

# A 21ST CENTURY THINK TANK

## THE SARASOTA INSTITUTE

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In this extraordinary time of pandemic, The Sarasota Institute —like almost every other organization – has been forced to adjust its strategies to seek – and share – answers to the big questions facing humanity in the 21st century. The original plan in early 2020 was to offer a spring and fall season of day-long symposia at Neel Auditorium on the Bradenton campus of State College of Florida. The first two of the planned four-program spring season – addressing Education and Climate Change – had been successfully staged when the coronavirus struck with pandemic scale, forcing the cancellation of all in-person events and the virtual shutdown of the economy worldwide.

Now, two-plus months into the lockdown, during April and May we are continuing to address these issues in the context of the post-pandemic world by offering virtual mini-symposia. In addition, we are publishing occasional thought pieces looking into the future. Our plan is to resume the in-person programs when the all-clear is sounded, whether it is this fall or sometime in 2021.

The Sarasota Institute bills itself as a 21st century think tank, committed to facing the globe's big issues and pressing realities in a non-political, non-partisan environment. The Covid-19 pandemic has caused disruption of economic, social and political norms at levels not seen since World War II, 80 years ago. At the same time, it has left us an unprecedented opportunity to create new norms employing 21st century technology and knowledge, unhampered by legacy thinking whose product the coronavirus has exposed as terribly inadequate.

It was clear to The Sarasota Institute long before the Covid-19 pandemic struck that most areas of human endeavor were experiencing accelerating and profound changes that felt like a disintegration of old institutions. The pandemic has accelerated and, in some cases, clarified the failings of those old institutions, opening human imagination and hopefully political processes to the possibility of new approaches to addressing The Big Issues. We are concerned with exploring the sources of disintegration, but even more so with the creative solutions to these Big Issues that must inevitably emerge. The Sarasota Institute's exploration is meant to lead to perspectives, and more critically, action. In short, we seek to influence what can and may emerge to be the new models and structures of the 21st century in a post-pandemic world.

The Sarasota Institute is focusing its efforts on the following 10 major areas – ordered by their importance, in our opinion – because it is our belief that these areas are each in a state of great flux: 1. Technology 2. Climate Change 3. Intelligence 4. Economics 5. Democracy 6. Education 7. Healthcare 8. Natural Resources 9. Public Policy 10. Media & Marketing

The purpose of this whitepaper is to summarize the highlights of the virtual mini-symposiums held during April and May 2020 as a starting point for devising solutions, both short- and long-term. As economic destruction has been one of the biggest consequences of the pandemic-forced global lockdown, we begin by focusing on Coronavirus and Capitalism. This forum was hosted by Sarasota Institute co-founders David Houle and Philip Kotler on April 24, 2020. ([Link to video of webcast here.](#))

## **Covid-19 and the Future of Capitalism**

**Background:** The economic situation in spring 2020 is dire: over 30 million unemployed, a rate approaching 25 percent, equal to the height of the Great Depression. The most important factor in limiting the virus' spread, after development of a vaccine, is mass testing and tracing of potential virus spreading, but the country is woefully unprepared for that. Initial tests were often defective, and many false results were obtained, both positive and negative. Social distancing and mask-wearing were both prescribed by healthcare authorities, with mixed responses among the general population. This itself has turned into a partisan political issue, with some conservatives perceiving it as an infringement on their freedom of movement and progressives interpreting such resistance as threats to their health.

### **Areas of Concern**

#### **How consumers and the business community are responding to the pandemic:**

- Initial hoarding, with immediate severe shortages of toilet paper, other paper goods, sanitizer products and masks.

- A boom in online purchasing and sharp decline in in-store visits, leaving a big question about the future of retailing.
- High unemployment as many companies laid off or furloughed staff for which there was no longer work to produce or customers to serve.
- Price reductions in some categories.
- Advertising budgets cut or revised. Smart companies did not stop advertising, but changed strategies, taking a softer approach emphasizing usefulness to customer and community.
- Outstanding orders canceled.
- Bank payments delayed.

### **Weaknesses and fault lines of Capitalism exposed by the pandemic:**

- The healthcare system is woefully inadequate to handle a pandemic: it lacked the capacity to meet needs and was not available to all who needed health care. This will accelerate the movement to some form of Medicare for all.
- The economy is too reliant on global sourcing; we gained efficiency and economy at the cost of resiliency. This will lead to the rebuilding of domestic manufacturing of some items, even if it results in redundancy. More automation will be employed to cut production costs.
- Capitalism needs to pay workers, especially the newly discovered heroes of health care and emergency response, higher wages to enable them to avoid incurring high debt loads. Capitalists are committing fiscal suicide by paying wages that prevent workers from buying their products.
- Corporate America must alter its obsession with short-term share price performance benefitting only shareholders and top management and revert to the formula that proved highly successful in the 1950s: Enlarging the stakeholder profit-sharing pool to include employees, vendors, customers and communities the companies serve.
- Corporate America also must recognize that just making a profit is not enough; there is a public and social responsibility attached to profit-making.
- Banks need stronger reserves to be ready to extend credit to companies and consumers. They must also simplify the process for applying for loans. Switzerland had a process that took just 30 minutes.
- The pandemic exposed the need for government to raise taxes to cover budget deficits created by unemployment payouts and small-business loans, as well as close loopholes. Government also should take an equity stake in business loans. The rich have had it good for a very long time. The corporate tax rate in the 1950s, one of the nation's most prosperous decades, was 90 percent. The individual tax

rate was 80 percent until the Reagan era. The rate in Scandinavia is 70 percent. A 50 percent rate here might be about right.

- Voters and the representative they elect must give serious thought to progressive policies that are the norm in Scandinavian countries, such as free health care and free education, which have produced high scores on happiness surveys for Sweden, Norway and Denmark.

### **How and when the situation will improve**

- The recovery will be more of a U-shape, not a V or L. The exceptions for that are tourism, sports, entertainment and cultural events. This will take a slower response due to the need for social distancing in those crowd-intensive activities.
- Unemployment will peak at 30 percent, a rate last seen in 1933 in the depths of the Depression. The timeline for a return to full employment and an annual growth rate is four to eight years. It will be four years IF:
  - The nation soon develops an easily implemented antibody test and a reliable and safe vaccine.
  - The government continues to provide checks to workers and businesses to cover basic living and operating expenses.
  - There is a massive federal infrastructure program launched within two years.
- If the above are not implemented, the recovery will take six to eight years.

### **Conclusions:**

- The pandemic will alter our capitalist economy and bring us to a new normal. Most industries will recover but a few will wither away.
- Legislative priorities will change to fix the health care systems and provide better social assistance systems for citizens in need.
- The move to on-line education will accelerate.
- Vote-by-mail with prepaid postage will become the norm.
- More companies will re-evaluate their purpose as a company, shifting from how can we make maximum profits to how can we make people happier and healthier.
- Look for a burst of vertical gardening in urban areas to enhance the food supply chain.

## Covid-19 and the Future of Democracy

Sarasota Institute co-founders David Houle and Jason Voss, author and financial consultant, presented the mini-webinar on Covid-19 and Democracy on April 25 three hours after the Capitalism program highlighted above.

**Background:** Democracy has proven itself to be nearly impotent in dealing with the pandemic crisis, just as it has been with the emergence of a global populace interconnected via the internet and social media. The problems humanity faces are at such a scale as to defy the ability of any one nation to solve by itself, and the pace of change is too fast to respond with policy solutions that frequently take multiple election cycles to put into place.

**Discussion:** If our government bureaucracy were a car being tracked by a Highway Patrol trooper with a radar gun, its speed would be around 25 mph. In a like scenario, corporations would be clocked at 100 mph; professional associations at 80 mph, the American family at 60 mph, and public education at 10 mph. This metaphor described the limits of Democracy before the Covid-19 pandemic hit. Five months into the crisis, we have witnessed those limits played out in real time, and at this point very little evidence of willingness to change it at the political level.

Legacy thinking has led to this dysfunctional state of democracy. That thinking starts with its creation as a representative democracy, rather than direct democracy. There were many assumptions behind this choice, but a large one was the difficulty of disseminating policy information hundreds of years ago that would allow for informed decisions to be made by citizens. This was due to the slowness of mail delivery, as well as the lack of education (including reading and writing) of much of the populace.

Next among the features of representative democracy was that voting was time-consuming to conduct and so was done rarely. In the United States the date of voting on the second Tuesday in November was chosen because 200-plus years ago that was the market day of the harvest in the northeastern colonies, and so the largely rural and farming populace was likely to be in a voting center at the time and could vote. The tally of course, was done by hand. That system persists to this day in national elections.

Political campaigning was also difficult for an individual and so the creation of political parties that represented broad categories of concern allowed for campaign scale to take place. This was true in terms of which policies were best for the problems of the day, as well as just the logistics of moving around a country with horse-drawn transportation. In the United States – often held up as the paragon of democracy – the two-party system leads especially to divisiveness and limited debate on policies.

**Take the politics out of policy:** This needs to change, and technology holds the key. Individuals care about individual policies more than they care about political parties.

Currently it is possible technologically-speaking for individuals to vote for individual policies of concern (foreign policy, domestic economic policy, taxation, reproduction, education, entitlements, and so on) via a mobile device. This same smart device can serve to disseminate in real time critical decision-making information leading up to a vote. Citizens could even log in to a national, state, county, or local government's website or app and upload a list of issues for which they would like updates and that concern them. Imagine if the \$2.5 trillion federal bailout plan to deal with the economic impacts of the Covid-19 shutdown had offered such a chance for citizens to provide input. How might that legislation have been tailored differently than the less-than-perfect product that emerged from political bargaining?

It is time for technology to disintermediate politicians and political parties. Instead of electing representatives by political party to vote for them, citizens instead could elect professional policy-makers to craft policy for them, complete with likely outcomes and possible unintended outcomes of the policy. In this environment, people could elect these policy-makers based on their competence and expertise about an issue, rather than their affiliation to a party. Individual citizens then can vote policy, not party. This framework allows for voting to be hyper-customized based on a person's interests, rather than having to make a Faustian bargain of choosing a party that only very roughly approximates their actual voting concerns.

Here politicians would be elected, not based on toeing the party line, but based on their policy expertise. Thus the elected representatives are these policy experts, rather than the more traditional photogenic, soundbite-savvy folks that currently get elected. Public debate on policy could take place before elections, in order to decide the policy/voting-agenda. Every 18-year-old should be issued a tablet for voting at the time of voter registration. The tablet also could double for furthering his/her higher education or job search and professional development.

All of this is currently possible technologically-speaking. What is wanting is the will power to engage in a dialogue to initiate democracy into the 21st Century.

**Candidate R, Candidate D, or None of the Above:** Another way to bring democracy into the 21st century is to allow voters to choose "none of the above." Currently voters can only choose from among the candidates or the policies on the ballot. With regard to candidates, regardless of the overall popularity of those competing for office, someone will get elected because there is no way to vote "none of the above" on all of the candidates. The long-stated frustration of voting for "lesser of two evils" – a direct result of the two-party duopoly in the U.S., for example- will be addressed by allowing voters to show their frustration with an out-of-date party system that forces the two candidates to be against each other rather have unique policy positions.

**Runner-Up as Vice President:** Probably the most radical disruption of legacy thinking on democracy would be to alter Article 2 of the Constitution, which requires that the vice-president to be elected at the same time as the president and by the same constituency of voters. What if, instead, the losing candidate in a presidential election

was automatically made vice-president?

For one benefit, voter participation rates would increase. More importantly, this would allow safe cover for presidential candidates to talk policy, rather than simply attack the other candidate(s). This would all but eliminate the negative campaigning that poisons public discourse during election cycles by assuring the losing candidate/party would still have a “seat at the table.” Therefore, their selection as their party’s candidate would be based more based on policy, rather than just the typically preeminent concern of “can they beat the other candidate?”

**Do away with Electoral College:** Another anachronism of democracy is the Electoral College. This relic from America’s rural past gives low-population states a vastly greater impact on presidential election outcomes than a true democracy intends. As it stands, 10 senators represent fewer voters than one senator from high-population states like Florida, Texas or California. This needs to change.

If these suggestions for democracy become feasible then it is possible that the United States once again become a pioneer of governance. It could become the first democracy where citizens vote on individual issues, divorced from political parties and their platforms.

### Covid-19 and the Future of Climate Change

Three distinguished Sarasota Institute experts looked at the Covid-19 crisis from the perspective of climate change in a mini-symposium webcast on May 7, 2020. The presenters were Bob Leonard, educator, author and climate activist; Tim Ramage, planetary ethicist and naturalist, and David Houle, futurist and co-founder of TSI.

The presentations touched on three main themes related to the corona virus:

- It exposes our connection to and dependence on Nature.
- Pandemic and climate change are symptoms of a larger problem: our economic system that puts profit over biodiversity.
- It has altered our lifestyle habits and will continue to do so in highly disruptive ways.

### **Nature’s promise – and its peril**

The Covid-19 pandemic reminds us of our disconnect with and dependence on the environment for our lives, health, social stability and the economy. It demonstrates that air pollution, water pollution, global warming and climate change are caused by the cumulative, collective and continuous actions of humanity. Look at what happened once we went inside and stayed there. Birds sang louder. Female sea turtles had no trouble nesting and baby turtles found it safer to get to the ocean. Air pollution decreased dramatically, as did the death rate caused by polluted air – down by 11,000 deaths per day in Europe. Other positive impacts of cleaner air: 1.3 million fewer sick days for workers; 8,000 fewer children developing asthma; 1,900 emergency room

visits avoided and 600 fewer pre-term births. Residents of formally smog-blanketed cities like Beijing and New Dehli could clearly see the natural landscape, a rare occurrence. In some cities, wild animals ventured into now-deserted urban landscapes.

Nature isn't doing this to us; we are doing it to nature. In our frenzied rush to develop, consume and transform, we change things – not always for the better. For example, our predation of the animal kingdom is coming back to haunt us. Zoonosis, the transfer of pathogens from animals to humans, is responsible for 60 percent of all infectious diseases and 75 percent of all emerging diseases. Evidence shows that Covid-19 was a zoonotic event that jumped from animal to humans. When we damage the natural environment, when we overexploit and then fail to monitor what's happening to infections in wildlife and in domestic animals and humans, we're leaving ourselves open to these zoonotic risks.

We continually change Nature – at great cost. Over 50 percent of the earth's land surface has been modified by humans; 70 percent of all plant species are considered threatened or endangered; the average population of non-human vertebrate species has declined by 60 percent since 1970.

We are the cause of the Covid-19 pandemic, not the source. There is a Spanish saying: "God always forgives; we humans sometimes forgive and sometimes not; the earth never forgives." If we do not stop our rapid destruction on Nature, future pandemics are on the horizon.

Bottom line: We do not consider environmental consequences. Recent pandemics are a direct consequence of human activity, particularly our global financial and economic systems, based on a limited paradigm that prizes economic growth at any cost. In fact, we are struggling with a dichotomy of paradigms:

- There is no economy without an ecology
- All businesses rely on the environment for raw materials, resources and/or energy
- The only way to have a long-term economy is to have a long-term ecology.

The climate crisis is not about saving the planet; it's about saving ourselves from ourselves. And therein lies the quandary: We are cause and effect, as well as solution and salvation. But too many of our species do not envision us as either. The issue is not **can** we, but **will** we? Will we design for a positive future? We have the know-how; we need the will.

We can promote health, equity and community resiliency, or we can continue to cause



asthma, heart disease, economic disparity and pandemics. We are no longer witnesses to events that are causing harm to the environment; we are participants in and causal agents in the acts. The environment responds to what we do. Will we accept the responsibility we have now given ourselves? The lives and quality of life of our grandchildren and every other species on the planet are dependent upon our answer.

### **Pandemic and Climate Crisis: Dual Symptoms of a Flawed Economic System**

The Covid-19 pandemic is merely a rehearsal for the climate crisis the globe faces. In fact, the two of them are mere symptoms of our larger problem: an economic system geared solely to profit-making at the expense of biodiversity, the ecosystem and human health. Unless changes are made, it is only going to get worse.

This is unprecedented. While the world has faced pandemics in the past, they occurred in a largely agrarian society where most goods and services were sourced locally. This is the first pandemic of a globally-linked economy, where a global supply chain and just-in-time inventory practices make the nation more vulnerable to economic consequences. There also is no precedent for the degree of global warming due to humanity's generation of greenhouse gases. Thus a perfect storm of cataclysmic events.

BUT government's swift response to the pandemic, effectively locking down the global economy in a matter of days, shows that it **can** act quickly and decisively – exactly what climate change advocates have been advocating for years. And, as the pandemic has shown science to be a reliable guide to coping with the health crisis, so might this trust erase some of the disdain for climate science held by deniers.

For too long we have treated Nature as our slave and acted as its master. But Nature is teaching us who is boss. For the past century, scientific and technological advances have triggered unprecedented economic growth, leading to the perception that humanity is superior to nature. Covid-19 is a correction to that hubris. Nature is saying: Obey my laws or suffer the consequences.

The virus has forced us to form new habits that have reduced our carbon footprint. The mandatory shelter-in-place lockdown has shown us that we can change our shopping habits, our consumption habits, our eating habits, and can make our neighborhoods and communities more walkable and healthier. It has led to a reduction in air pollution and fossil fuel consumption.

As a global crisis, Covid-19 has also prompted a global spirit of collaboration and cooperation because we are all in this together. That spirit can translate into the climate crisis, fostering a sense of inter-connectedness and interdependence.

Because of the economic disruption imposed by the virus, we cannot expect to go back to the "normal" that existed before mid-March. We must build a new "normal," one that is better for people and nature. Smart business will reboot – and reap the benefits.

The virus also has exposed the vast inequality of our society. The disproportionate

infection and death rate for people of color shows how race, inequality and climate justice are intertwined. Climate change will have a similar impact if not addressed. We have seen a sense of community return in the outreach to coronavirus victims of all races and income levels, and the public displays of gratitude for health care providers. It can also make people more appreciative of their lives and give them a new sense of meaning and purpose.

Just as the Covid-19 crisis drew back the veil on many issues we face in society, it has exposed how many of these same issues are responsible for our lack of meaningful action on the climate crisis. To overcome that inertia, people should renew their civic spirit to promote positive change. They can do so by researching candidates and voting, by regularly communicating with elected officials through emails, phone calls and social media posts. And we should become less materialistic, adopting a sense of conscious non-consumption.

### **Effects and implications of Covid-19 pandemic**

This global common enemy was a shared global experience of major lifestyle change for all of humanity, with a more or less global lockdown allowing only minimal travel and shifting work and education to the home. Among the major changes in the U.S.:

- A transformed workplace:
  - 100 million people working from home, 75 to 90 percent for the first time.
  - Minimal travel, with five-day commuting to work cut to two-three
  - Carbon dioxide down by 50 percent
- Economic suppression established new habits:
  - Preferring used over new, bartering, more do-it-yourself efforts like cooking, sewing, cleaning
  - The consumption habit partly broken, but online consumption vastly increased
  - Shortened supply chains
- Economic restructuring that is taking place:
  - Physical reality to screen reality – Zoom replaces in-person meetings
  - Office and commercial real estate collapse
  - Business air travel permanently depressed as conferences go virtual. Commuting down by 50 percent.
  - Population shift to rural areas
  - Car ownership drops, autonomous vehicles increase

- Beginning of the end of the fossil fuel industry; its \$20 billion annual subsidy will dry up.
- Political restructuring:
  - A Democratic landslide in 2020 elections.
  - A new emphasis on health care for all.

The pandemic has raised our collective consciousness to the reality that we are all members of the crew of Spaceship Earth, not merely passengers. It has shown us that we have the capacity to do the big things that we have never done before. All that remains is the will to keep going in the direction that Covid-19 has pointed us.