



Editor's note: Academy Fellow Hazel Henderson writes that there is "good news among the general gloom and chaos engendered by the Bush Administration's risky international policies and neglect of the U.S. domestic economy." Her editorial report on her recent visit to Brasil illustrates that the global scene is still rich with new possibilities and innovative initiatives. Writes Hazel, "Brasil's new President Lula da Silva has a similar vision for a more just, humane, ecologically-sustainable future that so many of us share."

She notes that E.F. Schumacher's *Small is Beautiful* vision of healthy homegrown economies based on respect for people and nature is alive and flourishing in Brasil. Brasil, already the world's eighth largest economy, has emerged as a powerful global actor with unique cultural resources to match its bountiful natural assets. Hazel believes that it "may become a world leader in the transition to sustainable prosperity and human development." **J.S.**

Brasil: Key Player In A New World Game

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Brasil's financial capital and largest city is buzzing with excitement and a sense of new beginnings and opportunities to forge a new model of development beyond the "Washington Consensus."

Twenty years ago, I described (*Futures Research Quarterly*, 1985) how China would emerge as an important world player with a unique cultural model of development. Today, Brasil, already the world's eighth largest economy, has also emerged as a powerful global actor with unique cultural resources to match its bountiful natural assets. While China has matchless human assets in its 1.2 billion clever, industrious people, its natural resources are depleted. Brasil's 170 million people enjoy energy self-sufficiency, thousands of miles of glorious beaches, abundant, rich agricultural land, a benign climate, emeralds and other precious mineral resources and a matchless storehouse of the world's biodiversity.

The election of President Luis Inacio Lula da Silva in a civilized democratic process provided a new benchmark for the world's growing ranks of democracies. A new sense of hope, solidarity and national purpose pervades Brasil - a continental giant similar in size to its North American neighbor, the United States. Meanwhile, the obsolete economic analyses of financial markets and the International Monetary Fund (IMF) cannot see Brasil's real wealth and resources any better than they understood China's cultural assets 20 years ago. Locked into the narrow "economism" of the Washington Consensus, financial analysts see only money-denominated indicators: ability to service external debt and growth rates of GDP - however socially and ecologically destructive.

Brasil has real problems: educating its creative citizens for the Information Age, creating more jobs and livelihoods, closing its wide gap between the rich and poor, and restructuring its domestic economy. The Brasil that the IMF and financial players focus on: debt levels of some 60% of GDP, currency risk, its GDP growth and inflation rates, are based more on their own faulty economic statistics than on Brasil's real situation and enormous potentials.

The new administration of President Lula da Silva embraces new thinking and innovative policy proposals. They range from the globally-acclaimed "bolsa scuola" programs of the new Education Minister Christovam Buarque to the new models of sustainable development adopted by Brasil's top think tanks and leading segments of the business community. I was amazed at the breadth of the new understanding for the need to steer business and government decisions with broader, more systemic, scientific indicators.

A new initiative, led by business groups, including the influential Instituto Ethos de Empresas e Responsabilidade Social, the Institute for Sustainable Development of the Getulio Vargas Foundation, CEOs of important Brazilian companies, and civil society groups will host a major international conference in October 2003. This conference will bring together Brazilian statistical experts and academics from many disciplines with their counterparts in Europe, North America and Asia who have pioneered the new national accounts, indicators of sustainable development and quality of life, as well as the "triple bottom line" company accounting methods.

By these measures, Brazil's social and ecological capital would be added, along with similar accounting of publicly-funded infrastructure (which the USA added to its national accounts starting in 1996). This would balance Brazil's public debt with these assets in the same way that this accounting correction added one-third of the US budget surplus between 1996 and 2000. Canada followed suit in 1999 and went from a budget deficit to a \$50 billion surplus. Other corrections still not made by the US call for re-categorizing healthcare and education from "expenses" to investments in human capital.

The new Brazil is steering a course beyond the Washington Consensus. The new model of development will be geared toward investing in Brazil's human and intellectual assets while further growing its robust domestic industries and capitalizing new sustainability sectors of its economy: renewable clean energy (hydropower is already a dominant source), efficient transportation and infrastructure, clean technologies, urban design and innovations in many older industrial sectors. For example, I toured a new facility at Catholic University in Porto Alegre, which will manufacture highly efficient solar photovoltaic cells to power Brazil's domestic and rural sectors, small businesses, and homes.

I visited the southern states of Rio Grande do Sul and Parana which, together with Santa Catarina, have welcomed European immigrants for 300 years. They have reproduced the prosperous small- and medium-sized family businesses reminiscent of Germany's famous "mittelstand." These robust local economies provide most of the jobs as well as the kind of civic-minded business leadership that makes their well designed attractive cities, Porto Alegre, Curitiba and Florianopolis, meccas for the world's urban planners.

E.F. Schumacher's *Small is Beautiful* vision of healthy homegrown economies based on respect for people and nature is alive and flourishing in Brazil - but invisible to the global macro-economic worldviews of IMF statisticians. This vision of thriving, equitable localized economies based on nature's capital was articulated in my *Politics of the Solar Age* in 1981 - just as Ronald Reagan became US President. Reagan's view, shared by Britain's Margaret Thatcher, backed the world's economies into the 21st century looking through the rearview mirror: imposing Adam Smith and his theories of Britain's 18th century markets onto complex, interdependent industrial societies not imagined by Smith.

Since the Reagan-Thatcher 1980s, much damage has been wrought on societies and natural resources by knee-jerk privatizations and the globalization of markets and trade by multinational corporations following this obsolete economic model. While such narrow models of globalization encourage rapid technological change - from the explosion of the Internet to biotechnology - such technological innovations are also disruptive. They require concomitant social innovations and democratic control to steer their development more wisely. While trillions were wastefully invested and lost in these sectors in the 1990s, the huge opportunities in the sustainability sectors were overlooked by US venture capitalists.

Today, a spate of new books has helped articulate my vision of the 21st century as the information-rich Solar Age of lightwave-based technologies - from photonics, optical computers to biotech, solar photovoltaics, hydrogen-based, fuel-cell powered transport, construction and manufacturing sectors. These later books, including *Natural Capital* by Paul Hawken and Amory and Hunter Lovins, *Biomimicry* by Janine Benyus, *Earth Dance* by Elisabet Sahtouris, and David Korten's *The Post-Corporate World*, are widely read in Brazil. Meanwhile, the works of Austrian physicist Fritjof Capra, *The Turning Point* and *The Web of Life*, have captured a large following, including among the advisors to President Lula da Silva. Thus, I found a new paradigm being articulated in Brazil and widely-debated in business, government and civic organizations as well as in mass media. In the USA, commercially-controlled media have largely ignored this debate about the transition from early industrial methods based on fossil fuels to information-rich, post-industrial economies based on greater resource efficiency, services, and renewable energy.

This great debate began in Porto Alegre in 2000 and is now becoming mainstream in Brasil. The Agenda 21 agreements to correct national accounts (GDP) and other obsolete macroeconomic systems and models were signed by 170 countries at the 1992 Earth Summit in Rio de Janeiro. As they are implemented, the IMF, the financial markets and investors will come to correct their analyses and capital asset pricing models. Many have already adopted the more sophisticated financial and technological assessment tools that more accurately count for ecological, social, cultural and human capital. These include the Global Reporting Initiative on corporate accounting, the ISO 9000 to ISO 14001 corporate performance criteria, the SA 8000 and ILO standards of work place excellence, as well as the new, clean, ethical stock indexes, Brasil's BOVESPA New Market, London's FTSE4Good, Dow-Jones Sustainability Group, the USA's Domini Social 400, and Calvert Group's CALVIN Index and Calvert-Henderson Quality of Life Indicators (developed in partnership with this author). As documented by BOVESPA and in *The Socially Responsible Investing Advantage* by Peter Camejo, founder of US-based Progressive Asset Management Company, these new, more complete indicators regularly outperform the traditional Standard & Poor's and other Wall Street indexes.

Brasil may become a world leader in the transition to sustainable prosperity and human development. My ears are still ringing with the city-wide teach-ins in Porte Alegre's universities where over 100,000 delegates from around the world articulated ways to accelerate this transition. "Another World Is Possible and Achievable!"

© Hazel Henderson, February 2003 www.hazelhenderson.com São Paulo, Brasil. Hazel Henderson, whose latest book, *Beyond Globalization*, has just been launched in Brazil in a new Portuguese edition, will participate in Brasil's upcoming conference on Implementing the New Indicators of Sustainable Development and Quality of Life.