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Futurist Hazel Henderson has a modest proposal: Abolish economics and make way for the economy of abundance.

By Kevin Kelly

Is a profession that missed the biggest change since the Industrial Revolution worth saving? British-born futurist Hazel Henderson doesn't think so. A veteran technocrat - with stints at the US Office of Technology Assessment and the National Science Foundation - she now spends her time lecturing corporate chiefs and labor leaders alike on coming to grips with economic realities that increasingly defy conventional economics. In between she retreats to a cottage off the Florida coast to write, most recently *Building a Win-Win World: Life beyond Global Economic Warfare*.

Wired caught up with Henderson in San Francisco, where she was chairing the economics panels at Mikhail Gorbachev's State of the World forum.

Wired: Is the information age knocking the underpinnings out from under traditional economics?

Henderson: Oh yes. Economics was about scarcity, about setting up turnstiles and gatekeepers and all that. But as we move away from the idea that we're shoveling dirt around, economics can't be overhauled anymore.

So it's useless?

Pretty much. The important insights now are in game theory and systems theory.

But the economics profession remains really powerful. Poor people don't hire economists - it's banks, brokers, and large corporations who need someone to jawbone the Fed to raise interest rates. But haven't economists like Paul Romer and Brian Arthur, who do appreciate the power of technology, restored some of its relevance?

Systems theorists have understood this for years! What else is new? I'm always telling Brian that he has transcended economics. But if he admitted that, he'd never win the Nobel Prize.

What will it take to get more people to understand this?

The systemic learning experience we need is a really big stock market crash. The scenario goes like this: The consumer price index, by overstating inflation, has all the central banks in herd behavior, circling the wagons. That makes it very easy to tip large

economies into a deflation that would be very hard to stop. Then people stop borrowing money, and you end up in a spiral.

You've called the current economic situation a modern "tragedy of the commons."

I'm talking about things like the electromagnetic spectrum. When we started out, it was wide open. Today it's filled up, to the point where we need to prioritize. The intelligent thing would be to call a conference of users.

Who sets the rules?

Left to the invisible hand, it will be the lowest common denominator, usually the mafia. Look at eastern Europe.

Shouldn't private organizations set the standards? After all, they provide the technology and capital.

That can be a good idea, as long as it's done in the open. I'm very happy about the global standard-setting that business has been doing. But we have to make sure that information about how standards are set gets out there. That's how you make markets accountable.

What role should governments play?

National governments gave away a lot of autonomy in the 1980s, when they deregulated, accepted GATT and NAFTA, and all the rest. So power must be pooled again at the international level, where you can forge agreements that recapture some power over global corporations. That's why I'm interested in the UN - it's the only international broker we have. The UN already sets standards, through organizations like the International Air Transport Association. For 50 years the UN has engaged in quiet norm-setting. It's one of our best hopes.

What's the biggest economic shift you see coming now?

The demise of banking. If the bankers don't extend credit, if money isn't democratized, we'll go around them.

How?

High tech bartering. We could not go around the money system until people had computers and the Internet, because bartering is clunky. But now you can do four-, five-, or six-way trades, where you say, "We want bananas, these people have tin, and these people have copper to sell," and computers keep track.

What about locally based currencies?

We need three currencies. A global reserve currency, for trade transactions. We need national currencies, in which I include food stamps, student loans, vouchers for this and that. And then there are locally based systems - computer barter and local currencies. This would allow a huge paradigm shift, because money wouldn't be scarce. And people would have the option of not running around, not getting and spending money.

Won't, say, Citibank find ways to co-opt this?

The old giants can't turn their ships around fast enough. Their business is the business of scarcity. What we're talking about is the abundance business, where anyone can make a market in anything. Big companies are terrified of this. They're offering cash accounts and smartcards, but this is simply recycling. They can't get the idea that we don't need the money loop. If you're Citibank, and you have all that sunk capital - all your core competencies are in manipulating the money loop - then you're sunk if people begin to turn away.

So are we heading toward perfect competition?

We're going to see a balance of cooperation and competition. We got lost in the 18th-century textbooks, which saw only the competitive side. We haven't seen the utility of the cooperation side, the standard-setting side, the side that creates protocols in information markets.

Are economists starting to see that?

Economics is trying to recycle itself by grabbing insights from other disciplines. Economists are running around saying, "We're chaos theorists, we're game theorists." But they're coming off too narrow a framework. And for every economist who has finally got the message that technology creates abundance, there are dozens pointing in the opposite direction.

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