



PROMOTING LEADERSHIP IN THOUGHT
THAT LEADS TO ACTION

THE WEALTH OF NATIONS REVISITED

CADMUS

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SEED IDEAS

Organization Abolishes Scarcity
Organizing International Food Security
Boundless Frontiers of Untold Wealth
Mediterranean-EU Community for a New Era of Mankind

ARTICLES

The World in 2052
— *Ian Johnson*
Rethinking Growth: The Need for a New Economics
— *Roberto Peccei*
The Evolution of Wealth & Human Security: The Paradox
of Value and Uncertainty
— *Orio Giarini and Garry Jacobs*
Real Economies and the Illusions of Abstraction
— *Hazel Henderson*
The Moral Arc of History
— *Robert W. Fuller*
Mediation of Conflicts by Civil Society
— *Melanie Greenberg, Robert J. Berg and Cora Lacatus*
Rising Expectations, Social Unrest & Development
— *Ashok Natarajan*
Brief History of Alternative Dispute Resolution in the USA
— *Michael McManus and Brianna Silverstein*
Turn Towards Unity: Converting Crises into Opportunities
— *Garry Jacobs*
In Search of Failure's Silver Lining
— *Bengt-Arne Vedin*

BOOKS

Towards Green Growth
Taming Global Governance Idea Chaos: A "Frontier
Frame" for Recent Books
— *Michael Marien*

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The CADMUS Journal

The acronym of the South-East European Division of The World Academy of Art and Science – SEED – prompted us to initiate a journal devoted to seed ideas - to leadership in thought that leads to action. Cadmus (or Kadmos in Greek and Phoenician mythology) was a son of King Agenor and Queen Telephassa of Tyre, and brother of Cilix, Phoenix and Europa. Cadmus is credited with introducing the original alphabet – the Phoenician alphabet, with “the invention” of agriculture, and with founding the city of Thebes. His marriage with Harmonia represents the symbolic coupling of Eastern learning and Western love of beauty. The youngest son of Cadmus and Harmonia is Illyrius. The city of Zagreb, which is the formal seat of SEED, was once a part of Illyria, a region including what is today referred to as the Western Balkans and even more. Cadmus will be a journal for fresh thinking and new perspectives that integrate knowledge from all fields of science, art and humanities to address real-life issues, inform policy and decision-making, and enhance our collective response to the challenges and opportunities facing the world today.

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The World in 2052

Ian Johnson

Secretary General, Club of Rome

Humanity has made immense progress over the last few decades. The starting point for setting a future's agenda can be anchored in a healthier, better educated, more prosperous, and better informed and connected world than ever.

Humanity finds itself at an evolutionary crossroad. The choice is between a perfect storm of progressively deepening crises and expanding perspectives of unprecedented opportunities.

Viewed from the perspective of the past, the current crises predict a gloomy future. Viewed as an evolutionary opportunity to break with outmoded ideas, values and institutions, they provide the essential conditions for the rapid transition to a more peaceful, prosperous, equitable and sustainable future.

The recent failure of collective action to address international financial instability, climate change, unemployment and food insecurity seems to justify pessimism. But this failure has been the result of a piecemeal, fragmentary approach to both understanding and addressing the issues.

The root causes of the crises we are witnessing rest on outmoded theoretical concepts, values and institutions. The remedy lies in the formulation of a new theory appropriate to the radically different conditions of the 21st century, commitment to progressive values that integrate individual freedom and equitable cooperation to maximize the welfare and well-being of all, and establishment of more effective national and global institutions.

There is a growing understanding and an increasing consensus of the kind of world we want to live in. A global society which has moved beyond hunger and suppression, a world that manages to live off the resources which the finite planet and the infinite human ingenuity provide, an equitable society which lives sustainably and is a lot better off and happier than today. The vision of the Club of Rome is one of an enlightened world guided by values of cooperation.

The world in 2052 can be a much safer and resilient place than it is today. Humanity has the opportunities, the tools, the science, technology and the insight to overcome the systemic crisis and to move into a better world. Whether we manage to do so will depend on each one of us.

1. Global Limits, a Systemic Crisis and its root causes

In 1972, the Club of Rome published its first report, *The Limits to Growth*. The report warned that if growth rates seen between 1900 and 1972 were to continue, humanity would overstep planetary boundaries sometime between 2000 and 2100. 40 years later, there is no doubt that the world has been crossing and continues to cross planetary limits. The consequence is a series of crises faced by our global society.

Within the first decade of this Millennium, humanity already finds itself in at least five major ecological and social crises. Each of them is a warning sign, that something is going wrong: An unemployment crisis, a food crisis, a global financial crisis, an economic crisis and a global ecological crisis.

These individual crises are, in fact, driven by many of the same root causes: Values not aligned with the crises we are facing and an antiquated belief system, an outdated economy, outdated institutions and inadequate delivery mechanisms.

2. An Emerging Movement and Opportunities as never seen before

We are faced with the necessity to evolve towards new and higher social systems that are needed to effectively manage higher levels of technological capability, globalization of society, greater human mobility, etc. We should not focus on what seems to have been lost, but on what humanity has until now never possessed. Society is evolving. Understanding the present in the light of the past, we see only the problems resulting in gloom. Understanding the present in the light of the future compels us to evolve, we see the opportunities it points to.

Entire sets of beliefs and behavior have become outdated and counter-productive and need to be replaced by new thinking and new approaches. The good news is that this change is effectively beginning to take place, despite the stiff resistance it faces.

A groundswell of a global movement seems to be building up as millions of people are actively engaged in building a global society, which is sustainable, just and equitable. What unites them is a vision for a better world, one where humanity lives in peace with nature and itself, a world which can be called “*sustainable and equitable*“, a world which would be much more secure, stable and habitable than the one we are living in today.

This groundswell is aided by an unprecedented array of tools and resources such as innovations in technology and communications, higher levels of education, greater democratic freedom, greater tolerance and international understanding, increasing capacity for organization and progress of all types of social institutions.

3. 2052: What will the future hold?

Over the next 40 years the world population is likely to grow from close to 7 billion to 9.5 billion people, with a corresponding increase in demand for energy, land, water and food, resulting possibly in a tripling of GDP. It is assumed that the population will level off at around 9.5 billion in 2045 – a unique era in human history.

These developments are bound to further increase humanity's footprint and to reduce resilience in natural and social systems. They even carry the potential of propelling us into an unknown world, driven by non-linear processes, largely out of human control.

We maximize our chances that, by 2052, in 40 years' time, we can look back and understand that we have succeeded in transiting into a fundamentally more sustainable, equitable and peaceful world by

- Redefining the values which effectively guide the development of society
- Developing a new economy, both in theory and practice, so that
 - ✦ natural and social capital are correctly valued
 - ✦ new financial markets deliver the goods and services mankind needs in and for a sustainable world
 - ✦ sufficient jobs are created to allow a decent income for all
- Creating appropriate governance institutions on a global, national and local level

4. Values

Values change as society develops and evolves, as its members become more conscious, informed, experienced, capable, and confident. We no longer live in a world where competitive pursuit of individual self-interest, excessive wasteful accumulation and inequitable consumption that disregards the impact on other people and societies can be sustained. Darwinian laws of the jungle are indefensible in the interconnected globalized world of the 21st century. Humanity's future prosperity will depend on our realization that universal and equitable distribution of all aspects of social capacity, opportunity and security is the most essential and effective means for promoting peace, prosperity and maximum welfare and well-being in the future.

The issue of values needs to move more prominently into the forefront of the debate on both a personal and institutional level.

5. Economy

The most essential function of any economic system is to provide sustainable livelihoods, economic security and maximum welfare to all citizens. Money, markets, production and growth are in fact merely a means to an end with no essential value other than that of meeting human needs.

The foundations for modern economics were built when the world was dramatically different from today. Current economic theory rests largely on assumptions that were made over 200 years ago but many are no longer valid for today's world. The economics of today neither appears to address the real issues of today's world nor does it measure the things that really matter to people. It is time to re-think and change our ways, to re-engineer economy, making it fit our purpose.

Our economy is based on measuring and valuing incorrectly. For a wide range of goods and services essential to the maintenance of a safe, secure and sustainable planet, the

systematic inadequate valuation (both under and over) is causing major problems, such as the degradation of ecosystems, depletion of biodiversity and the destabilization of the social fabric of families and communities. Natural and social capital need to be properly valued in economic terms. Economy has to become “*real*” and must be built on real values.

Our current economy generates inequality, which needs to be corrected through new redistributive policies. The poorest 40% of the world’s population account for only 5% of global income, while the global assets of the wealthy have multiplied exponentially, from \$12 trillion in 1980 to almost \$170 trillion in 2006. The issue of inequity lies at the heart of a sustainable, fairer and more just world.

The issue of meaningful employment might be one of the most underestimated challenges facing humanity. People need income to cover their essential needs and to be able to live a decent life. With 200 million unemployed, 1 billion underemployed, and an estimated 1.7 billion under the age of 15 it is obvious that we need an economy which produces jobs and income for the maximum number of people. If we fail to do this, we will face social unrest on an unprecedented scale.

It is the primary task of an economy to produce real and lasting welfare gains including meaningful occupation for a maximum number of people. It is now becoming evident that rising levels of unemployment are not inevitable. The root cause of unemployment is clinging to outdated values. Unemployment thrives on 19th century values of political, economic and social inequality, inequality of rights and opportunities which limit social growth. Extending economic, political and social equality is the real basis for permanently eliminating the problem.

6. Institutions and Delivery Mechanisms

6.1 Markets

Markets are an essential aspect of our life. The de-regulation of markets in almost all economic fields provided a platform that moved markets, poorly regulated at best and un-regulated at worst, towards speculation and shortly thereafter into avarice. We must re-orient our markets so that real values are reflected in decisions. Failure to correct the excesses of the past decade will decrease trust, increase social disharmony and lead to undesirable outcomes. Markets will need to play a new role in facilitating the funding and delivery of a great many services that will be required for a 2050 sustainable world including ecosystems services and carbon reduction.

7. Governance

7.1 Global Governance

The world has rapidly become a smaller place. We have also witnessed a massive rise in interconnected issues requiring management and common policies. Furthermore, each and every one of us has also become a global citizen.

The future of sustainability depends critically on how well we manage “issues without passports”. Three groups of global issues that now require our urgent attention: The rise of

“*global commons*” issues such as climate change and the loss of fisheries and ocean damage; a strong “*global conscience*” that has turned attention to world poverty, hunger and security; and a dramatic rise in establishing “*clear global rules*” that make each of our lives safer, more predictable and protected.

7.2 The Visible Hand of the Public Interest

A prosperous and stable society requires a proper balance between the role of the market to stimulate innovation and the effective use of resources and the role of government as the custodian of the common interest. Governments should provide a clear and predictable framework of law, of supervision and of regulation within which the market could operate so as to achieve a balance between private rights and benefits and the prosperity of the community. There is an urgent need to have strong regulatory mechanisms, which safeguard common public interests.

7.3 Local Communities and Individual Action

Individuals and local communities can and do make a difference. Individual commitment and behavior to a changed and better world is fundamental as it is at the individual and local community level that we will see real change. Innovation in information technologies, in energy systems and other domains has given rise to greater possibilities for local decision-making. Natural resources are often best managed by local communities. These aspects expand the range of decisions that can be made under the rule of subsidiarity.

7.4 Shaping the Future: Six Global Goals

Six global goals are essential for the transition towards a sustainable, equitable and happier world:

1. Societal values, which are essential for a sustainable and equitable society, are fully reflected in all economic decisions.
2. The economies of the world reflect the value of natural and social capital; markets operate in a fair and transparent manner and deliver the goods and services required for a sustainable society.
3. A more equitable distribution of income both within and between countries.
4. Access to meaningful work, which provides enough income to lead a decent life is guaranteed and recognized as an essential human right. Job generation has become a top priority for all investments and costs for unemployment are considered in decision-making.
5. Ecology is seen as a binding constraint for all forms of human activity and is therefore managed in a manner which reflects its biophysical and economic value. Never should the world be in overshoot.
6. Appropriate governance systems at the local, national and global level, which can manage the transition into an equitable and sustainable global world, are established.

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Rising expectations release enormous amount of social energy that spills over into social unrest when no suitable positive channels are available to utilize it for social advancement. Harnessing that energy for constructive purposes requires appropriate social organizations and productive skills.

Ashok Natarajan, Rising Expectations, Social Unrest & Development

I would suggest searching for a more appropriate word for failure, one not tainted with negative connotations. Because failure is the high road to innovation, because failure is the inevitable investment in the future, because failure is – the road to success.

Bengt-Arne Vedin, In Search of Failure's Silver Lining

First, we must recognize the crises we face are not black swans, fat tails or perfect storms, but symptoms of our limited perception, fragmentary reductionist mindsets, models, research methods and academic curricula, particularly in economics and business schools. Second, we must move beyond economics to capture all their "externalities" in multi-disciplinary frameworks, systems models, multiple metrics and pluralistic research.

Hazel Henderson, Real Economies and the Illusions of Abstraction

The wide range of innovative mechanisms commonly employed to settle disputes outside the courtroom is illustrative of the larger potential for organizational innovation in other fields designed to enhance governance nationally and globally.

*Michael McManus and Brianna Silverstein,
Brief History of Alternative Dispute Resolution in the United States*

Today humanity has acquired the conscious self-awareness and the organizational capacity for self-expression and coordinated action. Organizing the consciousness of the global power of citizenry is the natural step to transcend the nation state. It needs only the right pioneering leadership with the right ideas and the right values to sound the call.

Garry Jacobs, The Turn Towards Unity: Converting Crises into Opportunities

Global governance is clearly taking shape in complex and chaotic ways, with widespread dissatisfaction of present arrangements and numerous proposals for betterment — all at a time when many national governments are also being questioned, arguably due, at least in part, to deficiencies in global governance and international accords.

*Michael Marien,
Taming Global Governance Idea Chaos: A "Frontier Frame" for Recent Books*

The world needs a paradigm shift in economics similar to the one physics experienced at the dawn of the last century, when quantum mechanics and the special and general theories of relativity were invented to address new phenomena not explainable by Newtonian mechanics or Maxwell's electrodynamics.

Roberto Peccei,

Rethinking Growth: The Need for a New Economics

Society is evolving. Understanding the present in the light of the past, we see only the problems resulting in gloom. Understanding the present in the light of the future compels us to evolve, we see the opportunities it points to.

Ian Johnson, The World in 2052

We have organized production to perfection, but left out the most crucial ingredient – humanity. We have raised the value of GDP phenomenally, but overlooked the value of human security. The process of society's past evolution offers hope and assurance that there is a better way and a better life for all humanity waiting to emerge. Human-centered economic theory and measures of wealth, welfare and human security can help us realize it now.

Orio Giarini & Garry Jacobs,

The Evolution of Wealth & Human Security

Working for peace is part of the heritage WAAS fellows have been given by Academy founders who, after helping develop the theories and technology for nuclear weapons, were amongst the first to recognize that they should be banned. Two of the seven founders of WAAS (Robert Oppenheimer and Bertrand Russell) became global figures in proposing nuclear disarmament.

Melanie Greenberg, Robert J. Berg & Cora Lacatus,

Mediation of Conflicts by Civil Society

The difference between predation and competition is that predation knows no rules. In contrast, competition can be made fair. Making sure that it is—by disallowing rankism in all its guises—a proper function of government.

Robert W. Fuller, Moral Arc of History

Continued . . .