

The Green Zone

By Patricia Dines



Earth-Friendly Economics

Remodeling our economic system to better harmonize with the planet

After the exuberance of Barack Obama's election, our attention now turns back to repairing our global economic system. Like many folks, I worry that the remedies chosen will benefit the few while costing the many, require the prudent to bail out the speculative, and continue the financial thinking that caused the wreck.

But mostly I'm concerned that, in our rush to return to "business as usual," the earth's needs will again be shunted aside, assuring even worse disasters. My hopeful scenario, though, is that our economic remodeling includes better aligning our systems with nature's, in ways beyond green consumerism.

I'm encouraged hearing Obama's new chief of staff, Rahm Emanuel, say, "Never allow a crisis to go to waste. They are opportunities to do big things."

So to help me explore the possibilities, I call Bruce Macpherson, who taught ecological economics at Sonoma State University and the SRJC for over 30 years. His journey with this topic started in the 1960s, when he concluded that environmental change required economic shifts, he says, "because so much of our behavior is economically determined."

Regrettably, he observes, economics can appear complex and absolute, discouraging our participation in essential decisions and giving away power to the experts who created the problems. He recommends seeing economics not as a science but as a set of ideas "dressed up in numbers, a way we choose to organize ourselves."

Macpherson says that he considers today "as good an opportunity as I've seen for a long while" for meaningful economic system redesign, because collapse "always leaves room for rebirth." Despite "all the unfortunate suffering that's been created by

people's apparent wealth shrinking, it's perhaps a blessing in disguise," he counsels, because it's reduced the global consumption rates that were sending us "headlong into oblivion." Our error, though, is in perceiving these lower consumption levels as the aberration and seeking to return to unsustainable ones.

I ask him about former Federal Reserve Chairman Alan Greenspan's statement that the system's meltdown was a shock, because it had worked "exceptionally well" for decades. Macpherson replies, "It's like saying that the Titanic floated for a while, and then it didn't. Because it had within it flaws that were destined to eventually manifest themselves." For instance, because market fundamentalists have let free markets run wild, we're now having to relearn the Great Depression's lesson that restrictions are needed to control capitalism's more "rapacious" aspects.

Macpherson's solution isn't eliminating free markets, but better integrating them with natural systems. We do that first by recovering our ecological literacy, understanding that we live on a finite planet with an exploding population and disappearing habitat. In classes, Macpherson illustrated the peril of ignoring the planet's immutable realities by giving the mock homework assignment of climbing to the roof, willing away the law of gravity, then jumping.

He'd then present his summary of nature's key design principles, calling them the "biophysical requirements for sustainable societies." These include valuing diversity and complexity for creating stability (e.g., not putting all your eggs in one basket); limiting consumption and waste to the earth's carrying capacity; and doing better with less.

By comparing these natural laws with our current economic system, he

derives the system's "five fatal flaws." His key remedies include bringing the earth into the economic model (for instance, by tangibly valuing intact ecosystems); using better measures of economic success (such as the Genuine Progress Indicator); living off the earth's income while preserving natural capital (for example, selective logging); rejecting the impossible goal of perpetual physical growth in a limited biosphere; and downsizing and diversifying for greater robustness.

I'm interested in further discussing these ideas, but Macpherson has largely retired, excited to travel and work through his stack of books. He indicates that various folks are implementing these principles, and suggests reading Peter Barnes' proposals in *Capitalism 3.0*.

Our conversation also reminds me of Marilyn Waring's classic video *Who's Counting: Sex, Lies, and Global Economics* (now on YouTube), which demonstrates that steering ourselves with the GDP metric actually encourages harmful activities.

However, I'm thinking most of Jared Diamond's bestselling book *Collapse: How Societies Choose to Fail or Succeed*. Diamond's examination of various cultures' collapses reveals consistent causes, including ignored environmental problems, prioritized short-term profit, and isolated elites benefiting from practices that harm others. A key determinant of a society's ultimate survival is whether it's willing "to re-examine long-held core values, when conditions change and those values no longer make sense."

Perhaps, with President Obama's help, we can do just that.

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