FRAMING THE ISSUE

It is said that the financial crisis of 2008 and that of its aftermath is not a cyclical but a structural crisis: that the model itself is in crisis and that it is broken.

Many assert that the global financial system has become disconnected from the real economy and that, consequently, financial risks that can and have spilled over from the financial sphere, maximizing profit through the creation of ever more creative instruments and generating societal risk, do no harm.

Additionally, our modern society is embedded in a global economy, which itself has become a global finance infra-structure system. It is argued by many that the current state of global finance, or worse, the global economy, needs to be de-coupled from the interconnected global economy to better serve national and regional interest. If so, how would this be achieved?

One commonly presented solution is that the global banking system must be brought to act transparently and ethically by providing responsible financing for economically viable and socially sustainable projects. Or, as has often been suggested, greater layers of governance that would ensure compliance with the rules and regulations of the moment.

I offer another approach. How about re-framing the issues of financial and economic competitiveness within the context of a different set of values? It’s important that we think beyond good governance to that of a more comprehensive set of values. As in, how should we relate to one and other as members of the global community? And, how do we seek to live, learn and work within civil societies?

My work with developing the concept of Universal Sustainability (with Ann Lee-Jeffs, corporate director, Honeywell Corporation) is at the core. The primary assumption of Universal Sustainability is the need to expand with trust across regions of the globe, segments of society, and sectors of the economy. It’s important that we rethink the underlying assumptions regarding the economy in general, and the definition of global capitalism, in particular. A rethink is now in order to reform and restructure the direction of organizations as they interact globally to consider how governments relate and provide for their citizens and how policymakers establish regulations that impact the allocation of resources globally. I believe that the renewed focus on the next form of capitalism, within this discipline of Universal Sustainability, will speed the progress for responsible investment, profitability, and global sustainability.

Another premise found in the meaning of Universal Sustainability, is the creation of a culture as a global human community that contains shared values and shared responsibilities. It is my belief that we as a society cannot establish sustainable societies without understanding and valuing the human diversity that is contained within. For it is this value that we place on human dignity, that in the end, may unleash the creativity and innovation that is so needed currently.

The complex issues that do and will confront us as a global society will require that we progress beyond the bias of individual prejudice to that of the welcoming of diversity, the acceptance of global diversity in all of its forms, and within the full range of thinking, idea formation, and human cultural awareness.

I would suggest that the early result of implementing Universal Sustainability is to connect competitive organizations and integrate their strategic intents and processes within social programming, such as using the Social Indicators for Progress measures, the Human Development Index criteria, toward the design of more sustainable economies that would address such issues as the origins of poverty, prosperity and environment.
THE NEXT TIPPING POINT

“As we peer into society’s future, we, you and I, and our government, must avoid the impulse to live only for today, plundering, for our own ease and convenience, the precious resources of tomorrow. We cannot mortgage the material assets of our grandchildren without risking the loss also of their political and spiritual heritage.”
Dwight D. Eisenhower, January 19, 1961

When the facts change, what do you do?
Do you change your mind in the light of new information?
How confident are you in the truth of your initial belief?
On the assumption that your original belief is true, how confident are you that the new evidence is accurate?
Whether your original belief is true, how confident are you that the new evidence is accurate?
How should you modify your beliefs in the 21st century global society in the light of additional information?
Do you as a member of the global society cling to old assumptions, long after they’ve become untenable, or abandon them too readily at the first whisper of doubt?

Are We As Smart As We Think?

It is said that we are living in an empirical age. The most impressive intellectual feats have been achieved by physicists, biologists, social scientists, computer scientists and others. These fields have established a distinctive model of creativity, innovation and credibility. To be an authoritative figure these days, you would want to be considered coolly scientific. You would want to possess a body of technical expertise. You would want your mind to be a neutral instrument capable of processing complex quantifiable data.

Therefore, the fundamental question could be how to assign prior probabilities and evaluate evidence in situations such as the nature of the physical environment, or in the global economy, education, the viable political and social systems, or, in general, but of major importance, within the very issues associated with the creation of a more sustainable global society in all of its forms.

While environmental sustainability examines living within the limits of the natural world, likewise, social sustainability emphasizes living in ways that can be sustained because of the needs of humans.

This co-existence will require providing the material, social and emotional needs and avoiding the behaviors of extreme risk; risk at the individual, national, regional and global levels. Thus, ensuring that economic and social structures, such as families, and communities, cultural values, and knowledge systems, contribute to a vibrant and thriving community.

The Issues Are Complex, But Not Insurmountable

The needs of the 21st century global society are numerous and include issues involving the economy, war, regional conflicts, the threat of regional conflicts, terrorism, education, environment, failing political systems and instability, economic inequalities and the rise of poverty, and so much more.

The current global economic crisis, cultural differences, and the international political discourse have created the reality that the world’s leading economies are facing a crisis related to the vulnerability of most of the world’s economic systems, that being boom and bust.
Such factors as rising income inequality, unsustainable governmental obligations, political restructuring, the decreasing size of the modern middle class, increasing poverty, widespread erosion of the public trust, and environmental change have led, in many countries, to the response by many policymakers of borrowing from the future on a massive scale to address current problems.

I would suggest that it may not be possible to grow global economies out of these problems. For as the overall economy grows, the current trends regarding the worsening inequality are leading to greater numbers of people who are less well-off, either in relative or in absolute terms. Furthermore, current indicators are that economic growth does not necessarily translate into individual income or governmental allocations for public improvements, given the need to service many nations’ current national debts-- Germany being the exception.

Often, what I find as of late, is that instead of spending on education, public health, jobs and workforce development, infrastructure and the other essential components for strengthening functioning communities, such revenue improvements may simply be used to increase the luxuries available to a few.

This period of globalization, greed, and disruptive technological change, as made toxic by the Great Recession of 2008, has left the 21st century global society tattered and in search of answers. Yet, I would suggest that borrowing from the future by way of deficit spending shows our collective global leadership’s inability, or refusal, to assume the responsibility for the impact of a decade of excesses.

Another factor that is adding to this crisis is the economic rift between the global rich and all others; also referred to as the world’s 1%.

This economic and cultural rift has grown and, for the very rich in particular, global affinities and global ambitions are quickly supplanting national ties and national concerns. Increasingly, the very rich view themselves as members of the global elite with whom they have more in common than with others of the global community. Being politically influential and economically powerful, they are becoming a separate society, one with its own distinct goals and cultural norms. As a result, the world is rapidly becoming a global society with the new politics of grievance, as we can see by the most recent American Occupy movement and of course the Arab spring, which began as an economic protest by a vendor.

Inequality is not just an ethical issue, it is also a factor for the cause of conflict within and between ethnic groups, classes and societies and it also drives immigration regionally and promotes organized forms of terror. At the human level, inequality serves to decrease the sense of individual worth and value, self-esteem, increases the prevalence of poor health, crime, violence and other societal ills. Inequality reduces cultural diversity through the disempowerment of minority communities. And it inhibits economic growth in developing countries and plays a role in destabilizing economies.

Inequality, in its most extreme level, erodes trust and blocks cooperative solutions to the urgent economic, social and political problems that confront global communities. It has been my experience, that it is possible to successfully negotiate the kinds of collaborative agreements and arrangements needed to address and solve the problems of global societies if the various societies perceive that they all share common interests and that it is in their interest to form such collaborations. This is especially true if people are asked to sacrifice for the common good; such as endure high unemployment, a reduction in promised retirement benefits, and the like. But they will not be willing to do so if they feel that others will not make an equivalent sacrifice.

This phenomenon has already been witnessed as delegates to global multilateral negotiations have failed to reach agreements or have even walked out, due to the different perspectives and agendas of the haves and the have nots. In short, the dimension of equality must be addressed before progress can successfully negotiate and implement the essential changes needed for a transformation to Universal Sustainability, as we only have to reference the current issues in Syria, Egypt, Iraqi, Greece, Spain, Palestine, and soon, South Africa, and Brazil.

As such, it is my view that the next tipping point is upon us.
The New Age of Competitiveness

I believe that free trade, restructuring capitalism, an active governance system, open immigration, balanced budgets, green energy, consumption taxes, health care reform, investments in education and infrastructure and democratic political systems are some of the components for a global sustainable society for this century.

In keeping with my view on the topic, Johannes Linn and Colin Bradford, of The Brookings Institution, during their comments to the Global Economy and Development Program, at the G-20 Cannes Summit 2011, puts forth a viewpoint, which they refer to as “action items for the G-20, towards a more sustainable society. Such items included speedy and effective domestic action by the industrial countries, matched by constructive engagement of the emerging market economies in the global economic management required to stem the growing risk of a global economic and institutional disaster.”

They went further to recommend the following steps:

- Emerging market economies must not backslide into protectionism and they need to pressure their industrial G-20 partners to do the same.
- Emerging markets should further strengthen their role in the IMF by being more pro-active, vocal and assertive about governance reforms and by being willing to provide additional resources for the IMF, which would strengthen its ability to help governments in crisis, particularly now in Europe.
- Emerging market countries need to reject pressure to reduce lending and concessional assistance by global development institutions, such as the World Bank, the regional development banks, and the United Nations economic agencies, such as the International Fund for Agriculture and Development. They also need to actively identify ways to increase programs and resources for these agencies by augmenting their own resources to assist the developing world through the crisis.
- Emerging markets need to vigorously participate in peer reviews of financial system reforms in the Financial Stability Board and the IMF in order to ensure adequate harmonization of best practices in all G-20 countries, as well as be active in establishing more effective regulatory and supervisory capacities for the whole global financial system.

Johannes Linn and Colin Bradford’s chart (see below) from their 2007 presentation to the IMF established their theme of the collaborative approach to an effective sustainable global society.

<table>
<thead>
<tr>
<th>Old Order</th>
<th>New Economic Order Model: A Chart</th>
<th>New Order*</th>
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</thead>
<tbody>
<tr>
<td><strong>Nation States</strong></td>
<td>Global Society</td>
<td><strong>Interdependency</strong></td>
</tr>
<tr>
<td>Sovereignty</td>
<td>Common Interest</td>
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<tr>
<td>National Interest</td>
<td>Reciprocity</td>
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<td>Unilateralism</td>
<td>Respect</td>
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<td>Assertiveness</td>
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<tr>
<td><strong>National Power Politics</strong></td>
<td>New Multilateralism</td>
<td><strong>Global Networks</strong></td>
</tr>
<tr>
<td>Competing Blocs</td>
<td>Multiple Coalitions</td>
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<tr>
<td>Fixed Alliances</td>
<td>Bargaining For Compromise</td>
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<td>Predominance</td>
<td>Soft Power</td>
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<td>Hard Power</td>
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<tr>
<td><strong>Promotion of Singular Economic Models and Political Values.</strong></td>
<td>Coexistence of Diverse Models of Market Economy and Political Systems.</td>
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</tbody>
</table>

The calculus of sustainability and the impact of global diversity problem-solving and decision-making are rarely applied to such issues, except in isolation, and that is because it’s considered narrow, i.e., concerned with environmental and issues of equally. Yet, given the complexity of the matter, the introduction of a new, more expanded model is needed. A model that is
expansive and integrative in its approach and that offers a greater opportunity to the resolution of the issues that confront the current global century.

In short, the global political system has become paralyzed, and its system of values has become eroded at a time when huge, complicated, and difficult things need to be accomplished.

**New Values for the 21st Century Global Society**

“You cannot be a spike of prosperity in a sea of poverty.”

Jamshed J. Irani, Tata Steel

Throughout this paper, I have used the term Universal Sustainability to encompass economic and social discipline as the 21st century process for addressing, in an integrative and comprehensive way, the economic and social issues of our time.

The value principles of Universal Sustainability are based less on situational values and more on sustainable ones, a concept first presented by Dov Seidman in his book *How*, which explores how individual and societal values play in the world at large.

In essence, “situational values,” involve calculations about what is available in the here and now. They are about exploiting short-term opportunities rather than consistently living the principles that create long-term success. They are about what we can and cannot do in any given situation.

“Sustainable values,” by contrast, are about what we should and should not do in situations. As such, they literally sustain relationships over the long term. Sustainable values are the values that connect us as humans, such as integrity, honesty, truth, shared responsibility and hope. They are about how, not how much. Situational values push us toward the behaviors of becoming too big to fail. Sustainable values inspire us to pursue the strategy of becoming too sustainable to fail. As the collapse of major Wall Street banks such as Bear Sterns and Lehman Brothers has demonstrated, what make an institution sustainable is not the scale and its size but how it conducts its business, how it relates to its employees, customers, suppliers, the environment, society, and shareholders and to future generations. Or, how governments relate and respond to the needs and desires of its citizens.

The damage inflicted by the rise of situational over sustainable values has affected public life as well. The short-term, me first, never mind the future attitude, and the global financial system also obstructs the necessary responses to major national governmental challenges.

For instance, investing in education, health care, social programs, infrastructure, research and development and ensuring equality of opportunity all require sustainable not situational thinking. These decisions assure continuing economic growth and a rising standard of living by making broad, shared short-term sacrifices.

We now experience day thinking politicians trying to regulate day trading bankers, all covered by people tweeting, blogging, and commenting on cable TV moments later. When the two powerful forces of technology and markets converge in a way that encourages or even forces everyone to think situational, it is hard to expect an outcome other than “situational.”

The value principles that are contained within Universal Sustainability (see below) may hold the key to unlocking the next wave of business innovation and growth. It may also promise to reconnect economic competitive organizations and policymakers with that of the success of the global society. It is this new model, this new construct of Universal Sustainability, that may well shape the next form of global competitiveness.
Universal Sustainability Principles:

- Respect the protection of internationally proclaimed human rights.
- The elimination of discrimination in respect to employment and occupation.
- Ensure that no one is complicit in human rights abuses.
- Support precautionary approaches to environmental challenges.
- Support initiatives to promote greater environmental responsibility.
- Support the development and diffusion of environmentally friendly technologies.
- Support the freedom of association and the effective recognition of the right to collective bargaining.
- Support effective abolition of child labor.
- Support work against corruption in all its forms.

The process framework that is contained within Universal Sustainability touches on all aspects of human existence and is thus reflected by the essential components of the global condition. And the concept of Universal Sustainability, within the construct of defining the next generation of sustainability, to be applied effectively, will require all of us to become 21st century transformational thinkers, concept developers and infrastructure builders of the highest order, with the provocative objective of coming together to safeguard the global community. This process of progressive enrichment will require, at the very least, a formal process of 21st century visioning, which will incorporate its promise by addressing the challenges.

The idea of risk is tied to the idea of greatness. As I would suggest, one cannot be great without risking oneself. The idea of taking a risk, a prudent risk, to do things that would be truly sustainable, is the actionable framework of Universal Sustainability.

As I have observed during my recent and ongoing travels to Europe, Africa, and Asia, and of course within the U.S., is that this is a global issue.

The operative concept and valued principles that make up Universal Sustainability could very well be the new resilience regarding the issues that are confronting 21st century global society.

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References