



In Search of a New Paradigm for Global Development

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Abstract

The World Academy has recently launched an initiative to bring together like-minded organizations and individuals to examine the root causes of the multiple challenges confronting humanity today and formulate a comprehensive strategy for addressing them. Its central premise is that viable, effective solutions can be found to meet the entire spectrum of economic, ecological, political and social challenges by formulation of an integrated perspective, comprehensive strategy and detailed policy framework attuned to the realities, needs and emerging opportunities of the 21st century. This article is intended to serve as an initial discussion paper for a WAAS e-seminar, an international conference at UNO in Geneva and a workshop at the Library of Alexandria in May-June, 2013.

The world faces unprecedented challenges. Expanding opportunities are emerging side by side with intensifying problems. A proliferation of money, technology, education, trade and communication links is fueling ever more rapid global development. The growing global capacity to meet human needs has come face to face with insurmountable difficulties. Persistent poverty co-exists side by side with unprecedented prosperity. Rising levels of inequality and unemployment are spreading discontent and social unrest at a time when social welfare nets are overstrained by an aging population. Economic growth is depleting the world's natural resource base at an alarming rate, while threatening long term catastrophic changes in climate. The competition for scarce resources is aggravating nationalist competition at a time when international cooperation is essential for coping with common global challenges. Globalization is breaking down the barriers insulating national economies, making states increasingly vulnerable to destabilizing impacts from beyond national borders. Proliferation of nuclear and other weapons poses new threats to national and regional security. Humanity seems driven by mutually exclusive, contradictory goals leading to apparently insoluble problems.

These multiple challenges share common attributes: They all transcend narrow disciplinary boundaries. They are interrelated and interdependent and defy solution by partial, sectoral approaches. They are all global in nature and cannot be fully addressed without coordinated actions by the international community. Approaches to resolving these challenges

are subject to conflicting claims, priorities and interests. Viewed as a whole and in relation to one another, they present to humanity a nexus of interconnected problems of unparalleled complexity.

1. Quest for New Paradigm

Each of these global issues is a subject of on-going analysis by leading organizations around the world. Many strategies have been formulated and projected for dealing with each of them individually in a piecemeal manner, often at the expense of the others. Solutions to ecological problems usually involve economic tradeoffs that neglect the irrepressible rising aspirations and expectations of developing societies and are also unacceptable to most prosperous nations. Efforts to balance budget deficits and control inflation appear to be in conflict with efforts to stimulate growth and generate sufficient employment opportunities for all job seekers. Investments in security typically neglect the destabilizing impact of rising levels of unemployment and inequality on social stability. Managing ever growing global financial flows, arms trade and other essential aspects of global rule of law is undermined by the reluctance of national governments to cede authority to international institutions.

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The lack of significant progress on addressing these issues in recent years has raised serious doubts about the collective capacity of the human community to effectively address them. There is presently no consensus as to whether real, effective solutions are possible to meet the full spectrum of global challenges and what those solutions should be. *Is there any way in which apparently mutually contradictory goals of prosperity, security, sustainability and social justice can all be realized? If so, what is lacking?*

Frustrated idealists and cynical pragmatists frequently cite absence of leadership, vested interests, conspiracies of the rich and powerful, and lack of political will among the principal obstacles to coherent policy and effective action. But the skepticism, cynicism and failure to act have deeper intellectual roots. Current thinking on these issues has failed to present a clear alternative to addressing the totality of the challenges and their complex interrelationships. The public has yet to be convinced that there are viable solutions that do not involve unacceptable sacrifices. Decision-makers are yet to be convinced that there is a comprehensive policy framework that can be instituted within a democratic context. Some believe the only solution is to wait until a natural catastrophe or social revolution compels leaders to desperate measures.

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The root cause of the current paralysis lies in the fundamental conceptions and perceptions which govern global society today. Prevailing theory and conventional wisdom stand in

direct opposition to effective action. Outmoded economic dogma is used to support unbridled financial speculation, unsustainable depletion of resources and growing inequalities. Concepts of competitive security and balance of power are used to justify the prevailing security environment. An international legal system predicated on a dated conception of national sovereignty is applied to sustain an undemocratic system of global governance. Without challenging these conceptions, solutions will continue to evade us.

2. Historical Precedents

History offers precedents for radical change. Usually, it occurs in the form of violent revolution in the face of intractable vested interests that resist dilution of their power. Occasionally, it has been ushered in by far-sighted leaders who recognized the urgent need for rapid social evolution to preempt the possibility of violent revolution. England sought to avoid a repetition of the bloodshed that wiped out the French aristocracy by opening up to the prospering middle class a greater share of political power and social respectability. Abraham Lincoln led a silent social revolution during the closing days of the Civil War when he delayed the armistice while exerting every power at his disposal to compel a reluctant Congress to adopt the 13th Amendment abolishing slavery. Had he not done so, the return of the southern states to participate in the government might have postponed the emancipation of the blacks by half a century or more. Britain once again avoided revolution when it became the first of the imperial powers to systematically dismantle its global empire with the granting of independence to India in 1947, which was quickly followed by freedom for more than 50 other subject nations, representing about one-third of the entire human race.

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After fighting two horrendous world wars, the great powers felt compelled to take unprecedented steps to found the UNO as a buttress against the prospect of an annihilating conflagration between nuclear superpowers. Since then, major conflict has been largely transferred from the battle field to the conference table. Similarly, after centuries of incessant warfare, perennially warring European powers took the first step toward founding a new European Union that has come to make war in Europe unthinkable. In an unprecedented action, Gorbachev dissolved the Soviet Empire as well as the authoritarian power structure of the USSR from within, ending the Cold War and dissolving the barriers between the East and West in the process. The combination of these three evolutionary changes has been remarkable. Between 1950 and 2010, annual war casualties are estimated to have dropped from 500,000 to 30,000 annually.¹ Since 1988 high intensity wars that kill at least 1000 people a year have declined by 78%.²

Another US President, Franklin Roosevelt, performed a similar deed in the wake of the US banking panic of 1932 when he pushed through a radical reform of the banking system, erecting the safeguards that protected the economy from a single banking crisis for more than

seven decades. Crisis returned only when the wall of protection he erected was dismantled under pressure from aggressive banks eager to exploit the opportunities of globalization free from the restraining influence of regulation and even commonsense. It was almost unthinkable at that time to imagine that the world's leading proponent of free enterprise should introduce radical socialist policies. Yet during the following two years, FDR pushed even further by ushering in the New Deal, a radical reformulation of public policy to promote social security in a country previously resistant to all government-sponsored welfare measures. Had he not died prematurely before the end of the war, he would have capped his revolutionary program with a new bill of economic rights, which included the right to employment.

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The challenges confronting humanity today are as formidable and threatening as any or all of these earlier challenges combined. At the same time the opportunities available to humanity to meet the needs of all human beings have never been greater. Both the compulsions of eminent danger and the prospects for unprecedented progress constitute powerful incentives and enabling conditions for unparalleled actions with potentially momentous consequences.

3. Characteristics of the Existing Paradigm

Ideas and values underlie all our thought and action. The world we know today is a natural consequence of ideas and values formulated in the past, adopted over time and still prevalent in spite of increasing challenges to their validity, fairness and relevance. The existing paradigm of global development is based on a set of spurious assumptions, premises and principles which may have had some utility in the past but now represent serious impediments to global social, economic and political progress. There are numerous reasons why the present paradigm fails to provide optimal solutions.

The current paradigm is based on outdated and naïve economic theories and assumptions, such as the infallibility of free enterprise, which ignores the obvious fact that unregulated markets, like other networks, are neither free nor fair, for they invariably become skewed in favor of the early adapter or the most powerful. It is based on measures of economic value that consider expenditure on arms exports, war and environmental catastrophes to be of equal value to those on education, health care and human security. It is based on a narrowly defined notion of economic efficiency that completely neglects the wider efficiency of the society of which economy is but a part. A society with 20 or 50% youth unemployment does not qualify as efficient by any rational considerations, for it is a society that is squandering its most precious and perishable resource and sowing seeds for future revolution. It is based on eco-

conomic doctrines more appropriate to an industrial economy at a time when services represent three-quarters of all economic activity and more than 60% of all employment.

The current paradigm is also based on outdated concepts regarding national and global governance. In countries around the world rule by money power and plutocracy masquerades as representative democracy. It supports an undemocratic system of global power sharing established more than sixty years ago that is grossly out of tune with current day realities. It is founded on a narrow conception of national sovereignty that – regardless of the actual form of national government – subordinates the legitimate rights of individual human beings and the collective rights of the human community to that of national governments acting on behalf of special interests and power groups. It upholds the right of some nations to special privileges unmatched by any commensurate responsibilities. It sanctions the production, possession and possibly even the use of weapons that violate the humanitarian rights of all humanity and endanger the global environment.

4. Comprehensive Solutions are Possible

An impartial, open-minded assessment makes it evident that viable solutions can be formulated to address all of these challenges, but that they can only be found by looking beyond the prevailing framework of values, ideas, strategies, policies, and institutions on which current solutions are based. The global economy is capable of producing sufficient goods and services to eradicate poverty and meet the needs of all human beings. Global society possesses or can develop the capacity to provide education and adequate healthcare to all its citizens. The very fact that so many human wants remain unfulfilled while more than a billion people are in search of work reflects

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the superabundance of human resources available to address unmet needs. Regulatory and technological solutions do exist to mitigate climate change and augment water resources. The world is afloat with money – more than \$200 trillion in global financial assets. If properly invested and allocated, they would be more than sufficient to generate employment opportunities and adequate incomes for all. Shifting the tax and incentive bias which favors technology-intensive capital investment to favor human-capital-intensive investments instead would radically alter global employment prospects. Pricing natural resources at their replacement cost rather than the cost of extraction could safeguard the interests of future generations while providing incentives for more efficient utilization and substitution. The eradication of war and abolition of weapons of mass destruction are an achievable goal, provided an alternative framework is established to ensure the security of all nations.

Solutions do exist or can be formulated, provided we are willing to ask some fundamental questions that challenge prevailing dogma. To cite a single example, financial markets originally developed as an adjunct to the real economy designed to pool capital for investments that meet human needs and generate employment. Today, financial markets have become divorced from that original purpose and are left free to act in ways that directly undermine

the effective functioning of the world economy. Current policy regards the right to free speculation by the wealthy as more fundamental than the right of every human being to gainful employment and economic survival. A punitive tax on speculative financial transactions is just one of the many feasible policy measures that could redirect tens of trillions of dollars into essential investments to create sufficient jobs for youth and the elderly, rapidly raise global living standards, reduce mortality rates, spread education, replace climate disruptions with renewable energy production, extract drinking water from the oceans and thereby eliminate the underlying sources of frustration and unrest that threaten social stability.

5. Characteristics of a New Paradigm

What the world most urgently needs is fresh thinking to formulate a new intellectual paradigm with the following characteristics:

- It fully comprehends the interrelationships and interdependence of all dimensions of global society and social development.
- Its goal is to optimize human welfare and well-being for all human beings.
- It recognizes that universal human values are not merely inspiring ideals. These values are the only viable basis on which sustainable progress for humanity is achievable.
- It gives central importance to the full development and utilization of Human Capital as the driving force and Social Capital as the most essential enabling technology for rapid social evolution.

Ideas have an enormous power to change the world. The new paradigm would have to be based on a new set of ideas and new principles for their application. Foremost among them must be the central aim of ensuring security and promoting the full and equitable development of all human beings. Society is an organization, an advanced network, with unlimited power to promote human welfare. To be effective it must effectively reconcile the values of freedom and equality, the rights of the individual with the rights of the collective. Education needs to be recognized as the prime instrument of conscious social evolution. Therefore, highest priority must be placed on raising levels of education globally to the highest possible level. Development is the result of social, political and legal processes. It cannot be achieved simply by more economic growth or by adoption of ever new technologies, while ignoring the need for wider social and political changes.

With regard to economy, the new paradigm must be based on the realization that money, markets and technology are human creations intended to serve, not dominate or enslave, humanity. It must recognize that human capital is the most precious of all resources, a resource of virtually unlimited creative potential, and give highest priority to the full development and free creative expression of human capacities. Economic value must reflect real contribution to human welfare. Economic systems must be founded on the principle that freedom and regulation go hand in hand, freedom for individual action and regulation to ensure the fairness and equity of social systems. As economy is a subset of society intended to promote social welfare, financial markets must be so regulated to support the real economy. Emplo-

ymment needs to be recognized as a fundamental right, the economic equivalent of the right to vote in democracy. The new paradigm needs to recognize that the shift from a scarcity based industrial economy to a knowledge-based service economy with untold productive power requires a reconceptualization of economic value and new measures of economic performance. It needs to understand money as a social organization that capitalizes trust capable of multiplying the prosperity of all, rather than as a scarce material resource or power to be hoarded and applied for the benefit of a few.

With regard to governance, international institutions need to be founded on true principles of representative democracy. The principle of sovereignty needs to be redefined to reflect the rights of the human collective to security and a fair sharing in the earth's abundant wealth. A truly cooperative global security system that enhances the security of all nations must replace the existing competitive system in which measures to enhance the security of one nation or group reduce the perceived security of all others. It must be based on the conception that law is a codification of the public conscience. International law must reflect the universal values and enlightened views of humanity rather than the negotiating power of governments. The basic premise of a global security system must be that war is illegal and must be abolished and that weapons of mass destruction are a crime against humanity.

These ideas, principles and values are intended to illustrate that solutions can be found to the entire range of challenges and opportunities presently before us. Many of these ideas may appear utopian or unachievable under the present political dispensation, precisely because they touch the root causes of current problems that we have thus far been unwilling to address. An impartial study of their implications should be sufficient to convince those with open minds that solutions are indeed possible and that implementation of a new paradigm, no matter how difficult, could quickly usher in a world far more stable, secure, prosperous and just than the world we live in today. They are intended to dispel the fatalistic notion of human helplessness and point to the deeper issues that we are compelled to address, either by an enlightened evolutionary transition now or by more violent revolutionary upheavals in the future.

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Notes

1. Kishore Mahbubani, *The Great Convergence: Asia, the West, and the logic of one world* (New York: PublicAffairs, 2013), 16.
2. Ibid, p.15.