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From: Mills, Cheryl D <MillsCD@state.gov>
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Subject: FW: Excellent NYT piece relevant to Economy Speech

From: Warnholz, Jean-Louis
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To: Mills, Cheryl D
Cc: Sullivan, Jacob J; Laszczych, Joanne
Subject: Excellent NYT piece relevant to Economy Speech

Fyi – you may have seen. Friedman does a good job at contrasting two-narratives of the changes we are seeing in the global economy. I am more on the big shift/participation age side of the aisle.

Something's Happening Here

By THOMAS L. FRIEDMAN

When you see spontaneous social protests erupting from Tunisia to Tel Aviv to Wall Street, it's clear that something is happening globally that needs defining. There are two unified theories out there that intrigue me. One says this is the start of "The Great Disruption." The other says that this is all part of "The Big Shift." You decide.

Paul Gilding, the Australian environmentalist and author of the book "The Great Disruption," argues that these demonstrations are a sign that the current growth-obsessed capitalist system is reaching its financial and ecological limits. "I look at the world as an integrated system, so I don't see these protests, or the debt crisis, or inequality, or the economy, or the climate going weird, in isolation – I see our system in the painful process of breaking down," which is what he means by the Great Disruption, said Gilding. "Our system of economic growth, of ineffective democracy, of overloading planet earth – our system – is eating itself alive. Occupy Wall Street is like the kid in the fairy story saying what everyone knows but is afraid to say: the emperor has no clothes. The system is broken. Think about the promise of global market capitalism. If we let the system work, if we let the rich get richer, if we let corporations focus on profit, if we let pollution go unpriced and unchecked, then we will all be better off. It may not be equally distributed, but the poor will get less poor, those who work hard will get jobs, those who study hard will get better jobs and we'll have enough wealth to fix the environment.

"What we now have – most extremely in the U.S. but pretty much everywhere – is the mother of all broken promises," Gilding adds. "Yes, the rich are getting richer and the corporations are making profits – with their executives richly rewarded. But, meanwhile, the people are getting worse off – drowning in housing debt and/or tuition debt – many who worked hard are unemployed; many who studied hard are unable to get good work; the environment is getting more and more damaged; and people are realizing their kids will be even worse off than they are. This particular round of protests may build or may not, but what will not go away is the broad coalition of those to whom the system lied and who have now woken up. It's not just the environmentalists, or the poor, or the unemployed. It's most people, including the highly educated middle class, who are feeling the results of a system that saw all the growth of the last three decades go to the top 1 percent."

Not so fast, says John Hagel III, who is the co-chairman of the Center for the Edge at Deloitte, along with John Seely Brown. In their recent book, "The Power of Pull," they suggest that we're in the early stages of a "Big Shift," precipitated by the merging of globalization and the Information Technology Revolution. In the early stages, we experience this Big Shift as mounting pressure, deteriorating performance and growing stress because we continue to operate with institutions and practices that are increasingly dysfunctional — so the eruption of protest movements is no surprise.

Yet, the Big Shift also unleashes a huge global flow of ideas, innovations, new collaborative possibilities and new market opportunities. This flow is constantly getting richer and faster. Today, they argue, tapping the global flow becomes the key to productivity, growth and prosperity. But to tap this flow effectively, every country, company and individual needs to be constantly growing their talents.

"We are living in a world where flow will prevail and topple any obstacles in its way," says Hagel. "As flow gains momentum, it undermines the precious knowledge stocks that in the past gave us security and wealth. It calls on us to learn faster by working together and to pull out of ourselves more of our true potential, both individually and collectively. It excites us with the possibilities that can only be realized by participating in a broader range of flows. That is the essence of the Big Shift."

Yes, corporations now have access to more cheap software, robots, automation, labor and genius than ever. So holding a job takes more talent. But the flip side is that individuals — *individuals* — anywhere can now access the flow to take online courses at Stanford from a village in Africa, to start a new company with customers everywhere or to collaborate with people anywhere. We have more big problems than ever and more problem-solvers than ever.

So there you have it: Two master narratives — one threat-based, one opportunity-based, but both involving seismic changes. Gilding is actually an optimist at heart. He believes that while the Great Disruption is inevitable, humanity is best in a crisis, and, once it all hits, we will rise to the occasion and produce transformational economic and social change (using tools of the Big Shift). Hagel is also an optimist. He knows the Great Disruption may be barreling down on us, but he believes that the Big Shift has also created a world where more people than ever have the tools, talents and potential to head it off. My heart is with Hagel, but my head says that you ignore Gilding at your peril.

You decide.

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