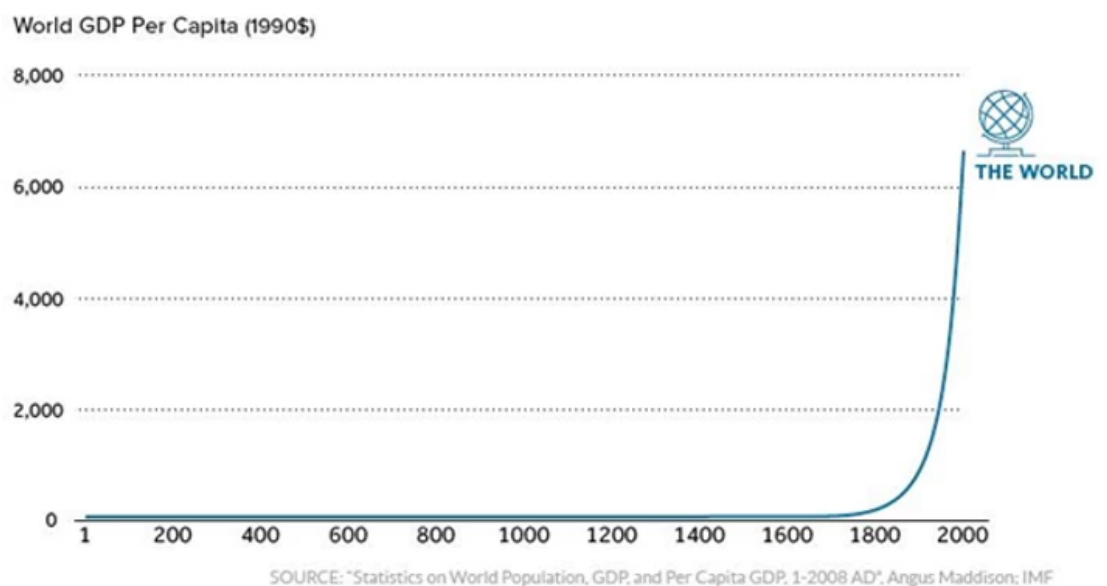


CREATING WEALTH SUSTAINABLY

A panel discussion at Vichaar Manthan's Sustainable Narratives Conference 2020

by **Ravi Lakhani**

This candid exploration of the nature of wealth creation and the future of sustainable wealth creation begins with Dr Jamie Whyte providing temporal context to the discussion:



Nearly all human wealth has been generated in the past 200 years (see above). Whilst this growth has not been evenly distributed across the globe, we can say with some certainty that there has been no better time in history to be alive. Jamie Whyte contextualised this explosion in wealth within the backdrop of the Scientific Revolution and the Enlightenment; an outright rejection of authority in enquiry and the rise of empirical science. Furthermore, he questioned the basic economic problem's validity. Innovation, not efficient allocation of resources, he argues, is at the core of sustainable wealth creation. Three factors are required to create environments conducive to innovation: governance systems that allow and encourage innovation, financial systems that allow profit from innovation (with light regulation and low taxes), and a culture that has the willingness to allow companies to fail.

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Presently there is an inherent tension between liberty and equality of outcomes. Harsh Gupta opened by stating that there is a long runway ahead of India in converging in per capita differences. He highlighted that the Modi government has focused on fundamentals that are taken for granted in developed nations: sanitation, infrastructure and drinking water. The fundamental challenge for India is simply having more energy access per person. With perceived tensions growing across the globe, Jamie Whyte emphasised the need to maintain globalisation and fight the impulse for protectionism and nationalism.

Fundamentally, the purpose of wealth generation, beyond providing for our needs, is some form of fulfilment. Dr Sachin Nandha brought in an idea from psychoanalyst Eric Fromm: has specialisation and division of labour alienated us from ourselves? The panel presented diverging views. Jamie Whyte was unequivocal that we should avoid being nostalgic about poverty. Our present state allows us the freedoms and luxury of pondering such questions and this should not be forgotten. Eric Lonergan proposed giving people a sense of ownership and creating optimism through giving individuals a share of growth through asset capital.

Looking towards the future, Eric Lonergan proposed a form of sovereign wealth fund that would give a greater number of people a share in the capital base. He indicated the need to broaden the system without calling it socialism. Conversely, Jamie Whyte highlighted the potential misalignment of incentives this would create; capital use should be directed by people who have a stake in it, not politicians. Globally, Harsh Gupta proposed that India is a swing-state in terms of economic ideology. The international community is realising that although COVID-19 showed the potential advantages of an autocratic system in China, the unchecked growth of this form of governance could spell disaster. Conversely, the panel was optimistic that democracy, although less efficient in the short-term, is and will prove to be a more sustainable growth medium for wealth in the long-term.