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ERUDITIO

“A multidisciplinary forum focused on the social consequences and policy implications of all forms of knowledge on a global basis”

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In This Issue

ARTICLES

- | | |
|--|-----|
| Social Capital and the New Paradigm Thinking
– <i>Winston P. Nagan</i> | 50 |
| Value Creation: The Role of Values in Improving
Organizational Performance
– <i>Leon Miller</i> | 55 |
| St. Catherine & the Free Market System:
The (Historic) Roots of the Current Crisis
– <i>Gerald Gutenschwager</i> | 68 |
| Challenges and Opportunities
– <i>Janani Harish</i> | 84 |
| Urgent: A New Era, New Solutions
– <i>Federico Mayor</i> | 95 |
| Book Review: What could Change Everything?
– <i>Michael Marien</i> | 102 |

Eruditio Vision

The vision of the Journal complements and enhances the World Academy's focus on global perspectives in the generation of knowledge from all fields of legitimate inquiry. The Journal also mirrors the World Academy's specific focus and mandate which is to consider the social consequences and policy implications of knowledge in the broadest sense. The vision of the Journal encompasses major challenges facing global society and seeks to examine these issues from an interdisciplinary, multi-method and value guided perspective.

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In This Issue

The article, [“Social Capital and the New Paradigm Thinking”](#) is from a presentation given by **Winston Nagan** at the Almaty Conference, Kazakhstan last year. In this article, Nagan explains the importance of human capital seen from the perspective of the individual in the global community. The exploration of the foundations of human capital permits the exploration of human capital in terms of social capital. The central issue of social capital is that it reproduces value beyond the limiting frames of cognition of conventional economic theory. Nagan identifies nine fundamental values that are a function of human interaction and involve both the shaping and the sharing of such values in the aggregate. The critical challenge then, for a new paradigm, is the social weight and value that is attached to the nine values represented in the model that it presents.

[“Value Creation: The role of values in improving organizational performance”](#) by **Leon Miller** approaches the problem of social capital from a more conventional economic perspective. Miller argues that there is now an emerging perspective of value theory in economic discourse that sees an important relation between economic and social value. The insights that emerge from this development come from a sub-field, organizational theory and organizational theory stresses the idea of the co-creation of value. This brings at least, partly, a social process component although somewhat limited, to organizational behavior. Essentially, these developments seek to move economic theory from the heartless world of the market to the more empathetic dimension of human relationships. Among the issues recognized are the salience of humanistic psychology and the importance of creating shared value. These developments are highly promising and much of this should be integrated into the new paradigm thinking theory.

In [“Saint Catherine and the Free Market System: The \(Historic\) Roots of the Current Crisis”](#), **Gerald Gutenschwager** has provided us with a creative and perhaps novel way to examine the endurance of market reification. He does this in part by looking at the historical memorial that is the legacy of St. Catherine and whether St. Catherine did or did not exist, there exist a store of reified beliefs which have sustained the myths surrounding St. Catherine’s life and death. Gutenschwager is particularly interested in the way in which humanistic impulses in human social process have tended to be divorced from the culture of capitalism. Hence, the market conspires to give a society driven by loneliness, greed and fear. To the extent that market theory is mechanistic in the Newtonian sense it represents values that undermine human capacity for a range of other values that make us truly human. Gutenschwager challenges social science to recognize that we are not only studying society as it is but our very studies are an instrumental act of recreating social process. Painful as this analysis is, it points to the important thinking barriers that undermine the cooperative capacity of human beings and the importance of cooperation in social relations.

Janani Harish has written a thoughtful and insightful piece titled [“Challenges and Opportunities.”](#) She explores the notion that the communication of bad news or unhappy events can stimulate good and innovative responses to them and this can happen in multiple spheres of human relations. The editor suspects that this is an implicit gloss on the idea promoted by John Dewey that learning begins with a problem and reflective thinking, stimulated by the problem, generates solutions to the challenge posed by the problem. In short, a crisis necessarily provokes action in the form of problem solving. The article provides useful illustrations of her perspective.

Frederico Mayor in his essay, [“Urgent: A New Era, New Solutions”](#) combines realism with an acute sense of grasping those opportunities that move humanity in a constructive direction. As in his earlier essay he is particularly concerned that every opportunity be explored for the universalization of democracy at every level of social organization. Central to the evolution of a democratic global political culture is the importance of the promotion and defense of human rights on a universal basis. Mayor strongly supports the efforts of WAAS and likeminded organizations to actively endorse the critical importance of citizen participation and by implication a recognition of the salience of human capital inherent in this. This essay by Mayor is a powerful expression of the possibilities and the necessities of a new paradigm agenda.

Naomi Klein is a deep thinker who generates profound insights and unsettling contributions to the state of well-being on a planetary basis. Her most recent book, *“This Changes Everything: Capitalism vs. the Climate”* is reviewed in [“What Could Change Everything?”](#) by **Michael Marien**, who himself has a masterful knowledge of the cascade of literature touching on climate change and its implications for humanity. Klein’s new book takes a frontal look at the implications of the dominant version of capitalism and its effects on climate change. Her position is far reaching and challenging, and indeed unsettling. Her approach in fact lends credence to the assumptions behind the Academy’s new paradigm thinking.

Winston P. Nagan

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Social Capital and the New Paradigm Thinking*

Winston P. Nagan

Chairman, Board of Trustees, World Academy of Art & Science;
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Abstract

This article is based on a presentation the author gave in Kazakhstan late last year. The article seeks to clarify the empirical foundations of human capital and then seeks to explore and clarify the role of human capital in the context of the social process. The effort here is to clarify the empirical and normative boundaries of social capital. Of the most important outcomes of social capital are the values important to human needs and social coexistence. The author draws upon the work of former President of the Academy, Harold Lasswell, and Fellow of the Academy, Myres S. McDougal, and their social process model, which clarifies the critical value/institutional categories that are found in all social processes. These values still require a clearer delineation of their intrinsic value for both political economy and universal well-being of humanity.

“The person-centered emphasis has provided important guidance for an evolving social and economic theory, with a person-centered emphasis.”

Two of the most important ideas that animate the new paradigm thinking are (1) the salience of human capital, and (2) the salience of social capital. A focus on human capital is an emphasis that stresses the importance, indeed the centrality of the human person in improving the human prospect. In the World Academy, we owe an intellectual and professional debt to Professor Alberto Zucconi, whose professional life as a psychologist has stressed the importance of a person-centered approach to the practice of psychology. The person-centered emphasis has provided important guidance for an evolving social and economic theory, with a person-centered emphasis. The importance of the person-centered emphasis is that it stresses the importance of individual/human capital in the new paradigm thinking. The individual human being, it may be observed, is a social unit immersed in energy, and this energy is an element or resource that is inherent in human capacity. This resource of energy may be unleashed by the individual if the capacity is developed and opportunity freedoms associated with human rights are provided to the individual. The outcomes generated by unleashing human-centered energy include the stimulation of curiosity, initiative, innovation,

* Presented at the conference “A New Paradigm of Sustainable Human Development: G-Global – A New Form of Global Dialogue” at Almaty, Kazakhstan on November 5-7, 2014

and creative orientation. The release of human energy in this sense is a powerful repository of human capital.

We now turn to social capital. Here, the observer must shift the focal lens of observation from individual to social capital. What are the consequences of this shift of focus? Here, we will observe that human capital involves human beings in a socially interactive role. This means that the energies of individual human capital are engaged in complex interactive relationships between the self and non-self others in the social universe. The outcomes of human social capital in this interactive universe of human relations would be the aggregate

value of social capital outputs in social process. This focus requires a wider and more realistic sense of the values generated by human beings in the social process and correspondingly, a wider lens that accounts for value accounting.

The focus of observation on social capital adds complexity to the observer's focus of attention. The description of social process is complex, the analysis of energy and value interaction is also complex and therefore the process of explaining both the value inputs and outputs and how to measure them are correspondingly challenging. Without social interaction in the social process, there would be no foundation for social capital. Additionally, the central component of social process is the individual human being, who individually, or in association with other human beings, pursues values and generates values through institutions based on resources. The outcomes of the social process of interaction therefore results in the accretion of social capital. To make this more explicit, without a social process of social interaction, where human beings pursue and generate values through institutions based on resources there would be no institutions, such as markets or money central to economic thinking. These institutions would not exist.

Better understanding of the place of social capital as an outcome of the global social process requires a vantage point that is sufficiently comprehensive and particular in the identification of the individual social participant in the global Earth-Space community. Former Fellows of the World Academy pioneered a usable model of social process that could be developed with sufficient flexibility, in both macro and micro-detail. The general model, which is applicable to any social process and at any level of abstraction, is described as follows: Individual social participants, acting alone or in association with others, pursue values/needs through institutions based on resources. This formulation was a major conceptual breakthrough in describing social process, both globally and cross-culturally. This model may be delineated with appropriate levels of specificity or abstraction when the observer asks a series of questions designed to explain the social process as it actually is. This series of questions begins with inquiring about who the participators are, the perspectives of the participators in the sense of their claims to identity, claims to value needs, and claims related to cultural expectations. The inquiry then proceeds with the identification of the basis of power that the participator may deploy and the inquiry continues with regard to the situations in which the interaction, using basis of power, actually occurs. These situations could be organized or unorganized, geographic or temporal, institutionalized or weakly institutionalized, or the situation may

“Individual social participants, acting alone or in association with others, pursue values/needs through institutions based on resources.”

be characterized as one involving a crisis. In these situations, the participator will assay the strategic options available, such as strategies of persuasion or strategies of coercion. In general, strategies may include diplomatic and communications assets, economic assets used as indulgences or threats, the assets of propaganda and communication, and the prospect of military or related coercive strategies.

The final two guides to inquiry are the consideration of the outcomes of the social process of interaction. This would involve the production and allocation of values, which we may conveniently term “social capital.” The outcomes would indicate what values are produced and how they are in fact shaped and shared in the community. Finally, the outcomes relating to the shaping and the sharing of values in the form of social capital will have effects on the longer-term distributions and accretions of values in the community. In short, the optimal production and distribution of values would appear to represent a desired and defensible production and distribution of social capital in society. On the other hand, if the effects represent significant value deprivations for large sectors of the community, this would mean that social capital is narrowly produced and narrowly enjoyed at the expense of other members of the community.

It is now important that we identify the fundamental values in social process that constitute the domain of social capital:

1. **Power.** The most important expression of power as decision is the understanding of the institution within which it expresses itself. For example, globally, power is significantly decentralized. This means an economic paradigm of global salience runs into the problem of the degree of lack of institutionalization of power. It is probably true that the most power-deprived are the least well off in global society. The new theory must be able to map global power and to appreciate its capacity to be mobilized for rational developmental objectives.
2. **Wealth.** In general, this refers to the aggregate volume and composition of what a society produces. It may refer to income in the community and also to the notion of an aggregate resource base. In general, when wealth is developed, the outcome is an increase in the volume and composition of products without depleting the resource base. $(P+I) \div R$
3. **Enlightenment.** What we mean by enlightenment is the prescription and application of education in social and economic development. The nature of enlightenment as a social capital is evident when education in a society leads to development. A society with an increased education-knowledge base uses enlightenment to extend development through informed decision-making. Decision-makers would make decisions based on informed enlightenment.
4. **Well-being.** Well-being including health refers to the state or condition of a society and its members. The well-being of a society is directly proportional to the level of “life expectancy” and indirectly proportional to the expectancy of disease occurrence in that society. The optimum level of well-being, however, is dependent on other values in that society.

5. **Skill.** Skill is the ability to perform tasks (especially employment or professional tasks), as a function of human capital development. The skill value is for the benefit of society. Skill development is a consequence of an increase in the strength of the “skill pool” in a society where skills are directed towards development. Skill is a critical component of individual and social capital.
6. **Affection.** Affection is a form of positive sentiment and underlines the loyalty of individuals and associations to the group. Being a basic value, it has tremendous social capital. The increase in scope of positive sentiments in a society increases developmental achievements and goals.
7. **Respect.** Showing regard for other individuals within a society is crucial to development. A lack of respect gives rise to discrimination, which in turn becomes a direct cause of retarded development.
8. **Rectitude.** Rectitude drives moral behavior in society. When rectitude of individuals within a society matches its development goals, there emerges what we call rectitude development.
9. **Aesthetics.** Aesthetics is rooted in human creativity and in human creative capacity. A culture of strong aesthetics will inspire economic development objectives.

“In order to pursue a scope value, a social participant must have access to some base of power.”

The foundations of this taxonomy of values are partly owed to distinguished anthropologists, such as Malinowski, who stressed the importance of identifying human needs in social process. Although he emerged with a limited identification of human needs, the publication of the Universal Declaration of Human Rights permitted the needs/values to be more clearly identified and it can be shown that the nine values identified above are the values upon which the rights in the Universal Declaration are expressed.

The values indicated above may be sought for their own sake and we can identify these as scope values. In short, the social participant seeks wealth, power, or respect etc. In order to pursue a scope value, a social participant must have access to some base of power. All the values identified above may serve as bases of power for the social participant. In short, power may be sought for its own sake, but power could be used as a base to acquire any of the other eight values. For example, power may be used as a base to acquire wealth or respect, etc. Wealth may be sought for its own sake or it may be used as a base to acquire power, respect, affection, etc...

Below is a table that identifies the values and institutions, as well as situations and outcomes, which in general are related to the values performing the function of social capital in society. The urgent task is the development of studies, which may in detail provide indicators of value that in each context may provide some method by which the true value in terms

of social process may be assigned to the production and distribution of these fundamental values in the society. This does give us a true measure of the real capital generated in society in comprehensive terms.

Values	Institutions	Situations	Outcomes
Power	Governance-Political Parties	Arena	Decision
Enlightenment	Universities- WAAS	Forum	Knowledge
Wealth	Corporations	Market	Transaction
Well-Being	Hospitals, Clinics	Habitat	Vitality
Skill	Labor Unions, Professional Organization	Shop	Performance
Affection	Micro-social Units (Family) Macro-social Units (Loyalty)	Circle	Cordiality, Positive Sentiment, Patriotism
Respect	Social Class	Stage	Prestige
Rectitude	Churches, Temples	Court	Rightness
Aesthetics	Museums, Monuments, Culture	Creative Orientation	Symbols of Cultural Beauty and Aspiration

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Value Creation: The Role of Values in Improving Organizational Performance

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“Value is a conception—explicit or implicit—that is distinctive of an individual or characteristic of a group. Value propositions distinguish what is considered desirable and they influence the selection, preferences, and ends chosen from available modes, means, and actions.”¹

Abstract

*It can be argued that the various institutions of society (law, education, media, etc.) all attempt to maximize the experience of values considered important to a society. However, although economics is considered **The Queen of the Social Sciences** there is a dichotomy between its value theory and social value theory. From the perspective of classical economics, value is defined in terms of **exchange value** (the cost, resources, and labor that go into producing something), or **use value** (how much a customer is willing to pay to purchase an item). In other words value, from the perspective of classical economics, is thought of as what it is worth for someone to put his or her labor into something or what it is worth for someone to obtain something.*

“A newly emerging perspective on value theory establishes a complementary connection between economic value and social value.”

This article argues that a newly emerging perspective on value theory establishes a complementary connection between economic value and social value. This recent model has been established by organizational theorists who have attempted to discern how to improve organizational performance in ways that improve overall economic performance and, as well, in ways that coincide with stakeholder interests. This article analyzes the newly emerging value theory and explains why it is proving to be enormously successful in improving organizational and economic performance. Thus, as this article will point out, the new strategies for enhancing organizational and economic performance reconcile the dichotomy between the interests of the producer and that of the consumer by placing the emphasis on the co-creation of value (consequentially demanding that value theory be looked at in a new light).

1. Introduction

It is generally assumed that all of the social sciences (law, economics, media, education, behavioral science, etc.) are involved in the endeavor to maximize value. However, the

discipline that has been considered *The Queen of the Social Sciences*—economics—has often looked at the notion of value from a perspective that is different from social value theory. This has been especially evident when it comes to the difference between market ethics and social value theory. In spite of the admonition of Adam Smith that the wealth of nations is based on a company's (or the economy's) ability to maximize benefits for shareholders and stakeholders by operating in line with the principle of value creation (operating more effectively and efficiently to give the customer a better quality product at a lower price) market ethics do not always coincide with this principle. Too often market ethics (the utilitarian effort to maximize benefits by creating the competitive advantage) tend to compel companies to seek capturing value rather than creating value (this was perhaps most pronounced in the dynamics connected with what caused the proverbial *domino to fall* that resulted in the global financial crisis of 2007/2008).

“A new value theory has emerged that places the emphasis on improving organizational and economic performance by increasing the capacity for value creation.”

However, recently market ethics are shifting away from the notion of merely capturing value (the prior value perspective—or preference—that placed the emphasis on increasing profits by maximizing the ability to capture value from the environment in the form of resources and from the public in the form of profit). Value theory, in the classical economic sense, is thought of as the process of transforming raw material into value creations that will produce profit. Certainly, until recently, there was no value principle in effect that proposed co-creating value by a process that demands relating to and communicating with stakeholders to determine how to produce outcomes that would maximize benefits for both the stakeholder and the company (thus maximizing both shareholder and stakeholder benefits).

Recently, a new value theory has emerged that places the emphasis on improving organizational and economic performance by increasing the capacity for value creation (with the view of a complementary connection between the interests of the stakeholder and the interest of the producer—as Smith proposed). This new perspective on market ethics has been initiated by organizational specialists (partially in an effort to regain public confidence in the viability of market ethics and principles. Also, this new direction has been an effort to formulate new innovative measures for spurring economic recovery and growth). The new market ethic is focused on knowledge, relational, stakeholder, and social capital. All of these are considered value assets and regarded as intangible factors that are the key to generating the type of innovation needed for improving organizational and economic performance. As we near the midpoint of the second decade of the 21st century, one of the most effective means for generating an increase in value assets is considered to be value creation (a strategy used by the most successful and profitable service companies today).

This new perspective on creating value necessarily results in reconciling the dichotomy between the value perspective of the producer (how can resources be used in a way to convince the consumer that the product is worth the price) and the value perspective of the consumer

(how does what this company offers fit into my notion of *end values* and do I believe what I receive in terms of value is worth what I must pay). The new perspective on value—intended to facilitate the shift to the new knowledge-based or technological age economy—reduces the gap between economic value theory and social value theory by eliminating the dichotomy between the interest of the producer and that of the consumer.

“The notion of the co-creation of value is based on the assumption that the interests of the firm and that of the stakeholder can be integrated in a way that improves both organizational and economic performance, while increasing stakeholder satisfaction.”

A complementary connection between the interest of the producer and that of stakeholders is established by means of a recent concept—becoming increasingly popular in organizational circles (amongst theorists and practitioners)—called *the co-creation of value* (or in manufacturing terms *the co-production of value*). In fact, the notion of the co-creation of value is based on the assumption that the interests of the firm and that of the stakeholder can be integrated in a way that improves both organizational and economic performance, while increasing stakeholder satisfaction. The co-creation of value approach to organizational behavior and economic performance “Reconfigures the production of *use* and *exchange* value—previously considered internal to, as well as the sole purvey and ‘competitive advantage’ of the firm—as increasingly [companies are finding it advantageous to generate the] active participation of formerly passive(ized) consumers”.²

The co-creation of value approach to economic activity (accompanying the emergence of the knowledge-based or technological age economy) shifts the emphasis to an increase in the significance of relationship building and to a service-dominant logic. In this new approach relationships (managing human resources and stakeholder capital) predominate over the prior emphasis on production and assembly lines. In spite of the obvious advantages afforded by the knowledge-based economy there are still some analysts who continue to perpetuate the established market ethic that presumes that the company has the ability to capture value by extracting from consumers what the company believes is in its best interest (to create profit in accordance with the old paradigm). However, the new paradigm (which is gaining world-wide recognition and increasingly world-wide acceptance) operates on the premise that the new value perspective maximizes value and benefits for professionals, stakeholders, organizations, and economies.

This article proceeds as follows: section two explains the connection between the co-creation of value concept, management theory, and motivation theory (with a slant on managing internal capital and improved organizational performance); section three (the final section) describes the new value theory’s contribution to improved performance from the perspective of managing external capital, the connection between marketing and motivation

theory, what the new value theory means in terms of improving economic performance, and co-creating *end* value outcomes.

“In terms of organizational behavior value co-creation is the process by which the self-interest and ambitions of individuals can be managed in a way that increases the value-added outcome.”

2. The Co-creation of Value Concept, Managing Internal Capital, and Motivation

“Value is the capacity of a good, service, or activity to satisfy a need or provide a benefit ...”³

The distinction between fact and value has been basic to the ideas that have been fundamental to the development of Western positivism (the concepts that shaped the Enlightenment and Modernity thus notions of social progress and economic development). The issue for science centers around the difference between *facts* (which are observable, measurable, and empirically verifiable) and value (which have been considered, at best, as *ends* that are deemed worth pursuing but, at worst, to be merely judgments, matters of preference, or opinion). Distinguished scholars of economics, law, and social psychology (including the Nobel Prize winner in economics Amartya Sen, legal expert Martha Nussbaum, and philosopher of science Hilary W. Putnam) argue that maintaining a separation between fact and value in social science research actually results in an impediment to social progress and economic development.⁴ That is to say, values actually serve a normative function for society and in that they “connect people, technology and information through value propositions with the aim of co-creating value”.⁵

Joseph Stiglitz—also a Nobel Prize winner in economics, a former chief economist at the World Bank, and a former member and chairman of the (US president’s) Council of Economic Advisors—concur with this point of view and claims that if the ultimate aim is happiness, and people do certain things because they are acting in accordance with values they believe will increase happiness, then the well-being and quality of life people desire cannot just be measured in material terms. According to Stiglitz, social value theory takes into account “Peoples’ evaluation of their life as a whole or of its various domains.” These evaluations imply a cognitive exercise by each person and an effort to take stock of and summarize the full range of elements that people value (e.g. their sense of purpose, the fulfillment of their goals, how they are perceived by others, and include the emotional level—like how they feel about themselves and life).⁶

During the early part of the last century (when the emphasis was on assembly lines and manual labor, with an authoritarian control type leadership style, plus the reward and punishment approach to motivation) there was no expectation that the worker’s personal

values would make any difference in terms of the factors that produce profit. However, toward the third quarter of the last century it was clear that a new era of organizational behavior had begun (based on the introduction of the knowledge worker). In this new perspective on organizational behavior—accompanied by an approach to motivation based on Humanistic Psychology—the worker is not expected to leave the value aspects of his or her character, “At the doorway of work everyday [which] is quite effortful, and at times, stressful”. “Trying to compel people to be different on the job from who they really are in regards to their true selves is not only stressful and wastes energy, it essentially sends a message that who people really are is not what the organization wants or desires on the job”.⁷ In other words rather than expecting professionals to suppress the most important aspects of themselves (one could say their true selves) today organizational theory admonishes that values are important intangible assets, innovation generators, and an important basis for motivation in the knowledge age economy.

In terms of organizational behavior value co-creation is the process by which the self-interest and ambitions of individuals can be managed in a way that increases the value-added outcome. Harvard Professor Michael E. Porter and senior fellow Mark R. Kramer, in their Harvard Business Review article *Creating Shared Value* argue that reevaluating value theory in light of the “Shared value [concept] offers significant new ways to innovate and unlock new economic value that most businesses have missed. The value creation concept is defining a whole new set of best practices that all companies must embrace [because] it opens up new avenues for innovation and shared value is created”.⁸ Organizational theorists, practitioners, and management specialists have undertaken an effort to delimit this new theoretical concept in order to master this new innovative performance measure and to better understand how it contributes to becoming a learning organization. In this respect organizational specialists are undertaking delimitation of the concept *value co-creation* in order to create management and motivational strategies that facilitate the co-creation of value in the workplace.

Most companies today are in the process of transforming their leadership, management, and motivational style away from the assembly line, goods production, company centric perspective to one that encompasses relational, knowledge capital, and stakeholder assets. This transformation was initiated by the introduction of the technological age economy that emphasized knowledge and human assets.⁹ Drucker’s admonitions facilitated a switch away from Frederick Taylor’s view that workers are primarily motivated by wages (thus motivation based on reward and punishment executed by managers who portray authoritarian control).

The initial strategies for motivation in the knowledge age economy drew from the Humanistic approach to motivation proposed by Abraham Maslow. Maslow argued that the motivation theory of the industrial era was based on experiments that were conducted with animals not humans (e.g. Pavlov’s dogs and its resulting Behaviorism approach to motivation). Maslow influenced organizational behavior by offering insight into how to resolve the gap between individual human needs and the attempt of the organization to use basic human needs to co-create value.¹⁰ That is to say that Humanistic psychology prompted theorists to realize that “Organizational needs are co-created in nested human systems”.

MIT management professor Douglas McGregor followed up on Maslow Humanistic approach with his Theory Y (his approach to motivation, good management, and improving organizational culture). McGregor argued that workers are not merely cogs in the production

machinery (what he called the assembly line—*Theory X*—perspective on motivation). His Theory Y endorsed self-determination.¹¹ McGregor believed creativity and the enhancement of quality and excellence occur when managers and workers together co-create means by which the worker's higher order needs (values) can be integrated with organizational objectives.

“Ethical efficacy can be defined as the capacity of the value centered approach to relationships to empower the person of integrity to realize the outcome that he or she desires or what he or she is hoping most to experience.”

Toward the beginning of the third quarter of the last century organizational theorists and practitioners were increasingly pressed to devise a strategy for organizational management that would contribute to value maximization (to increase the total long-term market value of the firm given the assumption that the entire economy improves when companies in an economy maximize their total firm value).¹² Emeritus Professor of management and guest columnist for *The Wall Street Journal*, *The New York Times*, *Fortune*, and *Business Week*—Alfred Rappaport—proposed a solution that soon attracted worldwide attention. He outlined his explanation of the problem and introduced a solution in *How to Build Long-term Value*. He later, in subsequent materials on the issue, defined the problem as a value-gap and described value creation as the solution.¹³ The solution, also known as adding value (or value-added) has been proven to increase value outcomes for all constituents of an organization.

The management or leadership ability to generate the resources needed to produce the desired outcome (from the perspective of business ethics) has been described as ethical efficacy. Ethical efficacy can be defined as the capacity of the value centered approach to relationships (or a visionary approach to leadership) to empower the person of integrity to realize the outcome that he or she desires or what he or she is hoping most to experience. The most desired outcome, or end according to Aristotle, is the highest good (the best, ultimate, or supreme end).¹⁴

In fact, organizational and economic theorists argue that the notion of value creation as a key aspect of economic activity dates back to Aristotle (the roots of Western economic theory). Value theory, as first introduced by Aristotle in his treatise on the relationship between social formation and political economy, was a form of social economics.¹⁵ Aristotle analyzed value theory from the perspective of both *exchange value* and *use value* and came to the conclusion that value—which he believed is co-created in social relations—can be defined as the *end* that individuals and social groups attempt to create through a process that results in structuring a society's interactions, exchanges, and communications or, in short, their arrangement for cooperatively living and working together.¹⁶ Aristotle thought of value theory in terms of political economy, in social psychological terms, and as well in ecological terms (the social-economic value of an appropriate relationship with the natural order).¹⁷ Thus Aristotle's value theory encompassed three value domains (individual, social, and environmental). In other words Aristotle reminded the reader that true happiness, well-being,

and flourishing do not occur as a result of pursuing instrumental value alone but result from obtaining that which has intrinsic value (he maintained a balanced emphasis on tangible/material and intangible/intrinsic value assets).

It is for this reason that organizational theorists and ethicists have recently been turning to Aristotle as a basis for their arguments about improving organizational performance, increasing stakeholder capital, and increasing social capital. This is primarily due to the fact that Aristotle's social economics (what is best for the individual, for social relations, and for human-nature relations) is regarded as an ethical basis for arguments on stakeholder theory. Martin Seligman became influential in organizational circles by developing a perspective on Aristotle's value claims and Aristotle's ideas about the significance of happiness (which Seligman established as a variation to Humanistic Psychology which he referred to as Positive Psychology).

Positive Psychology, addresses a similar concern to that addressed by Aristotle, Why is it that it can seem that social, economic, and political conditions are structured in a way that seem to compel individuals to do something whether or not it maximizes happiness and well-being? That is to say that agents sometimes conceive of utility maximizing economic and political schemes that are ultimately harmful to themselves, detrimental to society, and destroy the very ground of being (hazardous to nature). He argued that it is possible (at least in terms of how to make organizations more profitable) to approach well-being from the perspective of Positive Psychology which would result in creating outcomes that are considered positive for shareholders, workers, and stakeholders.¹⁸ Seligman defines Positive Psychology as an approach to engaging others (the way in which relational capital is managed) on the basis of values considered more meaningful by those interacting and in such a way as to collaboratively create outcomes that are more satisfactory (inclusive of an increase in happiness, prosperity, flourishing, and well-being).¹⁹

Ultimately, James MacGregor Burns had a tremendous impact on organizational studies and practices with his Pulitzer Prize winning book *Leadership*. Burns introduced the term Transformational Leadership to describe a motivational strategy based on Transformational Psychology. His description of how to improve organizational performance in the technological age resonated with the co-creation theory of how to generate increased value. He asserts that when the desired outcome is an increase in value and when value is intended to be co-created, then the relationship between leaders and workers must be mutual and allow each side to contribute to the stimulation and elevation of the other plus motivate each other to interact more authentically and with more integrity.²⁰

3. Managing External (Stakeholder) Capital

“There was never a new economics to go along with the new economy”²¹

This concluding section continues the emphasis on motivational theory however with the focus on recent developments in persuasion and motivational strategies that are effective for managing externalities (marketing), for knowledge management, and for developing a more meaningful relationship with the consumer (in order to increase stakeholder capital and to sustain customer loyalty). Researchers and practitioners have recently discovered that the

most effective strategies for managing externalities and generating the type of knowledge that lends to innovation, improved performance, and increased profitability are: intensive knowledge, customer relations management, customer knowledge management, new developments in production strategies, and the co-creation of innovative productions.²²

Towards the end of the 20th century the impact of the knowledge age economy and ICT began to be evident in new management strategies emphasizing value intangibles, in new production and organizational structures, in an amazing rise in integrative systems, and a rise in collaborative networks. The organizational and structural transformations included a shift from the emphasis on a company autonomously producing value (a firm-centric view of economic activity) to a market orientation where the company offered a value proposition to the consumer which was intended to build a stronger relationship with the client (by allowing more input and participation in co-creating and co-producing value).

C. K. Prahalad and Venkat Ramaswamy, were amongst the first to point out how important it is for marketing to shift its orientation away from viewing the role of the company as producing value and that of marketing to extract as much value from the customer as possible (with the perspective that the customer would then consume/destroy the value). In other words in the established paradigm the intent of the market is to get the public to consume and dispose of as much value as possible. “Traditional economics focuses squarely on the exchange of products and services between the company and the consumer, placing value extraction by the firm and the consumer at the heart of the interaction”. Prahalad and Ramaswamy urge marketing departments to move into “The new value co-creation space where managers need to invest in building new infrastructure capabilities, as well as new functional and governance capabilities—capabilities that are centered on co-creation through high-quality customer-company interactions and personalized co-creation experiences.”²³

Avik Chakrabarti and Venkat Ramaswamy describe the new market paradigm as “Co-creation thinking as it holds the key to expanding an economist’s vision to a space where an enterprise can be seen as a nexus of engagement platforms and the economy as a nexus of enterprises, with competition centering on individuated co-creation experiences that yield unique value to each individual in space-time”.²⁴ In this respect the company and the client have a stronger sense of a shared or common interest in “Producing desirable and valuable outcomes. This [reflects a] fusion of public communication and the production of economic value [where] our everyday life-world becomes filled with attempts to manage and steer how we actually produce truth, beauty, and utility around goods (which results in creating both *ethical surplus* and economic value)”.²⁵

“Contemporary marketing is driven by the pursuit of developing management techniques that bring about social cooperation. In its current incarnation, this pursuit involves the mobilization and expropriation of knowledge, creativity, and communication with consumers as the direct basis for economic value”.²⁶ Thus, in some respect, the acknowledgement that value congruence improves organization performance is spilling over into strategies for managing external capital. In other words developments in the approach for managing external capital has a similar theoretical (or scientific) foundation as did the development of theories for managing knowledge, value intangibles, relational capital, and theories on how to motivate the knowledge worker.

This means that the rise of contemporary marketing theory has developed exactly the way it was envisioned by Philip Kotler (widely known as the father of modern marketing and continues to be respected as one of the world's foremost experts on marketing). Kotler's theory of marketing appeared in conjunction with the rise of electronic communications thus coincided with his recognition of the rise of telecommunications as a means for interacting with customers.²⁷ According to Kotler marketing is more effective when it becomes more responsive to the needs, wants, and desires of the customers. As defined by Kotler marketing is a process by which individuals and groups [stakeholders] are able to experience what they need, what they value, and what they find meaningful by creating and exchanging value with others.²⁸

Thus, Kotler can be considered as one of the first to herald the significance of value creation. This claim is not only valid based on his argument that marketing is all about improving the overall quality of life for stakeholders by truly increasing "quality and value" but—to make the point more strongly—he advocates that "Marketing is not the art of finding clever ways to dispose of what you make, it is the art of creating genuine customer value".²⁹ He explains his position in terms that are in line with the contemporary claim that there is an organizational shift away from the "Industrial Age paradigm [where] production and consumption activity became separated". As the workforce becomes more highly educated knowledge workers will be looking for and demanding professional, personal and consumption experiences that are more in line with what they find meaningful in terms of their personal sense of values. Kotler argues that organizational motivational theory had to switch away from Behaviorism to Humanistic approaches (a shift away from motivation based on an appeal to extrinsic and instrumental *means* to a focus on intrinsic *value ends*).³⁰

Kotler then influenced a movement in marketing that placed an emphasis on the aesthetic, creative, and artistic appeal of advertisements. In other words as a counter to mass society (assembly line mentality) the new era of markets was concerned with "The mood, feeling or experience that they could stimulate in consumers".³¹ With the transformation of media, the introduction of information communication technology, plus a growing emphasis in organizational circles on motivation theories based on Humanistic and Positive Psychologies, the era of the materialistic, utilitarian recent past was superseded by a consumer culture that craves aesthetic appeals that appeal to and please the whole person.³² "Motivation research thus suggested that marketing take as its object the programming of this consumerist self-production. This fundamental step, from the product to the relations between product and the consumer (or better, the recognition of the contingency of these relations) constituted a first important step towards the contemporary branding paradigm".³³

Gibbert et al., in their article *Five Styles of Customer Knowledge Management, and How Smart Companies Use Them to Create Value*, argue that the new paradigm requires "a different mindset along a number of key variables". Rather than focusing on knowledge about the customer, smart companies seek knowledge residing in customers. That is to say that organizational theory began to emphasize that interaction with the consumer is essential for organizational learning. Customer knowledge management provided companies with increased ability to gain customer loyalty and sustainable advantage. Knowledge management emerged as a significant factor in managing externals although its focus initially was on "Fostering productive and collaborative relationships along the lines of 'if only we knew

what we know,' [however] customer knowledge managers propose an additional dimension, namely 'if only we also knew what our customers know'".³⁴

Marketing has become so intent on capturing the customer's deepest longings, desires, urges, and values that they resorted to strategies like neuromarketing and 'empathic design'. That is to say that knowledge managers have become so undertaken with their effort to discover the most intimate desires of the consumer that they even attempt to "get inside the head of their potential customer".³⁵ Empathic design is a term used by business administration experts at the Harvard Business School Dorothy Leonard and Jeffrey Rayport to describe the company's effort to know and fulfill the customer's deepest desires.³⁶ In other words empathic design is a form of the co-creation approach to marketing and knowledge management. It is an attempt to satisfy customers by filling their lives with higher quality at lower cost and, as well, to invite the customer to participate in co-creating and co-producing things that the customer finds more pleasing, meaningful, and valuable.

Ilpo Koskinen et al. claim, on the basis of their research on empathic design, marketing, and motivational theory that greater customer involvement in co-creation results in greater customer emphasis on naturalism and aesthetic appeal (appealing and pleasing in a way that gives the user a greater sense of Holistic well-being).³⁷ Managers of external capital have responded favorably to customer interests by creating marketing strategies that are inclusive of stakeholder values and as a result have found that a greater emphasis placed on the combination of aesthetics and naturalism motivates customer loyalty by generating a stronger feeling of meaningful connection and a sense of shared value between the customer and the producer, as what is co-created is more pleasing and meaningful for customers, it satisfies contemporary consumer interest in experiencing a more ubiquitous technology-human interface, and provides a stronger sense of being well-integrated within the fabric of existence.

Marketing, as defined by Philip Kotler, is an organizational strategy for promoting the acceptability of what the company offers and the implementation of procedures considered best for generating innovations by means of creating informational networks that generate the knowledge needed for the planning, designing, pricing, communicating, and distributing new creations.³⁸ Thus, from the initial stages of the telecommunications era marketing was beginning to be perceived as much as creative art as it had been as a science. Equally important it became a means of empowering external capital managers in ways that enabled them to create mediums (messages or communication strategies) "Designed in a way to increase memorability, penetration, and action consequences".³⁹ That is to say that the marketing department began to realize that to be more successful the art of communication needs to be employed and that advertisement must reflect what has meaning and personal value to the customer.

This laid the foundation for a perspective on external capital management that promoted the elimination of the dichotomy between shareholder value (the assumption being that shareholders are motivated by self-interest and instrumental value) and stakeholder value (the assumption that customers are motivated by an increase in aesthetic satisfaction, increased well-being, sustainability, and intrinsic value). With the increased recognition of the role of the value dimension scholars increasingly referred to John Dewey's (one of America's most

endeared philosophers) aesthetic, ethical, communication, and social value theories (which were based on empirical naturalism).

Dewey described “Scientific generalizations as *means* for accomplishing certain desired and intended *ends*”.⁴⁰ Such ends (or ultimate/intrinsic values) are determined by a process of inquiry (valuations, interactions, collaborations, and Constructivist processes) and such processes create value by offering mutually satisfactory and beneficial value propositions and outcomes. Dewey asserted that social value created as the outcome of such propositions in that inquiry (a type of democratic process that results in both valuation propositions and an increase in economic efficiency) is the basis of the democratic approach to co-creating social capital.⁴¹ Thus, in “All inquiry, even the most completely scientific, what is proposed as a conclusion (the end-in-view in that inquiry)” is a value that society intends to maximize.⁴²

On the basis of Dewey’s theories: of communication, social capital, the learning organization, the learning society, and his theoretical views on the effective management of (or marketing of) external capital in the emerging technological age, organizational specialists began to pay greater attention to the impact of media in the creation of social value. That is to say that Dewey’s communication theory, his ideas about the diffusion of innovation, and social R&D (meshing public interest with the interests of public economics and public finance) became more influential.⁴³ Dewey envisioned—at the initial stages of the rise of electronic communications ability to connect individuals, homes, organizations, and governments globally—that this could lead to the ability of the interdependent global community to experience more happiness, fulfillment, and meaning (if this new potential source of empowerment was handled effectively by knowledge managers). Effective management of external capital was, on the basis of Dewey’s social theory, “defined in terms of consumer needs, preferences, and satisfactions. The objective is then to maximize consumer’s well-being by increasing their pleasures and decreasing their pains.”⁴⁴

Dewey claimed that knowledge management is not only the basis of organizational learning but the key to social learning (the learning society). He also proposed that knowledge management is a means by which the self-interest tendencies of classic economics can be reconciled with the value interests and environmental concerns of stakeholders. Thus, knowledge management became a means of clarifying what has meaning (or what has value) by employing the co-created sense of meaning to co-produce outcomes that increase value for shareholders and stakeholders. In Dewey’s own words, ethics/aesthetics is a mean for the expansion of meaning. “Growth is learning the meaning of what our actions are all about. [They are] the good, satisfying, end, of growth—namely the present meaning of action—whether that present meaning of action be defined as pleasure, or perfection, or salvation, or the attainment of virtuous character.”⁴⁵ This approach to external knowledge management (marketing) resulted in establishing a complementary connection between intrinsic value creation and extrinsic value production. The endeavor to wed consumer satisfaction (e.g. co-creations that are more aesthetically pleasing, beautiful and appealing to the whole person contributes to a stronger feeling of nature-human complementarity) with the producer’s desire to increase the value added dimension of its bottom line is proving to increase both shareholder and stakeholder satisfaction.

In conclusion Drucker—building on Dewey—boldly declared that “There is only one valid definition of business purpose: to create customers. Therefore, any business enterprise

has two—and only two—basic functions: marketing and innovation”.⁴⁶ He was one of the first to propose that marketing for the knowledge economy would require a shift from “A ‘selling concept’ focused on promotional efforts designed to overcome customer resistance to a ‘market concept’ focused on determining the needs and wants of the customers and delivering satisfaction along those lines.”⁴⁷ Thus, Drucker inspired a perspective on marketing in the knowledge economy that shifted the external management focus to co-creating and co-producing outcomes customers highly desire and find valuable.⁴⁸

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Saint Catherine and the Free Market System: The (Historic) Roots of the Current Crisis

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Abstract

The current crisis is rooted in the past, and is related to the ability of empires to ground their conquests in legitimizing icons that are, at the same time, their own creations. The stories of St. Catherine and the 'free market' are compared in order to illustrate their common human heritage, embedded as they are in the problem of reification, which is the abiding tendency of humans to assign 'extraterrestrial' origins to their very own thoughts, ideas, and theories, presenting them as deterministic laws of God or of nature. Reification and determinism serve to legitimate these ideas and to give them greater authority, with the unfortunate side effect of excusing their authors and followers from any moral responsibility for their long term consequences, intended or not. Since the free market icon and its attendant man-made laws govern, to a large extent, our thoughts about the current crisis-ridden society, it is important to trace their origins and, especially their ontological assumptions, to see if we are, indeed, bound by these laws, or whether we might actually be free to imagine and develop a more humane socioeconomic system without all the deterministic baggage.

1. Introduction - the 'Two Cultures' of C.P. Snow

C.P. Snow's (2013) classic article has led us to believe that there is little connection between art and science, and, indeed, there is much to his argument. However, scientists are also human beings, though their claim to objectivity might seem at times to exclude them from this category. Art in human society, including especially dramatic art, as so many, including Shakespeare, have claimed, is the essence of being human: "All the world's a stage, and all the men and women merely players..." or, "Life is but a walking shadow, a poor player who struts and frets his hour upon the stage. . .", thoughts that Kenneth Burke and others have turned into a sociological (sociodramatic) theory complete with the technical terms that give it the needed precision (Rueckert 1969, Duncan 1969, Lentricchia 1983). Science appears to have something in common with religion in this respect. First, one must presuppose that science and religion are social enterprises as they both constitute a part of culture, in spite of references to the supernatural, including references to the laws of God and/or of nature. Science, of course, has had greater success in verifying explanations of the material world, the quantum enigma notwithstanding (Rosenblum and Kuttner 2011), at least as far as the gravitational field is concerned. But this may be to get ahead of the story: a comparison of St. Catherine and the 'Free Market'.

2. St. Catherine

One of the early complete references to St. Catherine of Alexandria appears in a collection of legends named “*Monologium Basilianum*”, written by an artist working for the Emperor Basil II in Constantinople between 976 and 1025 A.D. By the twelfth century her remains had been enshrined and highly venerated at the Monastery of Mount Sinai. The word ‘Catherine’ has the same root as ‘catharsis’ or cleansing, and here would refer to the purity or virginity of Catherine. She is reported to have lived in Alexandria as a princess of the royal house in the Fourth Century A.D. and to have been extremely well educated in many fields, including Christian theology and philosophy, a rare exception in the male-dominated world extending from the domestication of plants and animals until sometime into the 22nd Century (or beyond?)! She is reported to have met the challenge of, and subdued, intellectually, many, many male ‘pagan’ philosophers, all of whom were put to death by the emperor of Alexandria for their rhetorical shortcomings. She, herself, was finally put to death by the pagan emperor, Maxentius, by being beheaded, after the Wheel of Torture fell apart in a vain attempt to subdue her. At her death, no blood, but only milk is said to have flowed from her veins. Following her death in Alexandria, legend tells us that angels carried her body to Mt. Sinai.

In spite of this elaborate legend, historians have found no evidence of her existence, except, allegedly, for some remains, as reported above. She could have been little more than a figment of the imagination of the monks at Mount Sinai, four hundred years later. In fact, her story is amazingly similar to that of Hypatia, a much more carefully documented female Greek philosopher of Alexandria in the late 4th and early 5th century A.D., celebrated in the recent film, *Agora*, and in many books, including Maria Dzielska’s (1996), *Hypatia of Alexandria*. Hypatia was an accomplished philosopher and mathematician who had similar success in demolishing the arguments of, in this case, Christian male challengers. She was also put to death in a cruel fashion by some fanatic Christians of Alexandria during the reign of Theodosius, the Emperor who was determined to solidify Christianity as the official religion of the Roman Empire at the end of the 4th Century. Now, either Alexandria was a hotbed of hitherto, and yet to be ever seen again (until they are finally liberated) female philosophers, or we are witnessing some literary or rather ‘legendary’ liberties being taken with history. Not the first or last time, one must suppose.

With such a shaky curriculum vitae how could Catherine have become so important a personage in the Christian church, in fact, how could she have become a person at all? Here is where art plays such an important role: her image was painted on the walls of churches throughout the Middle Ages and, voila!, she existed (Stollhans 2014). In one sense, it doesn’t even matter if she were real or not. Once people believed she existed, she did, as Bruce Lipton (2008) also might claim, based on his recent book, *The Biology of Belief*, published more than twelve hundred years later. Reality is to a large extent what we make it to be. In the case of Catherine, she was (is) a symbol of altruism, a person who sacrificed herself for her faith and for her church, a necessary ideal if the hierarchical society built on religion were to survive. This, of course, is quite separate from the value of altruism to human existence, which redeems her existence, however fabricated it might be, and would appear to set her apart from the ideals of rational science, which has had much less concern with such things, at least up until now.

3. The Free Market System

The free market, too, is a virtual reality, not much different from Saint Catherine in that respect. They are both forms of rhetoric – as is all communication – designed to persuade people to see the world in a certain way, seeking to “create the world in their own image”, as the Bible, Nietzsche and Kuhn, among others would say. As far as the free market is concerned, there are again some rather unrealistic assumptions that one must make, specifically about the ability of the actors in the market to fulfill the requirements necessary for its portrait to be valid (perhaps not unlike some of the assumptions about altruism that would be necessary if St. Catherine were to be taken seriously). These were (are) presuppositions about the time it would take to gather the necessary information to make rational decisions, the ability to process this information when available, the supposed disconnectedness of all the actors from each other in society, etc. In fact, the likelihood of errors in judgment and unintended consequences in the marketplace is so enormous in this respect that whole industries have grown up to estimate and insure against the risk of these occurrences (Giarini 2010).

Another questionable assumption has to do with the ability of the market to remain truly competitive over time. This is because competition always leads to winners and losers, with losers in the long run being absorbed by the winners, thus leading to a substantially less free market and a more monopoly form of capitalism (Baran and Sweezy 1966, Foster 2014). Thus, we no longer see ‘Mom and Pop’ stores in the U.S., no more corner drugstores or grocery stores. Everything is now part of a ‘chain’ of nationally or regionally controlled enterprises, all of which are miles away from most people’s homes, *thus shifting much of the expense of distribution onto the consumers*. The dozen or so automobile companies in the U.S. are down to the ‘big three’, or perhaps two-and-a-half, if Chrysler’s not so brilliant history is taken into account, etc. In spite of these reservations, one could hardly say that the ‘paint is chipping away’ from the portraits of the free market, any more than unrealistic assumptions about St. Catherine have diminished her religious qualities. Nevertheless, the icon in both cases has been both symbolic and instrumental, to the religious hierarchy in the case of Catherine and to the modern sociopolitical hierarchy in the case of the free market icon.

This is exactly what one must expect in a social world that is theater, a theater or sociodrama, in which there are to be found both religious and scientific aspects, especially at the large scale, but whose mechanisms are for the most part under the control of society’s playwrights, i.e., those who write the ‘laws’ and determine how society’s resources are to be allocated, and the stage directors, i.e., the politicians, priests and academics who carry out and justify the script given to them by the ruling class. In this sense, the social world is not an autonomous and deterministic entity as science and religion would claim.

What this refers to is the danger of reification, i.e., that we will take our metaphors literally (Berger and Pullberg 1966). For economics as a rational science, it would be good always to keep in mind that our ‘grandmother’ has not, nor ever will, actually have ‘wheels’. This is quite apart from the question of whether, even with ‘wheels’, the free market could ever provide ‘optimal’ solutions at the system level, given its indifference to the colossal human, social and environmental costs of modern enterprises, which, if included, would deny viability even at the level of the enterprises themselves (Kapp 1988, Korten 1995, Polanyi 2001).

Along with these reservations about the ‘free market’, and given the importance of assumptions about the individual to its mathematical iconography, it might be well to examine what has happened to the image of the human being, ideologically, that is, since the Middle Ages. At the time of the Renaissance, there was a substantial interest in what the Greeks had written 2000 years earlier. Thanks in great part to the Arabs, what little had survived from that period was available to the Italians and others during this subsequent period. Meanwhile, the Protestant reformation also brought a reformation in the Holy Roman church, the closest thing to a State at that time. Thus, during this period there was great interest in Greek philosophy, including both its scientific as well as its humanistic aspects.

The importance of Aristotle to the scientific and subsequent industrial revolution is well known. Less well appreciated is the number of renaissance philosophers who were interested in the humanism expressed in Greek philosophy (Cassirer 1948, Gundersheimer 1965). This phase of Neo-Platonism lasted from the early 14th century until the early 17th century, excluding a 50-year interruption caused by the ‘Black Plague’. After a brief Catholic ‘Reformation’, inspired in part by the Protestant Reformation in the early 16th century, the Counter-Reformation in the Roman church took hold and humanist ideas were once again suppressed.

Subsequently, the spirit of humanism was hijacked by the concept of individualism, an idea much more compatible with the mathematical formulations and the mechanistic philosophy that has dominated western thought up to the present. Humanism is complicated by a subjective and dialectic view of reality and by references to emotion and morality, dimensions common in art, but less at home with rationality and logic. Indeed, in current discourse, ‘rational’ is usually contrasted with ‘irrational’, and the category of ‘non-rational’ is essentially forgotten, hence the division between the humanities and the sciences in Snow’s dichotomy. Individualism was, of course, a liberating idea in its time, inspired by references to humanism, and as contrasted to feudalism, of course. But we are, as always, confronted with the problem of keeping our ‘liberating ideas’ at one moment in history from turning into ‘suffocating straightjackets’ at the next, as the dialectic moves through time (Berlin 1962).

By the time that Adam Smith (1998 [1776]) appeared on the scene, as it were, it was already clear that the locus of political power in the church and landed nobility was a serious obstacle to the potential for the economic growth and the accumulation of wealth that was embodied in the rise of mercantilism and the growing industrial and technological revolution. The idea of growth was and is realized in the process of increasing production, profiting therefrom and reinvesting that surplus profit in further increases in production, and so on into infinity – or so one is led to believe according to the script operating in both capitalist and socialist economic systems till now. A necessary accompaniment of this idea was the spirit of *frugality* as embodied in the Protestant Ethic (Weber 1958), rather than the spirit of (often conspicuous) consumption, as was, for the most part, the case with surpluses up to and including the Renaissance. This transition involved a change in the actors and their scriptwriters in charge of society at that time. In short, religion and its symbolism had to be replaced by rational science and its symbolism, if the potential for economic growth were to be realized **and a new ruling class to be installed.**

Adam Smith and his followers described society as a **deterministic mechanism** in the spirit of the Newtonian science of their time – so much for the idea of ‘freedom’ embodied

in their rhetoric! This rhetoric, incidentally, allowed Adam Smith and his followers the *freedom* to imagine a socioeconomic system to their liking, but not the freedom for anyone else subsequently to imagine an alternate, indeed, possibly more humane system, without being branded heretics, idealists, utopianists, planners or whatever... Underlying Newton's mechanism was Democritus' idea of atomism, the idea of otherwise unconnected individual elements moving according to the causal laws of the mechanism of which they were a part. In social terms the actions of individual elements, human beings, would also need to be defined according to the laws of the social mechanism. In Adam Smith's mind this accorded well with the need for the potential of the economic mechanism, i.e., the 'free market', to be realized by the individuals who were struggling against the structure of the former social order, laden as it was with localism, tradition and loyalty to outmoded social hierarchies. Individuals had to be freed from this oppressive social formation; they had to be given a new form of consciousness and a form of motivation that would govern their actions. In keeping with the scientific ethos of the time, 'consciousness' was to be perceived as 'rationality', and in a neat psychological move, 'motive' was defined as a desire for **wealth as a means to immediate 'personal satisfaction'** (as opposed to the postponed gratification of everlasting salvation).

However, since at least the time of Epicurus, and even before, we have known that personal satisfaction is a complex psychosocial and philosophical problem, not particularly suited to the instrumental vocabulary of Newtonian science and technology (Maslow 1970, Cloninger 2004, Edwards 2010). Yet, for the free market icon to succeed, satisfaction had to be transformed or 'symbolized' into a quantifiable form. In the spirit of the market the obvious symbol would be 'money', though it was also assumed by Smith at the time that money would bring respect and esteem, thus satisfying deeper emotional needs along the way.

The idea of wealth satisfying the need for esteem and respect has in some ways been a curse placed upon humankind probably since the origins of private property, and even referred to as such in the Bible: something about camels and the eyes of needles! Even before that, Sophocles in *Antigone* had claimed that:

"There has never been a worse discovery in the world than money. It destroys cities, creates homeless people, and seduces prudent minds to search for shameful projects. It has even shown people how to commit fraud and to become associated with every form of ungodly behavior. And for whomever carries out such acts using bribery, there will come the time when they will receive their just desserts (Alexandrou 2009, p. 101)."

Or Plato,

"There, where wealth enjoys honor; citizens abandon virtue and their only concern is becoming rich. The rich are carried away, the poor prepare demonstrations, and everyone ignores the interests of the citizens. What prevails is the spirit of advantage, which drives away virtue. There develops an ever greater spirit of greed, and wealth becomes the only measure of political rights (Alexandrou 2009, p. 92)."

This is especially true even for those who have great wealth, something often obtained at the *expense of* deeper moral, emotional and spiritual instincts. Thus, ironically, wealth is often not accompanied by emotional satisfaction. **Respect, as an emotional and social phenomenon** is not to be confused with envy and fear, which are the usual emotions involved when wealth is defined as the sole measure of satisfaction. But this is equally true for those poorer people who envy wealth, thinking that it would be able to satisfy those deeper emotional needs (Gutenschwager 2004, Ch. 10). Needless to say, this is not a black-and-white issue, where no wealth, nor even property, might be seen as the only alternative. We are obviously looking for Aristotle's 'golden mean' here. Also, needless to say, the problem here is not money, itself. It is the abuse of what money symbolizes. Money was designed to symbolize the value of goods and services in order to facilitate their exchange, something for which it is admirably well suited. But by the time of the ancient Greeks it had already become a symbol of social status and now a whole science, economics, uses it to symbolize happiness. This is obviously now a vastly 'overloaded' symbol and a grotesquely oversimplified understanding of a complex socio-psychological phenomenon.

Meanwhile, these newly defined individuals had to be free to break familial and community ties at whatever emotional costs and to move to where economic opportunities would take them, where they could make money, the symbol of social and individual 'satisfaction'. The merchants and industrialists had to be free to maximize profit, thus adding to the surplus that could be reinvested in further production and trade to the benefit of all, in a cycle of continuous growth. And the place where this magic would take place was the market, the locus of free (almost exclusively) men exchanging their goods and services without the heavy hand of the old landed nobility and its "House of Lords", who would seek to turn the benefits towards their gentry friends.

The new theater was thus to be one of (predatory) individuals seeking profit in any way possible, and returning that profit into the system of production and exchange for their own increasing future 'satisfaction', with everyone, theoretically at least, benefiting. What we are talking about here is a profound psychological and cultural transformation, not just a change in the economic system, though as both Marx and Polanyi would point out later, it was the changes in the economic system that strongly influenced the new culture. This new **culture of capitalism** (Macfarlane 1989) grew up in close association with the new science and technology. Little did those participating in this cultural transformation at that time realize, as Erich Fromm (1961) would point out in an afterword to George Orwell's, 1984, that,

"... one of the most characteristic and destructive developments of our own society [is] that man, becoming more and more of an instrument, transforms reality more and more into something relative to his own interests and functions."

This would ultimately lead to a society dominated by **fear and greed**, to say nothing of **loneliness** (Riesman 1950, Slater 1990), something that was apparently not imagined in the small-scale society of that time. But how else could one be expected to act when surrounded by other predatory individuals? Would this not lead to fear for one's own survival? Would this not lead to the desire to accumulate as much wealth as possible so as to insulate one's self and one's family against the threats posed by such an environment? Is this not the prevailing

psychosocial environment characterizing the last several hundred years? Would this not lead to a society characterized by both predatory and defensive aggression, systems of behavior traced, in today's world, to genetic, psychopharmacological and developmental pathologies by Jordan Peterson and Mathew Shane (2004)?

If we think of society as consisting of both a subjective and objective reality, we might ponder how this dialectic might play itself out in the real world of positive science. Subjective reality is defined as the set of images, theories, values, etc. which comprise the thoughts, both individual and collective, that characterize a given society or culture. Objective reality is defined as the actual concrete reality created by these individual and collective thoughts, in relation to environmental constraints as played out in the real world, consisting of all the observable and measured elements of that world (Berger and Luckmann 1966, Gutenschwager 2013).

For economics, the subjective reality consists of a mathematically defined rationality leading to a sort of robotic behavior by the human players on the environmental scene, bolstered by certain biological beliefs about genetic determination, e.g., the 'selfish gene', the naturalness of human aggression, etc., something that is now being increasingly questioned by research in a whole range of scientific disciplines (Sahlins 2008), all of which point to the conclusion that cooperation is more normal than competition. Indeed,

“. . . pleasure centers in the brain are activated when people cooperate, except in individuals who, in independent measures show characteristics of psychopathy (Sussman and Cloninger 2011, p. 5)”.

If this is true, could it be that economics is in some way related to the study (and promotion) of psychopathology? Assuming that most economists would not like to be a part of such a story, even unintentionally, they will most likely need to search for a new philosophical paradigm outside the Newtonian one used until now. To find such a new paradigm they will need to reexamine their ontological and epistemological assumptions. They will need to reject the outdated stereotypes they have inherited from the past and begin to learn how human beings actually can and do live and work together. There are many books reporting research on this topic, but they are all outside the accepted dogma of conventional economics. The challenge is there, but the emotional cost will be high, though not unsatisfying, and in the long run, all of humanity will benefit greatly.

The objective reality of current economic science consists by and large of a mechanism that operates according to the causal laws that govern its presumed existence. Notably missing from this picture is any human content. There is no spiritual dimension, no place for human emotion or for moral judgment. In fact, in this **deterministic** world there is no need for human actors to feel anything; they are freed from all human responsibility for what might occur as a result of what is assumed to be true, including the resulting behaviors and outcomes that follow from these assumptions. Obviously, there is no need for moral concerns in such a world; things just happen as a result of accidental mutations and adaptations, much as they might if we were all 'in the hands of an angry God' (or machine)!

Meanwhile, this culture of capitalism would experience at least two other important transformations before arriving at its current state. The first of these occurred during the latter

part of the 19th and throughout the 20th century. As capital accumulated and was reinvested in increased production, the **one-sided distribution of the benefits** of the new system into the capitalist class led to problems of overproduction and the need to stimulate more consumption. Thus, the culture of frugality, which Adam Smith knew and admired and which Weber described so well, had to give way to the culture of waste and consumerism; a new culture, a new society was born, one unimagined by Smith. This should have been a red flag to any economist who believed that society could be imagined to be a deterministic system. The cornerstone of Smith's theory of the free market – frugality and the investment of surplus for the benefit of all – was superseded, leaving its rather more irrational and predatory character in full sight for any thinking person to see (Veblen 2009). Growth would no longer be a 'natural' characteristic of the economic system; it would have to be artificially stimulated by human intervention. This also should have been a warning that the ontological assumptions about human nature and about the idea of using 'natural laws' to explain the system were for the most part a grand illusion. Indeed, the subsequent creation of the consumer society was, as Stuart Ewen (1976, 1988) has illustrated so clearly, **pure theater**, including its staging in the appropriate architecture (Duncan 1965), having little, if anything, to do with the mechanistic world theorized by economics.

And yet, in the long run even this was not enough to preserve the evolving market system, and some economists, most notably Maynard Keynes, realized that while portrayed as a giant mechanism, the economic system might, in fact, still need to be regulated (in new ways, that is) by the government. In fact, Polanyi (2001, [1944]) has described in great detail how government intervention has always been a necessary prerequisite to the creation and maintenance of the free market economic system, given, especially, its destructive impact on human society as a whole. Thus, in the early 20th century the culture of **welfare capitalism** was created, whose purpose was to fulfill some of the basic human needs that the market was incapable of doing. This, however, created a source of conflict, both ideological and practical, between the capitalist class and the welfare governments who had to supply the less profitable, but socially necessary goods and services such as education, health care, physical infrastructure, environmental cleanup, etc. in order for the society itself to function. Here we can also include President Eisenhower's 50,000 miles of national defense highways, necessary to 'defend' the profits of the all-important automobile industry, one must suppose.

Meanwhile, this has also created a long-running ideological conflict among the economists whose (socio-dramatic) task has always been not only to explain, scientifically, but also to **justify, ideologically**, the free market system, both in the academy and beyond. This conflict pits those still wedded to the old theater of an autonomous, deterministic and self-equilibrating 'free market', against those who believe in a new theater where conscious human intervention should be used to protect the system from the vicissitudes of its crisis-ridden history. The actual Keynesian 'intervention' lasted from the early part of the 20th century in Europe and North America until the mid 1970s, two bloody world wars notwithstanding, or perhaps 'withstanding', when we consider the shift to military Keynesianism after WWII.

In the developed countries of the West we find ourselves in a phase at the end of the post-war boom with an increasing maldistribution of the rewards of the system, as witnessed by the fact that, in the U.S. at least, median family income has not increased at all over the

past 40 years or so. This maldistribution, by diminishing purchasing power, has necessarily placed limitations on profitable investment, with the exception of certain high-tech industries, including especially, military weaponry, which, of course, isn't related to the free market at all. These limitations have, in turn, led to an explosion in financial capitalism along with a scramble to open up investment opportunities by privatizing every possible segment of human activity, including, especially, those activities that had come to be the domain of the welfare oriented governments until now (Frank 2008). Alongside this, there has been an increase in the use of science and its newest technology to seek out and create opportunities to **gamble** on ever more risky and meaningless investments, simply to use up the excess capital that the imbalance in distribution has created. In mainstream economics, this has entailed an abandonment of the theory and ideas of the welfare state and a return to the old culture of the magical, autonomous 'free market'. Ironically, this free market, in its recent financial attire, is now leading us tragically into a new feudalism. Wealth is becoming more and more concentrated in a few hands, while the mass of people, whose property is gradually being confiscated from them by the seemingly autonomous workings of the free market, are being led into a new form of serfdom.

In spite of these changes in the market system, what has not apparently changed over these several hundred years, and especially now, and in spite of recent questioning in many quarters, is the abiding emphasis placed on individualism. As argued above, in the context of the theory and ideology of the system, this individualism is necessarily instrumental and ultimately 'predatory', though MacPherson (1962), in somewhat kinder language, has called it simply 'possessive'. This ideology continues to be deeply embedded in the culture of the West. Ironically enough it was considered to be a serious problem up until the late 18th century, originating, as it was believed for over 2,000 years, in the savage beast that was the human being, and a problem that could only be solved by something like the agora or a Congress in which the competing interests could balance each other out, or by a strong authoritarian leader or oligarchy that would keep the savage beasts in line. It was only in Adam Smith's time that this savagery was portrayed in a totally different light as 'resource' that could be used to foster economic development, and as something that government not only did not need to control, but would do well to leave alone and not 'interfere' with, hence the current slogans to that effect (Sahlins 2008).

Thus, given its importance to his argument at the time, Adam Smith **could** have called the new system he was describing in the late 18th century, 'predatory individualism'. But this would not have been very aesthetic. Like Saint Catherine in the beginning, this new reality wasn't really very well defined as yet. Its name would give it its identity. If Adam Smith and his followers had called it 'predatory individualism', surely they would not have found many followers. On the other hand, both the words 'free' and 'market' had a nice ring to them. Everyone would like to be free. Indeed, the fate of most humans since the domestication of plants and animals and the subsequent establishment of 'private property' has been one of slavery (or the domestication of humans, as it were) of one kind or another. And, who could not recall the enjoyment of visits to the market? So there it was: in an artistic (rhetorical) move, 'predatory individualism' was out and 'free market' was in (and, surely, only milk could flow from such veins!).

4. The Institutionalization of the Free Market System

Now we turn to the establishment, or institutionalization, to use the technical term, of this new belief, this new reified reality. The iconography of the culture of science is not, of course, frescoes and painting, as in the case of St. Catherine; it is mathematics. If the new reality could be expressed in mathematical terms, it would, therefore, have to be real. So, with the help of Ricardo and many other ‘scientist-artists’, the mathematics of the free market system was ‘painted’, not on the walls of the churches, but on the blackboards of the universities, the new places of worship. As with St. Catherine, the free market had become not only an ideal, an icon, but also a reality **imposed** upon society through various forms of government regulation such as tax laws and property laws that favored the rising wealthy class, through tariff policies that favored commercial and industrial interests over domestic agriculture, etc., all creating a ‘mechanistic’ reality whose ‘laws’ could be ‘discovered’ by the new science of economics. As with St. Catherine, the economics icon would then be free to work its magic over time.

“The history of humankind has been a search for a manner to regulate society, including its economy, in ways that would best preserve it.”

Or would it? The problem with all art (and artful science) is that it can be upset by subsequent interpretations. Art is more likely to be dialectic, hence much less likely to be dogmatic. Its role is, indeed, to experiment with reality. Meanwhile, many books, as well as the film, *Agora*, have exposed the reality of Hypatia and by implication St. Catherine; the examples can be multiplied.

Likewise, the current crisis in the capitalist system has brought forth many criticisms of the not so ‘free’ market during the current phase of monopoly capitalism. And many economists are questioning the ideological underpinnings of their science, e.g. the World Economics Association (WEA), with its thousands of economists and other members.* Basic to this questioning, however, must be a confrontation with some of the basic presuppositions of social science itself. Is this science, especially economic science, outside society? Or is it playing an active role in **constructing** society, as most humanists and now, perhaps, followers of Heisenberg would claim? Is society a giant mechanism, or are there aspects that cannot be captured with the metaphor of the machine? Does the uncertainty principle hold true for society, as well as for nature? Are the laws that social scientists are discovering truly objective or are they influenced by paradigmatic assumptions (Kuhn 1970), or by the power of suggestion (Michael, et al 2012), or by an indifference to the Null Hypothesis, or by the difficulty of publishing research that merely replicates previous research, etc.

Whether or not human society is a giant mechanism, there is no such thing as an unregulated (free market) society. Indeed, the history of humankind has been a search for a manner to regulate society, including its economy, in ways that would best preserve it. The biological

* www.worldeconomicsassociation.org/

demand for survival and reproduction is moved to a new social scale as the population grows and its connections expand over space and time. Instinct is supplemented by human thought and intention, as is necessary to manage this new scale. Philosophy, religion, art and science are part of a continuous effort to comprehend, organize and regulate an ever-changing social reality. The idea of natural laws or an ‘unseen hand’, proven mathematically, is not ultimately very far from the conventional belief among many, even today, in a God that oversees and controls everything. This apparently was also Newton’s belief, as he sought God’s laws embodied in nature (though with a much stricter methodology, of course).

“Insofar as individualism becomes predatory, we must ask to what extent it is, or, even more, encourages, socio-pathology.”

Meanwhile, the idea of a social world free from government regulation leaves open the question of how, in fact, this world is to be regulated. In a socioeconomic world dominated by the idea (and reality) of predatory individualism we shouldn’t be far off in supposing that regulation would be carried out by the predators, themselves. Does that not seem to characterize today’s world, even if the starring roles have recently changed, shifting all the best lines from the industrialists to the bankers? We must also suppose that those predators are working, as always, in their own interest, as the theory of the ‘free market’ proclaims that they should.

A recent book by John Weeks (2014) offers a thoughtful discussion of how (a different approach to) economic theory could be used to resolve the current finance-generated crisis, that is, largely through renewed government regulation within a Keynesian framework. This government regulation would have to ‘interfere’ with the workings of the ‘free market system’, making it less free, one would suppose. But if the term free market is but a cover for the reality of predatory individualism, we must imagine that it would only be a matter of time before the predators would regain their ‘rightful’ (powerful) place in society, as, indeed, they did after more than forty years of Keynesian regulation before, during and after the Second World War. A St. Catherine icon provided a symbol of altruism, as means of legitimating a social hierarchy dominated by the church; so also has a cleverly crafted ‘free market’ icon legitimated a new social hierarchy dominated by a plutocratic class.

What I am arguing is that, call it what you might, the ideology of individualism cannot by itself be a basis for a healthy society, unseen hand or not, any more than it is for the cells in the human body or the elements of nature. Nor, for that matter, of course, were the slavery and serfdom that preceded individualism a healthy basis for society. What we need are new liberating ideas, while always recognizing in the dialectical spirit that they too, may in time, be turned into suffocating straightjackets (Berlin 1962). To change the social world it is not sufficient to change the way the ‘mechanism’ is regulated; we must change the very idea of what society is: Is it a mechanism or is it theater, (or, at least, some synthesis of the two, if unintended, often mechanistic, consequences of human actions that may be discovered by science are taken into account)? This goes to the heart of the choice between C.P.Snow’s two worlds. Do we go with Sophocles and Shakespeare or with Adam Smith and Thomas Hobbes and their many descendants in the modern world of positivist social science? If we see our

social world as theater, we must ask who are the playwrights, the directors and the main actors, and what are their motives? We must examine the rhetoric, the ruling ideas that govern the consciousness and intentions of the “poor players who strut and fret their hour upon the stage”. Insofar as individualism becomes predatory, we must ask to what extent it is, or, even more, encourages, sociopathology.

According to a recent study by Martha Stout (2005), something like an (rather modest) estimated 4% of the American population is classed as sociopathic. A sociopath is defined as one who has no conscience, no moral values, no sense of right or wrong, no emotional depth or the ability to relate emotionally to others, no concern about the fate of others, whether they, themselves, are involved in creating that fate or not. Sociopaths are deceitful, manipulative and irresponsible. They may also be charming and parasitic, with a “grandiose sense of self-worth” (Stout, pp. 6-7). Her research suggests that from 35-50% of sociopathic behavior is inherited; it is found in our genes, which as Lipton would argue is not the product of a deterministic system but may well be the product of prior environmental influences on a given generation’s progenitors. Whether it will be expressed in current behavior has a great deal to do with the kind of culture in which we are raised. If a culture emphasizes the interconnectedness of all things, with or without quantum theory, it will dampen sociopathic tendencies among its people. If it emphasizes the separateness and individuality of persons, as in Social Darwinism, it will encourage those with sociopathic predispositions to act them out in their behavior.

From the Wild West of the past to the corporate outlaws of the present, American society seems to allow and even encourage me-first attitudes devoted to the pursuit of domination . . . North American culture, which holds individualism as a central value, tends to foster the development of anti-social behavior, and also to disguise it. In other words, in America, the guiltless manipulation of other people ‘blends’ with social expectations to a much greater degree than it would in . . . other more group-centered societies” (Stout, pp. 136-7).

As a further insight into this problem, we may also ponder the following quotation:

Robert Oppenheimer, when he found himself reflecting on how he and his people made decisions said: ‘When you see something that is technically sweet, you go ahead and do it and argue about what to do about it only after you’ve had your technical success. That’s the way it was with the Atomic bomb’ (Jacobs, 2014).

Predatory individualism and its attendant ‘free market’ is an ideology, almost a religion for many economists and others following in the footsteps of Adam Smith and Milton Friedman. It is deeply embedded in western culture where it appears under the mantel of a deterministic science, wearing the vestments of ‘freedom’, rationality and objectivity. It is mightily defended in the citadels of higher learning, and, along with the mechanistic view of society, is **probably the current, single most important obstacle to a more cooperative and humane society**. Indeed, its influence is felt well beyond academia, creating a form of alienated environment for entire cultures. It is not that sociopathic behavior has been unknown, especially among ruling classes in the history of human kind over the past 10,000

years, and perhaps before; but hunters and gathers would and still do recognize immediately the dangers to their very existence of such behavior. Here we can also refer to the human body with its 50-70 trillion cells where predatory individualism is unknown and where organs do not attempt to dominate or go to war with one another. Yet, social legitimation today under the ideological influence of science creates ironies and contradictions that the insights of art could well help to reveal.

What we are referring to here is the danger of dominance by the more successful among the predatory individualists (what today we might call ‘bullying’), and the resulting development of a nondemocratic hierarchical sociopolitical order, not one designed to rein in the ‘savage’ humans as was the vision up to the 18th century, but one actually beholden to the most cunning of them. Christopher Boehm (2000) argues, with a great deal of anthropological and ethological evidence that the danger of such developments had contributed to the development of a moral consciousness even before

“Science and art must find ways to work together and not simply pretend that they occupy ‘different worlds’.”

Homo sapiens appeared on the scene. That is, the distaste for being dominated had led even prehuman species to develop a consciousness of and means for dealing with the bullies who could potentially upset the egalitarian harmony of their bands. They would be controlled through ostracism, through punishment and even through execution, if thought necessary, as has also been found in more recent studies of hunting and gathering societies existent today.

5. A New Role for Social Science

Mechanistic Newtonian science has its repertoire of terms used to conceive the social world. Some of these terms are being questioned by quantum physics, especially beyond the realm of the five senses. The humanities have always questioned the capability of the mechanistic metaphor to fully comprehend the social world. Quantum reality offers an opening for a more humanistic approach to social reality, one that may allow human beings to be seen as emotional and moral beings not circumscribed in their thoughts and actions by narrow definitions of rationality and by only instrumental needs that don’t allow extension beyond the materialistic (Capra 1982, Rosenblum and Kuttner 2011, Gutenschwager 2004, Ch. 10). Again, it’s important to emphasize that this is not a call to do away with rationalism; it’s a call to recognize that there are also other dimensions to human existence that must be taken into account if a holistic understanding is to prevail: science and art must find ways to work together and not simply pretend that they occupy ‘different worlds’.

Can social science theory accommodate itself to this non-material extension? Certainly not, within the reified and deterministic framework of conventional positivistic thought. The mechanistic metaphor and the mathematics that accompany it will have to be seen as just that, as metaphors that capture certain often unseen and maybe unintended aspects of social reality, **not as ‘laws’ that govern it**. Once these (sometimes unintended) aspects of social reality are uncovered, they should become the subject of discussion and debate, a discussion that would raise the question about their **desirability**, not about their law-like **naturalness or inevitability**. These are terms in the deterministic framework that guide conventional

economic thought, but that, as we have seen, tend to obscure profound philosophical assumptions about the nature of the conscious universe we inhabit.

Can economists and other positivist social scientists accept their (diminished) social role as discoverers of temporary regularities that they and others must evaluate as to their desirability? It's not that these discussions are not going on now among concerned scientists. See the work on altruism in nature by W.D. Hamilton (Seegerstrale 2013), for example, or the mathematics of cooperation (Nowak 2011), or work on morality, itself (Hauser 2006, Boehm 2012). However, many scientists are still handicapped by beliefs in 'determinism'. They prefer a "handful of certainty to a whole cartload of beautiful possibilities", as Nietzsche has said (1997 [1886], p. 6). The conventional economists who work within the current establishment's 'theater of power' are allowed to believe that they are simply doing their science, much like the operators of drones who are simply 'following orders', whatever the moral consequences of their actions. Scientists and engineers who are simply 'following the orders' of their 'deterministic' science may be able to live in society free from guilt and self-doubt, but they are doing so in a grand pattern of self-deception, something which art has proven so well suited to expose, one might add. It is not that self-deception has not been a force in human history, especially during the past 10,000 years, but we must keep in mind that the survival of hunters and gatherers left little leeway for such things in the evolutionary years before that time. Was this self-deception not involved when St. Catherine's religious fanatics were carving up Hypatia in the 'agora', or later murdering and pillaging their way across the Third World during the age of exploration and the subsequent rise of imperialism, to say nothing of the social scientists who have legitimized this imperialism under the guise of modernization, globalization, the division of labor, the free market at work, etc. in the years that followed?

Ultimately, social scientists must and, indeed, are more and more recognizing that they are not just studying society **but are also creating it**. If we trace the evolution of the idea of individualism we might gain an appreciation of the way in which a social reality can be constructed, often through unintended consequences of meaningful ideas. Individualism evolved under the aegis of economic science into possessive individualism, then quite naturally into predatory individualism, as active and passive forms of aggression, aggression being a form of bullying, which when institutionalized, as we have seen all too often in the 20th century and beyond, becomes fascism. This may explain the emphasis on **cooperation** in some recent avant-garde scientific literature, as the social dialectic between subjective and objective reality seeks to rebalance itself, i.e., as people seek to close the gap between what they are actually doing and what they think they are doing!

In this light, we are also now once again beginning to confront our ultimate dependence on nature, much as did the hunters and gatherers in earlier times. Our culture of science along with its technology (without philosophy) appears to be endangering our very existence. We have little time left for self-deception. We need new scriptwriters and new actors, before we end up writing ourselves completely out of play!

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Challenges and Opportunities*

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Abstract

Out of the depths of the problems that challenged humanity in the past have surfaced great opportunities. Famine, war, depression and subjugation have all left one or more positive impacts on the world. Crises have made men and women rise to the occasion, and with the right response not only overcome the problem but convert them into expansive elevating opportunities. The pressure of the challenges motivates people to perform extraordinary tasks, releasing inherent energy, changing attitudes, and breaking resistances along the way. Just as the momentum of the opponent's attack can be turned around and used to one's own benefit in martial arts, the pressure of the crises can be converted into energy and directed towards finding a solution. Our response to the challenges determines whether the challenges defeat us or are converted into opportunities. What the mind views as irreconcilable and mutually exclusive contradictions can turn out to be complements. Is it possible that every challenge has a concealed opportunity behind it? If so, how can we convert one into the other?

1. Introduction

It was 1922. The Great War had ended 4 years earlier, but Europe was still reeling under aftershocks. All countries suffered to different extents due to the global depression following the war. Czechoslovakia's economy was in ruins. Its exports were drastically cut and there was widespread unemployment in the country. The newly formed Czech government adopted tight monetary controls to fight inflation, and the currency was devalued by 75% in a year. People's purchasing power declined precipitously, most businesses had high levels of debt and falling incomes. Production declined, layoffs multiplied, and the situation in Bata Shoes, a mid-sized footwear manufacturing company was symbolic of what every business in the country was going through. It was suffering badly. Founder Tomas Bata saw his company's exports drop by 75%. Stocks were accumulating in his warehouses, the warehouses were overflowing. There was enormous pressure to lay off workers and cut down production.

The national manufacturers' association of Czechoslovakia called an urgent meeting of its members to discuss the government's policies and see what needed to be done to avert economic disaster. Those who attended felt they were helpless victims of external forces and government actions. They were nearly unanimous in condemning the government and demanding relief, but none could propose a viable solution to the problems facing the nation.

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It was Tomas Bata's turn to speak. Bata saw the futility of the government's policy and industry's response to it. He believed that some radically new strategy was needed to break the vicious cycle of economic decline. He was a man who firmly believed in boldly facing the problem and solving it. He was also motivated by a deep sense of commitment to the thousands of people who depended on him for their livelihood and very survival. When Bata addressed the conference, he did not strike the familiar refrain demanding government action. Rather, he called on the business community to act courageously for its own preservation. He ended his speech with a dramatic announcement that startled the entire gathering. Bata refused to lay off a single worker. Instead, he was going to cut the prices of his shoes in half. Bata's announcement brought a hushed silence, no one was quite sure they had heard correctly. Then, there was derisive laughter. He was dismissed as a lunatic or a fool. How could a company cut its prices by 50% and survive? How could it ever repay its creditors by lowering prices?

Bata returned to his factory and explained his radical decision to his employees. It was the only possible way to save the company and preserve their jobs. All costs had to be reduced to the absolute minimum. Waste of all description had to be completely eradicated. Efficiency and productivity had to be raised to much greater levels than existed. He imposed across-the-board 40% wage cuts for all employees, despite the opposition of a powerful union, but he promised to supply all workers and their families with food, clothing, and other necessities at half the present price to ensure their maintenance. He divided his factory into profit centers and promised incentives for higher productivity. Having put his internal operations on a war footing, Bata launched a national poster advertising campaign depicting a huge fist crushing the Czech word which represented the high cost of living.

The public response was overwhelming. Shoe stores that had been empty for months were suddenly invaded by mobs of people seeking an affordable pair of shoes. Police had to be called in to restore order and regulate traffic. Orders poured into the warehouses until they were almost empty of stock. The workshops were geared up to full production capacity. Within a week, the sense of uncertainty and despair was replaced by one of urgency, excitement, and purpose. In the following months Bata not only maintained full employment but actually started to expand. He continuously introduced improved production techniques, administrative systems, and employee incentives to increase productivity. Over the next five years, employment in Bata's factories more than doubled, and production multiplied 15-fold. Between 1922 and 1932 the average retail price of Bata shoes fell by 82%, while wages in Bata factories rose by 200%. Bata succeeded in producing so efficiently that a former luxury became accessible to the masses for the first time. By 1928 Bata operated the largest tanneries, shoe-making factories, and shoe machinery industry in the world. Czechoslovakia led the world in footwear exports, and the Czech people were the best shod in Europe. What had begun as a crisis due to the bleak economic situation had gone on to propel the company, and the entire country forward.

In the middle of difficulty lies opportunity, said Albert Einstein. Time and again, this has been seen to be true. Out of the depths of the innumerable problems that challenged humanity in the past have surfaced great opportunities. Famine, war, depression and subjugation have all left one or more positive impacts on the world.

The Irish Potato Famine of the 1840s that resulted in the death of over a million people, became a major watershed in Irish economic, agricultural, demographic, political, religious and linguistic history of the country. It resulted, among other things, in a large scale reorganization of the agricultural sector. Farmers and laborers became politically better organized. Funding from those who had emigrated to America and elsewhere came to their support. Emigration forged enduring links between Ireland and the world.

“Throughout history, the solution of every problem has associated with it one or more leaders, people of vision who solved the problem or guided others through it.”

The devastating Second World War destroyed the European economy and left millions and millions dead, homeless, or badly affected. But, looking back, it is apparent that the war necessitated and developed many industries. After it ended, most nations rebounded quickly, and witnessed rapid economic growth and modernization. What had been the culmination of five centuries of incessant warfare in Europe led to the founding of the United Nations and the European Community, and the total elimination of warfare in Western Europe. The end of the war was quickly followed by the end of colonial empires around the world and the spread of democracy. Technology developed during the war found commercial use afterwards, raising living standards. Employment of women soared during the war and resulted in greater social freedom and economic opportunities after it ended. Widespread enlistment of African Americans in the armed forces helped bring racial discrimination to an end.

Such a phenomenon can be observed throughout history, in the Black Plague, the American Civil War, the Great Depression, Apartheid, Cold War, oil crises, climate change...

2. Great Leaders

Another phenomenon that can be seen during times of great crises is the appearance of great men and women at the right time and place. Throughout history, the solution of every problem has associated with it one or more leaders, people of vision who solved the problem or guided others through it. The American independence movement saw the rise of George Washington, Benjamin Franklin and Thomas Jefferson. Giants of men, Franklin Roosevelt, Winston Churchill and Joseph Stalin allied during World War II. Martin Luther King Jr. was there to lead the Civil Rights movement. The Indian freedom movement gave expression to the remarkable abilities of Mahatma Gandhi and Jawaharlal Nehru, the Apartheid to Nelson Mandela.

How can we explain the fact that great men have appeared only in the face of major disasters? Is it mere coincidence? Such a constellation of leaders at one point in time as at the time of its Founding Fathers has not been seen again in the USA since its independence. England has not had a leader of the stature of Churchill since World War II ended. India has not seen another Gandhi since the English left.

People of extraordinary talent and capacity live everywhere in all generations. But often the times and circumstances are not conducive for the expression of their potential. The native capacities are activated by crises. Great challenges bring out the greatness in people. They stir them awake. They release the energy of necessity, motivate and pressurize, break down resistances, change old attitudes, necessitate creative thinking, supply courage and strength. In other words, challenges can create leaders, just as they convert severely threatening circumstances into positive expansive elevating opportunities that extend benefits far beyond the elimination of the original threat.

3. Challenges Release Energy

What is it about challenges that open up opportunities, shape leaders out of men? No pressure, no diamonds, said the Scottish philosopher Thomas Carlyle. Carbon is not the only thing that undergoes a transformation under pressure and heat, people do too. The pressure of a challenge releases energy. It raises aspiration in people and awakens them to their inherent strength. People become motivated, resourceful, and capable of taking effort they would never have taken during normal times. When all is well, we don't set tough goals. When we set high challenging goals, we see opportunities that were not visible before.

When Hitler attacked England in WWII, he expected England to surrender within six weeks. But after three months, Germany gave up the attack, though they heavily outnumbered Britain in both aircraft and experienced pilots. At the start of the war, Germany had 4,000 aircrafts compared to Britain's front-line strength of 1,660. Germany trained 800 pilots per month, and Britain, 200. The material advantage was with Hitler, but he had not taken into account the enormous psychological determination of Britain and its leader. In one of his most famous addresses to the nation, Churchill rallied the English to make unheard of sacrifices and unrelenting effort to defend their freedom. He did not ask his countrymen, what do you all think we should do? He did not compare the numerical strength of his army or air force with Hitler's. He did not have in mind the troops the US would send – America had not yet even entered the war. He simply proclaimed that Britain shall not surrender, speaking out of the deepest conviction and courage of his heart. He appealed to the depths of character of the English people. During air raids, he would stand outside on the roof top, shaking his fists at the bombers. His courage, patriotism, sense of honor and self-sacrifice resonated with all the English people. They backed him totally. In one of his other war speeches, he said 'I have nothing to offer but blood, toil, tears and sweat'. What more can a leader offer, and every one of his countrymen was willing to follow him and offer the same. These statements of Churchill had all his emotions, sentiments and beliefs behind them, and struck a chord with all his people. Against all odds the under-equipped and under-manned British air force was victorious in the skies. Britain lost 1012 aircraft, and Germany, 1918. 537 British airmen were lost, Germany lost 5 times as many, 2662. In the face of such resistance, Hitler had no choice but to give up.

Something similar was seen in the battle of Agincourt, France during the hundred years' war between England and France, when, King Henry V led England to a near miraculous victory. The English troops had very little food, had marched 260 miles in two and a half weeks, were suffering from sickness, and faced much larger numbers of well-equipped French men. The French had over 12,000 men, and outnumbered the English 5 to 1. It is said

that some French leaders were so eager to defeat the English that they insisted on being in the front line. But in spite of the great odds, the French casualties were somewhere between 5000 and 10,000 men. Incredibly, the English lost less than 100. Henry V fought a superior French army, crippled France, and started a new period in the war. The courage and determination of the king and his army were immortalized by Shakespeare in his drama *Henry V*.

“It is the pressure of the situation that releases energy in people and makes them rise to the occasion.”

Students pulling off an all-nighter the day before the exam is an instance of crises releasing energy seen on a much smaller scale! Challenges also make us more resourceful, we’ve seen in books like *Robinson Crusoe* and movies like *Castaway* that necessity makes people come up with ideas that they would not have done during normal times. Gasoline shortage in Japan in 1946 made Soichiro Honda attach a small motor, powered by kerosene, to his bicycle. After dozens of his friends asked him to build similar motorbikes for them, he formed the Honda Motor Company. American Southwest airlines had a slow turnaround time for its aircraft. Under pressure of a severe shortage of funds, it adopted aggressive measures to improve the value of speed and punctuality. Now the airline has the fastest turn time in the industry and unmatched profitability.

It is the pressure of the situation that releases energy in people and makes them rise to the occasion. It is what made Bata turn his company around, and Churchill rally his countrymen. It is what made the employees of Bata Shoes work hard, and every soldier and civilian in England give everything in the Battle of Britain.

4. Challenges Change Attitudes

A bad attitude is said to be like a flat tire, you cannot get very far until you change it. A crisis does just that, it changes attitudes. Faced with a crisis, many people see a dead end with no way out. They do not realize that their sense of helplessness arises from their own attitudes, like that of the Czech industrialists who blamed the government and external forces and sought help, while Bata decided to act on his own. He changed his outlook, and infused optimism in everyone around him as well. Changing deep seated attitudes is never easy. But challenges generate pressure for a change of attitudes. Invariably, new opportunities appear as a consequence.

The story of Michael Blumenthal is a great study of an individual taking a challenge and turning it around to strengthen himself. Blumenthal was a Jew, born in Germany, where the family had resided for centuries. But in 1938, his father was arrested and the family’s shop burnt. Blumenthal, who was a 7 year old boy, was beaten up. His father escaped from a concentration camp and took the family to Shanghai, as it was a country that did not require entry visas. They hoped to go on from there to some place else. But World War II broke out in 1939, and the Blumenthals became trapped in China for eight years. Frequently, they did not have enough to eat and underwent great physical and mental hardship. Blumenthal worked

in a chemical factory for \$1 a week to help feed his family. His education was interrupted; the trauma took a toll on the family, his parents divorced. After the American troops entered Shanghai in 1945, 21-year old Blumenthal and his sister arrived in San Francisco with just \$60 with them.

*“Challenges can strengthen people, and change their attitudes.
They teach lessons that no classroom can impart.”*

Blumenthal enrolled at college and worked at a host of odd jobs-truck driver, night elevator operator, busboy, movie theater ticket-taker. He finished at the University of California at Berkeley. Then, on a scholarship, he earned two master’s degrees and a Ph.D. in economics at Princeton, and later taught there. Then he entered politics and public service. He moved from height to height. He masterminded the merger of Sperry Corporation into Burroughs to form UNISYS Corporation, the second largest computer manufacturer in the world at the time and the largest merger in the history of the computer industry until then. He went on to serve as US Secretary of the Treasury under President Jimmy Carter.

A man who fled persecution in Germany, spent nearly a decade of privation in China, and had no easy time on arriving in the US, Blumenthal says he owes his success to the hardships he faced in his early life. The principle that challenges are opportunities is well-known in martial arts. One can use the momentum of the attack and turn it against the attacker. Blumenthal used this Jujitsu principle. He applied the lessons learnt in Nazi Germany and wartime Shanghai to become stronger, more determined and more resourceful. Instead of allowing troubles to crush him, he let them teach him how to cope with adversity. The lessons equipped him for the future. In his autobiography, *From Exile to Washington* he wrote “The tough refugee years were precious lessons for the future; I lived them intensely, and they taught me much that was valuable and that I might never have learned in normal circumstances. Today I am grateful for that.”

Challenges can strengthen people, and change their attitudes. They teach lessons that no classroom can impart. The improved attitudes often improve situations, and bring solutions.

5. New Situations Break Old Resistances

Sometimes, the society, organization, or individual’s entrenched pattern of thought, attitude and action cause the problem. A crisis enables the revamping of this structure. The pressure of a crisis can be used to break down the resistances that are the source of the problem.

Resistance crumbling under pressure of a crisis was witnessed in the turnaround of America’s third largest automobile manufacturer, Chrysler. Founded in 1925, the company expanded into Europe, and acquired French, British and Spanish companies. In the 1970s, a number of factors including the 1973 oil crisis impacted Chrysler’s sales. This was aggravated by massive imports of high quality, fuel-efficient small cars from Japan. As a result, Chrysler came to the verge of bankruptcy, forcing its retreat from Europe. In 1979 the financial experts

were unanimous in their diagnosis that Chrysler was all but dead. Lee Iacocca, the man credited with turning around the company, was brought in as CEO. The situation was so desperate that Iacocca had to beg the US government for financial support in order to prevent the loss of tens of thousands of jobs. It was the largest instance of a financial bailout in American history. A study of the actions Iacocca took to save the company is a great course in itself.

When he took over, Iacocca discovered to his dismay that inside Chrysler plants there was just about every kind of problem one could imagine—theft, gambling, protection rackets, prostitution, and even a murder. There was no discipline. Executives used the president's office as a passageway from one office to another. Executives with coffee cups in their hands kept opening the door and walking right through the president's office. Factory workers did not bother to use the trash barrels for their garbage. Absenteeism, low morale, racial tensions, disputes between workers and managers, and wildcat strikes were common. Workers at one plant failed to punch in and out for lunch hour and then broke the clocks when management insisted. These recurring problems seriously affected the efficiency of operations and the quality of the cars.

Chrysler had 100,000 unsold cars valued at \$600 million that were poorly made and deteriorating outdoors; enormous overheads and declining sales that were generating millions in losses every day; a dissatisfied and alienated customer base. Chrysler ran out of cash—it came down to its last \$1 million at a time when daily expenses were \$50 million—and in 1980 and 1981 its total losses were \$2.2 billion.

Iacocca discovered that each of the company's 35 vice presidents was running a mini-empire. Each ruled his own turf. There was no communication or coordination between departments. There was absence of a strong central authority making it difficult to control people and impossible to harness their full capacities for productive work. Talented individuals were assigned to jobs that they had not been trained for. Potential talents were ignored or suppressed rather than being actively encouraged.

Iacocca called it a state of anarchy. He said he never would have accepted the job if he had known how bad things really were. He said it left him seeing double. Iacocca's first task was to eradicate the negative habits and install simple discipline. He had to peel away the encrusting layers of dead habits, vested interests, outmoded strategies, and inertia. He fired 33 of the company's 35 vice-presidents and allowed long-suppressed ideas, energies, and talents to rise to the surface. The pressure made Iacocca remove the entrenched negative habits that had generated the crisis in the first place. It also made the powerful union go along with him, otherwise the company would have to file for bankruptcy and everyone would be left without jobs.

Between 1978 and 1981, Chrysler lost \$3.3 billion – the largest loss ever by an American corporation until that time. Between 1982 and 1984, Chrysler earned a net profit of \$3.3 billion – more money than it had earned in the previous 59 years it was in business. The net gain in profitability was \$6.6 billion. The company repaid the government's financial guarantees seven years ahead of schedule.

Iacocca had earlier served as president at Ford, but he could not do there what he did at Chrysler. Because the obstacles were so large, the pressure was all the more, and great resistances could be removed. Nothing short of imminent collapse could have made such

sweeping changes possible, changes that swept away many outdated, entrenched patterns that were in the way of efficiency and profitability.

6. The Right Response

What differentiates those who tide over a crisis from those who succumb to it? Is there a process that explains how individuals, companies and countries are able to convert challenges into opportunities? Do we really explain anything when we say that Henry V was a great king, Churchill a great war-time Prime Minister, Bata and Iacocca entrepreneurs with acumen? Accomplishment is a human process. There ought to be some general principles we can derive from these extraordinary instances.

Game changers are always on the lookout for opportunity. And they recognize it when they see it. Thomas Alva Edison said that opportunity is missed by most people because it is dressed in overalls and looks like work. Sometimes, a slight change in outlook can make the difference. Lee Iacocca drove a Ford car while he was in college. Whenever his car stalled while driving uphill, instead of cursing the car or its maker, he used to say ‘They need me in Ford. Someone who makes this kind of car can do with some help’.

Just as the principle in martial arts, instead of resisting the attack, the momentum of the attack of the opponent is redirected and used against the very opponent, great men and women redirect their energy in the right direction. It was said of Washington that he never appeared to so much advantage as in the hour of distress. Adversity brought his best traits to the surface and ennobled him. When Lee Iacocca was fired from Ford, the anger and humiliation pushed him to take on the presidency of Chrysler. He said, ‘There are times in everyone’s life when something constructive is born out of adversity. There are times when things seem so bad that you’ve got to grab your fate by the shoulders and shake it. I was full of anger and I had a simple choice: I could turn that anger against myself, with disastrous results. Or I could take some of that energy and try to do something productive. In times of great stress and adversity, it is always best to keep busy, to plow your anger and your energy into something positive.’

Letting go of the past, anticipating change and adapting oneself to change are essential components of the right response. Those passenger shipping lines that did not see the aviation industry taking off fell further and further behind, whereas those that saw it and moved to cargo or cruise industries, or to an entirely different business survived.

Great leaders learn from mistakes, their own as well as others’. Edison immortalized the idea when he said, ‘I have not failed, I have just found 10,000 ways that won’t work’. They think creatively and adapt. Life giving lemons is used to indicate life giving problems, lemons in this case signify sourness and bitterness. Julius Rosenwald is credited to have said, when life gives you lemons, make lemonade. That is, the problem can be converted into something good. There is a yet another modern twist to this, when life gives you lemons use the seeds to plant an orchard, make lemonade and start a franchise.

7. From Famine to Plenty

Challenges have done what nothing else could have made possible. A concluding story of

India's Green Revolution that transformed India from a starving nation to a net food exporter shows the capacity of crises to bring about incredible change.

The population explosion of the 1950s brought about by introduction of vaccinations and life saving drugs resulted in perennial food shortages in India that had to be met by massive imports of food at concessional prices from the USA. The problem was aggravated in the mid-1960s, when India faced two successive years of severe drought, and acute food shortage. The country led what was described as a 'ship to mouth' existence. At one point, India reached a stage where she had stocks for only two weeks, and nothing else in the pipeline. Prime Minister Shastri called upon all Indians to miss one meal each week. The FAO estimated that severe famine could take up to 10 million lives in the country.

C Subramaniam (CS), the Food and Agriculture minister proposed importing hybrid seeds that had been developed and experimented in Mexico with success by Dr. Norman Borlaug. He insisted that the government set up a separate corporation that would purchase the extra food produced in food surplus regions at a price that guaranteed the farmers would earn a profit and then sell the surplus in food deficit areas. That way, farmers would always have an incentive for producing more. Seed farms, warehouses and fertilizer plants were set up to support the effort. Then he announced in the parliament that his program would make India self-sufficient within five years. Members of parliament laughed at his absurd boast, but CS was determined.

CS faced formidable opposition from within the Cabinet, from agricultural scientists, the opposition parties, his own party members and the general public. Scientists and economists opposed the proposed strategy. The opponents organized as many as thousand protest demonstrations around the country. But CS worked diligently to persuade various constituencies to his view. He converted five acres of lawn into a demonstration farm at his home in New Delhi. That experiment proved highly successful, leading his Cabinet colleagues to withdraw their opposition and support him. The farmers said it would not work in India, the people wouldn't eat it because the wheat was the wrong color and shape. CS dismissed all these objections. The government brought the seeds by air as they could not wait for the ships.

In the meantime, since food was urgently required, CS went to Washington for assistance. US President Lyndon Johnson agreed to export food, but CS explained that India couldn't wait till the ships reached the ports, it was such an emergency. So he asked the president to redirect the food in ships that were already in the high seas.

Planning for the long term, CS revamped agricultural education in the country, shifted the focus to high priority areas, set up a fertilizer corporation. Meanwhile, the imported seeds were a success, famine was staved off. The Green Revolution had been launched. Food grain production went up by 50% in 5 years. India had a token surplus and began to export. In 10 years, food production doubled. The success was emulated by other Asian and African countries.

As a by-product of the Green Revolution, many other lateral industries flourished. Crop areas under high-yield varieties needed more water, more fertilizer and more pesticides. This spurred the growth of the local manufacturing sector. Industrial growth created new jobs and contributed to the country's GDP. The increase in irrigation created need for new

dams to harness monsoon water. The water stored was used to create hydro-electric power. This in turn boosted industrial growth, created jobs and improved the quality of life of people in villages. India paid back all loans it had taken from the World Bank for the purpose of the Green Revolution. This improved India's creditworthiness. Some developed countries like Canada, which were facing a shortage in agricultural labor, were so impressed by the results of India's Green Revolution that they asked the Indian government to supply them with farmers experienced in the methods of the Green Revolution. Many farmers from the northern states in India were thus sent to these countries. Not only were their lives transformed, but this had an impact on their hometowns as well. Everything had a positive ripple effect.

"The willingness to learn, adapt and grow determines the result."

8. Conclusion

All of the above read very well as inspiring stories from the past, like the many motivational quotes and proverbs about seeing the silver lining. But they are not just meant to be idealistic anecdotes with happy endings. They are in truth lessons for the present and the future. We can compare the enormity of the challenges we face today, with the ones we have overcome in the past, and look for parallels, guidelines, even warnings. Eradicating poverty around the world seems as huge as overcoming the economic crisis after World War I, but Bata tells us it can be done, and how to do it. If one nation could use an impending famine as a stepping stone to food surplus, together we can achieve food security for all humanity. If Iacocca could revive a company on the verge of bankruptcy, inclusive economic growth must be possible. We see the energy crisis leading to the exploration of renewable energy sources, much as the hardships equipped Blumenthal to rise high. Global warming analysts predict exactly when and how high the sea level will rise. But if Churchill could prove all war experts wrong and make the Battle of Britain end in another way, it should be possible for us to alter the direction regarding global climate change. When implementing the United Nations' Sustainable Development Goals, success in overcoming earlier challenges are practical examples that can inspire us to greater achievements. It is much difficult to see anything positive coming out of spreading epidemics, religious fundamentalism that seems to getting out of hand with each passing day, or the threat of nuclear war, but one quick glance backward is enough to tell us that these challenges can be converted into opportunities. It is our response that is the determinant. Can we give the right response?

What is the difference between challenges and opportunities? As Shakespeare wrote, 'There is nothing either good or bad but thinking makes it so'. Challenges and opportunities are not irreconcilable opposites or contradictions. By challenges, we typically refer to situations that threaten to deprive us of current achievements – situations which seem to demand more energy, knowledge and capacity than we presently possess and are therefore daunting, perplexing or frightening. We view situations as opportunities that have the potential to raise our level of accomplishment to a higher level – we find that opportunities also demand more energy, knowledge and capacity than we presently possess, compelling us to raise our level of performance beyond present levels or what we even believed possible. In practice, the distinction is less clear. Both require similar responses including:

- enormous investment of energy
- changes in our knowledge, attitudes
- restructuring of organization
- acquiring new knowledge, learning new skills
- risking what we presently have

Our response to the challenge determines whether the challenge defeats us or is converted into an opportunity. The right response to the challenge releases energy and redirects it towards finding a solution. The willingness to learn, adapt and grow determines the result. Contradictions can be complements. What the mind views as irreconcilable and mutually exclusive opposites can turn out to be aspects of a greater whole. Is it possible that all challenges have concealed opportunities behind them? Can we do as the oysters do, convert an irritant into a pearl?

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Urgent: A New Era, New Solutions*

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“There is no challenge beyond the reach of the creative capacity of humanity”

— John Fitzgerald Kennedy, 1963

Abstract

We have to invent our future. Never before have so many things changed so quickly. In the digital era, human beings are no longer invisible, silent and obedient. As the Earth Charter says in its beginning: “We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace”. Equality of gender shall finally allow us to reach the balance that should be the cornerstone of a new era. UNESCO Constitution sets forth in its preamble that humanity should be guided by “democratic principles”: justice, liberty, equality and “intellectual and moral” solidarity. A “Universal Declaration of Democracy” is presented. A genuine democracy that will increase food and environmental security, economic equality, immigrant rights, access to education for everyone... and participation, thanks to modern communication technology. Actions to be urgently adopted: at the international scale, especially through the refoundation of a UN System; at the regional (European Union); and at the local and personal ones. We have reached a historical turning point that will allow all human beings, and not only a few of them, to live a life that is worth living, being “free and responsible”, which is the aim of education.

“We have to invent our future. Inertia is the biggest enemy because it leads us to deal with new problems using old solutions.”

We have to invent our future. Inertia is the biggest enemy because it leads us to deal with new problems using old solutions. Never before have so many things changed so quickly. If an appropriate evolution is made possible, revolution may be prevented. According to Amin Maalouf “unprecedented situations require unprecedented solutions”. For centuries, absolute male power has been based on power of physical strength. The time has come to resolutely put forward the power of reason. In the digital era, human beings are no longer invisible, silent and obedient. They have stopped acting as mere subjects and have become citizens. Radical changes are transforming the spatial, temporal and basic features of our behaviour.

Those who believe we are facing a short term crisis and that the previous “order” has to be restored are missing the point. We have reached a historical turning point that will allow *all*

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human beings, not only a few of them, to live a life that is worth living. We must now focus on “being” rather than “having”. We have to yearn for “better” and not for “more”, and the “asymmetric wealth” must be replaced by a freely chosen moderation shared by all.

“We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace.”

The dream of prosperity only for a few has prevailed over the dream of liberation of many. The spheres for personal autonomy are becoming increasingly small in terms of economy and behaviour and even in terms of thought, due to massive information and media pressure. We need to recover enough time to think, imagine and “think what has never been thought.”

1. Unavoidable Moments for Decision-making

This is how the Earth Charter begins: “We stand at a critical moment in Earth’s history, a time when humanity must choose its future. As the world becomes increasingly interdependent and fragile, the future at once holds great peril and great promise. To move forward we must recognize that in the midst of a magnificent diversity of cultures and life forms we are one human family and one Earth community with a common destiny. We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace”. We must take action at once, with no further delay, especially when irreversible processes are at stake. We have been living, especially in the last decades, in the midst of an extraordinary conceptual confusion, ecological degradation, extreme poverty, unjustified inequalities, nuclear threat, lack of an efficient multilateral approach, a complete disaster resulting from a money- and short term-oriented system.

In his introduction to a recent issue of “Futuribles” entitled “From one Era to Another”, Hugues de Jouvenel emphasizes how wise the Club of Rome was, under the leadership of its watchman Aurelio Peccei, when in 1972 it already stressed the “limits of growth” and the urgent need and the duty we all have due to our inter generational responsibilities, to replace as much as possible the natural resources that are being consumed, and to avoid environmental degradation.

Today we have to take into account in our everyday behaviour the Earth as a whole. Production delocalization and the subsequent pollution do not contribute to solve anything on a planetary scale. We must see ourselves as citizens of the world and behave as such, taking actions that allow us to meet basic needs without destroying the ecosystem. “We are on the brink of a political, economic and financial crisis” according to the economist Thomas Piketty. And we should add that it is also an environmental, conceptual and ethical crisis.

We have finally become aware. We know and we can at last express ourselves freely. Equality of gender shall finally allow us to reach the balance that should be the cornerstone of a new era, an era in which we will no longer avoid challenges, but rather face them and be ready to accept the unacceptable.

2. What is Ethically Unacceptable?

Here there are some of my *ritornellos*: i) It is intolerable to invest 3 billion dollars per day in military expenses and in the weapon industry while almost 40,000 people are dying every day from hunger and abandonment, most of them being boys and girls ranging from one to five years old; ii) according to a recent report from OXFAM, 85 people own more than half the population of the world (3,300 million people!); iii) The “welfare society” represents only around 20% of the overall population of the planet and, therefore, the vast majority of the human beings are excluded from the wealthier district of the “global village”; iv) The contribution of the richest countries to development aid has decreased rather than increased: with a few exceptions, most of the richest nations have not observed the United Nations 1974 Recommendation to commit 0.7% of their GNP to aid development of the poorest countries (Spain’s contribution to development aid is at present amongst the lowest, with 0.46% in the year 2010 and only 0.16% right now); v) By using an inclusion strategy and establishing an adequate legal regulation for specific activities, the exploitation, especially by big multinational corporations, could very quickly cease to be one of the greatest offences inflicted today to humankind: instead of using high fences and razor wires to avoid immigration triggered by hunger and despair, a new policy should be implemented to prevent current abuses induced by impunity at the supranational scale; vi) Climate change and Arctic melting are two major geopolitical and geo-economic challenges, and it’s up to us to prevent any decline in the quality of the Earth’s habitability, now that we have entered the Anthropocene.

3. Absence of Appropriate Multilateral Organizations

In 1989, when all were calling for peace, when President Nelson Mandela had achieved reconciliation in South Africa and had eradicated the abominable racial *apartheid*, and when the huge empire of the Soviet Union became a Commonwealth of Independent States, thanks to the magic of Mikhail Gorbachev that brought the cold war to an end without a single drop of blood; when the peace process in Mozambique and El Salvador was successfully completed and was resumed in Guatemala, unexpectedly pro globalization neoliberalism stepped in and the Western world remained impassive while the great “democratic principles” established by the UNESCO Constitution were replaced by the market laws, and United Nations was upstaged by the plutocratic groups composed of 6, 7, 8... 20 countries.... and the World Trade Organization was founded outside the framework of United Nations. And the Convention for the Rights of the Child was not endorsed by the Republican administration of the United States in 1989 and Iraq was invaded, arguing the presence of alleged mass destruction weapons... and the Israeli-Palestinian conflict remained unresolved... and besides the *inter*-religious conflicts there were also *intra*-religious conflicts (Shiite, Sunni, Salafi, Jihad...) and a strong resurgence of xenophobia can now be observed, even in the once “model” countries of Northern Europe through nationalism being back again.

In the United States, President Obama has exercised his executive powers to achieve the following: important social progress such as the approval of “*Medicare*”; the integration of many millions of immigrants who were not yet “regularized”; cutting plans for the Pentagon military budget; economic growth through major incentives to encourage employment and

large public works... In the meanwhile the European Union, built through a hasty monetary union with no previous political and economic union, is gradually laying aside its role as champion of democracy and civil liberties, and is strictly complying with the dictates of financial patterns not only through large economic cutbacks but also by setting aside some of the main social conquests that had been achieved. Creativity and invention have moved east and in September 2014 China has been allowed to take the lead over the European Union in Research, Development and Innovation (R&D&I) efforts.

China, a communist country, has now become a great capitalist power. And what about India? How can we still be dealing with current issues based on “traditional great powers” and not take into account what the reality is in today’s world? As a scientist I know that a radical transformation of reality is only possible if we have a deep knowledge about it.

4. The Solution: Genuine Democracy

As mentioned above, UNESCO Constitution sets forth in its preamble that humanity should be guided by “democratic principles”: justice, liberty, equality and “intellectual and moral” solidarity.

A *democracy* that will increase food and environmental security, economic equality, immigrant rights, access to education for everyone... and participation, thanks to modern communication technology.

Democracy consists in placing the reins of destiny in the hands of “We, the peoples...”. To make this possible citizenship involvement must be permanently ensured. Today, we *are counted* during elections, but later *we don't count any more*, we are not taken into account, programs are not kept and parties elected by absolute majority prevail over the legislative and even the judicial power.

The “top boss” of the participacy designates whoever he wants without having heard the members of his own party. The main mission is to ensure re-election through all available means. We are currently undergoing a period of great stress within institutions (the IMF, for instance) and “markets” are relentlessly pursuing those who (in Spain and Greece) are the political expression of social movements.

To enable everyone to fully exercise their human rights, a democratic context is an unavoidable requirement.

- i. ***At the international scale***, especially through the refoundation of a UN System that will represent “the peoples”, by ensuring that the veto is replaced by a weighted voting system; that 50% of the General Assembly is composed by members of the civil society; and that both a Socio-economic and an Environmental Council are added to the current Security Council.
- ii. ***At the regional scale***, in the European Union the current monetary union must be urgently reinforced with an appropriate political and economic union, implementing the excellent EU Charter of Fundamental Rights approved by the European Parliament in 2000; in the United States, as a result of the worldwide outcry against the outrages of the Republican Party, a reorganization of political life is required so that they may regain the

worldwide leadership, it is still up to them to exercise, but with new patterns approved by everyone that will eradicate the typical anti-democratic shift of the Republican Party; in Latin America, the CELAC (Community of Latin American and Caribbean States) must be reinforced, to enable the emancipation from the long and painful dependence they have been subject to, and to ensure they have the faculty to put forward new governance formulas; in Africa the current positive trends of the Pan-African Union should be encouraged; and the same holds for the Arab League which is still far away from being settled; associations in the huge Asian continent demand, more than anywhere else, the presence of a moral and efficient authority at a planetary level.

- iii. **At the domestic scale**, we must ensure that the standards of a genuine democratic system are being complied with, and to that end it would be relevant and appropriate to adhere to the *Universal Declaration on Democracy*, drafted a few years ago and already signed by many distinguished personalities, and which is undergoing some improvement prior to submission to the United Nations.
- iv. **At the local scale**, it is worth while stressing the increasingly important role of cities.
- v. **At the personal scale**, act in such a way so that our everyday behaviour is based on principles that express our basic belief in the equal dignity of all human beings.

The right to decision-making, the right to know. That is why, along with the *Universal Declaration of Human Rights* of 1945, it is of the utmost importance that ruling authorities have a thorough knowledge of the Declaration of the World Conference on Human Rights held in Vienna in 1993, which clearly underlines the rights of indigenous communities, minorities, disabled persons, women, the most vulnerable sectors of population to education and the right to self-determination, which according to Chapter five is admissible only under specific circumstances such as the end of a military or colonial domination.

5. Multiple Transitions

i) From an economy based on speculation, production delocalization and war to an economy based on sustainable global and human development, where tax evasion and tax havens will have been completely eliminated; ii) from a culture based on domination, imposition and violence to a culture of encounter, dialogue, conciliation, alliance and peace. From force to word: this is the great historical turning point that will consolidate the new era. A culture based on effort, imagination, dignity for everyone.

Broadly speaking, the main challenges are the following: population growth, induced by a decrease in mortality rather than a higher birth rate; food and drinking water; health care, assuming specific pharmaceutical and health costs of chronic diseases arising from increased longevity; complete equality for women who are the cornerstone of the future we are dreaming of; environment (waste, recycling and recapturing of carbon dioxide), with special emphasis placed on renewable energies; quality of life: housing, allowances, new types of work, employment and occupation, with a possible reduction of working hours and “flexitime”; drug trafficking, which should be regulated in order to put an end at once and for all to the heinous criminality of mafias.

To achieve all the above, it is of the utmost importance to promote R&D&I in every country so that all priorities that are unquestionably needed for a good governance are laid down: i) food for everyone (agriculture, aquaculture, biotechnology); ii) drinking water accessible to everyone (efficient management of consumption, harvesting, desalination); iii) health services for everyone; iv) environment (recapturing and reducing carbon dioxide emission; electric vehicles; cable railway); v) education for everyone; vi) peaceful settlement of conflicts.

“To contribute to the upbringing of “free and responsible” human beings—which is the aim of education—instead of specialists and technicians with specific skills and abilities, education should also focus in philosophy and artistic activities that promote creativity.”

Radical changes that the digital era has produced on “how” and “where” the education in general and the higher education in particular are provided should not have any impact and especially should not reduce the basic importance of “what”, “why” and “what for”. To contribute to the upbringing of “free and responsible” human beings—which is the aim of education—instead of specialists and technicians with specific skills and abilities, education should also focus in philosophy and artistic activities that promote creativity.

In the case of Spain, a “country plan” could in a few years transform our country into “Europe’s California”. The additional possibility of an “Iberian agreement” covering the whole peninsula plus four archipelagos, would not only allow the promotion of tourism and second homes but also a top quality health care with internationally prestigious research centres. Based on its history and geographical location, Spain is no doubt bound to become a great “meeting” point between African, Latin American and Arab countries.

6. It has now become possible

It has now become possible, thanks to the power of the citizenship that will soon prevail over the current “great dominion” (from the military, financial, media, energy and digital powers). In this respect, it is worthwhile stressing the mobilising, catalytic role of the scientific, academic, artistic and intellectual community, in short, of the creative community. To promote this role, a great World Forum will be held, with the contribution of universities, scientific councils, arts associations, mass media, companies... The time has come for action. Pope Francis, a great mentor of our times, has recently said: “What should be done against the scandal of poverty? Less words, more action.” More action. Citizenship participation, which has become possible for the first time, will change the world, allowing us to find new paradigms and to make them come true. The World Academy of Art & Science (WAAS) is conducting a commendable job in this regard.

“Be the change you wish to see” was the big challenge put forth by Mahatma Gandhi. Now there will be thousands of millions who will gradually assume a global awareness, a

global citizenship who will freely express their opinions, in particular young people who, according to José Luis Sampedro, must “change the course and the vessel”.

In the above mentioned World Forum, the foundations of the “new beginning” must be drawn up, before it is too late. There are many excellent analyses, but remedies must be timely implemented.

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Book Review — What Could Change Everything?

Review by Michael Marien

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This Changes Everything: Capitalism vs. The Climate.

Naomi Klein (Toronto). New York: Simon & Schuster, Nov 2014, 566p, \$30.

This very readable and fact-laden book is something else! The reviewer in The New York Times Book Review (9 Nov 2014) calls it “a book of such ambition and consequence that it is almost unreviewable,” concluding that it is “the most momentous and contentious environmental book since **Silent Spring**.” It is included in the Book Review’s roundup of “100 Notable Books of 2014” (half of which are fiction and poetry, with only seven books devoted to current affairs), along with Henry Kissinger’s **World Order**, which doesn’t mention climate change at all. In contrast, the economist reviewer in Canada’s Financial Post awards it his “Worst Book of the Year” prize, considered as a “masterpiece of fiction.” In other words, like the 1972 **Limits to Growth**, it is controversial.

Klein’s basic argument inverts the theme of her previous book, **The Shock Doctrine**, a strikingly original thesis that corporate interests have systematically exploited various forms of crisis over the past four decades so as to “ram through policies that enrich a small elite.” But now, she writes, we are increasingly faced with the crisis of climate change, a “people’s shock” which “could become a galvanizing force for humanity,” pulling huge numbers of people out of poverty and providing services now sorely lacking—a vision of the future in which we collectively use the crisis to leap somewhere that seems better than where we are.

“Climate change has never received the crisis treatment from our leaders, despite the fact that it carries the risk of destroying lives on a vastly greater scale than collapsed banks or collapsed buildings.” (p.6) It is a crisis worthy of Marshall Plan levels of response. “*The thing about a crisis this big, this all-encompassing, is that it changes everything. It changes what we can do, what we can hope for, what we can demand from ourselves and our leaders. It means there is a whole lot of stuff that we have been told is inevitable that simply cannot stand. And it means that a whole lot of stuff we have been told is impossible has to start happening right away.*” (p.28)

1. Bad Ideas and Good Directions

Chapters in the first two parts of Klein’s book go into considerable detail about “how free market fundamentalism helped overheat the planet.” Topics include the climate change denial movement (notably the Heartland Institute in Chicago; also the Heritage Foundation, Cato Institute, Competitive Enterprise Institute, Committee for a Constructive Tomorrow, etc.), the “warped values” fueling both disaster denialism and disaster capitalism, how trade deals trump climate concerns, cheap labor and dirty energy as “a package deal,”

economic austerity impediments to much-needed rebuilding and reinventing of the public sphere, neglected finance options to prepare for the coming storms (closing tax havens, a financial transactions tax, a 1% billionaires tax, slashing military budgets, a carbon tax, phasing out fossil fuel subsidies), the neglected potential for green job creation, the virtue of decentralized control over energy, agroecology as a key tool for emission reduction, protesting the Keystone XL pipeline, overreliance on dirty extraction, use of scarce water by the extraction industries, political timidity of the mainstream environmental movement, the disastrous merger of big business and the mainstream “Big Green” (critical comments on the Nature Conservancy, Environmental Defense Fund, and others “who claim climate change requires only minor tweaks to business-as-usual”), the “scam magnet” attraction of carbon offset projects to “carbon cowboys,” why “green billionaires” such as Richard Branson won’t save us (they make “splashy entrances, with more schemes to rebrand capitalism”), the promise of geoengineering as “our culture’s most powerful form of magical thinking,” and geoengineering as shock doctrine (in the desperation of a true crisis, all kinds of sensible opposition melts away and all manner of high-risk behaviors seem acceptable; “geoengineering will certainly monsterize the planet”).

2. The Promise of “Blockadia”

“Blockadia,” first coined by the direct-action Tar Sands Blockade in 2012, which challenged Keystone construction in East Texas, “is not a specific location on a map but rather a roving transnational conflict zone that is cropping up with increasing frequency and intensity.” (p.294) Resistance to high-risk extreme extraction by mining and fossil fuel companies is building a global grassroots network to stop “real climate crimes in progress.” In contrast to Obama’s “All of the Above” energy policy, Blockadia is responding with a tough philosophy that might be described as “None of the Below”—rather than digging up poisons from the deep, we should power our lives from the abundant energies on our planet’s surface.

Additional topics include “the power of this ferocious love” that is underestimated by the resource companies, the extreme rootlessness of the culture of fossil fuel extraction (contrasted to ties to the land, especially strong in Indigenous communities), the wave of global victories against coal, pressure for a more sustainable development path in China, the divestment movement for public interest institutions to sell financial holdings in fossil companies, collusion between corporations and the Canadian government, how the exercise of Indigenous peoples’ rights has played a central role in the current wave of fossil fuel resistance (it may now be the most powerful barrier to protect us from a future of climate chaos), and positive and concrete alternatives to dirty development as the most powerful lever for change.

“Only mass social movements can save us now,” along the lines of the abolition movement and the civil rights movement--some countervailing power to block the road while clearing some alternative pathways to safer destinations. “If that happens, well, it changes everything.” (p.450)

3. A Spirited Conclusion

“Mass resistance movements have grabbed the wheel before and could very well do so again.” But we must reckon with the fact that lowering global emissions in line with climate

scientists' urgent warnings demands changes of a daunting speed and scale. "Meeting science-based targets will mean forcing some of the most profitable companies on the planet to forfeit trillions of dollars of future earnings by leaving the vast majority of proven fossil fuel reserves in the ground. It will also require coming up with trillions more to pay for zero-carbon, disaster-ready social transformation." (p.452) Economic demands for basic public services that work and for decent housing are nothing less than the unfinished business

"If change is to take place it will only be because leadership bubbled up from below."

of the most powerful liberation movement of the past two centuries. The massive global investments required to respond to the climate threat—"a Marshall Plan for the Earth"—offer a chance to get it right this time. "Climate change can be the force—the grand push—that will bring together all of these still living movements. A rushing river fed by countless streams, gathering collective force to finally reach the sea."

Some final Klein comments to chew on:

- *"Winning will certainly take the convergence of diverse constituencies on a scale previously unknown."* (p.459)
- *"Any attempt to rise to the climate challenge will be fruitless unless it is understood as part of a much broader battle of worldviews, a process of rebuilding and reinventing the very idea of the collective, the communal, the commons, the civil, and the civic after so many decades of attack and neglect. Because what is overwhelming about the climate challenge is that it requires breaking so many rules at once—rules written into national laws and trade agreements."* (p.460)
- *"A great deal of the work of deep social change involves having debates during which new stories can be told to replace the ones that have failed us."* (p.461)
- *"Fundamentally, the task is to articulate not just an alternative set of policy proposals but an alternative worldview to rival the one at the heart of the ecological crisis...an unshakable belief in the equal rights of all people and a capacity for deep compassion will be the only things standing between civilization and barbarism."* (p.462)
- *"The climate movement has yet to find its full moral voice on the world stage, but it is most certainly clearing its throat...most of all, [the] clarion voices are coming from the front lines of Blockadia, from those lives most directly impacted by both high-risk fossil fuel extraction and early climate destabilization."* (p.464)
- *"It is slowly dawning on a great many of us that no one is going to step in and fix this crisis; that if change is to take place it will only be because leadership bubbled up from below."* (p.465)

Comment: A Question of Framing

Blockadia's activist leadership "from below" may well be necessary, but is it sufficient? Klein cites hundreds of individuals and organizations, not only activists on the front lines but UN agencies, the World Bank, and many scientists from respected organizations. Yet, despite 59 impressive pages of footnotes in small print, and six pages of acknowledging help from

hundreds of individuals (including two full-time researchers assisting this writing), Klein underestimates the extent of international sustainability-related organizations by a factor of three or perhaps even four or more! To take just one specific example, she suggests a “Marshall Plan for the Earth” in several parts of the book, seemingly unaware of the Global Marshall Plan Initiative in Germany, founded by Franz Josef Radermacher and others from the Club of Rome and other groups in 2003. Perhaps this is a very small rivulet with little or no input into the “rushing river” gathering collective force, as Klein envisions, but many other streams are seemingly having influence to the “gathering collective force.”

An ongoing survey of more than 900 security and sustainability organizations,* of which roughly three-quarters are concerned with sustainability and/or climate change, points to a great number of “top down” organizations and projects, as well as “bottom up” activist groups. Klein complains that “a robust movement responding to the climate crisis is not emerging fast enough.” (p.61) But perhaps there is a far greater movement than Klein—or anyone else—imagines, although it still has far to go. One reason that Klein underestimates the movement is that her argument is framed in terms of bottom-up climate groups vs. capitalism, enabled by dismissing “the failures of top-down environmentalism.” (p.295) The top-down sector may have had relatively little impact in the past, but it is rapidly expanding around the concept of sustainability and sustainable development, which embraces climate concerns and more, and may well be approaching critical mass, especially as it increasingly overlaps with security thinking.

While Klein is underestimating the macro-system promoting sustainability, she overestimates the leviathan of free market capitalism, while ignoring several other barriers to sustainable progress—again a problem of framing. Capitalism comes in many forms, and Klein is correct in questioning the simplistic free market ideology in North America that favors business interests, reduces government regulation, and starves public spending (although the state capitalism in China is perhaps equally ruinous for the environment). But her major complaint is against fossil fuel and mining industries, best seen as icons of industrial era capitalism.

Many other corporations and businesses are open to sustainability and responsibility arguments, and are prodded by groups such as Business for Social Responsibility (promoting a “just and sustainable world”), Corporate EcoForum, the Green Biz Group, the Dow Jones Sustainability Indices ranking 2500 large companies and industry leaders, the Sustainable Accounting Standards Board (developing sustainability standards for more than 80 industries in ten sectors), Sustainable Brands, Tomorrow’s Company in London, the World Business Council for Sustainable Development in Geneva (with its **Vision 2050** scenario and **Action 2020** platform), and the widely-known World Economic Forum in Davos (concerned with food and water security, environmental issues, and much more). Most notable is the UN Global Compact involving 12,000 corporate participants and other stakeholders from over 145 countries in following 10 principles in the areas of human rights, labor standards, and the environment—a “practical framework for sustainable policies”. The Global Compact Cities Programme in Melbourne is the urban counterpart promoting the same principles. Also see the C40 Climate Leadership Group for megacities, the Climate Alliance of European

* Michael Marien, along with newly-elected WAAS Fellow David Harries, is preparing an online guide to more than 900 Security and Sustainability organizations—a project of the World Academy of Art and Science. A 94-page Second Interim Draft of the “S&S Guide” is available on request from mmarien@twcny.rr.com. An expansion of this Interim Draft will be sent to WAAS Fellows sometime in 2015.

Cities, ICLEI: Local Governments for Sustainability, Sustainable Cities International, and other urban groups.

The business view of sustainability may not be all that Klein and others might hope for, and some business actions may be trivial “greenwashing.” But this activity to shape responsible 21st century capitalism should not be dismissed without some reasonable evidence. Arguably, as climate change worsens, it is a better strategy to split the capitalist sector, gaining support from a growing number of worried businesses while isolating the fossil fuel and mining polluters and forcing them to clean up their toxic activities and to diminish them (leaving much oil and gas in the ground, as recommended by the International Energy Agency).

Meanwhile, there are several other barriers to the sustainability transition, in addition to powerful and reactionary extractive industries. To quickly suggest a few: 1) short-term security concerns about terrorism and cyber-security that demand immediate attention; 2) the inexorable march of new technologies for better *and* worse, threatening loss of jobs through robotics and new bioweapons to add to still worrisome nuclear stockpiles; 3) contamination of air, water, land, and human bodies by a myriad of untested chemicals; 4) information overload that keeps the entertainment-drenched public from appreciating long-term existential threats of human-caused climate change; 5) lack of any institution for seriously debating the many serious issues of our time with evidence-based arguments; 6) fundamentalist religious beliefs that promote violence and violation of human rights, deny charity to the suffering, and/or (among Christian Evangelicals) see extreme weather events as welcome signs of biblical end times.

Fuller consideration of these barriers, an appreciation of the role of non-extractive corporations in promoting sustainability, and a better mapping of the vast but increasingly overlapping worlds of security and sustainability organizations would certainly hasten the global transition. Three big “top down” events in late 2015 will probably help: the unprecedented encyclical on climate change from Pope Francis, the 17 Sustainable Development Goals for all nations (to be issued by the UN in September as a post-2015 follow-on to the largely successful Millennium Development Goals), and the December “COP 21” conference in Paris (which seeks a new global agreement on mitigating climate change). Together, with luck, this may begin to change everything!

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Postscript

Also see “A People’s Shock” by Naomi Klein (*The Nation* Cover Feature, 6 October 2014, pp.12-21), adapted from her book (Klein is a columnist for *The Nation*, America’s leading progressive magazine). The spin-off is introduced by a sort of sub-title, asserting that “Climate change has created a historic opening for progressives. Rather than the ultimate expression of the shock doctrine, it can be a People’s Shock—a blow from below.” Klein goes on to discuss how to change the reigning and ruinous worldview, reiterating that “a great deal of the work of deep social change involves having debates” (p.461) to replace the old stories that have failed us. Interestingly, she does not mention “Blockadia” at all!

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