource by one person reduces the amount available for another (a plate of cookies is a rival good, but the recipe to bake them is nonrival). Public trusts are institutions designed to hold and manage property for beneficiaries.

Rather than leaving a commons (e.g., the atmosphere) open to exploitation (e.g. CO₂ pollution), a public trust can be given the right to manage it for all citizens. The trust can then charge fees for its use. In the case of the atmosphere, the fees would limit pollution and help pay cleanup costs.

Barnes, Peter. 2006. Capitalism 3.0: A Guide to Reclaiming the Commons. Berret-Koehler. ❖

FUNDING UPDATE

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

CASSE is off to an encouraging start in 2009. We have been awarded two small grants from charitable foundations, and we are continuing to pursue leads with other foundations. At the end of 2008, we received generous donations from many citizens, no small feat during these trying economic times. At current levels of activity (one paid staff member and minimal expenditures on projects and information campaigns), CASSE has 10 months of operating expenses. We are seeking additional funding to hire another staff member and increase our capacity to deliver our message. ❖



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 on our website (www.steadystate.org).

Thank you for reading the *Steady Stater* newsletter.

