



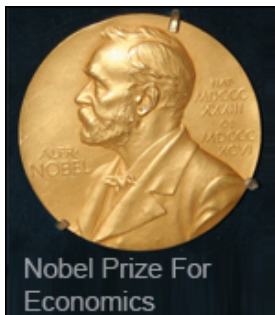
## Mountebank Wins Nobel for Infinite Planet Theory

by Rob Dietz

<http://dalynews.org>



**F**ew people have read the dense volumes published by the economist Milton Mountebank, but his work has affected you, me and every single person on the planet. Dr. Mountebank has revolutionized economic thought, and now he has been recognized for his singular efforts. Yesterday at a gala reception in Stockholm, Sweden, the chairman of Sveriges Riksbank, Peter Norborg, presented Dr. Mountebank with the Nobel Prize in Economics for his lifetime of work on *infinite planet theory*.



Nobel Prize For Economics

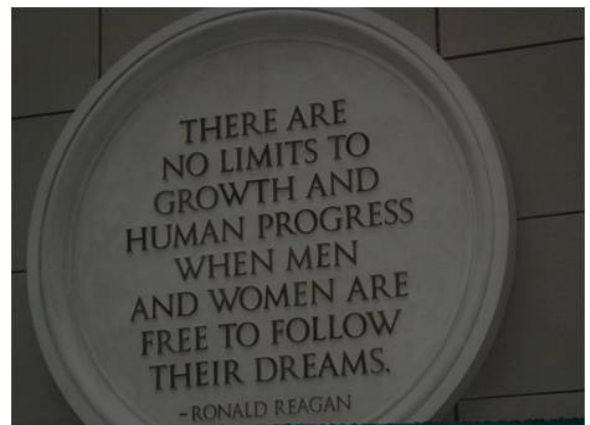
In his presentation of the award, Mr. Norborg stated, “Dr. Mountebank has demonstrated imagination and inventiveness beyond what the rational mind can comprehend.” Indeed, it is because of his theories that we all do

what we do economically. Nations strive for continuous GDP growth and endless expansion of consumption thanks to infinite planet theory. Mr. Norborg went on to say, “All of our banks, including Sveriges Riksbank, owe him a huge debt. We finance economic expansion. Our actions and decisions would be morally suspect if we lived on a finite planet.”

In a light-hearted moment during the presentation, Mr. Norborg asserted that Dr. Mountebank had provided an even greater service to humanity by reducing stress on individuals. “Best of all,” he said, “is that we can extract, consume

and digest resources guilt-free. Planetary constraints have been conquered. They have gone the way of the dodo, the Roman Empire and the world’s major fisheries.”

Although Dr. Mountebank’s books have failed to reach mainstream audiences, his work has been highly influential among elite political and corporate leaders. Ronald Reagan is a prominent example. President Reagan once famously said, “There are no limits to growth and human progress when men and women are free to follow their dreams.” That’s a close paraphrasing of Dr. Mountebank’s conclusion to his magnum opus, *Infinity and Beyond: The Magical Triumph of Economics over Physics*.

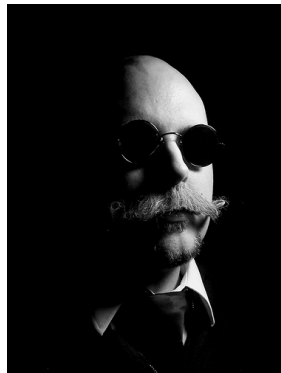


Ronald Reagan's nod to Mountebank, etched in stone at the International Trade Center in Washington, DC.

Phillip van Uppington, former vice president at Lehman Brothers, asserts that Dr. Mountebank was a huge influence on his firm. “We used to quote him all the time. One of the highlights of

my career was the symposium I arranged a few years back with Moun­tebank and Milton Fried­man. We called it ‘Double Milton Day.’ It really opened our minds to the possibilities of innova­tive finance. Once we implemented the double Milton doctrines, we made more cash than most small nations.”

In his acceptance speech, Dr. Moun­tebank told the story of how he developed infinite planet theory. “Equations, equations, equations,” he said, “I would see them dancing across my eyelids as I laid down to sleep. In the morning I would wake up and write them out. I did this for three straight years until I finally put it all together.” The cen­terpiece of Moun­tebank’s mathematical demonstration of the feasibility of infinite growth is his conjury equation, a recondite multivariate differential expression that, by common agreement, is understood by fewer than four economists in the world. “It’s why I’m standing on this stage today,” Moun­tebank said. “Unfortunately the equation is too long to fit on the screen behind me, but it’s the key to infinite economic growth. Fortunately, though, you don’t have to be an economist or a statistician to use it as a guide for your daily actions.”



*Dr. Moun­tebank. Photo by Derrick Tyson*

Dr. Moun­tebank continued by holding up a globe in his hand and stating, “We all recognize that the earth is a sphere, and from basic geometry, we all understand that a sphere has no beginning and no end. If you set out in one direction on the surface of a sphere, there is no stopping point—it’s infinite.” He spun the globe and walked his fingers around it to prove his point. “Q.E.D. No end. And that means it can be infinitely ex­ploited for economic gains.”

Infinite planet theory has gained almost unani­mous acceptance in economic circles, but there have been some vocal critics. On the day of the award ceremony, a small band of protestors formed a picket line outside Sveriges Riksbank. One protestor was carrying a sign that said “Steady State.” When asked why she was protesting, she said, “Moun­tebank? You can’t be serious. They should give the Nobel to Herman Daly.” Dr. Daly is known for his work on the limits to growth and the steady state economy, concepts which fly in the face of infinite planet theory. The Club of Rome provided the original critique of the theory when it published its best-selling book, *The Limits to Growth*. In his writ­ings, however, Dr. Moun­tebank has dismissed the notion of limits. One of the passages in *Infin­ity and Beyond* says:

The end of cheap oil, species extinctions, climate change, deforestation, resource depletion, crippling poverty, loss of ecosystem services, soil and aquifer degradation—these are trifling prob­lems, so long as we continue to grow the econ­omy toward its ultimate size: infinity and be­yond. Under no circumstances should we allow creeping thoughts about a finite planet or con­straints handed down by universal physical laws to get in the way of building a bigger economy. And certainly we should shut our ears to the dreary doomsayers who continue to rain their inane facts upon our parade of growth. Growth, alone, is the moral and political ideal.

Dr. Moun­tebank ended his acceptance speech on a personal note, observing how infinite planet theory had soothed the fears of his young grand­children. He said, “They told me they were scared about what was happening to the environ­ment. I patted their little heads and told them not to worry. After all, you can’t harm nature on an infinite planet. By definition, there’s always more.”

Dr. Moun­tebank is the eighth Nobel laureate in economics from Fantasia University.

*23 May 2011*



## Opportunity Cost of Growth

by Herman Daly

<http://dalynews.org>



**E**conomics is about counting costs, and the cost to be counted is “opportunity cost,” arguably the most basic concept in economics. It is defined as the next best alternative to the one chosen (in other words, the best of the sacrificed alternatives). You chose the best alternative, and the opportunity cost is the second best, the alternative that you would choose if the best were unavailable. If there were no scarcity, choice would not be necessary, there would be no opportunity cost, and economics would not exist. More of everything means opportunity cost is zero, and is essentially the denial of economics.

### View of Mainstream Economists

Yet “more of everything” is the goal of so-called “growth economics.” When the whole economy grows, the growth economists say that we get more of everything. Is there an opportunity cost to the growth of the whole macroeconomy? Not in the view of mainstream macroeconomists. In their view the economy is the *Whole* and nature (mines, wells, grasslands, fisheries, forests...) are *Parts* of the economy. Used up parts can be substituted by new parts; natural parts can be substituted by manmade parts; natural resources can be substituted by capital. The whole macroeconomy is not itself seen as a subsystem or part of a larger but finite ecosystem, into which the macroeconomy grows and encroaches. These economists imagine that the macroeconomy grows into the void,

not into the constraining biophysical envelope of the ecosystem. Since macroeconomic growth is held to incur no opportunity cost (the displaced void is worthless!), one must conclude that “growth economics” is really not economics – it is almost the negation of economics!

Almost – there is one remaining bit of scarcity. Growth economists recognize that we can’t have more of everything instantaneously. To get more of everything we must invest and wait. The opportunity cost of investment is forgone present consumption. But it is a temporary cost. Later we will have more of everything, and after that still more of everything, etc. Is there no end to this? Not for the standard macroeconomists. In their view it might be possible to grow too fast, but never to get too big. That is, the opportunity cost of investment needed for rapid growth might be too high in terms of forgone present consumption. But that misallocation is temporary and will soon be washed away by growth itself that will give us more of everything in the future – more consumption and more investment. That is the growth economist’s theory.

### Intervention of Reality

There is, however, a catch to the growth economist’s theory. Increasing takeover of the ecosystem is the necessary consequence of physical growth of the macroeconomy. This displacement is really a transformation of ecosys-

tem into economy in physical terms. Trees are physically transformed into tables and chairs; soil, rain, and sunlight are physically transformed into crops and food and then into people; petroleum is physically transformed into motive force, plastics, and carbon dioxide. Thanks to the law of conservation of matter-energy, the more matter-energy appropriated by the economy, the less remains to build the structures and power the services of the ecosystem that sustains the economy. Thanks to the entropy law, the more dissipative structures (human bodies and artifacts) in the economy, the greater the rates of depletion and pollution of the remaining ecosystem required to maintain the growing populations of these structures against the eroding force of entropy.

These are basic facts about how the world works. They could plausibly be ignored by economists only as long as the macroeconomy was tiny relative to the ecosystem, and the encroachment of the former into the latter did not constitute a noticeable opportunity cost. But now we live in a full world, no longer in an empty world – that is, in a finite ecosystem filled up largely by the economy. Remaining ecosystem services and natural capital are now scarce and their further reduction constitutes a significant opportunity cost of growth.

## Fundamental Question

The new economic question is: Are the extra benefits of physically transforming more of the ecosystem into the economy worth the extra opportunity cost of the ecosystem services lost in the transformation? Has the macroeconomy reached, or surpassed, its optimal physical scale relative to its containing and sustaining ecosystem? Is the economy now too big for the ecosystem from the point of view of maximum human welfare? Or from the point of view of all living species and the functioning of the biosphere as we know it? If these questions

about the opportunity costs of growth sound too abstract, think of the following concrete examples: wholesale extinction of species, climate change, peak oil, water scarcity, topsoil loss, deforestation, risks from more powerful technologies, a huge military to maintain access to world resources, and an increase in the risk of wars over resources, etc.

As the marginal costs of growth have increased, what has happened to the marginal benefits? Studies in the U.S. and other countries show that, beyond a threshold of sufficiency, growth in real GDP does not increase happiness. In sum, growth has become uneconomic at the margin, making us poorer, not richer. Uneconomic growth leads to less available wealth to share with the poor, not more. And such growth in the U.S. in recent years has been accompanied by increasing inequality in the distribution of income and wealth – that is, the marginal benefits of growth have gone overwhelmingly to the rich (third cars and second homes) while the marginal costs (polluted neighborhoods, unemployment and foreclosures) have gone mainly to the poor.

## Back to the Mainstream View

Surely economists have thought about such simple and basic questions as:

- Can the economy be too big in its physical dimensions relative to the ecosystem? And
- Are the marginal costs of growth now larger than the marginal benefits?

Surely economists have good answers to these obvious questions! Well, dear reader, I invite you to ask these questions to your favorite economics professor or pundit. If you get reasonable answers, please share them with me. If you get a lot of obfuscation, consider telling the economist to go to hell. Be open to learn – but also be prepared to show some disrespect when it is deserved!

15 August 2010





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