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GROUND RULES FOR THE 21ST. CENTURY
Chapter 20

CONVERGENCE OF INDIVIDUAL AND COMMUNITY INTERESTS

It's nice to jump in the car instead of having to bike or take the bus. It is great to take a flight south and escape the cold and boring weather. It's quick and easy to use the dryer instead of having to hanging laundry out to dry and take it down again. But somewhere inside we know very well that if everyone drove cars and flew around, we would quickly run out of oil, fresh air and space on the road. On the other hand, surely our own little indulgences are not what cause all the worlds ills...

The Tragedy of the Commons describes how it can lead to a collapse for all if each individual only pursues his or her own narrow goals. It is an effect, which explains why we keep on consuming and polluting, despite a widespread understanding that our lifestyle is becoming a serious threat to civilization.

The American ecologist Garret Hardin coined the phrase "Tragedy of the Commons". The "commons" were originally a large area around a village, free for all to use. If you, for example, raised sheep, you could benefit from letting your sheep in to the commons to graze. For each farmer, it was tempting to raise as many sheep as possible. But if all peasants let in dozens of sheep on the commons, the grass couldn't grow fast enough to recover from all of the grazing, and the system would collapse for all.

Seen from the individual farmer's perspective, there is a large and immediate benefit by letting in some extra sheep to get more out of the commons – certainly, if compared to the more abstract, additional risk that a few more sheep poses to the entire system. For the individual farmer, there was not much motivation to refrain from drawing on the resources, because no one would reward him for his restraint. Rather, he merely risked leaving resources for others who had no qualms using them, and who thereby would get richer than him.

And therein lies the tragedy. As Garret Hardin wrote: "Each man is locked into a system that compels him to increase his herd, without limit, in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in the commons brings ruin to all".

Each of the players in a system can make decisions that, for the individual, are completely rational, but in aggregate, the result may be the undermining of the entire system for everybody.

Our actions have consequences in several dimensions: At the individual, specific level, and at the aggregate and systemic level. Often the two dimensions are directly opposed. Overfishing, which in many cases has led to a collapse of an entire regional fishery industry, is an example of the difference between the interests of the individual and those of the whole system. However, we can observe Tragedy of the Commons effects in many other, very different contexts: - Basically, there are not many companies that do not to some extent profit from access to shared resources - whether it is to use raw materials or to get rid of waste from production.

- The modern lifestyle is comfortable, but it is based on burning copious amounts of fossil fuels - unfortunately with climate change as an extremely unpleasant consequence at the global level.
- The use of air conditioning sharply illustrates the conflict of interests: For the individual it is nice to be able to remain cool in a hot climate. But if everyone turns up the air conditioning, it contributes to making the climate even warmer.

It is easy to understand how each car driver's desire for freedom and mobility leads to a collective traffic gridlock. In other cases, it is more difficult or even impossible to predict the aggregate impact from each participant's actions.

The difficulty in predicting the consequences is linked to the concept of self-organization, that we have previously discussed: In a complex system, the interaction between many factors can cause new properties or overall patterns to emerge, that are not found in any of the components. When many factors interact, feedback mechanisms, self-organization, evolution and tipping points start to assert themselves. Developments at the systemic level is not smooth, the behavior of the components interfere with each other, reinforce or cancel one another out and sometimes lead to a phase shift where the entire system changes character. We can very easily be completely surprised by how this plays out, even when we have acted in good faith in the situations we are each in.

An example: When the economy is in crisis and the future seems unsure, both individuals and businesses try to save in order to have some reserves in case of unforeseen costs. The problem is that when everyone holds back, the economy stalls. Economists call it the Paradox of Thrift: Savings lead to an overall weaker economy.

The consequences of an action may appear very differently, depending on whether one considers it from a local individual level, or in the context of everything else going on in the system.

The specific and the systemic level may have quite different characteristics, and this is a general phenomenon that we see in all sorts of contexts of a certain complexity. That is another reason why we need to learn to think systemically and see ourselves in a larger context.

Interests in several dimensions

Often we have dual roles that almost put us at war with ourselves.

- As citizens we are outraged to hear of companies that pollute, exploit their workers in poor countries, and apparently only think of making a profit - at any price.

However, as shareholders, or through our pension funds we seek out the investments that provide the greatest return.

- As consumers we want goods that are cheap, and our loyalty is extremely limited: We buy at discount stores with goods produced in low cost countries in order to get our stuff at bargain prices – even if the ethical aspects of the manufacturing probably is a little dubious. If something is available just a little cheaper online, we will buy it there - though we may first have visited a real, physical shop, and enjoyed being able to see the product in reality and get advice from the clerk. But when they cozy little shops eventually have to close, we are complaining about how the same global chain stores are taking over and making every town look exactly alike.

- As manufacturers and suppliers, we feel that it is very difficult to survive on delivering quality service. It would be wonderful not to have to cut corners on ethics

and quality, but it is no use if consumers will not pay what it costs - or if profits are not big enough to satisfy the investors' demands.

Our actions in one dimension impede ourselves in another dimension. We are not willing to pay for the level of quality that we hope others are willing to pay us for.

The modern reality is that we participate and interact in many different contexts and that we have many different roles, whose interests inevitably will conflict with each other.

As a citizen I believe that public schools should offer high quality education for every child, regardless of social background. But as a parent, if I am dissatisfied with the quality of teaching in the public school, I can choose a private school to make sure my own child gets the best possible conditions. And thus I contribute to strengthen individual, private arrangements rather than the collective. The next logical step is that I start to protest against having to pay so much tax when I am not benefitting from the collective offerings.

The same goes for private health insurance. In Denmark, we have had a health care system that largely provided the same good treatment for everyone. But once you have the opportunity to buy your way to better and faster treatments, the system starts tilting. Resources flows toward the individual, private solutions, and correspondingly the collective schemes become more and more inadequate and underfunded - and therefore yet more people begin to choose private treatment.

Organized irresponsibility systematic bigotry

In many respects, we have organized ourselves in ways that systematically produce Tragedy of the Commons effects.

Corporate bonuses are an example. In Chapter 3, as an illustration of how negative feedback mechanisms work, we looked at how bonuses can motivate employees to keep focus on the goals that management has set. If, for instance, your salary depends on reaching a certain turnover in the coming quarter, that will be what you single-mindedly concentrate on, and everything that does not support the goal very deliberately gets downplayed.

At best, you get a highly focused organization where everyone is working towards a clear common goal. The problem is that it may easily lead to tunnel vision, deadlock and shortsighted thinking. The employees will be pursuing a single objective and therefore ignoring all other values - whether it's environmental, ethical or social values or considerations about the company's or the clients' financial security. The latter become all too clear when the financial bubble burst in 2008. Employees in the financial sector had grown accustomed to ignoring the long-term perspective in a narrow-minded quest to meet this year or quarter's goals.

Politicians are subject to similar pressures. It is important that they make decisions, which - in contrast to the marketplace - take the whole of society's long-term well being into account, even if it may be unpopular right now. But politicians have to be re-elected, and therefore they are reluctant to undertake projects that don't show benefits within their term in office.

The difference between the short term, individual interests and the long-term interests of the community are also visible when businesses or organizations hire lawyers,

lobbyists or PR people to promote their narrow interests - either by pushing for the introduction of favorable laws or by opposing laws that can be a disadvantage for their organization.

It may seem ludicrous when strong industrial lobbies are able to maintain conditions that will benefit a few well-established companies, but are clearly against the common interest. The American automobile industry's struggle against better fuel economy requirements is an example; the aviation industry's opposition to taxes on jet fuel another. The lobby organization *Global Climate Coalition*, whose main sponsor was the oil company Exxon, very deliberately and very successfully managed to cast doubt on whether climate change is a reality, and thus they delayed political interference for several years.

It is appalling, but for the individual players it is completely rational. Exxon wants to secure the best earnings for their shareholders – just as lawyers and communications consultants do their best to please a large and rich client ... We all have our bones.

The Tragedy of the Anti-commons

The tragedy of the Commons occurs because everyone spends freely from a shared resource, so the system finally collapses. However, there is another, less conspicuous form of tragedy: the common benefits that could be achieved, but are not realized, because everybody is so concerned with making the most of what they own, that interaction and collaboration becomes impossible.

In the book *Gridlock Economy*, the American economist Michael Heller calls this effect "The Tragedy of the Anti-commons". Heller describes numerous examples where players are so pre-occupied with securing their slice of the pie that it destroys the possibility of creating something through cooperation, which would make the pie much bigger for all.

One of Michael Heller's examples is the traffic of goods on the river Rhine in Germany during the middle Ages. The roads in the hilly landscape, through which the Rhine flows, were not very good then, and therefore it was easier for merchants to transport their goods on the River. There was a flourishing trade along the river, which was under the German-Roman emperor's protection. But when the emperor's power waned in the 1300-century, local princes began to build forts along the river and to collect taxes from the sailors. In the beginning it was a lucrative business, but as more and more princes *also* built castles just a few kilometers apart and began to levy taxes for their small stretch of the river, it became so expensive to ship goods on the Rhine that traffic dwindled. Thus everybody - including the princes - lost the income that a lively trade might have brought with it.

Michael Heller shows that exactly the same mechanism is at play today, obstructing the development of promising new technologies and industries. Biotechnology patents, for example, have been granted to cover so many basic mechanisms and gene sequences, that further research is slowed down, because one can hardly avoid using the patented knowledge of several companies patented if you want to create a new drug or utilize a new useful characteristic in an organism. The consequence is that solutions, which could be beneficial for both patients and the industry, cannot be realized because everyone is busy trying to secure dividends or defend their exclusive control of their small part of the puzzle.

According to Michael Heller, one of the reasons that this type of situations occur is that we each intuitively tend to secure what we know we have. It is harder and more

abstract to relate to losing something that is not there, but might have been.

The strengths and shortcomings of liberalism

Balancing personal freedom with the interest of the common good is a classic conflict and an underlying theme in most policy and legislation. The political pendulum regularly swings between individualism and community. Since Ronald Reagan and Margaret Thatcher came in to power in the eighties, an ideology of individualism has set the agenda - in part as a backlash to the values of the industrial mass society. Our culture is focused on the individual's right to realize itself, and we sneer at other cultures where individuals must subordinate themselves to the interests of the family or the plans of the government. As consumers, we expect to get what we want. As citizens of the welfare state we insist on our entitlements, and in films and in the media we salute the strong individual who acts on his own beliefs and shows the will to pursue his dream, regardless of the obstacles.

The premise of liberalism is that it is morally right to act in one's own interest. Each of us should decide based on our particular knowledge how we can best use our resources.

The basis of all trade is that both parties feel they are better off after the exchange. Therefore, the many selfish choices in a free market lead to society's resources as a whole being distributed in the manner that provides the greatest benefit. It was this mechanism that the British economist Adam Smith back in 1776 called *the invisible hand*.

Described using the concepts of complexity theory, the invisible hand is an excellent example of *self-organization*, where new order and new qualities can emerge when many parties interact - without the need for an overarching structure to control the development.

But the theory does not hold completely - and this is partly due to the tragedy of the Commons effect. For if you ignore the community, on which you are ultimately dependent yourself, it will undermine the basis for wealth in the long term.

We will take a closer look at several weaknesses of the free market later in the book. The market mechanism has a tendency to create monopolies and very large gaps between rich and poor. In short, as the then richest man in the world, Bill Gates, said at the Davos meeting in 2008, the problem is that capitalism tends to serve those best, who have already.

It's very motivating to be able to improve one's status by working hard and behaving smartly but in the long run liberalism can lead to a polarization between rich and poor so extreme that society can barely cohere.

Furthermore, there is the problem of *externalities*, which we touched upon in Chapter 18 on responsibility; the costs that are not included, because they don't have a monetary price tag - pollution, stress or jeopardizing safety. If we can get away with it, we have a tendency to pass on the bill for our activities - to others, to the community or to the future.

Overall, the weaknesses and difficulties of individualism have become increasingly urgent: unrestrained economic irresponsibility, short-term planning, erosion of our base of natural resources, increasing polarization, the inability to deal with society's

broader problems and a disregard for values that are not measured in money. Nevertheless, there is no doubt that individual freedom and the opportunity to follow personal ambition are essential for development and prosperity.

The competition among us and the individual striving to improve one's conditions are fundamental driving forces in human development. It would be extremely unwise and undesirable to dampen that force. Conversely, we cannot ignore that crude selfishness without a sense of responsibility towards others is likely to lead to a Tragedy of the Commons-collapse for all.

Winners and losers on the road towards a new equilibrium

The shift in the balance between individual and community interests will not be smooth. When we manage and regulate in the interest of the common, long-term best there will be winners and losers at the individual level - and each of them will fight for their own local and short-term interests.

An example on a grand scale: a series of reports have been written that attempt to estimate the costs of reducing global CO₂ emissions - including reports from the UN climate panel, the British Stern report and the consulting firm McKinsey. The estimates in the reports are consistently amazingly low, given how big a transformation of infrastructure and lifestyle that drastic carbon reductions would entail. It seems that the price would be considerably below one percent of the annual global gross domestic product - a price that appears even lower, when you consider that the global GDP is likely to grow by four to five percent annually.

But this seemingly modest total conceals large underlying changes. For a producer of steel, cement or SUVs, a strong political action against CO₂ emissions could imply that the company must close.

Similarly with the international negotiations on individual countries' right to emit CO₂: We face a common risk, but which countries should hold back for the global climate's sake?

If regulations are really to help, they must be so substantial that it leads to real changes in the type of infrastructure, production and generally, what kind of growth we prioritize. To what extent will the world's nations submit to stringent regulations, if they fear loss of jobs and growth because their kinds of industry and business happen to be of the kind that needs be phased out?

It is tempting to act selfishly, for the common benefits are long term, abstract and uncertain, but if everyone pursues their own interests, we lose the opportunity for joint benefits and we run the risk of a big loss for everyone, if the system crashes.

Again, the calculation looks different at the specific and the systemic level.

It's a difficult balance - but perhaps there is a middle ground: If the individual's pursuits to a higher degree could be convergent with what's good for the community.

Shorter distance between egoism and altruism

Prisoner's dilemma and the Tragedy of the Commons both illuminate the fact that the players could get more profit and avoid depleting the common basis for growth, if only they would realize that they have a shared interest in cooperating. But each player has trouble thinking beyond his or her own short-term gain, they dare not trust that others will commit themselves to the community.

It's tragic - but is there a way out of the tragedy? Hopefully, one might say. We are

becoming increasingly interdependent, as we are connected and influencing each other more directly and at an ever-larger scale, the individual and local interests increasingly will overlap with those of the entire community - and with the help of communications technology this could be made obvious to everyone.

The individual and the common dimensions converge. Distance is getting shorter between egoism and altruism; between me and we.

At the Davos meeting in 2007, the former British Prime Minister Tony Blair gave a sort of farewell speech in international politics. The main point of his speech was that "interdependence is the defining characteristic of the early 21st century world".

It is not difficult to substantiate that claim; we are regularly confronted with our close cohesion. For people of my age it seems like only a short while ago that the world consisted of two parallel systems, The Eastern bloc and the Western bloc - and the countries of the Third World, which were so undeveloped and poor that they really didn't count for much in the global economy. Since the Wall fell, in many very ways the notion that someone can be "outside" or "strangers" is becoming meaningless: Prices and exchange rates in global markets are tightly coupled. Most of our information and transactions flow through the same Internet. Diseases threaten to spread to global epidemics. There is no "outside" to these crucial driving forces. In a more open and more interconnected world, even the imbalance of the planet's wealth is no longer just the problem of the poorest because, as Tony Blair put it in Davos "unless we share our wealth, they will share their poverty". If we let Africa collapse, we will feel it too, as increased flows of refugees, more terrorism and disease.

More and more problems are affecting everyone, and as Tony Blair noted, they demand *global* solutions.

This applies particularly to environmental and climate issues. Early in this book we used the picture of the funnel which humanity must go through over the coming decades.

It will likely get quite crowded before we have slowed population growth and established systems and technologies that can solve our needs with a much lower consumption of natural resources.

On our way through the funnel, our interdependence becomes increasingly apparent. The more crowded and tight the system, the less time it takes before the effects of our individual actions is reflected in a change in conditions for everyone - including ourselves. As the funnel narrows, our individual actions and self-expression can easier collide with the ability of everyone else to act freely - with the risk that the whole system is thrown into conflict and crisis.

Big here, Long now - a larger perspective

Brian Eno, who, among much else, has produced music for David Bowie, Talking Heads, U2 and Coldplay, has also come up with some interesting philosophical observations. One of them is the elegant concept: "The Big Here and the Long Now". Eno's point is that we must be more aware that this moment is part of a chain of events that goes far back. We build on the good and bad actions of others, which have shaped the opportunities we now face. And similarly, our actions now will affect the circumstances for those who come after us.

The space that we act in is also much larger than what we can see directly. Our products and resources come from afar, and when we use them, it has consequences elsewhere. So we're actually part of a "larger here and longer now," but we are not sufficiently aware of it, and therefore we tend to act more parochial and short-term, than what would be desirable.

A Big Here, Long Now-perspective would probably imply that we prioritized differently – just like the prisoners in Prisoner's dilemma are more likely to consider the common interest when they know that the game does not just run once.

We need to learn to look across the dimensions: We must learn to consider the consequences of our actions both in the local, specific perspective and in a more global, long-term perspective.

The conclusion is almost trivial: If we are to overcome the Tragedy of the Commons, we must realize that in the long term we derive the most benefits through playing a plus sum game by showing respect, sharing and cooperating with the rest of the planet.

We must assume our responsibility for the common project, and we must organize ourselves so that it is clearer how the individual and collective interests overlap. Hopefully, this perspective will be more like second nature to us as we connect more closely, and as we acquire the technologies that can make our interdependence better visible to us.

Fine, so why don't we do it? The American neuroscientist Peter C. Whybrow in his book *American Mania: When More Is Not Enough* argues that our brains are simply not equipped to think at a collective, long-term level. We're still very much driven by our reptile brain that tells us to focus on the present, and on the immediate gains. One might add that in that case, we'd better start learning otherwise, because reality has changed since we were reptiles. Unless mankind soon develops the ability to act as a large, interdependent system, we risk extinction as a species, because we are not adapted to the circumstances.

Obviously, we can't just overrule and ignore our deepest instincts - but nevertheless, we need to develop and adjust our behavior so that it fits the circumstances of a new age. It's hard to think and act globally and long term – and, as the Tragedy of the Commons shows, it is oftentimes even directly against our immediate interest. If man evolved to focus on the intimate and immediate, it will continue to influence our behavior heavily. Fortunately, our *cultural* evolution moves much faster than the genetic – in fact, humanity is in the midst of deep and accelerating cultural change.

A dawning global consciousness

We have already come a long way. First and foremost, we quite concretely experience that we are bound together, for instance through our work and through the goods we consume. The media and the Internet are obviously crucial for the shared awareness. We know ever more about what is going on in the world and we share that knowledge with others.

The response to the tsunami that hit Southeast Asia in 2004, showed an unprecedented global cohesion. It was a horrible disaster, but it is doubtful whether it would have gotten the same attention in western media, if it had happened ten years earlier. When it affected so many in the West and when so many people contributed to the relief efforts, it was probably because India, Thailand, Sri Lanka and Malaysia

had become places where many of us have been as tourists. Places and people, which used to be very abstract to us, now have a human face. We know each other better. The COP15 climate summit in Copenhagen, in December 2009 was another manifestation of the emerging global consciousness. In the hodgepodge of participants from around the world, you could quite intensely sense that a large part of the planet's awareness for a while was focused on solving the same common problem. There is a rapidly growing global middle class of people who have access to education, travel, media and the Internet, and in many ways, they have a common awareness of the same trends, news and problems. One can travel the world and discuss the same topics and share the same cultural references with people everywhere. As we move on into the future, an even bigger part of our sensory input and of the social contacts that we experience will come from the electronic sphere. More and more people will spend more and more time as part of the same global NOW.

The global organism

Already in 1964, the Canadian media philosopher Marshall McLuhan called the media *an extension of our nervous system*. Since then, our senses have extended dramatically more.

Through the Internet we can access all kinds of sensors - from people's cell phone cameras over the razor-sharp images from the Martian surface, to satellite photos from outer space. Humans are racing to evolve a set of technological senses, which enables us to keep informed about anything, anywhere, anytime.

It is a crucial factor that the technological senses are shared. They are - largely - available to us all. We see reality through the same lenses and keep informed about the world through the same network of sensors.

It is obvious to extend McLuhan's observation about our electronic nervous system to note that the Internet also acts as a collective memory, and in many ways even as a common brain, where millions of people and machines together calculate, process and sort information and thereby create collective learning and decision making. Referring to the community that emerges from this, as a global organism with a form of collective consciousness and intelligence is in fact an appropriate metaphor. However, this global consciousness is quite different from the personal consciousness, we each have. It is a layer on top of our normal, individual consciousness, an awareness that we have in the back of our minds about how what we see and do, fits into a larger, common context. It is an awareness that bridges individual and systemic understanding.

Sometimes you don't want to go where all the others are going

Well then. Our reptilian brain has limited capacity to understand a complex world, but instead modern man has developed a shared technological nervous system to achieve the global perspective that we need.

Are we now ready to hold a major conference and a global rock concert - and from then and onwards humanity will all be working together as one big family?

Not quite - because there are emotions involved.

Whether we want to submit to the joint project will depend, of course, on whether we

can agree on where to go with the collaboration. It is possible that we are in the same boat, but it is not certain that we agree on the course, or about how we steer the boat. Moreover, there may be some in the boat that we really don't want to sit beside.

When the circle that defines our sphere of interest is extended, it is not always in sync with the enlargement of the circle that defines our empathy.

We may become dependent on someone we don't really like. There can be many reasons for the dislike of others; perhaps you don't trust each other, you can have different cultures and values, or a past history of confrontations and unsettled scores. When the overall cooperation and interaction expands and spheres of influence begin to overlap, fights at the local level are often intensified. The debate about immigrants is the obvious example: it is an inevitable part of globalization that people and cultures are mixed, but locally, it creates severe confrontations.

The European Union was founded on a belief in cooperation, coordination and transparency. But how far can it be taken? When will the new parties that are included in the union be so different that it is not productive to treat them as if they were identical and had similar interests? Bulgaria and Romania have proved difficult to integrate into the EU's economic and legal culture. Now the question is whether Turkey could fit.

Are the benefits to the common interest strong enough to justify what the individual participant must contribute and pay? If not all participants feel that cooperation is a win-win situation, it increases the risk that the participants, rather than acting as if it were a zero sum game, choose a strategy of trying to get the most for themselves out of the community. The result can be endless, paralyzing, self-centered negotiations, cheating, failure and opportunism.

The increasing integration does not mean that we are all equal and united, or that we can't simultaneously have seriously conflicting interests.

A community in which all are equal and nobody thinks independently is fragile and stagnant. The strongest systems are those in which individuals are able to do their best and contribute their individual expertise to the diversity, so something new can emerge in the interaction.

Year after year, Silicon Valley and Singapore top the lists of the most innovative and successful economies, and it is characteristic of both places that they contain an enormous diversity of cultures. They are like magnets for the ambitions and talents from around the world, and in large part this is probably because there are cultures there, which are able to use diversity as a resource rather than seeing it as a threat. That kind of cultural respect and tolerance will be a key competence in a globalized world.

Divided or united against danger?

There is another factor, which may lead to greater focus on the common: *necessity*. Previously, the community was a given, and it was strictly enforced. You submitted to God, king and country, because you were deeply dependent on them. Today we have the wealth and freedom to choose whom we will join up with, but our communities are looser and more volatile as an effect. Communities based on necessity, are binding and disciplining because the interdependence is imminently clear to the participants.

Today we - all together – face a huge global challenge to make it through the "funnel" and make our civilization sustainable. It is not the kind of project that we can freely choose whether we want to be a part or not. It will be an undeniable, collective necessity.

There's nothing like a common enemy to unite people and motivate them to set aside their purely selfish thinking. The interesting thing about the threat of climate change is that this time, it is not a battle of two communities against another. We are all facing the same enemy - but the enemy is us and our way of consuming resources.

It is by no means certain that we will seek common solutions. The necessity might as well lead to splits and conflicts when everyone tries to save themselves. A tight situation can very easily turn into all out war, and once some start to drop out of the community, others are likely to follow. For the strongest, it's tempting to go it alone, but fragmentation and selfishness leads to a weakening of the overall system – eventually even to the disadvantage of the strong.

In that sense we are at a tipping point. We can move towards greater division and fragmentations, or towards greater coherence and community. We have a relatively well-functioning society, we have mechanisms that can balance individual and common interest, but the question is whether the system is robust enough to meet the challenges of the coming years.

We will return to necessity again, in Chapter 23, about a new kind of ultra low-carbon growth.

The outline of a policy for a new era

One can consider how it would translate into practice if the interests of the community were given a higher priority. Here are some suggestions:

- The individual will increasingly be held accountable for the consequences of his actions - for good or bad. Both individuals and businesses will feel this transparency and attention.
- Companies will increasingly see themselves as organizations that create more kinds of value than just profit to the owners - such as good jobs, a functioning community and products and services that genuinely benefit people without destroying the environment.
- There will be a stronger government regulation. Policy instruments such as taxes, norms and prohibitions will be implemented with greater pressure.
- Political leaders will have power by virtue of their vision and ability to catalyze, mobilize and channel the efforts of a far more intensive and extensive network of participants.
- Our culture will be oriented more towards community participation, joint creation and sharing of knowledge.
- There will be a greater global awareness. We will understand our situation and our actions in a larger context. We will prioritize the use of resources in a broader and longer-term perspective.

It may sound pretty uncontroversial, as a relatively soft, centrist intellectual policy, and as objectives of the benevolent type, you can find in the annual reports from companies that care about corporate social responsibility.

And yet ... if you imagine the items on the list applied consistently a few years further down the "funnel", where the need for systemic thinking and accountability are more acute, one can glimpse the outlines of a policy that moves in a very different direction

and gives priority to other values than today.

Socialism 2.0

Where do the items on the list fit in the traditional political spectrum? Is it socialism, because there is a greater emphasis on the shared interests, and because the state plays a more active leading role? Or is it liberalism, because each of us will have more responsibility, and because a larger proportion of the decisions are made in bottom-up networks?

Earlier in this chapter we looked at the problematic tendency of pure liberalism to lead to monopolies and systemic collapses of the Tragedy of the Commons-type. Conversely, the failure of communist and socialist states has clearly shown that it can have equally unfortunate consequences if we stifle individual initiative: the entire society stagnates and everyone resigns and waits for government to handle matters. We have been able to study how the inherent weaknesses of socialism can unfold: the lack of personal incentive to make improvements, the missing sense of personal responsibility, the bureaucratic inertia and lack of transparency, free-riders who parasite on the community without contributing; bosses who look after the interest of their own rather than those of the community, and the risk that the skills and knowledge at the top of the hierarchy are simply inadequate.

The organizational logic underlying the industrial age was the notion that a central government would be able to survey all the details of the system and manage developments to follow a long-term, predictable course. From a complexity perspective, this is a totally unrealistic idea.

The ground rules for the 21-century are largely about the relationship between community and individual. In undiluted form neither socialism nor liberalism seem qualified to serve as guiding principles for the years ahead. We need to find a new balance, which corresponds to the issues of an intensely interconnected world going through a serious resource challenge. The central question is whether a new paradigm for large-scale cooperation and shared value could emerge – one driven by individual interest?

How can we harness the power of the individuals' pursuits in a way in which seeking to improve one's own circumstances, does not undermine, but *strengthen* the system that we all depend on?

Throughout the book we've touched on a number of significant examples of how this type of collaboration can in fact work: Wikipedia, Open Source, Open Innovation, Web 2.0, etc.

These are communities, but they are not controlled from the top. They are based on a unifying vision, but their strength lies in diversity and the breadth of contributions.

There is a high degree of individual freedom and a transparency that is both rewarding and keeps participants accountable.

There is a new kind of culture or morality in the form of cooperation. As a participant you will experience joy and pride at being able to contribute and influence the project, while reaping very tangible benefits from the enormous strength that lie in the sheer volume of other contributors and participants in a shared, productive interaction.

We have powerful communication tools that allow many more to be participants and

co-creators in contexts that were previously reserved for the few, and it is obvious that this involvement will be an essential element of future politics. There will be numerous areas where formerly compartmentalized functions start blending: consumers and producers, networks and hierarchies, *me and we* ...

As we have mentioned in Chapter 6, on going from product to process, this broader involvement implies that companies must shift their focus from selling finished, uniform products to instead accommodating and exploiting users' desire for influence and personalization by giving customers access to systems that make it easy to contribute to shape the product exactly as the end-user wants it.

The same logic could probably be extended to the relationship between government, citizens and enterprises: The task of the State should be to define goals and norms, enforcing standards and creating the framework and platforms that enable interaction. It is then up to the users to figure out how they will operate within the framework. The system should be enabling and empowering the participants.

A bridge between me and we

Mind you, this is not the same as minimizing the state. That citizens have a greater influence does not mean that the state should be passive. On the contrary, there is a need for very clear formulations of common goals and for consistent efforts to establish and enforce mechanisms that can promote those goals. The state has to *want* something. There is considerable room for improvement of society and there are big and pressing problems to solve on our way through the funnel. But the state should not execute the plan in details. The state should define and enforce a framework that funnels the many individual efforts in a positive direction, and the state can do so by, among other things, regulating what is generally expensive, and what is generally inexpensive.

The state should be *an enabler, rather than a provider.*

The state can act at the system level and work to build prosperity for the common good. The state can prioritize the long-term goals and consider a broader, societal context. The state can prevent the tragedy of the commons and stimulate and support plus sum games to emerge.

As individual players – whether as citizens or businesses - we cannot foresee consequences at a systemic level, and, all things being equal, we will tend to think of our own immediate interests first. You could say that governance is about building bridges between the two dimensions: To create compatibility between individual interest and the larger context.