The Veil of Circumstance

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The Veil of Circumstance

Technology, Values, Dehumanization
and the Future of Economics and Politics

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Foreword*

It is more than fifteen years since Joseph Stiglitz wrote *Globalization and its Discontents*, with the message that there is evidence of much unhappiness with the way global reforms have been taking place and how they have impacted developing and poor countries. Stiglitz concluded that the main issue is not with globalization, but rather that the process of management was very much lacking. And now Stiglitz in his latest book, *Rewriting the Rules of the American Economy*, has argued that the message he had about globalization is now affecting the advanced economies.

Professor Jørgen Ørstrøm Møller is never one to evade the complexities and subtleties of current affairs. He pursues the issues of the day with an intellectual curiosity, clarity of thought, and completeness that is enriched by his vast experience in the Danish diplomatic service, policymaking and academia. In this book he uses an interdisciplinary approach to discuss the intrinsic issues, including globalization, that are shaping the world.

Professor Møller identifies the pessimism in current affairs and the apprehensiveness in the global economy as a veil over policymakers. He proposes that a paradigm shift is needed to lift this veil. The concept of a paradigm shift — a fundamental change in approach or underlying assumptions when existing ones can no longer serve as a framework to a discipline — is rooted in science and technology. While there is much debate on the effect of science and technology on the economy, they are much more profoundly felt across the human landscape.

In health sciences, advances in biotechnology such as embryo selection, where we can cultivate and screen embryos for genetic diseases, and gene splicing, where we can then proceed to edit out the diseases we have missed, promise to revolutionize human reproduction and healthcare.

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*This Foreword has benefitted from a discussion with and additional materials from Zach Lee Jian Lin.

Robotics, big data and artificial intelligence form the basis of technologies such as self-driving vehicles, drones and 3D printing that loom over our contemporary workforce. The use and usefulness of social media continue to be topics of debate. The Pokémon Go phenomenon has shown how virtual reality is being inverted into augmented reality.

In the current political and societal climate, where populism and personalities trump logic and reasoning, how do we grapple with political and power structures, societal values and economic theory to reasonably frame and implement a conversation about the impact of these technologies on our future? One would hope that this will not be hindered by a veil of ambiguity in forming an accord on applications and regulations that could have serious implications for the human race.

This need for clarity and balance is maintained in the book with a discussion on dehumanization and denaturalization. The decoupling of economic theory and environmental challenges can be seen as such. A convergence towards the valuation of the environment through a combination of engineering, earth sciences and social sciences, with a healthy dose of assessing the human appreciation of our environment, can help us in creating policies and systems that will be vital in maintaining a balanced world of growing scarcity.

With such a broad canvas, this book is an excellent platform for policymakers seeking to lift the veil of current affairs and take a glimpse at the future. It serves as a companion piece to Professor Møller's previous volume on *How Asia Can Shape the World*, and both books will do well to trigger further meaningful debates on the progression of human civilization.

While Stiglitz's point is about managing the needed change in globalization, Møller's argument is to reinforce a better global governance, and a challenge for world leaders and policymakers to create a new world where not only science and technology matter but also to achieve some semblance of sanity where deep consciousness can take root, where inspiration, thought and creativity, strong bonds and cohesion in and across societies deepen, making cultural identities count, and above all where materialism fades.

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Preface

Over the last two decades, three issues have occupied my mind:

1. Has the digital era segmented or united the world? Has instant access to data and global networking made people more broad-minded and tolerant of diversity, or has it merely reinforced the views of like-minded individuals?
2. People accept globalization when it delivers prosperity and winners outnumber losers. But will globalization be more resented and resisted as the world enters a long period of slow or no growth?
3. How can in-groups that share common values deal with out-groups that don't? Is it possible to be truly inclusive without demonizing those that are outside the tent?

My modest aim in this book is to dissect these questions from an historical perspective — to see how far the world has come, and what lies ahead if current trends continue.

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So, let us begin with history.

From 1618 to 1648 Europe was torn apart by a devastating and ruthless war. It was waged with a fanaticism nourished by religious extremism, which absolved soldiers who committed atrocities because it was God's will and done in God's name. Out of this debacle came the Westphalian system, giving rise to the nation-state.

Fundamentally, the conflict in Europe was about who should have the right to define ethics, norms, values and behavioural patterns in a Europe baffled after Martin Luther's challenging of the Catholic Church, and still struggling to digest the social repercussions of the information revolution inaugurated by the printing press and movable type.

The global picture today resembles this earlier situation in many ways — the religious fanaticism, the chaotic warfare and social breakdown all speak to our liveliest fears of today, especially when their effects can be multiplied by the sinister use of modern weaponry and technology.

The Thirty Years War put Europe on the road to a unique constellation of military power, economic influence and political thinking. The main thread was the jump from the local to the national level. People lost their affiliations to smaller communities and stopped knowing or caring about their neighbours. This initiated a long march towards dehumanization, denaturalization and high power distance. Before the Thirty Years War, "power" was rarely exercised outside the local level. After the Thirty Years War, the nation-states and their monarchs reached out for power over larger geographical areas.

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Most people take it for granted that the current state of political and economic affairs has universal and general validity. The foundation for societies now and into the future is simply more of what we have seen over the preceding three decades, since Deng Xiaoping's reforms and the collapse of the Soviet Empire. Political systems around the globe are moving towards a kind of democracy, though the definition may differ, and similarly moving towards a market economy. The nation-state is maintaining its status as the basic unit of power, while at the same time taking part in globalization and a broader international power structure anchored in military, economic and political parameters.

Such an analysis is simplistic. This state of political economy has been with us only since the industrial revolution at the end of the eighteenth century, and for most of that time was largely confined to the Western world. Before the industrial revolution, economics was not a major influence in shaping people's thinking or behaviour. Indeed, the real revolution at that time was not industrial or technological, but a revolution of values, which introduced wealth and money as novel social forces. The title of Adam Smith's book, *An Inquiry into the Nature and Causes of the Wealth of Nations*, would have been unthinkable just fifty or a hundred years earlier. Yet, in the last third of the eighteenth century, people in Europe began to act in accordance with economic thinking — that was what changed the world. A parallel process was the gradual development of liberal, representative democracy. It took a long time. Universal suffrage only became the norm

for most Western democracies well into the twentieth century. Before that, voting was confined to a limited segment of the population — normally those in possession of wealth and education.

Liberal representative democracy and the market economy forged a new social system.

Its organization took place within nation-states, which offered an institutional structure (particularly a political and legal system) and logistic and transport systems to make the products of industry available to the population, and to facilitate the migration of workers from rural to urban districts. People became nationalistic, because the nation-state delivered a better life. They replaced their village culture, based on personal relations, for the institutionalized life of cities — not because they felt better or happier in such an environment, but because their materialistic living standard rose sufficiently to overshadow what they had lost in human relationships.

Gradually the nation-state became too small for the production process, opening the door to economic globalization. The first wave was purely economic. Big corporations started to operate globally, giving rise to multinational companies, who felt little allegiance to any nation-state. Production, marketing and management made the jump from the national to the international level. The second wave was the counterattack by the nation-states, when they discovered that they had lost political control over economic life, with the multinational companies beyond their reach. Legislation, rules and regulations were all national and could not rein in companies operating internationally. Therefore, nation-states, too, began to cooperate internationally, and in Europe the nation-states went as far as to pool their sovereignty.

Power was exercised through military, economic and political parameters. It was still almost exclusively vested in the nation-state, which projected power beyond its borders according to acknowledged behavioural norms. An inchoate system of global governance was set up under the aegis of the United Nations (UN), but it served mainly as an instrument for the strongest power to shape global developments. This was acceptable to the global community only because the strongest power — the United States — offered a political system and an economic model that most other countries wanted to emulate.

Over the years these elements coalesced into a global model that worked.

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Economic thinking and reasoning — *Homo oeconomicus* — has outpaced people's instinct for stability and predictability, and at the same time crowded out their desire for a secure cultural identity. The result is a clash between economics, rationality and logic on the one hand, and feelings, emotions, human contact and well-being on the other. Economics is not winning. In short, the world is taking leave of the age of economics — in control for over 250 years — and is now casting about for a new model.

The technologies we have created — globalization and digital networks — cannot prosper inside a system built on the concept and structure of the nation-state. Nor can these two revolutions survive the nation-state mentality, value system and philosophical background. The nation-state is a kind of in-group which thrives by defining out-groups, against whom the nation-state must defend itself. National ideas and values must be replaced by trans-national ideas and values, which must in turn develop a new political system and economic model. Mass communication and the dawning age of scarcities suggest that the distribution of benefits and burden sharing will be the key concerns of society; individuals and groups cannot expect to share in the one unless they share in the other as well. Global governance must gradually replace the nation-states and develop a system — not a mondoculture, not merely harmonized values — but guidelines for how people and groups adhering to different and in some cases conflicting cultural, ethnic, religious and behavioural values can live together.

The prevailing worldview is changing towards a new mix of attitudes, assumptions and convictions. The components are ideals, culture and cohesion. Ideals are what motivate political passions and political extremism, including terrorism. Many people have had enough of materialism. They hunger for inspiration, in spite of the consequences it may have for their standard of living — and despite the common sense of the industrial age. Culture is a hunger for identity and for a sense of belonging, felt to be under constant attack from mass consumption and globalization. People are bewildered about who they are, under the pressure of the deluge of sensory impressions let loose by the audio-visual instruments that surround us. Cohesion is important because people long for companionship, for connection with those who think like them, in their search for identity, stability, human and social security. These three elements interlock almost seamlessly, and provide the glue for building stronger groups, stronger communities and lower power distance.

The established model is run by the elite. People's instinctive reaction is that the model is not theirs and does not meet their needs. Out of this comes an erosion of trust, of consensus, of a common mental and social space and sense of responsibility. This erosion is insidiously conducive to depoliticization, dehumanization and denaturalization and further feeds the hunger for inspiration, identity and connection.

Depoliticization appears in the shape of the bureaucratized leadership's growing isolation from the lives of the people being governed, and of authority's separation from responsibility. Dehumanization is the isolation of individuals from themselves and one another, which makes it hard for them to complain effectively about their diminished political effectiveness, or take steps to rectify it. Denaturalization subverts the sense that the individual, and humanity as a whole, has of being a part of nature, introducing a strange obtuseness in our relations with our surroundings and encouraging us to classify nature as just one more thing that can be re-engineered and retooled. Today, the simple faith that technology can solve everything is crumbling. The surfacing of long-term negative side effects — some of which, like global warming, may be irreversible — reinforce the trend towards depoliticization, dehumanization and denaturalization — towards, in short, an artificial world.

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Edward Gibbon[1] states in Chapter 3 of his monumental study of the decline and fall of the Roman Empire,

> If a man were called to fix the period in the history of the world during which the condition of the human race was most happy and prosperous, he would, without hesitation, name that which elapsed from the death of Domitian to the accession of Commodus. The vast extent of the Roman Empire was governed by absolute power, under the guidance of virtue and wisdom. The armies were restrained by the firm but gentle hand of four successive emperors whose characters and authorities commanded involuntary respect. The forms of the civil administration were carefully preserved by Nerva, Trajan, Hadrian, and the Antonines, who delighted in the image of liberty, and were pleased with considering themselves as the accountable ministers of the laws. Such princes deserved the honour of restoring the republic, had the Romans of their days been capable of enjoying rational freedom.

Gibbon wrote in an age when history was the history of the Western world; there may have been Chinese dynasties and empires or nations in other part of the world deserving the same accolade, but the world outside Europe was unknown to Gibbon.

Future historians may classify the half-century from 1950 to 2000 as a period of unrivalled progress. The large majority of the global population enjoyed material progress in the form of a better living standard, high global economic growth, a widespread feeling that children would be better off than their parents, and growing respect for fundamental human rights and freedom. Decolonization, gender equality, civil rights, tolerance and respect for others were all acknowledged as indispensable virtues within nation-states and between nation-states. There were limited conflicts but no major wars, and there was a general feeling that the world was on the right course.

Over the last decade or two this picture has changed dramatically for the worse. There is a feeling of angst for what the future will bring and fear that the progress made towards a better world, during those fifty years, is being rolled back.

For some readers this book may confirm their feeling of angst and their distress at the picture of an inept humanity, confronted with what can well be described as the most profound challenge it has ever faced. Its author's purpose is quite different, however. It is to give policymakers a bearing towards the future, to provide a sketch of what can be done — and what should be done — and thereby to convey confidence to their people that we are on a sound course and weathering the storm.

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I am inspired by Kuhn's remark[2] of more than fifty years ago, that a scientific revolution occurs when scientists encounter anomalies which cannot be explained by the universally accepted paradigm. The paradigm is not simply the current theory, but the entire worldview in which it exists, and all the implications that come with it.

Whenever an economic paradigm is unable to provide useful answers to a period's greatest challenges, society enters a transitional period in which, sooner or later, it replaces the existing logic and synthesized understanding with a new and better one.

There are two driving forces for moving an economy or a society from one paradigm to another.[3] **Exterior challenges** (the push factor), which

formed the foundation for my 2011 book *How Asia Can Shape the World*, and the **development of consciousness** (the pull factor), which I try to put forward in this book.

Jørgen Ørstrøm Møller

Notes

1. Edward Gibbon, *Decline and Fall of the Roman Empire* (published 1776–89).
2. Thomas S. Kuhn, *The Structure of Scientific Revolution*, 50th anniversary ed. (Chicago University Press, 2012).
3. Otto Scharmer and Kathrin Kaufer, *Leading from the Emerging Future* (San Francisco: Berett-Koehler, 2013).

Acknowledgements

This book draws on my reflections about why the world I grew up in more than fifty years ago now suffers from a strange kind of dysfunctionality. I considered the title "How did we get into this mess and how do we get out of it?" — because this is exactly how I feel. It is difficult to understand why the phenomenal progress in civilization, from the end of World War II to the turn of the century, is not only under attack today, but being rolled back. The blunt answer, from all my soul-searching, is that the elite has failed. A gap has been allowed to arise between an international, wealthy elite and a large group of people left behind — people still living and interacting inside their nations and societies, but very much outside the supra-national system of decision-making (within which those nations and societies operate), and with no interest in supporting it.

Turning my perplexity and bafflement into some kind of coherent analysis — accompanied by useful ideas and prescriptions for redirecting the course of world affairs away from its current path towards a new dark age — proved difficult.

I have benefitted from the freedom to concentrate on this work given to me by the Director of the ISEAS – Yusof Ishak Institute, Ambassador Tan Chin Tiong. I am truly grateful for that. Without his interest and support I doubt that I would have had the strength to put down on paper in a coherent way the many impressions and deductions that constantly crossed my mind. The Chairman of the institute, Professor Wang Gungwu, has been an invaluable source of inspiration. My thanks also go to colleagues and staff at the institute, for helping me in many ways, and to ISEAS Publishing for its great work in producing the book within such a short time span.

A number of people have for many years showed interest in my work, scrutinized my ideas, explained to me what I really meant, offered new

ideas or corrections to my original thinking, and done me great service as sparring partners, no matter how time-consuming it must have been.

Arun Bala has been kind enough to set time aside for numerous meetings and discussions. His influence and encouragement have been second to none. Louis-François Pau read the text and helped me to deepen several points, and to avoid misunderstandings and mistakes — as well as offering ideas to supplement my own thinking.

My first friend, Ole Bang Mikkelsen whom I met in 1944, read the whole manuscript and offered suggestions and comments.

Interdisciplinary and intersectoral analyses, particularly given their ramifying complexity, are not easy projects to tackle. I have benefitted from seminars, meetings, and conferences organized by several institutions — where I participated in some cases as presenter or discussant. In particular I would like to express my gratitude to the Nanyang Technological University (NTU) Complexity Program and Jan W. Vasbinder, as well as to the Singapore Civil Service College (CSC).

Euston Quah kindly agreed to write the foreword. Pang Eng Fong, Yeo Lay Hwee, W. Brian Arthur and Alfred Scheidegger wrote endorsements. They also offered suggestions to sharpen the views put forward. Deep and warm thanks to all of them.

Jeff Ewener took upon himself the tedious task of improving and smoothing the language, making the text more accessible to readers.

Some of the issues draw on ideas I have explored in a number of journal articles. In particular I would like to acknowledge the journals *Singapore Economic Review* (Part II, Chapters 4–6 and Part III; Moeller 2011*b* and Moeller 2014) and *YaleGlobal* online (Part III, 8.1) for their kind permission to revisit the material here — particularly in this era in which commercial interests limit access to information (a factor identified in the book as a threat to Research & Development).

My mind has been shaped over many years, in a rather segmented way, through books, articles, newspapers, websites, interviews, and not least from lectures around the world. Now I feel able to put the picture together — to turn the jigsaw into a painting.

The goal of presenting a coherent analysis — which covers not only politics and economics but also individual and societal impacts, dehumanization and denaturalization — is where this book offers something new compared to previous publications.

The price one pays for this kind of analysis — which pulls together many separate threads, trends, observations, tendencies — is a certain

degree of overlap or repetition, as we return to a topic already introduced in an earlier context, and re-present it in a new and broader context, resulting, when successful, in a deeper and more comprehensive presentation of the topic. I have done my best to ensure that this "spiral" approach to the material does indeed take us deeper at every turn, in our understanding and insight, and I hope the reader will be indulgent towards my efforts.

My wife, Thanh Kieu Møller, has supported me all along and encouraged me to pursue and deepen my ideas. Her love is my strength.