Rethinking economics, trade, and markets

An economy for Life?

Matthieu Calame
Director

Fondation Charles Léopold Mayer
pour le Progrès de l’Homme
The two representations of sustainability

According to the Brutland report, 1987

According to René Passet, 1979
In this representation:

Economy appears to be independent from both ecology and society
In this representation:

Economy is embedded in society which is embedded in the ecological system
In the present situation:

Economy has expanded beyond the ecological (and social) capacity.

Economy is eclipsing the social and physical reality of the earth system.
How to reconnect economy to reality?
Aristotle made a huge difference between:

Economy as the good management of the house, providing sufficiently to cover the needs of people,

Chrematistics (ta chrèmata = the wealth) the art of becoming rich and accumulating wealth. And he thought that beyond a certain point chrematistics lead to disorder.

In a sense the present situation is a confusion between economy and chrematistics. Capitalism is primarily a moral system where greed is considered as a virtue (A. Hirschman).
Currency is the modern method to allow a high level of economic activity.

The nature of currency plays a major role in the regulation of economy (i.e. credit crunch).

But what is the true nature of money?
At the early beginning of civilization was the cattle. The more cattle you had, the richer you were.

The letter « A » is an old reminder of this time where accountancy and writing arose.

\[A\] is a bull's head up side down!

It certainly had some bad effects on environment with overgrazing, soil erosion...
Even if metals were early used as treasury, coinage only appeared in the late antiquity:

687 BC: the King of Lydia Gyges created the first coin as a means of trade.
Even if Sumerians and Egyptians did know the 'book' money, they used it locally. This is only with the 19th century that book-money (in fact the £) began to develop.

The collapse of the two world wars (partly due to the gold standard) lead to dematerialized money.

In 1971, Nixon ended the convertibility of money ($) into gold.

Now they were no more link between money supply and a physical reality.
Before 1971 a dollar was 35 gold ounces.
Since 1971 what is a dollar worth? ...
... A dollar!

Money is self referred!

And economy, the only 'science' measuring and managing everything with... nothing!
A group of economists making forecasts...

Approximately 3000 trillions dollars

How far are we from planet boundaries?

Great! We still have plenty of time

I feel like the beginning of a crisis. Maybe we should create a market for nature?
Even if we set aside moral reasons, the development of a market for nature services is of no use if we keep the same unit!

Prices have no meaning when related to the ecosystem,

The scarcity of a commodity increases its value!
What exactly do we need?
Different units for different purposes!

What kind of unit in our bargain with nature?
Living beings 'trade' organic matter
What kind of unit?

- Adenosine triphosphate?

- Fructose?

- Cellulose?
Anyway, the amount of organic matter remains the ultimate 'wealth' of an ecosystem...

... And of society!
Back to the trees!

Uncle Vania

Maybe we shouldn't have cut all the trees to produce dollars?

Keep cool there is one left!