On Crossing the Threshold Towards a Regenerative Economy

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Abstract

The neoclassical paradigm of political-economic governance today is self-destructing because it subordinates the well-being of people and Nature to the growth of GDP—regardless of the fact that people and Nature are the primary sources of economic value creation. Rather than continuing to put means and ends in opposition to one another, a new paradigm is emerging that succeeds by nurturing these critical “living assets.” Countries that have adopted this new paradigm presently top global surveys on their general prosperity and the quality of their democracies—a trend that has continued for more than a decade.* While academic studies on the dire threats of climate change, ecosystem degradation and economic collapse concern and scare us, the evidence that will most likely change our behavior is knowledge of this new economic paradigm, which actually works.

According to Thomas Kuhn, the American historian and philosopher of science who introduced the term “paradigm shift” in his book on The Structure of Scientific Revolutions,† paradigms change when:

- They develop anomalies—problems that cannot be ignored until they become self-destructive crises; and
- People begin to recognize a more compelling way forward as they did during the European Renaissance, when a new open (humanistic) order replaced the older hierarchical (feudal) one by virtue of its creativity and contributions to human wellbeing.

The catalyst for change during this earlier time was the toxic culture of 14th century Europe, which caused the death of 40% to 60% of Europe’s population during the Hundred Years’ War and the bubonic plague. Like the failure of today’s neoclassical paradigm, which now threatens all life on earth, the current paradigm of corrupt, self-serving hierarchies has roused humanity’s survival instincts and hopes for a better future.

The corruption of the feudal order arose from self-serving Church dogma supported by a hierarchy of powerful kings and lords that caused widespread poverty and human suffering.

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* Annual surveys used in this analysis include those of the Legatum Institute on national prosperity and quality of life plus the Economist Intelligence Unit’s annual surveys on the quality of democracy across the world.
† Thomas S. Kuhn, The Structure of Scientific Revolutions, University of Chicago Press. 1972
Thanks to the scholastic work of St. Thomas Aquinas, who revived the philosophical and scientific ideals of Aristotle, as this old paradigm self-destructed, humanity began to imagine a new way forward.

“Our economies and corporations are sub-systems of life rather than supersystems that transcend life.”

Within this emerging new paradigm people began to think, organize and innovate for themselves rather than in obedience to a higher religious or aristocratic order. This gradual turn of events ultimately gave rise to a new merchant class and craft guilds whose rising economic influence and productivity generated demands for more personal freedom and democratic reforms.

Just as science and reason were critical leverage points in advancing the European Renaissance, the key leverage point in today’s emerging Eco-Renaissance is a growing realization that our economies and corporations are sub-systems of life rather than supersystems that transcend life.

The effectiveness of this new mindset is affirmed by the rising living standards of Nordic countries, which pioneered this new philosophy together with the successes of other geographically diverse countries that have integrated key elements of Nordic political-economic governance.

As revealed in my book, *Economies That Mimic Life*, over the past five decades Nordic countries have become global prosperity leaders by mimicking the egalitarian and self-organizing principles of Nature. In addition, by adhering to these principles, they have also become global leaders in the quality of their democracies. In sum, by attending to the well-being of people and Nature, they strengthen from within the primary sources of their economic value creation.*

**The Power of Success Stories**

Scholars using the meticulous powers of science and reason can effectively expose the anomalies of a self-destructive paradigm; but their cautions are so often couched in abstruse academic terms that they are alien to most people.

Success stories, on the other hand, such as those emerging from the Nordic world, motivate action because people are naturally drawn to learning a better way forward. Moreover, when they can connect such stories to a catalytic leverage point that makes intuitive sense to them, they are more likely to act than if berated by a litany of anomalies, which lead them to despair.

While we value scholastic articles that reveal the anomalies of neoclassical political-economic theory—indeed, our visions of a new paradigm draw on these insights—we

nevertheless believe success stories are more likely to move modern corporate and political leaders across the threshold to constructive action because they kindle a spirit of hope.

“No paradigm is perfect because we humans, constrained by our self-interest, are not perfect. Consequently, our best approach as a civilization is to continually question anomalies when they arise in hopes of making our chosen way forward more sustainable for future generations.”

Returning to Aristotle, we reaffirm that hope for a better future (eupépis) inspires courage: the essential attribute required to surpass barriers while pursuing positive change.

That said, we cannot fall into the trap of complacency. No paradigm is perfect because we humans, constrained by our self-interest, are not perfect. Consequently, our best approach as a civilization is to continually question anomalies when they arise in hopes of making our chosen way forward more sustainable for future generations.

In sum, humanity’s most promising pathway to the future is to realize that we are simply one of many interdependent species and that our success inextricably relies on the health of the whole.

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