The Trophic Theory of Money

For Sound Economic Policy and “Strong Ecological Economics”
Neoclassical Growth Theory

- Solow model
- Lucas model
- Romer model

\[ Y = f(K, L) \]
“The world can, in effect, get along without natural resources.”

Robert Solow
“Natural resources originate from the mind, not the ground, and therefore are not depletable.”

Robert L. Bradley, Jr., 2002
“We should *double* the rate of growth, and we should *double* the size of the American economy!”

Jack Kemp, *circa* 2000
Circular Flow of Money
Natural Capital Allocation

- Natural capital allocated to economy of nature
- Natural capital allocated to human economy
The sigmoid curve, commonly used to represent the growth of wildlife populations, here portrays the human economy growing over time at the expense of the economy of nature. As natural resources are extracted to fuel the cash economy (measured by GNP), wildlife habitats and species are lost.
Economy of Nature

Producers

Primary Consumers

Secondary Consumers

Service

Providers
Humans Included

Service

Plants

(Other) Animals

Homo sapiens
Economic Growth

- Plants
- Animals
- Human Economy
- Service Providers
Human Economy

Producers (i.e., ag/ext.)

- Heavy Manufacturing
- Light Manufacturing

Service Providers
Want More of This?
You’ll be needing more of this...
Trophics of Money

Producers (i.e., ag/ext.)

Heavy Manufacturing

Light Manufacturing

Service

Providers
I.e., Limits to (Real) Money

- Plants
- Animals
- Service
- Providers
Distorting Effects

- Inflation
- Technological progress
- Propensity to use money (versus other means of exchange)
- Exchange rates
Implications of the Trophic Theory of Money

- GDP is an excellent indicator of ecological footprint.
- “Green growth” and “dematerializing” the economy are myths.
- Loose monetary policy indebts us to the next ecological footfall.
Read More About It

And, “Don’t Sell the Farm!”