

THE SECOND BRIEF · CHAPTER TWO

A Loop Older Than Its Name

Chapter Two of The Second Brief

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Chapter Two of The Second Brief. The whole book, with every chapter, is at business.hautelumiere.life/library/the-second-brief (DOI https://doi.org/10.5281/zenodo.23989141).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

A design brief is a short document, and most of its power sits in its verb. Reduce produces one kind of building. Restore produces another. The architects, the budget and the site can be identical, and the verb will still decide what gets drawn. Economics has been handed two verbs for the same desk in the last sixty years, and it has tended to treat them as one. The first is sustain : do the damage more slowly, until, ideally, there is none. The second is regenerate : leave the system you touched more alive than you found it. They sound like neighbours. They are not. A factory can meet the first brief by emitting nothing and still meet none of the second, because the second asks for a surplus, not a zero.

CHAPTER TWO

A Loop Older Than Its Name

Two briefs on one desk

A design brief is a short document, and most of its power sits in its verb. *Reduce* produces one kind of building. *Restore* produces another. The architects, the budget and the site can be identical, and the verb will still decide what gets drawn.

Economics has been handed two verbs for the same desk in the last sixty years, and it has tended to treat them as one. The first is *sustain*: do the damage more slowly, until, ideally, there is none. The second is *regenerate*: leave the system you touched more alive than you found it. They sound like neighbours. They are not. A factory can meet the first brief by emitting nothing and still meet none of the second, because the second asks for a surplus, not a zero.

Ammanuel Santa Anna puts the difference in two sentences in *Ecstatic Economics*, the book this book reads beside the research:

> *Sustainability aims to do less damage. Regeneration aims to increase life.*[8]

That is the claim this chapter examines. Not whether regeneration is a good idea, which few people dispute in the abstract, but where the idea actually came from, what its most careful modern statement says, and what changes on Monday for someone who runs a firm or a household and wants to take the second brief seriously. The chapters after it follow from that claim: the third sets out where the ideas go wrong, the fourth reads them as a living system, the fifth works one case in full, and the cases, the field manual and the closing chapter carry them into practice.

The story usually told begins around 2010, with a foundation, a diagram shaped like a butterfly and a set of corporate pledges. That story is not false. It is late by about half a century.

A spaceship, in 1966

The cleanest origin is an essay by the economist Kenneth Boulding, "The Economics of the Coming Spaceship Earth", published in 1966 in a volume from Resources for the Future.[9] Boulding contrasted two economies. The first he called the cowboy economy: an open plain, apparently limitless, where success is meas-

ured by throughput, by how much passes through the system from extraction to discard. The second he called the spaceman economy: a closed capsule, where nothing can be thrown overboard because there is no overboard, and where the measure of success is the condition of the stock the crew keeps rather than the volume it consumes.

The essay is short and its point is structural. In the cowboy economy, consumption is good because it is the engine of throughput. In the spaceman economy, consumption is a cost to be minimised, because every unit consumed has to be regenerated from the capsule's own reserves. Boulding did not use the phrase *circular economy*. He described the condition that makes one necessary.

Two decades later the engineers arrived at the same place by a different road. In 1989, Robert Frosch and Nicholas Gallopoulos, then at General Motors Research Laboratories, published "Strategies for Manufacturing" in *Scientific American*.[10] They proposed that industry be organised as an *industrial ecosystem*, in which the use of energy and materials is economised and the effluents of one process serve as the raw material for another. The article gave a field its name: industrial ecology. It also, quietly, borrowed its central image from biology, which matters for the fourth chapter in this book.

The economist and architect Walter Stahel, writing in *Nature* in 2016, traces his own work on what he calls a loop economy to a research report written with Geneviève Reday for the European Commission in 1976.[11] That date is his own account; the work reached print as a book in 1981, *Jobs for Tomorrow: The Potential for Substituting Manpower for Energy*, with Reday-Mulvey as co-author, and its title states the argument.[12] His case was practical rather than visionary: that extending the life of goods through repair, remanufacture and reuse substitutes skilled labour for energy and materials, which is to say it moves spending from mines to workshops.

So by the time the phrase *circular economy* was widely used, the idea already had three parents: an economist's thought experiment about a closed capsule, an engineer's proposal to copy an ecosystem's metabolism, and a practitioner's argument about labour and repair. None of the three required a new technology. All three required a different measure of success.

One hundred and fourteen definitions

A concept with three parents and fifty years of use collects meanings. In 2017, Julian Kirchherr, Denise Reike and Marko Hekkert published an analysis of the definitions in circulation, and the title of their article gives its finding before the reader opens it: "Conceptualizing the circular economy: An analysis of 114 definitions".[13] They found the term used to mean anything from recycling programmes to a wholesale redesign of production, and they found that relatively few definitions named the social side of the economy at all.

A practitioner can take two lessons from that. The first is a warning: when a supplier, a consultant or a board paper says *circular*, it is worth asking which of the hundred and fourteen it means, because the cheapest meaning is the one most often intended. The second is a permission. A term that loose belongs to whoever uses it carefully, and the careful use is the one that keeps Boulding's question in view: what is happening to the stock?

Martin Geissdoerfer and colleagues, also in 2017, set the circular economy beside sustainability and asked whether it was a new paradigm or a subset of the old one.[14] Their answer was that the two overlap heavily but are not the same: sustainability is the broader and vaguer aim, the circular economy a narrower set of means. Neither of their definitions requires that a system end up *better* than before. That is the gap the word *regenerative* was brought in to fill.

Eight principles, in Fullerton's words

The most careful attempt to say what a regenerative economy would be, rather than what it would avoid, is a white paper of April 2015 by John Fullerton, who left JPMorgan in 2001 after a career of nearly twenty years and went on to found the Capital Institute. It is called *Regenerative Capitalism: How Universal Principles and Patterns Will Shape Our New Economy*, and it is worth reading in the original, because the summaries have tended to sand it down.[15]

Fullerton's starting point is stated as one idea:

> *The universal patterns and principles the cosmos uses to build stable, healthy, and sustainable systems throughout the real world can and must be used as a model for economic-system design.*[15]

From that idea he distils eight principles: *In Right Relationship*, *Views Wealth Holistically*, *Innovative, Adaptive, Responsive*, *Empowered Participation*, *Honors Community and Place*, *Edge Effect Abundance*, *Robust Circulatory Flow* and *Seeks Balance*. Three of them carry most of the economics.

Views Wealth Holistically says that "true wealth is not merely money in the bank" and that it must be measured across "social, cultural, living, and experiential" forms of capital, adding a line any engineer will recognise: "The whole is only as strong as the weakest link."[15]

Robust Circulatory Flow draws the body into the ledger: "Just as human health depends on the robust circulation of oxygen, nutrients, etc., so too does economic health depend on robust circulatory flows of money, information, resources, and goods and services."[15]

Seeks Balance is the one most often skipped, and the most demanding. Regenerative systems, Fullerton writes, "harmonize multiple variables instead of optimizing single ones", balancing "efficiency and resilience; collaboration and competition; diversity and coherence".[15]

The paper also corrects a myth of its own. In the principle on adaptation, Fullerton takes the line usually attributed to Charles Darwin, that the fittest win at the expense of their rivals, and argues that Darwin meant something closer to the opposite: that the most fit is "the one that fits best", the one most adaptable to a changing environment.[15] The phrase *survival of the fittest* was in fact Herbert Spencer's, which Darwin later adopted; the correction Fullerton makes is the more important one. A regenerative economy is not one in which the strong eat the weak more efficiently. It is one in which fitness means fit.

And Fullerton is plain about what the project is not: "Regenerative Capitalism is not about ending capitalism, but evolving it."[15] Readers who come to the word *regenerative* expecting either a revolution or a marketing campaign will find neither in the source.

What the paper cannot do is prove itself. It is a synthesis of other people's science and of Fullerton's experience, written by an advocate. It offers no controlled comparison of regenerative and conventional firms, and it does not claim to. Its value is that it states, in one place and in plain words, what a second brief would require.

The forest that counts as zero

Santa Anna's book arrives at the same distinction from the side of measurement. Its sharpest passage on the subject is about what accounting can and cannot see:

> *In standard economic accounting, a forest has value only when it's cut down.*[16]

The point is not new to environmental economists, who have spent decades building satellite accounts for natural capital. What the book adds is the claim that this blindness is not an oversight to be patched but a symptom of the first brief. If the measure of an economy is throughput, then a standing forest, which produces nothing that passes through a market, reads as idle. If the measure is the condition of the stock, the same forest is the most productive thing in the valley.

In his notes outside the book, Santa Anna puts the design question in the form a team could pin to a wall. In *The Luminous Sauce*, a volume of the Developmental Canon, he writes that regenerative design asks:

> *"How can this system give more than it takes? How can it restore and enhance the health of the whole?"*[17]

That question is the second brief, stated as a test. It can be asked of a product, a supply chain, a job, a school timetable or a household budget, and it gives a different answer from the first brief nearly every time. A packaging redesign that cuts plastic by a fifth passes the first brief. It fails the second unless something, somewhere, ends up healthier than before.

In an earlier Notion volume, *Luminous Holonics Earth*, he describes what changes in the arithmetic when the brief changes:

> *In linear economies, value is created by producing and selling more stuff. In circular economies, value comes from extending the life of materials, designing for multiple use cycles, and creating services rather than products.*[18]

That sentence is close to Stahel's 1976 argument, reached independently and in different words. It is also where the first brief and the second begin to part company in a balance sheet: a firm that makes its money from the *life* of a material rather than the *sale* of it has an interest in that material staying healthy.

The same brief at a kitchen table

It would be easy to read all of this as a matter for boards and engineers. Boulding's essay suggests otherwise. His spaceman economy was not a factory; it was a crew, and the crew's first task was to know the condition of what it had.

A household meets the two briefs every week without naming them. A family that buys a cheaper coat each winter and throws the last one away is running a cowboy economy in miniature: the measure of the year is how much passed through. A family that buys one coat that lasts, has it mended when the seam goes and passes it on when a child outgrows it is running a small spaceman economy. Neither is virtuous by default. The first may be the only option on a tight budget, and the house's own writing is clear that real constraint is real. The point is that the second is a different measure of success, not merely a more expensive one.

The household version of Stahel's argument is the same as the factory's. Repair moves spending from the shop to the skill, sometimes your own and sometimes a neighbour's. The household version of Fullerton's *Views Wealth Holistically* is the question of what a year has left behind: not only the bank balance but the condition of the home, the health of the people in it, the friendships kept up and the skills learned. Santa Anna's book makes the same move at the scale of a nation, asking what GDP leaves out; a household can ask it of its own accounts in an evening.

None of this asks a household to become a homestead. It asks for one change in measure. At the end of a month, beside the question *what did we spend?*, put a second: *what is in better condition than it was?* The second chapter's tool is built for exactly that, and it works at a kitchen table as well as it works in a boardroom.

What changes on Monday

None of this is useful until it alters a decision, and the finer points of implementation are where most good intentions stall. Four of them matter in the first week.

Name the verb before the project. Most organisations have a sustainability plan and almost none have a regeneration plan, because nobody has asked which verb a given project is answering. Before the next capital request, the next supplier review or the next product brief, write at the top of the page whether it is meant to *reduce*, *sustain* or *regenerate*. Many projects will honestly be *reduce*, and that is fine. The point is to stop calling a reduction a regeneration.

Pick one stock, not one flow. Boulding's lesson is that the spaceman economy watches its reserves. A firm can choose one stock it depends on and does not own: the soil on a supplier's farms, the skills of a regional workforce, the trust of a neighbourhood, the health of a river downstream. A household can choose the condition of its own home, or of the people in it. The first move is to know what that stock looks like now, in a number or a description someone else could check.

Separate the three kinds of loop. Stahel's repair, the engineers' by-product exchange and the recycler's material recovery are different activities with different economics. Repair keeps the most value and needs skilled people. By-product exchange needs a neighbour who wants what you throw away. Recycling keeps the least value and needs the most energy. When a plan says *circular*, ask which of the three it means, in that order of preference.

Keep the money honest. Santa Anna's book is explicit that a regenerative enterprise still has to pay its way; the fourth chapter quotes him on it. The second brief is not permission to lose money on purpose. It is a demand that the money be made in a way that leaves the stock in better condition, which is harder, and which is why the tool below asks for both columns.

The companion books in *Ecstatic Economics* take up the questions this one leaves open. The companion book on doughnut economics (*The Standing Forest*) asks how large an economy can grow inside a biosphere. The companion book on the commons (*The Pasture Was Never Empty*) asks how a shared stock, like a fishery or a watershed, is governed when no one owns it. Here the question is narrower and more practical: what one organisation or one household does differently once it has chosen the second verb. For a firm that wants to see where its value is actually made and lost before choosing, the house's value chain paper at hautelumiere.life is the natural companion.

Boulding's capsule had no overboard. Most organisations still behave as if theirs does, and the first discipline of the second brief is simply to look at what goes over the side.

The Tool: The Three-Column Ledger

A one-page ledger, kept monthly, for a firm or a household. It needs no software. It asks for three columns where most ledgers keep one, and its only rule is that every line must be filled in all three before the month is closed.

Heading of the page- Organisation or household: __- Month: _- *The stock we have chosen to watch (one only, from section 4 above): - How its condition is described or measured, in words someone outside could check: - Its condition at the start of the month: ___*

The ledger, one line per significant activity (five to fifteen lines)

ACTIVITY	COLUMN 1 · WHAT IT TAKES (MATERIALS, ENERGY, TIME, ATTENTION, MONEY)	COLUMN 2 · WHAT IT RETURNS, AND TO WHOM (PRODUCT, SERVICE, WAGE, BY-PRODUCT, REPAIR)	COLUMN 3 · WHAT IT LEAVES BETTER, WORSE OR THE SAME IN THE CHOSEN STOCK	VERB IT CURRENTLY ANSWERS: REDUCE / SUSTAIN / REGENERATE

The loops, one line for anything that leaves the building

WHAT LEAVES	WHERE IT GOES NOW	COULD IT BE REPAIRED OR REUSED BEFORE IT LEAVES?	IS THERE A NEIGHBOUR WHO COULD USE IT AS AN INPUT?	IF NEITHER, CAN IT BE RECOVERED AS MATERIAL?

The close of the month- Lines where Column 3 says *better*: __ (count)- Lines where Column 3 says *worse*: _ *(count), and the one to change first: - Condition of the chosen stock at the end of the month: - One activity whose verb could move from reduce to regenerate next month, and what it would take: - Does the ledger still pay its way? Revenue or household income less costs: $___*

How to use it. Fill it in once alone, then once with the people who do the work, because they will know what leaves the building better than the person who signs for it. Do not average the three columns into a score; the point is to see them side by side. After three months, compare the first and third pages. A ledger that shows more *better* lines and an unchanged bottom line has met the second brief on a small scale, which is the only scale on which it has ever been met.

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