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**Short Elucidating Note 121: How can the structure of the golden development model with a mask be stated? What are the development and policy dilemmas linked to the working of this structure?**

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## Abstract

Central to market development are growth and profits, which can be achieved without generating externalities and when generating externalities. The model that achieves growth and profits without generating externalities is a golden paradigm, and the model that reaches growth and profits while generating externalities is a flawed paradigm, and hence both have different structure in terms of the nature of market prices, the nature of resource use, and the nature of critical problem generation. If a flawed paradigm is sold or presented as a golden paradigm then you have a form of golden development paradigm with a mask where you assume that a flawed paradigm is a golden paradigm creating in the process a golden development model with a mask. Therefore, understanding the structure of golden development model with a mask is important for among other things: i) To understand internal forces that drive the pursue of growth and profits towards resource use inefficiency trends and the generation of critical pollution production problems; ii) To understand how the golden development model with a mask can be fixed, partially or fully, to resolved its critical problems; and iii) to understand how the critical issues of the golden development paradigm with a mask can be left unresolved or can be fully ignored by just redefining the nature of the golden development paradigm with a mask using positive labeling. And this raises the question, how can the structure of the golden development model with a mask be stated? What are the development and policy dilemmas linked to the working of this structure? Among the goals of this paper are to provide an answer, both analytically and graphically, to those questions.

## Key concepts:

Flawed paradigm, golden paradigm, optimal outcome, non-optimal outcome, sustainability, unsustainability.

## Introduction

### a) The expected working of the flawed paradigm development loop

The idea that flawed paradigms (FLP) lead to non-optimal outcomes (NOPO) that through time create unsustainability conditions (UNS) that then negatively affect the working of the flawed paradigm as they flourish under externality irresponsibility has been recently shared (Muñoz 2025), a situation that can be restated as shown in Figure 1 below:

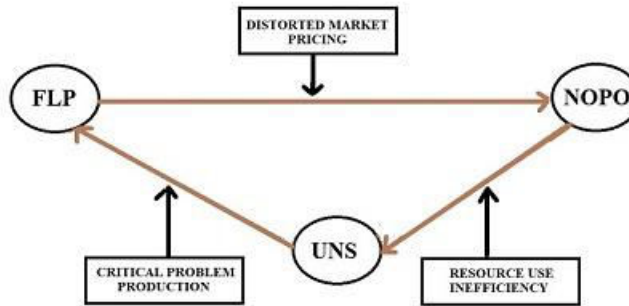


Figure 1 The expected flawed paradigm (FLP) development loop

Figure 1 above shows the loop flawed paradigm (FLP), non-optimal outcomes (NOPO), and unsustainability (UNS) back to flawed paradigms (FLP), where flawed paradigms create unsustainability (UNS) through time and are negatively affected by accumulation of unsustainability conditions. We can point out based on Figure 1 above that i) distorted market prices lead flawed paradigms (FLP) to produce non-optimal outcomes or distorted outcomes (NOPO), ii) that non-optimal outcomes (NOPO) feed resource use inefficiency trends, and iii) that the accumulation of unsustainability ends with the critical problem production issue linked to it as indicated by the continuous black arrow landing on the loop. In other words, the expected flawed paradigm development loop driven by distorted market prices thrives under resource use inefficiency, and in the long-term create critical problems, critical problems that may lead either to flawed paradigms death or vertical paradigm evolution if saving the core values of the flawed paradigm is the goal.

### b) The expected working of the golden paradigm development loop

The idea that golden paradigms (GOP) lead to optimal outcomes (OPO) that create sustainability conditions (SUS) that then positively affect the working of the golden paradigm as they flourish under full externality responsibility has been recently highlighted (Muñoz 2025), a situation that can be summarized as shown in Figure 2 below:

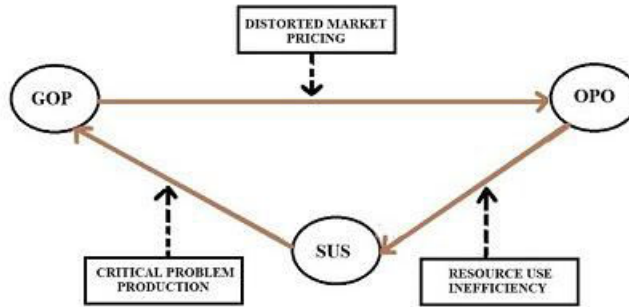


Figure 2 The expected golden paradigm development loop

Figure 1 above shows the loop golden paradigm (GOP), optimal outcomes (OPO), and sustainability (SUS) back to golden paradigms (GOP), where golden paradigms create sustainability (SUS) and are positively affected by accumulation of sustainability conditions. We can also point out based on Figure 1 above that i) optimal market prices lead golden paradigms (GOP) to produce optimal outcomes or no-distorted outcomes (OPO), ii) that optimal outcomes (NOPO) feed resource use efficiency trends, and iii) that the accumulation of sustainability ends without the critical problem production issue, as indicated by the broken black arrows landing on the loop. In other words, the expected golden paradigm development loop driven by optimal market prices thrives under resource use efficiency without creating critical development problems.

### c) The taking of one paradigm as if it is the other paradigm

The problems that arise from assuming that golden paradigms (GOP) are flawed paradigms (FLP) or that flawed paradigms (FLP) are golden paradigms (GOP) can be highlighted in simple terms as indicated in Figure 3 below:

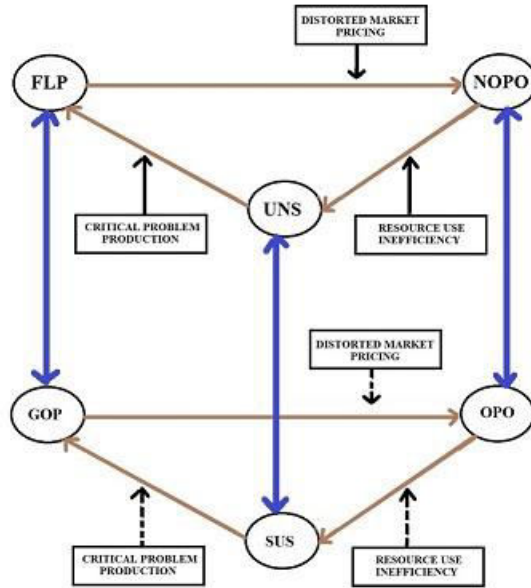


Figure 3 Taking one paradigm as it is the other flips the nature of their expectations as when you expect one outcome you get the opposite result

The information in Figure 3 above can be used to highlight the following aspects: a) when the blue arrows point upwards it tells us that golden paradigms(GOP) are taking as flawed paradigms(FLP) perhaps due to paradigm shift knowledge gaps or just to simplify reality as indicated by the blue arrows going up from GOP to FLP, from SUS to UNS , and from OPO to NOPO; and b) when the blue arrows point downwards it says that flawed paradigms (FLP) are assumed to be golden paradigms (GOP) perhaps to simplify reality or due to paradigms shift knowledge gaps as shown by the blue arrows moving down from FLP to GOP, from UNS to SUS, and from NOPO to OPO. Notice that if we take or assume that actual golden paradigms (GOP) as flawed paradigms (FLP) then policy decision makers will be addressing the issues outside of reality as they will be bringing policy to address critical problems, resource use inefficiency problems, and price distortion problems that do not exist as reality is optimal. On the other hand, notice that if we take or assume that actual flawed paradigms (FLP) as golden paradigms (GOP) then policy decision makers will be addressing the issues again outside of reality as they will be bring policy without actually dealing with critical problems, resource use inefficiency problems, and price distortion problems that do exist as reality is non-optimal but those problems are assumed away. In other words, when we assume that golden paradigms (GOP) are flawed paradigms (FLP) we take optimal outcomes as if they are non-optimal outcomes so policy is misplaced as non-sustainability assumptions will be implemented when reality is optimal: we are expecting non-optimal outcomes when we should be expecting optimal ones; and when we assume that flawed paradigms (FLP) are golden paradigms(GOP) we take non-optimal outcomes as if they are optimal outcomes so policy again is misplaced as sustainability assumptions will be implemented when reality is non-optimal: we are expecting optimal outcomes when we should be expected non-optimal ones. The consequences of assuming that the traditional market a la Adam Smith(Smith 1776) as a flawed paradigm assumed to be a golden paradigm haven been recently shared (Muñoz 2024a).

**d) The need to understand the link golden development and the idea of the mask**

Central to market development are growth and profits, which can be achieved without generating externalities and when generating externalities. The model that achieves growth and profits without generating externalities is a golden paradigm, and the model that reaches growth and profits while generating externalities is a flawed paradigm, and hence both have different structure in terms of the nature of market prices, the nature of resource use, and the nature of critical problem generation. If a flawed paradigm is sold or presented as a golden paradigm then you have a form of golden development paradigm with a mask where you assume that a flawed paradigm is a golden paradigm creating in the process a golden development model with a mask. Understanding the structure of golden development model with a mask is important for among other things i) to understand internal forces that drive the pursue of growth and profits towards resource use inefficiency trends and the generation of critical pollution production problems; ii) to understand how the golden development model with a mask can be fixed, partially or fully, to resolved its critical problems; and iii) to understand how the critical issues of the golden development paradigm with a mask can be left unresolved or can be fully ignored by just simply redefining the nature of the golden development paradigm with a mask using positive labeling. And this raises the question, how can the structure of the golden development model with a mask be stated? What are the development and policy dilemmas linked to the working of this structure? Among the goals of this paper are to provide an answer, both analytically and graphically, to those questions.

## **Goals of this paper**

i) To state the structure of the golden development paradigm with a mask; ii) To highlight why the pursue of growth and profits thrives under resource use inefficiency and critical problem generation; iii) To stress how the issues of the golden development paradigm with a mask can be fixed, fully or partially; and iv) To point out how positive labeling can be used to avoid dealing with or to simply fully ignore the root cause of the unsustainability generation problem linked to the working of the golden development paradigm with a mask.

## **Methodology**

1) The terminology and operational concepts are shared; 2) the structure of the golden development paradigm with a mask is presented; 3) The why the pursue of growth and profits thrives under resource use inefficiency and critical problem generation is pointed out; 4) The how the issues of the golden development paradigm with a mask can be fixed, fully or partially is indicated; 5) The how positive labeling can be used to avoid dealing with the root cause of the unsustainability generation problem attached to the working of the golden development paradigm with a mask is stressed; and 6) Some food for thoughts and relevant conclusions are shared.

## Terminology

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FLP = Flawed paradigm

GOP = Golden paradigm

NOPO = No optimal outcomes

OPO = Optimal outcomes

SUS = Sustainability conditions

UNS = Unsustainability conditions

CFLP = Circular flawed paradigm

CGOP = Circular golden paradigm

GOPWM = Golden paradigm with a mask

FCI = Full cost internalization

PCI = Partial cost internalization

CGOPWM = Circular golden paradigm with a mask

DGOP = Dwarf golden paradigm

RSP = Remaining sustainability problem

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## Operational concepts

**i) Flawed paradigm**, *a world with abnormalities embedded in it.*

**ii) Golden paradigm**, *a world without abnormalities embedded in it.*

**iii) Optimal outcomes**, *those that take place under full abnormality internalization.*

**iv) Non-optimal outcomes**, *those that take place under abnormality externalization, fully or partial.*

**v) Sustainability conditions**, *those that feed optimal development.*

**vi) Unsustainability conditions**, *those that feed non-optimal development.*

**vii) Full cost internalization**, *full cost accounting.*

**viii) Partial cost internalization**, *partial cost accounting.*

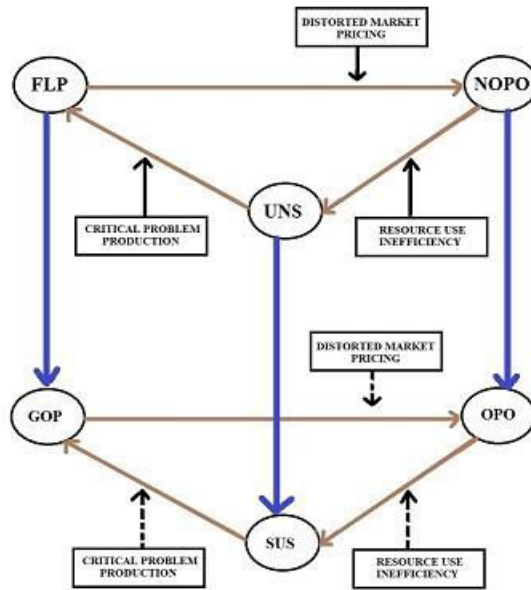
**ix) Dwarf golden paradigm**, *a world with abnormalities still embedded in it.*

**x) Golden paradigm with a mask**, *a world with abnormalities presented as without abnormalities.*

**xi) Circular golden paradigm with a mask, a circular resource use efficient world with abnormalities presented as without abnormalities.**

**The structure of the golden development paradigm with a mask**

When we assumed that a flawed paradigm (FLP) is a golden paradigm (GOP) we create a golden development paradigm with a mask (GOPWM) since non-optimal conditions are assumed to be optimal and when doing so you can externalize all issues created by and/or affecting flawed paradigms, leading to the structure summarized in Figure 4 below:



**Figure 4** The structure of expected golden paradigm development with a mask

Figure 4 above indicates the full structure of the golden development paradigms with a mask (GOPWM) as a flawed paradigm (FLP) is assumed to be a golden paradigm (GOP): the structure of the flawed paradigm in the upper part of Figure 4 is the reality; and the structure of the golden paradigm in the lower part of Figure 4 is the assumption. In other words, the expectation in golden development paradigms with a mask (GOPWM) is optimal development under distorted markets neutrality assumption, resource use inefficiency neutrality assumption and critical problem production neutrality assumption. In other words, a golden development paradigm with a mask is a non-optimal paradigm assumed to be an optimal paradigm when it is not; and therefore, a golden development paradigm with a mask (GOPWM) is a flawed paradigm with an optimal label.

**The neutrality assumption expectations in the world of golden development paradigms with a mask**

### **i) Neutrality assumptions in the short term**

The assumption that the working of golden development paradigm with a mask do not work under distorted market pricing, do not lead to resource use inefficiency, and does not create critical externality problems may work in the short term as issues related to these abnormalities take some time to accumulate to a point that you can no longer hide them or avoid them.

### **ii) Neutrality assumptions in the long-term**

In the very long term, the impact of price distortions, resource use inefficiency and critical pollution production problems that come along with the working of the golden development paradigm with a mask (GOPWM) can no longer be hidden, and then need for action becomes binding.

## **The working of the golden development paradigm with a mask**

Figure 4 above shows that golden development paradigms (GOPWM) rewards growth and profit generation while creating resource use inefficiency trends and creating critical externality production problems as they work under fully distorted market pricing, but these aspects are presented as if optimal development is at work when it is not.

## **The full and partial fix of golden development paradigms with a mask**

### **i) A full fix**

If we fully correct distorted market pricing through full cost internalization (FCI) we shift flawed paradigms (FLP) towards golden paradigms (GOP) eliminating the issue of resource use inefficiency and the issue of critical problem production at the same time, a situation that can be stated analytically as follows:

**FCI**

**1) FLP-----→ GOP**

Expression 1) above tells us that full cost internalization (FCI) shifts the flawed paradigm (FLP) towards the golden paradigm (GOP) eliminating the problem of distorted market prices, inefficient use of resources, and critical problem production at the same time

### **ii) A partial fix**

If we partially correct distorted market pricing in Figure 4 above through partial cost internalization (PCI) we shift the flawed paradigm (FLP) towards a dwarf golden paradigm

(DGOP), creating a remaining resource use inefficiency problem and a remaining sustainability problem at the same time, a situation that can be summarized as indicated below:

## PCI

### 2) FLP-----DGOP

Expression 2) above tells us that partial cost internalization (PCI) shifts the flawed paradigm (FLP) towards the dwarf golden paradigm (DGOP) creating a remaining market price distortion problem, a remaining inefficient use of resource problem, and a remaining critical issue production problem at the same time. The idea of partial solutions a la sustainable development and its consequences has been highlighted in detail recently (Muñoz 2024b).

### **The use of positive labeling to avoid addressing the root-cause and the critical pollution production problem that the golden development paradigm with a mask drives**

If we label the golden development paradigm with a mask (GOPWM) with the idea of circularity to address only the resource use inefficiencies it creates, leaving the distorted market pricing problem and the critical pollution production problem associated with it as it is to advance the notion of circular golden paradigm with a mask (CGOPWM) we are moving from a resource use inefficiency world to a resource use efficiency world with the same market price distortion problems and critical pollution production problem, a situation described analytical as indicated below:

RESOURCE USE

EFFICIENCY FOCUS

### 3) FLP = GOP = GOPWM -----> CFLP = CGOP = CGOPWM

Expression 3) above tells us that focusing on resource use efficiency transforms the golden development paradigm with a mask (GOPWM) into the circular golden development paradigm with a mask (CGOPWM) with the same market price distortion and same critical pollution production problems of the previous paradigm.

### **Development dilemmas created by the existence of golden development paradigms with a mask**

Figure 4 above tells us that assuming that flawed paradigms (FLP) are golden paradigms (GOP) leads to the development dilemma where we are expanding growth and profits under optimal expectation assumptions when in reality we should expect non-optimal outcomes and unsustainability in the long term instead of optimal outcomes, creating the situation in which paradigms can collapse in front of your eyes if no corrective action is taken as you are not

expecting unsustainability at all as this world is operating under the assumption that you can grow development and profits without generating unsustainability, which is true only because you have assumed that non-optimal outcomes are optimal.

### **Policy dilemmas created by the existence of golden development paradigms with a mask**

The policy dilemmas based on Figure 4 above come from the assumptions that make the flawed paradigm golden paradigm with a mask and summarized in the following questions: i) Should governments and communities support development paradigms that present non-optimal outcomes as optimal ones?; ii) Should governments and communities support development paradigms that expect sustainability conditions in the long term when they should be expecting unsustainable ones?; and iii) Should governments and communities support development paradigms that thrive under market price distortions, resource use inefficiency and pollution production problems to generate growth and profits?.

### **Food for thoughts**

i) If we fully fix flawed paradigms, do we still have remaining sustainability problems? I think No, what do you think; ii) If we partially fix flawed paradigms, do we still have remaining sustainability problems? I think Yes, what do you think?; and iii) Does the knowledge based of a flawed paradigm works in the world of golden paradigms? I think No, what do you think?

### **Conclusions**

First, the idea was introduced that assuming that a flawed paradigm is a golden paradigm creates a golden development paradigm with a mask. Second, it was pointed out that this mask comes from presenting non-optimal outcome expectations as optimal one. Third, it was stressed that for the golden development paradigm with a mask to work it needs to assume that prices are not distorted, that resource use is efficient, and that no critical pollution production problems are created, when in reality in the long term these become binding critical development issues. Fourth, it was pointed out that golden development paradigms with a mask expand growth and profits while accumulating unsustainability, but this problem is assumed away as unsustainable outcomes are presented as sustainable ones. It was stated that golden development paradigms with a mask can be fixed, fully and partially, shifting towards golden paradigms and dwarf golden paradigms, respectively. It was stated that relabeling golden development paradigm with a mask as circular golden development paradigms with a mask addresses the resource use inefficiency problem, but not the pricing distortion problem and the critical pollution production problem embedded in it. It was indicated that the assumptions that make the flawed paradigm a golden paradigm with a mask create development dilemmas as you may be supporting a paradigm that can collapse in front of your eyes as unsustainability is not expected due to the

unsustainability neutrality assumption. And finally, it was said that the existence of golden development paradigms with a mask create policy dilemmas for governments and communities in terms of the worth of supporting development paradigms that assume good but deliver unsustainability.

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