Beyond the Bailout: Agenda for a New Economy

by David Korten

The financial crisis has put to rest the myths that our economic institutions are sound and markets work best when deregulated. Our economic institutions have failed, not only financially, but also socially and environmentally. This, combined with the election of a new president with a mandate for change, creates an opportune moment to rethink and redesign.

President-elect Obama has promised to grow the economy from the bottom up. That would be a substantial improvement over growing the top at the expense of the bottom. The real need, however, is a bottom-up transformation of our economic values and institutions to align with the imperatives and opportunities of the 21st century. It involves a five part agenda: clean up Wall Street, play by market rules, self-finance the real economy, measure what we really want, and convert to debt-free money.

The recent market meltdown and the resulting bailout commitments of more than a trillion dollars have focused the nation’s attention on the devastating consequences of Wall Street deregulation. This is but the tip of the iceberg of a failed economy in serious need of basic redesign.

Our economy is wildly out of balance with human needs and the natural environment. The result is disaster for both.

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Simply Living Holiday Potluck & Party
Sunday, December 21st

Join in a celebration of our community at the new Global Gallery location, 3535 N. High St. from 5:30 to 10 p.m. Please bring a covered dish for five, your favorite beverages, & your table setting. Children are welcome! Also bring your musical instruments, talents and songs, and we will make lots of fabulous music, including our special guest singer, Megan Palmer. The Global Gallery coffeeshop, which recently moved from German Village to their new Clintonville location, is a “fair trade” nonprofit shop, offering one-of-a-kind handmade goods from around the world for holiday gift-giving. For further information call Ben Redman at the Simply Living office: 447-0296 or ben@simplyliving.org.

A Gift to Be Simple — A Celebration of Generosity and Gratitude!

The relevance of Simply Living’s vision and mission was emphatically underscored by 330 guests at A Gift to Be Simple, held this past October 8th at Confluence Park Restaurant. We are exceedingly grateful to each of the more than 200 guests who contributed, and we surpassed our $40,000 goal by more than $2000 in gifts and pledges. Most importantly, our collective commitment to create a positive future was palpable and energizing to all.

Board President John Harrison warmly welcomed guests, and Michael Malley shared the “Message

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Simply Living Membership Information

We invite you to invite others to learn about us! If you have someone whom you think would enjoy reading our newsletter and/or attending our events, contact Simply Living 614/447-0296 to pass on their names. We gladly send complimentary newsletters and find that our member’s recommendations are the best “advertising.”

Simply Living of Central Ohio supports individuals, families and organizations in creating a more compassionate and sustainable world by offering learning opportunities which promote personal and civic responsibility, informed action and wholeness.

Our Mission:

Simply Living Welcomes New Members

An Invitation to Electronic Information

You are invited to receive timely, relevant information through two listserves created and sustained by the generous commitment of Janet Ingraham Dwyer and Chuck Lynd.

- Simply Living Listserve: Expect 2-5 diverse messages per week ranging from events of note to free available items to housing requests and more. Contact Janet Ingraham Dwyer to join and/or to request posting of information you’d like to share with the Simply Living community: janet@simplyliving.org
- Clintonville Community Market (CCM) Listserv is created by Chuck Lynd and now available on the CCM website: www.communitymarket.org. To receive an email notice when an updated calendar has been posted, please contact Chuck Lynd at clvnd@cavenet.org. Chuck’s Community Update calendar is an enjoyable read, chocked full of opportunities to connect with good work, good people and good fun!

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- Simply Living members are the organization. Members may be involved at various levels, are financially committed, and share a vision of growth and transformation.
- We invite members to participate in all activities and to offer your special interests and gifts as well. For more information, call Simply Living at 614/447-0296.

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Please add me to SL ListServ
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Please contact me about volunteering.
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*Note: Memberships include a one-year subscription to Simply News.

Make checks payable to Simply Living and send to:
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PO Box 82273 Columbus OH 43202
Dear Friends,

All things are possible once enough human beings realize that everything is at stake. (Norman Cousins)

I feel like a bystander, aghast at our unraveling economy, troubled by the dearth of effective measures to address “it”, and unable to grasp its reach. Except I know I am not a bystander because I am viscerally affected every time I expose myself to “the news”. Each of us is deeply affected with the unfolding economic-related events.

As painful as the current picture is, we have been on this path for a long time. Our vulnerability to an interruption in the flow of money is acute. But with any one thing hitched to everything else, as John Muir so wisely pointed out more than a century ago, connected to the flow of money is the flow of goods and services, many of which have been directly adverse to our life support systems.

Tying this month’s theme, “The Power of Our Actions”, to the current economic crisis may seem a stretch. I have included David Korten’s article, “Beyond the Bailout”, because our economic choices can enhance life, and we can and must actively rebuild the Main Street economy. I cannot help but think that the most viable solutions will come from determined, caring citizens.

Our recent election demonstrated the power of our actions, with Carol Fisher highlighting a few of those actions in “We the People”. Janeen Sands’ neighborhood is documenting the power of their actions as they work on serious energy reduction and think big. Carlotta Michelle Penn brings a compassionate ear to people’s challenges in creating her radio program, Starshine and Clay.

Let us keep building our cooperative work in ever widening circles. We are the participants—the neighbors, friends and lovers—who are creating the future for which we yearn.

--Marilyn Welker
We the People

Harkening back to the picture painted by David Sirota in his book The Uprising, this fall’s campaign season and election process left no doubt that the momentum for change and citizen activism is growing. The question on the lips of many is how shall we keep this momentum growing?

Below are some observations, experiences and reflections of Simply Living citizens who were actively involved in Election Day ’08.

— Compiled by Carol Fisher

• Barb Pratzner — Voting Line Manager

My election impressions are of infectious energy, people connecting with one another, a sense of anticipation. Serving at a school on Columbus’ east side, I felt instant rapport with others supporting the voting process; hope was palpable.

I was impressed by the number of people coming to help from places like California and New York, even London, England. Also, I was struck by the number of people seeing themselves involved in something momentous and powerful.

• Dan Baer — Precinct Judge

I was most struck by the contrast with ’04 when the election cycle seemed driven by fear, while this one reflected a sense of hope and possibility. However, I have persistent doubts about the efficacy of electronic voting machines. We are asked to rely on their tabulations without any way of knowing their accuracy. Even if one checked the paper trail to verify one’s vote, it is realistic to question what got embedded in the saver’s memory.

• Ellen Baumgartner — Precinct Judge

Requiring voter ID has complicated the voting process. This year, though, I noticed a strong effort and attitude by poll workers to help people vote regular rather than provisional ballots.

Working within my neighborhood during this campaign, I was energized by connecting with my neighbors, some of whom I met for the first time, and by a sense of community among us. I’m looking forward to opportunities for future involvement with them.

• Carol Fisher — Election Observer Precinct & County Board of Election

My strongest impression was the complexity of the voting process. To experience my watch at the precinct level spurring a presiding judge to take additional steps to help a voter, and my watch at the county level ensuring that more care was taken with the security of votes made real the truth, that “eternal vigilance is the price of liberty.”

• Jane Haskins — Election Observer

I felt that tremendous energy and enthusiasm dominated Election Day. I was living inside a collective state of hopelessness. With this election, I reclaimed my pride in being an American.

Today, I see many people filled with energy seeking expression, asking now what can we do? It would be a wasted moment if the government—indeed if Simply Living—would fail to capture and build on this yearning.

A group of us took the Earth Institute’s Menu for the Future course, and we now meet for monthly potlucks. At our recent gathering, we realized that almost everyone was involved in the election, and we are eager to continue that involvement. This is the time to channel the energy of those unsure of where next to go.

• Michael Greenman — Social Activist

We are at a crossroads. Our President-elect depended on us at the grassroots level and now asks us to serve and sacrifice to move our country forward. Our challenge is to convert this into practical action.

Millions of Americans are part of thousands of organizations working for positive change. We have a rare opportunity—to make a true paradigm shift by becoming an organism for change, creating an effective “fourth estate” to actively support the very difficult path that lies ahead.

Our authority to act has already been created: “We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessing of liberty to ourselves and our posterity, do ordain and establish this Constitution of the United States of America…” - preamble to the Constitution

Planning is now underway for the creation of local task forces to create a system of mutual accountability with the new administration to work closely together toward social goals. If interested in being part of this planning, contact Carol Fisher at fisherbaer@earthlink.net.
Reducing Home Energy Use – An Inspiring Assignment

By Janeen Sands

“Would any of you object if we put up a wind turbine or a solar panel?” I cautiously asked at a neighborhood progressive dinner this past February. “Only if you do it without us,” was the general reply. And thus our neighborhood energy group was formed.

Since that discussion we have met with an engineer, only to be told that before considering renewable energy we needed to focus on conservation and efficiency. As a result of that conversation neighbors began tracking their household’s energy usage. A friendly competition ensued about “who used the least energy”, along with some cajoling of the household who had the highest energy consumption. Lots of “personal” questions arose like “How do you use so much less electricity than we do?” or “How do you have such low natural gas usage other than heating?”

After establishing baseline utility usage we met again with the engineer to tour a neighborhood home. On the tour we gained some helpful hints about windows, sealing ductwork, how to determine whether appliances are energy efficient, how much insulation in the attic is enough, and what actions to focus on that could make the biggest difference in our individual households. For example: “Perhaps it is your envelope…” “What?” “Well, if you have energy efficient appliances and your thermostat set points are low in the winter and high in the summer, then perhaps your home’s envelope is where you are losing most of your energy.”

Most recently we took a field trip to a solar powered home in Bexley and got the real scoop on solar power here in Central Ohio. Once again, conservation and efficiency were reinforced. A chart tracking the family’s energy use demonstrated their greatest impact was making changes before they had the solar power system installed, which had been accomplished through conservation and more energy efficient appliances.

In general, we were pleasantly surprised by the compact size of the solar power system equipment inside their home and the fact that net metering and battery storage were part of a seamless system. However, based upon the cost of the system, our group continues to have serious conversations regarding “return on investment.” Is installing renewable energy, putting ‘more’ insulation in the attic, or wrapping ductwork with insulation about return on investment or about doing these things because they are the right things to do?

The next step for our energy group is to meet with a renewable energy expert to brainstorm and learn about our options: Are our individual sites appropriate for solar? Could we set up a community “power plant?” If so, how might that work? Is there ‘enough’ wind to power a wind turbine in our neighborhood? How high does the wind turbine need to be? Can we become the model for older Clintonville homes interested in using renewable energy? What would it take for us to be LEED certified as a neighborhood?

Some of our more outrageous brainstorming is focused on geothermal energy:

“Perhaps the City would let us drill the geothermal wells in the boulevard.”

“Better yet, the next time the street is torn up let’s make arrangements for the tubes to be laid horizontally in the street so all the neighbors could tap into the system.”

And the brainstorming continues on a more practical level. One neighbor offered this observation, “We don’t have enough sun to raise fruit trees, but if we shared the care and maintenance would you be willing to plant a fruit tree in your yard?” And yet another question, “What do you know about chickens? I think we have a perfect space behind the garage for a chicken coop.”

As we continue to focus on our own household’s energy use, we have installed CFL bulbs throughout the house and purchased an LED ‘can’ light for our kitchen. We unplug our computer each night. Additionally, we are in the process of ‘tightening our envelope’ and have sealed the dryer vent. We continue to caulk, add insulation, and seal the ductwork.

As a neighborhood we have three households with rain barrels, three households with push mowers, and one household with a rain garden. Several households have ‘no-mow’ front yards, and in our front yard we have included edibles such as serviceberry, blueberries, raspberries, strawberries, and herbs.

And it all started because as neighbors we asked questions and shared ideas. So….What questions can you ask your neighbors? What ideas can you share with your neighbors?

Janeen Sands lives on Northmoor and welcomes questions via email: jsands12@columbus.rr.com
Standing on the bridge between starshine and clay is the human experience. Clifton is talking about struggle and triumph, but when I read this poem, I imagine a short, sturdy bridge connecting a dusty road and a beaming yellow sun. I know, however that the bridge representing the journeys people make is, more often than not, neither short nor sturdy. Like Langston Hughes advises, life ain't no crystal stair. It's got tacks and splinters and boards torn up.

Calling up images of journeys in my mind right now, I see Congolese men, women and children fleeing Goma just weeks ago; kids around the world walking a few minutes or a few hours to school everyday; Columbus folks buzzing with excitement outside the Newport; indigenous Americans on the Trail of Tears; hurricane victims wading in murky waters; young and old Ohioans standing in long lines to vote at Veterans Memorial. I see myself sitting on my bed and wondering, what's next for me?

won't you celebrate with me

by Lucille Clifton

won't you celebrate with me
what i have shaped into
a kind of life? i had no model.
born in babylon
both nonwhite and woman
what did i see to be except myself?
i made it up
here on this bridge between
starshine and clay,
my one hand holding tight
my other hand; come celebrate
with me that everyday
something has tried to kill me
and has failed.

Starshine and Clay highlights the spaces between where we are and where we want to be, whether it's a country, a level of education, a state of mind, or the arms of a loved one, and it focuses on those stories emanating from cultures who struggle and thrive outside the mainstream. I look for narratives that share life experiences—dreams, struggles, journeys—that are overlooked, under-spoken and under-heard, misrepresented, forgotten, and dismissed in mainstream media and amongst other marginalized or under-voiced communities. It's about creating gaps and filling them because so many times we don't even know what we don't know.

Speaking is power. Sharing is power. Listening is power. There is power in our actions. I know that wanting to know more and listening to learn more are personal behaviors that initiate actions that change lives. If my brother knows I need help with dinner this week, he can send me a few warm plates. If I understand how a word I use offends a group of people—or one person—I can choose to be more cautious about how I use it. When we know better, we can do better. Sharing and understanding are foundational requirements for building strong, compassionate communities.

Marisa Benzle and I are working together to create audio documentaries that fuse song, sound, poetry and the perspectives of the people to tell these stories. However, since that work is time consuming, the show format currently alternates straight-forward interviews, music sessions, and audio documentaries.

I teach Basic English with the Language Institute at Columbus State Community College and am completing a Master’s in Comparative Studies at The Ohio State University. Marisa is completing a Bachelor of Arts in Media Studies from Columbus College of Art and Design. Celebrate with us each Monday at 7:00 pm on WCRS. Thanks for sharing.

--carlotta michelle penn

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Support your healthy eating habit and area growers with fresh local foods this winter

We celebrate growing opportunities to support our local food producers through these winter projects:

**What:** Olde Worthington Winter Farmers Market, featuring locally grown produce, meats, cheeses and home-produced foods.
**Where:** Griswold Center, 777 High St. in Worthington
**When:** Dec. 13, 10AM-1PM; EVERY Sat. from Jan. 3 through April 25, 10AM-1PM.
**Sponsored by:** Olde Worthington Business Association with support from the Local Foods subgroup of Sustainable Worthington. (To join the new email list for the Friends of the Market group, email info@sustainableworthington.org.)

**What:** The Greener Grocer Weekly Fresh Market Bag, featuring local produce as available, organic produce, seasonal citrus and other fruits, locally grown and produced dried beans, milled flour and perhaps cheese and milk. (Vegan option also available)
**Where:** Pick up at either Community Resource Center, 14 W. Lakeview Ave. (Clintonville) or The Greener Grocer at the North Market.
**When:** Mid-November through Tues. May 12.
**Contact:** Please call 223-1512 or visit The Greener Grocer at the North Market.
**Cost:** Approx. $30/wk.
**Provided by:** The Greener Grocer, located in the historic North Market, owned by Local Matters.

**What:** Columbus Winter Farmers Market, featuring local handmade and organically grown farm products
**Where:** First Unitarian Universalist Church, 93 W. Weisheimer Rd.
**When:** Dec. 13, Jan. 3 & 24; Feb. 14 & 28; March 7 & 21; April 4 & 18; 10AM-1PM
**Contact:** Visit columbuswinterfarmersmarket.com.
**Sponsored by:** A group of local farmers, growers and food producers

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A Gift to Be Simple

Continued from Page 1

from the Hopi Elders”, concluding, “We are the ones we’ve been waiting for.” Marilyn Welker, Director, highlighted this past year’s program successes and our power to be change agents. Guests enjoyed a short video featuring several SL members and their inspiring work, produced by Ben Redman, SL member services coordinator. Members Cynthia Rosi and Donna Sigl-Davies each shared the power of their SL connections in enriching their families’ lives as we concluded with a request for financial support.

With your generous support, in 2009 SL is committed to
1) Growing our core learning programs, including Earth Institute discussion courses;
2) Initiating and sponsoring special events, such as our annual conference;
3) Building our community radio station, WCRS 102.1 and 98.3 FM, now broadcasting 13 hrs./day and soon to be streaming on the web at www.werifm.org;
4) Strengthening our communication capacities to better connect people with the ideas, resources and on-the-ground work in Central Ohio toward sustainability.

We thank the following people for their efforts and contributions: Each of our 45 table hosts on whose shoulders this event rests; Eugene Beer for our sound system; Jenny Floch for graphic design; Local Matters and The Greener Grocer for sourcing local, organic foods; Robert Studzinski for photography; Sunny Meadows Flower Farm for sunflowers; Meg Freeling for music, Weisenbach Printing and RDesign & Printing for print materials; and all who helped with set-up, registration and clean-up. We especially thank the planning committee members for their good work: Becky Allen, Carol Fisher, Jayme Richards, and Marilyn Welker.

A most fitting tribute to all who have given gifts of treasure, time, and talents will be the continued strengthening of our vision and abilities to create a more compassionate and sustainable world. Each of us is needed. May the gifts we give and receive generously sustain and support our collective efforts!
Beyond Bailouts: Let’s Put Life Ahead of Money

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Wages are falling in the face of soaring food and energy prices. Consumer debt and housing foreclosures are setting historic records. The middle class is shrinking. The unconscionable and growing worldwide gap between rich and poor with its related social alienation is producing social collapse, which in turn produces crime, terrorism, and genocide.

At the same time, excessive consumption is pushing Earth’s ecosystem into collapse. Scientists are in almost universal agreement that human activity bears substantial responsibility for climate change and the related increase in droughts, floods, and wildfires.

We face a monumental economic challenge that goes far beyond anything being discussed in the U.S. Congress. The hardships imposed by temporarily frozen credit markets pale by comparison.

This would be a good time to start evaluating economic performance against indicators of what we really want—healthy children, families, communities, and natural systems.

The Wall Street bailout package that Congress passed in its moment of panic did nothing to address the structural cause of the credit freeze, let alone the structural cause of the economy’s even more serious environmental and social failures. On the positive side, the financial crisis has put to rest the myths that our economic institutions are sound and that markets work best when deregulated. It creates an opportune moment for deep change.

Here are some essential steps toward a system redesign that can put us on the path to a just and sustainable economy that works for all.

CLEAN UP WALL STREET

The first item of business is to get the immediate crisis under control. Wall Street institutions have long claimed their trading activities create wealth, provide the funds that keep business moving, increase economic efficiency, and stabilize markets. The financial meltdown pulled away the curtain to reveal a corrupt system that runs on speculation, the stripping of corporate assets, predatory lending, and asset bubbles like the real estate and dot-com “booms.”

If the people involved produce anything of value, it is purely incidental to their primary quest for speculative gains, which placed the entire global economy at risk and led to extortionate demands for taxpayer bailouts when their bets went bad. For these labors, the 50 highest-paid private investment fund managers in 2007 averaged $588 million in compensation—19,000 times as much as average worker pay.

We must hold Wall Street accountable, recover some of our losses from those responsible, and preclude a repetition of the credit collapse. The recommendations of the Institute for Policy Studies (IPS), a Washington, D.C., think tank, are a good place to start. In “A Sensible Plan for Recovery,” IPS calls on Congress to make Wall Street pay for both the bailout and a true economic stimulus package. The plan recommends a securities transactions tax, a minimum corporate income tax, recovery of bonuses paid to Wall Street CEOs responsible for the crisis, an end to corporate tax havens, and an end to tax loopholes for CEO pay. IPS also calls for extensive federal regulation to limit speculation and assert real oversight over financial markets.

Implementing these recommendations will be an excellent start on limiting speculation, restoring a progressive tax system to achieve a more equitable distribution of economic power, and putting the more predatory Wall Street firms out of business. Additional steps will be needed to break up concentrations of corporate power, beginning with Wall Street, and to hold the remaining banks accountable to the public interest. Treasury Secretary Henry Paulson’s decision to buy a government equity stake in troubled banks is a positive step that may open the way to a deeper restructuring of the financial system.

The federal government should immediately reinstate the provisions of the Glass-Steagall Act prohibiting the merger of commercial and investment banks, and
force the breakup of financial conglomerates and any other Wall Street institutions that are too big to fail. As Senator Bernie Sanders has observed, “If a company is too big to fail, it is too big to exist.”

PLAY BY MARKET RULES

Once we extinguish the immediate fire, we can turn our attention to redesigning the potentially beneficial institutions of finance to align with the imperatives of sustainability and equity. Ironically, given the excesses committed by Wall Street in the name of market freedom, the economy we need to create looks remarkably like the market economy vision of Adam Smith, revered by many as the father of capitalism. Smith envisioned a world of local market economies populated by small entrepreneurs, artisans, and family farmers with strong community roots engaged in producing and exchanging goods and services to meet the needs of themselves and their neighbors. His vision bears little resemblance to the Wall Street economy of footloose global capital, credit default swaps, reckless speculation, and global corporate empires.

As I elaborated in When Corporations Rule the World and The Post-Corporate World: Life After Capitalism, socially efficient market allocation depends on a number of important conditions that Wall Street and those economists devoted to the ideology of neoliberal market fundamentalism routinely ignore. These include:

- Market prices must internalize full social and environmental costs.
- Trade between nations must be in balance.
- Investment must be local.
- No player can be big enough to directly influence market price.
- Economic power must be equitably distributed.
- Every player must have complete information and there can be no trade secrets (read: no government-enforced intellectual property rights).

To avoid the distortion of unfair competitive practices, markets must be regulated to assure that these essential conditions are maintained. Think of them as basic principles for securing the healthy, just, and sustainable function of Main Street economies.

SELF-FINANCE THE REAL ECONOMY

Far from serving the financial needs of Main Street, Wall Street treats Main Street like a colony to be managed for the benefit of its colonial master. In alliance with the Federal Reserve, Wall Street players have used a combination of control over the money supply, predatory lending practices, and lobbying and campaign contributions to suppress wages, dismantle social safety nets, and capture the value of productivity gains for themselves. The top 1 percent of U.S. income earners increased their share of national cash income from 9 percent to 19 percent between 1980 and 2005, according to Charles R. Morris in The Trillion Dollar Meltdown. Income for 90 percent of households fell relative to inflation, household savings rates dropped to less than 1 percent, and household debt soared as Main Street workers struggled to hold their lives together.

Creating a fair distribution of wealth by restoring progressive tax rates, increasing the minimum wage, containing health care costs, and regulating mortgage and credit card interest rates is an essential element of a post-bailout economic agenda. This will help those at the bottom, restore household savings and purchasing power, and, combined with the debt-free money system proposed below, eliminate Main Street dependence on Wall Street financing. The financial services needs of Main Street economies are best served by a federally regulated network of independent, locally owned community banks that fulfill the classic textbook banking function of acting as intermediaries between local people looking for a secure place for their savings and local people who need loans to buy a home or finance a business. Evidence that people with savings are moving their accounts from the giant banks with questionable balance sheets to smaller local banks is a positive step.

Wall Street interests have also rigged the economic game to give a competitive advantage to mega-corporations over the local independent businesses that are the heart and soul of Main Street economies. The New Rule Project of the Institute for Local Self
Beyond Bailouts

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Reliance provides a wealth of recommendations for restoring a proper balance in favor of Main Street that also merits serious consideration.

MEASURE WHAT WE REALLY WANT

The only legitimate function of an economic system is to serve life. At present, however, we assess economic performance solely against financial indicators—gross domestic product (GDP) and stock prices—while disregarding social and environmental consequences. We are now paying the price for years of managing the economy for financial performance, which translates into making money for people who have money—that is, making rich people richer. It was not a wise choice. We now bear the devastating costs of this foolishness in the form of massive social and environmental damage and financial instability.

This would be a good time to start evaluating economic performance against indicators of what we really want—healthy children, families, communities, and natural systems. This would place life values ahead of money values and dramatically reframe the public policy side of our economic decision-making. Happiness, by the way, is an important indicator of physical and psychological health.

We might well continue to track GDP, a measure of economic throughput, as a quite useful indicator of the economic cost of producing a given level of health and well-being. When we recognize that GDP represents cost, not gain, it becomes clear why making it grow is a mistake. A number of researchers have been pointing out that happiness, as well as other indicators of human, social, and environmental health, have been declining even as GDP increased, but their appeals have been largely ignored. We continue to manage our economies to maximize the cost, rather than the benefit, of economic activity. The shock of financial collapse creates an opportunity to draw attention to this substantial anomaly. We will know we have turned an important corner when business news reporters happily announce, “It has been a successful quarter. Happiness rose by two points and GDP is down by one point.”

CONVERT TO DEBT-FREE MONEY

This brings us to the most important reform of all: changing the way we create money. One key to Wall Street’s power and to the inherent instability of the financial system is the current practice of private banks creating money with a simple bookkeeping entry each time they make a loan. Because the bookkeeping entry creates only the principal, but not the interest, unless the economy grows fast enough to generate sufficient demand for loans to create the new money required to make the interest payments on the previous loans, debts go into default and the financial system and the economy collapse. The demand for repayment with interest of nearly every dollar in circulation virtually assures the economy will fail unless GDP and inequality are constantly growing.

Leading economists and political figures, including Thomas Jefferson and Benjamin Franklin, have advocated replacing the system of bank-created debt-money with an alternative system in which the government creates debt-free money by spending it into existence to fund public goods like infrastructure or education. The suggestion that government create money with the stroke of a pen sets off all sorts of alarm bells about runaway inflation. The primary change, however, would simply be that the entry is made by government for a public good rather than by a private bank for private profit. Ellen Hodgson Brown’s The Web of Debt is an informative current review of issues and options.

Privately issued debt-money adds to debt and taxes and bears major responsibility for environmental destruction because it requires infinite growth, extreme inequality because it assures an upward flow of wealth from Main Street to Wall Street, and economic instability because issuing loans to fuel reckless speculation generates handsome short-term bank profits. Publicly issued debt-free money would greatly reduce debt, taxes, and environmental harm, be more equitable, and increase financial stability. In a democracy, it should be ours to choose.

This is an opportune moment to move forward an agenda to replace the failed money-serving institutions of our present economy with the institutions of a new economy dedicated to serving life. The idea that we humans might put life ahead of money may seem unrealistic and contrary to our human nature. Surely,
that is what our prevailing cultural story would have us believe. That story, however, has no more validity than the story that Wall Street speculation serves a higher public purpose. As I noted in my article “We are Hard-Wired to Care and Connect” in the Fall 2008 issue of YES!, scientists have found that the human brain is hard-wired for compassion and connection. My many years living abroad in Africa, Latin America, and Asia taught me that people of every race, religion, and nationality the world over share a dream of a world of happy, healthy children, families, and communities living in vibrant, healthy, natural environments. When they see an opportunity, people are willing to make extraordinary investments of their life energy in an effort to actualize this dream, as regularly documented in the pages of Yes! Liberated from the predatory grip of Wall Street, this long-suppressed energy has the potential to transform our relationships with one another and Earth, and to realize our shared dream of a world that works for all.

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David Korten wrote this article as part of “Sustainable Happiness,” the Winter 2009 issue of YES! Magazine. David is author of the international bestseller When Corporations Rule the World and The Great Turning: From Empire to Earth Community. He is co-founder and board chair of YES! Magazine, and a board member of the Business Alliance for Local Living Economies.

ilsr.org
webofdebt.com
www.davidkorten.org
Resilient Responses for Troubled Times*

Our world is changing with blink-of-the-eye rapidness. Prepare for dramatic cultural and economic shifts with these new selections:

*The Transition Handbook: From Oil Dependency to Local Resilience*, by Rob Hopkins, is receiving high marks from Simply Living members. This book is about moving from anxiety and fear to developing a positive vision and taking practical actions to create more self-reliant communities.

*Plan C - Community Survival Strategies for Peak Oil and Climate Change*, by Pat Murphy, is an indispensable resource for anyone interested in living a lower-energy, saner and sustainable lifestyle. Pat, our neighbor with Community Solutions in Yellow Springs, advocates for dramatic lifestyle change to create a sustainable, equitable world.

*The New Village Green: Living Light, Living Local, Living Large*, by Stephen Morris and the editors of *Green Living*. This guide to help regain our planet’s balance is a collection of engaging essays by writers such Michael Pollan, Rachel Carson, Euell Gibbons, Lynn Margulis and the thoughts of new writers such as Eben Fodor’s ideas on solar food drying.

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*Thanks to Bob Waldrop for this phrase.

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