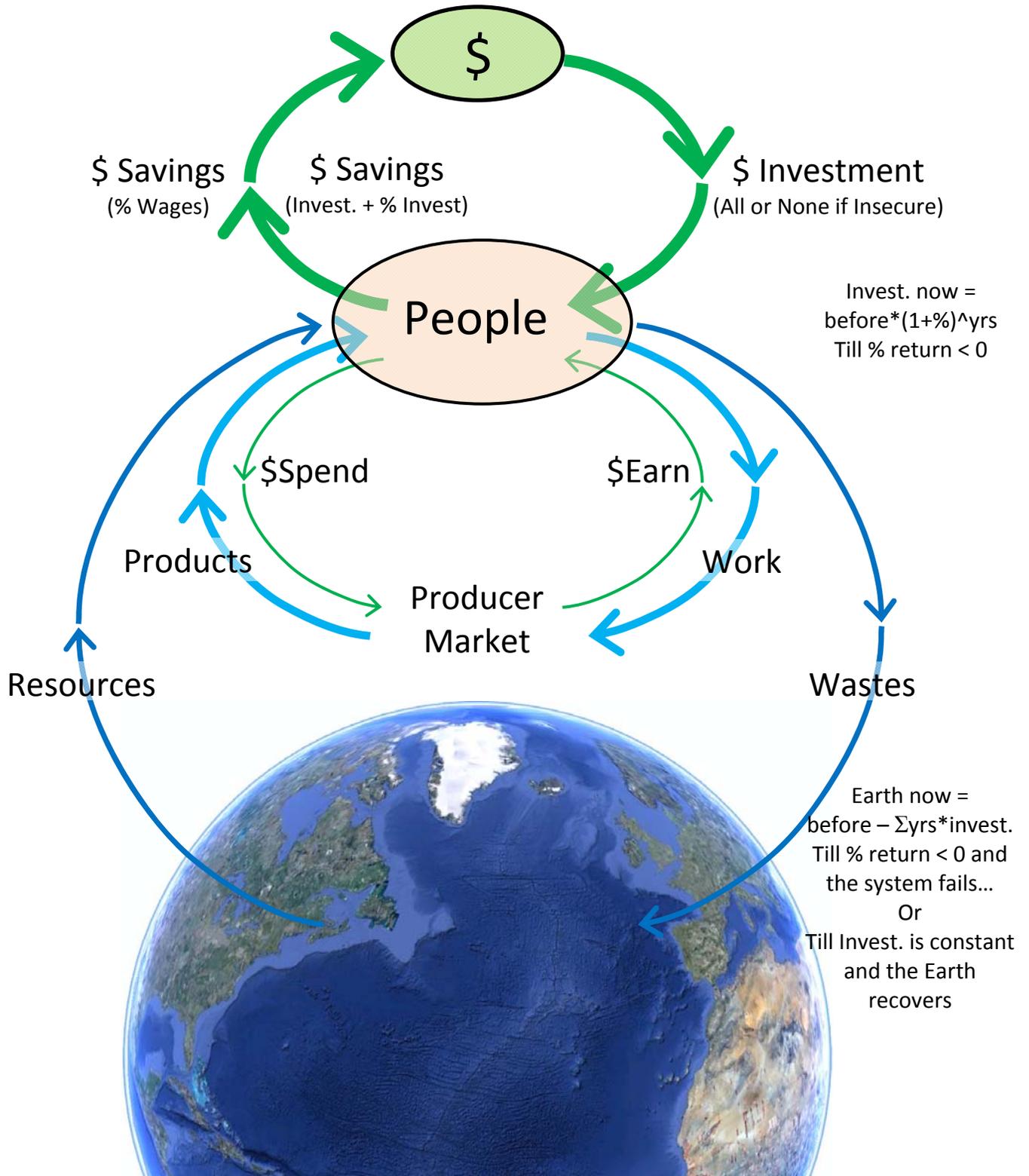


# Why finance has a bigger appetite than the earth

Finance Grows till all Investment is Insecure



- The earth is a "dinner plate" and finance has an infinite appetite clearly specified in its rules -

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## The short story of what now happens and what needs to<sup>i</sup>

Finance starts with someone's savings, and the savings “makes” money by money managers giving some to other people with the understanding they will give more back. The borrower is left to find a way to use the earth to make more from it, by any practical means available to them. Money managers are quite careful to invest only with a good promise of returns, part of which, if received, will be added to their own and their client's savings, allowing finance to increase by %’s over time (i.e. by bigger and bigger steps). It causes a dollar saved in the past to be owed ever growing returns in the future for the passive service of the permission to use it, for as long as the economy produces any net returns.

The “deal” between financier and borrower doesn’t begin with assurances of making the world a better place as primary, nor even with finding a sustainable way to take good profits from the work of others. The "deal" begins with assuring a financial profit of sufficient size, and only then seeks to assure the current negative impacts of doing it grow slower than the profits. That's the [OECD definition of "sustainability"](#)<sup>ii</sup> developed from the Brundtland Commission statement.

It's that "deal" that is the problem, for what it omits. It does not acknowledge the reality that the added money being taken in return, the profits, comes from the creative self-organization of the working systems of the economy, that neither the financiers nor the borrowers understand or control, but only have a role in directing past profits from the self-organization system to people who will promise to stimulate ever more. The profits, physically, reflect the value the natural capital generated by the system in excess of that needed by the parts, created by the many parts learning how to work together on their own. The financiers, in particular, having virtually no role in, or even awareness of, how that happens. As financiers claim the value of those shares of natural capital as their own private property, to use only in their self-interest, it gives them ever growing control over the choices being made, typically requiring the extraction of natural capital for their

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own purposes to be managed to multiply forever that way. That leaves the financiers making ever greater decisions about the interests of others of which they are completely unaware.

There's a simple 'fix', in terms of the rules of the system. That is to acknowledge the natural fiduciary duty of financiers when making decisions for others, in this case for the uncontrolled systems creating the profits through the creativity of their cooperating parts. In the use of investment returns, as the profits directly represent a share of the natural capital of self-organization for the whole community, its interests require the greatest respect and care rather than the least. At present, common practice is to not recognize the self-organization of the cooperating parts of the system that produces the profit as having any role in it.

Sustainable systems on earth, like organisms or ecologies, are ones that internally share their natural capital, internally exchanging the surpluses between the parts needed for the whole that they create by becoming organized as wholes. The whole has a big investment in the parts just as much as the parts have a big investment in the whole. That's what lets systems of relatively uncontrolled parts go beyond their collective end of growth to move toward a state of vigorous good health and peak of vitality as they mature. It eliminates the endless selfish growth of the parts when the surpluses generated are needed for something else. Otherwise growth would only end in leading the whole toward a peak of exhaustion, as it is for us now.

If members of a work group or community are taking needless risks that threaten the group or community, their friends, good friends anyway, let them know so they can continue being part of the group. It's the same in an organism with an immune system that responds to internal breakdowns or external threats, directing some of the accumulated reserves toward protecting the whole by responding. To the degree people would want the same advice in return, honest people tell their friends who need help understanding their choices how they might make better ones. When everyone does that it's the real freedoms of being part of a system of complementary parts that get exposed, more than the constraints.

p. f. henshaw

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<sup>i</sup> I describe the essential relationships as observations, condensed from many years of research on the topic, following my early 1979, 1983 and subsequent papers on the subject. It is not meant to rule out anyone's interpretation of how I'm using the words and maybe skimming over or missing important related issues.

<sup>ii</sup> OECD definition of "sustainability" - <http://www.synapse9.com/issues/EffDecouple.htm>