BEHIND THE BUDGET
Are We Stuck With this High Risk Monetary System?

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Introduction

It is a great honor to have been asked to offer some opening remarks for this Philadelphia Yearly Meeting budget session. I thank the session organizers and I thank all of you gathered here. In good times budget sessions may be low key, but in times like these budget session should command high attention. I hope I can add to this interest.

When Ellen and I came to Philadelphia in 1998 for a ten year sojourn we had already been associated with the Society of Friends and Friends work for almost 40 years. But I must say that our time with Central Philadelphia Monthly Meeting, and PYM, and the range of Quaker organizations and activities that engaged us during this time has greatly enriched our lives and our sense of Friends’ mission in the world.

What Kind of Resource is Money?

Our subject here is money and how to use it responsibly. We all know that budgets are moral documents. We know that after all our discernment and strategic planning, where we put the money tells the tale of our commitments.

Money is a peculiar kind of resource. Unlike most other resources, modern money has no relationship to any tangible aspect of Earth’s substance. Since 1971, when President Nixon cut the American dollar loose from the gold standard, money has become entirely abstract. And now with computerization it is mostly just digital notation in an electronic database. Some folks decry this vaporization of money into complete abstraction, while others argue that it is a good thing because there are now no longer any physical constraints on the growth of money, and, thus, on wealth accumulation.

Three observations are worth making at this point:

1. Money is, among other things, a license to intervene in Earth’s ecological budget - about which I will say more.
2. Our current monetary system is entirely a human invention like any other technology, and not a species of natural law. It can be changed. To this I will also return.
3. Money and our monetary system is, in essence, a technology of social trust. Just think how amazing this is! The vast complexity of relationships in financial dealings, and in the monetary system overall, are based on a profound social trust. This is why it is so devastating when the system fails, when large chunks of life savings and investments are wiped out, and non-profit institutions lose major portions of their funding base.

When we put these observations together, we are well on the way to understanding the monetary system as a marvelous tool of human invention that urgently needs to have its platform of operation
redesigned.

First, what does it mean to say money is a license to intervene in Earth’s ecological budget? It means we recognize that the human economy is a wholly owned subsidiary of Earth’s economy. Every time we spend money it has an impact on Earth’s bio-productive and bio-assimilative capacities – that is, on the Earth’s ability to keep its biological systems producing and its ability to absorb and recycle the end products of biotic activity, including the activities of the human species.

In a consumption-oriented economy, the more money spent the greater the impact on Earth’s ability to keep itself healthy and functioning in an ecologically sound way. From the standpoint of Earth and the integrity and resilience of its ecosystems, the unlimited growth of money is a disaster.

Secondly, the modern money and banking system can be clearly explained in historical terms, and in terms of the deliberate design of power relationships. It did not emerge from some mystical combination of natural law and human need. The modern banking industry was designed quite specifically to enable the Kings of England in the 17th Century to finance war making. It worked so well for this exercise in power and aggrandizement that it became the engine of growth for the ambitions of mining, manufacturing, and commerce as the great Industrial Revolution got underway.

Obviously, I can’t here go into this history, but the point is this: The particular design of the modern monetary system is a specific historical invention, and as scholars of monetary reform point out, could readily be altered in ways that would better serve human security and ecosystem integrity.

And as for social trust, here is one example of how to think about our situation. In the old days when the homestead economy was predominant, families and communities had various ways of securing access to the means of life, even if money was scarce. Our situation today is entirely different. Access to an adequate and stable supply of money is absolutely essential for access to the means of life. And on this central critical feature of modern life, the current monetary system has repeatedly and dramatically failed.

It is within this context of yet another massive failure of monetary stability that Philadelphia Yearly Meeting, and other Quaker organizations, now ponder their budgets and programs.

Will Getting the Economy “Back on Track” Save Us

One of the most frequently heard remarks about the current financial debacle is that “nobody saw it coming.” That, of course, is not true. Many maverick economists saw it coming. George Soros, one of the world’s foremost financial speculators saw it coming and published a series of essays and books of dire warning. Many voices are now warning that if the system is put back on the same old track it will crash again with likely even worse consequences.

And here is why: Peak oil and climate disruption are the grim reapers of the capital-driven economy. The most discerning analysts of our situation tell us we are in for a multi-dimensional system failure. This is not a crisis from which we can expect to recover as in the past. What we are facing and are well into, according to Lynton K. Caldwell, dean of American environmental policy, is not a crisis but a climacteric. A climacteric is a level and degree of change after which a fundamentally new reality comes into effect that requires new systems of adaptation to be worked out.
One of the new adaptations that will have to be worked out is a monetary system that facilitates a stable, sufficient and equitable distribution of essential goods and services, but does not depend for its survival on perpetual growth, and, in fact, won’t fail even if the economy shrinks.

Here is our dilemma: We have all been conditioned to think it is natural for money to grow. This is the basis of conventional investment strategy. Our money will grow by being invested in an ever-growing economy. However, our high-energy, industrial-consumer economy is already larger than Earth’s capacity can sustain. To continue pumping it up so our money will continue to grow is basically suicidal.

There was a time when this was not the case. Many of us can remember those times. But the times have changed. This is what is so hard for us to get through our heads. What once worked pretty well to advance material well-being, and even human betterment, is now failing. We are now at a point when we wake up in the morning, shake our heads, and think, “Wait a minute, this can’t be happening, can it?” But it is.

In the words of economist, Herman Daly, economic growth in the wealthy regions of the world has become uneconomic – that is, the negative consequences now outweigh the positive consequences. And the primary negative consequences that are now upon us are climate disruption and biodiversity collapse. To continue growing the consumption economy is going the wrong way from the standpoint of human security and ecological resilience.

At this point a caveat must be added. I am talking about the wealthy regions and rich populations of the world. There are definitely regions of the world and specific populations that need progressively growing economies in order to achieve a secure and dignified way of living. The impact of the rich on Earth systems must decrease to allow for this much needed economic growth. Fair is fair.

Add to this great shift the fact that mainstream petroleum industry analysts are forecasting oil at $200 to $225 a barrel in the near future, and it becomes clear that the economies of wealth are not likely to be again what they once were. Our budgets, both institutional and personal, are entering uncharted waters.

“Skating Where the Puck is Going to Be”

This situation can be taken as a grand opening for economic reform, and, in particular, for monetary system reform that aims for an ecological rebalancing of the human-earth relationship. A famous Canadian once uttered words of wisdom that may be helpful as we take up this task. When asked about the secret of his success, hockey legend, Wayne Gretsky, replied: “I skate where the puck is going to be.”

I suspect the current economic situation has put many organizational budgets in a reactive mode. Perhaps the next step is to look ahead, not to “recovery” but, realistically, to where the “puck is going to be.” Quakers were once prominent in the banking and financial world. Many Friends have been very smart and wisely prudent managing money within the current system. Can we now enter the turbulent stream of a broken system with our experience and discernment skills to help design and implement a new monetary order that works well for people and the Earth? We don’t have to take the
lead, many others have already done the research and spade work. But Friends may be especially helpful in the difficult exercises of public discernment and decision making that lay ahead.

Philadelphia Yearly Meeting is fortunate to have a project in its midst that is already picking up this important work. The Earthcare Working Group of PYM has helped sustain the project, “Friends Testimonies and Economics.” Its current focus is called “Confronting the Growth Dilemma.” This project is a real attempt to “skate where the puck is going to be.” I urge you to pick up the one page explanation of the project at the Friends Testimonies and Economics display table and talk to Ed Dreby about it. (Contact Ed Dreby at eddreby@verizon.net)

**Looking Together in the Same Direction – Is Monetary Reform on the Horizon?**

In closing, I want to offer a word of encouragement for rebalancing the evolutionary potential of Quakerism toward activism, and a word of perspective on where emergent vitality may be found. It seems to me the wisdom of the ages from most spiritual traditions, including our own, offers this perspective: Spiritual growth, fulfillment, enlightenment, vital and nurturing communities, and even just plain old happiness, are not generally well achieved by direct efforts to achieve them. Texts to this effect can be quoted from the sacred writings and teachings of virtually every spiritual tradition.

These graces of experiences and social life come to us most easily and often, it seems, when we are kind of looking the other way, when we have pretty much forgotten about ourselves, when we have more-or-less disappeared into some form of good work. As poet, Mary Oliver, writes, “Love yourself, then forget it, then love the world.” We aim to do the right thing in the right way for the common good, and low-and-behold, spiritual vitality and nurturing relationships spring up and take us by surprise.

The French writer, Saint Exupery, expresses this insight in a slightly different way. He says, “Love is not so much looking at each other as it is looking together in the same direction.” The same thing, I think, is true for the emergence of spiritual vitality in faith communities. Perhaps the same thing is true for the way we prepare and implement our budgets. And in this, of course, we have no better guide than the person who, we might say, is the founding figure of Philadelphia Yearly Meeting, William Penn. Long ago he wrote this imperishable and oft quoted line: “True religion does not draw men [and women] out of the world but enables them to live better in it and excites their endeavors to mend it.”

Working for an equitable, low risk, Earth friendly, and war preventing monetary system is one of the most important ways of mending the world now before us. Quakerism has a rich diversity of gifts, one of which is to be smart about money. I suggest the time has come to move that collective gift beyond our institutional budgets and into focused study and action on monetary system reform.

A monetary system that must endlessly expand based on consumption and debt is not sustainable and is destroying the planet. A monetary system designed to serve human security and ecological integrity is possible. Examples exist. Taking up this task as a religious and ethical responsibility may be one of Quakerism’s unique potentials. And it may also result in the re-emergence of a surprising spiritual vitality.

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Recommended Reading

*Agenda for a New Economy: From Phantom Wealth to Real Wealth*, David Korten, 2009. Why and how to move investments from Wall Street to Main Street and why reforming the monetary system is essential.


*Peak Everything: Waking Up to the Century of Declines*, Richard Heinberg, 2007. Helpful for thinking about “where the puck is going to be.”