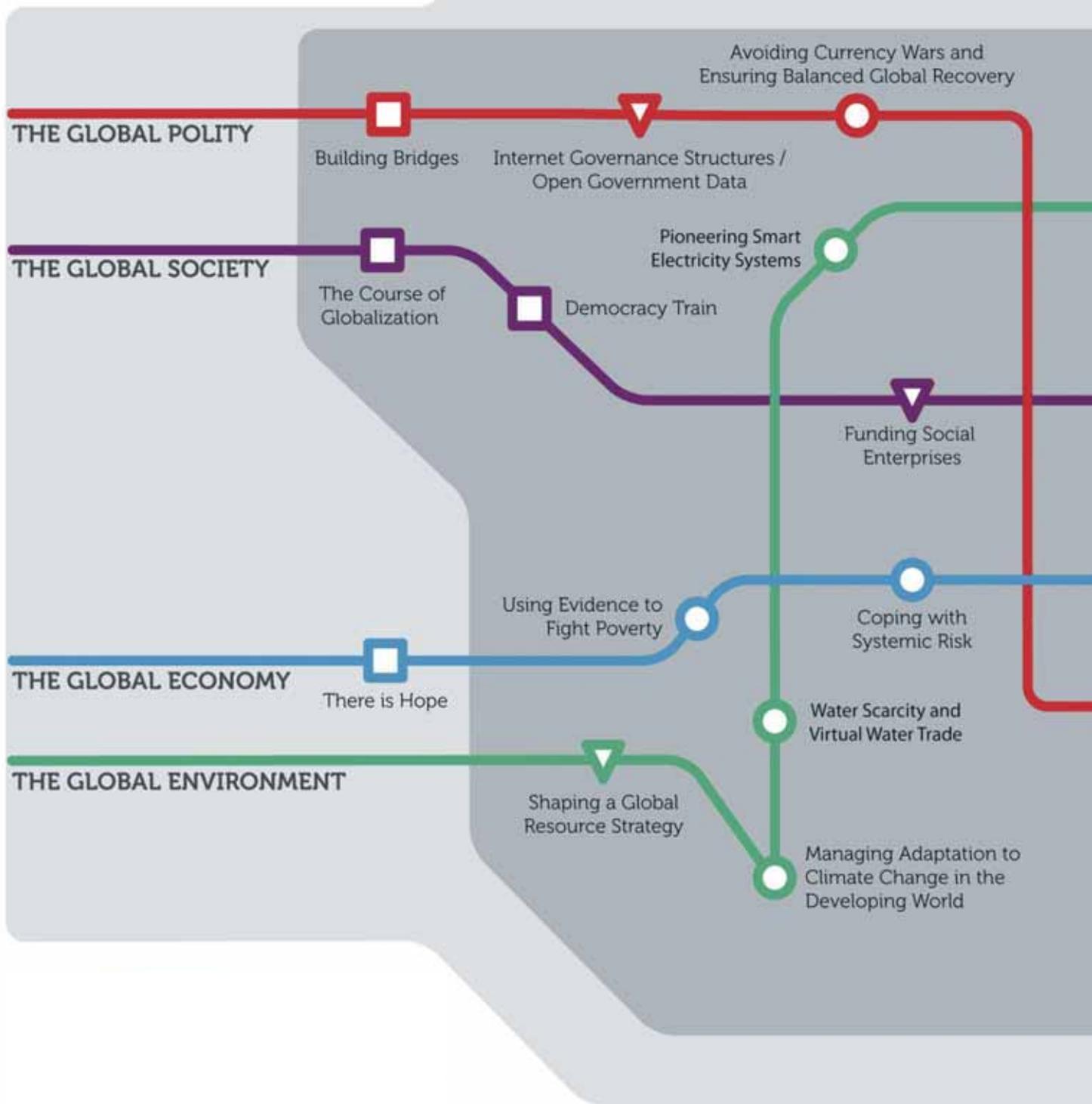


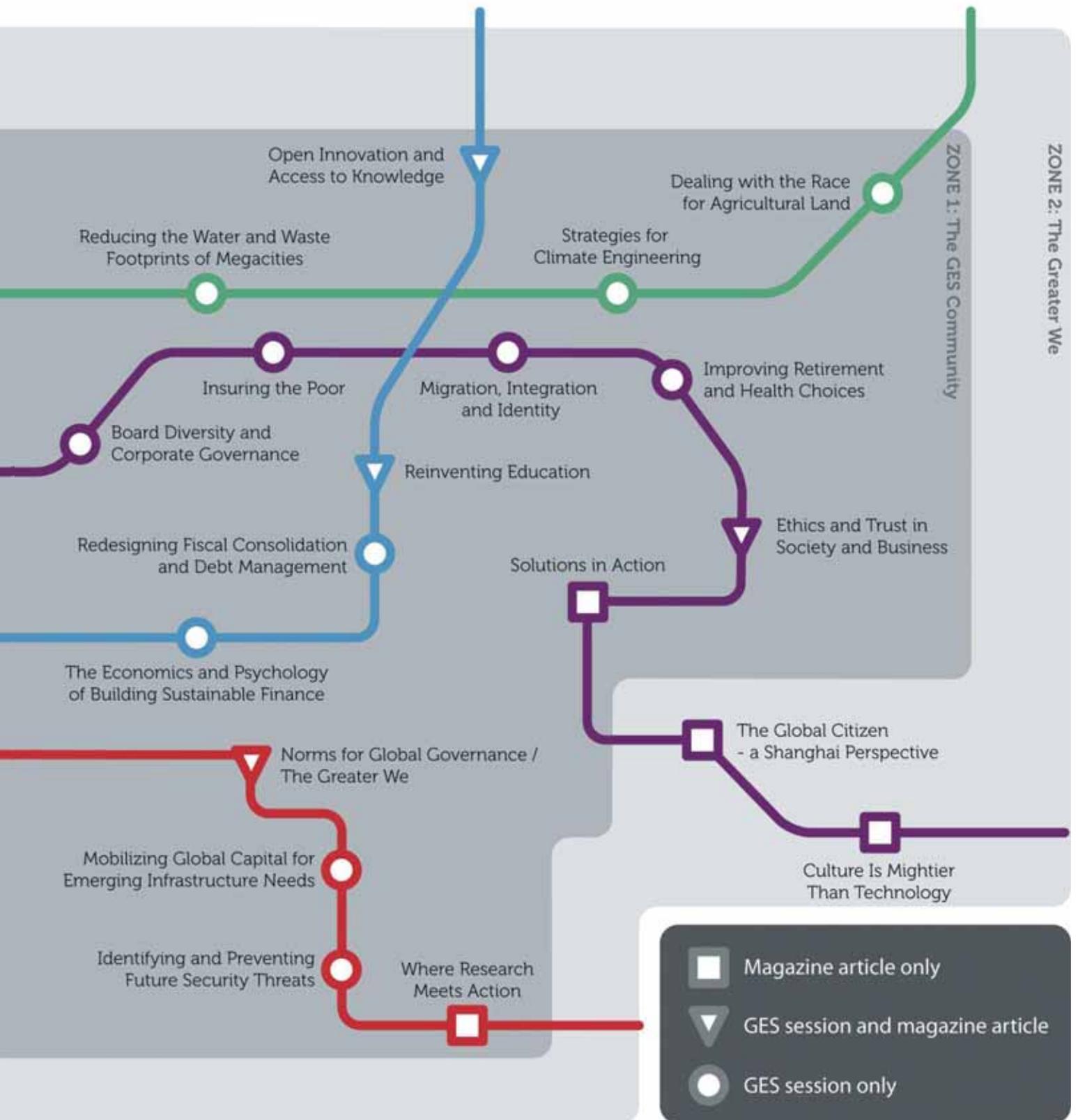
The background is an abstract composition of layered, torn paper and ink splatters. A prominent white horizontal band is positioned across the middle, serving as a backdrop for the title. The paper layers are in shades of white, grey, and black, with some areas appearing heavily textured or perforated. Splatters of dark ink and a vibrant red pigment are scattered across the surface, particularly in the lower-left and lower-right quadrants. The overall effect is one of raw, layered complexity.

THRIVE

MAGAZINE OF THE GLOBAL ECONOMIC SYMPOSIUM (GES)
2011

GES GRID







CREATING A GLOBAL NETWORK

In one way or another, globalization touches the lives of nearly everyone. Hardly any location on earth is so remote that it remains unaffected by the changes caused by globalization. These changes, however, take very different forms. People have access to a wider variety of goods; some jobs are created, others eliminated; cultures are in closer proximity to each other; communication networks are expanding; and environmental damage is a universal reality. Globalization has become the “new normal,” but it is an ambivalent kind of normalcy.

The economic and financial crisis has left no doubt that our economies are inextricably connected, and that whatever happens in the global arena has national implications as well. It is simply not acceptable that responsibility for these crises lies with the very few, while the consequences are felt by the many – indeed, by everyone. A global economy needs global regulations and reliable structures. Globalization must be sustainable; it must build trust among all concerned; and it must be manageable. If, instead, it degenerates into a crisis-prone “casino capitalism,” systemic questions are certain to be posed sooner or later, also in the global context.

Formidable challenges and disasters, such as the Indian Ocean tsunami and the earthquake in Haiti, show a different side of globalization. When the need arises, aid is swiftly mobilized and organized all over the world. Granted, things do not always go smoothly from the outset, but in the end the international community succeeds in helping thousands of people in the midst of the most extreme chaos – despite all cultural, language and bureaucratic barriers. And this is due not only to the efforts of governments and organizations; millions of people donate their time and money directly. It is globalism at the grassroots level, a willingness to get involved, that truly offers cause for hope.

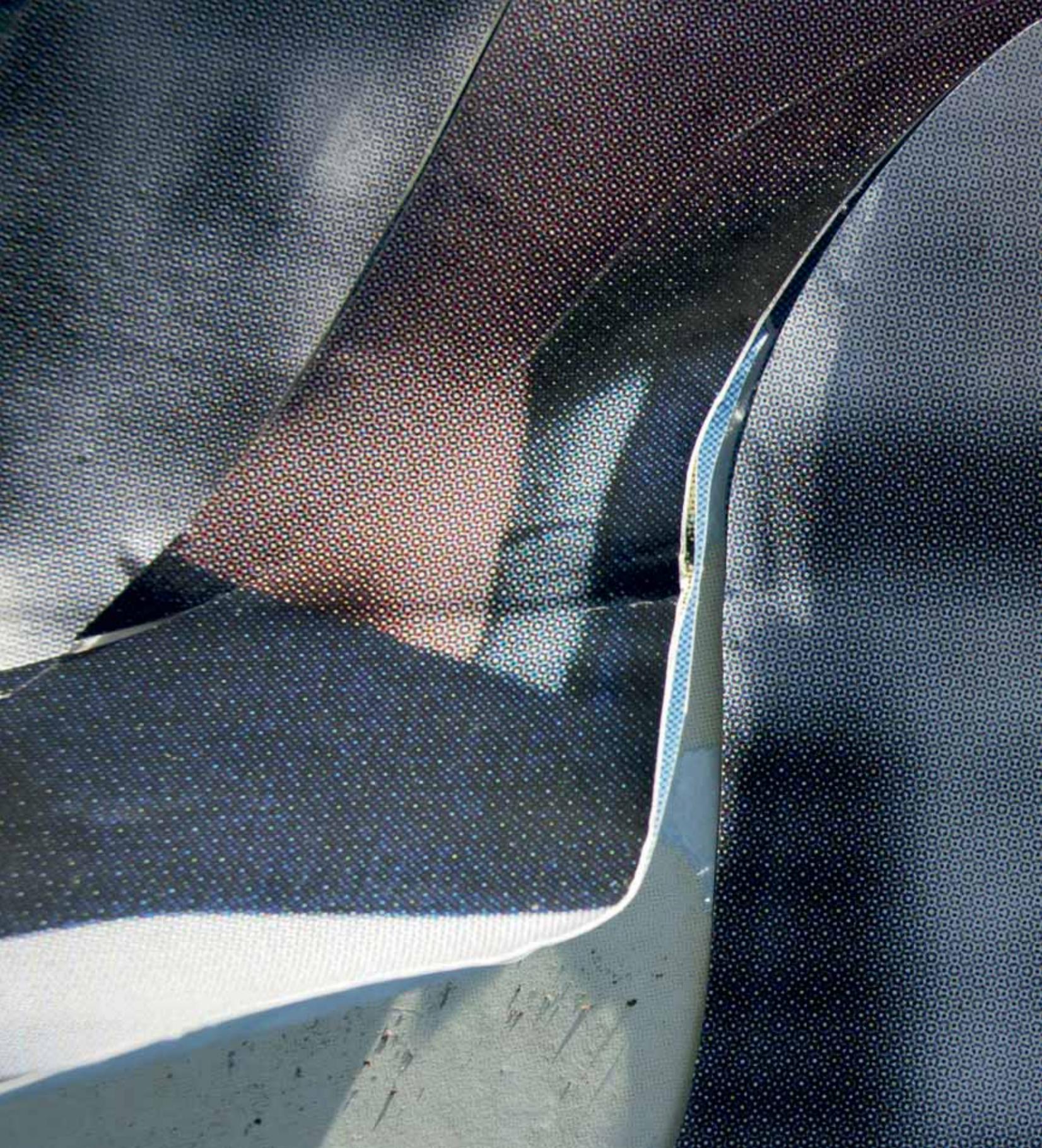
It has become very clear that a globalized world requires appropriate structures, not only for purposes of coordination, but also for making decisions and taking action. Existing organizations and bodies are insufficiently inclusive, and often unable to cope with the dynamics of globalization. To function properly, globalization urgently needs global governance – a consensus-based approach that is not dominated by individual players, whether from industry or the political sphere. Global governance also means cooperation between governmental and nongovernmental institutions. It is here, where these aspects intersect, that the Bertelsmann Stiftung has been working for many years at the international level, seeking to bring together different cultures and points of view.

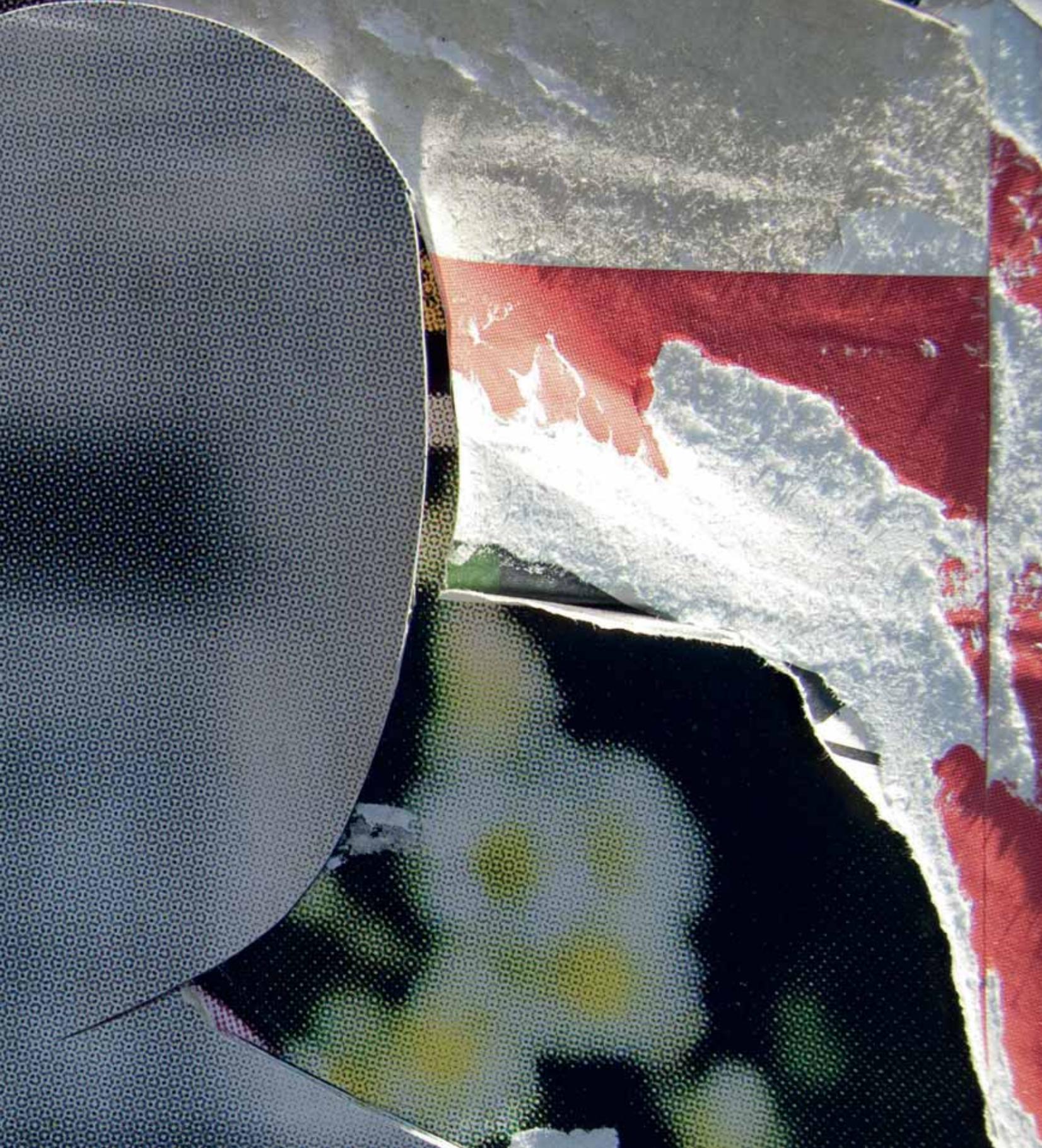
We cannot simply wait and hope for global governance to materialize. Every one of us, wherever we may be, is called upon to consider, develop and promote appropriate structures. This includes the de-facto replacement of the G8 by the G20, as well as the World Social Forum, the establishment of an international network of community foundations, and the use of social media for mobilization purposes.

We need to abandon the idea that we can combine all of these forces into one single organization. The challenge, rather, is to connect them. Global governance should be viewed as a movement made up of individuals and institutions, all of them actively working to shape globalization.

It is our hope, at the Bertelsmann Stiftung, that the Global Economic Symposium will produce innovative ideas and approaches for connecting all of these parties to one another. A fair and sustainable pathway towards globalization will only be possible with the help of many minds, hearts and hands.

GUNTER THIELEN / Chairman and Chief Executive Officer, Bertelsmann Stiftung





THRIVING



This magazine is unlike any other. For four reasons.

First, it deals with an extraordinarily huge problem. As the world becomes increasingly interconnected, we are creating increasingly interconnected problems – climate change, financial crises, international terrorism, looming pandemics, widening gaps between the world’s richest and poorest people, widening gaps in education, health, and sanitation, and much more. Most policy measures are in the hands of nations. But no nation on its own can deal with these problems, which are global. Even international organizations have difficulty dealing with them, since national politics are often pursued within these organizations. So the global problems spread and little is done to address them.

Second, this magazine is driven by an extraordinarily ambitious idea. We believe that the way to deal with global problems is to get people to take responsibility for them. Which people? Everyone – you and us, people from diverse walks of life, diverse cultures and nations, diverse religions and ideologies. Rich and poor, young and old, weak and powerful. We all must come to realize that we share a common planet and face common problems. So we must work together to wrestle with challenges that we all share. And in the process of working together, we come to realize that we share a common cause. Through this realization, we come to feel a global identity, growing among our many other identities.

So, third, this magazine seeks an extraordinarily wide readership. It addresses not only the senior decision makers – such as the academic, business, political and civil leaders who attend the Global Economic Symposium (GES) – but the people around the world who are coming to recognize our common cause. This magazine is a meeting-place, where we can focus on the problems we all share.

And fourth, this magazine makes an extraordinary demand on its readers. The demand is this: Don’t just be readers; come and join our community of activists. Bring your experiences, initiatives, thoughts, hopes, dreams into our common space on the GES website. Participate actively in our community by telling us how you are affected by our global challenges, how you are taking responsibility for addressing them, how you are seeking to work with others in shaping a better future. Every ambitious journey is made up of many small steps. If enough of us are each willing to take a step, we can change our collective destiny. So this magazine is a call to action, a call to act as global citizens.

The magazine is called “Thrive” since that is what we all seek to do – regardless of nations, cultures, faith groups or ways of life. Our aim is leave behind us the zero-sum world, in which one person’s gain is another person’s loss. Instead, we seek to work together addressing global challenges and thereby help one another to thrive.

Welcome to the Global Community.

DENNIS J. SNOWER / President, Kiel Institute for the World Economy



THE GLOBAL ECONOMIC SYMPOSIUM WILL TAKE PLACE IN KIEL.
OCTOBER 4 - 6, 2011

THEME:

New Forces of Global Governance

ABOUT:

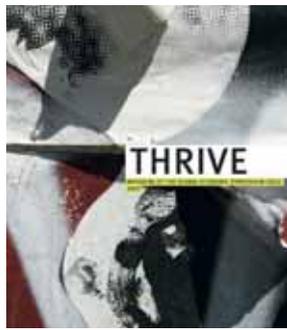
The Global Economic Symposium (GES) is a solution forum which identifies global challenges, examines their policy and business implications, and formulates concrete proposals for action with a view to creating a better world for the next generation. Unlike many other leading conferences, the Global Economic Symposium is both research-based and strongly action-oriented. The key focus is on "What is to be done?" Every session of the GES is organized by researchers and an international team of experts and supported by the GES's own virtual platform. Results of the GES are published in the book "Global Economic Solutions," which are submitted to national governments, the major international organizations, business leaders, academics and the wider GES community.

VISIT US ON:

[HTTP://WWW.GLOBAL-ECONOMIC-SYMPOSIUM.ORG/GES-2011](http://www.global-economic-symposium.org/GES-2011)

[HTTP://WWW.GES-DIALOGUE.ORG](http://www.ges-dialogue.org)

THRIVE – MAGAZINE FOR THE GLOBAL ECONOMIC SYMPOSIUM



“People working on principles may find that these naturally lead to new practical solutions.”

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◀ “The global citizen is a person who understands that we need to draw our circle of moral responsibility widely.”

BUILDING BRIDGES

DENNIS SNOWER

THE GLOBAL ECONOMIC SYMPOSIUM (GES) IS AN ATTEMPT TO ESTABLISH THE IDEA OF GLOBAL CITIZENSHIP. TO DO SO, WE NEED TO BRIDGE THE GAPS BETWEEN DISCIPLINES, COUNTRIES AND CULTURES. WE INVITE YOU TO HELP US IN THIS!



<http://www.youtube.com/watch?v=-5N2zLOciJg>

Dennis Snower, you and Alessio Brown founded the Global Economic Symposium (GES), four years ago – what’s the GES all about?

The GES is about creating a neutral, open space in which we can understand that we are a global community; in which we are prepared to take on global responsibilities and understand that as the world has become interconnected and globalized, we have become interdependent in important ways. We are creating global problems such as climate change or the financial crisis that no country can address on its own. These problems are “orphan problems” that cannot be addressed by any country on its own and that remain unaddressed even by many international organizations which are often arenas for pushing national interests. The GES grew out of the realization that we must come together as a global community – that we are increasingly a global economy, but not a global society. Every one of us living on this planet has many identities. We have an identity within our family, an identity within larger social groups. Now, perhaps for the first time in human history it’s vital for our very survival as a species that we also forge a global identity. The GES is an attempt to establish such a global identity.

This year’s focus is “New Forces of Global Governance”. Why this topic?

Global governance can be achieved in various ways. We have spent a lot of time concentrating on “hard global governance,” in other words, establishing global institutions. In negotiations on setting up global institutions, there’s a very broad divergence of interests between governments and people. And that is probably why global institutions are difficult to change. The UN, World Bank and IMF were all established after World War II and many people have said that certain aspects of them don’t reflect current realities, but we can’t change them because these institutions are rigid.

But there are different forms of global governance that we are beginning to feel more and more powerfully – the 'Arab Spring' is the last example of this. This is "soft global governance." It is not top-down, it's bottom-up, enabled by new technologies and social media that allow people to participate in their own destiny to a much greater extent than ever before. And these soft forces of global governance perhaps will become much stronger in the future and offer more hope for achieving the "Greater We" than the hard global governance institutions we have now. This is an exciting topic that the GES is seeking to explore.

So why aren't more followers of the soft governance movement participating in events like the GES?

I am convinced that the GES will only be successful if it starts to include all the people on whose behalf we engage. The GES started as an idea to bring people together across cultural divides, religious divides, national divides, to unite people from different walks of life in working together on a common cause to address the problems that we all share. And interestingly enough, within a very short period of time that idea flourished. At least on the senior decision-making level: we have had leading CEOs, top academics including Nobel laureates, leaders from politics, and NGOs, all coming together and talking across their disciplinary boundaries in an effort to work out how we can build a common home.

But now we face a much bigger challenge: to reach out to the people we've been concerned about and get them to engage in the process. We've already made a few tentative moves in this direction. We've created the Global Economic Fellow Program (GEFellows), which gives young people who have done something important in global problem-solving an opportunity to articulate their ideas in the Global Economic Symposium. And we're now interested in reaching out to students to get them to bring in their ideas through the Global Economic Student Association (GESA). So far this has been a somewhat formal and ideas-driven initiative based on a "What ideas do you have for building a better world?" approach. This meant that the ideas tended to be either very action-orientated in a business sense or very academic.

What we now need is emotional involvement to drive forward creation of a new global identity, in the shape of a global citizenship or as Malte Boecker said in Salzburg in the shape of a "Greater We" (see p. 36 – 39). This needs to take on the momentum of a mass movement. And our ability to create this momentum will be the measure by which the GES stands or falls. Accordingly, we are seeking to create open spaces where we engage with people both young and old who bring their ideas, their vision to bear; spaces where there are no boundaries, where we simply realize that we are a human community dealing with a common set of challenges. If it becomes possible for people from varied walks of life and age groups to contribute their thoughts and ideas to our process of dialogue, I think the GES could indeed make a difference. The establishment of the "Greater We" is what the GES is all about and that takes place here and now.

For the first time you are publishing a pre-conference magazine. What's the point of the magazine?

Why did you do it?

The magazine is a first attempt by us to create a "Greater We" within the framework of the Global Economic Symposium. So we have ideas coming from within the GES community and ideas coming from outside the GES community, hopefully promoting a dialogue where we can engage with people whom we might not meet in our ordinary lives. Where we can build bridges across generations and cultures and nations to arrive at an understanding of our common cause. So, as I understand it, this is not a project that is owned by the academics who create the intellectual foundations. Nor is it owned by the companies that make important contributions to the common good. Nor by the NGOs who help people in need. Nor by the politicians who provide a structure for bringing societies together. It's owned by the "Greater We." The magazine is meant to breathe life into this dialogue and establish something that will unfold in many different arenas. It will take place electronically in open spaces such as the virtual GES, the internet platform of the GES, and it will take place physically through groups meeting around the world.

How can this “Greater We” be achieved? What must we do to get there?

It’s terrifically difficult. We live in the age of an increasingly integrated global economy yet a very fragmented global polity. And a very fragmented global society. The problems we generate are global. Climate change is definitely global. The financial crisis was definitely global. Distribution of knowledge around the world is definitely global ... and so on ... Yet we now have a new opportunity and this is the opportunity for people to work together for what is obviously a global cause. And we believe that if we can bring this opportunity to life by providing arenas in which people can work on a common cause, then in the process of working together, they will recognize their common humanity and recognize the “Greater We”. The “Greater We” can only live and breathe when we engage with others. That’s the GES way.

There’s also another way it can be done, and this is by agreeing on a common set of principles and norms – in the future, maybe even values – that transcend cultures and religions and provide a basis for us to work together. This other way is discussed and illuminated by the Salzburger Trilog.

We need to build a bridge between this “common principles” approach and the “working together in a common cause” approach of the GES. In the process of working together, people may find implicitly that they do indeed share some important norms. And in the process of formulating principles and norms, they may find that these naturally lead to new practical ways of working together. So these two approaches complement each other.

In the GES program, you have 24 different sessions broadly covering four major areas – the Global Economy, the Global Society, the Global Polity and the Global Environment. What are you doing to link up these mental “silos”?

I think that in order to make intellectual progress, it’s often useful to think in silos, because that allows us to reap the benefits of specialized knowledge. This is why it’s not really surprising that there’s a lot of “silo thinking” in universities, for instance, because it makes it easier for them to develop very deep knowledge. Even so, because our global problems are interconnected, it is becoming increasingly important to build broad knowledge that is also deep. Thus the GES deliberately tries to avoid disciplinary silos. It would have been so easy for us to simply concentrate on economics. But no, we not only chose the global economy, but the global environment and global polity and global society as well. The GES is about the interaction of these different spheres. And if you look at the themes of the GES, the sessions taking place in this symposium, you’ll see, for example, that a session in the global society section could equally well have been placed in global polity. If proposals from one session contradict proposals from another, this is an issue that needs attention.

The point is that having all these different ideas under this one umbrella, all interactive in one neutral creative space, gives us grounds for hoping that we will arrive at a broader understanding of how our problems are interrelated. Yet even though problems like climate change, food, energy, poverty, education and disease are all interrelated and all deserve to be considered together in their common context, we still need a deep knowledge of each particular area. I think we’re well-placed to have this because we have virtual libraries that can give us greater background insight into each of the individual subjects.

But the GES as a whole is focused on how we as a global community can thrive. And so this is why, I believe that our engagement with people all around the world who are beginning to understand the idea of the “Greater We” will keep us grounded and prevent us from thinking in disciplinary silos – because these people simply wish to thrive and are not concerned about where the boundaries of one discipline ends and another begins. And this will be truly invigorating for us.

How would you describe the GES community?

The GES community so far consists of people from different walks of life who come to the symposium as global citizens. They leave their countries, cultures, interest groups, professions behind and they think as global citizens. The GES of the future, I believe, will consist of a much more heterogeneous group all of whose members obviously can't take part in one particular symposium, but who can contribute their ideas, their initiatives and their emotions to this common cause and engage with us in the idea of creating a "Greater We".

What is the driving force behind this idea for you personally?

For me personally the driving force is the realization that we need to understand our common humanity and access the creativity of people around the world to work in a common cause. Now, as president of the Kiel Institute I could say my understanding of my work should be the creation of academic excellence within my institution, which analyzes the global economy from a global perspective. And I could fulfill this responsibility quite adequately by promoting academic excellence within my institution. But the GES has a different point of departure, namely, that we owe a debt to the global society. And that paying our debt involves bringing people together to show that, among the many societies we already have, a global society is also possible. Now if this global society actually thrives, it will provide a totally different direction for our academic research, our policy-making and so forth. This is why we want to concentrate on this debt to global society and let that be the motive that drives us forward.

If you have to give a few criteria for being a global citizen what would they be?

The global citizen is a person who understands that we need to draw our circle of moral responsibility widely. To include not only our family, our social group and our nation but all of humanity and beyond our common humanity, the plant and animal worlds as well. A person who understands that we need to live in mutual respect so that all living beings on this planet thrive. We shouldn't see our interrelations as a zero sum game – my gain is your loss – we should feel that we are working together in a common cause. This needs to be done in many different arenas, and the GES is simply one arena in which we try to do it.

You demand a pretty strong "me" for this "we"?

That's right. But we do have within ourselves the emotional, spiritual, and intellectual wherewithal for this "me". After all, we have many different "me's". I have a "me" that is simply concerned with my own individualistic interests. I have a "me" that is concerned with my family. I have a "me" that is concerned with my professional community, the nation to which I belong. And through all these different roles I understand very well that there can be a "Greater We". And that is something I would be very proud to develop in concert with many other people in the global society.

HOW WOULD YOU TAG YOUR INSTITUTION?

Research in global economic affairs / economic policy advice /
economic education / networking

WHAT MAKES YOUR INSTITUTION STAND OUT?

The IfW conducts theoretical and empirical research on global economic phenomena in order to provide socially relevant insights for addressing global challenges. It interprets the domain of "Weltwirtschaft" broadly, to include also national and regional problems that are pervasive in many parts of the world and have cross-boundary implications.

The IfW is particularly concerned with global interconnections among economic activities, and when it deals with national policy issues, it seeks to exploit its global perspective.

In view of the progressive integration of the global economy through trade and capital flows, as well as the globalization of national and regional economic problems, the IfW occupies an important research niche.

IN WHICH WAYS DOES CIVIL SOCIETY BENEFIT FROM YOUR INSTITUTION?

A think tank mission: to provide policy advice, contribute to public discussion and establish networks and

An education and outreach mission: to conduct postgraduate education and to provide publication services again with a clear focus on global economic affairs. For this end, the IfW advises decision makers in politics, the economy and society, and keeps the interested public informed on important matters of economic policy on the basis of its research work. At the same time, the IfW attaches particular value to economic education and further training and, in doing so, it closely co-operates with the world's largest library in the economic and social sciences, the ZBW.

We interpret our "global citizenship" to mean the social responsibility to analyze Weltwirtschaft with a view to seeking ways toward sustainable and equitable prosperity for the global community.

WHAT WOULD YOU CONSIDER AS THE MOST IMPORTANT CHALLENGE FOR YOUR INSTITUTION?

In recent years the IfW has rigorously expanded its numerous links to research organizations, individual researchers, think tanks and policy stakeholders all over the world. The long-term vision of the IfW is to become a global hub on policy-oriented research on global economic affairs, by exploiting complementarities between its research location and its research networks.

HOW WOULD YOU TAG YOUR INSTITUTION?

Change / Humanity / Innovation / Knowledge / Participation

WHAT MAKES YOUR INSTITUTION STAND OUT?

In keeping with the long standing social commitment of its founder, Reinhard Mohn, the Bertelsmann Stiftung is dedicated to serving the common good. Our work is based on the conviction that competition and civic engagement are essential for social progress.

IN WHICH WAYS DOES CIVIL SOCIETY BENEFIT FROM YOUR INSTITUTION?

For us, "participation" requires people capable of taking action, and a society that offers the appropriate opportunities. The Bertelsmann Stiftung's programs focus on helping people achieve their full potential and on strengthening society and its political, economic and social systems.

WHAT WOULD YOU CONSIDER AS THE MOST IMPORTANT CHALLENGE FOR YOUR INSTITUTION RIGHT NOW AND IN 5 YEARS?

Right now: We must constantly gain the trust of those whose time and creativity we depend upon for implementing our jointly developed solutions.

In 5 years: To know the greatest challenges that we will face in ten years. To find and promote the implementation of sustainable solutions to ensure steady development in cooperation with civil society.

HOW DOES THE INSTITUTION TACKLE THIS PARTICULAR CHALLENGE?

In keeping with the fundamental beliefs of its founder, Reinhard Mohn, the Bertelsmann Stiftung sees itself as a driver of social change. It is committed to the values of freedom, competition, solidarity and goodwill.

THE COURSE OF GLOBALIZATION

GUNTER THIELEN



How do people view globalization today?

Most people have come to regard globalization as normal – involving risks, but also many opportunities at every level. After all, we didn't just invent it in the 21st century. At least in Europe, globalization began as early as five hundred years ago, radically changing our view of the world. Europeans looked over the horizon and sailed away to explore new lands. As the global era began, our view of the world expanded, though we only slowly came to recognize its true proportions. Today, however, globalization is bringing us closer together. Distance hardly matters any more, and information passes from sender to receiver in the blink of an eye.

Can we even expect to control this global dynamic?

Globalization isn't a force of nature, like a hurricane or a tsunami. Behind its processes, decisions and changes, you will always find human beings and their interests. No, the crucial question is this: In what direction should we steer this global dynamic?

In a recent survey, the Bertelsmann Stiftung asked people in Germany about options for addressing important global challenges. More than 90 percent of respondents were in favor of international regulations in such areas as environmental protection, energy policy and the financial sector. However, 73 percent expressed skepticism about the possibility of implementing effective international agreements within the next ten years. By the way, well over 80 percent called for Germany to lead the way in addressing global problems and challenges. To me, that speaks of a powerful level of commitment.

How is the Bertelsmann Stiftung addressing globalization?

A few years ago, we decided to put policy approaches for shaping globalization at the heart of our strategic direction. We recognized then and are still convinced that globalization has a profound effect on every area of life and work. Our goal is for globalization to be equitable, for policy approaches to put people first. What we create and develop in our projects must benefit people. For us, shaping globalization means creating equitable opportunities for education, health, work, democratic participation and culture. Our task is to advance this discussion and promote alliances. When we look at globalization from this perspective, it becomes clear that we can't focus on the economy alone. To reach our goals, we must recognize that diversity and differences represent a wealth of opportunity.

What do you see as the steps to fair globalization?

We regard participation and integration as especially important. Our society has a rich trove of talents that we are either failing to nourish or irresponsibly squandering. Many people, especially those with foreign roots, never have a chance to develop and apply their skills. That is tragic. The result is poverty, inadequate education, social marginalization, poor nutrition and health care, and even aggression. At the same time, society fails to tap that vast reservoir of talents, skills and energy.

Societies that support a high level of participation and integration achieve much better success in the long run. For us, then, inclusive and equitable development requires a broad understanding of participation and integration at the national and international levels.

Can you give examples of development along those lines?

Globalization succeeds where people are actively included and engaged. Despite the current euro crisis and a host of political conflicts, I see Europe as an example of this.

The democratic participation of individuals is substantial, underpinning development in every EU member state. Europe today is a continent of democracy. Despite old enmities and devastating wars, we have managed to make the European Union a place of lasting and peaceable dialogue. That is a central achievement for all of us, but it should also be an experience and a model that we, as Europeans, actively contribute to the process of globalization. Another possible element is the way we combine unity in our economic, democratic and legal spheres with the diversity of different cultures and ways of life. And finally, we bring our understanding of what it means to live together – not based on marginalization, but on social justice, cohesion and support.

What basic economic trend do you see for globalization?

So far, the economic side of globalization has often come down to the relocation of jobs. This continues to reflect the constant search for the most advantageous conditions for production and services. Cheap labor is still the driving force as globalization extends its reach into new countries and regions. However, this trend will soon meet its limits.

In the next phase of globalization, innovation will take center stage. Its roles will include not only intelligent solutions but also outstanding proximity to customers and the ability to adjust to ever-changing situations. A good education builds the crucial skills of recognizing challenges and finding workable solutions.

Therefore, we need societies that live, move and change, that welcome very different points of view, and that offer equal opportunities to all people, no matter where they come from. Conformity and standardization were necessary in the age of industrialization, but now they pave a dead end street. In the globalized world of tomorrow, countries that value and promote diversity will enjoy distinct advantages. In their societies, globalization on a small scale is already underway.

So the winners aren't necessarily the large and the powerful?

States, regions and countries that actively encourage people of different ethnic groups, cultures and religions to live together are potentially linked to the whole world. People there learn different languages and customs, make contacts and connections, build bridges, exchange ideas and promote understanding. That's a great advantage in everyday community life, and also an incredible opportunity when it comes to economic activity. But encouraging and managing that kind of diversity doesn't just happen. Integration is a difficult path, with many obstacles and setbacks.

We in Germany must also take up this challenge. Even as a major exporting nation, we still have a long way to go in promoting diversity.

That's why we at the Bertelsmann Stiftung are working to give young people from immigrant backgrounds solid opportunities in our society.

Don't we also need a different philosophy when it comes to economic growth and managing resources?

Constantly rising yields, higher growth expectations and ever larger bonuses were apparently the driving forces that led to the global financial and economic crisis. We need to turn away from the frenzied search for the next quick win. Lasting success comes only from hard work. It may be more arduous and less prestigious, but it builds a solid foundation for sustainable development.

For a company, sustainability means earning enough money to finance its own growth. It means paying its employees a decent wage. And it should mean making a contribution to society. Most important of all, however, sustainability means planning for the long term – building the next generation of leaders, anticipating fluctuations and creating innovation after innovation.

In our societies, education and integration are the twin pillars of sustainability. But societies must also respond to demographic change. They must actively involve their citizens, and they must open up opportunities for work, income and advancement to everyone. Only then can they continue to develop while maintaining stability.

For Germany, sustainability could become a powerful and effective brand core. Inventive spirit and engineering skill on the one hand, broad political responsibility for its citizenry on the other – that is an exciting and enduring model.

But many of the up-and-coming nations must also have a long-term stake in minimizing environmental damage and wasted resources. At the same time, they too have a right to pursue prosperity. All of us need even more responsible and environmentally sound technologies and products – and this situation offers tremendous opportunities for already industrialized and newly industrialized nations alike.

What factors must come together in the next few years if we are to set a new course for globalization?

First of all, the awareness that no decision can take place in isolation. No decision is purely political or societal or economic. All decisions have interrelated consequences that must be considered together. In complex and interlinked systems, the innovative advances and the right strategies will win out.

Long-term planning and the inclusion of diverse talents and perspectives become crucial factors for success. A strategic orientation such as this requires time, effort and resources, but it also opens opportunities for sustainable development – for companies as well as for societies.

Decisions made at the national or even the international level no longer do justice to globalization and its forces. Nor can we be content to simply expand international bodies and institutions and give them more powers. Of course, we need international structures that are appropriate for globalization. At the same time, however, we must have stronger active participation by others. Here, I see civil society and citizens themselves in the forefront. They are getting better and better at calling attention to problems and challenges and building pressure to act.

And so, in my view, the key factors on the long road to equitable globalization are diversity, sustainability, regulation and participation.

ORIENT



◀ *“The GES is about creating a neutral open space in which we can understand that we are a global community.”*

WHERE RESEARCH MEETS ACTION

THE GLOBAL ECONOMIC SYMPOSIUM (GES) IS A UNIQUE SOLUTION FORUM WHICH IDENTIFIES GLOBAL CHALLENGES, EXAMINES THEIR POLICY AND BUSINESS IMPLICATIONS, AND FORMULATES CONCRETE ACTION RESPONSES WITH A VIEW TO CREATING A BETTER WORLD FOR THE NEXT GENERATION, THUS ACTING AS A CATALYST FOR CHANGE. THE 2011 SYMPOSIUM IS DEDICATED TO NEW FORCES OF GLOBAL GOVERNANCE.



<http://www.global-economic-symposium.org/>

THRIVE ON THE GES

ALESSIO J. G. BROWN, EXECUTIVE DIRECTOR, GLOBAL ECONOMIC SYMPOSIUM (GES)

The first Global Economic Symposium (GES) in 2008 initiated not just an event but an ongoing process and strategic dialogue on global problem solving. Its founders, organizers, partner and sponsors developed the GES as an organization with its own standing: a social organism in which our entire global economic community generates ideas, develops visions, and instigates feasible projects in the cause of global problem solving.

As such the GES is a multi-faceted initiative, driven by a simple idea: it is meant to be a free, creative space where all of us – academics, business leaders, policy makers, civic leaders, students, NGO staff, activists and concerned citizens – can come together to address the global problems we all have in common. In doing so we need to be courageous, yet concrete and practical. We must value intellectual integrity and practical usefulness, not political correctness. Thus, when you enter the GES space, we ask only one thing of you: Leave your national, cultural, ethnic, professional and political affiliations behind. And join us as a global citizen. The GES is a facilitating movement. In the process of working together with other global citizens, we are likely to find the common inspirations, motivations, norms and values that will help us cooperate in our common cause. It is as simple as that.

The structure of the GES is designed to give us diverse opportunities for achieving this aim. We have come together to deal with concrete global problems. Consequently, the GES is a **solution forum**, not a discussion forum. The discussions, analyses, background information are to be found in the “Virtual GES,” our website. But the focus of our efforts is on solving problems, not just talking about them.

Our work is not based on opinions, but on established research. So the GES is **research-based**. This does not mean that you need to be a researcher to join the GES community. All you need is to be open to new ideas, open to argument, receptive to facts, willing to join in honest discussion. The GES is an exchange of ideas that rests on knowledge combined with originality of insight. In this spirit, the GES generates new ideas – through our Ideas Fair, Thought Labs, the Global Economic Workshop, our virtual discussion fora and the wider GES community. It develops these ideas further in our Roundtables, Application Labs and other events.

In the panel sessions, the GES digests some of these ideas along with the proposals from the GES community and develops practical visions and concrete proposals for dealing with well-defined global problems. These solutions proposed by the GES are summarized annually in the book *Global Economic Solutions* which is communicated to leading international communities of policy makers, business leaders and researchers as well disseminated to the wider public. It aims at stimulating further research, debates, policy initiatives and implementations, which all feed back into ongoing dialogue in the GES.

In addition, in the Global Action Program, we seek to implement aspects of our proposed solutions, showing how we can move from practical visions to concrete, feasible projects. And these projects are meant to generate new ideas which lead to new visions, and so on.

The GES community comprises of people from diverse walks of life. We conduct an intergenerational dialogue through our Global Economic Fellows Program. We include students through the Global Economic Student Association. We gather ideas, experiences and inspirations from global citizens on our website.

It is your job to make the GES your own. Thereby you will hopefully become an active and resourceful member of the GES Community and remain engaged with us in the years to come.

The only way for us all to gain as much as we can from the GES and for our global problem-solving efforts to thrive is for each of us to make the GES our own.

Join us and find your own way to become a global citizen.

LOOKING FORWARD – FINDING OUR GLOBAL COMMONS

STEFAN EMPFERT / ANDREAS ESCHE, PROGRAM DIRECTORS, BERTELSMANN STIFTUNG

How can a heterogeneous, heavily segmented global society harmonize individual and collective interests? Do impending “limits to growth” imply an end to economic and societal progress? And what could mend the current rifts in a globalized world that, in the eyes of many of its citizens, appears to be coming apart at the seams? Since 2008, these are some of the crucial questions which representatives and leaders from the private sector, academia, policy and civil society have gathered together to debate and answer at the annual Global Economic Symposium. Informed by scientific research and enriched

practical experience, participants engage in an interdisciplinary and intercultural dialogue with the aim of formulating hands-on solutions with real social impact.

In the wake of the global financial and economic crisis, it has become inescapably apparent that acceptance of the predominant values underpinning the post-Cold War world order is now eroding. Citizens all over the world are increasingly demanding a balance between individual rights and freedoms, and societal and community obligations on the one hand, and the need to preserve the ecosystem upon which all life on this planet depends on the other. But that is not all: Citizens everywhere are also insisting on having their own say and on participating in shaping the new emergent rules and norms of the societies in which they live.

In a global Delphi survey conducted by the Bertelsmann Stiftung in the first half of 2011, 70 leaders in the fields of academia, policy, civil society and business offered their insights into the main sources of global economic risks from the perspective of their own sectors and world regions. Perhaps unsurprisingly, the vast majority of respondents viewed the financial crisis leading to a collapse in the price of assets in concert with excessive public debt, fiscal crises and the possible bankruptcy of a major economy as the most serious threats to the global economy which need to be addressed with the highest level of priority. Somewhat encouragingly, the experts also rated political decision-makers as being very concerned with these risks and thought that the likelihood of a solution to them being found was much greater than that of other economic risks with potentially global consequences. The second cross-cutting risk the respondents evaluated as high on the global agenda was the scarcity of food and water combined with rising social inequality. Startlingly, while the leaders characterized the degree of severity associated with this risk as very high, they also thought that political interest in addressing this challenge was weak and thus believed that there was very little likelihood of ever mitigating the food-water-inequality nexus.

Striking a new balance between diverse interests and values in a globalized world will require an ethical consensus that considers the value of both the individual and the collective. Such a consensus, however, should not be made at the cost of future generations; it should rather ensure the long-term viability of our economic, political, social and ecological systems. Moreover, the process of formulating appropriate solutions must be participative and do justice to the dynamic nature of the complex problems that continue to change at an ever quicker pace.

The Global Economic Symposium seeks to bring together divergent stakeholder groups in a common effort to overcome nascent global, societal cleavages and to formulate practicable solutions that can find acceptance in various cultural contexts. The title of this year's Global Economic Symposium, "New Forces of Global Governance" alludes to a series of open questions for debate: What are the most powerful levers of change that we possess as global citizens? How can we mold a new global consensus about norms, rules and interaction in our global commons? How can we master the risks and challenges of our time without overburdening posterity? Which institutions of global governance are needed? Do the existing ones suffice to overcome the challenges we face or are new institutions necessary? And who should sit at the table?

The challenges threatening the world economy today demand immediate attention, collective action and a long-term perspective. The markets reflect the overwhelming skepticism about whether world leaders can agree on common solutions. After all, it is not only a matter of finding and pursuing the right technical answers, but – and perhaps even more crucially – a matter of finding the political will to act collectively under a common umbrella of values and priorities. Moving forward with strategies to accomplish this task during and beyond the Global Economic Symposia of the coming years is in the ultimate interest of each and every one of us.

MAPPING GLOBAL CITIZENS

[HTTP://WWW.GES-DIALOGUE.ORG](http://www.ges-dialogue.org)



- Contributors to THRIVE magazine
- Voices of THRIVE magazine
- FutureChallengers
- GES 2011 Panelists

NAJIA ANWARI, KABUL, AFGHANISTAN

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

Policies are intended to help the public in some fashion. Whether they are education policies designed to educate children, healthcare policies designed to deal with illness and keep people well, policies about security, roads, the economy or any other government service, they are meant to address a particular need. Furthermore, policy-decisions have an impact, both positive and negative, on the population. Thus it is important to consult with the public in an open, transparent manner and feed their input and reactions into the various policy decision-making processes. Should money be spent on schools or roads or the police? How these decisions are made will have a long-term impact on peoples' lives and the community at large – the public must be involved in the process.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

First, the policy-making process must be open and transparent with adequate time given to research and discussion of the various options. Committees need to hold open public hearings where all the research on a policy decision is presented and where all the options are publicly debated. Second, the public must be invited to comment on the various options under consideration. This allows for exploration of unintended consequences of a particular decision while it also enables the community to gain a better understanding of the decisions behind the policy so that hopefully people will support it once it is finalized.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

There is a wealth of such examples in functioning democracies where the public evaluates and comments on policy proposals. Outstanding examples are the people protesting the Vietnam war, pushing the civil rights movement to provide equal opportunities for Afro-Americans, pushing for environmental protection and workers rights. However, every time there is a public hearing on a local budget for a school or a road, every time a civic organization testifies about a particular piece of legislation, every time a law is changed or a policy is made that reflects citizen concerns and input (which is every law and every policy in a functioning democracy), civic participation has an impact.

This sort of civic participation happens every day in thousands of ways in communities all over the United States.

In Afghanistan, examples of effective civic participation can be seen in the groups that monitor elections, in protests about the lack of security and government corruption, and when individuals bring their problems to the government and elected officials. There needs to be a lot more of this and the public needs to be better organized in presenting their concerns.

There also needs to be a more open and transparent process where everyone knows what everyone is saying and doing, and decisions can gain wide public support.

VOICES

WE'VE ASKED PEOPLE ALL AROUND THE WORLD HOW TO
IMPROVE CIVIL PARTICIPATION IN POLICY MAKING



1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

I see civil participation in policy-making as the ultimate form of democracy – one that gives the people a real voice. We are becoming increasingly disillusioned with representative democracy. Those we elect, who 'know better', fail to earn our trust because we feel they are unable to balance the manifold interests at stake and ensure that each and all of us can thrive. Democracy is power to the people, yet in many democracies people feel powerless, uninformed and exploited. Politics are often seen as a power game. And we the people have difficulty in relating so we either disinvest ourselves or we engage in forms of activism where we remain on the margins entangled in fruitless polarization. I prefer to see politics as a quest for the best -albeit imperfect- way of holding all the conflicting factions of society together so they can move forward in concert. Making our voices heard throughout a collaborative process is constructive. Apart from enabling development of more sustainable policies, it also builds trust and empowers people by giving them ownership of the political process.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

In my work as a consultant, I have seen both the limits of top-down management and the significant outcomes that can be achieved when collaboration and stakeholder engagement are channeled and leveraged appropriately. From this stance, in search of meaning and impact, I want to get involved in something bigger. I am looking to work on projects that help diffuse and implement participative, collaborative practices aimed at creating better futures. Civic engagement should be something more than just voting in an election every now and then, even if taking part in elections is a good beginning. Civic engagement is something we need to live out on a daily basis, it's a way of seeing ourselves reflected in our interactions with our peers and our environment. We need to learn to become perpetual activists of a new type. Not all of us will chose to get involved, but those who do will have a serious impact on in transforming our societies.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

Sweden is a good example of participative democracy and civic engagement in action and deserves to be looked at quite closely. The Swedes have a great tradition of grassroots involvement in local politics and collaborative decision-making in general. Open public debates reported by the press take place every time a significant reform or change in policy is required. Citizenship and participation are nurtured at every level of society starting at school. When I was living there 10 years ago, children were taught from a very young age how to exert an influence and were given concrete examples of what they could do to change things at the various levels of institutions, ranging from very local communal associations to the United Nations. Sweden is regularly ranked as the number one country in terms of civic literacy and participation, and also comes out very high on the prosperity and well-being indexes. And certainly Sweden is the country where I have learnt the most in all areas where WE are concerned!



1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

Public participation in policy-making can give much more credibility to any political agenda. What people think and feel about a certain topic have never been represented in a fair way because the public elects a political elite to make decisions for them. Policy-making can go off the rails when the political elite in a particular country is corrupt or lacks the proper material or technical understanding. Or because political radicalism in some issues tips the balance in decision-making in favor of the interests of a certain group of people instead of taking the right action for the benefit of all.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

As a small part of the equation that created the Arab Spring, I do what I can to deliver the most reliable information and real raw data to my network of friends and even to people I don't know via social media. In this way I leave room for any individual to form their own views on any given topic, unbiased by propaganda which gives an incomplete or distorted view of the facts.

In my country – which is now going through a vital debate about the future of its own decision-making processes – I have found that keeping my mouth shut is of no help whatsoever. Spreading the spirit of thinking out loud and directing constructive criticism is also an important step to take. Such critical voices can be heard in personal conversations, on social media and in extreme cases in mass protests on the streets.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

As a young Arabian, I've seen that the digital revolution that preceded the real world movements has given the most influential example of the role of public participation that has led in the case of the Arab Spring to a complete makeover in political regimes. Social media networks provided fertile ground on which to share information that enabled people to document violations and even to create such an upsurge in public feeling about particular issues that people started to react to them. And this has placed tremendous power in the hands of the people who can now speak their minds directly without having to go through some third party who might distort or water down their will. In Egypt even the ruling military council has started to use social media to gauge the attitude of the Egyptian people towards different issues.

Photo © Maurizio Rillo



LUCA CONTI, SENIGALLIA, ITALY

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

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We need it to have better policies. We have a lot of potential in civil society which politics doesn't use. To engage civil society could be doing good for everyone.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

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Pay more attention to best practices and spread the word.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

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Transition Towns part of the Transition Network is a very good example.

http://en.wikipedia.org/wiki/Transition_Towns

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

Policies are the foundations on which governance is based. Civil participation strengthens relations between government and its citizenry as a sound investment in better policy-making and the key to good governance. It gives a sense of ownership as people feel they are part and parcel of such legislation and therefore will willingly uphold it. It's a new source of ideas, information and resources when making decisions informed by public private dialogue (PPD). This approach builds public trust as well as transparency and accountability in government. It is democratic, representative and enhances the quality, credibility and legitimacy of government policy decisions as citizens stay informed, receive feedback and actively participate. A response indicative of public expectations is thus given with information, consultation and active participation as the channels of communication.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

To improve civil participation; I affirm my commitment as a stakeholder to understand and exercise my participatory rights to access information, receive feedback on issues and understand processes. Mobilizing like-minded young people to participate actively in dialogue at every level ensures availability of timely, reliable and pertinent information. By setting up and running a community-level Youth Friendly Resource Centre and by championing the delivery of government reports, academic papers, books and audio visual material, I have increased access to information. Hosting regular community forums on ongoing matters of national concern helps align civil involvement and engagement in policymaking processes. Mainstreaming policy concerns in the local events I organize such as the Annual Grand Slumfest also raises civil awareness on pertinent issues and helps build ownership at grassroots level.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

As a young Kenyan I am proud to be part of the National Youth Sector Alliance or NYSA for short, a policy youth network responsible for convening the quarterly Prime Minister- Youth roundtable that came up as a result of a civil participatory approach to national development from a youth perspective. This advocacy body has successfully leveraged the Public Private Partnership principle to facilitate negotiations between all sectors and government – mainly with the Office of the Prime Minister and the Public Sector Transformation Department (PSTD). It will oversee implementation of the issues agreed through a 100 day Rapid Response Initiative. NYSA will be a sector-based committee of all youth organizations involved in this process in Kenya. Group involvement depends on the relevance of the issues they deal with while group discussions focus on realigning youth development and mainstreaming policy aspects of the vibrant youth sector with mainline government functions. This is a fruitful and highly promising approach to civil participation in government policy-making.



ALBERT NASHON, NAIROBI, KENYA

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

I have made 'art' for the last ten years. I have learnt that if you collaboratively participate in the making of something a few things happen:

- You gain an enhanced understanding of the people you are collaborating with.
- You gain a more in-depth understanding of yourself in relation to others.
- You gain a broader understanding of the world we live in.

Something else happens when you help to make something. It's that you are more careful with 'it'. I would not say precious, you just treat it with respect.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

I might quote fellow Australian Julian Assange: "everything in the world eventually, in one way or another, affects everything else". The web, in my experience, is amplifying the butterfly effect and starting many snowballs of sincerity rolling.

Here are some of the ripples that I am involved in that are playing with civil participation in their own way:

www.seri.net.au
www.weaustralians.org
www.wemakeuscollective.com

All these things start and continue with questions. I have learnt that the best way to get someone involved is to ask a question and then listen very closely to the response.



CARL SCARSE, MELBOURNE, AUSTRALIA

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

I'm fascinated with the whole 'Iceland crowd sourcing their constitution' thing. I have never been there, I've only read about it on a few blogs. But it makes sense to me. I see rewriting the constitution via 2.0 technologies as being the ultimate creative act a country could achieve. And I think creativity empowers greater understanding, respect and empathy for each other and the world we live in. I might visit Iceland and learn some more, anyone got any suggestions of places I should start looing?



MARIETTA LE, BUDAPEST, HUNGARY

**1. WHY IS CIVIL PARTICIPATION IN
POLICY-MAKING NEEDED?**

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Civil participation in policy-making is essential. Policies affect our lives and we as society have to take part in decisions that are made to regulate our affairs.

**2. WHAT CAN YOU DO TO IMPROVE
CIVIL PARTICIPATION IN POLICY-MAKING?**

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As a journalist I can raise questions related to policy-making. Sometimes an objective question is better than a campaign.

**3. WHAT IS A GOOD AND CONVINCING
EXAMPLE OF CIVIL PARTICIPATION IN
POLICY-MAKING?**

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I was part of some Soros Foundation events where I saw how young people were taught to think about policies through debating issues. This made them realize that they did in fact have thoughts and arguments about matters they previously had felt did not concern them at all.

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

The term “democracy” has its roots in “dēmokratía” (Greek) which means “rule of the people”. Through technological progress, first and foremost the internet, institutions can now easily and directly enable such “rule of the people”. In today’s complex world, involving the brainpower and creativity of a maximum number of people in civil participatory processes will hopefully lead to better solutions than intransparent, long drawn out processes inside exclusive “circles of experts”.

If we are serious about “dēmokratía“ it’s about time to adapt this beautiful concept.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

I experiment with civil participation myself. My role model is the activist-network Avaaz that mobilizes millions of people worldwide to sign petitions for current causes. I want to raise the level of participation above the mere signing of petitions to collaborative development of solutions for current causes. To do so, I am developing an event framework where people meet spontaneously for 2-7 days for focused face-to-face collaboration. These teams will be connected to a global community online and rely on its feedback, votes and helping hands to share the results.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

One of the most impressive examples of civil participation is the crowdsourcing of a new constitution in Iceland. After the crash of the Icelandic banking system the government decided to involve the Icelandic people directly in co-creating their new constitution. Since April 2011 every Icelander can add ideas to an online platform. Using these ideas the council posts new draft clauses every week that then get commented publicly by citizens. This way the new Icelandic constitution is drafted in a participatory, iterative process.



DOMINIK WIND, BERLIN, GERMANY



CORLINE VAN ES, AMSTERDAM, NETHERLANDS

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

Developments in society seem to be outrunning developments in policy. There is a need for a system which corresponds with the needs of the people, worldwide. But the question is how. Citizen networks are fast and informal and often develop in a natural and unplanned way. We are used to slow governments and cherish the illusion that slow means stable.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

The first step is to contribute with what you are doing: this is also what I do within a young organisation like Network Democracy and want to continue doing. Then we need to build smart networks and exchange our experiences. We need people experienced in policy, politicians with guts and people who know how to work with crowds. And we need to offer tools to the people so they can easily reach politicians. This is more the bottom-up approach. We present what people do in such a way that politicians can no longer afford to ignore them.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

There are a few brave governments with the guts to have citizens co-create policy. Just a few examples I know of.

- A good example of cityplanning: <http://www.baasopzuid.nl/>
- Citizen panels are also interesting: <http://www.burgerpanelrotterdam.nl/do.php?fct=pages&op=showPage&pageId=70>
- Tools to bring people closer to their politicians: www.maildepolitiek.nl



HIROKI HASHIMURA, TAKAMATSU CITY, JAPAN

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

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A country is formed by its people. So I think people should have a right to make their country what they want it to be. Sometimes public opinion has authoritarian tendencies and might include biased ideas. Nevertheless I believe that reflecting and balancing public opinion is the most fair and democratic way to create an ideal country for people to live in.

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

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I can gather peoples needs and wants and publize them. Actually this is high on my priority list. I discuss with my closest friends the points we think are the most important ones and those which make us happiest. I think such actions have a huge effect on people and their communities.

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

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The political changes in Egypt and its neighboring countries I'd never dreamt of seeing such energy and power in people before I went to Egypt in March 2011. I felt peoples' enthusiasm, their loyalty and committment to build their new country. I hope this is opening up heartfelt smiles and happiness to the world.



GEORGI KAMOV, SOFIA, BULGARIA

1. WHY IS CIVIL PARTICIPATION IN POLICY-MAKING NEEDED?

- To keep those in power in check
- To show young boys and girls that it makes sense to defend your opinion and make your government respect it
- To create a constant supply of fresh ideas to the all-powerful teams of “experts” and government bureaucrats that think they know it all
- To make sense of the word “democracy”

2. WHAT CAN YOU DO TO IMPROVE CIVIL PARTICIPATION IN POLICY-MAKING?

- Organize people
- Put new ideas forward
- Seek connections
- Works for things to be improved

3. WHAT IS A GOOD AND CONVINCING EXAMPLE OF CIVIL PARTICIPATION IN POLICY-MAKING?

Commons: A mobile game for urban activism and civic stewardship

- <http://www.guerrilla-innovation.com/archives/2011/07/000801.php>
- Transform your public space
- <http://transformatori.net/?lang=en>



... S

◀ “People working on principles may find that these naturally lead to new practical solutions.”

THE GREATER WE

GLOBAL COMMONS FOR GLOBAL GOVERNANCE

ULRIKE REINHARD

IF GOVERNMENTS DON'T SUCCEED – OR EVEN WORSE, IF THEY FAIL – SHOULD CIVIL SOCIETY TAKE ACTION AND PROPOSE ITS OWN SOLUTIONS? THIS YEAR'S SALZBURG TRILOGUE WAS AN ATTEMPT TO DO EXACTLY THAT.



<http://www.global-economic-symposium.org/solutions/the-global-polity/sustainability-and-global-governance>
http://futurechallenges.org/wiki/index.php/Norms_for_Global_Governance

The Salzburg Trilogue is an annual event hosted by the Bertelsmann Stiftung and the Ministry for Foreign Affairs, Austria. It took place on an August weekend and convened to examine the following proposition: Any effort to bring about real change in our global economic, financial and social order will be doomed to failure unless we succeed in clarifying and establishing universal terms for the goals and social norms that can guide global development and help to resolve conflicts between the interests of individuals, society and the environment.

Noble aims. The big question is how can they be achieved?

Any breakthrough on a political level appears unlikely. Too many initiatives such as the “World Economic Council”, the “Charter for Sustainable Economic Activity” or the “Global New Deal” have ended up in a froth of good intentions – none of these calls to action has ever been put into practice. People no longer trust their governments and policy-makers. They neither believe that they can provide the right answers to our problems nor that the answers they do give will be sustainable. Politicians, they see, are more set on going for short-term gains like winning the next election than on proposing unpopular long-term solutions with possibly painful restrictions.

The same is true for our financial markets and for parts of our economies.

So it's up to all of us, to civil society, to move for such a frameset or agreement. It's a huge challenge and it's "... terrifically difficult," as Dennis Snower, president of the Kiel Institute for the World Economy, puts it. "But global citizenship can only live and breathe when we engage with others!" he says. And I guess he's right! If WE can't, at least we should try to do so and start today. If it's not for us ourselves, then it's for our children – we should tread softly on their dreams! As Liz Mohn, vice-chair of the Bertelsmann Stiftung Executive Board says, commenting on the findings of a recent poll on global governance: "We have to do everything in our power to push for a binding set of regulations that effectively protects our environment, conserves our natural resources for our children and regulates the international financial markets."

Sean Cleary, founder and executive vice-chair of the Future World Foundation in South Africa provided the background paper on "New Foundations for World Economy and Global Governance". Commissioned by the Bertelsmann Stiftung, this paper staked out the ground for the discussion. Thirty people from all over the world participated: an illustrious cast of politicians, entrepreneurs and managers, founders and leaders of think-tanks, university professors and heads of NGOs – yet unfortunately only very few women and even fewer young people among them! Diversity, it seems, hasn't yet ventured beyond the territory of "old white men"!

The people at the Trilogue certainly weren't aiming to carve things in stone; what they rather were seeking to do was to find ways to encourage civil society and its people to take action and shoulder responsibility to co-create and define their common rules for all our futures.

A NORMATIVE FRAMEWORK FOR GLOBAL GOVERNANCE

Creating a common set of principles and norms – in future maybe even values – that transcend cultures and religions and provide a basis for us to work and live together is not at all easy. But it's needed. And better sooner than later as all the participants agreed. It's very abstract, there's nothing definite to grasp – yet it touches all our lives in very significant ways: scarcity of resources, unemployment, terror attacks, company shutdowns, ever-changing political leaders, banks and entire countries collapsing, famines, floods, hurricanes, destruction of our natural environment and violations of human rights for the sake of economic interests, the Arab Spring, the London riots ... you name it!

Such a broad range of follow-on effects clearly shows that we are not talking just about politics or economics or education or financial markets or the environment – we are talking about society as a whole. Not society based on any nation state but about our planet and its entire community. A system which covers everyone in every field. Malte Boecker, Senior Expert at the Bertelsmann Stiftung, calls it "The Greater WE". A system which no longer makes a divide between East and West, one in which so-called "developing countries" will be included as equal partners in decision-making processes – as one African delegate passionately demanded – and one in which we try to balance all our needs constantly in an effort to achieve the very best for the entire system, not just for a fortunate few!

So what could these organizing principles or norms be?

The hypothesis of Sean Cleary's paper is that a triadic structure will emerge, that recognises the need: to subordinate key global public goods, and certain areas that threaten a tragedy of the commons, to create supranational systems; to cooperate more closely and harmonise rules on human rights, trade, financial flows and security (security aspects such as weapons of mass destruction, terrorism, pandemic control); and to commit to common objectives in other areas, without necessarily creating institutions to control or enforce compliance.

In more practical terms it means: Let everybody participate equally. Collaborate beyond borders and disciplines. Take responsibility not only for ourselves, but for others too. Inclusiveness not exclusiveness. Long-term thinking not short-term solutions. Connectivity. And integrity – let quality, not power, control! And finally banish the invisible hand – say no to lobbyism!

The most radical approach was given by Chandran Nair, founder of the Global Institute for Tomorrow. Turning to our politicians and corporate managers, this Hong-Kong-based unconventional thinker argued passionately for more honesty. He challenged us to commit ourselves to fundamental restrictions – because with a population of seven billion people living on this planet we cannot continue to consume as we have done over the past decades in the western world – and not to punish our governments when they act accordingly. He asked for a stronger state. He asked economists to leave Adam Smith behind. And he alerted us to STOP thinking of the world as being dominated by one particular region – many people say it's now Asia after a long period of American dominance succeeded European control – and urged us instead to start thinking of the world as one global community.

CHARTING THE PATH TO A BETTER SYSTEM

These are high aims – but the question remains what civil society can do to achieve them. How shall we proceed? How do we create a genuine cyber organization? Or how do we turn existing rules and organizations such as the IOM – International Organization for Migration or the UN into organizations that aren't dominated by those with money and power?

Unfortunately there was only limited time to discuss these issues and only a few, very practical ideas were mentioned. But that only makes space for us first to discuss the ones we have and second to come up with new ones. You are invited to do so! So please continue the discussion on our online platforms. Besides the virtual discussion we will also continue it for “real” at the Global Economic Symposium in Kiel!

Here is a shortlist of what came out of Salzburg with a few follow-up questions:

- We have to understand WHY we need global governance – how can we do this?
- We have to allow ourselves to spend more time on ideas!
- We should constantly encourage ourselves to push back frontiers.
- We should force ourselves really to take that next step! Let action follow the talk!
- We should make much better use of our existing knowledge – how do we do this?
- We should include “youth”! For the very first time in human history we see something like a “generational consciousness” all over the world – how can we use it?
- We should define more “Manhattan Projects” – meaning we should put the problem in the center and mobilize all actors around it.
- We should start NOW to prepare the ground for 2015 – the deadline for the UN's Millennium Development Goals – and define a new “declaration of global rights and obligations” under a holistic, much more complex approach that includes the economy, politics and human rights.

These are all glimpses of a vision of a new way of being in the world.

It will take a lot of people – people like YOU and me, like us – feeling in their guts and thinking with their hearts to try and understand what this GREATER WE is all about.

The answer isn't there in a book. It's not there in a formula.

It is something that we have to live together and co-create.

After all, our diversity and creativity is sufficiently stunning to carry us! Isn't it?

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MOURN



◀ “The art of education turned upside down.”

RE-INVENTING EDUCATION

FROM THE CLASSROOM TO IMMERSIVE LEARNING

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<http://www.global-economic-symposium.org/solutions/the-global-economy/reinventing-education>

http://futurechallenges.org/wiki/index.php/Reinventing_Education

EDUCATION IS A THEME WHICH CONCERNS US ALL. HARDLY ANY OTHER TOPIC IS DEBATED WITH SUCH PASSION AND VEHEMENCE ACROSS SOCIETY AND POLITICS. AND THIS WAS TRUE FOR OUR DISCUSSION HERE AS WELL.

It's become pretty much a commonplace that people with a better education have more chances in life. Yet at the same time educational policy-makers are facing huge challenges as globalization, demographic change, and the rapidity of the internet age and technical progress demand that education, and training be reformed to keep pace with change. Piecemeal reform of the present education system is at risks becoming ineffective if the individual reform steps are not well-matched. New approaches should engage with all the possibilities of institutional and informal learning, and enable individual education paths. Sir Ken Robinson pushes the envelope even further and says the existing system can't be reformed, it needs to be revolutionized.

Good education is now a vital prerequisite for entry to the employment market and is often enough essential for enabling genuine participation in all areas of social life. And it's a stage that is set in early childhood, says education expert Sarah Hoffmann of the Bertelsmann Stiftung, co-author of the solution paper for the Reinventing Education section of the Global Economic Symposium¹, "Making good early childhood education available to all children, regardless of their socio-economic background (and in some parts of the world their gender too) is the key to equal opportunity and achievement later in life." This means that pedagogues must be better equipped to deal with the increasing diversity of children in their care and to use methods of individual support. Just as families play a key role, says the Bertelsmann-Stiftung which believes that all parents should be real partners in their children's education and receive the best possible support from government and society. The Stiftung holds that the socio-economic background of a family should no longer be critical in determining a child's chances in the education system, as is in now the case in the vast majority of countries, because no society can allow itself long-term neglect of the talents each child has. Sarah Hoffmann is convinced that "To provide equal opportunities for all children, more resources have to be spent on the disadvantaged. The responsibility to provide good formal education and enhance access to this system for all children is the same throughout the world."

Formal education with its prescribed curriculums, learning goals and methods is coming under increasing pressure. The internet and the host of opportunities the internet provides for learning on one's own account has proven a powerful driver of informal learning. Nevertheless, Hoffmann still argues in favor of institutional learning, "Even though informal learning is becoming more and more important and self-conducted learning via new media is ever more readily available, at least in the more developed parts of the world, none of these forms of education can be a proper substitute for a high-quality formal education system."

Stephen Downes also believes that formal elements have their place in the overall picture of a new education system. And in five statements he has compiled just where they are important, what academic education and the future of education in general could look like, and what the places of learning could be. Aoife Hanley of the Kiel Institute for the World Economy, Edilberto C. De Jesus of the Asian Institute of Management, Simon Kavanagh of KaosPilots, Carsten Ullrich of Shanghai Jiao Tong University, Sugata Mitra of Newcastle University and Selma Steenhuisen of Knowmads discuss them for us.

SEPARATED DOMAINS OF TEACHING AND ASSESSMENT

People can learn in many ways, and with new technologies linking students to each other and a world of educational resources, it has become possible to learn a great deal without enrollment in a formal academic program. Meanwhile, the cost of formal academic programs has become an increasing barrier preventing the recognition of learning. The society-wide cost of learning can be reduced substantially if people manage their own learning, a mechanism that is made possible if formal assessment is separated from formal tutelage.

¹ The background paper is written by Olivier Godart and Aoife Hanley, both from the Kiel Institute for the World Economy (ifw). The solution paper is a joint collaboration between the Bertelsmann Stiftung (BST) and the ifw; Olivier Godart and Aoife Hanley (both ifw) and Antje Funcke and Sarah Hoffmann (both BST).

The idea of separating teaching and assessment doesn't find universal assent. "I agree that the domains of teaching and assessment should be separated", says Edilberto C. De Jesus. Yet he adds that Downes' idea of the separation of both areas wouldn't withstand a reality check in the Asian-Pacific region. The overriding concern there is with the quality of education. "The issue of quality assessment (QA) is currently a major concern of the higher education sector, particularly in the Asia Pacific region, where massification is in full swing." De Jesus even sees the danger of Quality Assessment becoming an end in itself. "Unfortunately, many QA systems have developed criteria and metrics to evaluate research performance in rating higher education institutions. The assessment of teaching performance, however, has tended to take a back seat, although there are more teaching than research postsecondary institutions."

Sugata Mitra doesn't dispute that there are very valid reasons for assessment. He himself uses standardized tests to assess the degree of successful learning. This professor, who achieved fame with his Hole-in-the-Wall (HIW) project, has shown what self-learning capabilities children have and how important group learning is for a successful learning outcome. The self-learning results he obtained in India and Great Britain from letting groups of children work at the computer not only met but overtopped all expectations. And this applies equally to those children learning outside of school with no previous knowledge of computers, and those who had been given some previous instruction in school. "In the tsunami-hit village of Kalikuppam in southern India, children with access to a hole-in-the-wall computer taught themselves basic biotechnology, reaching a test score of 30% in just two months. They had started with a score of zero. If Tamil-speaking children can teach themselves biotechnology in English, on their own, how far can we go?" He is adamant that these children would be able to pass exams, "I now believe that groups of children, given the appropriate digital infrastructure, a safe and free environment, and a friendly but not knowledgeable mediator, can pass school-leaving exams on their own."

Selma Steenhuisen and her colleagues at Knowmads have found their own way of charting the success of their students, "On the specific topic of teaching and assessment, Knowmads takes a slightly informal route." Her organization supports students in finding and pursuing their own personal learning paths. The framework in which they do so is limited to four key questions and the exchanges with fellow students and tutors they are obliged to maintain. This is the framework within which the success of the learning outcome is also rated. "They are frequently asked to share what they aim to learn and how, and twice during their year they give a presentation about this learning journey related to the four questions. Everything is steered towards bringing out the best in the student, not towards having them pass certain standards of knowledge. We believe that every student knows, or can learn, how to focus on his or her path of learning."

Aoife Hanley agrees with this, yet also has certain reservations, "Yes, divorcing 'classroom settings' from assessment can help to reduce costs and make education available to even more people." Yet she wonders what happens to students and school students who don't have a teacher and who suffer from the anonymity of a form of learning divorced from traditional educational structures. She points out that there's no way of evaluating the quality of schools that don't take accreditation and that employers too have no means of assessing just what job applicants have learnt. And that social life on the campus which is so important for the development of the students is also lost. This is a reservation that Carsten Ullrich doesn't share. "It does not mean that the social dimension, as available today in existing learning at university, will become obsolete." In fact he says the opposite holds true, "On the contrary much more powerful social learning can become possible, depending on the abilities and networks of the learner." Ullrich urges that what is rather needed are ways of supporting all those students who find self-learning difficult or who lack the skills to find their way in social networks and learn with social media. He also thinks that decoupling teaching and exams could represent an economic opportunity, "Furthermore, assessment will become a very lucrative and powerful business. Measures will have to be established to make sure that power will remain controllable and accountable."

Simon Kavanagh underlines that KaosPilots make no separation of the teaching and assessment domains. Yet they have found a concept that enables students to design their own learning environment and learning program. And if there is fast internet access, he says this could equally well be online, "I feel that we could find an effective model for both assessment and

tutorage, depending on the focus. And with us it would primarily be based on the learning by doing approach, and thus on the degree of personal and professional leadership shown and on the engagement of clients or benefactors in the process.” For him, putting this on an online footing is just a matter of technology; he is much more interested in content and consequences, “I think the question is more how and what do we assess? And what do we lose and gain?”

DISAGGREGATED CREDENTIALS

The value of academic credentials is as a form of shorthand that attributes proficiency in a certain domain or discipline to the holder. They are needed because employers would otherwise have no reliable information about job applicants. However, as people leave increasingly wide and varied online footprints, much more fine-grained and reliable assessment instruments become possible. Credentials will become more varied and more focused; people will qualify on specific technologies, practices or methodologies. The value of a credential will be rooted in the reliability of the assessment agency. Assessments will be based not only on test results, but also on portfolios, network activity and referrals, productivity and impact, and other innovative criteria.

“Disaggregated credentials already exist”, exclaims Carsten Ullrich and the other panel members nod their heads in agreement. Yet what could such credentials look like in actual practice?

Selma Steenhuisen and the Knowmads have seen for themselves that practical know-how and who you know are now much more important than credentials. The students in her organization can learn this in their own company where they take on assignments, develop project plans, conduct price negotiations and earn money. What they learn in their classes on marketing or sales is directly related to the assignments they take on. The tutors are all rooted in practical experience. “When our students graduate after one year, they have built an impressive network of companies and professionals that they have worked with and who understand their specific skills. Certificates are considered far less important once the student starts building his or her company in this network or finds employment. It is relationships that matter, and proven experience.” The KaosPilots have made similar experiences. “The feedback we are getting from clients and our network is that employers, especially the ones who hire KaosPilots, are moving away from the formal stuff.” Simon Kavanagh believes that even though academic success is all well and good and is certainly expected, it’s no longer the main point that employers consider. “Employers want to know more about that person, especially with regard to their mindset and skill set.” He adds that proof of this is offered in a study by a British government commission with the title “Get Britain back to Work” which studied 5,000 job seekers and 1000 companies over a period of some two years. “The bottom line was that in a rapidly changing and unpredictable world, it was safer to hire for the future of your organization based on choosing the right mindset, and skill set as even the focus/product of the company could alter significantly over the next 5 years.”

Edilberto C. De Jesus would like to see new assessment systems for vocational/technical education and also points out that academic qualifications still play a major role in developing countries, “The job market in many emerging economies calls for more people with vocational/technical skills, but the “diploma disease” still persists.” He argues that even though academic education is expensive and delays entry of young people to the employment market, it still represents a significant honor for the families concerned. De Jesus also thinks that just who will have the power of decision in shaping the new assessment agencies and what role these agencies might actually play are two open questions that need to be addressed.



SIR KEN ROBINSON, CREATIVITY EXPERT, AUTHOR AND SPEAKER

WE NEED A REVOLUTION NOT AN EVOLUTION ...

... argues Sir Ken Robinson, creativity expert, author and speaker.

Our current education systems were predominantly designed in the 19th century to meet the needs of the industrial revolution.

There are two pillars here: one is the organisational culture of education, which in many countries is like a factory – there are set hours of the day, the day is divided into small sections, people are educated in groups according to their age, in high schools the curriculum is divided between different specialists who focus on certain processes, the outcomes are tested against agreed standards, and there are very clear sets of criteria of conformity and evaluation of normal and abnormal. It's like an industrial process from that point of view.

There is another pillar, which to me is the intellectual culture of education that is to do with a particular piece of intelligence in the mind. The problem with that is that human beings are not at all like industrial components and that is one of the reasons I think that so many people go through education and don't connect with it properly. They come out of education not knowing what their talents are and what they are capable of, not feeling confident, not feeling very creative and not knowing what to do next. So the root problem is that it is based on conformity and standardising.

If you have two children, you'll know that they are completely different from each other, even if they are identical twins. Because they differ in all kinds of profound ways – in terms of their dispositions, their interests, talents, abilities, aspirations. Even children brought up in the same households, in as equal conditions as possible, turn out completely different. And that's true of all kids, of all people. And the reason is that human beings are not inanimate objects, they are organic. And like any organic field, we thrive on diversity.

So my point is that human communities – whether it's a nation or a family or a school – is much more like an organism than a mechanism. Any group of people thrives on feelings, on motivations, on perceptions, on values, on levels of interests. And from that point of view, teaching people is about creating the conditions under which they will become engaged, they will grow and flourish. And that is much more like gardening than engineering. If you want people to do their best, you nurture them. I don't mean that you make it easy for them, that you don't set standards or say, "just do what you want." But people flourish under certain conditions and they wilt under others.

I believe that the revolution we need to see in education is fundamentally about adopting a new metaphor. It's going from a mechanistic metaphor, an industrial metaphor of mass production, which is what the current systems mainly are, to one that is much more based on ideas of cultivation and culture.

OPEN LEARNING BY OPENING WORKPLACES

Today, with the exception of internships and apprenticeship programs, there exists a clear separation between learning and working. This leads to the oft-cited complaint that students graduate from school with no practical skills. Students enrolled in academic programs, moreover, give up years of earning potential. As new technology makes instructional activities and communication increasingly mobile, learning will be increasingly available in the workplace. But what really makes a difference is when the flow is in the opposite direction, when people skilled in the workplace allow learners and apprentices – whether employed by the company or not – to ‘follow along’ and participate in the process. Open workplaces enable open learning.

Both the people learning and the companies themselves benefit from a two-track system where learning takes place both at the workplace and in a traditional learning environment. But there’s nothing new about this, say Carsten Ullrich, Edilberto C. De Jesus and Simon Kavanagh. De Jesus even cites the example of medieval guilds as proof that this form of learning is a meaningful system. “The medieval guild system offered a way of training apprentices in the practice of a particular craft in the workplace itself and had a built-in assessment process.” At the same time, says the expert, we can hardly expect companies to offer themselves as training grounds for young people.

With the training companies offered by Knowmads and the projects carried out by KaosPilot students, these two organizations have found a way round the problem. It’s the school or the students company which takes on all the risks. And the customers know that the students are working for them. “Over the 3 years, our students create a portfolio of around 15 projects that they do in the school. On average the students will do another 15 – 20 in their own time, getting paid for these assignments and paying off around one half of their fees” is how Simon Kavanagh describes the approach adopted by the KaosPilots. The mentors support them in two important ways: firstly, they talk to the customers and students and clarify expectations and the actual assignment, and secondly, they clarify the role of the students as each student is given a mentor for regular feedback. All with considerable success: 30 percent of students are subsequently engaged by their customers, often for positions which the company didn’t have prior to the student working for it. Great Britain is a good example of how political measures can be used to support such close collaboration between the school and its students and the customers “In the UK, the Labour party, in one of its last acts, and as an attempt to ‘force’ design schools & colleges into doing this, after giving them ample time to adapt themselves, held back 10% of their funding depending on the ‘real world’ engagement and project work of their students.”

IMMERSIVE LEARNING

Following on from the previous point, the workplace environment and the learning environment will become one and the same. From an early age, children will be encouraged to join actual work communities engaged in civic and commercial tasks from banking and law to forestry and programming. By participating in the community they gradually assume more responsibility and more earning power. Participation in this community involves working with actual work environments – computer dashboards, remote equipment dashboards, field work and simulations. These work environments are at the same time learning environments providing access to experts, resources, support networks, coaches and tutors, and additional support.

None of the panel disputes the benefits and effects of immersive learning. Yet very different aspects are brought to the forefront depending on the area of its actual or potential use. “As part of the Education For All advocacy, some pilot projects in the Philippines have effectively used the “immersive learning approach” to deliver basic education to remote indigenous communities the public school system had not been able to reach” says Edilberto C. De Jesus describing projects whose main aim is to reach out to people who otherwise would be remote from education. Adult members of the community help to inculcate skills and abilities important to the daily lives of the children. What’s more, the school calendar is tailored to the cycle of

agricultural work. This kind of learning requires a high level of engagement from everyone involved – which leads De Jesus to ask provokingly, “In the urbanized environment of the 21st century, what might be the communities that can become fully engaged in this learning process?” Selma Steenhuisen believes that traditional learning in the handicraft trades where the apprentice learns from the master could be one example of such a community. She says, “I believe the best way of becoming inspired about working is by learning the trade from a professional. He might not have all the pedagogic skills that our teachers have, but he does have that spark.” Whoever has learnt their trade in this way and is proud of their work can pass on what they have learned. For her the people who have graduated under her care are the best example. “One telling example of how this works is that many of the former Knowmads students have started companies that facilitate change, that support drop-outs, that advise traditional education institutes on how to be more interesting for students. All the things that they learned from the Knowmads staff by working with us for a full year.”

Simon Kavanagh points to the KaosPilot’s successful track record of 20 years solid work with immersive learning. “Internships are one way, and another is the way in which we try and simulate the world within the class team! This is why the team-based approach is crucial here, and that’s why after 20 years of KP, we are still doing it.”

A LEARNING INFRASTRUCTURE

Rather than supporting specific instructional programs, government support for public education will gradually shift to supporting a learning infrastructure. Access to government data and programs is one part of this, as is making the fruits of government-supported research accessible. Over time, an essential infrastructure supporting personal identity, a credentials bank, learning provider registry, and other essential academic data and data services will be provided. Basic literacy, numeracy and critical reasoning resources will be made available along with historical, social and cultural content and services. This infrastructure will take the form not simply of content, but also of communities, simulations and other interactive environments.

The panel does not agree on whether an all-inclusive learning infrastructure of the kind proposed by Stephen Downes would be possible – or even desirable! – across the globe. As Edilberto C. De Jesus admonishes, not all countries of the world have the technical infrastructure and databases needed to implement it, and he adds that we should also consider “the scale of the demand for learning that can lead to gainful employment. and the expectation that the government will address this demand.” A third point concerns the emerging global market “for knowledge and skills and the demand for the mobility of those who can supply them.” He argues that we must ensure concordance between the Quality Assessment Systems of different countries. Rounding off, De Jesus who applies Downes’ statement mainly to higher education, points to the contradictions that the real world never ceases to throw up. “Higher education now faces the task of managing multiple expectations and objectives. Students and their parents expect the investment in higher education to pay off in well-paid jobs. Governments want universities to deliver this outcome, but also look to higher education to help in strengthening social cohesion and building civic virtues.” Yet for him a quite different set of challenges are the decisive ones. “A shrinking planet and shared global problems arising from environmental degradation and ideological or religious rivalries underline the importance, among UNESCO’s pillars of education, of “learning to be” and learning to live together.”

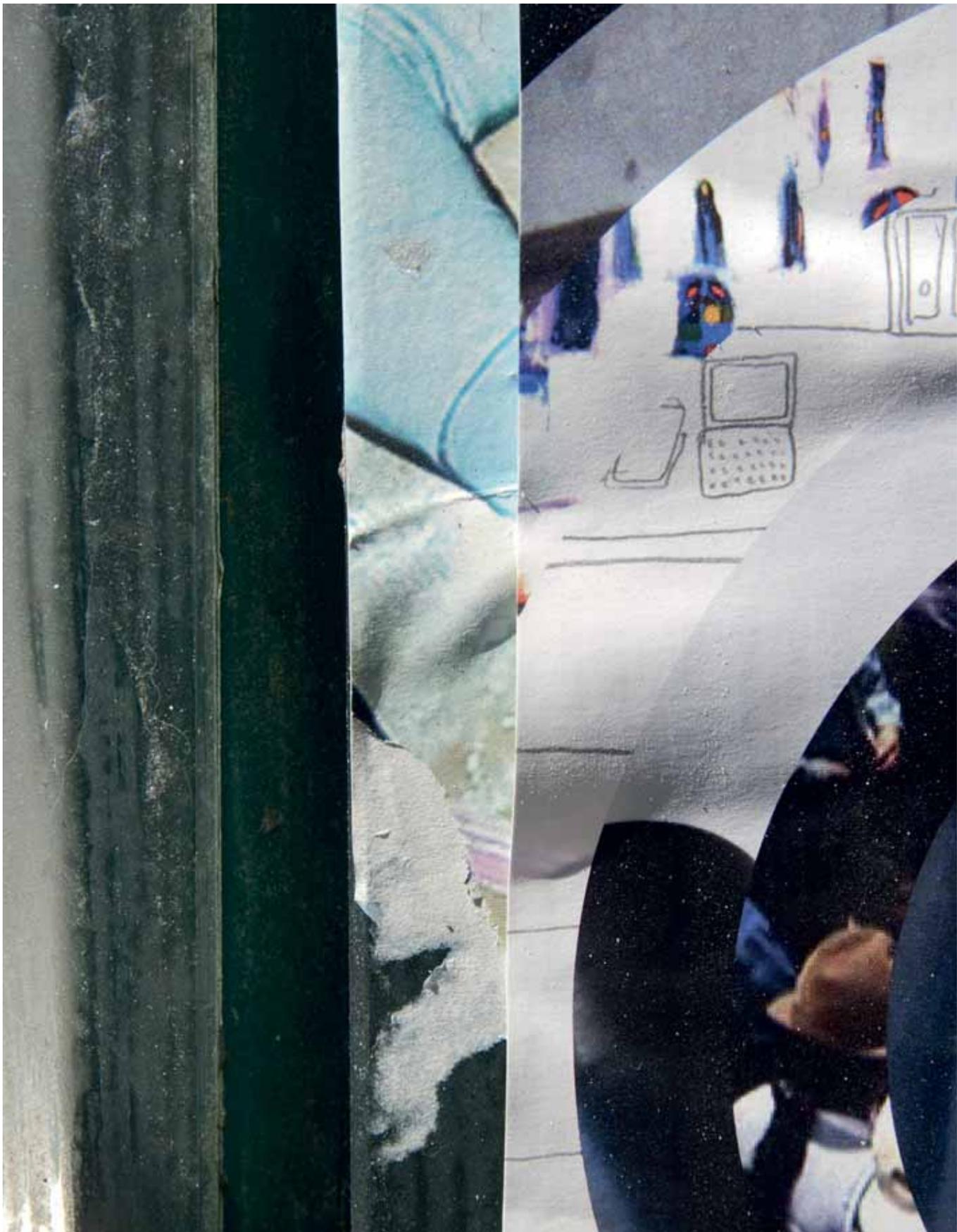
Selma Steenhuis looks squarely at the situation: many countries are still not in any position to offer education to all of the population. So learning with mobile phones is one great opportunity. “But with quickly increasing “wiredness” especially through cell phones in developing countries, education programs could become available to many more people, and what is better, at hardly any cost.” But she argues that the spotlight shouldn’t be put on technology and we should also guard against forgetting the social aspects of education.

Such social aspects are very evident in Sugata Mitras' model of a future self-organized learning environment (Sole) with its group learning. It's very important for him that group learning takes place in the right kind of setting. "It just means a "cybercafe" environment for children – light, comfortable, safe and inexpensive." He thinks that such a form of learning can certainly take place in schools and be guided by the teachers. Yet their role should be limited to that of the observer: "Teachers have to learn to let go."

Carsten Ullrich wonders whether investment in a learning infrastructure would really benefit all areas of learning. "My guess is that a significant number of areas will always require instructional programs", he says and cites traditional crafts and apprentice/trainee professions like those of carpenters or nurses as examples. Ullrich questions whether it would be wise to place a database of all professional qualifications in the hands of government. "Won't this place too much power in the hands of the state? What alternative, citizen-driven, P2P-based organizations can we envisage to fulfill such tasks?" Simon Kavanagh is intrigued but still ventures to put forward a decidedly skeptical view on the future of learning which has less to do with the lack of funding or technology than with the people responsible for setting the framework conditions. "I'm scared that the system will be designed by the very same people who are now holding up progress and the badly needed 'shift' in academic fields. I do hope I'm wrong!"

UPSHOT

The discussion threw an informative light on the wide number of different ways in which learning – be it institutional or informal – is now understood. At the same time it also showed that cultural differences in the recognition of learning achievement still play a major role. Universal uniform standards will indeed be a difficult goal to reach. Any change that takes account of individual learning and includes daily life as a place of learning will increase equality of opportunity including for those people who do not profit from a learning infrastructure of the type we in the western world are familiar with.



◀ “It is increasingly important to build broad knowledge that is also deep so the GES consciously tries to avoid disciplinary silos.”

OPEN INNOVATION

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<http://www.global-economic-symposium.org/solutions/the-global-economy/open-innovation-and-access-to-knowledge>

http://futurechallenges.org/wiki/index.php/Open_Innovation_and_Access_to_Knowledge

THE TEN EXPERTS FROM EUROPE AND ASIA WHO MAKE UP OUR DISCUSSION GROUP ON OPEN INNOVATION TAKE FOUR STATEMENTS AS A SPRING BOARD TO DISCUSS ITS VARIOUS ASPECTS.

DEFINITION OPEN INNOVATION

“OPEN INNOVATION IS A PARADIGM THAT ASSUMES THAT FIRMS CAN AND SHOULD USE EXTERNAL IDEAS AS WELL AS INTERNAL IDEAS, AND INTERNAL AND EXTERNAL PATHS TO MARKET, AS THE FIRMS LOOK TO ADVANCE THEIR TECHNOLOGY.”

Chesbrough, H. W. (2003).

Open Innovation: The new imperative for creating and profiting from technology. Boston: Harvard Business School Press

THE BOUNDARIES BETWEEN A FIRM AND ITS ENVIRONMENT HAVE BECOME MORE PERMEABLE; INNOVATIONS CAN EASILY TRANSFER INWARD AND OUTWARD. THE CENTRAL IDEA BEHIND OPEN INNOVATION IS THAT IN A WORLD OF WIDELY DISTRIBUTED KNOWLEDGE, COMPANIES CANNOT AFFORD TO RELY ENTIRELY ON THEIR OWN RESEARCH, BUT SHOULD INSTEAD BUY OR LICENSE PROCESSES OR INVENTIONS (I.E. PATENTS) FROM OTHER COMPANIES. IN ADDITION, INTERNAL INVENTIONS NOT BEING USED IN A FIRM'S BUSINESS SHOULD BE TAKEN OUTSIDE THE COMPANY (E.G. THROUGH LICENSING, JOINT VENTURES OR SPIN-OFFS).

Chesbrough, H. W. (2003). The era of open innovation. MIT Sloan Management Review, 44 (3), 35-41

Innovation in technology, products, processes and services is the motor of a flourishing economy. By open innovation we mean companies and organizations using both in-house ideas and external ideas that come from beyond corporate and organizational boundaries, thus creating new paradigms of collaboration between company staff, partners and customers.

Although research on open innovation first started nearly thirty years ago, there are still a great many unanswered questions in this field ranging from how open innovation can be calibrated to the success factors and barriers inherent to it.

There are no patent recipes. Each company must find its own way to open innovation. Business start-ups and companies in the small and medium-sized enterprise sector (SMEs) are at a particular advantage here as they don't have to deal with rigidly established structures. It's well established organizations which have to face the thorny issues of corporate culture and the management culture that comes with it.

Yet it's not just the particular form of company organization that is decisive for open innovation, the type of economy in which the enterprise is embedded also plays a key role. While Shanzhai companies are seen as the very prototype of open innovation in a dynamic forward thrusting economy like China's, Europeans with their eyes on established global players continue to grub around for strategies and solutions in the existing regime of copyrights and patents.

THE LEGAL FRAMEWORK IS A LEFT-OVER FROM THE INDUSTRIAL AGE IS AND NO LONGER FIT-FOR-PURPOSE IN THE 21ST CENTURY!

Many ways of thinking and their manifestation in the laws of the 19th century impede or in the worst case even prevent open innovation. This is why the law needs a complete overhaul both in terms of its content (e.g. what do intellectual property and patents actually mean in this new context) and in terms of its timeframes. Current heavily formalistic legal procedures need to be speeded up.

All members of the panel readily agree that existing regulations governing intellectual property and patents must be modernized. Opinions diverge, however, when it comes to the question of what kind of reform is needed. While some call for effective enforcement of the present IPR regime for the protection of copyright and patent holders, others would like to see the development of an alternative open system of knowledge for the common good.

Wan-Hsin Liu and Tillmann Schwörer are convinced that the main thing needed is an enforceable system of intellectual property rights that enables knowledge sharing across individual and/or national boundaries. Companies both large and small, they say, often shy away from embracing open innovation as they fear that it could unnecessarily increase the risk of product piracy. Frequent network attacks, many of which are from China^{*}, with the aim of bagging intellectual property, they argue, are destroying business relationships and impeding not just incentives and readiness for open innovation but investment in research and development in general. So what is needed for successful open innovation is a well functioning global system of protection for intellectual property, one which would promote the legal exchange of knowledge.

Wim Vanhaverbeke pins his hopes on reform, “It’s about innovation in the legal agreements rather than reinventing IPR system.” In terms of the standardization process, he underscores that it’s less a matter of the actual technology than of cultivating good relationships and good collaboration within the standardization consortium. He argues that while patents are obviously important, the European IPR system itself is “highly fragmented” and that SMEs in particular find the cost of protecting their intellectual property prohibitive. And he argues that these circumstances must be reflected in the prices charged by the patents process.

Frank Piller points out that there are already a great number of examples of successful open innovation within the present legal set-up. Even so, he argues that intellectual property should be able to be used in a huge variety of ways if the barriers to transfer of knowledge are to be overcome. And he sees a “great example” of such an approach in the Open Hardware Movement with its new Open Hardware License.

Nikolay Georgiev points out that the greater part of the know-how in a sector like mechanical engineering is not freely available. He believes that we must strike out in new directions as patents hinder progress on well trodden development paths. And David Li cites the protracted legal wrangling about patents between Microsoft, Apple and Google as an example of how present regulations serve to protect established companies. No moves to reform, he believes, can be expected from their side.

David Li also cites Chinese Shanzhai enterprises as a counter example of companies which in “total disregard of IPR”, put their bets on an open source environment in from which they can challenge established players like Nokia and Samsung in markets like India. He thinks that working together with these Shanzhai companies is one way for innovative SMEs in Europe to push forward development – as the Geeksphone (<http://geeksphone.com>) and iFree Tablet (<http://www.ifreetablet.es>) initiatives have shown.

Talking about the Shanzhai ecosystem, David Li says, “There are about 2000 design/solution houses in Shenzhen that service the assemblers, marketers and distributors. The ecosystem practice, the so-called OpenBOM process, is where the design houses will give assemblers the full specifications to the hardware design with the complete bill of materials. There is no expectation of trade secrets and once the OpenBOM is out of the door of the solution house, it’s expected to be distributed openly in the Shanzhai community for some others to innovate on top of. This OpenBOM process emerged from the pirate origins of the ecosystem in which IP isn’t protected and is treated as public assets. The rules of open source are forced on this ecosystem.”

Yet Wan-Hsin Liu and Tillmann Schwörer emphasize that Chinese Shanzhai companies in particular from the very beginning have not been considered as fair players in open innovation processes as they initially focused on product piracy. And product piracy could well prevent those companies who had seen their intellectual property stolen from investing in expensive development work and sharing their know-how. Even though Shanzhai has shown that the dissemination of knowledge can spur the development of new products thus increasing general welfare, the spread of knowledge still needs to take place on a sound legal footing. “Shanzhai factories etc. need to learn how to explore knowledge and use knowledge on a legal basis through legal interactions and cooperation with the original innovators.”

^{*} <http://www.thisismoney.co.uk/money/news/article-1687393/Chinese-hackers-blamed-for-cyber-attack-wave.html>.



▲ Rudy Bike Rudybike.com (co-created by Rich Yu)

David Li on the other hand sees the Shanzhai economy as a kind of counter movement to the patent dominated hegemony of major corporations like Microsoft, Apple and Google. “Shanzhai in China can be a place to start such an overhaul as an initial open innovation and open source ecosystem has already been formed here. Such radical disregard of IP protection has a great precedent as the American Congress in the 18th century passed legislation to invalidate all European patents and copyrights in the New World to encourage the spread and innovation of technologies in the new republic.” Nokia’s eclipse, he argues, is not just attributable to the iPhone but to Shanzhai as well.

Felix Lam says that major corporations with fat patent portfolios have already launched frequent legal proceedings against small innovative companies. As this could threaten the life of many inventions, Makible has turned to the Peer Patent (peer-patent.org) ideas database. This alternative patent system is socially enforced, whereby an idea is published to define what is new about it in a set of claims which others can review and award a PeerPatent. This grants him no legal rights but gives recognition for the original idea. It serves as a framework to encourage innovators to focus more on the development of ideas rather than defending patentable concepts.

Michael Bauwens thinks that the situation needs to be dramatically reversed. Instead of artificially maintaining licensing fees which slow innovation, we need to sustain and develop knowledge, code and design commons which can lead to thriving and non-monopolizable industries that do not rely on fees, but on real production.” Companies that apply the principles of sustainable development should be “organized around shared knowledge pools which are either shared globally as now with the GPL license in free software, or in pools which are only available for free within the network but for which for-profit entities must pay.”

OPEN INNOVATION REQUIRES A RETHINKING OF CORPORATE CULTURE!

The departmental and power structures found in hierarchical companies organized on the lines of Taylorism impede the flow of information. Values associated with open innovation such as transparency, openness and sharing must be lived out by management in its strategic thinking and corporate culture.

Anna M. Koeck argues that open innovation research has shown that “the most important challenges relate to organizational and cultural issues as a consequence of dealing with increased external contacts.”¹ Wim Vanhaverbeke sees cultivation of external networks – in the way that Philips or Procter & Gamble are doing – as a critical factor in a company’s success because people don’t need to think just of their own company’s health, they should also consider the health of their entire ecosystem. This means, he says, that rather than squeezing the last ounce of profit out of their suppliers, procurement departments should be concentrating on building up a partner management founded on trust. Wim also argues that any company that successfully embraces open innovation will need to view all its various divisions or departments as cooperating parts like the cooperating parts of an ecosystem. This means that human resources, for instance, must be prepared to take on people with different skill sets, or that legal departments need to rethink their roles, “They need to become business enablers to make open innovation possible.” Open innovation, he warns, cannot take place in companies whose development divisions squabble with their legal departments about intercompany exchange of intellectual property.

Frank Piller thinks that one of the major challenges is integrating ideas and solutions evolved on the edges of a company in the core company context. “Internal (proprietary) knowledge has to be connected with externally generated knowledge.” And Anna Koeck follows on by drawing attention to the “not-invented-here”(NIH) syndrome in research which, together with

¹ van de Vrande, V., de Jong, J. P. J., Vanhaverbeke, W., de Rochemont, M. (2009) *Open innovation in SMEs: Trends, motives and management challenges*. *Technovation*, 29, 423-437

² Katz, Ralph; Allen, Thomas J. (1982): *Investigating the Not Invented Here (NIH) syndrome: A look at the performance, tenure, and communication patterns of 50 R & D Project Groups*. In: *R & D Management*. Vol. 12, Blackwell Publishing Ltd, p. 7

the lack of in-company engagement, constitutes two of the main barriers to open innovation. Katz and Allen define the NIH syndrome as “the tendency of a project group of stable composition to believe that it possesses a monopoly of knowledge in its field, which leads it to reject new ideas from outsiders to the detriment of its performance.”²

The first symptom of the NIH syndrome is when parts of the development department reject proposals for improvements put forward by the marketing department. Frank Piller notes that this is also the reason why crowdsourcing platforms collecting customer input can fail. Anna Koeck points out that companies like Henkel have introduced “We borrow with Pride Awards” for company innovations based on external ideas or outside knowledge in an effort to combat the NIH syndrome. Even so, Frank Piller still cautions that far too little research has gone into identifying the reasons for the NIH syndrome and ways to combat it.

David Li believes that business start-ups and SMEs are the companies with the best chances of successfully embracing open innovation. Yet he also thinks that current economic pressure is also making big companies more willing to risk their hand at a “new paradigm”. Felix Lam thinks that open innovation can mean growth opportunities for start-ups and small companies as when they take up an open source approach supporting user engagement. And he argues that this is a good way of making ideas known and enabling them to penetrate a community-driven market.

Wan-Hsin Liu and Tillmann Schwörer come up with three good reasons why major corporations find it so difficult to turn to open innovation. “First, established companies may be used to the traditional, more closed innovation procedures and there is a kind of trajectory dependency. Second, established large corporations have more resources and potentially relevant knowledge stocks which enable them to perform a large part of innovation activities within the firm boundary. Third, given their stock of knowledge accumulated over time, established large corporations may be more cautious about opening up (parts) of their knowledge and innovation processes to external innovators if they cannot trust the IPR system and the related legal framework.” Even so, they add, there are still a number of successful instances like the Patent Commons which numbers large corporations like IBM and Linus among its contributors. The bottom line here, they argue, is the extent to which these companies can benefit from collaboration with external innovators, and how well they can protect their innovations from illegal forms of usage.

Michel Bauwens believes that “Commons, community and a collaborative infrastructure must be brought together and harmonized, “Traditional corporate structures can no longer cope with cooperation requirements, as the example of IBM, which has ditched its own control processes for that of the Linux community, shows.”

OPEN INNOVATION IS NOT JUST FOR SOFTWARE, IT’S FOR HARD GOODS AS WELL!

The fine art of open innovation lies in the co-creation of industrial products – customers and external partners join together to develop products which are then jointly manufactured. However, industrial companies and their traditionally managed development departments prove particularly reluctant to take this approach on board.

All panelists agree that open innovation is not for software alone. Frank Piller adds that this is also the consensus of current research. And Wim Vanhaverbeke points out that open innovation is no longer confined to the IT sector but has now spread into the service sector, the low-tech sector, and traditional industry sectors like foodstuffs, textiles, pharmaceuticals and chemicals. Plus a rising number of NGOs are adapting an open innovation approach in environmental and social matters. Open innovation, he believes could also benefit newly industrializing and developing countries.



RENÉ OBERMANN, CEO, DEUTSCHE TELEKOM AG

1. Open innovation requires a rethinking of corporate culture! Would you agree with this?
2. Open innovation is challenging our legal restrictions. Do you see any need for action to change the legal frameset?
3. When people refer to open innovation they often think software. Is open innovation also an option for “hard goods”?
4. Talking about open innovation at Deutsche Telekom AG – what kind of projects are you now working on?

Absolutely. Companies need to create an environment where people collaborate across departments and divisions. Otherwise, open innovation will not work. Of course it may face some internal challenges, because ‘things used to be different’. Encouraging a culture of innovation is a central management task which will become ever more important.

I would be cautious in calling for new laws and regulations. Generally speaking, successful open innovation depends on trust and the openness of the business model. It’s more about finding commercially viable ways to share intellectual property rights (IPRs), for instance through cross-licensing agreements, rather than using those rights as a defense mechanism. It is nonetheless crucial that both parties honor each other’s R&D investments and IPRs, especially when large and smaller partners cooperate. That’s why, for instance, Deutsche Telekom has clear intellectual property rights agreements in place when collaborating not just with universities and start-ups but also with large companies.

Yes, of course it is. Software is ideal for collaboration, because you can make full use of the internet and it’s driven by a very dynamic industry. But open innovation goes way beyond Silicon Valley: many multinational companies are now increasingly relying on outside information and R&D for new products and processes. Take the pharmaceutical and chemical industries: both are industries with long lifecycles and a strong tradition of protecting intellectual property rights. But the large companies are increasingly looking for specialist firms or external researchers to trigger innovation.

While we constantly work on becoming more efficient, driving innovation is key to the success of our corporate strategy. Innovation in the digital economy is characterized by co-opetition: we collaborate with companies in some areas, in others, we may compete. We embrace open innovation through partnerships with small and large internet companies, device manufacturers, content partners, research institutions, IT firms or telco operators.

Just take the Telekom Innovation Laboratories, our T-Labs. Today, some 350 experts and researchers work there, half of them are Telekom employees and the other half are a mix of university researchers and start-up entrepreneurs from all over the world. A whole ecosystem is developing around this cooperation, aided through our T-Venture fund. It’s currently the second largest corporate venture fund worldwide and is investing in promising start-ups in information and communication technology (ICT).

Open innovation can also help us enter new markets. In the healthcare sector, one of the partners we cooperate with is Berlin’s Charité university clinic where we develop innovative tele-healthcare solutions. In October we will launch a new service for the remote monitoring of patients’ heart rates. This will help avoid lengthy trips to specialists and improve the healthcare situation in rural areas.

Anna Koeck thinks that most open innovation activities are focused on “hard goods” in the sense of products. Nikolay Georgiev agrees with her and cites his own experience, “Open innovation is already working with hardware as we show it. We have collaborated with a lot of people on the current designs of our machines.” He would like to see a “Global Repository from which everyone can download the designs and instructions and build the machines locally in their flexible manufacturing facilities.” And he laments the fact that we still don’t have any good Web tools to support open hardware innovations.

David Li reports that open innovation activities in the hardware sector in China are taking place across a huge range of industry sectors, and cites the study by John Hagel and John Seely Brown on the motorbike industry in Chongqing (<http://www.john-seelybrown.com/davos.pdf>). Another example is that of Local Motors (<http://www.local-motors.com>) a company seeking to get ahead on the global automobile market with an open innovation development built by an open source community of designers, engineers and supporters.

Michel Bauwens sees the development goal as “a combination of open design and distributed manufacturing”. He thinks that, “Open innovation communities design for best quality, for inclusivity in the process of innovation, and redesign both machinery and the product with these priorities in mind. It is on top of these already sustainable designs that entrepreneurial entities can create marketable value.”

OPEN INNOVATION IS NOT JUST FOR GLOBAL BRANDS, IT’S ALSO GREAT FOR SMEs!

A major part of the economy – and thus of its innovation potential – is anchored in the small and medium sized enterprise (SME) sector. Even so, statistics show that SMEs make significantly less use of open innovation as they lack the innovation capacity and resources to do so. How can SMEs be given sustainable support and who is going to do this?

Statistics show that SMEs rarely tend to use open innovation methods as they lack the wherewithal to do so. Yet at the same time all the panel holds that these are the very companies who stand to gain the most from open innovation. Wan-Hsin Liu and Tillmann Schwörer say that different sized companies tend to adopt different attitudes towards, and take up different approaches to, open innovation. Big companies may be more reluctant to actively engage in open innovation since they are more likely to be the ones that provide the resources and knowledge at least at the beginning, thus bearing higher risks of loss. On the other hand, SMEs are expected to be much more open-minded about open innovation as they are the ones who first profit from the resources and knowledge provided by others.

Frank Piller gives the following explanation for why SMEs are dragging their feet: “Small firms often lack the organizational slack that allows their management to take time to consider and analyze new approaches. From our research we know that OI demands a dedicated team and special management attention.” Anna Koeck sees this “special management attention” as one of the key success factors in open innovation. “The stakeholders concerned have to “want” engagement. They have to be competent in methodological knowledge.” Management support is also essential.

She notes that thus far the primary focus of research has been on multinational companies in the high-tech sector.³ On top of this, she also points out that thus far nobody has come up with a measuring system for open innovation activities.⁴ At the same time a survey of 605 innovative SMEs has shown that comprehensive open innovations activities are on the steady rise.⁵

³ van de Vrande, V., de Jong, J. P. J., Vanhaverbeke, W., de Rochemont, M. (2009) *Open innovation in SMEs: Trends, motives and management challenges*. *Technovation*, 29, 423–437, p. 423

⁴ Gassmann, O., Enkel, E., Chesbrough, H. (2010) *The future of open innovation*. *R&D Management* 40 (3), 213–221, p. 216

⁵ van de Vrande, V., de Jong, J. P. J., Vanhaverbeke, W., de Rochemont, M. (2009) *Open innovation in SMEs: Trends, motives and management challenges*. *Technovation*, 29, pp. 423–437



P&G's **CONNECT & DEVELOP** open innovation strategy has established more than 1000 active agreements with innovation partners. It enables the company to share their R&D, commercialization and brand strength and to bring ideas to market faster!



On **INNOVARO** pharmlicensing global companies profile their partnering opportunities, covering both out-licensing and in-licensing. Anyone looking for technologies, products and new opportunities can view and search the website and then can contact the company involved directly. The audience is made up of the most senior decision makers CEO's, Chairmen, VP's, Licensing and Business Development managers.



USHAHIDI is a non-profit tech company that develops free and open source software for information collection, visualization and interactive mapping. We built the Ushahidi platform as a tool to easily crowdsource information using multiple channels, including SMS, email, Twitter and the web. Currently the platform has been deployed over 17,000 times in over 230 countries globally by people all over the world. Major deployments include the Haiti, New Zealand and Japanese earthquakes, Tanzanian elections, Egyptian unrest and the floods in Canada and Australia.



The **FIAT MIO** is a concept car developed by Fiat Brazil adopting an open-source approach through a dedicated website. Fiat is looking for ideas that make a car personal. Brazil was chosen as the home for Fiat Mio because it's a digitally sophisticated and innovative market, and Fiat's largest after the company's native Italy.

Yet we still lack a structured framework in which the findings of scientific research can be related to practical proposals for action.⁶ This is the reason why each company must still find its own way to open innovation. As she says, “I do not think that there is a general, universally valid guideline for implementing and operating open innovation activities.” Yet she still thinks it’s helpful to get a good understanding of the methods and tools we now have at our disposal.⁷

Wim Vanhaverbeke cites an EU project in which managers explain why they’ve been successful in short ten to fifteen minute videos, and gives the examples of Curana⁸ and Quilts of Denmark⁹, two companies which both have relations with Philips. Michel Bauwens thinks that, “Through shared open design and mutual ‘stigmergic’ coordination, using techniques such as open book management, SME’s can obtain the same advantages of scale as MNOs.”

David Li and Huo Ju both have serious doubts about whether open innovation can really ever function well for existing global brands. They both believe that it’s going to be more the business start-ups and SMEs that will develop the global brands of tomorrow. David Li cites the case of the Chinese mobile phone manufacturer G’Five (<http://www.gfivemobile.com/>) specialized in emerging markets. This Shanzhai company has knocked Samsung out of second place on the Indian mobile handset market and could well unseat Nokia from the top notch in the next two years.¹⁰ It’s the open innovation ecosystem, he says, which gives the competitive edge to such companies through “efficient micro-manufacture and fast time to market at low overheads.”

UPSHOT

The discussion between Europeans and Chinese brings the major differences in their respective understanding of open innovation to the forefront. While Europeans tend to favor cautious and gradual modernization and opening of their markets, and view open source and open innovation as a complementary development system, the Chinese see themselves as pioneers of an open source system that gives them effective low-threshold access to the global marketplace. In their legal system copying and sharing is a recognized method of acquiring knowledge and feeding it into their own comprehensive dissemination and recycling system.

The advantages of such an approach are not immediately obvious for Europeans as – with the exception of business start-ups and SMEs – established companies see it merely as an alternative approach still fraught with a great deal of uncertainty. As the success factors and barriers still remain largely uncharted by research, each individual company must find its own way to open innovation. The Commons discussion does show, however, that such routes can be successfully navigated when co-operative methods and technologies are used to involve the communities on the way.

⁶ Gassmann, O., Widenmayer, B. (2010) *Open Innovation: Vom Schlagwort zum praktischen Tool*. *Technische Rundschau* Nr. 2/2010, pp. 56-57, p. 56

⁷ For instance, Hilgers, D., Burkhart, T., Piller, F., Wuhrmann, J. C. (2011) *Strategisches Controlling für Open Innovation. Konzeptioneller Rahmen am Fallbeispiel Henkel. Controlling – Zeitschrift für Erfolgsorientierte Unternehmenssteuerung*, 23. Jahrgang 2011, Vol. 2, pp. 84-90.

⁸ Vanhaverbeke, W. (Fundación ESADE); Bosch, S. (Fundación ESADE) (2010), *CURANA BVBA: MANAGING OPEN INNOVATION FOR GROWTH IN SMES*, http://www.ecch.com/educators/products/view?id=97976&rc=1&pg=1&tc=14&adv_search=1

⁹ Vanhaverbeke, W. (Fundación ESADE); Bakici, T. (Fundación ESADE) (2010): *QUILTS OF DENMARK: MANAGING OPEN INNOVATION IN A LOW-TECH INDUSTRY SME*, http://www.ecch.com/educators/products/view?id=97980&rc=2&pg=1&tc=14&adv_search=1

¹⁰ <http://www.livemint.com/2011/06/22230826/G8217Five-plans-to-unseat-N.html>



◀ “... a dialogue where we can engage with people whom we might not meet in our ordinary lives.”

ETHICS AND TRUST IN SOCIETY AND BUSINESS

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<http://www.global-economic-symposium.org/solutions/the-global-society/ethics-and-trust-in-society-and-business>
http://futurechallenges.org/wiki/index.php/Ethics_and_Trust_in_Society_and_Business

AS THE GLOBALIZED WORLD OF GOODS HAS DRAWN MARKETS CLOSER TOGETHER, COMMON REGULATIONS NEED TO BE NEGOTIATED. EVER SINCE ITS ADVENT, THE GLOBAL INFORMATION WORLD OF THE INTERNET HAS HELD OUT THE PROMISE THAT A RAPPROCHEMENT OF ATTITUDES AND A TRANSFORMATION OF MORAL STANDARDS COULD WELL GO HAND IN HAND WITH THE WORLDWIDE EXCHANGE OF INFORMATION. OR IS THIS JUST SOME TINSEL UTOPIAN DREAM? FOUR EXPERTS DISCUSS THREE PROPOSITIONS PUT FORWARD IT PETER GLASER'S ESSAY "DIGITAL DARWIN": THAT CROSSBORDER COMMUNITIES WILL COME TO BE THE DOMINANT FORCE IN POLITICS; THAT DIGITAL NETWORKS WILL OPEN UP NEW OPPORTUNITIES BOTH ON THE LOCAL AND THE GLOBAL LEVEL; AND THAT THE RESULTANT WEALTH OF OPPORTUNITIES WILL OFFER PEOPLE NEW PERSPECTIVES FOR COMMUNITY LIVING.

DIGITAL DARWIN

RESETTING THE BALANCE OF ECONOMICS AND ETHICS IN THE DIGITAL WORLD

PETER GLASER

AS ELECTRONICALLY CONTRACTED, THE GLOBE IS NO MORE THAN A VILLAGE. ELECTRIC SPEED AT BRINGING ALL SOCIAL AND POLITICAL FUNCTIONS TOGETHER IN A SUDDEN IMPLOSION HAS HEIGHTENED HUMAN AWARENESS OF RESPONSIBILITY TO AN INTENSE DEGREE. (...) THIS IS THE AGE OF ANXIETY FOR THE REASON OF THE ELECTRICAL IMPLOSION THAT COMPELS COMMITMENT AND PARTICIPATION QUITE REGARDLESS OF ANY 'POINT OF VIEW'.

Marshall McLuhan

IN THE DAYS before the internet, a former executive director of the World Bank declared that the economy would spell doom for the world. Because it was the economy that allowed the Danes to export tons of cookies to the USA each year and the Americans to export similar quantities to Denmark while the ships freighting the cookies to and fro across the Atlantic consumed thousands of tons of fuel oil. "Why", he quipped, "don't they just swop recipes?"

This principle has now been realized across the world. It's called "Sharism" and refers to the internet-driven need to share things with others. Things are now produced and exchanged in the net with the same kind of passion with which they used to be consumed. In our quest for meaningful bases of action with which to grapple with the challenges of the nascent 21st century, the internet, in all its remarkable diversity, is proving to be not just a source of inspirational arguments and ideas but a global economic arena and a new immersive state – something which permanently surrounds us.

The age of conquests is over. We are now settling the eighth continent, the digital world. Earlier on there used to be a state of play followed by changes which introduced a new state of play. When Mayer Amschel Rothschild received a pigeon post bearing news of the outcome of the battle of Waterloo in June 1815, he was able to use this timely information for a coup on the stock exchange that laid the foundations of his fabulous wealth. Only today change is the ordinary state of play. While economic, political and organization structures constantly endeavor to shape real-time strategies of ever greater efficiency and speed, the need for a counterbalancing code of ethics is becoming increasingly apparent if we are to find appropriate response to the increasing complexity of the world. The slower and more considered approach such a code would induce could enable us to make better and more responsible assessments of the opportunities and risks involved in complex multi-stranded processes.

In the nurseries of our future business leaders like the Harvard Business School we are now witnessing a sea change of interest in favor of themes related to social responsibility, ethics and the common good. In a time marked by Enron, Lehman Brothers and Madoff, questions of corporate responsibility now form part of the students canon of essential values. Business is more than just a way to riches for them. They are well aware that poverty isn't just limited to Africa and India. They see injustice. And they also see the opportunities that they as entrepreneurs can take to do something about it.

ONE OF THE BIGGEST problems of our times is that the moral compass of the individual is continually incapacitated by the global flood of information. Ethics should be concerned with issues that affect the whole planet like sustainable economies or standards which regulate progress on the international level like the abolition of child labor. And at the same time ethics should be embedded in the regional level, after all, morality has always had a direct bearing on local concerns. A placeless transnationality in the net that isn't rooted in a wide array of real-life situations is far too tentative and noncommittal.

On a global scale it's difficult to speak of one single code of ethics. Because we're dealing with a plurality of ethics. The internet is the epitome of such development. We are on our way from the one to the many. The referee in a football match is a perfect example of the old times. With his particular view of things on the pitch, he's in a much worse position than any viewer watching the game on the TV or computer screen. He always perceives and judges the world from his own individual point of view and thus is hopelessly left behind by the multi-perspective viewpoints offered by electronic media. At critical points in the game the referee must rely solely on his own subjective judgment even though he is surrounded by the disconcerting objectivity of the media gaze. The viewer at home on his couch sees in the next few seconds the situation shot from various camera positions and replayed in slow motion and can form his own considered opinion, as well-rounded as the football itself. One of the basic attributes of a code of ethics is that we now have to accept more positions than we previously did. Progress always means an increase in difference.

This broad variety of positions is accurately reflected in the way the internet both particularizes social and economic actions and brings them together in complex multi-layered structures. Such a double-edged approach is steadily gaining in importance to vie with traditional large-scale structures like those of democratic parties and major corporations. In such places ethics are nurtured and refreshed and become much less a preset code to be rigorously obeyed than a work in progress informed by real world practical concerns that fruitfully competes with, or perhaps takes on board, other perspectives from these new realms of ideas – in a process that doesn't always unfold in a straightforward manner.

What to some people appears as the wanton shattering of a whole into a number of constituent parts, appears to others as an opportunity to try out potential alternatives under sets of different conditions and compare their different advantages. In September 1941, the Austrian philosopher Leopold Kohr – to whom we owe the phrase “small is beautiful” – published an essay whose English title is “Disunion Now: A Plea for a Society Based on Small Autonomous Units” Kohr believed that democracy could only fully develop in small-scale units. And as the example of the USA compellingly shows, Americans thought it a much more sensible and practical move to divide the rich national tapestry into 48 states.

AS THE MODERN WORLD continues to be ever more closely networked and more communicative, its complexity has increased to such a degree that traditional modes of thought are incapable of dealing with it. As McLuhan pointed out, at least we now have computers to help us “deal more rapidly with those things which we wouldn't have to deal with if we hadn't computers”. They give us the opportunity to broadcast our views before we have any idea of what we want to say and offer advertising messages extolling the virtues of products for which there is no real need. Mass media are now changing into masses of media and in social networks it's no longer the sender who decides on how wide a distribution a particular message gets but the receivers who can turn a lone message into a tumbling cascade.

Markets are not designed to do what democratic politics can do. Thus far they have required communication to take place in private, not public, channels and have only allowed consumers to speak about their patterns of consumption with the product manufacturers whilst simultaneously preventing people from coming together in their capacity as responsible citizens to discuss such issues as the social consequences of privately made market decisions. To express themselves, consumers take the forms of “I”, “citizen” or “we”. Markets, on the other hand, are more regulated by contracts than by communities. They might soothe our individual egos but they leave our longing for community unfulfilled. They might offer us specific goods and dreams but they do not offer us any common identity or means of collective participation. And yet the advent of the Net has given the old democratic aspiration to collectivity a new lease of life.

New communities are being born which are no longer bound by geography. My neighbor is no longer just the guy next door but the man who shares the selfsame interests. John Perry Barlowe speaks of “governance by ethics” which could replace the traditional apparatus of the state. “Every single person in this digital environment must assume more responsibility, not least of all because it’s obvious that national governments are no longer up to the job.”

There’s a key expectation that new technologies will make communities superior to the state. Networking has now reached a point where any further advance in mere computer networks is not enough. The development of the steam engine enabled the building of the railway system, followed by the electricity grid, the telephone network and our modern system of roads. Nowadays a network of knowledge and ideas spans the world.

THE DECISIVE ASPECTS of progress are increasingly its holistic and organic aspects. There’s a good reason why the terms “organic” and “organize” share the selfsame root. Quantitative productivity must move over to make room for another goal whose priority is abundance not overabundance. It was Charles Darwin who was the first great information ecologist because he was the first to try and understand the earth in all its living unity as an interwoven and totally dynamic network. What makes Darwin’s thinking so compelling is not his revolutionary theories but his unique ability to find connections between even the most disparate observations and make them intelligible to all.

“Plurality” or the increase in difference, and the organic, networked, interconnecting structures of the modern world are both aspects of one and the same phenomenon. Networking overcomes the isolation felt by single, regional, specialized approaches or groups. The fact that the Net now gives us the opportunity to act on a local and global level at one and the same time is a floating and richly fruitful contradiction.

The major revolution we need requires us to change a mechanistic view of the world – which is often simply subsumed in the notion of “digital” – for an organic one firmly centered on the human being who, in the words of Walt Whitman, stands “cool and composed before a million universes”. Abundance is not the same as quantitative wealth or unbounded overabundance. “More! And more!” is the cry of a soul lost in error. Humankind will never be satisfied with anything less than everything.

DISCUSSING “DIGITAL DARWIN”

SUMMARIZED BY CHRISTIANE SCHULZKI HADDOUTI

PETER’S ESSAY AND THE THREE PROPOSITIONS PUT FORWARD IN IT WERE DISCUSSED BY TYSON BARKER, BERTELSMANN FOUNDATION / USA, DICK EVANS, RIO TINTO / UK, CHRISTIANE KRIEGER-BODEN, THE KIEL INSTITUTE FOR WORLD ECONOMY / GERMANY AND PETER WALKENHORST, BERTELSMANN STIFTUNG / GERMANY.

How can we achieve a common commitment to ethical criteria and standards in business?

There are abundant examples that show that on certain issues people can agree on common rules and political frameworks. Such agreement was reached through the power of public opinion and in particular through the commitment shown by engaged individuals and organizations in civil society. One such example is the successful campaign waged by Greenpeace in 1995 against the planned sinking of the Brent Spar oil storage buoy in the North Atlantic by the oil giant Shell. The UN

Global Compact is another example of transnational collaboration between an array of interest groups, a worldwide pact between business and the UNO in which companies commit themselves to complying with minimum social and ecological standards. Even though the pact has no really biting sanctions for the event of non-compliance, Peter Walkenhorst still sees it as “the most ambitious attempt so far to introduce common ethical criteria and standards in business.” He also thinks that the movement for corporate social responsibility (CSR) has been a major success. “What started as a small, nascent movement, has become a powerful force in the global economy, transforming the practice of more and more corporations worldwide.” He points out that even corporations like Wal-Mart are now moving in this direction and publishing responsibility and sustainability reports, which would have been unthinkable just ten years ago. In moves like Wal-Mart’s, he sees companies responding to the pressure of public opinion leveraged in the main by individual consumers and non-governmental organizations (NGOs).

Further cases in point include the Partnering Against Corruption Initiative (PACI) of the World Economic Forum and global ratings like the various indices on corruption which, as Dick Evans says, are effective because they “tend to shine a spotlight on the worst ethics offenders or countries”. For Tyson Barker, exemplary movements include the abolition of slavery in the British Empire in 1833, the campaign to ban land mines under the Ottawa Treaty in 1997, pledges by chemical companies not to test on animals (Animal Welfare Act of 1966 (USA) and 2006 in the United Kingdom; and an amendment to the EU’s cosmetic directive in March 2009. More recently, he says, NGOs have been pushing for greater transparency in accounting practices for extractive industries in an effort to curb corruption and violence in Africa (Dodd-Frank Act / Transparency Directive).

The internet now plays a special role in the formation of public opinion. Peter Walkenhorst is convinced that common standards can only be reached through “a permanent process of negotiation among corporate actors, civil society and governments.” He thinks that the internet and the social Web in particular is important because it gives greater outreach to individuals and NGOs: “In this view, civil society and the public sphere are the primary agents of change contributing to the development of new norms and ethics.”

Can there be something like an aggregation of ethics – a distillation of principles from various regionally-based ethical approaches, various corporate cultures and so on which we all can agree on and use.

Most of the experts basically agree that it is possible to arrive at an agreement on common standards. Yet they also believe that as people will always use leeway in interpretation – “wobble room” – this will erode the binding quality of the standards agreed upon. The experts also think that interplay between a local and a global level is an old familiar phenomenon with nothing new about it. As Tyson Barker remarks, “Bridging the gap between the ethical plurality and ethical universalism is a deep-seated political struggle. There have always been inherent tensions between localized (or plural) and universalized ethics. This tension is one of the main sources of ethical and political dialectics.” And he cites the European Union as a case in point, “The principle of subsidiarity, one of the cornerstones of EU law, asserts that legal decision-making should be dealt with at the smallest, most local competent authority and yet the *acquis communautaire* – the codex of law rooted in the Napoleonic code civil legal tradition that is the basis for EU membership – has the remorseless logic of universal application at its heart.”

Tyson Barker also cites the WTO as an “example of a body that, in some ways, acts as an “aggregator” and guardian of common principles that are almost universally recognized. Each member that accedes to the WTO agrees, in theory, to a codex of laws and norms that are meant to govern interstate commerce and compel businesses based in their countries to comply with certain practices.”

Yet he is also aware that the rules of the WTO are open to widely different interpretations by the various member states, “On my last trip to China, I spoke with many legal and economic scholars about the differences in interpretation of IPR between China and the West. The same parable came up over and over again: If a wise man in a village writes a book filled with knowledge, then it is the duty of the wise man to share the knowledge with all people in the village. As such he is contributing to the public good.” This comparison was an eye-opener for Tyson Barker: “It became clear to me that the application of this principle

was guiding Chinese businesses' approach to IPR across a number of sectors from Transrapid trains to battery technology for electric cars to coding for the Windows operating system. The plurality in the application of intellectual property rights – despite its recognized sanctity in forums like the WTO and World Intellectual Property Organization (WIPO) – will continue to be an area in which global actors struggle to reconcile.”

Dick Evans believes there are fundamental reasons why it will be difficult to find a universal Code of Conduct that also regulates “granular details”. He argues that ethical behavior is not merely behavior that doesn't break the law but behavior that is also rooted in general norms of conduct. And he gives the example of gifts among negotiating partners as an act which is viewed differently from country to country. He argues that it is indeed possible to find a majority agreement on a general principle whereby the giving of presents with a tangible effect on the final business outcome should be prohibited. Yet he thinks that it's highly improbable that an agreement on the particular euro or dollar value of such gifts will ever be reached that can be equally applied to all countries. “I doubt that it is possible to prevent multiple perspectives from leading to some degree of non-commitment.” However: “There is certainly an opportunity to reach commitment on principles of ethical behavior.”

On the other hand, Peter Walkenhorst sees the Universal Declaration of Human Rights (UDHR) adopted by the United Nations General Assembly in 1948 as a marvelous example of such a universal code. Ever since 1948 it has served as the basis for a whole series of international treaties, regional human rights instruments, national constitutions and laws, so that extending it to cover climate change and loss of biodiversity, he argues, would be “the most promising way to reach a new universal normative consensus.” Yet Christiane Krieger-Boden dismisses any idea of the UN serving as a paragon, “The UN Charta on human rights has failed so far even to get these rights accepted all over the world, let alone to get them firmly established all over.”

How can we prevent multiple perspectives from leading to a tentative or noncommittal stance?

All the same there are a number of methods and ways of making norms and standards binding. Dick Evans sees global capital markets as the most effective lever for enforcing general standards of ethical behavior, yet thinks that a certain amount of public awareness must be raised before this can be done. As Evans underlines, “Support of NGOs, governments, trade associations and publications that identify and communicate this data is an important element in any strategy to encourage ethical behavior.”

In the age of social media Tyson Barker wonders “how digital commons make certain actors at once more empowered and less inclined to behave according to commonly agreed upon ethics.” Tyson Barker basically sees two development factors coming into play here: “The democratization of agency and the online disinhibition effect.” And he argues that it is the interplay between these two tendencies that will define future ethical practices for businesses, individuals and states.

“The democratization of agency” he sees as evidenced because “the empowerment of the individual to produce, replicate and share goods, services and ideas in the digital world exists on an unprecedented scale in which the barriers for entry are almost non-existent.” And he sees that the sharing of information could have a tremendous impact on the digital world: “The phenomenon of “going viral,” be it a dump of exposed cables by Wikileaks or organization of protesters during the Arab Spring, is a demonstration of the massive political and economic power that rises when the will to disseminate information is coupled with the tools of the digital age.” The second tendency Tyson Barker sees in the fact that people feel themselves freed of the constraints of ethical rules when online. The “online disinhibition effect” is rooted in the perception that “online activity takes place in an environment in which normal social corrective mechanisms and punishments – be they formal (laws) or informal (reputational damage) – are no longer in place.” Future developments, he argues, will be driven by both these factors.

Christiane Krieger-Boden accepts the idea that digitalization could substantially change the ways people interact as in “the forming of virtual communities that in mutual reinforcement shape opinions and gain influence on the political world – we'll just have to take that as a fact of life.” But she argues that such a development would be rated in very different ways de-

pending on the degree of impact digitalization has on social or personal forms of behavior. “We may appreciate the help of digital media in organizing rebellions against inhuman dictators. But when virtual communities start undermining decision-making procedures in representative democracies and overthrowing democratic decisions, even if this happens in the name of an allegedly broader and more direct democracy, we may reject such developments sharply.” For her the danger of virtual communities lies less in their potential for anarchy than in the kind of intellectual dictatorship they could wield. Virtual communities are “likely to perpetuate the views of a relatively small but vociferous group of people that thereby may be able to overrule the silent majority and erect some sort of mind dictatorship which may disregard the rights of whatever minorities.” And when it comes to the development of common values, she remains firmly skeptical. She thinks that people’s tendency to embrace “certain ethical norms will be volatile like flocks of birds, will follow a haphazard zeitgeist no matter whether organized in virtual or real communities.” And she believes that an objective set of values is beyond our reach “simply because none of us will ever be able to step outside his/her own subjective mind and context. Thus my answer to how we can achieve a common, non-trivial and sustainable ethical commitment is quite simply: we cannot, we never will.”

Christiane Krieger-Boden therefore advocates a “modest” approach in the shape of competition between systems, “We can try to allow for the diversity of different canons of ethical values and different common goods of societies and communities, and we may enter into a peaceful, moral competition between these that might perhaps reveal which work better and which less.” And she quotes as examples “the European welfare state model versus the Anglo-American liberal individualistic approach versus various authoritarian and interventionist societies versus religious societies.” She thinks this might work out as follows, “Particularly in Western countries, we can return to laying more stress on individuals’ responsibility towards the common good and communities rather than overstressing a small-time ideal of money-making. We can try to strengthen mutual responsibilities between individuals and communities to secure the provision of the common good and contain free riding. We can restore a culture of professionalism, where people, be they carpenters, doctors or financial consultants, take more pride in, and get more reputation from, the quality of their work, of their service to their clients, than from the size of their income – and maybe virtual communities supporting Wikiwebs like Wikipedia and similar may provide good examples of such an attitude. We can distinguish more clearly between areas that should, or should not, be entirely organized by markets – the latter referring perhaps to healthcare, daycare, education, research etc. where agents are largely to be remunerated with fixed payments so as not to destroy their intrinsic motivation.”

Peter Walkenhorst advocates a trial-and-error approach that identifies a general trend in the on-going pluralization of modern societies. As this would inevitably lead to relativism, individuals, social groups and societies will have to make a conscious decision in favor of certain value systems and lifestyles – which means, in turn, that they will have to agree on certain courses of action based on consideration of multiple perspectives. Walkenhorst also points out that, “This process also has to include rules that address the free-rider problem.” He thinks that this can probably only be done through trial and error, yet believes that trust is the essential basis for reducing complexity and bridging over differences.



◀ "What we now need is emotional involvement to drive forward the creation of a new identity in the shape of a Greater We."

FUNDING SOCIAL ENTERPRISES

IN SEARCH OF A CLEAR PROFILE

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<http://www.global-economic-symposium.org/solutions/the-global-society/funding-social-enterprises>
http://futurechallenges.org/wiki/index.php/Funding_Social_Enterprises

DEFINITION SOCIAL ENTERPRISE

A SOCIAL ENTERPRISE IS AN ORGANIZATION THAT APPLIES CAPITALISTIC STRATEGIES TO ACHIEVING PHILANTHROPIC GOALS. SOCIAL ENTERPRISES CAN BE STRUCTURED AS FOR-PROFIT OR NON-PROFIT.

http://en.wikipedia.org/wiki/social_enterprise

“Social Enterprise” is a term with many facets. Does it mean, simply put, companies, which use capitalistic strategies in pursuit of philanthropic goals? Yet this is a definition with which Stefan Empter, Senior Director at the Bertelsmann Stiftung, does not agree. “It’s too open to misinterpretation” he says and suggests instead “organizations which use enterprise strategies in pursuit of social goals.” There are indeed numerous definitions of “Social Enterprise” which focus on different aspects of the term: some stress the not-for-profit character of organizations while others bring the hybrid nature of the term to the forefront, focusing on companies which harmonize economic goals with social objectives.

Lack of a clear definition is not the only problem: even today we still have no established standards and criteria which allow us to assess the value set of a social enterprise or judge its success. In short, what this enterprise sector lacks is a clear profile. At the end of the day it is the lack of a clear profile which is the root cause of a serious problem as many social enterprises suffer from a lack of capital and venture capital. As Renee Manuel of Ashoka Germany, an organization that funds social enterprises across the world, plaintively comments: “How sad it is that these same, incredibly creative people spend 90 percent of their time fundraising or writing endless grant proposals that only provide short-term funding!”

What is limiting growth in this economic sector? And what consequences does this have for our economic and political systems and society as a whole? A panel of experts – Linda Kleemann of the Kiel Institute for the World Economy, Renee Manuel of Ashoka Germany, Rod Schwartz of ClearlySo and the Bertelsmann Stiftung’s Stefan Empter – give their positions on five lead propositions.

MANCHESTER CAPITALISM ADIEU – WHAT WE NEED IS A NEW SYSTEM!

Destruction of the environment, hunger, poverty, unjust distribution of resources – these and many other problems in our world are the direct result of the profit and gain principle which governs the majority of companies and the economy itself. What we need is a new economic system: if every company really was a “social enterprise”, we could solve all our major problems.

All the contributors agree that a new market order is not what is needed. “The system is shifting by itself: more and more investors are looking for social impact with their investment. We need examples to encourage potential investors – and the time to develop the market step by step”, says Rod Schwartz. “The logic of social entrepreneurship organizations and social businesses is deeply market orientated – they apply entrepreneurial strategies and instruments”, argues Stefan Empter, who sees an important role for social enterprises in the future development of the market and teases out the consequences: “We need to foster the idea, the sector and the legal and financial framework for social business enterprises. Social enterprises are like ‘transformation agents’ for systemic innovations which contribute substantially to the development of the capitalistic system or market economy – especially as they put the logic of modern market economies ‘in force’ – not ‘out of force.’” Renee Manuel agrees that social enterprises are a potential force for market innovation and proposes that: “We need to unlock some of the barriers that exist within current markets that prevent great social innovations from traveling. Social entrepreneurs are at their core – extremely innovative individuals who can engineer social change in ways that no one has ever thought of before. I think there is still a lot that can be done within the current system by public, private, and philanthropic actors, and we are creating an ecosystem where great ideas have unlimited potential to spread.” However, Linda Kleemann questions whether social enterprises really can be a solution to the problems of the market. “Markets fail in a number of ways, one of which is because of environmental and social problems. Many years of research have still not found a silver bullet to solve to this problem. The question therefore should rather be whether the social enterprise model is the best solution for our present economic system. Or alternatively, is there a different stable system that would solve ‘all our major problems.’”

ON THE PRESENT CAPITAL MARKET SOCIAL ENTERPRISE IS ALWAYS AT A DISADVANTAGE!

Social enterprise is much less attractive for capital companies like venture capital funds or private investors because in terms of revenue social enterprises are always at a disadvantage when compared to profit-oriented companies!

A proposition the whole panel readily agrees with. They also have no difficulty in pinpointing the underlying reason in the lack of master data and dedicated benchmarks against which the performance of social enterprises can be measured. In terms of the typical balance-sheet master data for assessing a company’s performance, social enterprises always fare worse than for-profit companies because the values that social enterprises create for people and society simply do not figure on any balance sheet. The upshot is that prospective capital investors keep their distance because they don’t know how to assess individual social enterprises.

However, even asking what such values might be is a question fraught with difficulty: “One important point that needs to be emphasized is that it’s more important to look at ‘outcomes’ rather at mere ‘output’. In an impact value chain, social entrepreneurs use inputs to produce outputs in the most effective and efficient way they can. But it is through these outputs that systems change and real ‘outcomes’ and impact are generated. And this is what I hope more people will be focused on measuring in the future”, suggests Renee Manuel.

Stefan Empter is more specific: “We need instruments to evaluate and report the social impact of such engagement or social entrepreneurship organizations. Such social reporting standards and instruments would be helpful not only for internal mo-

1. Funding social enterprises – is it different from funding traditional companies?

In my view, funding a social enterprise is not different from funding a traditional company, even though the respective mandates and purposes may not necessarily be similar. The main underlying reason for this view is based on our belief that the funding of any enterprise (whether it is for a social purpose or traditional commercial purpose) should be founded on sustainability. With that in mind, however, we believe that any enterprise needs to be managed with a minimum criteria of sustainability and preferably, self-sustainability in its activities.



OMAR VALDEZ
TRUSTEE OF NCSO

A social enterprise typically has a larger or more expansive mandate than a strictly commercial enterprise, which typically requires it to pursue a balance between economic, environmental and social returns, rather than the more limited (and in some cases stricter) mandates of economic returns of a commercial enterprise. Thus, the simultaneous realization of what may seem to be contradictory objectives and agendas that a social enterprise may pursue, such as economic development, environmental protection, and energy security for example, can be quite challenging to achieve, but is becoming more widely pursued as our modern-day society is having to confront a more complex set of global pressures (population growth, resource scarcity, global climate change etc.) that it have not had to deal with in the past thousand years or so, in the same magnitude as today. And thus the distinction does indeed make sense.

2. Capitalism and social entrepreneurship – is it a contradiction? Can it work, and if so how?

I do not believe that the concepts are contradictory. We view them as complementary in the simple sense that in order for either to be sustainable, each must be balanced with the other. For example, I don't see how anyone or a board of trustees can be managing a non-profit charitable organization and not manage it with the same management standards and skills as if it were a commercial business, even though it has a social purpose.

3. The western world, and Europe in particular, is faced with the root and branch restructuring of its energy system. Skepticism about atomic energy has grown in the aftermath of Fukushima. (And in Germany has already led to a sea change in energy policy-making.) At the same time, worldwide energy demand is set to double in the next 20 years with all the attendant consequences this implies in terms of increased pressure on prices, resources and the environment. Against this background, what will the future of energy look like from a global perspective?

I believe that the future of energy, from a global perspective will be different in its composition from what it is today. However, this evolution will occur over a very long time and not so dramatically as recent events may suggest (i.e. change in energy policy regarding atomic energy in the aftermath of Fukushima). Advances in technology will play the most significant role in the future “energy landscape.” Improvements in demand side/consumption (i.e. energy efficiency) behaviors will also play a significant role. This view is based on our own human nature and society's push toward improvement in all aspects of life. In this context, I see human nature as leaning more toward the conveniences that technology can provide and that society has become accustomed to, even addicted to. The huge effort required to change generations of habit, misconception, tradition, and to willingly be inconvenienced (economically, physically, etc...), is what presents the underlying challenges for our energy future.

monitoring and public relations but also for promoting accountability and aiding in the search for investors and venture capital. By equally serving the information needs of investors, analysts and social investment consultants, such social reporting standards are a precondition for the development of different forms of venture capital marketplaces or social stock exchanges.” Stefan Empter sees indications of such an approach being adopted by organizations like Ashoka, the Schwab Foundation, Bonventure, Auridis and PriceWaterhouseCoopers. He explains the conceptual base of a reporting systems as involving five factors:

- A the societal problem,
- B the innovative solution (theory of change),
- C the organizational mode of the social entrepreneurship organization,
- D the social entrepreneur (motivation, ideas, entrepreneurial competence and experience) and
- E the impact assessment (quantitative evaluation of output, qualitative – and if possible quantitative – evaluation of outcome and impact)

However, Linda Kleemann also sees the risks involved in the adoption of such a new set of values: “Measuring social impacts is no simple exercise. Furthermore, such standards run the risk of being even less transparent and harder to understand for outsiders than conventional way of reporting”, she says and adds, “on the other hand, a rather strict and formal reporting system might not be flexible enough for many innovative enterprises. I think there’s great scope for private and public engagement in the creation, monitoring and assessment of existing and new social impact reporting standards.” Rod Schwartz highlights another problem: “Most investors want to get a market return, but the most social enterprises offer below market return. Banks have very little interest in providing capital to social enterprises”. The business model is new, the risk is high and there is not much to earn from being an intermediary. Schwartz continues: “What’s more, social enterprise has an image problem as many people think it’s not well managed and in any case too small.”

GOVERNMENT SUBSIDIES OFFER NO SUSTAINABLE HELP!

Without a change of system, government subsidies only create dependency!

Obviously, the state can push social enterprise: by providing tax breaks for the company itself, or through investment or grants and subsidies. Even so, on markets still regulated by profit-and-yield criteria, such companies don’t stand a chance. And policy-making has only limited room for maneuver.

Government grants and subsidies are a hot potato – while some damn them as state intervention, others welcome them as political regulation that gives direction to markets. Opinion on the panel is equally divided. Stefan Empter says, “Government subsidies are helpful to some phases of development in social entrepreneurship organizations (especially in the start-up phase), however, they do indeed create dependencies!” Yet, despite all the dangers of potential dependency, he still acknowledges that they are needed at the moment: “Social enterprises need hybrid sources of capital and financing on the path to growth. The present-day landscape of financing social enterprises may differ from country to country, but a solid range of financial frameworks, social investment structures and venture capital institutions (both national and international) is the essential precondition for the development of a sustainable social entrepreneurship sector in modern economies.” Renee Manuel doesn’t see any difference between government subsidies and those coming from the private sector. And she also thinks that hybrid financing composed of capital and state subsidies is a good way forward: “One option for social enterprises is hybrid finance; another way may come from the market failures I mentioned above”. But she also adds, “Hybrid sources of capital do not necessarily mean subsidies.” Her organization Ashoka is concerned with securing finance for social enterprises on a daily basis so she speaks from experience when she says, “The most innovative social enterprises are those that have started thinking

very strategically about their funding models. It has dawned on them that being completely reliant on one source of funding will never make them sustainable in the long run. Often times social enterprises will need to think about a mix of subsidies, grants, loans, and equity to get the financial model that will allow their impact to spread fastest. In her considered opinion: “There is room for all types of capital to play a role in this market and we, as actors here, need to figure out the most strategically effective ways to pair this capital together in new financial instruments.” Rod Schwartz has his doubts about government support: “I think we don’t need the support of governments. There have been some very ineffective programs in the past. Government support tends to be more destructive than helpful – with a few notable exceptions that have had a beneficial effect.”

IF SOCIAL ENTERPRISE IS TO SUCCEED, PEOPLE NEED A NEW MINDSET!

A change of system can only be introduced when the vast majority of people put social values ahead of personal gain. If you wish to promote the social economy, you have to motivate people to change their old way of thinking – for instance, supported by a broad, government-funded (advertising) campaign. Only then will readiness to invest in social enterprise be awoken.

Opinion on this proposition is very divided. Linda Kleemann has serious doubts about whether public thinking on it can be influenced; she says: “This discussion, if initiated, will very likely not change the value orientation of the whole of society. It may change a small part of it, which is already saying a great deal.” Rod Schwartz also thinks there are very few chances of actually bringing about a significant shift in the mindset of the general public. What we should do instead, he argues, is to engage with individual people and bring them over to a new way of thinking. And to do this we need examples of successful social enterprises. “The way to encourage people in supporting social objectives is to teach them by examples – so we need more cases as best practice”, says Rod Schwartz. Renee Manuel sees the need for us as a society to rethink our attitudes to our economic system, but doubts whether governments are in any position to start such a movement, “I think more often than not the public sector follows the business sector. So perhaps creating change agents in our country’s biggest businesses and getting them to recognize not just the social but the economic value that these enterprises create would drive a bigger movement.” Stefan Empter, on the other hand, does think that government campaigns can play a useful role. “They could be helpful in terms of initiating a new mindset, promoting a social entrepreneurship economy and acting as valuable incubators.” Yet he also points out that the idea of social entrepreneurship and social enterprises themselves have their origins in civil society and are part of the civil society movement and so he believes that “It is too simplistic to call only on government. What we need is support by the media, by business – we need examples and prototypes. We need things like social entrepreneurship education in schools. Social entrepreneurship must be part of higher education seminars and management training. We need prizes and awards, we need more research – and even best practices which stand for new thinking, change and social entrepreneurship. We do need a campaign, but not only a campaign led by government institutions.”

PROFIT-ORIENTED COMPANIES ARE NOW JUMPING ON THE BANDWAGON

Pepsi has started the “Startsomegood” initiative to support young social entrepreneurs in funding their enterprises. Old school enterprise initiatives giving a hand to young social enterprise – is this really helpful or just PR whitewash?

Corporate Social Responsibility – another hot potato. But this is the principle in whose name for-profit companies move in support of social entrepreneurship. Yet even so, the suspicion remains such moves are merely part of a public relations exercise

which at the end of the day is designed to divert attention from cases of flagrant social irresponsibility. This is a general question and in no way intended to criticize or discredit the Pepsi initiative. Even so, “I tend to be careful about such initiatives”, says Linda Kleemann. She says that the first thing that needs to be explained to outsiders is: “If Pepsi started ‘Startsomegood’ – and possibly funds it? – why can’t I find it on their website?” Secondly, “I try and see it with Pepsi’s eyes. Pepsi is a purely for-profit company: so why are they doing it? What’s in it for them? Engagement of for-profit companies in such activities might run under corporate social responsibility”, she says and concludes that such engagement could be both a public relations exercise and offer meaningful support at one and the same time. Yet the other panelists are less sceptical and warmly welcome the initiative from the for-profit sector. “I don’t care if an initiative is implemented in order to have good public relations. It may be good advertising for the company but it may be good for the social marketplace as well”, says Rod Schwartz and continues: “I think it’s best when both come together in a win-win-situation.” Renee Manuel says, “At Ashoka, our Changemakers team hosts a number of competitions with partners including the IDB, National Geographic, Google, etc. and has found that it attracts a lot of people to the space who otherwise might not have come.” And Stefan Empter explains that “This could be a complementary way of funding social enterprises beyond government or public subsidies.” He gives a few examples: “The phineo gAG in Berlin (co-founded by the Bertelsmann Stiftung), social venture capital organizations or social stock exchanges like the New Ethical eXchange and Technologies Social Stock Exchange of the Humboldt Viadrina School of Governance in Berlin. Outside of Germany, other trend-setting approaches to funding social enterprises can be found, for instance, in the UK’s Social Impact Bonds. In this scheme non-government investors make a commitment to pay for improved social outcomes which result in public sector savings. If the outcomes are achieved, the government repays the capital plus interest (www.socialfinance.org). Or the Social Venture Fund (www.socialventurefund.com) which is specialized in professional consulting and private funding for the growth of social enterprises.”

Summing up their discussions, the contributors agreed that even though social enterprises are a part of our economic system and a change of system away from Manchester capitalism to a more social economic order is neither necessary nor realistic, our present economic system is still a massive impediment to the development of social entrepreneurship. The experts agree that what is needed is collaboration between all the forces of society – politics and government, the media, civil society and the economy itself – in an effort to give social enterprises more of a chance alongside profit-oriented companies. The question of whether and how social enterprises can raise the capital they need is thus one that concerns each and every one of us. Even so, this sector still needs to do its homework and establish clarity with regard to its own measurable values and enterprise goals. Rod Schwartz has one explicit recommendation for seeking funding: “Try to find business angels, individual investors who have the money and desire to support social, environmental or philanthropic objectives. Governments, financial institutions and foundations are very often too slow in their decision-making. Individual investors who think this could be an exciting investment are much quicker off the mark because they don’t have to persuade anyone.”



GERMANY

is a developing country in terms of open data. A central government platform for data released into the public domain is only planned to come into operation in 2012.



USA

understands the importance of open data as a means of furthering democracy and was the first state to create a National Data Portal.



ICELAND

is a model state for open data and civil participation, and the first state to use the internet as a means for involving the people in the evolution of a new constitution.



UK

has started an open data consultation with a view to pushing the strategic development of the official data portal and promoting openness and transparency.



THE NETHERLANDS

is a pioneer of open data and civil participation at local level. Public administrations and citizens work together to realize the potential of reusable open data.



SWEDEN

provides data both on the website pages of various ministries and on a privately operated Open Data Portal.



KENYA

is the first African country with an official national Open Data Portal. Its declared aim is to use the new portal to create transparency and strengthen the economy.



SINGAPORE

is cutting out a leading role for itself in eGovernment and ICT. Its Open Data Portal is a lighthouse project in the government's eGovernment2015 strategy.



RUSSIA

has no statutory or public regulation of open government. Datasets are collected and published by private initiatives which also award prizes for useful Apps4Russia.

OPEN GOVERNMENT DATA AND CIVIL PARTICIPATION

FROM DATABASE TO CITIZEN EMPOWERMENT

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<http://www.global-economic-symposium.org/solutions/the-global-polity/internet-government-structures>

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WE HAVE COMPILED VARIOUS QUESTIONS IN
THE FORM OF FIVE SHORT STATEMENTS FOR
DISCUSSION BY OUR EXPERTS.

DEFINITION**OPEN GOVERNMENT DATA**

“OPEN DATA IS THE IDEA THAT CERTAIN DATA SHOULD BE FREELY AVAILABLE TO EVERYONE TO USE AND REPUBLISH AS THEY WISH, WITHOUT RESTRICTIONS FROM COPYRIGHT, PATENTS OR OTHER MECHANISMS OF CONTROL.”

(Source:http://en.wikipedia.org/wiki/Open_data#Open_data_in_government)

Like a huge wave this movement is now breaking across the whole world as governments, public administrations and organizations everywhere start to make statistical data on public affairs available to everyone on the internet. These initiatives are variously called 'Open Data', 'Open Government' or 'Open Government Data'. Are they just different terms for one and the same movement aiming to give citizens more transparency and greater opportunities for participation?

We need to tread cautiously here because the fact is we're still a long way away from a single widely accepted definition and uniform universal standards.

“There are two concepts mashed together”, says Jonathan Eyler-Werve, director of Technology and Innovation at Global Integrity, an independent nonprofit organization tracking governance and corruption trends around the world. “Many advocates of the Open Government movement would only speak of data catalogues. More seasoned representatives, however, would equally include such issues as public gatherings, laws on freedom of information, and obligations to disclosure.” Eyler-Werve is in favor of a more nuanced approach yet also sees that the “confusion is understandable as there are a lot of turf wars being waged on how these terms are used.”

Talk about data and the issue of data security is never far behind. What would happen, for instance, if the mining of public databases could only be done by profit-oriented companies who also control access? “Are we really comfortable with the idea of public data being controlled by private, for-profit organizations?” asks Dr. Andy Williamson, a UK-based digital strategist. Can competition and equal access rights for all citizens ever be reconciled? How can civil participation be made possible and what can it achieve?

OGD NEEDS CIVIL PARTICIPATION

OGD and civil participation are intricately intermeshed. Just making OGD freely available is not enough in itself because at the same time the basis for active citizen participation also needs to be established.

All the panelists agree that we can only truly speak about open data when all citizens have equal rights to access and use the data published. As Andy Williamson summarizes, “Open data is by its nature not open unless the public has access and can use it” However, John Wonderlich goes a step further when he says that it's the quality of data and the way it's prepared that ultimately decides on the way it's used. “Broadly speaking, I'd say that open government data is systematically collected, digital information that the government shares with the public in a way that maximizes reuse and analysis.”

The panel also agrees that the obligation to disclose public data needs to be enshrined in law along with the right of public access. Andy Williamson thinks “The key is that we need frameworks to ensure openness and protect a public right to datasets. There will always be data that is not available but we need protocols to manage the grey areas.” Delays are often caused by negative dismissive attitudes on the part of members of the government or top civil servants while the lack of an effective framework can hinder publication of open data or even completely block it. John Wonderlich thinks election times are an excellent opportunity to push for realization of such measures. “We have to try to get government officials to pursue real change in those brief windows when they’re willing to take on new challenges and before other political concerns become more pressing.”

Open data that are unused fail in their purpose of creating transparency and civil participation. “Currently we are facing the challenge of bringing technically minded people together with the kind of end user who only needs a user-friendly tool” is how Ole Wintermann describes the technical agenda. “This is why it’s not good enough just to provide raw data. We also need to have some statistical background on interdependent megatrends worldwide. Only on the basis of such data is it possible to create appropriate answers for questions which affect people worldwide.”

OGD MUST BE FOR EVERYBODY

Everybody should be given the opportunity to participate. As long as whole sections of society are excluded from the use of OGD either because they lack the education needed to make sense of such data or the technical means to access them, such an opportunity does not exist.

All the experts agree that in the internet society access to public data and the opportunity to make use of public data should be a basic human right. As Ole Winterman says, reflecting the consensus on the panel, “To have public data and to have the opportunity to use it is quasi a human right. There is absolutely no reason at all to hide public data – or non-personal data – from people who wish to engage with politics and science.” John Wonderlich believes that this is a right which could – and should! – be taken up by government and political decision-makers. “Policy-making within government should certainly be affected by open data policies, since they empower the public to have access to the information that’s needed to make people informed participants in government decision-making.” Yet if people are to benefit from this, he sees that there must also be a willingness to allow them to become involved. “To take advantage of this fact, however, governments must be willing to allow public communities to participate in their work, which is something that people in positions of authority are only just learning to do.”

Yet does the general public really want to engage with Open Government and do they have the skills needed to get involved with questions of governance and the development of society? Andy Williamson is skeptical, “The problem lies in motivating people to want to have access (or even to be aware that they can have access) and then in giving them the information literacy skills to be able to use it.” He doesn’t think that developing useful applications that can evaluate particular data and present it in a readily understandable manner is in itself a satisfactory solution, because, as he says, what we really need is to put similar efforts into educating people and raising their awareness. “We need to do more to encourage young people to understand the power of data. Understanding open data needs to be part of the school curriculum!”

OGD CREATES JOBS

Positive economic effects are given by OGD when, due to the publication of data and active citizen participation, the possibility of privatization can be used to reduce costs for the general public and create jobs in the private sector.

There is no consensus of opinion on the economic effects of open government but the panelists tend to doubt its capacity to create economic effects leading to a tangible increase in job opportunities. Andy Williamson is brisk in his dismissal: "I think this is a fairly weak argument. It might create a few jobs directly, and indirectly it might empower some businesses to grow in ways that they could not do without the data. But it's incidental effect, not a core benefit of open data."

In the private sector, buying and selling personal data is a profitable business. So perhaps the trade in public data could also be developed and give the economy a shot in the arm. With both positive and negative effects as Ole Wintermann admonishes, "Making a business out of OGD is not without its own internal contradictions. We should examine whether we should allow a price tag to be put on what once was public property." Jonathan Eyler-Werve points out the danger that there could be some governments which are selling access to their data catalogues and warns "This is not open data."

What Eyler-Werve would like to see instead is a level playing field where all parties are given equal opportunities and the same conditions for developing a business model for data. Because, as the newspaper publishing industry has shown, it's competition which makes information useful and cheap. "If data is available on platforms open to ALL citizens and all those who wish to build businesses, and is available on equal terms (i.e. for free and under an open license), the price of such information will tend to come down and access to it will be made easier, even with entrenched players like those in the newspaper industry." There would even be the possibility of enscripting free dissemination and reuse of data in "share-alike" clauses in the data license. "Public domain data is free to use in any form, including in "closed" products. Some people argue that a "share-alike" license is a good idea. "Share alike" says you can use it, but any derivative works must also be free to use and share. This has profound consequences on what businesses do with the stuff."

A NEW MODEL FOR USER CONTROL OF PERSONAL DATA

Every individual in society should have the right to decide which of their personal data should be made available for publication. This new model reverses and replaces the old model of data surveying and storage by government (and enterprise).

In their consensus on data security, the panel also agree that the ways we handle personal and public data are changing. There are many reasons for this but for Andy Williamson the main ones have to do with the cultural transformation which the openness and transparency of Web 2.0 is bringing about. "Web2.0 opens up data much more widely but it also changes public perceptions of data and of what is public and private." Advances in technology require us as a society to rethink our ideas of which sort of information should be private and which should be public. "As this happens and we get more mature and nuanced about privacy, I think we'll see privacy systems developing" says Williamson. Such systems must be engineered to cope with permanent change. "Privacy laws and their administration are largely adequate but there again they will also need to be continually evolved and refined."

However, it could very well be that an individual's right to, and responsibility for, their own data could suffer under such a process. "It makes obvious sense to give every single person the responsibility for, and the right to manage, their personal data in the way that person prefers" says Ole Wintermann. "But we know that reality works against such a normative-based goal."

He argues that all the personal data we leave behind us as we use the internet makes control impossible. What we need, he argues, is a minimum social consensus or a minimum security standard for personal data that really would ensure efficient protection. Jonathan Eyer-Werve puts his focus on the protection of the individual when he wonders, "Is this privacy requirement benefiting individuals or institutions?" Data disclosure can be good and useful for some while others need their data protecting. "There is a struggle between unaccountable institutions (government, corporations and so on) and people without power, people on the margins of acceptable society. Privacy rules protect the powerless while opacity in institutions protects those who are already empowered."

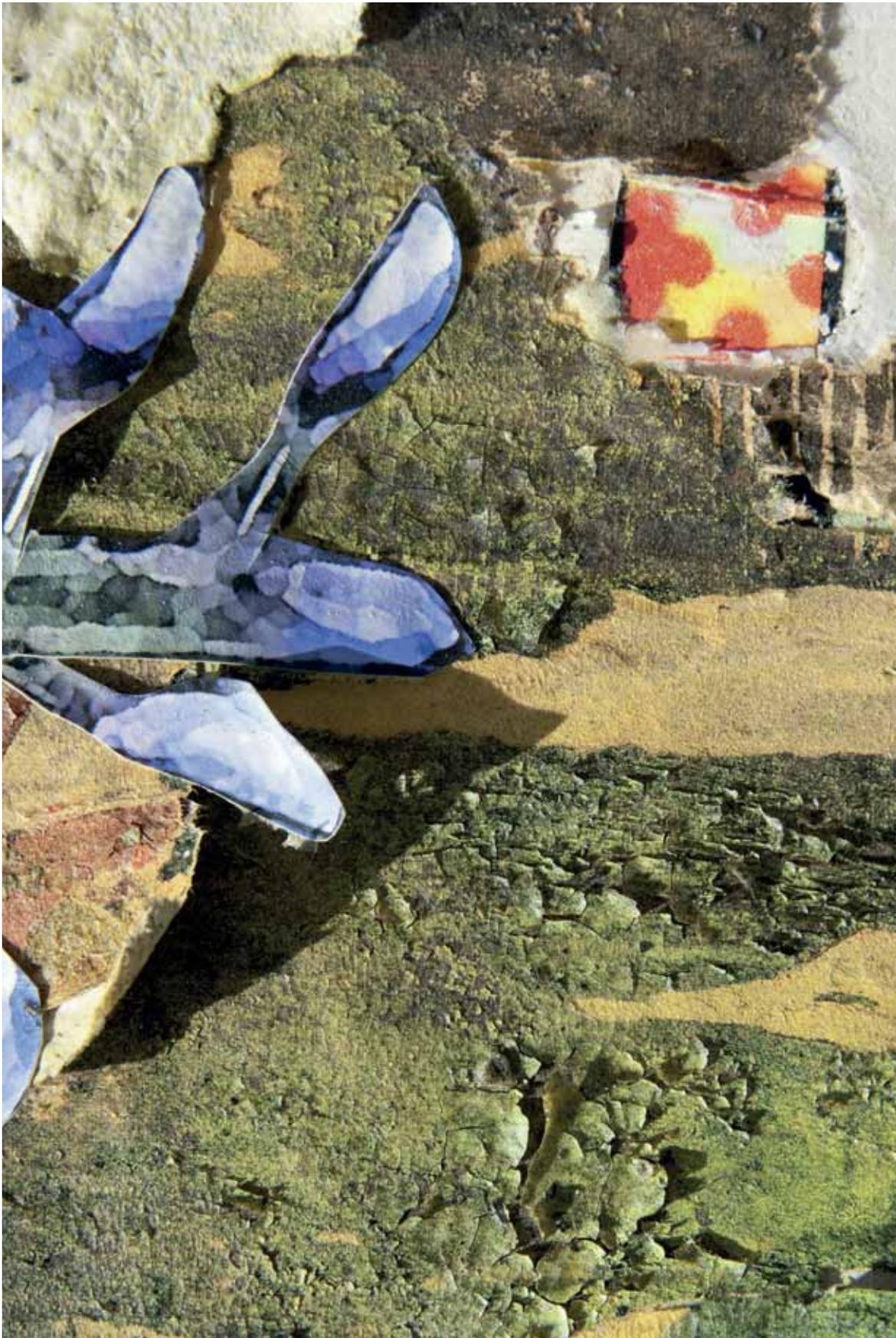
STRUCTURE FOLLOWS FUNCTION

The current structures of government have not been designed to take account of active feedback from civil society. New processes and the structural changes they require are needed to enable active citizen participation.

The panel is unanimous in its belief that political processes and structures not only can change but must change. Yet so far none of them had seen signs of a fundamental change – with the notable exception of Iceland. The people of Iceland can use the internet to participate in the evolution of a new constitution, bring in new ideas and take part in discussions. The decision to adopt this new procedure was made by the government and thus came top-down from the highest instance. And it's an approach that John Wonderlich would like to see adopted for opening up data catalogues. "I'm most interested in encouraging centralized policies and authority that can create affirmative, proactive disclosure of important datasets." The tricky part he says is bringing the key agencies and all the interests involved together to accept a common denominator. "This is difficult to attain since central government offices are reluctant to get involved in agencies' decisions, and because political incentives won't always be well-aligned with the public interest."

Striking out in new directions always involves leaving well trodden paths – a truism that applies equally to Open Government. Ole Wintermann thinks that an essential precondition for change is conduct of a critical analysis that many of the parties concerned would be highly reluctant to engage in. "The implementation of OGD is always bound up with the critical analysis of the old processes of political decision-making. And it comes as no surprise at all that some protagonists of the old role model have every interest in discrediting every innovation made for more open government." This is why he proposes that the first step should be producing models and best practice examples which engage with open data for open government and at the same time function as business models. He thinks that the gap separating theoretical constructs and practical realization is still too wide, "From my point of view there is still a failure to translate the theoretical open gov concept into real governance."

New models of political decision-making are urgently needed if open government data are to become everyday reality. Andy Williamson is convinced that two essential preconditions must be met before this can happen. "What is needed is a change in culture as much as a change in the way that the policy cycle is engaged with by government." In other words, political decision-makers need to reconsider their roles and also show more openness to those beyond their immediate ken. "Policy-makers are not trained to engage, they are trained to write and evaluate policy. So the first change that is needed is a shift in emphasis in their role, one that also includes a space for engagement with specialists." And this he believes must take place at an early stage of the decision-making process even though, as he warns, it could involve political decision-making processes becoming more protracted and more expensive which is why he advises keeping a watchful eye on the costs. Andy Williamson thinks that open government and civil participation can at times be legitimately restricted to a limited number of people. "It's important to distinguish the nature of engagement in the policy cycle. It is not always appropriate that input is cast out to a wider public. It might be more efficient and effective to consult expert groups." He still thinks that the internet is an important tool, but it's not the only way and more often than not is only a means to an end. "We need to consider effective ways to engage online but we also need to give consideration to how the internet is used as a channel to manage and aggregate offline consultations too."



◀ *“To include not only our family, our social group and our nation but all of humanity and beyond our common humanity, the plant and animal worlds as well.”*

SHAPING A GLOBAL RESOURCE STRATEGY

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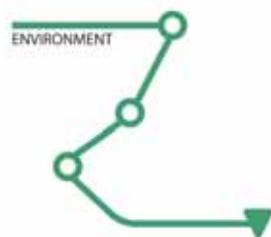
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<http://www.global-economic-symposium.org/solutions/the-global-environment/shaping-a-global-resource-strategy>

http://futurechallenges.org/wiki/index.php/Shaping_a_Global_Resource_Strategy

ARE GROWTH-ORIENTED ECONOMIES STILL IN KEEPING WITH THE NEEDS OF THE TIMES? HOW CAN WE REDRESS EXPLOITATION OF RESOURCES AND ACHIEVE ECOLOGICAL AND SOCIAL JUSTICE – OR AT LEAST ATTEMPT TO DO SO?

The world is facing huge challenges as more and more people struggle to share rapidly dwindling resources. Yet even tapping into raw materials like oil and gold, cotton and cacao involves the exploitation of people – equitable distribution is not a term that figures on any of the agendas of the players concerned. What’s more, exploitation of resources is leading to such ecological instability that people now begin to wonder whether growth-oriented economies are really in keeping with the needs of the times.

Ever higher demand in combination with a dwindling supply base means that new ways for sustainable production have to be found. Can such solutions be more easily realized by democratic societies or is a kind of ecological dictatorship what we need to force through unpopular solutions?

The issue of growing demand is further exacerbated by the shift of climate zones caused by global warming which means that the pattern of available resources is also changing. This shift is marked by weather-related disasters like floods and droughts, rising sea levels and the thawing of permafrost soil. In other words, it’s a global problem that requires a global response. Five experts from China, Hong Kong, El Salvador and Germany discuss the range of possible approaches – yet none of them really pin their hopes on a global master solution.

Economic interests override compliance with human rights

All over the world slaves are forced to work and supply us with the things we buy. Raw materials and commodities like cotton, sugar, iron, gold, diamonds, coffee, timber, fish, cocoa, not to mention goods like clothing, shoes, toys and bricks all come from slave labor. These commodities and goods flow into the global product chain and arrive in our homes. It’s obvious that market forces aren’t sufficient to enforce compliance with human rights – so what can the solution be?

Juan Jose Daboub argues that we have to differentiate between companies that work for profit and are involved in supporting their communities and those that don’t stick to the law and exploit people. He thinks it’s self-evident that “unfair treatment of workers can’t be allowed, nor inefficiencies that reduce competitiveness of the companies.”

Claudia Sommer, on the other hand, sees corruption as the main problem as credits disappear into the pockets of corrupt politicians and the destruction of the environment only serves to make an already vicious cycle of debt even more debilitating. She believes that more effective controls on the granting of credits need to be put in place: “Part of the profits need to return to local communities to enable them to develop their local economies.”

Daojong Zha thinks that it’s a rule of thumb “that poor economic conditions provide a more fertile social and political breeding ground for abuse of human rights”. Zha sees the way forward for those countries which so far have solely been considered as suppliers of resources if “the outside world could contribute more effectively by encouraging the diversification of their economies and by upgrading the capacity of the general population to gain a decent living from their own efforts.” He argues that incentives must be created for all those bodies now focused on the exploitation of resources to create processing chains within these countries. Government and civil society, he says, must ensure not merely that such chains are realized but that they also function profitably.

Chandran Nair believes that it’s up to governments to set clear rules in obvious cases of unfair treatment or blatant inequality. He argues that it’s not enough to rely solely on the same market forces that have failed to correct a century-long undervaluation of resources and led to an externalization of the real costs of goods and services. He says that the consumption-led economic model embraced by western industrialized nations cannot be applied to Asian countries as their resources are too limited. And he points out that the consumption-led model was based first on slavery, then on colonialism and today is founded on exploitation of cheap migrant labor. Nair thus advocates a resource management system with an appropriate pricing system. “If we can start to price resources properly – for example, water, land, forests, fisheries and even air – then we will have a

middle class – maybe smaller, but not necessarily poorer – that is paying a true price for the goods and services they consume rather than taking advantage of under-pricing on which the current model thrives and which robs people of their future as it disenfranchises the majority in countries like India.”

Are democracies better than non-democracies for environmentally sustainable development?

The experts are far from believing that democracies can indeed ensure sustainable environmental development, even though most of them think that democratic states do offer the best organizational platform for sustainable development. Barbara Unmüßig, Claudia Sommer and Juan Jose Daboub all agree that ecologically and socially sustainable solutions can only be arrived at when a wide cast of stakeholders is involved. Unmüßig refers to the link between democracy and human rights clearly established by Article 21(3) of the Universal Declaration of Human Rights which states that “the will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.”

At the same time she cautions against simplistic solutions as the political measures needed to deal effectively with climate change are highly complex. She says that statistics have shown that greenhouse gas emissions in democratic OECD states are on the increase both in per capita terms and in absolute figures. And she argues that this should be seen as a “major failure” of governments and markets in democratically ruled societies.

Chandran Nair follows on by arguing that unpopular measures like limiting private car ownership or reducing oil dependency simply cannot be enforced in democratic societies, “I am not advocating dictatorship. But the point is that authority is not a bad word, and that in societies there has to be some respect for the rules that allow for equal access and control overuse and regulate the way resources are used.” He proposes that “we should have a more honest conversation about notions of freedom as they are currently narrowly defined with perhaps too much of a focus on democratic and political freedoms. The most basic and important freedoms and rights are those of secure and safe access to food, water and sanitation, basic housing, education and health care.”

With regard to climate change, Barbara Unmüßig points out that the Chinese government’s ambitious top-down goals are confronted with problems of implementation mainly due to the lack of participation on the local and regional level. She puts this down to “the lack of participation and decision-making on the regional and local level” yet also acknowledges that democratic principles which prescribe administration of state authority through decentralization or self-administrative entities can also be an equal impediment to effective decision-making. “There are no indicators to suggest that the fact that the population of a democracy is ecology and green-minded automatically translates into broad support for determined policy that leads to a profound change in lifestyle” she says even though she believes this is precisely what is needed to bring about change. On top of this, she says, nobody is clear about whether a linkage exists between certain types of democracy and improved climate policy-making – even the notion of an efficient autocratic type of government that could more readily push through unpopular decisions like mass evacuations would not automatically lead to more climate-friendly policy-making.

Daojiong Zha thinks that large parts of such discussions are “theoretical and even speculative. It is difficult to verify the hypothesis that non-democratic governments willfully choose to ignore the environmental dimension of development.” In his opinion, the really critical questions are how “effectiveness and efficiency in redressing human harm to the environment” can be achieved. In this respect he believes that any change in the form of government would tend to be counterproductive: “Because of the transaction costs associated with transformation of a political system, we would be too naive to equate regime change with widening the door toward environmentally sustainable development. Historians and philosophers can afford to evaluate a policy effect over a fairly long framework of time.” At the end of the day, opting for a particular type of policy with regard to climate change is a matter of political conviction and thus has to do with a country’s political culture. The out-

side world should work toward positive change by working with willing partners and let successful environment-friendly projects have demonstration effect in those societies.

National interests override a global resource strategy!

With regard to climate change, it's clearly not enough to operate on the national level alone. Climate change is a global problem that requires global answers. But if we wait for a global agreement – some kind of universal acceptance of a legally binding commitment – we could be waiting for quite some time. So what are the alternatives?

Even though all the experts readily agree that climate change is a global problem, most of them are strongly in favor of local level politically supported solutions. Barbara Unmüßig is the only one who still pins her hopes on a globally coordinated political solution. In the light of the USA's failure to take up the climate change challenge, she sees the European Union as the key player even though thus far the EU itself has failed "to step up to the challenge of truly taking leadership". What she proposes is that the EU should enter into partnership with other countries, including notably China, to form a "progressive alliance" with the aim of finding "a political agreement to secure the legally binding nature of the Kyoto Protocol immediately while moving towards a more comprehensive legally binding package of instruments covering all countries in the next few years".

Yet Daojiong thinks that the approach adopted thus far "has placed too much faith in a concerted top-down action plan". He warns of the "formidable" hurdles lying in the way of the present system of negotiation because of "the threat of connecting performance to border adjustment measures for product trade." Even today, he argues, it remains unclear how the revenue from a cross-border CO₂ tax should be invested in a system for the reduction of CO₂ emissions. Zha regrets that bottom-up approaches like the clean development mechanism (CDM) for Annex I countries of the Kyoto Protocol nowadays no longer play any important role because he thinks that establishing credible projects for the reduction of CO₂ emissions and for better CO₂ measurement systems is still very important. Postindustrial countries, he argues, should show transparent and plausible ways of how they intend to reduce the CO₂ footprint in less well developed lands.

Juan Jose Daboub prefers a more pragmatic approach which provides "practical, local solutions that produce results in a relatively short period of time". He argues that, especially in developing countries, special, specific and quantifiable initiatives from organizations, enterprises and public agencies could provide the right kind of signals and incentives, and ultimately lead to a global impact. Daboub believes that to do this they need the support of "investments and the right public policies to increase the production and management of food, agriculture, energy, water and coastal protection as they are a significant part of the solution that will enhance the chances of people surviving the effects of this global trend and even enable them to capitalize on some of the opportunities that arise from such challenges."

Chandran Nair is convinced that much would be gained if the biggest global emitters of CO₂ adopted efficiency measures to reduce their emissions. He says that international agreements could help encourage them, particularly since it's the major economies like the USA, China and India that would directly benefit. Yet he believes that the best start is to be made with local level activities since in the last analysis all things come down to the local level. Such activities must be capable of transforming local economies, he says yet their success must not only be measured in economic terms because they should also benefit the local community. Nair cites certain imports like meat and interventions such as "in private car ownership and mandating energy" as being exemplary in this respect. And Claudia Sommer also advocates the bottom-up approach and calls on people to "change your light bulbs to the energy efficient type, insulate your home better, switch to a green energy supplier if they're available in your country. And ask your politician to follow the Energy Revolution."

To summarize the discussion, basically, it's on questions of regulation and control that the experts disagree. While the experts from El Salvador and Germany tend to rely on company- and organization-led initiatives, the experts from Asia emphasize the importance of government support in creating incentives for such initiatives. All the experts concur in distrusting rigid top-down solutions since they all agree that account must always be taken of people's needs if truly sustainable social and ecological solutions are to be arrived at.

The lack of faith in an economic model mainly geared to the private sector and trusting in the power of markets to regulate themselves becomes particularly apparent when it comes to the issue of ensuring respect for human rights, a question that is closely bound up with issues of social justice. Because – seen from a global perspective – the western world's version of market liberalism has led to less developed societies or economies being forced to surrender or market their resources under unfair conditions. While the experts from El Salvador and Germany tend to pin their hopes on the voluntary commitment of companies or on local initiatives, the experts from Asia call for a deliberate pricing policy and the development of the domestic market as ways of establishing social justice in these countries.

Such an experience of inequality is also at the root of the reluctance shown by these countries to embrace the climate change solutions put forward by western industrialized nations. Particularly on the Chinese side, such proposals have aroused much discussion which sees the benefits of solution strategies evolved by democratic states as being heavily colored by ideological concerns and not fit-for-purpose. The West is thus facing a credibility problem that can only be solved by deeds, not words. Deeds such as carrying out projects for reducing CO₂ emissions that are not only effective but which also clearly benefit the communities concerned. In short, we have now arrived at a point where what we need is not an ideologically loaded but, as Chandran Nair says, an “honest” debate on climate change and equitable distribution of resources.



非机动车道
Non-motor Vehicle Lane

非机动车道
Non-motor Vehicle Lane

FA98658



THE GLOBAL CITIZEN – A SHANGHAI PERSPECTIVE





GLOBAL GOVERNANCE

ULRIKE REINHARD

GLOBAL GOVERNANCE IS NOT YET AN ISSUE FOR YOUNG CHINESE PEOPLE. NOT EVEN THOSE WHO ARE POLITICALLY AND SOCIALLY ENGAGED ARE FAMILIAR WITH THE EXPRESSION. BUT ONCE IT WAS EXPLAINED TO THEM, THEY LIKED THE GENERAL IDEA.

The questions we asked ...

1. What role should China play politically in a concept of global governance?
.....
2. What role should China play economically in a concept of global governance?
.....
3. Does the education system in China teach anything about global governance?
.....
4. What can you personally do to strengthen China's role in a concept of global governance?



DAVID LI

DAVID LI

1. China should continue to develop a set of values out of its traditional political and cultural philosophies and experience accumulated over the past 30 years of development and promote them as part of global governance. China should hold on to some of the values that could counter mainstream Western narratives on global governance in terms of intellectual properties, patent systems and religion.
2. Traditional aid organizations and charities supporting developing countries have not worked. As a developing country and the world's second largest economy, China has an opportunity to develop and provide more sustainable economic models. This can be China's contribution to global governance.
3. The school curriculum in China actually contains more information about other countries than the average western curriculum and thus prepares the Chinese to participate in global governance. It's a matter of building up their confidence.
4. I will continue to promote open manufacture and innovations which have emerged out of the necessities of a rapidly developing country like China in the past 30 years.



VICTOR QIAN

VICTOR QIAN

1. Corresponding to the economic boom, China should contribute “universal” values to global governance. Yet, China may not be able to assume a greater role for a long time. Global governance is characterized by partnerships between states and non-state actors, and as for state actors, global governance tends to blur the distinction between international and domestic politics which is the last thing the CCP wants at this stage as it would threaten its monopoly of domestic political power. As for non-state actors, NGOs are still underdeveloped in China, thus far there is little Chinese presence in global civil society representing the interests and voices of Chinese society.
2. If the Chinese economy goes downhill, the global economy will be in trouble for at least 10 years, No doubt China must play an active role in global economic activities. It should have an independent and strong standpoint on domestic currency policies. The western world should respect more the values of developing or third world countries otherwise no true global governance can be achieved.
3. No, not really. There're only a few scholars studying global governance.
4. I think in China individual roles could hardly help!
Moreover China has too many internal problems to worry about at the moment.



HUO JU

HUO JU

1. China should take a more active part in international affairs and respect global conventions and universal values. We should stop saying “China is a special case!”
2. China should be more open. It should deregulate a large part of its territory, place fewer restrictions on social networks and the new economy, and get more in line with worldwide tendencies.
3. In conventional education this concept hasn't yet been defined.
4. In all the IT and SNS businesses I have taken part in, we want to use a more open attitude to develop international cooperations, to push and intensify the Chinese people's progress in integrated technologies.



SHANGHAIED!

ULRIKE REINHARD

SHANGHAI, THEY SAY, ISN'T CHINA. BUT MANY CHINESE CITIES IN MANY WAYS ARE FOLLOWING SHANGHAI'S LEAD. SO ONE DAY SHANGHAI COULD WELL BECOME CHINA. WHY? WHY NOT?

More than 50% of China's population already lives in cities. By the end of the decade it will be over 70%. And it's true that cities like Shenzhen or Quanzhou or Xuzhou or Nanning are following where Shanghai leads. So we need to take a closer look into what's happening in Shanghai. In its economy, its politics and its society.

WHERE'S THE COMMUNISM?

It seems that consumerism has ousted communism in Shanghai. People are consuming. Consuming like crazy. They no longer save their money because of fears about the future. The future they look into is bright and invites them to spend, spend, spend. They want to have fun, they want to be happy and they want to live their own lives. Not the lives some politician thinks they should lead.

You can feel something like a generational consciousness spreading among China's youth. David Li, a 38 year old native of Taiwan, now a consultant and entrepreneur in Shanghai, puts it this way: "The biggest challenge for the young generation is that they have to find their OWN way between the traditions of the past and the new opportunities

of the present and near future.” Cozy Ge, marketing manager at XinDanWei, the first co-working space in Shanghai, says: “The biggest challenge for me is to find out who I am – not who I am meant to be.” And a young fashion designer who just quit her job where she earned 1000 CNY (around 100 Euro) a month, to start her own business “The Third Hand” – re-designing second hand designer clothes originally produced in China, sold in the West and then returned as vintage to China – told me: “When I went to design school, it was like prison. I only ‘survived’ because I wanted to study so badly! I wanted to study to change my life! And now I can do what I want to do! It’s not easy, but it feels good.” “It feels good” is a phrase I’ve very often heard from young Chinese. It’s surely one of the components of this generational consciousness openness and self-confidence, democracy, and the freedom to share, benefit, collaborate, explore and experiment are the others. And, it’s important to remember that the young Chinese have no role models to learn from. There was no generation like this before in China who could teach them how to build their own businesses, how to live “free”, how to express themselves, how to be a counterpart, how to eat healthy and much much more. They have to learn from their own mistakes, they have to share their experiences and find better ways of doing things. And this I believe is the great bond that unifies them.

Yet all this is not to say that people aren’t still very much under government pressure. A young woman being videotaped asked us to cut out the parts where she was talking about the government when we had finished. Others simply refuse to answer anything to do with politics. Or what I also frequently heard when I asked people about global governance and what it means and what they themselves could do to support it was that this kind of thinking and these topics were so completely new to them that they haven’t thought about them yet – meaning they were so stuck in their mindsets that they weren’t yet aware of the broad range of chances and opportunities global governance could open up. Another way of putting it is that they are still suffering from an education which brainwashed them.



▲ Xindanwei co-working space

NEW WORKING MODELS FOR A NEW GENERATION

Building your own business – especially a business which really scales like an Internet business – is also pretty new in China, And it's most desirable. Shanghai is a real hot spot for business start-ups. Censorship and the Great Firewall don't seem to pose any problems at all. And the same is true of Internet access – China is largely covered with broadband and 3G is available in almost every region, even in the most remote rural areas. Young Chinese are eager to take up chances and are more than ever ready to take risks. Venture capitalists were quick to embrace the country and today China is one of their most attractive markets. “They are all here”, says Marc van der Chijs, a Shanghai-based serial entrepreneur just returned from overseeing the IPO of his baby “Tudou”, the YouTube of China, on the New York Nasdaq. “The problem is”, he adds, “that while it's very easy to get a cheque for 5 million or over, very often you only need half a million or a million dollars. And investments on this scale are hard to find. So in the midterm this could turn out to be a problem for young Chinese because they don't want to sign away their entire company.”

So maybe we came across one of the lucky ones when we met Huo Ju, a 29 year old coder based in Pudong. He and two of his friends have just received one million USD funding to build the next social network – exfe, a community tool all around meetings. Huo Ju quit his last job as a coder for the Chinese search engine, (a well-paid job by the way) without knowing what would come next. And within two months they had found an American investor. Ensnared in a small office he is now busy developing his new product right around the clock. And he is happy.

Other young entrepreneurs opt for not having their own explicit working space and go in for what's known as co-working which means they rent a working space, a desk, a meeting room and office equipment by the hour or month. We have similar schemes in the West too, the “Betahaus” is probably the best known one in Germany. In Shanghai it's called Xindanwei which means “New Work Unit”. Xindanwei is located at Yongjia Lu near the French Concession and it's the most famous of a growing number of co-working spaces in Shanghai. Xindanwei is somehow special. It's not only about providing a working space, it also strives to create a dynamic creative community through staging a range of open events and inter-disciplinary collaborations. They've already hosted events like the Shanghai Bar Camp, Dorkbot, TED screenings and MIT Media Lab Scratch workshops. And as they like to share, Xindanwei offers not just a workspace, but a built-in network of creative professionals and entrepreneurs in design, writing, architecture, the visual arts, and more. This is the credo of Xindanwei's founders. Isaac Mao one of the angel investors describes it as “an incubator of knowledge sharing and innovation”. But running such a place for profit is none too easy. As co-founder Liu Yan confessed, “We have no shortage of people with good ideas, but we do have a big shortage in terms of leads, channels, scales, impacts and resources”. It's this undercurrent of belief in collaboration, community and connection that drives this space and the impressive working philosophy it has built up ever since its doors first opened in 2009. “For people using the space, the borders between work and life, between business and fun are no longer definite or clear,” said Cozi Ge, who works for Xindanwei. “It's cool”, she smiles.

Xindanwei's three founders are researchers, consultants, bloggers, programmers, artists and self-confessed cultural entrepreneurs. Liu Yan acted as a Chinese-European cultural consultant linking SMEs and creative individuals, and as a consultant on cross-cultural exhibitions like the Dutch Electronic Arts Festival (DEAF) and PICNIC, a networking / festival / conference event for creative folks in a variety of sectors. Chen Xu developed projects fuelling creative communities through independent research and strategy at BOP Consulting London. Xu Wenkai, aka “aaajiao”, is a prominent programmer, blogger, new media artist, and a proponent of free culture. He has created a number of exemplary sites including eventstructure.com, and the Chinese version of the art / design site we-make-money-not-art.

You can feel all this when you enter the space. It's not at all "pure" or "only" Chinese. It's multi-cultural with a decidedly international outlook. At least that was my impression. What makes Xindanwei unique among all the co-working spaces I've seen in the States or Europe is how it's grown so quickly into a central hub of manifold disciplines, not just design, not just technology, not just art. It's done this by improving the facilities of the space and ensuring the right mix of people and events.

It's a true global institution reflecting what I referred to just now as 'generational consciousness'. Much more global than most global companies are – because what brings these people together is a common set of shared values and a common goal. Which they all live out on a daily basis!

Xinchejian, the first of many hackerspaces in China, is a place closely related to Xindanwei. A hackerspace is a community-operated physical place where people can meet and fool around with their projects. Each hackerspace is an autonomous entity, but they all share the same philosophy: it's an environment where people can learn and tinker with technology, work in teams and take part in international competitions where many new opportunities can be found and created for all.

Unlike Xindanwei, Xinchejian is not in the middle of a tourist shopping district in a glossy picture postcard part of Shanghai. It's in a far more "real" part of town, away from the rich expats and the manicured shopping malls down a narrow hard-to-find one way street in an old warehouse. If I'd have come in my own car, I'd have had to parlay with the locals to park it! In other words, it's in a spot not too dissimilar from the other neighborhoods where hackerspaces are hidden away.

Xinchejian opened its doors in 2010 with a mission to support, create and promote physical computing, open source hardware and the "Internet of Things." When I walked in I might as well have been walking into the NYC Resistor. In its modest 500 square feet of studio, the hackers' playground is a tangled chaos of live circuits, computer spare parts and microchips. Cheap wrought iron shelves lean against a wall overflowing with the DIY goodies every geek's wet dream. The air crackles with energy, invention and innovation. "It's about connecting the real world with the virtual world, we demystify technology by hacking it," says David Li, Xinchejian's frontman. When I asked him about the business model behind the idea, David said: "Eventually we want to adopt a not-for-profit business model with memberships similar to social clubs. This is something we can do, something which has been shown to work in many countries. Hosting start-ups in the space during the day and having our community events in the evenings and at weekends is also a good way of balancing out. We're also currently investigating setting up a legal entity, a company, to act as a legal shell for the community."

The membership fee allows people to access the space for whatever tech projects they dream up – and no, they won't teach you how to steal credit card data! Some current projects involve incorporating iPad technology in smart robots. "There are tons of iPad clones available on Chinese local markets for a pittance – and we modify them to match our specifications," says Li. Other projects are creating 3D printers, making 3D art with the Xbox 360 Kinect, and even eco-friendly community projects like combing technology with urban farming are part of the menu. An electric motorbike now ready for its European market launch was also prototyped at Xinchejian. The key tenet of the Shanghai Hackerspace and other similar collectives worldwide is sharing, not just passing around hand-me-downs and tools. The club reflects the tech industry's most outstanding quality: open sourcing. You can read more about this on pages 50 – 61 in this magazine.

Looks like Shanghai techies have found a new global home.



▲ *Shanghai Hackerspace*

UPSHOT

All this is happening under the less than watchful gaze of the government and police. Or maybe in spite of it! The public authorities seem too intent on keeping the country's economy growing and keeping China free from social unrest to enquire too closely. Or as Fu Jun, professor and executive dean of the School of Government at Peking University said during our interview at the Salzburg Trilogue: "China is on its way to playing a better and more positive role in global governance. But we are a sort of latecomer."

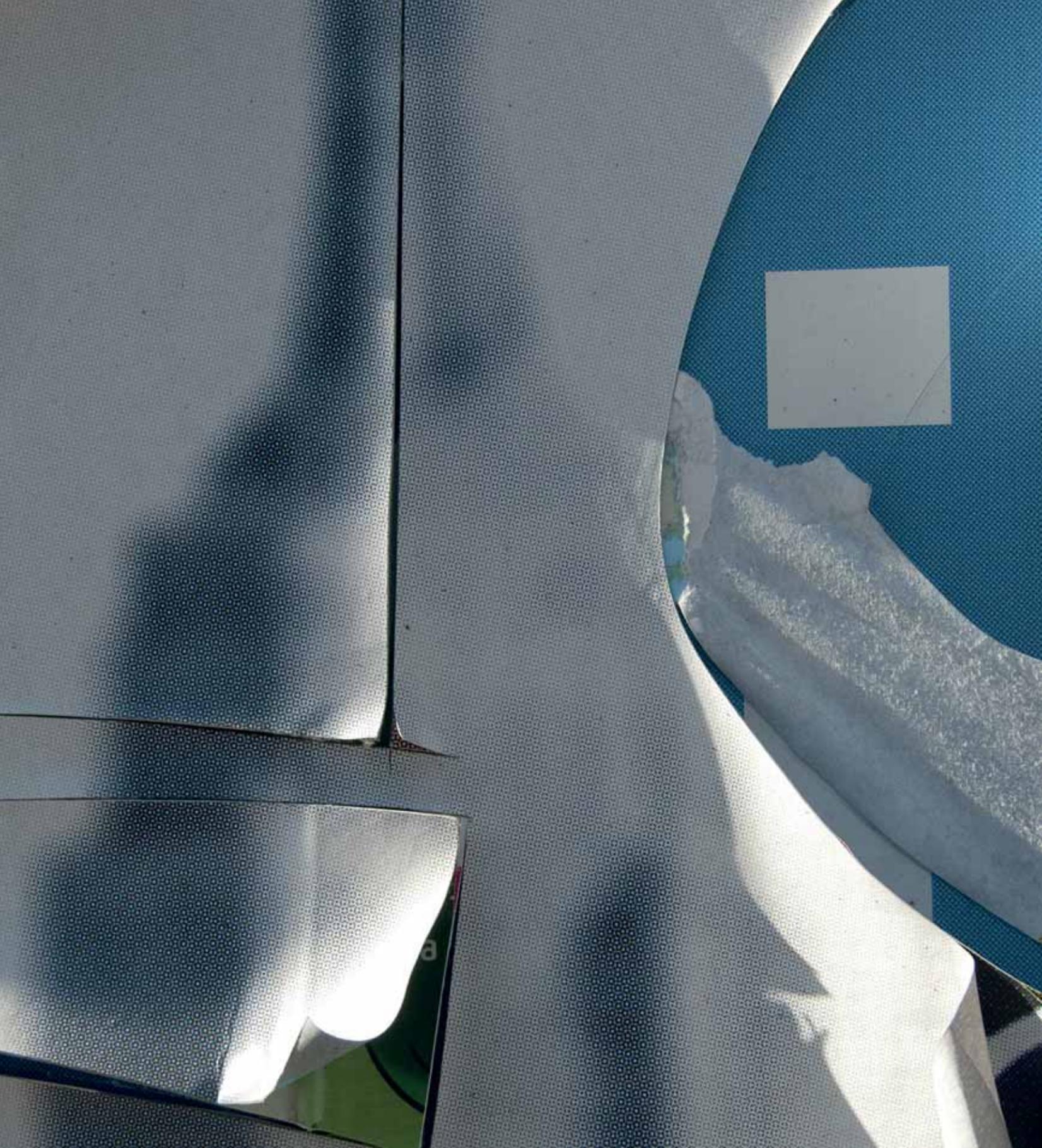
This is actually a huge chance for China's youth. If these new forces have time enough to flourish, they really will make a difference to China's civil society and empower the people.

And if this goes together with economic growth, the government might jump in and do it on a grand scale - after all - wide sweeping plans are something the Chinese government is really good at! Then China will become a trendsetter in defining global commons.

And if China does it the world will follow.

Simply because China has become far too important to neglect.

And if China does it you can be sure Shanghai will be right out there at the forefront.



◀ *“Thrive... is what we all seek to do - regardless of nations, cultures, faith groups or ways of life.”*

THERE IS HOPE

W. BRIAN ARTHUR

THE ECONOMY IS AN EXPRESSION OF ITS TECHNOLOGIES W. BRIAN ARTHUR ARGUES. IT'S CONSTANTLY RENEWING ITSELF. AND IF YOU LOOK AT THE UNITED STATES AND EUROPE IN THOSE TERMS, YOU BEGIN TO REALIZE THAT THE FUTURE IS MUCH BRIGHTER THAN PEOPLE BELIEVE. AND FINANCIAL MARKETS ARE FAR LESS IMPORTANT THAN YOU MIGHT THINK. SO THERE IS HOPE!



How are technology and the economy related?

If you took away all the technologies we have had, all the ones we've invented in the last five hundred years – modern banking and electronics and mass production and railways and tractors, and so on back to printing – we would again be in the Middle Ages. So the economy is constructed from its technologies – it's made possible by its technologies. It's not quite a container for its technologies, it's an expression of them. Funnily enough, the classical economists up to about 1870 - 1880 knew this. But to some extent, economics has forgotten that the whole economy is just a structure of arrangements built around the technologies at its disposal. That's one of the things I argued in my recent book, *The Nature of Technology*.

What kind of impact is this point of view having on economics?

Well, most economists tend to see the economy as consisting of markets and financial arrangements and industrial production and the trading of goods and services. So the outlook doesn't seem very good when things start to go wrong with any of these, like when the banking system collapses or Wall Street undergoes a meltdown. But if you start to reflect that economies are generated by their technologies – that they're a set of arrangements made possible by the technologies of the day – things look different. These arrangements fulfill our needs, and every few years over time new bodies of technology well up. It's as if there's a spring or source that pours forth new technologies. Originally it was in England with textile machinery in the late 1700s, then railroads and steam engines in the early 1800s. Then the scene shifted to Germany in the late 1800s with heavy chemicals and steel. Then in the early 1900s with America we had the technologies that gave us mass production and cars, and eventually electronics and aircraft. Now we have information technology and biotech. This is a world that's been written about by Carlota Perez – I like her work very much. But to come back to your question, we tend to forget that the economy is constantly renewing itself. We think, "Oh my God, the United States is finished" or "Europe's in trouble" and yet all the while the economy is renewing itself in a perfectly healthy way. It's like plate tectonics where with subterranean volcanic activity molten rock wells up and creates new land even as the old land slips into the sea and disappears. So new technologies are always being created, and if you look at the United States and Europe in those terms, you begin to realize that the future is much brighter than people think.

If you look at the financial markets for instance, where's the new land? The good news?

Well, the new land isn't in financial markets; it never is in financial markets. That's mainly people betting on existing companies and creating financial instruments to hedge against currency changes, rate changes, and things like that. Financial markets are not the place to look. The new land – the new economy – is always constructed by its new bodies of technology. If you take the dozen or so technologies that have come to the fore since about 1960, the United States (and Europe to some degree) dominate all of them. I'm thinking of the big bodies of technology such as information technology, biotech, communications, photonics (basically fiber optics), nanotechnology, the genetic or genomic technologies. and the new diagnostic and therapeutic genetic technologies coming along. The developed economies of the West dominate all of these. Japan is also advanced but none of these technologies emerged in Japan. Nor did they in China or India, even if they too have good scientists. The game is not over in the West, the game is just getting renewed. I don't want to be too flattering about this. Financial markets are important, but they're like what's happening on top of a building. The building structure is being renewed from below all the time and if people want to bet on things and that melts down every so often, it doesn't necessarily change the underlying structure. The financial markets are the last to react. They react to what's already here. But technology is very robust and in good health and is creating the Western economies anew from beneath.

Are you saying: "Let them play ... it will work out no matter what they do?"

Well, I do think financial markets need regulatory supervision! But overall, it's very much like saying that a person is healthy yet may be running a temperature on the thermometer which is the financial marker. If you catch the flu, people don't say you're about to die. You're fundamentally healthy, your temperature comes back to normal, you renew yourself and go on – and later maybe you catch yet another bout of flu but life goes on. Financial markets are structure on top of the economy. They have little to do with the underlying health of the economy. They can affect it, but they're a game that gets played on top of everything.

Why are people so confused and worried about the future?

Because people notice the superficial things. They see that over the last three to four years the Euro markets and American markets have been in trouble, and journalists find these stories interesting and write about them. And indeed there is trouble at that level. But it doesn't mean that things aren't sound. What happened was we got very low interest rates and therefore very cheap loans, and a lot of US dollars were in China. Germany had a large savings rate and there were a lot of Euros available for cheap loans from Germany. Unscrupulous people and governments made use of all that cheap money and many brought it to the various casinos of finance – the US housing market for example – and lost it. That's nothing to do with the underlying economy, that's just games that are played on top.

What you're basically saying is that if we take a closer look at how technology evolves, we'll get a better understanding of where the economy is heading to?

Absolutely. The economy is an expression of its technologies. And technologies dissipate over time. One hundred years ago, Germany led in chemicals and pharmaceuticals – Bayer, I believe, invented the aspirin. Over time, those technologies slipped away and other countries took the lead. So what is needed is a constant renewal of expertise and technologies, and that is happening in the US and Europe. China is catching up, but it's not a world player yet in terms of creating any new bodies of technology.

How does technology evolve?

Well, new technologies spring up and emerge by themselves – whole bodies of new technology. But individual technologies are always constructed: they're put together from technologies that already exist. A GPS system is put together from computer processors, satellites, atomic clocks, radio receivers and small screens. Novel technologies are always constructed from what already exists. So if you think of the entire collection of technologies, hundreds of thousands of technologies, every so often a new technology – be it radar or television or GPS – is created from what already exists by combining individual technologies already out there. And then these new technologies become available for still further combination and creation. Technology builds the economy, and the economy helps signal to engineers and scientists what novel technologies might be needed and profitable, and these come forth from what's already there. In this way technology as a whole creates itself out of itself. This may sound mysterious but I think it's actually wonderful. It's lovely like a chemistry where new molecules are created out of existing molecules and these new molecules, say like benzene rings, can go on to create still further molecules.

Is it a kind of self-organizing system?

That's right, yes. It's self-organizing, but a better expression is 'self-creating'. Technology is a large self-creating system. I don't mean it's conscious or that it's going to take over, but it is a system that builds itself out of itself and makes the economy possible. And if all of this is happening in a healthy way – which it is – the economy will be fine. With some hiccups along the way because people like making bets.

How does this connect up with the idea of market equilibrium? You say that the system balances itself. But this sounds like no equilibrium, which is not what I learnt at university. Can you give me a hand up here?

You're absolutely right – the system I'm talking about is not in equilibrium. New things are being created out of the old and new adjustments are always happening. For the past hundred and fifty years formal economics has chosen to look only at equilibrium, but when you start to look at technology you see a system that is never in equilibrium. It's always producing novelty. If you stop having technological change maybe everything would settle into equilibrium – like the economy of ancient Egypt where not much changed over hundreds of years. But your instinct is right – textbook economics analyze markets that are at equilibrium, but that's not what we're talking about. We're talking about how the economy constructs itself, renews itself, and forms and reforms over time, and that is absolutely not an equilibrium process. It's more like the process by which embryos form over nine months in the human body. It's something where new elements come together to create something that's changing week-by-week or month-by-month. And it's not deterministic; it's not that you can predict what's going to come next. There's a huge amount of not knowing what's going to come next. An analogy might be helpful here – if you think of all the species in the world, the animal species, and you say, "there's going to be no more new species," then maybe you could talk about those species being in equilibrium. There're so many wolves and elk and deer and they can together form some sort of balanced equilibrium. But that's not what I'm talking about. I'm talking about the constant formation of new species – new technologies. If you take a period of millions of years in biological evolution you don't see a system in equilibrium at all. What you see are waves of development such as the Cambrian explosion, an explosion of all sorts of new creatures. In due course we got fish that crawled up on the land and dinosaurs and birds and mammals. There was nothing of equilibrium in this. There were ever new forms being created. And when you start looking at technology and the economy, that's the kind of world you're living in.

If you look at companies, structured top-down in hierarchies, they are now confronted with the internet which is close to your way of thinking – in what ways are they challenged now?

People are always asking about the internet. But the serious answer about hierarchies is that a hundred years ago in industrialized economies like Europe, Germany, and America, technological change seems to have been quite a bit slower. Things changed over decades, and if you were running a company like say Siemens in Germany or some company that did mining in England or France, your operations didn't need to change that much on a day-by-day basis. Things were roughly in equilibrium and it made sense to organize them the way an army is organized from the top down. I'm sitting in (Xerox) PARC right now and here in Silicon Valley companies are very quick at reacting to new technologies. They're cooking up new technologies or launching new technologies. They're reacting to what technologies are out there and that means that we have transitioned – certainly in California, but also in the US and Europe more generally – to an economy where you need to be much more nimble because the technologies keep changing. If you want to take advantage of that you have to be very fast. And that calls for, if you like, special forces operations, not large armies. This is a world where small teams of people in fairly flat hierarchies do better than these enormous companies arranged in pyramids. Hierarchies do quite well when things are changing slowly, but if you want to be nimble you have to be small and task-orientated and have a more democratic sharing of ideas. Not some boss telling three layers down exactly what they should do. Ideas bubble up from the bottom in Silicon Valley and these ideas from people who are in

their twenties are every bit as good as those from people in their sixties. So to the degree that an industry is changing fast technologically speaking, companies in that industry will tend to have a much flatter hierarchy and be small or nimble.

How does the internet go along with your idea that technology underpins the economy?

Well, the internet is very much a communication device, and we've got a lot of history about what happened when previously unconnected peoples in unconnected economies suddenly get connected. The Romans built roads all over Europe, and then quite a lot later, in the 1800s, whole countries got connected via the railways. You could go from London to Cairo, where you are, by railway if you wanted. And so suddenly things have changed. We have all these interconnections via the internet. A lot of that interconnection is not just people, it's business processes interconnecting, so I could trigger a business process here in the US which could have its financial execution in Frankfurt and I wouldn't even be aware of what's going on. I think of the internet not so much as a new technology – which it certainly is – but more as a technology that's connecting both people and business processes. And by doing so it's changing possibilities extraordinarily quickly – changing what's possible in the ecology of technology that we call the economy. It's giving us a lot of new possibilities and new profit opportunities and calling forth yet more new technologies. How to automate payments on the internet, for example – there are many new technologies being created almost every day for things like this. The internet connects economies and businesses and of course connection is not new. But the connections we now have are particularly fast because they're electronic. This means that something can happen in Spain or Italy and within two hours the New York financial markets have reacted strongly. That wouldn't have happened thirty years ago. The internet's changing the game. It's like we're all in the same room and we can hear each other's conversations, so we've made a different game.



**CULTURE IS MIGHTIER
THAN TECHNOLOGY**

NOT JUST GOVERNMENT AND ENTERPRISE BUT CIVIL SOCIETY AND ALL ITS INSTITUTIONS NEED TO RE-ASSESS THE CULTURAL VALUE SYSTEMS BY WHICH THEY THINK AND ACT IF THEY ARE TO RESPOND EFFECTIVELY TO THE CHALLENGES THAT LIE AHEAD. TECHNOLOGY IS A GREAT ENABLER FOR DRIVING CHANGE BUT IT'S FAR TOO INADEQUATE TO BRING ABOUT CHANGE ON ITS OWN.

PETER KRUSE



Citizens, consumers and students all seem to be off their leashes. They're giving full vent to their dissatisfaction and letting their imaginations run wild. Why is this happening now? Why on such a scale? Why almost worldwide?

Risking leaving the shelter of the silent majority and going out on a limb is an essential part of expressing of one's own opinionany in public. Such unaccustomed exposure to the public gaze leaves most people feeling anxious and vulnerable. To reduce these unpleasant feelings people mainly use five coping strategies: (1) anonymity, (2) grouping, (3) habituation, (4) relevance, and (5) reputation. Furthermore, the emotional barrier to participation varies with the social or political impact of the issue being protested or advocated. Under totalitarian regimes the threshold is only passed in extreme situations like riots or situations of complete personal hopelessness.

With the rise of the internet, social software and smart phones, the psychological conditions have changed dramatically. The new network technologies strongly support all five coping strategies for lowering the individual threshold to participation. (1) Anonymity: although a lot of efforts are made to fix the personal identities of people contributing in networks, it's still quite easy for everyone to maintain a relative high degree of anonymity. It is not necessary to put on a face mask as on a demonstration. Transparency is an option to be taken actively. (2) Grouping: the architecture of the networks fosters the development of hypes that can generate mass movements in a very short time. People experience themselves as the sheltered part of a strong alliance long before there is any real presence on the streets. Virtual grouping precedes joint action.

◀ *"The GES grew out of the realization that we must come together as a global community - that we are increasingly a global economy, but not a global society."*

(3) Habituation: using the new communication technologies to participate in a wide range of initiatives is as easy as flipping through different TV channels. To agitate for one's own convictions and grasp the nettle of some contentious issue becomes part of everyday communicative behaviour. (4) Relevance: the constant and interconnected real-time information flow provided by the internet gives people direct insights into the development of society. Easy access to historical as well as current facts provides them with the context and background needed to take a clear stance on a topic. (5) Reputation: with the internet Andy Warhol's prediction that "in the future, everyone will be world-famous for 15 minutes" approximates reality. Gaining a public reputation is no longer a question of being sponsored by the mass media; in principle it is open to everyone. Being recognized and valued by many people offers protection against political persecution.

For sure, the internet lowers perceived personal risks, reduces the costs of cooperation and enables rapid synchronization of activities. In short, it's an important enabler for participation, engagement and agitation. However explaining people's growing tendency to seize the initiative mainly by reference to the invention of new communication technologies is far too short-sighted. We have to differentiate clearly between the field of politics and the field of economics. Whereas in behavioural economics the idea of a causal relationship between the rise of web 2.0 and consumers off their leashes can be backed by strong arguments, this idea is not very convincing when applied to the political domain where it is a question of power. In the markets, the formation of coherently acting stakeholder groups is a direct way of influencing profit and business strategies. The impact is high and risks are low. The internet really did initiate a basic power shift in business from company to customer, turning markets into conversations. Compared to the influence of customers on market dynamics, the influence of constituents on decision-making in politics is very indirect as in representative democracies or sometimes totally illegitimate as in totalitarian states. Impact is uncertain and the risk is clearly higher most of the time. Revolutions and citizens' initiatives cannot be explained by the existence of the internet. There must already be a strong underlying motivation for change in the social system that is searching for possibilities to express itself and blaze its trail. Grass-roots campaigning via the internet is fundamentally different from classical marketing or demagogic manipulation. The effect is not dependent on the intensity of any given impulse but rather on the numbers of people prepared to cross the threshold. There is no boost without this type of emotional resonance. To utilize the internet for the interests of a minority is thus nearly impossible – which signals hard times ahead for any dictatorship.

If we really get serious about civil participation in policy-making what does this mean for those who are used to setting the rules? What would be a good start-out for them?

To realize the potential of civil participation, a fundamental reorientation of the concept of power and leadership has to take place in politics – regardless of whether the system is already democratic or still autocratic in nature. For a political class trying to do the best *for* but not *with* their citizens, any form of participation will never be more than an activity for enhancing people's sense of well-being. As long as politicians are convinced that decision-making in politics is mainly a question of expertise and tactical competence, they will not really be able to accept influences from the grassroots. Only under the condition of a high level of distributed knowledge can participation add a reasonable degree of expertise to finding the best solution in a scientific sense. However, given the exploding complexity of modern society, participation is now always an essential means of balancing conflicting interests in a sustainable way. Leaving this balance to lobbying or to competition between political parties no longer fits the bill. The growing criticism of the political class and much-cited citizen apathy in many western countries reflects the people's feeling that the principles of representative democracy need revision, and need to be supplemented by more direct forms of

participation. In Germany steadily decreasing voter turnout shows that periodic elections are increasingly failing to meet people's expectations. Young people in particular prefer to experiment with new forms of participation enabled by the internet rather than engaging in political parties. Generally speaking, the system change seems to start from the local level where it is a lot easier to make competing interests transparent. In Germany the number of independent candidates in local elections is already close to taking over the absolute majority and more than 200 town councils are already debating or practicing participatory budgets. In terms of influencing political decision-making on the national or international level, the internet is less a tool for direct participation than a catalyser for grassroots campaigning and political agenda setting. Internet platforms like "avaaz.org" organize worldwide protests to browbeat decision-makers while whistleblowers like "wikileaks.org" sometimes take the lead in media coverage. Only in the case of revolutionary change does the internet gain the quality of an instrument that can directly influence the balance of power on a national or international scale. The recent examples from North Africa are impressive instances of how resonance effects triggered by the internet are able to accelerate the breakdown of a disreputable regime or the dismissal of an unloved leader.

To overthrow a leader like Hosni Mubarak seems to be the easy part – building a democracy is the much harder one. Can democracies be crowd sourced? What does a process like this require from citizens? What are the constraints?

Connecting people in scale-free networks creates complex dynamics that are able to induce revolutionary change. The stronger the degree of connectivity, the larger the number of active elements grows, while the more non-linear feedback loops there are in a network, the higher becomes the probability of sudden boosts or hypes. Resonance effects can destabilize even well established states of order in a social system. However, the creation of new states of order in a society is a very different story and the role played in this by networks and new communication technologies is not so clear. To build democratic structures in a previously autocratic system it is necessary to develop new cultural values, negotiate new legal frameworks and install new learning environments that nurture the required skills and attitudes. Creating a constitution by consensus is not a matter of shared knowledge or crowd sourcing; much more critically it's a question of intense dialogue between people. Online collaborative tools such as a wiki are only of limited use in this context because there's no chance to set what is right or wrong as there is in an fact-oriented encyclopaedia. A wiki about values leads to infinite regress: a second wiki is needed to define criteria to review the contributions made in the value wiki which needs in turn a wiki to define the criteria to accept the criteria and so on. As long as there is no semantic web, communication in the internet will be too easily prone to misinterpretation to serve as a valid basis for the discourse needed to start a structured and targeted process of democratization on a larger scale. Even so, the internet is indeed extremely helpful when it comes to training the skills and attitudes needed for transformation. Even though substantial ways of participation can only be recommended when the new idea of society has already been elaborated in more detail, the internet should be used right from the start to publish all steps in the process and give people an opportunity to annotate them. To make online communities and social networking an early and self-evident part of communication will surely help to protect the political culture from falling back into autocratic tendencies. Implementation of scale-free networks is by far the best means of preventing closed shops by enabling transparency, of suppressing hidden agendas by demanding authenticity, and of demonstrating the limits of top-down approaches to leaders.

What role can new technologies and networks play in the process of starting and organizing civil participation and what role can they play in ensuring that it really is included in policy-making? And for ensuring that civil participation does play its part in policy-making, is an idea such as “government in a lab” really a good choice to make?

In my opinion the two entry points which offer the highest chances for the successful use of the new communication technologies in participation processes are to be found on the small scale in local affairs and on the large scale in political agenda setting. When it comes to integrating open networks into political decision-making we have to remember that democracies are still at a very early stage of development. In Germany the official commission tasked with evaluating the impact of the internet on society has strayed off course and become preoccupied with questions of how to restrict and regulate the self-organised dynamics. Legal problems seem to be far more at the centre of their concerns than feasibility studies that evaluate the chances for democracy. There is some hope that the newly founded Google “Research Institute for Internet and Society” in Berlin is heading more in that direction, although this issue needs to be decoupled from lobby interests. More experiments and more empirical data are urgently needed but readiness to risk taking a playful approach is still at a minimum. Today the laboratory for testing the political impact of the new communication technologies is more on the streets than in the hands of government. Politicians seem willing to give the internet a try only in the hope of having their own profiles raised by viral effects in political campaigning. In most other respects the fear of initiating developments that cannot be controlled is too high and the recent use of networks in the organization of riots by frustrated young people as has happened in Great Britain hardly qualifies as a confidence-building measure. Nevertheless – with or without governmental support – creative local authorities will intensify their search for new ways to stimulate engagement on the part of their fellow citizens, and the silent majority will not stop using their newfound power to influence public opinion whatever the mass media might say.

These “new models” require a tremendous cultural shift in the way our countries, companies, universities and schools, institutions are led. This is something that can be achieved in the short term. What kind of process do we need to get us there?

At the stage of development we are now at, it is far too early to speak of “new models” organizing civil participation. What we have today is far from a consistent approach to adding more direct aspects to our representative democracies. Naive enthusiasm for the possibilities of crowd sourcing and collective intelligence is not very helpful. What is needed now are concrete experiences in situations where the risk is not too high and where the effects can be understood. Otherwise the political class will never allow such open-heart surgery. There is nothing as delicate as a power shift in society. This is why I strongly recommend starting out on a local level. Let’s find some town councils which are ready to serve as guinea pigs. Provide them with additional budgets, accompany the launch of new forms of participation with a structured process that assists initial acceptance and monitors the developments triggered. The rise of “new models” is not a question of technology but rather a question of adapting the cultural value system, of negotiating new legal frameworks and of installing learning environments to nurture the required skills and attitudes. There is no real difference between revolutionary change and opening representative democracies to self-organized network dynamics – in both cases established systems of power are fundamentally challenged. Given the sheer complexity of the problems our societies are facing, the attempt to establish new forms of participation is surely worth the risk involved. Political leaders are under pressure like never before. To wait for some geniuses to make the right decisions as prompted by the “great man theory of history” or to rely on circles of experts seems no longer an appropriate response. To reiterate: calming down

ZOLLABFERTIGUNGSSTELLE



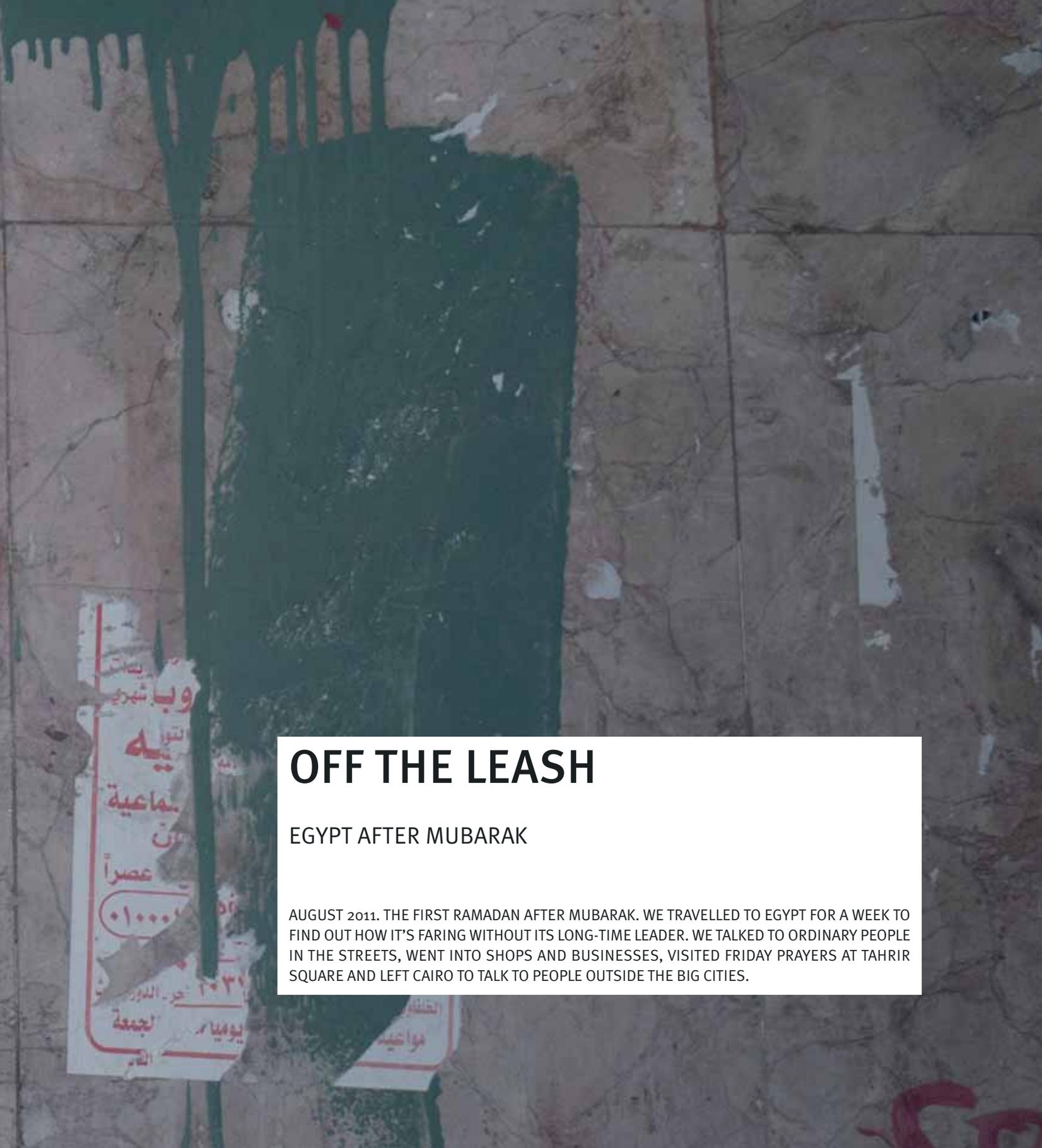
by delegating the tasks to a vague “collective intelligence” is an oversimplification that’s about as helpful as Adam Smith’s notion of the invisible hand of the market.

▲ © Jonnek Jonneksson

How can collective intelligence be harnessed to tackle problems – like climate change, poverty or crime – that are generally too complex to be solved by any one expert or group? Can it be harnessed at all?

Collective intelligence – as it is understood and operationalized today – is just a turbo-charger for processes of interaction and discourse that already exist in society and not an adequate instrument for tackling problems like climate change, poverty or crime in the sense of a cause and effect relationship. The semantic problem of hyperlinked information in the internet mentioned above limits the use of platforms in trying to deal with the big questions of the world on a larger scale. New communication technologies make an extremely invaluable contribution to enhancing global awareness, but thus far networks have proven incapable of reducing complexity in itself. With the internet, web 2.0, and the invention of innovative devices to use networks at any time and place, the structural basis for creating collective intelligence is already well developed, but differences of culture and language still define the limits. As long as Tim Berners-Lee’s dream of a semantic web is not realised, we should concentrate on the lower hanging fruit.





OFF THE LEASH

EGYPT AFTER MUBARAK

AUGUST 2011. THE FIRST RAMADAN AFTER MUBARAK. WE TRAVELLED TO EGYPT FOR A WEEK TO FIND OUT HOW IT'S FARING WITHOUT ITS LONG-TIME LEADER. WE TALKED TO ORDINARY PEOPLE IN THE STREETS, WENT INTO SHOPS AND BUSINESSES, VISITED FRIDAY PRAYERS AT TAHRIR SQUARE AND LEFT CAIRO TO TALK TO PEOPLE OUTSIDE THE BIG CITIES.

TAHRIR SQUARE

ULRIKE REINHARD

SNAPSHOTS FROM THARIR SQUARE, AUGUST 12, 2011

The questions we asked ...

1. When was the first time you went to Tahrir Square?

.....

2. What has changed since then?

.....

3. How do you feel about these changes?

.....

4. If you could have ANY role in government, which role would you choose?

.....

5. What are the next steps Eygpt needs to take?

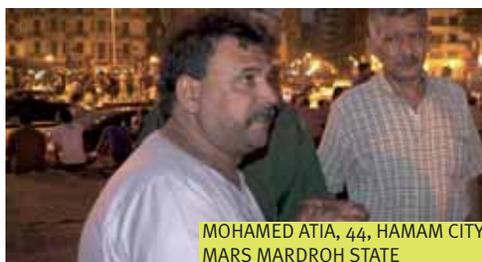


MAGDA AHMET MOHAMED

1. January 25, the day of the revolution.
2. Nothing has changed!
Except the fact that all our sons are dead.
4. The Ministry of the Interior and the police should be in love with their people. They must stand with the people not against them.
To achieve justice and make better lives for the whole of society, I would give money to the poor.
5. We need to decrease youth unemployment.
We need to provide food and housing for everybody.
We should stop focussing on the rich!
We should educate our young people!



MAGDA AHMET MOHAMED, 58, CAIRO



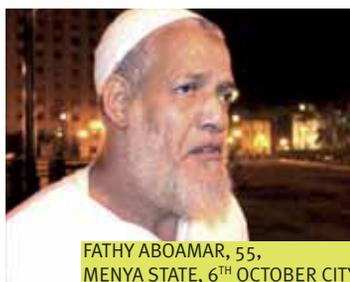
MOHAMED ATIA, 44, HAMAM CITY, MARS MARDROH STATE

WAEEL HANAFY

1. January, 25. And I stayed there until Mubarak left!
2. No change happened until now! We are just about to start "cleaning" up corruption.
3. It's a very good feeling.
4. We should take legal action against anyone who did any kind of abuses / crime! We should celebrate our martyrs. And then we should focus on building up our country.
5. Like China and Japan, we will take steps to become a more productive country and use our own resources. We have to think seriously about how to implement technology and science.



WAEEL HANAFY, 24, CAIRO, EGYPT

FATHY ABOAMAR, 55, MENYA STATE, 6TH OCTOBER CITY

MOHAMED ATIA

1. January, 28. I stayed there until February, 12.
2. Nothing. It got even worse: corruption increased, unemployment increased, prices skyrocketed.
3. We and all the others who didn't participated in the revolution yet are ready to protest again.
4. I would send millions of Egyptians to Sinai and to the western regions to protect Egypt. For Sinai I would provide industrial machines and in the west water is crucial.
5. As a nation we have to take care that we don't split into various ethnic groups who fight each other.
Just like what we are seeing in Syria, Somalia and Irak.

FATHY ABOAMAR

1. January, 25. I was in Tharir Square every single day and participated in these sit-ins.
2. Now we are facing an ongoing struggle between Islamists, Liberals and Secularists.
3. Neither the Liberals nor the Secularists have any broad base on the streets of Egypt even though the western media is pushing them.
4. I'd apply the Sharia of Allah to all Egyptian people.

DEMOCRACY TRAIN



ULRIKE REINHARD

EGYPT IS IN A TRANSITION PHASE. IT'S NOT AT ALL CLEAR WHERE IT IS HEADING. BUT THREE THINGS ARE PARAMOUNT FOR THE BROAD MAJORITY OF PEOPLE: DEMOCRATIC VALUES, NO RELIGIOUS FUNDAMENTALISM AND NO MILITARY REGIME!



Off the leash – free at last! This is how the hounds of spring, the vast majority of people in Egypt feel. They've got Mubarak off their backs. And they feel justifiably proud of having done so. Yet after the first few weeks of pure heady joy when everyone was overwhelmed by the sheer magnitude of what they'd done, sober reality is once more creeping in. The country and its people are in transition. It's like a huge playground – full of possibilities, challenges and hazards. Everything hangs in the balance, everything is in motion, exposed to the free play of unpredictable forces. It's hard to say what will happen next.

Walk through any street in Cairo and you get the sense of smoldering fuses, the palpable sense that any tiny spark could start a roaring conflagration. This feeling is noticeably absent when you leave the big cities. Less than an hour's drive from Cairo life goes on as ever as though nothing were happening. People follow their daily rhythms. During the unrest, people in Fayoum – an oasis 80 km south of Cairo close to the Nile – told us they also came out to protest but the military soon stepped in and forced them from the streets. So they basically went indoors and followed “their” revolution on TV. They are happy that Mubarak has gone, but if you ask them what has changed, they don't have any pat answers. Nothing has changed, they say, or it's got even worse. Especially the economic situation. And they're afraid that the military will take over again. They're rather hesitant about being asked what they can contribute to improve the country's situation because in all honesty they can't anticipate a

bright future since present problems loom so large: the high unemployment rate, especially among the youth, the lack of education, and desperate poverty – for many people cuts in income and hikes in prices mean life is a daily battle for food. And no government in sight that comes anywhere near to solving these problems.

Even though the economic circumstances are similar in Cairo, Suez, Alexandria and the northern parts of Sinai, people there are much more ambitious. They want to build their own country starting from scratch and they see a huge opportunity in a new Egypt without Mubarak. Their anger about the transitional government is still on display in Tahrir Square – the last time in late July 2011. It reflects a groundswell of opinion for faster and more visible restitution of past wrongs and a suspicion that Egypt’s “deep state” has reasserted itself in the aftermath of Mubarak’s overthrow. At least Essam Sharaf, the country’s interim prime minister, has gone some way to meeting some of these concerns. He’s just reshuffled his cabinet and gotten rid of some ministers held to be too close to the old regime. He’s promised to clean up the interior ministry and has fired some officials accused of complicity in torture. The judicial authorities have also announced that some senior officers accused of torture had been sacked – while a much larger number have been given honorable discharges. The military authorities would do well to speed up the prosecution of some top figures from the Mubarak era, while slowing down the slew of relatively minor



corruption cases that risk paralyzing the private sector by targeting almost anybody who did business under the rules of the old regime.

What bonds people in the countryside with people in the cities is their common vehement rejection of what they don’t want: they will defeat any military or religious regime and will decline any insider deal with old members of the Mubarak clan. And they don’t want “western” help if comes with strings attached! These are things many people told us. They expect the western world to help them – but they also expect “honest” deals. They feel that the US and the EU have been dishonest and disingenuous with the Egyptian people, blindly supporting a dictator just because it suits their own interests. They think that both the US and the EU were very well aware that the Egyptian people suffered under the regime they supported yet preferred to ignore it. As Mohamed Maree, a social activist and blogger based in Cairo says: “We expect from western politicians that they will apologize for their behavior, and we expect from the citizens of western countries that they will force their leaders to do so. Only then will we know that they are really serious about helping us.” And an older woman who lost her son during the first days of the unrest told us in Tahrir Square: “The West should help us to help ourselves! They shouldn’t help us to help themselves!” These are clear, strong and ringing words that can actually be taken as a cry for the very global governance this magazine is calling for.



Egypt could well become a role model in defining – from the western point of view – a more honest, more balanced foreign policy strategy including development aid, armament and economic support.

But let's return to Egypt's current situation. People have broadly different ideas, when you ask them what they want. Balancing all their concerns will be very tough going. Some elites put democratic values such as freedom of speech and compliance with the Charta of Human Rights at the top of their agendas. But the majority of the people are mainly focused on better living conditions, which means stimulating the economy, decreasing unemployment, defining new strategies for the country's rich natural resources, solving the scarcity of water problem, bridging the gap between rich and poor, educating people, improving healthcare, banning gender issues and creating a robust and solid framework for a new self-supporting Egypt.

Striking the right balance between all these competing concerns will be difficult enough. But I guess it will be even more difficult to define a procedure and a process in which everybody who wants to can participate on equal terms. Maybe the Egyptians can learn some lessons from Iceland's book – the very first country in the world to crowdsource writing its constitution.

A POTENTIAL BEACON OF GLOBAL GOVERNANCE!

For all players in the political arena the narrative now unfolding in Egypt (and of course in Tunisia and Lybia) brings the shock of the new and unprecedented – a peaceful revolution (which it wasn't in the very beginning) overthrows a dictator pampered by western democracies whose private regrets at excesses are overridden by the "stability" they see him bringing to the Middle East. Now the people who freed themselves are challenged to rebuild their country, and need western help more than ever if they are to help themselves. More perhaps than any other country, Egypt could become an inspirational model for living global governance and a transparent, participatory global commons!

To aid it on its way, the West needs to raise its presence in Egypt – massively. The people need to see that we are with them. And team members should be ready for conversations with everybody who wants to talk.

The very first thing that we in the West should focus on is learning from our past mistakes. What we call 'democracy' works because gaps in wealth are more or less acceptable, governments function reasonably well, and we rely on a separation of powers and a functional constitution as well as on a rule of law that limits the role of our police and security forces and protects human rights. None of this exists in Egypt (or Tunisia or Libya). The reality there is much more akin to the wave of political unrest that swept over Europe in 1848. We need to contemplate the risk and probability of elections that end up with elected leaders of scant political experience and no experience at all in governance. The West should accept this and learn to deal with it. No matter who is part of the new Egyptian government, we should provide help purely for reasons of self-interest.

The second point is to include Arab people, preferably locals, in each and every process instead of filling them with well-intentioned avuncular westerners who will do it "our way". We need to work with all factions in the country that will accept aid and we need to treat them as equal partners. This is the only way to raise living standards for everybody – not just for a chosen few. We need to adapt to their speed and the possibilities of change that present themselves, and we need to understand democracy as an evolutionary process, not as something you build overnight. And Asian countries too should be invited to lend a hand in building the house of democracy.

Thirdly, we should focus on the youth and build on them! Remember that the average age in Egypt is only 27! Create jobs for them – after all, they are the future. The economy, just like democracy, is an evolutionary process. The reform of the economy and shift to the private sector all take time. So fund their enterprises instead of pumping money into the state system! And try to balance social, financial and environmental aspects when building new businesses. Build with the people, not for them!

Fourth: Only support needed expenditure on the military. Rather invest in education and the business infrastructure.

Fifth: Avoid "Islamophobia" while making certain that the West does not support extremism. Rebuild our credibility in Arab and Moslem eyes without sacrificing our security concerns.

And finally we should not forget that the process now unfolding is as new for the Arab world as it is for the western world, so we should try and learn as much from it as they do. Teaching and preaching is precisely what is not needed, we should listen and adjust. And we should come together and do it together! This is the only way to create something which truly deserves the name of global commons.



TAYSSER FAHMY, A FAMOUS EGYPTIAN ACTRESS AND SOCIAL ACTIVIST, FOUNDED A NEW POLITICAL PARTY IN EGYPT

Egypt is in a transition phase right now ...

We are in a state of confusion. The situation is unbalanced. Everyone is shouting and demanding – but a new system isn't yet within our reach. We need more time. And we won't achieve everything after the first election – we really have to remember this. Our first freely elected National Assembly won't be all that we dreamt of! But I'm sure it will be a democratic system, not a military regime and not a religious state.

How can the EU help?

We need their economic assistance – but with no strings attached! They should be honest with us and support us so that we can run development our own way. Otherwise they should back off. And they should return all the Mubarak money!

And what about China and Russia?

They are both equally welcome. We treat everybody the same! We have to develop new strategies for this since it's something unprecedented in the political arena!



ADNANE ADDIOUI, RABAT, MOROCCO

“We need to care!
We need to overcome our attitude NOT to take care!”



KARIM ABDEL DARY, CAIRO, EYPT

“We need a mind revolution!
People need to change their mindsets!”

[HTTP://WWW.YOUTUBE.COM/USER/FUTURECHALLENGESORG](http://www.youtube.com/user/futurechallengesorg)

CHALLENGES

WE'VE ASKED PEOPLE ALL AROUND THE WORLD WHAT ARE
THE BIGGEST CHALLENGES THEY ARE FACING



DR. STEFANIE BABST, BRUSSELS, BELGIUM

“Political leadership is not only about developing a vision. A vision should enroll people, excite people, collaborate with people. Leadership is about something Max Weber called ‘followership’. A leader eventually needs to take risks, very unpopular risks. A leader is someone I can trust, who is credible, who stands solidly on democratic ground and who really is willing to go for change!”



CHANDRAN NAIR, HONG KONG, CHINA

“We need a more open and honest discussion about the constraints of our future. Especially on the level of policy- and decision-makers.”

[HTTP://WWW.YOUTUBE.COM/USER/FUTURECHALLENGESORG](http://www.youtube.com/user/futurechallengesorg)



MARY AUMA, HURUMA SLUMS, NAIROBI, KENYA

“We need to educate the poor and teach them how to preserve their harvests. Only then will we combat hunger and starvation in a sustainable way!”



LIRUN RABINOWITZ, HAIFA, ISRAEL

“Education is the most important thing! It’s about dedication to the values that we consider to be universal human rights and fundamental principles of democracy!”

[HTTP://WWW.YOUTUBE.COM/USER/FUTURECHALLENGESORG](http://www.youtube.com/user/futurechallengesorg)



MAGDA AHMET MOHAMED, CAIRO, EGYPT

“The West should help us to help ourselves! They shouldn’t help us to help themselves!”



CORINE HUNT, VANCOUVER, CANADA

(Corine designed the medals for the Olympic Games in Vancouver)

“How do we create peace in this world?
We can only create peace if we began with ourselves. It’s our own responsibility!
And we need to share what we experience. That’s the only way to create a
better understanding.”

[HTTP://WWW.YOUTUBE.COM/USER/FUTURECHALLENGESORG](http://www.youtube.com/user/futurechallengesorg)

WWW.FUTURECHALLENGES.ORG

“FUTURE CHALLENGES AFFECT EVERYONE. THEY CONCERN ALL OF US, NOT JUST A HANDFUL OF DECISION-MAKERS. WE ARE HIGHLY AND WIDELY CONNECTED PEOPLE LIVING IN A INTERDEPENDENT WORLD, PEOPLE OF DIFFERENT CULTURES, RELIGIONS AND POLITICAL BACKGROUNDS. WE ALL SHOULD SHARE THE SAME COMMON VALUES. THE INTERNET GIVES US A FACE AND THE OPPORTUNITY TO TAKE PART IN THE GLOBAL COMMONS DEBATE. FC_ORG INVITES YOU TO STEP INTO THIS GLOBAL FORUM AND JOIN THE CONVERSATION!”



SOLUTIONS IN ACTION

PROPOSED SOLUTIONS – NOW IN ACTION.
COMPILED BY MARGARET HECKEL

◀ “We shouldn’t see our interrelations as a zero sum game – my gain is your loss – we should feel that we are working together in a common cause.”

THE GLOBAL ECONOMIC SYMPOSIUM DEFINES ITSELF AS A “SOLUTION FORUM”. SO WHERE WOULD IT BE WITHOUT SOLUTIONS?

THE FOLLOWING FOUR CHAPTERS SHOW HOW THE SOLUTIONS PROPOSED AT PREVIOUS GES GATHERINGS REALLY ARE CAPABLE OF PRACTICAL APPLICATION IN EVERYDAY LIFE AND BUSINESS. THE LINKS TAKE YOU TO PDF FILES WHICH GIVE MORE IN-DEPTH INFORMATION.¹



CIRCULAR MIGRATION

PANELISTS:

FRANCIS APPIAH, EXECUTIVE SECRETARY, NATIONAL AFRICAN PEER REVIEW MECHANISM GOVERNING COUNCIL / GHANA

AMIR ULLAH KHAN, DIRECTOR, INDIA DEVELOPMENT FOUNDATION / INDIA

AART DE GEUS, DEPUTY SECRETARY-GENERAL, OECD / FRANCE

TREVOR MANUEL, MINISTER IN THE PRESIDENCY, NATIONAL PLANNING COMMISSION / SOUTH AFRICA

MIKKEL VESTERGAARD FRANDSEN, CEO, VESTERGAARD FRANDSEN / SWITZERLAND

MODERATOR: KIM CLOETE, PARLIAMENTARY EDITOR, SOUTH AFRICAN BROADCASTING COOPERATION / SOUTH AFRICA



LINK: <http://www.global-economic-symposium.org/ges-2008-10/ges-2010/downloads/gesolutions-2009-10.pdf>

The sight is always heart-wrenching: Dozens of boats overloaded with refugees from North Africa try to make it to the northern shores of the Mediterranean. Those which land in Italy dispel their human cargos to a thoroughly uncertain future. Only very few will be accepted into the European Union (EU) as legal political refugees. Most will be returned to their homelands. Some will stay as illegal immigrants. As more countries in North Africa fight their way to democracy, the demands on the EU for better cooperation will increase. “Circular migration“, an idea discussed at the Global Economic Symposium 2009 in Plön might be useful here.

¹ While the proposed solutions have been generated by panels of the GES, they do not necessarily represent the opinions of each of the panelists.

THE WORLD BANK IS A FAN OF THE IDEA

The idea is to provide re-entry visas for migrants on renewable short-term contracts. The World Bank is a great fan and has repeatedly advocated its use. In the EU, the “mobility partnership” championed circular migration with Moldavia and the Capverde Islands. The program was close to being realized when the financial crisis hit and it had to be abandoned. The UK government has also launched an international action plan to encourage circular migration and prevent illegal immigration. The experts at the GES in Plön saw circular migration an effective response to the “brain drain,” which often deprives developing countries of their human capital and has serious consequences for the delivery of key services such as education or healthcare. Circular migration can be supported by re-entry visas for migrants on renewable short-term contracts, portable pensions, and other social benefits.

“Ethical recruitment” practices and measures to improve working conditions, infrastructure and career opportunities for high-skilled personnel in developing countries should accompany acquisition of professionals from sectors exposed to the brain drain. On-the-job training and skill acquisition schemes affecting employability and knowledge transfer of migrants can also support circular migration.

TRAIN FOUR NURSES, KEEP THREE IN THE DEVELOPING COUNTRY

The number of professionals could be increased through a trade-off with developed countries. For example, a developing country trains four nurses: a developed country takes one while the developing country retains three. Countries who take on skilled professionals from developing countries should pay for the skills and the training that have been invested in them. Remittances will contribute more to job creation if policies help to create stronger incentives to save and invest in migrants’ countries of origin – particularly in community development projects and small-scale labor-intensive business. Policies should seek to create incentives to make greater use of the remittances for productive investment. Expanded access to money transfer institutions, a reduction in transaction fees and improved safety for money transfers should also be promoted. Remittances can counterbalance deficiencies in local insurance systems and function as social safety nets.

A SPANISH CO-PROJECT WITH COLOMBIA

“Circular migration is indeed a promising idea”, said Jean-Pierre Bou, a policy officer in the Directorategeneral for Justice, Fundamental Rights and Citizenship at the European Commission. Colombia and Spain have run a successful project in the farming sector: 1200 migrants from a small number of rural communities in Colombia have worked for 600 Catalan framers and cooperatives in Spain. Belgium also allows for the issuing of multiple-entry visas for certain migrants. They can return to their country of origin without losing Belgian residency. One interesting project is the “MIDA Grands Lacs” programme which enables members of the Central African diaspora to return temporarily to their country of origin in order to participate in development projects. A similar program is being developed in Morocco.

France has concluded agreements with third party countries on circular migration, which enable third country nationals to acquire new skills in France through on temporary non-renewable visa. The Netherlands has set up a pilot project on circular migration, involving a small group of labor migrants from Indonesia and South Africa trained at secondary educational level. These people are permitted to “work and learn” in the Member State for a maximum of two years, in particular in areas with labor shortages.

COCO BONDS FOR LOW CAPITALIZED BANKS

PANELISTS:

ROBERT SHILLER PROFESSOR OF ECONOMICS, YALE UNIVERSITY / USA

MEHMET SIMSEK MINISTER OF FINANCE / REPUBLIC OF TURKEY

DENNIS J. SNOWER, PRESIDENT, KIEL INSTITUTE FOR THE WORLD ECONOMY; DIRECTOR, GES / GERMANY

AXEL WEBER, PRESIDENT, CENTRAL BANK OF GERMANY / GERMANY

MODERATOR: ANDREA CABRINI, DIRECTOR, CLASSCNBC / ITALY



LINK: <http://www.global-economic-symposium.org/ges-2008-10/ges-2010/downloads/gesolutions-2009-10.pdf>

Lloyds are doing it, Rabobank and Credit Suisse too: in the past few months, they have all issued contingent convertibles or CoCos for short. Also known as mandatory convertible bonds, CoCos are becoming a preferred instrument with which the central banks seek to improve the equity situation in the banking sector.

Particularly during the current Euro crisis, these bonds could be used for restructuring those banks that have failed the stress test or which might need support in the rescheduling of their debt.

CoCos must be converted into equity if an issuer's tier one capital falls below a preset limit. Switzerland is now discussing a threshold of between five and seven percent.

A SHOCK ABSORBER FOR BANKS

In its Final Report on the Global Financial Crisis in October 2010, the Swiss Central Bank recommended that in future banks should have an equity quota of up to 19 percent of risk adjusted assets of which up to 9 percent should be composed of CoCos. The 2009 Global Economic Symposium (GES) held in Plön in Schleswig Holstein had already proposed CoCos as a promising instrument with which to combat the weak equity situation of the banks. "Contingent capital can work like a shock absorber for the banks" was the considered opinion of the panel of experts which included Axel Weber, the then president of the German central bank.

The trick in the operation is the mandatory conversion of bonds into shares. In times before the banking crisis creditors used to buy bonds on the understanding that if the worst came to the worst the state would bail out the banks and the issuers of the bonds. And this is exactly what happened in the 2008 crisis triggered by the fall of Lehman Brothers.

But this can no longer be the case with CoCos. If the issuing bank gets into troubled waters, the bonds are automatically converted into shares in the bank - and the bond buyer becomes a shareholder. This means that he or she now must participate in the financial rescue of the bank or risk writing off his or her investment at zero value if the bank fails.

In November 2009 the Lloyds Banking Group changed a total of 12.3 billion US dollars into a CoCo. The new instrument soon set an alluring precedent and in 2010 RBS, Rabobank and Credit Suisse all offered mandatory convertible bonds.

DEMAND FAR OUTSTRIPS SUPPLY

The new bond continued to prosper in 2011 as well. When the major Swiss bank Credit Suisse offered new mandatory convertible bonds at the end of February, the issue was eleven times oversubscribed. The bank issued a volume of 2 billion dollars but the market was ready to take up an issue of 22 billion.

Analysts also noted the broad range of buyers for the CoCos – stretching from money market funds and major institutional investors to one or the other hedge funds – as a positive development.

“The easy way to rescue banks” was the heading of an article in the leading German FAZ newspaper. It said that this “new type of security, a hybrid of a share and a bond” could well solve “one of the major problems in rescuing banks – the problem of the moral hazard of misguided incentives” which arises when not all of those who caused a banking crisis in the first place are willing to pay for the bailout of floundering banks.

BANKERS’ BONUSES IN THE FORM OF COCOS NOW UNDER CONSIDERATION

Barclays Capital is now even considering converting part of its annual bonus payments to staff into mandatory convertible bonds. This would mean that Barclays bankers would give their own employer a kind of loan that would significantly raise the equity capital of the bank. In return the bankers would receive interest and could cash in their CoCos after a three year period – just as they could do earlier on with shares options.

In the opinion of the Financial Regulation Forum “It’s a great idea”. It would serve the financial interests of bankers being squeezed by regulators and would thus also serve to somewhat reduce the danger of future crises.

In any event, Bob Diamond, CEO of Barclays Capital, is enthusiastic in his support of the new instrument.

And the president-designate of the European Central Bank, Mario Draghi, also came out strongly in favor of the CoCo bond at the last G20 summit in Seoul.

FISCAL RULE/FISCAL AUTHORITY

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LINK: http://www.global-economic-symposium.org/ges-2008-10/ges-2010/downloads/gesolutions_1011.pdf

DEBT COMMISSION TO SOLVE SOVEREIGN DEBT CRISIS

Istanbul was probably the perfect place to reflect on the global sovereign debt crisis in the autumn of 2010. To the west, the neighboring country of Greece was sinking ever deeper in a morass of debt to which Turkey itself as a booming emerging economy remained immune. Such a background fuelled the creative thinking of the panel of experts at the Global Economic Symposium – who proposed the introduction of fiscal rule and the establishment of a debt commission.

“Such rule would specify the long-term national debt ratio of a country, the speed with which this debt ratio should be approached and how countercyclical the fiscal policy should be”, says Dennis J. Snower, president of the Kiel Institute for the World Economy and director of the GES. At the same time countries of the Euro zone should set up an independent debt commission to implement and oversee fiscal rule.

CONTROL BY TEN EXPERTS

This commission could consist of some ten independent experts who would estimate a country’s position in the future business cycle and determine the level of permitted deficit or surplus at each point in the business cycle. Governments would make a binding commitment to follow the commission’s recommendations.

What the GES rounds of experts put forward in autumn 2010 is now more urgently needed than ever. Firstly, fiscal rule guarantees that national sovereign debt won’t spiral out of control. In concert with the Stability and Growth Pact it will ensure that the sovereign debt of a country in the long term remains lower than 60 percent of GDP.

Secondly, as the commission is independent of any country’s government, it would reliably determine the deficits and surpluses leading to such a long-term debt ratio. The commission would have no incentive to cook the books as the Greek government did. Thirdly, as it is the commission which determines a government’s deficits or surpluses, this lends credibility to its commitment to ensuring a country’s financial solvency. Financial markets would thus have a kind of insurance against countries’ insolvency and the interest-rate differentials on Greek and Irish government bonds would also fall.

Fourthly, fiscal rule allows for countercyclical economic policy-making. Thus there would be no danger of the lessons learned from the disastrous savings program during the world economic crisis being forgotten. A further reason is that each government in the euro zone would retain its own sovereignty over fiscal policy-making as each government would determine fiscal rule.

Countries keep their sovereignty.

By way of marked contrast, Greece and Ireland have surrendered much of their financial autonomy by agreeing to the conditions of the rescue package. At the end of the day, it would be up to each individual country to ensure that its finances were kept in order.

Then there would also be no need for setting up an extensive European transfer union where the rich countries supported the poorer ones – with no real prospects of ever being paid back. In any case, such a union would set the wrong kind of incentives, would be incapable of stopping mounting debt and would soon fall apart.

So what could go wrong if this kind of approach to solving the sovereign debt crisis were adopted? The debt commission could possibly make a false assessment of trends in the business cycle. But at least such mistakes on the part of the commission would not be politically motivated and it is only politically motivated mistakes that lead to an uncontrolled rise in debt. Statistical errors in estimations are accidental errors and in the long term under and overestimations of the business cycle would offset each other.

Another alleged weak point is the fear governments have of having to surrender their autonomy in fiscal policy-making to the commission. The line of argument is that in a democracy the electorate has the right to determine the amount of a government’s deficit or surplus year by year.

IRRESPONSIBLE BEHAVIOR IS PUNISHED

Yet even if this argument appears convincing at first sight, it is in fact meaningless because governments do indeed retain their right to set their own fiscal rule. Every newly elected government, for instance, would have the right to set its own fiscal rule. In doing so, it is faced with a clear trade-off: the laxer its fiscal rule, the higher will be risk premiums on government bonds. In adopting fiscal rule, a government does not surrender its power to control its finances; what it does no longer have, however, is the possibility of pursuing irresponsible fiscal policy-making and increasing the debt mountain to such an extent that alarm bells begin to ring on the financial markets.

At the beginning of August 2011, Jean-Claude Trichet, president of the European Central Bank proposed this way of regulating debt for Italy.

IOUs² AND INSURANCE AGAINST BAD HARVESTS

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LINK: http://www.global-economic-symposium.org/ges-2008-10/ges-2010/downloads/gesolutions_1011.pdf

Hundreds of thousands of small farmers in East Africa are now suffering the worst drought in 60 years. Only a handful of them are insured against crop failure even though this type of hedging instrument was introduced in Africa a few years ago. Yet insurance premiums are exorbitantly high in those regions of the world with an above average risk of bad harvests. This is why promissory notes, or IOUs as they are commonly known, could be a good way out of the dilemma. This proposal by an expert committee at the 2010 3rd Global Economic Symposium in Istanbul is now being implemented in India.

² An IOU (abbreviated from the phrase "I owe you") is usually an informal document acknowledging debt. <http://en.wikipedia.org/wiki/IOU>

TAILORED FOR TEA, COFFEE, TOBACCO, RUBBER AND SPICES

In the main, insurance by IOUs covers export goods like tea, coffee, tobacco, spices, fruits and vegetables. This gives farmers the advantage of having at least a basic assured income during bad years while they can repay the IOUs in years with good or above average harvests.

IOUs are particularly suited for products which are continually exposed to price shocks. Small farmers in particular have no way of forecasting such price fluctuations which makes it almost impossible for them to protect themselves. What's more, the volatility of the markets puts insurance way beyond the reach of most small farmers.

MODEL PROJECTS IN VARIOUS REGIONS ACROSS INDIA

The model projects in India are running for five years under supervision by the Price Stabilization Fund Trust (PSFT). They are being tested in a variety of regions including in Wyanad and Idukki in Kerala, Coorg and Mysore in Karnataka, Coimbatore and Nilgiris in Tamil Nadu and Sonitpur in Assam.

The main difference to an insurance policy lies in the way the payments are made. If a farmer takes out an insurance policy, he must first put the money for the insurance premium on the table. In the event of damage or loss, the insurance company only pays out later – in other words after the bad harvest. The higher the insurance premiums are, the less ready cash the farmer has at his disposal. In most cases, however, small farmers are unable to pay any insurance premium before the harvest, no matter how low it might be.

IOUs work in the completely reverse fashion but do require an intermediary agency, preferably one under state supervision. They buy the insurance for the farmer who gives them an IOU. He promises to pay when he can – when the harvest is good or when he finds some other means of earning money. Thus the payment flows are reversed while the desired insurance coverage remains in place.

INDICES COMPOSED OF A VARIETY OF AGRICULTURAL PRODUCTS

If agricultural products are aggregated, the IOUs can also be traded. To do this, the intermediary agency draws up an index of all agricultural products cultivated in the region or the whole country.

As it is rare for all groups of products to have a bad harvest at the same time, the risks can be further minimized both for the farmers concerned and the buyers of the IOUs. If the tea harvest is bad, for instance, the rubber harvest can still be good and vice versa. So a top year for tobacco planters can offset the effects of a disastrous year for spice growers.

Furthermore, an index of agricultural products can be compiled for all the various products insured in this way. Insurance derivatives can then be derived from these indices in a similar way to how they are derived from share indices. In any case, pegging to indices is one way of reducing insurance premiums. As Professor Rainer Thiele of the Kiel Institute for the World Economy says, "Insurance premiums are very high wherever it's extremely difficult to estimate the risks."

This is why modern insurance products are based on certain threshold values like a predetermined number of rainy days or days with a certain temperature or wind value within a certain timeframe. If the actual situation exceeds or fails to meet preset values, the insurance is paid out. As Thiele comments, "Premiums are lower because insurers no longer have to calculate the risks involved."

Under such an approach, partial insurance coverage is also feasible whereby farmers choose a variant which will only compensate them for a percentage of the loss or damage – which means they only have to pay a percentage of the premium.

At the same time it's also much easier for the insured farmers to receive payment. With traditional forms of insurance coverage, they must produce evidence of each specific instance of loss or damage. But there's no need to do this with index-linked products where insurers pay out automatically in line with the damage criteria selected.

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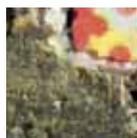


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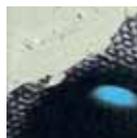


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OUTLOOK

CARLOS IVAN SIMONSEN LEAL IS PRESIDENT OF FUNDAÇÃO GETULIO VARGAS (FGV), BRAZIL, HOST OF GES 2012.

IN HIS OUTLOOK FOR GES 2012 MR. LEAL REFERS TO A MUCH LARGER FORM OF COOPERATIVE BEHAVIOR AMONG NATIONS WHICH IS NEEDED TO TACKLE AND SOLVE OUR PROBLEMS. SOMETHING WE CALL “THE GREATER WE” IN THIS MAGAZINE

(see p. 36 – 39)

1. This year’s topic at the GES is “New Forces of Global Governance”. What are the “new forces” Brazilian government is facing?

There are many “new forces” around the world and many of them are affecting Brazil, for better or worse. I shall list only a few of them, which in my opinion deserve attention:

- Increasing awareness of the importance of achieving development while also protecting the environment.
- Demographic change and a higher level of education.
- The rise of Asia.
- Fragmentation of the media and the advent of new sources of information.

2. What are the biggest challenges for Brazil today in the global economy?

In the short run, the biggest challenge for Brazil is to insulate itself from an external shock. In the medium run, the biggest challenge for the Brazilian economy is to continue to raise the level of education and attract more private investment. In the long run, we have to become efficient in public investment.

3. You will host the GES next year – what are the topics you are most interested in?

Regarding the GES 2012, I should say that I firmly believe that we should work on issues that promote broader cooperative behavior among nations. I am not saying that we have to avoid competition, because competition may be good. But the difficulties in Europe, Japan and the US are bound to increase protectionism. The enormous indebtedness of many countries tell us that we are either going to see a world with more inflation or very low growth or both. Geopolitical issues lead to a dangerous balance of power game in the South China Sea. The same may happen in some years in the Indian Ocean. We will all have to learn to give something in order to get something.

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