

The Great Transformation. The Formulation of New Models

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Motto:

“All are thinking how to change the world,
but no one thinks how to change himself.”

Lev Tolstoi

Abstract. *The authors start from Einstein's thought according to which present problems cannot be solved with the same mind that generated them. In other words, a new approach is needed. It is shown that the need of change was highlighted also at the World Economic Forum of Davos (January 2014). The change of mentality determines, in the opinion of the authors, a chain reaction: change – expectations – attitudes – behavior – performances. Evolution always supposes a change. Leads of economy, politicians, entrepreneurs supported the need of adopting new development models, on the background of amplifying risks. Evolution, the authors argue, often depends on a good idea.*

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1. In search of a new capitalism

“Man is no more the same
after he discovers something.”
Marin Preda

At the last year World Economic Forum (WEF), Sharan Burrow made a “tough” assessment regarding the old economic model:

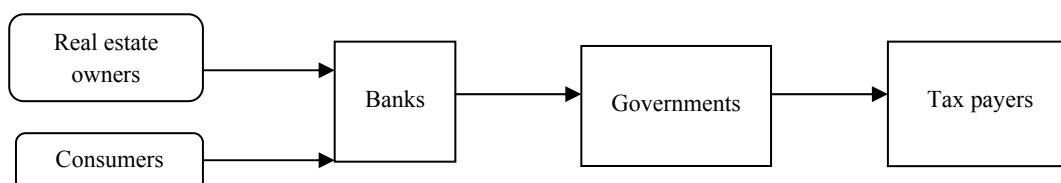
“The businessman community lost its “moral compass”. We have to redesign the model. We have to reset it. Stop the greediness. If employers, workers and governments don’t discuss, capitalism will continue to disappoint”.

Economics professor, Klaus Schwab (aged 77), founder of the WEF in 1971, invited the elites of this world at Davos to put into discussion and reflect about **new economic models**. In the opening of the Forum, Klaus Schwab declared that today, the capitalist system in its actual form, does not longer correspond to the contemporary world. Also, the founder of the Forum was talking about the **moral crisis** through which the world is passing. His words ought to be remembered: “We risk to totally lose the trust of future generations”.

Already since 2001, there has been constituted a protester Forum which holds its works in parallel with that from Davos. Thus, at Porto Alegre in Brasil, other persons which are discontent with the actual **development model** meet. These two forums have a **common element**: a lot of talking, few actions.

Resetting capitalism becomes therefore an actual problem to meditate upon, to reflect, not so much for the academic environment, but for the political one that functions in every democracy. Ignoring the answers and **dominant risks**⁽¹⁾, harms civil liberties and democracy. On the top of the list comprising 31 risks, is **social inequity**, which has an explosive potential, being capable to provoke a worldwide impact. The WEF of Davos has drawn attention upon **social crises**. Professor Klaus Schwab highlights the “cascade” of **debts propagation**, from those who hire them, to the fee and tax payers:

Figure 1. *Cascade of debt propagation*



This cascade can generate a **social crisis**, due to the attempt of solving problems at the expense of future generations. In this context it was reminded the youth riot of “May 1968” (France).

Addressing to WEF of Davos, Pope Francis underlined two problems:

- a) The reference of man to wealth (the former must not lead mankind, but to serve it).
- b) The distribution of wealth and resources.

The head of Vatican recommended in his message finding of decisions of economic policies that will lead to a better **distribution of wealth** and to **inclusion of the poor**.

Statistics show that the first 85 billionaires of the globe own more wealth than half of the world population. These billionaires could well candidate to the status of Zacchaeus⁽²⁾. Therefore, a **simple solution** can be foreseen for the discrepancies among revenues: the rich and the dignitaries of the world to become zacchaeuses. Of course, a quantum leap in human conscience is needed. Of course, it is hard for this to be achieved. It is hard to pass to a life in simplicity, moderation or decency when habits of super comfort dominate the spirits of some people. It is hard to pass from accumulation and selfish management of wealth to the state of giving and fair redistribution of resources. The prophet of crises, Nouriel Roubini, has once said that “the capitalist game” has reached its limits. A change of the rules is mandatory.

2. The social resentment

“No real renewing form can be conceived
as long as we will not become new people.”
Albert Schweitzer (1952 Nobel Peace Prize)

For at least 3 decades there have been concerns for the change of the model, for remedies in view of the revival of the capitalist system. Causes that determine a need for change are shown also in the documentary „Four horsemen”, incarnated in the financial system, terrorism, poverty and ecological decline. In the present model, these cause the depletion of resources, environment damage and social dehumanization.

Neoclassic economy has led to the **corporatization of democracy** and of the capitalist system. Its actual state is suggestively expressed through the phrase: socialism for the rich – capitalism for the poor. This system supports the displacement of the crisis cost and its elements on the account of those who are at the base of the power pyramid (those 99%), for the benefit of those few, from the top (1%). This displacement is highlighted also by the well known movement “Occupy” (Wall-Street).

The fundamental question is: *can we live without capitalism?* There is need of a radical system change or just a change of its shape: moral, distributive, with human face, public, oligarchic, Davos type etc. In one of the Davos reunions, Bill Gates argued in favor of a **creative capitalism**. Professors Joseph Stiglitz and Amartya Sen, both laureates of Nobel Prize for Economy, plead for **humanizing globalisation** (Stiglitz, 2010).

In his numerous discourses with reference to economy, Pope Francis stated among other, that „the worship of the golden veal of the ancient ages has transformed today in the **worship of money** and in a **dictatorship of an economy** without a human face and without a human purpose⁽³⁾”. Distribution of wealth (riches) is one of the ardent problems of today. The dynamics of private capital accumulation leads to a more and more stronger concentration of wealth and power.

The last meetings of Davos brought everytime into discussion the **disparities, polarization, social threat**. There have been made numerous calculations (using Gini

coefficient) regarding the polarization of revenues which leads to a permanent threat of social justice (Piketty, 2015). The same Sovereign Pontiff underlines the real presence of such an inequity: “while the revenues of minorities grow exponentially, those of the majority decrease. This imbalance comes from **ideologies** that support the **absolute autonomy** of financial markets”. Also, he criticises IMF which he considers to be excessively preoccupied with equilibriums, ignoring the sufferance provoked by recession.

3. Does capitalism change?

“If we wish to continue living on this planet, there is need of a change of attitude”.
Albert Einstein

A holistic analysis of the present development model leads us to the discovery of some **poor features** of it:

- Unsustainable in regard to the environment, resources and climate;
- Unsustainable in regard to social equity;
- High amplitude of instability;
- Insufficient in increased creation of new working places;
- A weak supply of public goods;
- It does not lead to the increase of welfare and to fulfillment of life (Wijkman and Rockström, 2013).

These features are synthesized by the Sovereign Pontiff in the words: “As says the commandment *shall not kill* in view of securing the value of human life, today we must say NO to economic exclusion and inequity”.

In our opinion, it is not the theorization of solutions that lacks, but the understanding of the context in which we find ourselves. Whether we start from the theory of Erich Friedrich Schumacher (1973), or we refer to the model proposed at the respective time by Virgil Madgearu (1936) or Mircea Vulcănescu (1932), let us observe that from these, result common elements as it would be, for example: **distributism**, **local economy** (oriented towards needs and not towards profit), **cooperation** etc.

From what has been presented, emerges the gloomy picture of the actual development model. Without profound reforms, capitalism is in danger because it has **alienated** many peoples from the planet. The sufferings of people during the whole length of the crisis has triggered critics and numerous blamings in relation to the elements of the present system. During the search of new solutions or of “scapegoats”, the blame has been put on irresponsible bankers, greedy leaders of corporations, regulation authorities (incompetent), politicians who dare not to act, political leaders of the time given, rating agencies etc. However, in the center of the dialogue was put the need of the economic system change.

Current capitalism is no longer capable of ensuring what it should offer: rewarding of worth, opportunities, labor rewarding, talent appreciation, induction of wellbeing state, of

happiness to the citizens of the planet. Especially beginning with 2008, this system has turned the back on meritocracy and citizens, paying attention only to the privileged.

We have previously underlined the need of “facts, not talking”. It is the time of practical approaches. It is the time of cooperation and not of conflict (see the fable of Buridan’s donkey). In any case, “The Great Transformation” means finding new models of leadership and capitalism. An interesting alternative is the building of an economic society, based on a new man, **homoeconomicus** (Popescu and Taşnadi, 2015).

4. Sustainability and moderation

“Each person is responsible for the unfolding of the entire physical and spiritual universe. Our smallest gesture puts the world in vibration and modifies its state. (...) Therefore, our action is never rendered in an absolutely closed circle”.

Dumitru Stăniloae

A passing of human society from consumerism to moderation needs a leap in conscience, a revolution of it. Moderation is a cardinal virtue of a great moral value. It is an abstention not from those forbidden, but from the allowed, being made for the purpose of straightening.

It is worth retaining its definition by Saint John Chrysostom: “Moderation is the gradual annihilation, up to annulment, of wishes”. Consumerism has determined in the past century a movement from needs to wishes, with the support of mass manipulation (Edward Bernays)⁽⁴⁾.

Moderation adorns the one that cultivates it with all the goods of decency and modesty and adorns his character with the shining aura of its grace. Moderation is also called cogitation. It expresses that human feeling which tells us the measure that every act, word or thought deserves. In other words, in order to be good, each thing must be fulfilled to its measure. Saint Isaac the Syrian used to say: “all the things are adorned by measure”. Moderation does not mean only abstinence or limitation. It is rather an act of strengthening our freedom and of manifestation of everything that is sublime in us, i.e. **self-control**. It is equal to the sovereignty of the wishes of the soul upon the wishes of the body (amplified by its senses).

“Balancing” means keeping in straight balance, i.e. keeping each thing in its natural order. The present consumer model is aligned to wishes and not to moderation. It stands in conflict with **sustainability**, which has in view also the fate of the future generations. The present model answers to the principle: “after us, the flood!”, especially when it comes to resource consumption and environment damage.

As a feeling of the soul, **moderation** is isomorphic with **discerning**. By discerning we make appreciation upon the quality of an act, especially because it always exists this causal determinism: thoughts – attitudes – acts. In the consumer model described by the acronym A.I.W.A. (alerting – interest – wish – action), we have a damage of this chain

through the following connection: advertising – manipulation – acquisition of useless goods. Advertising accomplishes a genuine brain washing as also Th. Veblen used to say. Or, discerning is related to the element of interest, wish, because it ties the decision to consume to the need and not to the wish. Here intervenes moderation!

Moderation brings inner peace. It brings reconciliation in the life of human. Man is soul and body. Only the moderate man, with a great discerning power, gets to truly know his soul and body, to know what each of them needs. Moderation contributes to the soul-body balance. It is a feeling of the soul which wishes to remain free and not enslaved by a worldly thing.

An exasperated consume, an ostentatious consume is tied to the greediness passion. As we were saying, moderation is a cardinal virtue that in the future should become a constant quality of the generations to come. We use with measure all that life has to offer, but we do not let ourselves enslaved by nothing. Any Christian knows the saying left to us by Saint Apostle Paul: “All are allowed to me, but not all are useful for me” (1 Cor 6,1).

We are free but we remain in freedom only as long as we do not weaken spiritually in front of the thing we wish for. When we lack moderation, we get to be mastered by what we find pleasure in. In other words, we become slaves of the **empire of passions**: richness, power, pleasure. And for sure, moderation is an antidote for the impassioned. Moderation supposes to have self-control, capacity to discern, it means to keep the balance, it means **not to hurry**. Imagine the way **the consumer without a face** acts in relation to the “promotions”, to the bewildering “Black Friday” or to the **mercantile assault** during the feast days. The more people move away from the simple, natural, **moderate** life and forward towards luxury (Veblen, 2009)⁽⁵⁾, the more the unrest grows in them.

Let us end with the statements of the same economics professor, Klaus Schwab, at Davos 2014: “I believe we had four-five years in the western countries in order to **improve our economic model** and if we do not do it quickly, I believe we will lose the match with the emerging countries capitalism or with the “state capitalism” from China”. He was also underlying: “A worldwide urgent **transformation** must take place and this must begin with re-establishing a form of **social responsibility**... But I have always considered that the ultimate goal of free market (in which I believe – the authors underlying) is that of serving society”.

The final conclusion of this article is expressed by the American philosopher Henry David Thoreau: “It’s not things that change. We change”.

Notes

- (1) Highlighted by the Report: "Riscuri Globale 2014", elaborated by over 700 experts of the World Economic Forum – Davos, 2014.
- (2) Biblical character: for more, see Lk. 19, 1-10.
- (3) Discourse in front of the accredited diplomats by the Holy See, May 2013.

- (4) Regarding this subject, we have largely treated it in Justin Emanuel Alexandru, Alexandru Taşnadi – „Consumaţi de consumism”, communication at the Conference "Educaţia din perspectiva valorilor", Alba Iulia, 16-17 October 2015 (in course of publishing).
- (5) Veblen, in „The theory of the leisure class”, shows that social prestige is gained through time and money wasting.

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