

2013

## Book Review of John Ikerd, *The Essentials of Economic Sustainability*.

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Francis, Charles A., "Book Review of John Ikerd, *The Essentials of Economic Sustainability*." (2013). *Agronomy & Horticulture -- Faculty Publications*. 739.

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## Book Review

**The Essentials of Economic Sustainability.** By John Ikerd. 2012. Kumarian Press, Sterling, Virginia. 150 p. \$21.95, ISBN 978-1-56549-516-6, paperback.

*Essentials of Economic Sustainability* is the latest challenging statement on innovative economic philosophy from an alternative opinion leader John Ikerd, retired agricultural economist from University of Missouri, Columbia. His perspective is that accelerating changes surrounding us require more than small adaptations, but rather a thoughtful reconsideration of basic principles about how the world works and our role in this dynamic reality. Ikerd paraphrases the challenge of the 1988 Brundtland Report of the UN that we must design strategies ‘to meet the economic needs of the present without diminishing economic opportunities for the future’ (p. 1). To fail to meet this challenge is to court instability and political volatility in the short term and to sacrifice long-term sustainability.

Unlike conventional economic thinking that begins with labor, land and capital, Ikerd’s focus initially is on energy, and specifically on renewable resources and capture of solar energy and its efficient transformation to sustain human life and the biosphere. He extends the concept of conventional physical energy to meet human needs to an essential corollary of social energy, that which is ‘expended in maintaining positive, productive, human relationships’ (p. 3). Ikerd further describes a dimension beyond the economic and social realms to what he distinguishes as ethical relationships whose value may be deferred to the future, even while they guide decisions today.

The author describes the ‘tragedy of the commons’ as the lack of incentive for individuals and single corporations to preserve or protect the collective resources of the overall economy. Closely related is a tragedy of short-term profits, the stated goal of dominant corporations in the global economy that are not rewarded for long-term gains. The real challenge to charting a course to long-term sustainability is to balance short- and long-term returns, economic and social goals, and ethical and moral dimensions that often are not rewarded in conventional economic systems.

Dr Ikerd invokes the ecological principle of organizational hierarchy to describe levels of ethical, social and individual intentionality. Smaller scale components of a biological system are studied to determine mechanisms and higher level components are examined to understand meaning; in parallel he uses this concept to describe

individual and group dynamics as important to establishing possibilities while higher level laws, constitutions and regulations define the boundaries recognized by society and government. For those of us versed in the ecology of natural or agro-ecosystems, this is a difficult stretch, but one that challenges our capacity to keep up with the creative thinking of the author. At the very least it is an unusual trip for us to explore this interface between agriculture and economics in an entirely new way, and at the most it is a conceptual journey we should welcome as disciplinary scientists to break out of our narrow thinking and seek better understanding of complex relationships.

The book proceeds to explore specific ecological principles and how they relate to sustainability in an economic sense, another stretch that may prove challenging to the conventional economist. In the author’s view of ecological economics, most important are natural laws that inform science, especially biology and physics. The interconnectedness of all living things (holism) and their dependence on the abiotic environment defy easy understanding if we insist on observing the world through the lens of any single academic discipline. Diversity allows adaptation to changing conditions, and current rates of species extinction are far above what is essential for system resilience, a reality that is totally absent from neoclassical economic analysis. Dr Ikerd extends the importance of diversity to describe healthy social relationships, a factor that ‘adds strength and durability to human relationships by increasing their resilience and regenerative capacity’ (p. 35). Again, the author’s uncanny ability to apply ecological terms and functions to the social and economic arena comes through.

Human societies are important for reasons more complex than those of lower animals, in contrast to ants that form colonies mostly for survival and regeneration, and we recognize such unique core values as ‘honesty, fairness, responsibility, respect, and compassion’ (p. 41). One could challenge the author’s rather absolute interpretation of these as ‘universal truths’, since their definitions and applications are strongly tied to different cultures around the globe. However, less debatable are the importance attached to trust, to kindness, to courage and to individuality, and how these contribute to social relationships. Dr Ikerd describes how the current industrial and globalized network of multinational corporations attempts to achieve short-term economic interests by ignoring or diminishing importance of social relationships, except as they help a company to gain greater financial advantage. He further condemns ‘contemporary

economists [who] deny the existence of ethical values; to them all human relationships are instrumental or a means to some purely economic or personal end' (p. 48).

The book then explores definitions and the quest for economic sustainability, one that incorporates individuality along with organization and service to society. Dr Ikerd describes scarcity, demand, supply and efficiency in terms accessible to economist and agronomist alike, and why a degree of food and economic sovereignty is important at the local and national levels. Consistent with the theme of ecological description of societies, he defines 'economies as living systems' in that they should be seen as holistic, dynamic, individualistic and site-specific, and purposeful human activity systems. He expands the simplistic terms used by environmentalists that urge us to 'reduce, reuse, and recycle' materials to a higher order description of economic systems that must have the capacity to continually 'renew, reproduce, and reorganize', a close parallel to the capabilities of natural systems to adapt to changing circumstances in order to maintain a degree of stability and resilience. This leads to a conclusion that economic sustainability will not be possible without substantial redesign of the current system. Those who design future systems must consider the long term, the realities of resource scarcity, and the changing climate that causes us to explore new ways of framing questions and seeking answers. Einstein said that *Problems [of the future] cannot be solved by the same level of thinking that created them* [many available sources].

Dr Ikerd continues with speculation on the role of markets and the functions of governments and regulations

in shaping sustainability of future economies. Of special note is his insistence that we must find accounting methods that internalize those costs that are conventionally externalized in economic analysis. Regulating international trade in ways that benefit all participants, seeking organizational methods that place equity among the highest of goals, and finding controls over such contemporary challenges as massive land grabs and other exploitation by those with cash resources are among the challenges we face in using ecology to inform the structure of international economic relationships.

The author concludes with a chapter that presents a challenge to the oxymoron of 'sustainable growth'... a well-worn term and superficial goal that does not reflect energy, biological or ecological reality. Nearly heretical concepts such as 'steady state economies', national decisions based on pursuit of 'happiness and quality of life', 'prosperity without growth' that is defined in more complex terms than economic, and long-term equity of opportunity for people of all countries are among the building blocks of this new global economy. Certain to be challenged by those imbedded in the current economic paradigm, Dr John Ikerd perseveres in his quest for the truth and continually explores innovative ways to articulate his message to the educated public. Let us hope that his messages can penetrate the disciplinary earplugs and blinders that constrain much of our thinking in development of future agricultural, food and economic systems.

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doi:10.1017/S1742170513000112