

ECONOMIC Totalism



Stuart Scott author and teacher of Economic Totalism, will be holding practical workshops on the development and implementation of 'ET' later in 2010.

"The problems that exist in the world today cannot be solved by the level of thinking that created them." - Albert Einstein

It is hard to find a place to start when attempting to unravel the problems created by the vast complexity of our current global civilisation. This famous insight of the legendary Einstein is perhaps the most appropriate place to start, along with the recognition of what our principal problems are.

Let me start by narrowing down the extremely general category of 'problems' I will approach to the specific ones of sustainability in general, and climate in particular. Why not poverty, disease, inflation, war, or any of a host of others? Because sustainability of the ecosystem and the stability of the climate system are ultimately existential threats not only to civilisation but to all of life on Earth. Is this merely a metaphor or rhetoric? Hardly. As a species we have become so good at what we do - mining, processing, designing, fabricating, building, manufacturing, selling and distributing all kinds of things - and remain so bad at taking account of the ramifications of our actions, that we indeed threaten our own survival. While making this case is important it is not the intent of this article. But for this article to be relevant, you only need to accept for the moment that we are neither managing our global resources nor waste products in a sustainable manner. If you reject that notion completely you will perhaps find the download of Lester Brown's book Plan B 4.0 online to be both useful and enlightening.

Identifying Problems

Returning to Einstein's words of wisdom, what is the level of thinking that created the sustainability and climate problems we currently face? It is the economic model under which we operate, the economic paradigm of our present age, which is the source of our problems, and also the genesis of Economic Totalism. That current economic paradigm, which is so deeply embedded in our social systems, our languages, and our ways of seeing the world - taught in universities and practised around the world from the boardroom to the boardroom - this very model is the unwitting cause of our ecological problem. I am not a radical, socialist, or communist. I am not trying to 'blame' or 'bring down' capitalism. I am simply trying to assert the remedies by which capitalism, and the consumerism it has spawned, can be transformed into a sustainable economic system, which it currently is not.

Let's return to the question of where to start in the analysis of a narrower, but still a vast question of where our economic system has gone wrong. Let's go to the core and consider the very notion of value, from the Latin *valere*, to be strong, to be worth. Out of thirteen meanings and gradations of meaning in my Webster's Dictionary (the old hard bound kind), the first five all relate to equivalence in monetary, commodity, or economic terms. Only by number six do we arrive non-monetary notions of the qualities of desirability, usefulness, worthiness or esteem. So while the word value has broad abstract meanings of worth, its primary cognitive activation is monetary.

Next let's briefly look at what goes into the establishment of this monetary or economic value of things. There are two chief components: costs and profit. The component of cost merely passes the monetary valuation on recursively to the constituent elements. Profit is the extra, the icing, the gravy, the very motivation for playing the game.

We're ready for the first breakthrough now. Nowhere, so far, is there any accounting of the many unseen, unquantified, often unrecognised non-monetary costs all along the way. These are the externalised costs of the system, the externalities. This is where the seed of the problem lies. For an easy example, take the externality of the toxicity of the wastes produced during processing or manufacture of a product. If there is no law or regulation governing disposal of toxic wastes, they have historically been dispersed into the environment with little concern for the health of the ecosystem or even of the humans who would be affected. In many countries and locales this egregious practice has been banned. But in others it has not. And corporations lacking the human attribute of conscience will seek out means of the least cost disposal of toxics.

What are some other externalities that might be useful to recapture in the near and long term? How about the keeping the parameters of the climate system of Earth within the range under which life developed? How about recognition of the ability of natural systems, such as fisheries, to recover productivity, the limits of both natural resources and the 'sinks' into which our by-products are dispersed, the fairness of offloading onto future generations the cost of dealing with problems created by the current generation?

So we are participants in an economic system within which the most meaningful of human values are worth nothing. Fairness, wisdom, care for the natural world, justice, equality, consideration for future generations, empathy with other species of life, indeed the possibility of extinction of life on Earth - all are 'externalities'. And while individual humans have instinctive means of perceiving and representing these non-monetary, human values, the artificial 'persons' called the corporations do not. Hiring and promotion within corporations is not ordinarily done based upon the candidate's ethical values, but rather on his or her potential contribution to the bottom line.

Economic Totalism

Herein lies the impetus Economic Totalism. What is desperately needed at this moment in time is for human civilisation to transition to an economic system that takes proper account of the externalities, that recaptures them in the equation of cost. Such a transition is required within the corporations and economies of nations, as well as the education of MBA candidates, and the very concept taught by society for the estimation of worth. To continue to hold only the narrowest definition of cost in the position of unassailable authority is to flirt with the continuing deterioration of the conditions that sustain life on Earth.

To transition from current economic theory and practice into Economic Totalism there are both additions and deletions required. The incorporation of critical externalities is an addition. Let's consider next a major deletion.

Before introducing this recommended deletion, I must preface the discussion by recognising that you will likely be shocked by even the suggestion that this nearly axiomatic principle is problematic at best, and destined to destroy civilisation at worst. This is a principle that is taught in business schools and reflected in the very language by which we discuss the economic functioning of individuals, companies, communities, and nations. Yet it is a deeply flawed concept. It is a sacred cow of the highest sort, but one which must be slain by the careful analysis and vision of deep thought and conviction by each of us and all of us collectively. What I am referring to is the notion that growth is necessarily good, that for any economic entity to be judged healthy it must be growing.

If our current economic system holds one mantra above all, it is that 'growth is good'. Growth that fails to meet expectations is termed 'disappointing results'. The absence of growth is described as 'stagnation'. Framing is so critical here. Why not call a company or an economy that realises the same output and profitability year after year as 'stable'. Just where did this cardinal rule originate? Why has it remained unquestioned for so long, and why even does questioning it amount to heresy?

The notion that growth is good and the fastest growth possible is thus the highest good is one critical area where we've gone drastically wrong. It does not take a rocket scientist to realise unconstrained economic growth on a bounded limited planet is simply not possible. What's more, our growth follows the exponential pattern of the basic growth in our global population, meaning we will hit the

limits of our planetary resources and 'sinks' far sooner and more violently than one can imagine. Think of the current economic slowdown, variously described as a recession but perhaps more appropriately characterised as a depression, as a walk in the park compared to what we will soon experience if we do not make some sharp course corrections in the near term.

Let me end this article as I began, quoting the words of a visionary genius. This time let me choose an insight of Dr Herman Daly in a recent paper entitled Climate Policy: From "know-how" to "do now".

The next question we should ask is, what is it that is causing us to systematically emit ever more CO2 into the atmosphere? It is the same thing that causes us to emit more and more of all kind of wastes into the biosphere, namely our irrational commitment to exponential growth forever on a finite planet subject to the laws of thermodynamics. If we overcome the growth idolatry we could then go on to ask an intelligent question like, "How can we design and manage a steady-state economy, one that respects the limits of the biosphere?"

The people of Earth are ready for this transition. The collective awareness of society is calling out for it. One only needs to look on the streets of Bangkok to see the t-shirts with the logo 'Save Life, Save Earth' to understand that it is in the air. The notions of 'green economy' are everywhere, but the oxymoron of 'sustainable growth' is still rampant. We are caught in a dilemma, functioning within the iron cage of an economic system that is blind to our larger needs. We are the generation that must meet this historic challenge to break free of that cage while there is still time.