
FUTURES OF THE WORLD SYSTEM

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Navigating to create, maximise and sustain value

This presentation does not attempt to provide market predictions, Rather it is an analysis of the consciousness and myths, underlying how we perceive this crisis. From my point of view I use the perspectives of many interest groups with the knowledge that the problems are at a level that none of these groups can adequately understand nor solve the problems. A meta-approach is required.

The future is open and humans are creating it by their very actions and the wisest way forward is to understand alternative futures. How one perceives the crisis and what one offers as the solution are partly based on rational objective analysis and partly on what deep narratives each person holds as to what the world looks or should look like.

The methodology used is a causal layered analysis. In this approach there are four overlapping levels of reality – the day to day visible and objective; the systemic ie the parts that comprise the issue; the worldview or the interests and perspectives of stakeholders and finally the underlying often unconscious myths that support the entire framework.

Let me unpack the current housing, banking, financial, economic, world system or planetary crisis, one by one, step by step.

A Mortgage Crisis

The narrow view is that this is just a mortgage crisis – there were a lack of regulations as to whom banks could lend money to – the famous sub-prime crisis. Stocks and housing prices fuelled a bubble. And during bubbles, no one assumes the bubble will end...and as with all bubbles, the end comes in a swift and shocking way.

Solutions are simple more oversight, more rules. The underlying story is to live within one's means. Systemic rules need to be in place to ensure this. The foundational worldview of 'I shop therefore I am' needs to be challenged. In short:

Litany – mortgage crisis
Systemic – lack of regulation
Worldview –consumer capitalism
Myth – shop therefore I am, to living within one's means

Global Banking Crisis

If one believes the core issue, the mortgage crisis, it has led to a contagion throughout the banking and broader financial system. And it is not just the U.S.A that has to set its house in order but the entire world. Global regulation is required and a change in global values is required. Gordon Brown, the British PM, goes so far as to say that a new global organisation is needed to supplant the World Bank and IMF.

Those with this type of analysis are globalists and they believe it is not less globalisation but more that is the solution. The key is to globally restore trust in the system. Credit comes from credo. Capitalism has its ills, but they can be controlled through good sound government. Specific projects for them are: infrastructure development – roads and other grand projects and jobs need to be protected. The guiding metaphor 'we are all in the same boat...so lets, spend, spend, spend.

Litany – stock prices in decline, government intervention
Systemic – new banking rules, purchase toxic assets, new international banking structure
Worldview – from untamed globalisation to mature globalisation

Myth – restore trust, faith in the system

Creative Destruction – What Crisis?

In contrast are the supporters of capitalism. For them, this is just the normal if extreme part of the business cycle. Yes, some more regulation is required but endless stimulus packages are not the solution. The patient is ill but he needs bitter medicine. Some banks should be allowed to fail. Bail outs rarely work.

In this process of creative destruction, let the losers lose and new winners will emerge from the wreck. They will innovate, create new products, find new markets and all will be well again. Saving those who have lost their houses merely rewards the lazy. Nobody should panic now. Indeed, this is the best buying opportunity in a century. Every crisis has shown, those ready to find good undervalued companies (who have great products, little competition in their area, lots of cash, research budgets that lead to innovation, a vision of the future and embrace ideas on the edge) will do well.

Litany – buy low, sell high, new opportunities

Systemic – let banks fail, housing is not a right, cut the poor performers, cut the fat

Worldview – creative destruction

Myth – survival of the fittest, no pain, no gain, time for strong medicine

Geopolitical Shift

Other see this as not merely a crisis of housing and banking but also as signalling change in the world economy. Hu Jintao, the Chinese leader, sees the crisis as American created, based on incorrect macroeconomic policies and lack of savings, but now it has become everyone's problem.

In contrast, China has 2 trillion in savings and an ethic of hard work. Asia can save the day and in the process rediscover herself. In the 18th century, China and India accounted for nearly 50% of the world's wealth. From the global hardship, there will be over time, a geopolitical shift.

The system would remain capitalist but with an Asian face – more collectivism, more concern for equity, more authoritarian and far more government intervention. Better control of inflation, lower deficits, increasing productivity, richer social programs and greater political stability have given the emerging Asian giants room for error at a time when the macro-economic environment in rich countries has been deteriorating.

Finally, as part of the shift, it is Islamic banking that is the new buzzword, far more risk adverse, they have not lost dollars.

Litany – two trillion dollars in savings, low cost producers

Systemic – demographic dividend, savings, emerging domestic demand, command-control plus market

Worldview – Asian capitalism

Myth – day of reckoning for the West and resurgence of Asia

God's Plan

Crisis is caused by God. God wishes to humble humans so that they return to thinking about him and acting as he wishes them to. Solution – wait for collapse, then follow God's laws.

Worldview – fundamentalist religion

Metaphor – we have sinned, God will save the day but first destruction

Another version is that the world is being transformed. Linked to the cyclicity and possibility for renewal, this approach, presented by writers like Eckhart Tolle, represents the metaphor as losing one's job can be seen as disastrous or can be seen as an attempt to deal with the crack's in one's life – to rethink meaning and purpose, to understand what is truly important and what is trivial. This is a time of transition.

Litany – pain leads to inner change

Systemic – rethink purpose in life, external system matters less than the system of self

Worldview – abundance, new era, transformed society, strong God or consciousness-led government

Myth – awakening of spirit

Symptoms of Capitalism – even broader

The mortgage and banking crisis is seen as a symptom of a deeper problem in the culture behind world capitalism. Essentially a lack of equity. The highest since prior to the great depression. Instead of increasing wages, debt has been the solution in the U.S.A. The analysis is clear – the system does not work for the majority of people on the planet.

Litany – system in crisis, irreversible decline

Systemic – war economy, lack of savings, inequity, save, spend on society

Worldview – neo-liberalism move to socialism

Myth – its not fair – solution - give everyone a fair go

Eco-Social-Spiritual – A Window of Opportunity

This perspective radically differs on some accounts from the preceding analysis. As with the leftist view, capitalism is the problem, less than it creates wealth but that it creates inequality. Capitalism is important for innovation but not for creating a good society. The focus is less on what is wrong with the current system but on how to create a new system.

A new world currency is required as are new governance rules. This is an opportunity to do something different. There needs to be a shift from the corporatist model to the cooperative model, new measures are needed to account for progress – not just GDP but triple bottom line measurements that take into account prosperity plus social inclusion and nature.

The metaphor is that of the great transition to another type of world economic system.

Litany – individual and society

Systemic – new currency, new global trading rules, economic democracy, cooperative economies, triple bottom line, green technologies

Worldview – PROUT

Myth – the grand transition

Alternative Futures

Based on the above analysis, alternative futures of the world are offered.

Business as Usual

Pendulum swings between – growth v equity, left v right, globalism v localism

The current crisis will pass, buy low and sell high, new winners and losers. Root out inefficiencies, lead to collective learning and a stronger more productive system. Indeed crisis is foundational to the modern system. It needs crisis to have purpose, to evolve.

In the short run, Keynesian stimulation saves the day – as well as new regulation, but will the problems return seven years from now in new ways, inflation for example. Or will big government lead to big inefficiencies, drying up innovation, leading to further decline.

Rise of China and Eventual Creation of Asian Union

While still plagued with problems, China mostly and to some extent India as well survive the crisis, indeed they prosper. Overtime an Asian Union with a new currency is created.

Chindia Rise - savings rates help Chindia, as well as massive domestic economy. They also have a much longer time frame. As an Asian Union emerges, capitalism changes, becomes far more collective. A world governance system begins to form with Asia providing capital, labour and technology.

The Quick and Long Road to Global Sustainability

However, the world economic crisis is only one crisis the planet is facing. Climate change, global governance and the war against terrorism are other foundational crisis. In this future, the crisis is used to make a shift to global sustainability. The sense of urgency is used by political leaders to invest in green technologies. The main drivers are climate change, increased resource consumption per capita, values shift.

But moving to sustainability requires real changes in the window of opportunity. Changes are possible but it requires some pain. Most of us will want to avoid the pain and thus:

Long Decline, Depression and More

Unable to resolve financial crisis, changes in values, fear of the past. Some countries will experiment to create newer slower, more sustainable, more equitable, far less riskier systems. Others will move to far more controlled authoritarian systems. Many disruptive events are possible here – increased crime, civil unrest, civil wars, increased private security. Currently the only things that are going up in sales are – guns, alcohol and meat (fast food)

A New Era

In this last future, the crisis are multiple and overwhelming and foundational changes occur. Climate change, the global financial crisis, the global security/terrorist challenge, coupled with profound changes in new digital technologies (creating flatter peer to peer networks), genomics (creating aged societies as humans live even longer), revolutions in our understanding of the brain (leading to dramatically increased use of technologies such as meditation), change the entire game.

Over time...

From nation-state centred politics to global earth centred
From materialistic approach to reality to a more spiritual approach
From male domination to gender partnership
From the weight of the past to the invention of the present and future
From industrial views on progress to sustainability as the driving world view
From global corporatism to cooperative global localism

Conclusion

Ultimately, we cannot for sure know what will occur, but we can map out possibilities, search for new ideas and create the futures we desire. This creation process is political – competing interests and worldviews – and very personal, each person asking themselves what world they wish for themselves, their children, nature and future generations. Well, what do you want?

About the Author

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