Looking Back From the 21st Century

Hazel Henderson offers a hopeful scenario of the future in which economic justice and environmental harmony are secured.

{mosgoogle}The year is 2010. In Brussels, the European Parliament is in session, with teleconference uplinks with parliamentarians in Tokyo, Beijing, Canberra, Kuala Lumpur, Singapore, Johannesburg, Sao Paulo, San Jose, Costa Rica, Santiago, Mexico City, San Francisco, and Vancouver. The world's `centre of gravity' had shifted in many ways since the 1990s due to the communications-led shift toward democracies. This had fuelled the emerging global governance process: `mediocracy', that is, media-driven policies and decisions which were often still mediocre. The United Nations World Criminal Court was now conducted on TV and had led to a reduction in human rights abuses, and advertising had been limited to factual information about products. Freedom of speech no longer protected selling tobacco in the same way as it had earlier prevented the selling of heroin, cocaine, and other drugs. Politicians were no longer able to buy commercial time to `sell' themselves to voters, but were fairly apportioned free air time for debates. The last holdout had been the USA in 1997, when `hateful speech' was curbed by popular demand and self- regulating media codes of conduct. But much trashy, violent commercial programming still infected the global public airways, degrading the human spirit. Other shifts in the world had made Southeast Asia, India, and Latin America the world's economic powerhouses, with South Africa leading a new era of human development on the African continent. The American Hemisphere's major think tank for human security and sustainable development was in Costa Rica, long a cross-roads and centre of such innovative thinking with its example set for the world in the late 1940s of abolishing its military forces. The international agreements fostered by a persistent, revitalized United Nations culminated in 1999 with the newly reformed Bretton Woods institutions conducting Chapter 9 bankruptcy proceedings for all those countries with heavy debt-export ratios who requested this status. At last, the World Bank had written off its ill-advised, uncollectible country loans, as the private banks had done a decade earlier. Economic boom 2001 This, together with repayments from OECD countries for their decades of outstanding pollution debts to former colonies and other countries in the South, had set the stage for the current world boom which began in 2001. The nature of this boom was unprecedented: a grassroots upwelling of entrepreneurship and micro-enterprises sparked by the shift to micro-lending and local bartering/trading systems. The development banks had begun packaging and securitising the small-loan portfolios of such micro-lenders as Bangladesh's Grameen Bank, Women's World Banking (in 50 countries based in Amsterdam and New York), ACCION operating in North and Latin America and thousands of other micro-credit programs. These micro-lenders were now also in the investment portfolios of mutual funds, including the Calvert Social Investment Funds of Washington, DC, and banks, including Chicago's Shorebank and other members of the Social Investment Forum in the USA and the UK. The new entrepreneurs and enterprises focused on neighbourhood and village-based social development, eco-enhancement, and investments in training, health, and education. In the late 1990s the World Bank and other major development banks had been eclipsed by private capital investments in infrastructure. These were no longer like the World Bank's huge dams and superhighways, but `infohighways', mass public transit, public health, education, renewable and solar-based facilities, eco-restoration, bio-remediation, and afforestation. Another important factor in the world boom had been the proliferation of global countertrade, computerised regional barter and payments unions, as well as local currencies. At last, information had become the world's de facto currency -- breaking the money monopolies. The world still had its share of conflict -- both domestic and regional. However, the 3 percent annual declines in military spending experienced world wide between 1987 and 1994 continued. This at last allowed a reaping of the elusive `peace dividend' so desired by voters after such funds' initial applications to reduce budget deficits. After 1995 these funds were freed up for investment in civil society, social development, and better natural resource management, largely due to the leadership of Dr Oscar Arias, former President of Costa Rica and Nobel Peace Prize winner, and his Global Demilitarization Fund. The human family had grown to eight billion members, but population growth had stabilised after the fundamentalist religions of the world came to accept that only by giving women control over reproduction could such a stabilization occur. The world's women won the battle for further human rights to education and economic power. Male fertility declined due to chemical pollution and radiation from the many accidental releases of nuclear contaminants from the world's aging and retired but still `hot' nuclear power plants. Meanwhile, the reckless destruction of virgin ecosystems which peaked in 1999 had released many deadly viruses, causing heavy loss of life. All these factors had begun to supplant war in curbing human numbers. The new civil society The rise of the world-wide `third sector' was a surprise to those raised on economic textbook models of only two sectors. This civil society of citizens' groups and unpaid workers in informal sectors grew in scores of new democracies as well as the older ones, and even in still repressive regimes. This global civil society had driven many of the global changes since 1995, lobbying delegates at UN conferences, writing treaties and providing innovative expertise and leadership. Women led many of these civil organizations which had grown out of the lack of concern of government and corporations for the social and environmental costs of their activities to taxpayers and future generations. Both the old private, business sector and the public, government sector had proved unable, alone or in concert, to solve the problems of the 1990s. The civil society and `informal' sectors in each country, linked by the Internet, became the main source of social innovation and spawned new enterprises and partnerships of all kinds involving all three sectors. Financial Regulation A key factor in the shift toward the new `attention economy' and the current world boom which began in 2001 was the adoption of new rules governing the world's `global financial casino' which had burgeoned almost accidentally, driven by computerized trading to a level of over $1 trillion a day by the mid-1990s. The 1995 UN World Summit on Social Development provided a context for the now-historic `Stor Kro' meeting of financial players, named after its site. The meeting -- which included mutual fund managers, pension plan advisers, banks, currency traders, government financial ministers, micro-lenders, social investors and designers of computerized stock trading systems -- was convened by the United Nations Development Programme (UNDP), Worldpaper (a monthly insert in 27 daily business papers in seven languages), and two Boston-based financial companies: State Street Bank and Fidelity Investments. At last, the search began in earnest for a win-win world financial system' [1] with values, incentives and rules that could tame the rampant global casino and bring order for investors and foster more sustainable kinds of human development. The main fault lines of the global casino were examined amid headlines from Hong Kong on the collapse of the Barings Bank and the free fall of the US dollar vis-a-vis the yen. Proposals were advanced for more enlightened, democratic management of all global, commonly-shared resources: oceans, the atmosphere, space, satellite orbits, the electro-magnetic spectrum, and the newest global `electronic commons' of the Internet and financial cyberspace. [2] By the end of 1995 governments and financial leaders world wide were discussing these issues of use and abuse of the global commons. Correcting the price system by internalising environmental and social costs had been agreed to by OECD countries in 1972 as the `Polluter Pays Principle' -- the correct way to guide markets efficiently and steer them toward cleaner, more balanced development. This development recipe needed new indicators refining GNP/GDP national accounts to include such social and environmental costs. Even in the late 1990s GNP/GDP accounts did not carry on their books public infrastructure, national corporations or natural resources. GNP/GDP's focus on aggregating private-sector production and cash flows, did not separate long-term investments in public assets from short-term annual consumption. Ecological Taxes Better accounting for privatisations was needed so that politicians could not count the sale of such national assets as revenues to balance their annual budgets. In the 1990s it became obvious that taxing the waste, abuse, and pollution of natural resources was a better taxation option for governments than taxing payrolls, incomes, or even value-added. Such new Value Extracted Taxes (VETs) would correct the price system and steer markets to true, long-term efficiency. VET would also raise substantial revenues -- large enough to reduce payroll, income, and other taxes in revenue-neutral ways. Germany's Wuppertal Institute and its president, Ernst Ulrich von Weiszsacker, pioneered this kind of research in his 1990 book, Earth Politics. By 1999, many countries had balanced their tax codes to be more neutral between labour and capital. This removed the distorting incentives to substitute more and more use of capital and natural resources (however wastefully) and the drift toward greater automation. Cuts in payroll taxes favoured human employees. The time-honoured skew toward higher and higher capital/labour ratios was, after all, enshrined in the 300-year history of the Industrial Revolution, which was all about labour saving, as E.F. Schumacher had pointed out in 1973 in Small is Beautiful. Accordingly, economic textbooks, among their many other erroneous assumptions, had formulated the main measure of productivity as labour productivity. This slowly changed in the late 20th Century to a `total factor' view of productivity which included capital productivity, management productivity, but only rarely, energy productivity and ecosystem productivity. The `productivity per capita' formula (measured in money wages) was not widely challenged until the 1970s. Sociologists had pointed out that the formula automatically devalued low wage earners and the poor. In addition as a result of the new understanding of global hot money of casino capitalism, the need for complementary local currencies was recognised soon after -- as well as the need for other kinds of money, including: government money (that is, vouchers and public-sector credit), and a global reserve currency (composed of a `basket' of currencies and commodities). The global reserve currency which emerged from the travails of 1999 became the successor of the European Union's short-lived ECU. The rise of ad hoc local currencies in OECD countries had employed many local people and successfully cleared local markets during the 1990s -- just as it had in the 1930s in the USA and Canada after the `bank holidays' and the Great Depression. [3] Six Transformations All these separate streams of parallel global activities at six system levels helped drive the transition to the world boom of 2010 which has continued ever since. First, individual consumers were changing their life styles and investment values, shopping habits and voting behaviour -- while educated, economically secure women drastically limited their child bearing. Second, local governments were recycling, rezoning, redesigning urban downtowns for mass transit, bikes, and pedestrians and pricing road use to bolster local tax revenues and reduce traffic. Third, corporations were moving into long-time, full-cost accounting and promulgating Voluntary Codes of Conduct such as the 1994 Caux Principles, the 1988 CERES Principles, and others, as well as redesigning efficient processes and greener technologies. Fourth, the global financial markets were tamed and CAPMs and other investment portfolio models were corrected to include social and environmental costs, and insurance companies drove the changes to avoid liabilities. Fifth, the rise of the civil society and the global mediocracy led to a flowering of democracy and the `attention economy' boom. Weakened national governments, eroded from above by global capital markets and from within by the civil sectors, reduced their allegiance to old special interests and their lobbies and gradually ceased subsidising waste, pollution, and unsustainable resource use, as well as changing their tax codes and SNAs. Sixth, at the level of international governance the nation state members of the UN realised its true role in the 21st-Century Information Age: as the world's preeminent convenor, broker, norm and standard setter and networker. New UN Role They realised that the UN could be restructured for all these vital roles. The UN had the world's best- known and most respected `global brand name'. It could foster new partnerships with the private and civil sectors to address all the tasks the world's people demanded: poverty elimination, peace keeping, public health, education, new infostructures, environmental standard setting and promoting democracy, sustainable development and livelihoods, and broadening human rights -- at last, understood to include women. This menu of unmet needs at last was seen as the road to employing every able-bodied man and woman who cared to join in these tasks -- full employment for all for the foreseeable future. Oscar Arias' Global Demilitarization Fund had been central in levering the shift, while the United Nations Security Insurance Agency (UNSIA) had reframed costly military security as a much less expensive matter of insurance against such risks. Global ethics, national value systems, and `attention economies' were built on the shared bio-diversity of humans and all other species in concert -- a resource more priceless than oil or coal, and now in 2010, also accounted at replacement cost in GNPs. New Values Just as priceless were these emerging human `earth ethics' and common values -- the cultural DNA codes of our species -- drawn from millennia of experimentation on our evolutionary paths. Some strands, like the unsustainable industrialism of the 19th and 20th Centuries, had led us to a cul-de-sac. Other cultural DNA codes were storehouses of older folk wisdom and they sparked the new paths to sustainable development which we enjoy in the 21st Century today. These values, geared to the long-term consideration of future generations, were based on deep understanding and interdisciplinary knowledge of the earth's dynamic living system -- for example, `Think of the effects of our decisions on the Seventh Generation', `Do as you would be done by', the notions of `Karma' in Hindu traditions, and the Christians' belief in Judgement Day. All of these are systemic concepts where it is understood that `What goes around, comes around', that is, the incorporation of feedback at all levels. Living systems thinking is rooted in ethics and empathy, where humans are open to the understanding of their interdependence. Today we enjoy the first fruits of these new earth-based ethical systems. Our forebears at the end of the 20th Century had finally understood that each of us harbored the spark of the creator -- the Great Spirit -- and that earth ethics and moral behaviour had simply become pragmatic. All our individual self-interests were seen as identical.

References

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