



Paper assets, real debts

An ecological-economic exploration of the global economic crisis

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Abstract

Purpose – This paper sets out to investigate the potential contribution of the inter-disciplinary field of ecological economics to the explanation of the current economic crisis. The root of the crisis is the growing disjuncture between the real economy of production and the paper economy of finance.

Design/methodology/approach – The authors trace the epistemological origins of this disjuncture to the myths of economism – a mix of academic, popular and political beliefs that served to explain, rationalise and perpetuate the current economic system.

Findings – The authors recommend ending with economism and developing new collective and discursive processes for understanding and engaging with ecological-economic systems.

Originality/value – The authors embrace the notion of sustainable de-growth: an equitable and democratic transition to a smaller economy with less production and consumption.

Keywords Economic depression, Recession, Ecology, Economic theory

Paper type Conceptual paper

Benjamin M. Friedman, author of *The Moral Consequences of Economic Growth*, recalled that when he worked at Morgan Stanley in the early 1970s, the firm's annual reports were filled with photographs of factories and other tangible businesses. More recently, Wall Street's annual reports tend to highlight not the businesses that firms were advising so much as finance for the sake of finance, showing upward-sloping graphs and photographs of traders. "I have the sense that in many of these firms" Mr. Friedman said, "the activity has become further and further divorced from actual economic activity." Which might serve as a summary of how the current crisis came to pass. Wall Street traders began to believe that the values they had assigned to all sorts of assets were rational because, well, they had assigned them (David Leonhardt, *New York Times*, 21 September 2008).

Marx long ago observed the way in which unbridled capitalism became a kind of mythology, ascribing reality, power and agency to things that had no life in themselves. [...] And ascribing independent reality to what you have in fact made yourself is a perfect definition of what the Jewish and Christian Scriptures call idolatry (Rowan Williams, Archbishop of Canterbury, *The Spectator*, 24 September 2008).

