# Arketa Institute calls for finance to embrace ecological economics and post-growth models



The Arketa Institute for Post-Growth Finance has recently released its inaugural paper titled "By Disaster or Design," which aims to shift professional discourses in finance, sustainability, and economics towards embracing ecological economics and a post-growth economic model. This initiative challenges the prevailing neoclassical economic framework taught widely in educational institutions, which the institute argues inadequately accounts for energy inputs and waste outputs in production processes.

The Arketa Institute underscores the pressing need for such a paradigm shift due to humanity’s overstepping of six out of nine recognised planetary boundaries. These boundaries define the sustainable limits within which humanity can operate without triggering severe environmental degradation that threatens ecological and societal stability.

Central to their argument is the promotion of ecological economics—a model that explicitly factors in the material and energy flows that fuel economic activity and the consequential environmental impacts. The institute advocates for a degrowth path, presenting policy recommendations such as implementing a four-day workweek, universal basic income, universal basic services, phasing out subsidies for fossil fuel production, anti-planned obsolescence laws, and a right to repair. These measures are proposed as means to transition society and the economy away from an unsustainable growth imperative, steering towards an economic system where decision-making prioritises humanity’s capacity to remain within planetary boundaries.

Acknowledging the pivotal role finance plays in the global economy—accounting for approximately 20–25%—the Arketa Institute highlights the necessity for the financial sector to fundamentally transform. Currently, finance operates within the neoliberal growth model, which depends on continuous economic expansion on a planet with finite resources and limited waste absorption capacity. The institute critiques current sustainable investing paradigms, identifying them as inherently flawed because they rely on the same unsustainable economic assumptions behind neoclassical economics. They argue that sustainable investing as it stands is prone to greenwashing, often serving as superficial gestures rather than driving the deep systemic change required.

Instead, the institute envisions a reformed financial system that detaches itself from excessive financialisation—as was seen during the 2008 housing bubble with complex mortgage securities—and reorients its purpose towards meeting tangible local needs. This includes financing activities that support ecosystems and community well-being, such as maintaining watersheds, forests, and biodiversity, while fostering economic activities aligned with ecological restoration.

The Arketa Institute delineates five core principles to guide finance toward post-growth compatibility:

1. A shared foundational goal focused on wealth as wellbeing within planetary boundaries.
2. Bringing finance back down to earth by investing in the real economy’s degrowth.
3. Enhancing transparency within financial operations.
4. Democratizing finance, moving away from centralisation.
5. Promoting resilience through smaller, locally grounded financial entities rather than "too big to fail" institutions.

The institute notes that some financial organisations already operate along these lines. Examples include Community-Development Financial Institutions (CDFIs), which are local, mission-driven and often centred on underserved communities; Bioregional Financial Facilities (BFFs), which direct capital to regenerative projects using principles of living systems; and ethical banks, defined by Florian Barras as those fostering solidarity and a moral framework that integrates space for moderation, slowness, and participative democracy within their organisational structures. Additionally, certain banks prioritise environmental stewardship by embedding environmental and social criteria into their credit advancement processes, potentially varying rates according to a project's ecological impact.

Looking ahead, the Arketa Institute emphasises that the entrenched expectation of continuous global economic growth is incompatible with ecological realities. Even optimistic growth projections, such as a steady two percent annual global growth, would double the economy in thirty-five years—a scenario deemed unsustainable. By adopting a post-growth mindset, society can prepare for an economy that neither prioritises nor measures its success solely through growth but through how well it thrives within the planet's finite resources.

Institutions like Triodos Bank in the Netherlands and Alternative Bank Schweiz in Switzerland exemplify financial models aligned with this post-growth philosophy. Both banks focus on serving local community needs within ecological constraints, offering a template for others to follow.

The Arketa Institute stresses that achieving this transformation requires changes extending beyond finance to include political, cultural, and personal identity shifts, away from a growth-at-all-costs mentality—which has historically imperilled the natural systems that sustain life.

As the institute concludes, “Finance can follow this new path. We believe it must,” signalling a call for a comprehensive reimagining of economic and financial systems grounded in ecological realities.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.resilience.org/stories/2025-04-28/by-disaster-or-design-a-post-growth-world-is-coming/> - Corroborates the Arketa Institute's mission to normalize conversations about ecological economics and post-growth finance, as stated in their inaugural paper.
2. <https://www.arketa-institute.org/resources/our-story> - Details the founders' background and the institute's purpose to challenge traditional finance models, aligning with the critique of neoclassical economics.
3. <https://substack.com/home/post/p-162011670> - Outlines five principles for post-growth finance, supporting the article's description of core guidelines proposed by the institute.
4. <https://www.arketa-institute.org/resources> - Lists resources and publications like 'Rethinking Finance' and events, validating the institute's advocacy for degrowth and ecological economics.
5. <https://znetwork.org/author/matt-orsagh/> - Affirms the article's discussion of planetary boundaries and the need for systemic change, as highlighted in Arketa's work.
6. <https://www.arketa-institute.org/resources#publications> - References publications such as 'Social Foundations and Planetary Boundaries,' which align with the article's emphasis on ecological limits and just transition frameworks.
7. <https://news.google.com/rss/articles/CBMinwFBVV95cUxOT3JxczFubmJMcWRnNGxnN1ItS3puTVQ1Sjk4Tk41VVktQWlsVHVZaklabjV4VkQ3ZkV0QWpySE12Q3JtU1FQRzlfQ2p3Y3Z6ZERQSE4tSzhGZG43VFk2SDEwbVRrX1ZhekFTZ1FySTdJSjZsZjJkaHhsV242WC0wRFZQbzdIS3FxWjhtMHVnTzlFNzM5SWgxa1dDdGhRTlE?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data