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A new economic paradigm: The next big challenge

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For sustainable development, the next big private stakeholder challenge is one everyone has seen coming, but we have not yet had the courage to face.

At present, sustainable development is maturing as an idea and practice within a world economy that uses its resources to continually escalate its demands on the planet. At present, sustainable development helps sustain this scenario. We need the economy to become self-regulating as a whole, not just to grow some self-regulating parts. A natural model for solution would be for those that care about sustainable development to choose not to do business with those that grow their enterprises like cancers and choose to endlessly use profits to multiply investments as they continue to harm society and the Earth.

This model of self-regulation is simple enough to understand. It demands that corporations find a higher purpose for their profits than self-inflation and suggests that they apply the investment strategy of family-run businesses to the global market, accumulating investment returns to build the enterprise first, and after that use the profits to sustain other things.

Applying this kind of solution may shock a lot of people, but it equals the shocking problem we face. We have adopted a form of 'prosperity' that depletes its own resources ever faster in order to remain stable. The greatest challenge for sustainability has always been that the economic ideal of our society is a machine for endless growth. It has long been clear that a new model is needed, but it has also been too contentious and complicated to openly discuss.

Now it is clear, with disasters of all kinds multiplying – resources becoming scarce and costly, the financial crisis – ignoring the problem is no longer an option. Still, most find it unthinkable that the prosperity can be possible without endless growth. Reaching consensus to put an end to the current economic paradigm, would give our great engines for growth a much higher purpose.

Scientists, like me, who study the basic physics of organisation in natural systems, are of course not the first to be consulted on great questions of social organisation. Discussions on the role of money in society elsewhere, though, really do seem stalled, with people treating discussions on the rights of others to use their own property as taboo.



People forget that money is not really 'property', but a grant from society of a right to claim one equal share of any material service society can deliver. Yes, using money to your own advantage, to multiply if you can, is a very ancient and deeply engrained custom. Using steady profits to multiply impacts, however, is also 100% guaranteed to push all relationships with its source of value to breaking point.

There are many other 'no-growth' proposals which have received backing from a wide range of sources, such as Tim Jackson's 'Limits to Growth'. The adoption of natural principles of self-regulation, however, seems likely to be more effective in keeping the economy both profitable and creative. This proposal originates from John Maynard Keynes and is technically a proposal to gradually end the reinvestment of investment profits, the compounding of 'unearned income', so investment funds come only from the earned incomes that people save ■

ABOUT THE AUTHOR

Jessie L Henshaw is a natural systems scientist who has been doing research on how to understand the organised but 'spontaneous' and 'uncontrolled' systems of nature such as growth, for over 30 years. He has published numerous papers and made discoveries that perhaps aren't quite understood yet. One is that natural systems develop as individual organised units, like the many which currently populate the whole world but are generally not recognised by conventional scientific models.

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