

CHANGE THE WORLD BY CHANGING “ECONOMICS”

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I. INTRODUCTION

We live in one of the most dynamic and important periods of change humanity might have ever seen. A time of fundamental change comparable with the change from a hunter and gatherer society to an agricultural society, the change from a feudal society to a democratic society or the change from an agricultural society to an industrial and technology-driven society. What is different in these periods of change are the speed and the geographical scope.

But we also live in a time of multiple crises and negative developments and trends. Unemployment, inequality, the financial crisis, biodiversity depletion, and degradation of ecosystems, climate change – you name it, we have it. There is a growing feeling amongst civil society representatives, foundations and citizens from all walks of life that we are winning skirmishes and battles, but losing the war in our strife for a sustainable, equitable and just world – despite the multitude of positive initiatives and the billions spent on good causes. Or at least, light at the end of the tunnel doesn't seem to be appearing yet.

The reasons for this feeling are manifold but lie certainly in our current inability to address the roots of the problem. Even thinking about fundamental approaches is not encouraged. The debate constantly revolves around “what goes wrong” and “where we should be” and ignores the crucial question: “How are we going to get there?”

It is becoming more and more evident that the various challenges humanity faces are in fact aspects of a systemic crisis, which to a large degree is related to our current economic theory and practice and our underlying values and belief system. If we want to change the world for the better we will have to find ways of addressing the real causes of this systemic crisis and we will probably have to be content that there is no “magic button”, no “silver bullet”, but plenty of “silver buckshot”.

What stops us from trying? For one it is evidently the magnitude of the task, as underlying root causes seem too fundamental, big, nebulous and fuzzy to tackle. But if the apparent complexity is our challenge, then why not try to find a way through this complexity, which allows us to identify clear and pragmatic lines of action, like trying to change the global economic system, which stands out as the key driver behind the global challenges we face?

A second key reason is directly linked to ourselves: Civil society, which should drive the process, has become sectoral and institutionalized to a certain degree. Instead of pursuing a vision for the world, it is increasingly absorbed in its own vision. And, let's face it, we all are somehow caught in the system we want to change and opting out is not an easy undertaking. Being a hamster in a running wheel and having to go faster and faster

just to remain in the same place have become widespread feelings, especially for the Western middle class. And for many, the sheer complexity of the world seems too much to digest, so they have stopped trying to make sense of it.

Policymakers seem immobilized through special interests, unable to move towards a vision for the majority of people on the planet. Politics itself has become a matter of administration and bureaucracy instead of vision and leadership. Consequently, people have lost trust in institutions and politicians and cynicism is on the rise.

Those who benefit from the current system and do not want any change plus all those who are wedded to the old worldview and have difficulty finding a way out of it, effectively build a barrier for natural change to happen. They force humanity directly and indirectly to stay on a detrimental course of rising inequality and looming social unrest, rising CO₂ concentrations, waste and depletion unless we, the concerned and committed citizens of this world, change this course.

The resulting brainwash is so subliminally intense, that it is difficult to free one's thinking to a degree that enables us to dream and realize a different and much better world in earnest. We are to a certain degree moving within the conceptual framing of systems that we know we need to change.

The bad developments are and seem to be massive and tend to block the view on all the positive aspects of development, which is as massive but differently structured and not that easy to spot in its entirety.

Hundreds of millions of people are engaged in making this world a better place. Everywhere around the world, groups of people try to prevent damage from occurring or helping those in need by healing. This is a web of life, largely invisible, stronger than one might think.¹ Consider the sheer number and the scope of initiatives for a world that works better in the long run for all humans. Still, the planet is staggering.

A movement is already in the making. Organized civil society might not be on the move (the smaller the organization the less powerful they are as institutionalization seems usually linked to size and the same is true for the vast majority of policymakers), but "ordinary" people certainly are powerful. Beliefs are changing in a big way; segments of a new "earth citizen" lifestyle are becoming part of everybody's life; paradigms are changing in front of us and if there weren't any special interests that profit from the way the world runs downhill we would already be in a different and more sustainable world.

The aim of this paper is to open a debate on how foundations, civil society and committed citizens can address the root causes of the global challenges facing humankind – moving from short-term thinking, acting and investing in sectors that are involved in long-term engagement on systemic issues and analysing consequences from root causes.

We should all team up to create an exciting drive towards a transition into a sustainable and equitable world – one so exciting that artists, creative professionals, intellectuals, concerned citizens and movements engage in a peaceful revolution to create a sustainable, fair and equitable world. It will require cooperation and working together and therefore a return to a vision for the world as the main objective for civil society. And it will require personal commitments – no matter how small.

It is impossible to speak in general terms for all people and cultures across the world. China, India, Brazil and Russia, to name a few, are on a very different trajectory and experience their own paradigm change. However, the roots of the problem originate to a large degree from the economic thinking and practice developed, promoted and exported by the West and if we want to change things at the fundamental level, then it makes sense to go to where it all started. The West could be in a unique position to be a driver of change towards a sustainable and equitable future.

II. A HOLOGRAM

THE MATRIX

By looking at the systemic crisis and its causes we are in fact looking at the human being with all its complexities, intricacies, defaults, strengths and weaknesses and we are also looking at a human society that has evolved over thousands of years. Root causes, drivers, consequences and effects can be portrayed as a matrix of interconnected and interacting layers. At the very bottom we find the biological framing of our species, the hormone system, the intuitive level and the peculiarities of our brain, going back as far as the reptile brain.

The next level could be called our “cultural level”, where values and belief systems are located. This is the level that determines how human society is essentially structured and operates. Values and beliefs guide our lives, opinions, mechanisms and tools of society, but tend to be deeply hidden within our personality and our specific culture.

Our main societal instruments, namely how we organize economic and political activity (mainly through various versions of capitalism and democracy) represent the next layer. One detrimental characteristic of both the political and economic systems is their current focus on short-term approaches, decisions and actions. We live, however, in a period of time where challenges are complex and require long-term and holistic answers instead of sectoral and short-term responses. So, we have created institutions and mechanisms which deliver the opposite of what is required. And in addition, both capitalism and democracy, our main societal institutions, have become corrupted to a certain degree and live not up to their potential. There is a vacuum of leadership and of vision and too many in a position to decide for the good of the people are absorbed with their own image, stature, power and income. We will not be able to solve the systemic crisis with phrases like “we need growth” without even considering what kind of growth the planet can endure. We will not create jobs when in reality our politicians bow to the policies of profit maximization for a few.

A number of tools support these key societal instruments and help keep the system on its course (quarterly financial reporting helps to maintain a focus on financial short-term profit, elections secure political short-termism) and often the debate addresses the tools instead of the underlying root causes.

This matrix produces partly positive results (lifting people out of poverty, the constant evolution of technology which would cover all our needs and wants), but to a large degree negative ones (with impacts ranging from inequality to fragmentation of communities and from plastic in the oceans to climate change).

One could argue endlessly about what kind of levels make up the human being or the human society, but this is not the point. All levels are interlinked and interdependent and

function like a hologram, where each splinter of a picture contains the entire picture. If we want to address the root causes of the systemic crisis we will need to take this into consideration.

VALUES

Discussions about today's problems and the challenges facing humankind or individuals, be they climate change, unemployment, financial crisis, destruction of nature, poverty, crime or the way people interrelate and live together, turn rather quickly into a (unfortunately mostly superficial) debate about values. There is a general feeling that bankers and others in the financial and political worlds ought to live more by values and there is a growing sentiment that the absence of higher values is undermining the stability and viability of modern society, the welfare of human beings and the health of the environment.

Values are fundamental for humans. They represent the quintessential cumulative wisdom of humanity – the essential principles for survival, peace, harmony, development and human fulfilment. At the same time it seems nearly impossible to address them in any other but a banal or deeply philosophical way.

Values are the principles we use to guide our way through the possibilities and problems of life. They are the main drivers behind our societal instruments that shape the world we live in. Our theory and practice of economics do not rest on natural laws, but on our underlying values. It is our choice whether to have an unequal or equal society; it is not given by nature. It is our choice whether to build a world which can nurture and feed generations for hundreds of years. There is no natural law which compels us to overuse and deplete resources. It is our choice whether we want a world where billions live in poverty and where climate change already risks our grandchildren's future, where excessive individualism and narcissism reign instead of solidarity, caring and sharing.

It is our value-based choice which determines whether we live in a world of opportunities for all or in a world where only a few benefit from the riches of planet earth.

Our present problems of unemployment, rising inequality, alienation, and social unrest can best be understood as a reflection of the insufficiency of prevailing values as they are actually being implemented in society. The increasing returns for speculative investment to the detriment of the real economy and employment implicit value judgments that weigh the system towards the wealthy. This applies equally to the inordinate political power of the wealthy.

There is a growing recognition that the values guiding the course of our society are not the ones which can lead us into a better world. On the contrary, some of the values we have lived by for many decades lead humanity straight into a world of separation, isolation, depletion and systemic crisis.

A sustainable and equitable society will not be possible if we cannot create a society built on fully recognizing the value of the human being – the most precious of all resources, the values of “respect” and “responsibility” for our family, our neighbour, our community, our fellow human being, for other species and the wellbeing of life on this planet. These

values will not arise as a result of codification (ethics or rules of conduct) but from the character (ethos) of a culture or community. Business ethics for example is a list of rules and regulations which people might be inclined to follow if they have the right ethos.

NEED FOR A NEW NARRATIVE

Values are transmitted through many different media, through families, through traditions and cultures in various ways – ranging from festivals to how the young are taught. As the human species is a story-telling species, myths, stories, narratives (the overarching purpose of the stories being told) are the main transmission belts for values.

The narrative humanity is living today is a fantasy that borders on illusion. It neglects serious challenges based on a blind faith in science and technology. It discounts the value of the human being and nature. It mesmerizes with visions of unlimited consumption and opulence. While the world fantasizes, problems mount and threaten the stability, security and viability of society. The narrative we need is one which maximizes security, welfare and well-being for all human beings. It is a narrative that fully develops our individual and social potential while conserving the sacred inheritance nature has bestowed on us.

Converting this narrative into a compelling vision backed by facts and figures is one of the most essential steps needed to effect a radical change of course for humanity.

Narratives provide guidance for individuals as well as for communities, small or large. At the highest-level narratives guide the development of human civilisation. “Progress” was a modern and powerful vision for the second half of the 20th Century and it seems that while “progress” as a vision has largely disappeared, it has not been replaced with another emotionally inspiring and uplifting vision with the power to explain the world in simple terms and to provide direction for the development of human society. “A sustainable world” is largely a technological, intellectual concept, but not an emotional one. A global society is in the making, but people cannot feel it yet.

But there is a wave of fundamental change building up and it is made of the many small changes taking place. People are in fact developing their vision for their world and the powerful global vision we are missing might be emerging from countless personal, local and regional visions.

BELIEF SYSTEMS AND WORLDVIEWS

Our narrative is a construction, which has numerous layers. It is a conglomerate of elements originating from different periods of historical, intellectual and social human development. Together, these layers determine how we, as individuals or as a group, view and understand the world.

There is nothing inevitable about where we are today. We could have told, and can choose a different story and therefore a different world. The laws governing economy are man-made. The problems confronting us today are a human creation. In order to change course and to navigate a better world for humanity we need to understand the assumptions which have led us on our current course and correct them properly.

Today’s dominant belief systems originated in the West during the period of enlightenment and have been influencing the rest of the world for many years. However, what started out as humanistic ideas with the wellbeing of the community in mind has been

distorted over the last few centuries. We now find ourselves in a world where competition is more important than cooperation; where material values trump non-material ones; where caring for the community has been replaced by excessive individualism; and where “liberty” (originally the right of every human being to live according to his/her beliefs and opinions, as long as it did not harm or negatively impact on others) has turned into the freedom of overconsumption and selfishness.ⁱⁱ

The original thinking on which today’s economy is based is 200 years old and comes from a time when “the market” was still the city market, where everybody knew everybody. Its underlying purpose was seen as improving the wellbeing of a maximum number of people and not the maximization of individual benefit and financial profit.

At that time few people lived on earth and the planet’s resources seemed endless. No wonder that the value of natural resources was mainly seen in terms of the extraction costs and sales profit.

Economy has now become the master narrative.ⁱⁱⁱ This is basically the result of a several decades-long effort by a rather small group of people, spearheaded by politicians such as Reagan and Thatcher in the 80s who have been promoting the free market ideology, deregulation, privatization of the commons and egoistic values.

Today’s economic worldview builds not only on false interpretations of economists like Smith, but also on an interpretation and simplification of Charles Darwin’s theory of evolution. Competition is heralded as a key driver and “survival of the fittest” as nature’s recipe to succeed and conquer. The capitalists of the industrial revolution readily took up this interpretation of Darwin’s theory as it rationalized their inhuman behaviour towards workers as being normal and “natural”.

However, a new and different belief and evidence emerge these days that while “competition” is an important driver in evolution it is by far not the only one and maybe not the most decisive one. This probably is “cooperation”. Imagine the consequences if the belief that competition is the only real driver of development were replaced by the belief that “cooperation” is the key driver or at least equal to “competition”! This change of narrative alone would already have a major impact on business practices.

The values underlying the expansion of the finance industry, which seemed so sexy to many during the late 80s and 90s are now perceived as not only wrong and misleading, but also as obscene and damaging to society as a whole. Modern economic dogma disregards the fact that financial markets developed during the Industrial Revolution to support the growth of the real economy, employment and real wealth generation at a time when enormous capital investment required the pooling of resources. Today, financial markets have become an end in themselves, increasingly divorced from their original intention, destabilizing and suppressing healthy economic growth.

Despite the negative trends of the last decades, we are seeing positive signs of movement in a new direction: a move from competition to cooperation; from a purely materialistic worldview to one which is linked more on a spiritual level; from a life defined by a living standard to a life of well-being. The various initiatives and the number of intellectuals and philosophers exploring a new paradigm might be small, but they likely already represent an “elite”, which will trigger broader change.

III. CHANGE

A SHORT THEORY OF CHANGE

When asked how he went bankrupt, Ernest Hemingway famously replied “First gradually, and then suddenly”. This is an apt expression of how change tends to happen. Yesterday there was no sign of anything moving and today the revolution is on. Change happens first gradually and then suddenly, following often the dynamics of exponential growth. As with population growth, for a long time the build-up is not visible and cannot be noticed. The curve runs more or less in parallel to the line at the bottom. Then suddenly the curve goes upward, getting steeper and steeper, as it crosses a tipping point.

What happens is the build-up of a critical mass. This build-up is not visible before the mass “explodes”. It can be anticipated, but cannot be foreseen in detail (some people can to an amazing degree).

A consequence of this dynamics is that big changes tend to be an accumulation of small changes and is it valid to say, that if I change my world (by changing my behaviour here or there for instance), then I am effectively changing the world. It is rarely a single very important person who changes the world. It is the many people who produce the pressure, mood, need and energy for change to happen. So you or your friend, as long as you are active, is equally important to a top-notch decision-maker. In fact, you are the actual decision-maker.

It is possible to interact with the dynamic process of change in various ways and via various mechanisms through targeted intervention at a critical point in time, especially when considering that big changes tend to be an accumulation of small changes.

IV. MOVING INTO ACTION

FINDING THE ENTRY POINT INTO THE MATRIX: ECONOMICS

If one wants to develop a pragmatic action plan to tackle the root causes and underlying drivers of the systemic crisis which manifests itself in so many ways, where should one start?

As the various layers of the matrix are inter-connected, any topic can serve as a point of entry. In fact, the point of entry is less important than understanding the linkages.

Values are fundamental and come up quickly in all debates since all basic questions such as “What kind of world do I want or want my children to live in?” boil down to questions on values. No matter their race, nationality, creed, gender, occupation or level of education, it seems that people are broadly in agreement in their perception of what a desirable future should look like. A world characterized by honesty, dignity, empathy, decency and gratitude. It is the simple joys of life that make life valuable; it is the shared relations with other people, be they family, friends, neighbours, that make a life rewarding.

Values are difficult to address though (but not when we address them as part of a holographic approach). “Belief systems” are intellectually better accessible and, as they are intrinsically linked with values, could provide an easier approach to engage “heart and mind”.

However, the most powerful and decisive driver behind what's going wrong is the current economic paradigm. No matter which negative global development we want to stop or change, in the end we will have to replace our current system of theory and practice of economics, which has become counter-productive and detrimental to our future, with a new one. Current economics interacts with every person just about every day and it is a root cause behind so many of the crises humanity faces at a global level. Addressing economics seems to be the right point of entry. If there is anything that comes close to a magic button, it is economics.

Economics is not a natural science like Chemistry or Physics; it delivers what we want it to deliver. Whatever its achievements, they are what we want it to achieve and not the inevitable outcome of a natural law like gravity.

Economics and governance have over the last hundred years determined to a large degree the course of society and by and large it has served us well. But economics has also morphed into today's material-driven, wasteful consumer society and a 1% versus 99% world and there is an increasing agreement amongst critical economists that it will not help if we tweak theory and practice of economy here or there. A fundamental rethink and restructuring are needed.

FINDING ENTRY POINTS INTO ECONOMICS

There is a broad, emotionalized and global debate taking place around economics. The debate has different levels: Underpinning the debates about technical issues such as GDP, taxes, distribution mechanisms, finance and banking, valuation of natural resources, inequality, monetary and trade policies, corporate power and many more issues is a more fundamental but largely underrepresented moral and philosophical debate which is concerned about the role and purpose of economics in our current and future society and the values that should guide it.

The moral, philosophical, but also emotionally important debate can be summarized in key questions

- *Purpose:* What is the purpose of economy, what should economy deliver?
- *Growth:* What is it that should grow?
- *Progress:* What should we call progress?
- *Rights:* Do future generations have rights?
- *Value:* Which values should underlie our economic activities? Do we properly value the world's natural resources?
- *Earth:* Does what we do to the planet matter?

The outlines of a new economy

The outlines of a new economy have been taking shape for a long time and there are a growing number of people, economists and even some enlightened politicians who support the notion that the overall purpose of economy should be to provide income and meaningful occupation to a maximum of people while at the same time safeguarding and strengthening the global natural resource base.

To achieve this we need a transition

- From unbridled financialization to financial markets that support job creation and equitable income growth.
- From technology for its own sake to technological applications that raise the quality of everyone's life.
- From quantitative growth for growth's sake to qualitative development of human security and well-being.
- From a dominance of material, egoistic and narcissistic values to values supportive of a healthy planet and a healthy human society.
- From a flow-through economy where resources basically move from the mine to the landfill to an economy which minimizes the resource use by keeping them within a cycle.
- From a dominance of large, global economic systems to a better balance between local and global economic structures
- From a consumer to an earth citizen attitude
- From deregulation to an enlightened and stronger regulatory framework where public good costs are internalized

In principle there is considerable agreement on the need for fundamental change and a wide consensus on where to go. The unanswered question is: How will we get there?

POSSIBLE AREAS OF INTERVENTION

1. Start thinking more fundamentally and radically in the truest sense of the word.

There are many opportunities for a targeted intervention. Some might sound insignificant, but by looking closer they aren't. Some might look entirely impossible, but trying them might prove this assumption wrong.

2. Address the societal objectives of economics, implicit assumptions and the values behind current economic theory and practice

The aim should be to get the economics debate out of its intellectual expert ivory tower and bring it down to the level of normal people. This can be done by raising the basic moral, philosophical and essential questions, thereby initiating thought-processes and debates on what the true purpose of the economy should be.

3. Enter the values debate

By and large people from all walks of life, no matter the nation, race, creed, age, societal standing or income share a similar view about how they would like the worlds and human society to be: They will value honesty over dishonesty; kindness and compassion over cruelty and thoughtless behaviour; a decent life for themselves, their family and their children; decent health and education affordable for all; a safer and cleaner environment within to live in; a level of prosperity that takes them out of poverty; a sense of belonging to a community; a strong sense of a purpose in life, and let's be frank, possessions and some vain desires.

4. Go to the theoretical roots of the root cause and one of them is the current concept of “growth”

An entire edifice of underlying, misleading beliefs has been built around “growth”: Growth in the sale of products and services has become the measure for progress of society and it is heralded as the only means to generate new jobs and as the only viable strategy to increase equality through re-distribution. In fact, current thinking on material growth has permeated our entire thinking. It is a bandwagon for the commoditisation of the world where all and everything is seen as either worthless or of financial value. The current concept of “Growth” is one of the intellectual pillars of today’s misguided economics. It has been criticized since the 60s but little has changed in reality. A concerted effort might show that the time is ripe to seriously question the concept of “material growth” at the level of values and beliefs and at a technical level.

5. Challenge corporate law

A fundamental point of criticism on stock-listed large corporations is the primacy that is given to the interests of anonymous shareholders (short-term financial profit) and their helpers, largely the finance industry. The latter has become a destructive force through the accumulation of power through financial intermediaries such as hedge funds, investment vehicles and new financial instruments.

At the bottom of this is legislation, which obliges the management to primarily pursue the interests of their stakeholders and the legislation that grants a company personhood.

6. Build consensus on the principles of an alternative framework for new economics being taught

Higher education is still organized around old thinking: It emphasizes a sectoral approach and teaches “past paradigm” knowledge. Nearly all universities teach the concepts of old economics and it is no wonder that the new thinking finds it difficult to gain ground if those in current positions and future positions are still being taught outdated concepts and thinking.

This is especially true for “economics”. Universities are still based on old thinking and thereby delay the transition to a new economy. Online courses and summer schools could bridge the gap and provide innovative teaching to economics students, thereby changing the university system from outside rather than from the inside, which might be a costly and expensive undertaking. In addition it would meet a lot of resistance of representatives from the old school and corporate university donors.

7. From consumer to earth citizen

The consumer mass culture did not come about naturally; it is the result of a deliberate and consistent effort.^{iv,v}

Humans tend to have a preference for decisions which grant them immediate gratification, so we might need to look at measures which can bring long-term benefits while providing short-term gratification. There seem to be plenty of hooks, as any measure, which increase the disposable income of citizens. Examples include:

- Increasing the longevity of products and the minimum product guarantee
- Eliminating waste in all its forms
- Reducing the personal financial vulnerability caused by being part of a global financial system by avoiding debt; by investing sustainably and not into murky derivatives; by switching to alternative banks; by keeping basic expenses low
- Gaining control about one's life by becoming again more part of local structures
- Strengthening and getting involved in all systems where goods and services are shared

All these initiatives result in a reduction of household spending and waste and could, combined with intellectual arguments and ethos, make a difference.

THE ROLE OF PUBLIC POLICY AND OF POLICY-MAKERS

Politics seems to have lost its way and as a consequence there is very little trust amongst citizens that political parties and politicians are capable or even interested in solving the challenges facing the world. The example activities proposed focus therefore only indirectly on policymakers. Especially Western society seems immobilized by an array of interest groups and incapable of moving forward in bold strides, least of all trying to strengthen public policy in straightening out the failings of economic policy.

The world clearly needs more stringent regulation for economic activities with an emphasis on public goods and societal benefits instead of private profit. It needs policymakers who stand up against the concerted efforts of the finance and corporate sector in support of deregulation.

The world also needs a new generation of policymakers who again move the public good into the centre of vision, debate and policy-making and this will require policymakers who get their values right and act accordingly. They need to look behind hollow phrases like “we need growth” to understand what the world and its people really need in order to maintain a decent standard for living for all within the geophysical limits of a finite planet.

An era has ended and a new one begins and this and this is true also for policymaking and policymakers.

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Notes

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^{iv} Stuart Ewen, *PR - A Social History of Spin* (New York: Basic Books, 1996)

^v Edward Bernays, *Propaganda* (New York: Ig Publishing, 2004)