

Book Review

A Philosopher's Guide to Natural Capitalism: A Sustainable Future Within Reach

Authored by Wayne I. Henry

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Review by Richard (Mort) Morehouse

Professor Henry is a philosopher who teaches courses in the history of analytic philosophy, logic, business, globalization, and sustainability. Wayne Henry and I share an affinity for Philosophy for Children and Community of Inquiry pedagogy. In private discussions led by Wayne Henry, which included Susan Gardner and myself at the Institute for the Advancement of Philosophy for Children (ICPIC) conference in Vancouver, we collaborated on an article vaguely related to the focus of this book: 'Combatting Consumer Madness' (2017). Among the reasons that I chose to review this work was to understand how the ideas we wrote about in "consumer madness" had evolved in depth and breadth. To my great pleasure, reading *A Philosopher's Guide to Natural Capitalism: A Sustainable Future Within Reach* is much more than expanding that article; it is a philosophical re-conception of capitalism and a profound rethinking of the movement of capitalism from classic liberalism to progressive liberalism to natural capitalism.

In the preface, Wayne Henry reveals the work's origins while discussing his teaching experiences. He begins by outlining the way business classes regarding the environment and sustainability are often organized, i.e., (1) focus on a range of environmental topics, (2) allow students to clarify several perspectives on these issues, (3) debate these viewpoints within the context of normative theories of social justice. However, Professor Henry sees this approach as an ineffective solution to addressing and potentially solving today's environmental problems as developed in *Natural Capitalism*. Instead, he now understands that capitalism, in its various iterations, both enables solutions to environmental concerns and profoundly inhibits the sustainability of the future of our planet and its species. This led, in part, to the writing of *Natural Capitalism*.

A few words about the scope and organization of *A Philosopher's Guide to Natural Capitalism: A Sustainable Future Within Reach*.¹ Regarding the scope of this work, *Natural Capitalism* is philosophical in content, while its applications are practical. Henry writes in the opening line of Chapter One: 'Overview and Plan of the Book', "The thesis of this book is that we can achieve genuine sustainability without abandoning capitalism. But it will require a complete reimagination of the economic model that underlies capitalism" (p. 1). Thus, the distinctions between Lockian Liberalism, Smithian Capitalism, Classic Liberalism and Consumer Capitalism are essential to Henry's arguments. *Natural Capitalism* is a step beyond prior iterations of liberalism and capitalism and progressive capitalism: it is a full-scale reconceptualization of capitalism. The three themes of the book are (1) a call to arms, (2) providing the context for framing our problem while groping our way toward sustainable solutions, (3) making a case that a sustainable environment requires a reinvigorated democracy based on biosphere consciousness and natural capitalism.

Awareness of the scope and themes is intended to aid the readers' evaluation and understanding of *Natural Capitalism* within an evolving democratic system. "So the *first central theme*² of this book is a call to arms of sorts – to embrace the idea that the way things are at present is not how they must be" (p. 5). The book's second theme is to recognize this need for a bold new plan, its origins and its meanings. Context is provided for "framing our problems and groping our way towards sustainable solutions" (p. 6). This context is needed to rationalize and support our initiatives, i.e., the resources, skills, and goal definitions required of us. It is needed to give them a focus and coherence they would otherwise lack and to merge public opinion in what must be done (p. 6).

Classic liberalism is a branch of liberalism that advocates free market, laissez-faire economics, and civil liberties under the rule of law, emphasizing individual autonomy, limited government, economic freedom, political freedom, and freedom of speech. Classical liberalism, contrary to social or progressive liberalism, looks more negatively on social policy, taxation and state involvement in the lives of individuals. Classical Liberalism of John Locke, coupled with Adam Smith's view of capitalism, is based on property rights and individual freedom, thus supporting minimal government restrictions, limited taxes, and the deregulations of commerce.

The third central theme of this book is "Biosphere Consciousness." Biosphere Consciousness has two components: (1) working towards a sustainable future within a capitalist system and (2) strengthening and invigorating democracy. Professor Henry argues that this can be accomplished by combining these strategies within the ever-evolving context of a capitalist ideology.

Understanding these themes leads to a discussion of how *Natural Capitalism* is organized. From this reviewer's perspective, the book's organization is counterintuitive.³ Part One, 'Sustainability and Natural Capitalism,' outlines the goal or end state of natural capitalism; this section offers an articulation and evaluation of the nature of natural capitalism. Part One has three chapters: 'Genuine

¹ Hereafter, I will shorthand the book's title as *Natural Capitalism*, which will be placed in italics.

² Italics in the original.

³ I will provide reasons for thinking that the organization is counterintuitive and illustrate the strengths and weaknesses of Professor Henry's organizational choices.

Sustainability and What it will Require of Us’, ‘Natural Capitalism’, and ‘The Narrative of Natural Capitalism.’

Part II is organized into four chapters. Chapters Five and Six focus on John Locke’s *Two Treatises on Government* (1988)⁴ and Adam Smith’s *An Inquiry into the Nature and Cause of the Wealth of Nations* (2003)⁵ respectively. Chapter Seven highlights four commentators who critique Classic Capitalism: Robert Nozick, John Rawls, Joseph Stiglitz and Robert Putman. Chapter Seven is entitled ‘Contrasting Visions: Classic versus Progressive Liberalism and the Ideal State.’ Two stakeholder models are examined in Chapter Eight, ‘Cooperative Governance and the Limits of Cooperative Social Responsibility: Milton Friedman’s and R. Edward Freeman’s versions.’ Part III is ‘Classical Liberalisms through a Normative Lens.’ It is composed of three chapters. ‘Consequentialist Moral Theories’, Chapter Nine, focuses on the practical view of justice, notably John Stewart Mill. Chapter Ten, ‘Kantian Duty Theory and The Deontological Normative Tradition’, centers on reason and its implications for capitalism. In Chapter Eleven, ‘Concluding Remarks’, Henry examines how a sustainable capitalist economy may be applied in diverse cultural, social, and developmental contexts. This chapter presents *Natural Capitalism* as a possible, obtainable future. It restates Henry’s overall argument while reminding the readers of the flow of the narrative he has created regarding natural capitalism.

It is beyond the scope of this review to explore in any detail all of the valuable insights in this work, so I will highlight a couple of issues in each part of *Natural Capitalism* to provide the reader with a sense of some of the main arguments. Chapter Two is ‘Genuine Sustainability and What it Requires of Us.’ Henry puts forward a short history of sustainability as presented in the *Report of the World Commission on the Environment and Development: Our Common Future* (Brundtland, Gro et al., 1987).

Professor Henry argues that Consumer Capitalism has a slim to non-existent chance of succeeding because of its internal inconsistency. Consumer Capitalism is based on increased production and resource extraction, one of its core principles.

Indeed, the narrative underlining Consumer Capitalism connects the production of wealth directly with resource extraction. ... Any call to reduce extraction of resources is seen as a threat to the entire program of sustainable development: no resources extracted, no production; no products, no consumption; no consumption, no jobs; no jobs, no prosperity.” (p. 24)

Chapter Three, ‘Natural Capitalism,’ affords a new look at the productivity-consumption-sustainability riddle by elucidating how we might re-think capitalism from a “natural” perspective. Four principles are Henry’s focus: (1) maximizing resource productivity, (2) biomimicry – closed-loop systems. (3) cradle to cradle – a new business model, and (4) restoring natural capitalism.

At first glance, maximizing resource production may seem at odds with natural capitalism. Still, Henry explains that maximizing resource production means “seeking always to get the most of the desired output relative to resource inputs” (p. 39). He argues that current and emerging abilities to

⁴ The publication date was 1689; the 1988 version is the one cited by Professor Henry.

⁵ The publication date was 1776; the 2003 version is the one cited by Professor Henry.

improve how resources are extracted, reused, localized, and recycled will substantially reduce the impact of precious natural resources. The other three principles build on and illustrate the first principle. Biomimicry is a modeling of nature's cycle for organic matter: seed, growth, mature plant, decline, death to decay and production of organic materials.⁶ The cradle-to-cradle schema, a new business model, is the producer responsible for returning the product at the end of its serviceable life (p. 50).

Restoring natural capitalism can be seen as bringing capitalism to a point where endless increases in production and consumption are ended, and we as individuals and societies can return to a more rational and sustainable production/consumption cycle.

When sufficient progress has been made in implementing the first three principles, we will have accomplished at least two things. We will have reduced significantly both the extraction of virgin resources from the environment and the production of waste. This will have the effect of reducing pressure on the environment allowing for it to begin to heal. (p. 5)

The fourth chapter in Part I is 'The Narrative of Natural Capitalism.' Writing a narrative of natural capitalism is one of Professor Henry's innovations for this book and draws on the works of Jeremy Rifkin. Rifkin authored *The Third Industrial Revolution* (2011) and *The Green New Deal* (2019), among other books and articles on production, consumption and the threats to our environment.

Rifkin's 5 pillars—first, is the shift to renewable energy. The second is to transform the building stock into micro power plants within most buildings to generate renewable energy on-site. The third is the development of hydrogen fuel cells or other storage technologies in every building where feasible and throughout the infrastructure to store intermittent energies. The fourth pillar is the development of Internet technologies which will transform the power grid with an intercontinental energy-sharing "intergrid." This intergrid is proposed to work much like the Internet. The fifth and final pillar is the conversion of the entire road fleet into electric vehicles (pp. 66-68).

Near the end of Part I, Henry argues that the narrative of *Natural Capitalism* is premised in the first instance on valuing nature intrinsically rather than instrumentally, thus acknowledging our membership within the biosphere as co-equal members. Biosphere consciousness recognizes that we owe it to ourselves and to other members of the biosphere an ethical consideration of them because their lives matter. All members of the biosphere have intrinsic value regardless of their instrumental value to us or to the economy. "As a result of this reorientation, we embrace the regulative idea of a steady state economy based on principles of circular flow of energy and resources. Biomimicry becomes the norm for all economic activity" (p. 82). The reader will no doubt notice, and as Henry makes clear on page 1, that implicit in this new model of capitalism is also the new or expanded infrastructure needed to implement that model.

In Part I, Chapter Four, Henry fulfills his goal of creating a new narrative for capitalism; that is, he creates the story, a worldview, and a paradigm called Natural Capitalism. To appreciate the need for

⁶ A version of this model can be read in Jonathan, Christian. (2023). Ethical Aspects to Circular Economy in Africa: Towards a model for Affordability in Housing, including the Craftsmanship of Components, involving reusing and re-purposing. ABC Department Ethics in Research. 10.13140/RG.2.2.23768.06400.

this new story, the reader needs to recognize what has come before and why the story of the beginning of capitalism is the story that most of us carry in our heads and how that story and its worldview makes it difficult to conceive of the possibility that a sustainable workable alternative is thinkable, much less doable.

Part II takes the reader back to the beginnings of Consumer Capitalism with an examination of Locke and Smith. As mentioned near the beginning of this review, I find the ordering of the parts of the book somewhat counter-intuitive. Narratives often have a standard format of beginning, middle, and end. While Henry's format may counter-intuitive, it is a wise choice as it startles the reader into recognizing that they need to think anew about what capitalism might be like today in an era of fast communication and new technologies. Robots, artificial intelligence, and the internet can lead to an "intergrid": this is not capitalism as we have been taught, but a new kind of capitalism that has the potential to change and sustain our world. It is Professor Henry's call to arms.

Professor Henry brings us back to the beginning of modern representative government by looking closely at John Locke's writing in the middle of the 17th century. *Two Treatises on Government*, published anonymously in 1689. In Henry's view, it is not possible to overestimate the importance of this work as Locke's theory of private property and his theory on the origin, objectives and extent of legitimate government have profoundly influenced our understanding of capitalism and liberty (p. 93).

After providing a brief historical context for Locke's writing, Henry goes about the task of addressing this question by providing a close reading of the *Two Treatises* listed here: (1) What are the origins of society and government? (2) What does the legitimacy of civil government consist of? (3) What should be the objectives or ends of civil government? (4) What is the context for civil government (5) What is the origin of private property? And (6) In light of the inequities of property, what might justify those inequalities? (pp. 95-96)

Under the heading of 'Some consequences of the theory,' Henry uses Locke's premise of liberal capitalism to support his articulation of Natural Capitalism. Without getting into the way that Locke articulates his answer to these six issues, Henry draws four consequences from Locke's thesis: (1) The implication that our labor is alienable, that is, able to be transferred to a new owner, and this despite the fact that our lives are inalienable, (2) Money can be accumulated without spoiling, and so it has a multiplicative effect as do the benefits that result from the division of labor, (3) Nature by its very nature, by itself, is worthless,⁷ (4) Locke states explicitly our relationship to God's plan, for us to work hard to subdue and command the earth and to improve our lot of life, that land that lies fallow is considered to be in the "commons."

The chapter on Classical Liberalism sets up Henry's thoughtful strategy of presenting the origins of capitalism and at the same time making a strong case for re-envisioning a new form of capitalism,

⁷ While pausing to reflecting on the third consequence of Liberal Capitalism, I gain a richer sense of Henry's critique of Locke and his choice of placing *Natural Capitalism* as the opening argument, rather than the end point of a historical view of the evolution of capitalism.

Natural Capitalism. This effective strategy is also employed in Chapter Six, ‘Adam Smith and the *laissez-faire* market.’

In the opening of this chapter, Henry presents a historical context for Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations* (2003).⁸ Professor Henry comments that early in *Wealth of Nations*, Smith makes a point that “Capitalism is unparalleled in its capacity to facilitate the growth and development of the division of labour. And it is the division of Labor, in turn, which is the single most important factor for enhancing productivity” (p. 119). Henry, as he does with Locke’s arguments in the *Two Treatises*, provides a summation of Smith’s argument in *Wealth of Nations*.

I will now provide the reader with a near verbatim statement of Henry’s summation of Smith’s argument:

P1: The vision of labour has made the greatest contribution to the enhancement of productivity.

P2: This enhanced productivity, in turn, results in and incentivizes a beneficial circle stakeholder of innovation and production, leading, in turn, to enhancing productivity.

P3: As a consequence of this enhanced productivity that results directly from the division of labor, there is to be (in a well-governed society) an increase in the productivity of goods, which can be expected to raise the standard of living of all members of that society.

P4: The division of labour results from our natural tendencies as social beings and, in particular, the propensity to engage in trade with others. ...

P5: The extent and scope of the division of labour are directly proportional to the extent of the free markets on which they depend (p. 132).

Henry ends this section with the following conclusion, “(All else being equal) the wealth of nations will depend directly on the scope and extent of the free market they encourage and sustain” (p. 132).

In the next section, ‘Some Consequences of the Theory,’ Henry outlines four implications of Smith’s theory of Classic Liberalism in a free market: (1) purely *selfish motives*⁹ are intrinsic to Classical Liberalism, (2) privatizing commercial property is a goal, (3) governmental agencies constrain production through regulation, and (4) minimizing taxes is a benefit society (p. 132). Professor Henry’s aim is to make the assumptions of Classical Liberalism explicit and subject them to critical scrutiny while tracing them back to the central implications of Locke and Smith.

Two big ideas are articulated in Chapter Seven, ‘Contrasting Visions,’ the conception of the ideal state or polity, and the conception of corporate governance and corporate social responsibility (p. 142). These ideas are presented as a face-off between classical and progressive liberalism within the context of the ideal state.

⁸ The original publication of *Wealth of Nations* was in 1776. Henry cites the Edwin Cannan edition.

⁹ The emphasis is mine. In this example, I want to show the Professor’s perspective. This is not to dispute the accuracy of his perspective but only to illustrate to the reader that he has a perspective.

Henry frames this section with Robert Nozick's *Anarchy, State, Utopia* (1974). Nozick frames his discussion around an absolute minimal state, which he calls the night watchman state. Nozick's watchman, like a single guard, protects the interest of a social entity. Nozick asks the question: What would it take to provide minimal protection under conditions of maximum freedom? Professor Henry divides his presentation of Nozick's theory into two parts, leaving anarchy behind, and the limits of the state. In the first stage, he makes a case for the existence of the state, and in the second stage, Henry makes a case as to what would be required for a minimal state to function with the fewest number of restrictions on individual freedoms. The burden is on the individual; for example, many, if not most, services would require an individual to provide those services for themselves or pay to have them provided by someone else (p. 152).

Wayne Henry next turns to John Rawls' *The Theory of Justice* (1971/1999). Rawls understands justice as fairness. His central insight is that for a political system to have legitimacy, the polity and its citizens must be willing participants. This will require of each citizen that they perceive it to be just, that is, fair (p. 153). The section is presented in three stages, 'The principle of justice,' 'the original position,' and then the two views of Nozick and Rawls are compared.

Justice, in Rawls' view, is based on institutions that are perceived to be fair and equitable. Henry's articulation of Rawls' definition of institution can be stated as follows: "An institution is *basic* to the extent it is determinative of the rights and duties of citizens living under these terms and also the distribution of the advantages of the forms of social formation facilitated by these institutions" (p. 155). The original position is often referred to as the veil of ignorance. One attempt to reach the original position is through the application of a philosophical strategy called a *Gedankenexperiment*. One is asked in this thought experiment to imagine that they make an ethical choice while not knowing their social, economic, or gender status, regardless of their status as initiators or the recipient of the proposed actions.

Henry is dismissive of the Original Position in that it's impossible in principle. The reviewer does not dispute that it is impossible (p. 163). Professor Henry sees the arguments between Nozick and Rawls as representing classical liberalism (Nozick) and progressive liberalism (Rawls), both arguments being rooted in Kant. Henry argues in the next section, 'Joseph Stiglitz and the price of inequality,' that equality of opportunity is not adequately addressed in either classical liberalism or progressive liberalism. Progressive liberalism, like classical liberalism, has both increased the equality of opportunity. So, while both Nozick and Rawls agree that inequality is an issue, it is in terms of economic theories that this issue needs to be addressed. For Stiglitz, this means public investment in infrastructure.

'Robert Putman and Social Capital' provides an argument for a sociological solution. Putman makes a case for building social capital as a complement to equality of opportunity, perhaps as an alternative to physical infrastructure. Social capital is made up of political participation, civic participation, religious participation, social connections in relationship to work, informal connections, and altruistic activities and volunteering (pp. 167-168). This social capital, thought largely independent of government or business enterprises, may be, nonetheless, encouraged and supported by both entities.

Two views of corporate social responsibility are then presented, they are the “shareholders model” as proposed by Milton Friedman and the “stakeholder model” put forward by Edward Freeman. I will summarize these positions briefly, not because they are less complex and important but because they have been discussed more widely in popular media. According to Milton Friedman, the *raison d’etre* of business is to maximize profits so long as it does so within the rules of the game. Who benefits from maximizing your profits? –the stakeholders in corporate America. Edward Freeman takes a wider view of the nature of business. He talks about a stakeholder model. A stakeholder is defined as a partial owner of a firm and, by virtue of this ownership, is an individual having a stake in the firm. This definition extends to the long-term care and viability of the corporation, which requires the balancing of conflicting claims of all stakeholders, including consumers, suppliers, employees, and the local community (p. 189).

Part III of the book shows that there is no normative theory that can successfully satisfy the ideologies discussed in Part II, thus “New nerve is needed urgently” (p. 200). There are three chapters to this part of the book. Chapter Nine is called ‘Consequentialist Moral Theories.’ This chapter highlights utilitarianism, and it fits with classical liberalism. Chapter Ten is entitled ‘Kantian Duty Theory and the Deontological Normative Tradition.’ ‘Concluding Remarks’ is the title of Chapter Eleven. It features ‘Why the Green New Deal is not the Old New Deal.’ The chapter ends with a discussion of the differences between Classical Liberalism, which Henry labels “a worldview past its shelf life” (p. 266), and his presentation of Biosphere Consciousness, which argues that natural capitalism is a worldview for a sustainable future (p. 268). The politics of biosphere¹⁰ consciousness will be premised on universal and democratic access to renewable energy. The diminished emphasis on private property and an emphasis on shared resources are a key ingredient in this schema.

The last chapter concludes the narrative, or as I would prefer, the worldview of Natural Capitalism. It is a call to arms, a new narrative demanding a biosphere consciousness based on a re-thought and re-invigorated democratic initiative. Much work is required for this to happen; importantly, Wayne Henry has provided a vision on what can be done to get there provided we supply the human power needed.

Natural Capitalism, in the view of this aged student activism, harkens back to the best of the civil rights activism, teachings on the Vietnam War, and the consciousness-raising of the women’s movement in its attempt to change minds and thus to change the world. One of the goals Professor Henry states in the early pages of the book is a clarion call to action. His book accomplishes this goal and much more.

Reference

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¹⁰ The biosphere is the regions of the surface, atmosphere, and hydrosphere of the earth.