

RSA

21st century enlightenment

Journal Issue 1 2014



Rearranging organisations

Peter Senge discusses how institutions can learn to change

Saskia Sassen on how exclusion has replaced inequality

Jon Savage argues that we should redefine the teenager

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“OUR INTOLERANCE OF PEOPLE MAKING MISTAKES IN THE PUBLIC SECTOR IS A REAL PROBLEM”

PETER SENGE, PAGE 10

REGULARS

- 06 UPDATE
The latest RSA news
- 09 PREVIEW
Events programme highlights
- 46 NEW FELLOWS / REPLY
Introducing eight new RSA Fellows and your views on recent features
- 48 REVIEW
Sir Lawrence Freedman explains strategy's place in the modern world; and Moisés Naím explores the new realities of power
- 50 LAST WORD
DIY democracy: Deborah Orr argues that no political party has the right to lay claim to good citizenship as policy

FELLOWSHIP IN ACTION

- 13 *Empowering young people with digital marketing skills*
- 25 *An online information resource for Nepal's citizens*
- 33 *Makerble is almost ready for public launch and has the potential to transform giving*
- 37 *A mobile app and site aim to enhance data and polling*

FEATURES

- 10 CHANGE
Seats of learning
Matthew Taylor speaks to Peter Senge, whose theories of the learning organisation have been hugely influential for more than 20 years, on how various sectors should best approach change
- 16 YOUTH
Time up for the teenager?
Jon Savage argues that our idea of youth is outdated in the 21st century and, in the face of social and economic challenges, we need to find a new definition that suits the needs of the modern teenager
- 20 FINANCE
Locked out
Economic trends, Saskia Sassen explains, have gone beyond simply causing inequality and caused large proportions of the population of countries around the world to be excluded from prosperity
- 26 SUSTAINABILITY
The business of environment
Peter Lacy and Rob Hayward point to the findings from a report of global CEOs to suggest that a group of transformational leaders are beginning to align corporate interests with the sustainability agenda
- 30 COMMUNITIES
Losing its bite
Funding cuts, says Dan Corry, have made it harder for the voluntary sector to help bind society together
- 34 COLLECTIVE ACTION
Disruptive influence
David Thorpe explains how the qualities of networked publics can change how organisations work, make decisions and structure power
- 38 INSTITUTIONS
Core values
Institutions have what it takes to tackle the big challenges we face, says Anthony Painter, but we must ask key questions of them first if this is to happen
- 42 FELLOWSHIP
Century of action
Oliver Reichardt marks the Fellowship's centenary by celebrating its ability to enable collective action
- 44 POLITICS
In the real world
More local action from parties, says Rushanara Ali, will show communities that the political process can affect their lives

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www.thersa.org

Registered as a charity

in England and Wales

no. 212424 and in Scotland

no. SC037784

RSA Journal, Volume CLX

No. 5557, Issue 1 2014

ISSN: 0958-0433

RSA Journal

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*The RSA Journal is published for the RSA by Wardour, 5th Floor, Drury House, 34-43 Russell Street, London WC2B 5HA
Tel +44 (0)20 7010 0999
www.wardour.co.uk*

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“MANY ORGANISATIONS STILL HAVE FAR TO TRAVEL”



MATTHEW TAYLOR

One hundred years after RSA members became Fellows, organisations have to be more committed than ever to transformational change

As we mark and celebrate one hundred years since RSA members became Fellows, a subject looked at by our director of Fellowship Oliver Reichardt in these pages, I am spending a lot of time thinking about organisations. At the moment, it feels like we cannot live with them and cannot live without them. Organisations – by which in this context I mean formal, long-term bureaucratic structures of a substantial size – make the world go around. Without them, the complex, interdependent processes that make modern life possible would grind to a sudden and chaotic halt. But their necessity has not bred affection or resilience. Quite the reverse.

Whether it is state bureaucracies or multinational corporations, levels of public affection and trust for big institutions have generally tanked and show little sign of recovering. Indeed, as Dan Corry, who contributes to this journal, argued recently, the only reason charities are held in higher esteem is that the public does not know how much large third-sector organisations pay their senior staff, invest in activities away from the front line and spend delivering contracts for government. As Moisés Naím argued at the RSA recently, big power simply is not what it used to be.

The incisive analysis undertaken by the RSA's Anthony Painter of and for the Police Federation is a classic case study of an organisation losing its way. When I worked in Number 10 for Tony Blair, my futile attempts to convince the prime minister to grasp the nettle of police reform became a running joke. “I am sure you are right,” he would say to me with more than a hint of exasperation. “But here's the thing: I have no desire to commit political suicide.”

Given what we now know about the police's willingness to undermine political opponents and mobilise its murky media networks, who is to say Blair's judgement was wrong? But a combination of the exigencies of public sector austerity and a stunning series of scandals, ranging from Hillsborough and Plebgate to corrupt media relations and spying on the Lawrence family, have transformed the picture.

At heart, the story is simple and recognisable in so many other public relations disasters, such as in banking. For years, the police and its representatives had assumed they could get away with pursuing their own interests, regardless of whether these lined up with the public interest. In today's world of greater transparency and declining public trust, blindness towards legitimate public expectations sends organisations walking into a reputational chasm. Since the RSA published the Police Federation study, a number of other high-profile organisations – sensing their own perils – have beaten a path to our door.

Back at John Adam Street, much of my time has been concerned with the RSA's strategic review. Last year's aims – to be more focused, make more impact and to combine better the Society's strengths (our global ideas platform, our research and innovation and Fellowship engagement) – may have seemed inarguable.

As the review process unfolds, it is proving more exciting, but also more difficult, than we expected. It is, for example, infinitely easier to define a successful output than a successful impact. When we started out, several people told me to expect the process to be personally challenging. To be honest, I did not take them seriously. After all, my style of management had got me through before (albeit generating small mountains of collateral damage). But, inevitably I guess, it turns out that the levels of trust and self-awareness necessary for an organisation that works through departments and a transactional culture proves wholly inadequate when the goal is a single organisation committed to transformational change.

It all boils down to alignment, in three domains: aligning organisational interest with the public interest; aligning all parts of the organisation behind a shared vision and method of change; and aligning the culture of the organisation – starting at the top – with its values and mission.

As organisational learning guru Peter Senge recognises, the grounds for optimism are simply that organisations will not survive without this kind of commitment. The grounds for concern are how far so many organisations have still to travel. At the RSA, the destination remains shrouded in mist, but the road ahead – with the Fellowship at the forefront – is starting to seem clearer. ■



INNOVATION

PREMIUM FUTURES

Valuing Your Talent – a £10,000 public prize fund launched in March 2014 – renews the RSA's historic association with open innovation.

By the mid-18th century, the British textile industry had just one hurdle left to overcome: colour. Red dye came from madder, a plant that had never taken root in Britain's cool climate. As a result, dye had to be imported or unfinished cloth had to be exported for dying, depriving the economy of much of the finished product's value.

In 1754, the newly founded Society of Arts' first act was to address this problem. Grounded in a belief that great ideas could come from anywhere, members offered a cash Premium to any member of the public who could grow madder on British soil. The Premium spurred on a generation of agriculturalists. Within 20 years, madder became a feature of the British landscape and British-dyed textiles would go on to dominate the global market.

"By contrast, in today's knowledge economy, no physical substance is critical to economic success," said Julian Thompson, director of projects at the RSA. "Instead, it is only a skilled workforce that can guarantee a healthy, dynamic economy, responsive to the constant changes in markets and technology. Yet on corporate balance sheets, people – our biggest assets – appear only as costs. We urgently need a new way for businesses to recognise the value of talent, so as to encourage the investment in people, which will drive long-term prosperity and well-being."

Valuing Your Talent seeks to address this challenge by reviving the proud tradition of Premiums. The RSA has provided a host of inspiration materials at rsapremiums.crowdcity.com and, guided by the egalitarian principles of the Society's founders, is offering £10,000 in rewards for the development of these materials into a practical tool for businesses.

We invite anyone, from any background, to register today at rsapremiums.crowdcity.com, find out more, and be part of the solution to a 21st century challenge



LOCAL AUTHORITIES

CITIZENS ON DEMAND

Efficiency and service-reduction strategies are not the long-term solutions to the financial challenges facing local authorities, according to a new RSA report. *Managing Demand: Building Future Public Services* is produced in partnership with the Local Government Association (LGA), the Economic and Social Research Council (ESRC), Collaborate and iMPOWER.

It found that, despite local authorities facing a £14.4bn funding black hole by 2020, relatively few councils are trying to understand the causes of local demand, how it can be prevented, and new ways to meet the needs of individuals and communities. The report sets out a framework through which local authorities might be able to introduce a more systematic approach towards demand management. These include examining new forms of community leadership, changing citizen behaviour in areas like recycling and school transport, creating shared value and building community resilience.

"Demand management has emerged as an influential agenda in local government, but it often lacks definition," said Ben Lucas, chair of public services at the RSA. "We provide a framework for understanding how demand management can meet the challenges facing local public services and society, built on a new relationship with citizens and communities."

There is some way to go before 'whole system, whole place' approaches to managing demand for services become the norm, according to the report. It says that councils need a fundamental cultural shift, moving to the heart of localities in which everyone plays a role, and services and outcomes are shaped by active, independent and resilient citizens.

62%

OF GLOBAL GDP GROWTH IN
THE NEXT 10 YEARS WILL
COME FROM CITIES



ECONOMICS

CITY GROWTH COMMISSION

The newly created RSA City Growth Commission, led by Jim O'Neill (the man who coined the term BRICs) and supported by leading economists Diane Coyle and Bruce Katz began its independent inquiry with an open hearing at Manchester Town Hall on 11 February. The Commission heard from 12 witnesses drawn from local politics, government, business and academia. A clear consensus emerged in favour of city-led growth and public service reform.

To coincide with the meeting, the City Growth Commission published its first report, *Metro Growth: the UK's Economic Opportunity*. The report defined the UK's 15 largest 'metro regions' – incorporating city centres and their surrounding areas – and argued that they need to become more economically and fiscally sustainable. Greater Manchester, for example, has a shortfall of an estimated £4–£5bn per year, equal to roughly £2,000 per person. Like nearly all other cities outside London, the Commission found, the UK's second-largest city-region punches below its weight.

The report argues that metros have little power to change this as more than 90% of all tax is collected by central government. After redistribution from the centre, the power of local government to direct funds is constrained. "Lack of sufficient borrowing powers to invest in major infrastructure also limits cities' ability to shape their economic futures," said Charlotte Alldritt, Secretary to the City Growth Commission. "Many cities, including London, the Core Cities [Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield] and the Key Cities [a group of 21 cities including Coventry, Derby and Sunderland], are calling for greater powers to borrow within prudential limits, make spending decisions and collect and retain certain taxes."

The Commission will focus largely on skills, infrastructure investment and fiscal devolution to identify how cities can be empowered to create sustainable, inclusive economic growth. It will develop its recommendations through further hearings, a research programme and a seminar series, with a final report to be published in October to help put city-led growth on the agenda in the build-up to the general election.

■ *Fellows are invited to take part in events in their area. For information and to download the report, see www.citygrowthcommission.com and follow us on Twitter @CityGrowthCom*



RESEARCH

EDUCATION INSIGHT

RSA's education and Social Brain teams have completed a number of research projects, all linked to core themes of tackling educational disadvantage, building democratic participation and fostering open-minded enquiry.

Everyone Starts with an A reviews insights from behavioural science to provide a fresh perspective on existing classroom practices. The report explores how effort, enjoyment, resilience, expectations, evaluations and ultimately attainment are all influenced in ways not traditionally recognised in education, and offers a suite of tools for educators to trial in their own classrooms.

Schools with Soul reports on the state of spiritual, moral, social and cultural education (SMSC) in schools. Although SMSC is a legal requirement, the investigation found that schools took a "scattergun approach" that risked provision being "everywhere and nowhere". The report argues that the broader goals that SMSC represents have "moved to the periphery" of schooling, overwhelmed by attainment-related accountability pressures.

An **inquiry into teacher education and research**, led in partnership with the British Education Research Association, has launched its interim report. High-quality teaching and teacher education are widely acknowledged to be crucial for improving pupil achievement. The inquiry aims to understand how policy and practice is diverging across the UK and what international evidence can tell us about excellent teacher education. The final report and recommendations will be published in April.

Rethinking Adolescence, a scoping project led by Barbara Hearn FRSA, synthesises research from various disciplines to consider adolescence from an asset-based perspective. This will also be published in April.

■ *Download reports and find out more at www.thersa.org/education or email education@rsa.org.uk to subscribe to the education mailing list*



COMMUNITIES

REINVENTING THE POST OFFICE

Post offices could do more to support local residents and businesses, according to Making the Connection, a new RSA report. With a presence in nearly every community and high levels of trust and continuity, the report argues that the Post Office is in a position that few other organisations can match. More than 90% of the population lives within a mile of their nearest branch and an estimated third of residents and a half of SMEs visit one at least once a week.

“The Post Office is an organisation like no other,” said Benedict Dellot, Senior Researcher at the RSA. “Local branches contribute enormously to the life and soul of their communities, are an essential vehicle for delivering public services, and provide the vital infrastructure that our businesses need to prosper. Yet we have only scratched the surface when it comes to realising their potential.”

Many post offices are already showing what can be achieved. For example, Llangadog Post Office in south-west Wales provides packaging and technical support for home-based businesses, while Port Clarence Post Office in Middlesbrough has a health centre attached to the shop. However, the RSA highlights that these are the exception rather than the rule and that most subpostmasters are some way away from running the type of Community Enterprise Hubs that Making the Connection calls for. The report argues that this is a loss not only to the community but also to potential revenue and, by doing more to support local residents and businesses, post offices could tap into valuable new income streams and increase all-important footfall.

“Tomorrow’s world also presents more opportunities for post offices than many would currently believe,” Dellot said. “The growth of microbusinesses, self-employment and homeworking presents subpostmasters with an opportunity to make themselves indispensable hubs for local business communities. Likewise, their ability to understand community dynamics is an attractive trait for potential public service partners seeking to support an ageing society, implement demand management and create bottom-up responses to social problems.”

The RSA’s report proposes to encourage and enable more subpostmasters to make the transition to a Community Enterprise Hub. This includes matching subpostmasters with entrepreneurs-in-residence, who could help them transform their branch; creating a new apprenticeship scheme to bring in young talent; and fast-tracking subpostmasters who want to run multiple post office branches. It also recommends inviting social entrepreneurs to become the next generation of subpostmasters. The RSA and Post Office Ltd will work together to realise some of these proposals throughout 2014.

“TOMORROW’S WORLD PRESENTS MORE OPPORTUNITIES FOR POST OFFICES THAN MANY WOULD CURRENTLY BELIEVE”

NEWS IN BRIEF

HRH THE PRINCESS ROYAL EXTENDS RSA PRESIDENCY

We are delighted to announce that HRH The Princess Royal has extended her Presidency of the RSA for a further three-year term, until June 2017. Since becoming President in 2011, she has visited the RSA’s Whitley Academy and the Whole Person Recovery project in west Kent, as well as attending the annual President’s lecture and dinner. We look forward to welcoming the Princess Royal back to RSA House very shortly and hope that she will visit other RSA projects on the ground during her tenure.

2014 AGM

The next AGM will be held on 7 October 2014 at 5.00pm in the Great Room at John Adam Street.

PREVIEW



IS WAR GOOD FOR US?

War – what is it good for? As we prepare to mark the centenary of the start of the First World War, acclaimed academic and author Ian Morris argues a bold thesis: that, paradoxically, war has actually made the world a more secure and comfortable place.

Where: RSA
When: Thursday 10 April, 1.00pm



FREE IS A LIE

Designer and social entrepreneur Aral Balkan believes it is time to build an alternative future where we own our own tools, services and data. And to do this we must create a new category of design-led, experience-driven technology.

Where: RSA
When: Thursday 10 April, 6.00pm



HOW DO WE DRIVE PRODUCTIVITY AND INNOVATION IN THE CHARITY SECTOR?

Dan Corry, chief executive of NPC and a former Downing Street advisor, visits the RSA to explain how charitable organisations must spearhead renewal and efficiency to increase their ability to drive change in society. He also writes on page 30 of this *RSA Journal*.

Where: RSA
When: Thursday 8 May, 6.00pm



THE SELF IS NOT AN ILLUSION

Is there anything more to the self than brain processes? Mary Midgley, one of Britain's most respected moral philosophers, delivers an impassioned argument against the scientific materialism that equates the self with the brain.

Where: RSA
When: Thursday 22 May, 1.00pm

Events and RSA Animate producer Abi Stephenson has selected the highlights above from a large number of public events in the RSA's programme. For full event listings and free audio and video downloads, please visit www.thersa.org/events

FOR HIGHLIGHTS OF RECENT EVENTS, SEE PAGE 49

SEATS OF LEARNING

Peter Senge's theory of the learning organisation has implications beyond the private sector. Matthew Taylor discovers how the concept can help mobilise activity in government, the public sector and wider systems

The nature of organisations – how they work, what they can give to their staff and how they affect the world around them – is in a period of serious change. A good organisation can mobilise its staff to do good both in and outside the office, yet a failing one can do much to stand in the way of vital change. Since the publication of his book, *The Fifth Discipline: The Art and Practice of the Learning Organisation*, in 1990, Peter Senge has led the field of organisational theory. Matthew Taylor spoke to him about his life's work and how his theories can shed light on the challenges societies face in 2014.

MATTHEW TAYLOR: One of the core concepts you are associated with is the learning organisation. I'm a chief executive; how would I know that I had one?

PETER SENGE: That's a good question. How would you know that you're a good person?

TAYLOR: That's a bigger question!

SENGE: But it's not an unrelated one. A learning organisation is on one level an ideal, just like being a good person would be an ideal for any of us. On another level, all organisations are learning to some degree. If they weren't, they would never be able to adapt to changes in the world around

PETER SENGE IS DIRECTOR OF ORGANISATIONAL LEARNING AT THE MIT SLOAN SCHOOL OF MANAGEMENT AND THE AUTHOR OF *THE FIFTH DISCIPLINE: THE ART AND PRACTICE OF THE LEARNING ORGANISATION*

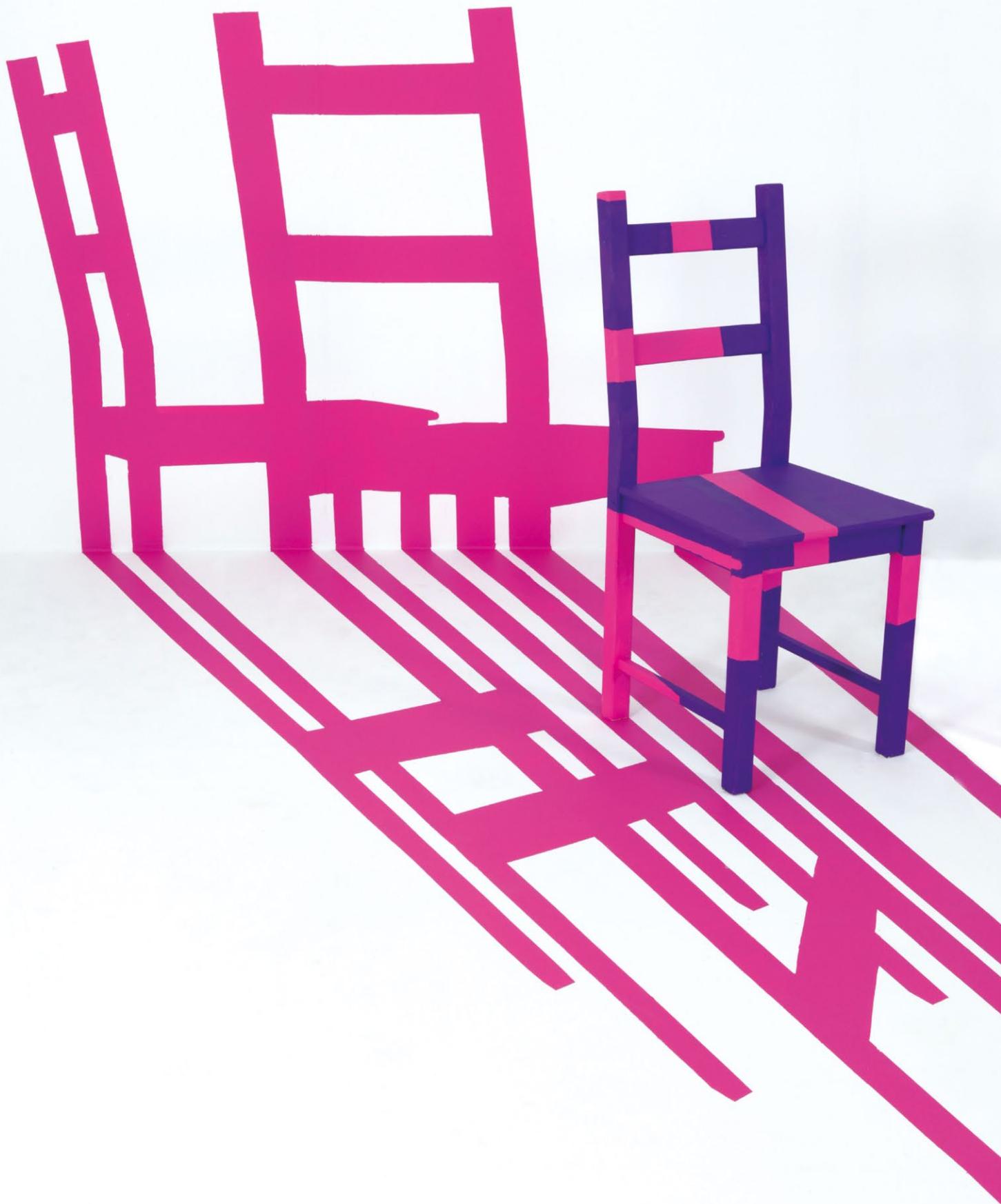
them. Since organisations are always growing and developing, the people in them are continually doing the same. But developing to do what?

Typically, it is easier to think about these things at the level of the team. Many people have been part of teams that have accomplished things they are really proud of. And if they look back, they can usually identify how the team grew to a point where they could accomplish something collectively that they wouldn't have been able to do alone. So, you could call that a learning team. A learning organisation is basically doing this on many different levels.

TAYLOR: It's a dangerous question, but is there a particular metric or analytic tool that would enable an organisation to know where it stands in relation to its learning capacity?

SENGE: A few things stand out for me. First, if an organisation is not proud of the things it's accomplishing, that's a pretty good indicator. And if they have achieved things they're proud of, you can ask how they went about doing that. The second thing to identify is certain qualities of relationships. Can people build genuinely shared visions – something they are really passionate about creating together – and do they trust one another enough to be able to reflect and challenge their own and each other's assumptions?

TAYLOR: So is there a relationship between being a learning organisation and social responsibility? Can you be an organisation that's good at learning to be bad? 





SENGE: Yes, of course. In the sense that all organisations are learning to some degree, so, too, can organisations get better at doing some pretty stupid things. But there are three cornerstone capabilities that, if developed seriously, tend to align inner improvement and outer impact: the capacity to aspire and build a shared sense of purpose and vision, the ability to reflect and challenge ways of thinking, and the ability to see larger systems.

All three, in different ways, establish a predisposition to taking on a larger sense of responsibility. Do we really care about the communities in which we operate? Do we have the ability to challenge the way we do things? Do we continually work to see our larger impact, especially beyond the boundaries of the traditional management focus? If they look carefully, most businesses will discover side effects of business-as-usual that they're not very proud of. So, if you are really focused on developing these core capacities, it definitely sets an organisation on a path where it will continually challenge the way it does things and often naturally start to assume this responsibility.

There's nothing radical in any of this. If you look historically at what almost any of us would identify as good companies, they usually have many of these features. And they have lasted because they have perspective on who they are and who they impact. They have challenged themselves so they can see the larger system. Today, we need this orientation not just in a few companies, but in a great many and across whole industries.

TAYLOR: You've been incredibly influential for more than 20 years. Given the degree to which your ideas have permeated organisations, do you think that this has amounted to real and substantive change and, if it has, does it live up to your hopes at the beginning of this journey?

SENGE: If something's really changing, then it is because there's a larger movement that goes beyond the efforts of any one person or group. A couple of conditions arising in the world have favoured this larger movement. You've alluded to one by talking about responsibility. Companies do not pay the cost of a lot of their operations. An oil company makes a lot of money, but who holds the bag for the effects of climate destabilisation? Obviously, society does. And you can say that about lots of businesses. The bottom line is that we're not going to be able to keep privatising profit and socialising cost to the degree we have been.

Plus, anxiety, stress and unhappiness pervade the land. We live in an era of profound unhappiness. Even those who are doing relatively well materially are generally not that happy. Whether you look at the ecological, the social or the deeply personal, I think we come to the same feeling that we are not on a path that will continue into the future.

Business is the most powerful institution in today's society and, if society is going to change, business is going to have to change.

You wouldn't expect all businesses to wake up on Monday morning, decide they have to change and start marching in lock step. But you would expect to see more examples of businesses starting to follow different priorities and create internal environments where it's safe to learn and learn from mistakes. Exploitative industrial expansion simply cannot continue.

TAYLOR: In that account, how do you interpret the decline in trust in institutions? Should we be optimistic and think that organisations will respond to this lack of trust, or should we be more worried about it? When trust in hierarchical institutions is missing, at the very least you have an underpowered society and, at worst, you have the conditions where a lot of bad things can happen.

SENGE: I don't think we should be optimistic that institutions will naturally self-correct. The nature of this change process is going to be very turbulent. We live in an era of profound cross-currents and disruption. There is an established way of doing things that is dying, but it doesn't go gently into the night. It creates more problems. People like to ask whether things are getting better or worse and I reply, "Yes"! Things are getting worse, but there are new ideas springing up.

Trust in hierarchical authority is simpler. Look at the visible exemplars of hierarchical authority and you think, "Gee, would you trust these people?" A certain amount of this is to do with the media and the way it functions. I don't think people are crazy to be distrusting, but it's troubling because you need effective hierarchies to be part of the change process.

TAYLOR: I recently spoke to someone who works on sustainability with CEOs of global corporations. He said that, although more corporations have made an effort to align their business model with sustainability, there hasn't been sufficient change at a systems level. How does learning and change take place in these global systems and how can we deal with the gap between the better story that individual corporations have and the failure of the system as a whole to adapt?

SENGE: In many ways, that's the big question. Industries as a whole need to shift and then there are critical enabling systems like finance and education that need to change, too. If you look at this as a whole, there are probably a dozen critical systems. So where today is the 'crack', as Otto Scharmer says? I feel the deepest and broadest movement for change is in the global food system. Food companies realise that the wheels are coming off the train in the global food system. Between the destruction of biological and social conditions for sustainable production, the growing worldwide demand and the increasing demand for healthy food, you have conditions for system-wide change.

First, you have to identify these key systems. We also need to be able to say what that system would be like if it was functioning in a healthy way for the long term. You must have some kind of

guiding idea or vision for this, then some appreciation of what a change process would look like. There won't be a simple answer, but it starts with exemplars. If there isn't someone doing it in a new and different way and making it work, it's hard for anyone to see that there's the possibility of real change. There are big food companies, from Unilever and Nestlé to Costco and Starbucks, that are starting to manage food supply chains differently. There is also an interesting network of alternative banking and finance institutions that the Presencing Institute has been nurturing.

So you try and draw attention to these exemplars and connect them so they learn from each other and recognise that they're part of a wider movement. Obviously, governments have an important role in all this, but I don't think you can ever get fundamental changes in policy without building consensus. It is more complex than simply advocating for the policy you think is needed. Look at climate change policies, for example. Without a strong consensus, a relatively small number of players with a big stake in the present energy system have been able to stymie any real policy change. The story for change needs to become clear enough and compelling enough to the public at large. >>

FELLOWSHIP IN ACTION

THE NEXT DIGITAL GENERATION

Fluency is a new learning platform that gives young people between the ages of 18 and 25 the digital marketing skills that small businesses need. "There's a massive skills gap in the digital industry," said co-founder Sinead Mac Manus FRSA. "There are 750,000 jobs that need to be filled in the next five years and there aren't the people with the skills to fill these jobs, yet there are one million people unemployed."

In 2013, Fluency received Catalyst funding, which helped the company plan and pilot the platform with young users. It currently has three programmes for spring 2014 planned, in partnership with charities and education bodies. These include working with disadvantaged young people, supported by The Prince's Trust and funded by Accenture, to create digital strategies and learn how to manage digital projects, providing them with the experience employers are looking for.

"There is also a gap between what students are achieving at university and what employers need," Sinead said. "Students still need to stand out in a competitive job market." To this end, Fluency has set up another programme involving a partnership with Queen Mary University, London, to provide students with online learning during their studies.

The third programme, in partnership with St Giles Trust and Each One Teach One, offers a blend of learning formats. Trainees attend digital agency sessions once a week and complete an online learning course.

www.fluency.io

“YOU WOULD EXPECT BUSINESSES TO CREATE INTERNAL ENVIRONMENTS WHERE IT’S SAFE TO LEARN FROM MISTAKES”

TAYLOR: There’s an argument that the 20th century was the century of the big: big organisations, big interests, mass production. The 21st century might be the century of the small, the niche, the fluid. Do you buy that and what do you think its implications are?

SENGE: I do buy it in some sense, as it’s a natural evolution of our technological infrastructure. But a lot of small can add up to something pretty big. I favour the general tendency towards the smaller. I think it’s embedded in all the ideas about organisational learning and distributing power and a different harmonisation between hierarchical authority doing what only it can do and value being created more locally.

But I still think we have to pay attention to the health of the whole. You can imagine a vibrant society with lots of new technology and products and excitement, but supported by a flawed energy system that’s just going to keep on growing. So, in that sense I am not a big fan of the naive notion that small will solve all our problems. Think about a healthy community. You will have lots of people feeling autonomous, that they matter as individuals and they can do their own creative thing, yet they feel part of something bigger. You only get effective distributed authority and autonomy in concert with concern about the well-being of the whole.

TAYLOR: There’s been an explosion in the amount of literature available on leadership and organisational change. It fills up airport bookshops and there are thousands of people who say they can advise on leadership and how to improve their organisation. Is your view of this industry permissive – let a thousand flowers bloom – or is there a bit of you that wants to go around kicking over the stalls?

SENGE: I’ve always found that a lot of consulting isn’t very useful. If you look at it from the demand side – the people who are hiring all these consultants – they are facing real issues, but have lost faith in their own and their organisation’s ability to grow, change and meet these issues themselves. But, while 90% of consulting is ‘expert’, where someone comes in and basically gives you the answer, 10% is what we call capacity-building consultancy. People helping managers think things through for themselves, to recognise their own developmental needs and build their and their organisation’s capacities. While many may

talk this talk, few walk this walk and this, by and large, greatly limits the consulting industry.

The basic problem is that this doesn’t work if you want to be a big consulting company. If you make people stronger, more autonomous and capable, they won’t need you as much. And that’s where the fixation on growth becomes problematic for consulting companies. The first principle of effective consulting, for me, is whether the client you’re helping really does become more effective when you’re gone. I’m sceptical about books for that reason. Most of them are cookie-cutter ‘here’s three things that will make you successful’ stuff.

TAYLOR: It’s interesting for you to say that, because you’ve written what almost everyone in the field would say was one of the great books. And in reading management books, I’ve noticed a pretty clear dichotomy between the books that argue that, in the end, there’s one clear insight or practice that unlocks everything, and the ones that glory in the inherent complexity, messiness and the need for humility in the face of that kind of chaos. Does one have to choose between the two paradigms or can they be successfully combined?

SENGE: The answer to the question is yes! I think you always have to be sceptical of thinking there’s a formula and of that emotional need to find the answer. But there’s a demand for it and that demand is coming from a place of anxiety and fear, which we need to address. On the other hand, people can be paralysed by the sheer complexity of it all. None of us can even explain how we walk, let alone how we do something more demanding. And yet – and this is the important point – somehow we can accomplish great things.

Learners have to have a certain confidence, which is balanced with an acceptance of uncertainty and risk. The confidence to learn and make progress. And if you take away that confidence, nothing will happen, because we all know the process for success is taking risks, making mistakes and learning from them. You won’t take those risks if you’re paralysed with a fear that nothing can be done.

TAYLOR: That reminds me of conversations I’ve been having here at the RSA around a concept called open policymaking. In a complex, fast-changing world, there’s still the idea that the best way to achieve change is to write stuff and then pursue what



you've written through bureaucracy and politics, by which time the world has moved on and if you've got it wrong it takes years to repair. But if you're a designer, you love things going wrong as it's a chance for learning. Do you see this notion of moving from a policy framework to a design framework as a useful way of thinking?

SENGE: Yes. I think it's another indicator that we're slowly groping our way towards a more productive path. But as an engineer, none of this is new to me. Traditionally, they called it successive approximation. You build, you prototype, you do it again and, through successive approximation, you get to something that's good enough. But that's a hard philosophy to take to heart if you're a political leader. Our intolerance of people making mistakes in the public sector is a real problem.

TAYLOR: That chimes with recent articles we've had in the *RSA Journal*, which echoed the point that local leaders have greater trust, the capacity to experiment and a richer relationship with those they govern. In our work at the RSA, we find the

space, openness and scope at a local level is completely different to the dysfunctional nature of national government.

SENGE: At a more local level, you can see encouraging signs. Maybe that's another way to appreciate the local or smallness that's coming back into play. If the political leaders we're talking about are very distant, it's hard for us to relate to them in any meaningful way. If they're in your local city and you have a way to be directly involved in an energy or education initiative, you can sit face to face and discuss what you can expect to achieve. It's hard to give each other the space to fail, and design and learn from experience, if there's no sense of who the other person is.

About the only thing we can hang our hat on is that it's going to take all of us to achieve real change. I have always thought that global subsumes local, in the sense that global also means 'everywhere'. So, real change at the scale needed will take innovation at all hierarchical levels. It will also take harmonisation of diverse bodies of knowledge and capacity across different cultures. No one has the answer. We're either going to make this together or we're not going to make it. ■

TIME UP FOR THE TEENAGER?

Our idea of 20th-century youth, battered by social and economic change, needs to be redefined for the next generation

By Jon Savage

In July 1959, the British social scientist Mark Abrams wrote a paper called ‘The Teenage Consumer’. This proclaimed the appearance of “a significant new economic group”, the teenager, defined as being between 13 to 25 years old and as “newly enfranchised, in an economic sense”. Abrams has been called the “founding father of social and market research in the UK”, and the paper aimed to alert advertisers, manufacturers and the media to this hitherto ill-defined and ill-understood group.

Abrams observed the first effects of the postwar boom. By mid-1958, there were more than 6.4 million people aged between 15 and 25 in Britain. In this period, unemployment was low and the young could command good wages. Abrams estimated that they were earning almost £1.5bn a year which, after taxes and deductions, made a grand total of “£900m a year to be spent by teenagers at their own discretion”. This was more than double their spending power in 1939 and opened up a huge new market. In a table of expenditure by teenagers, women’s clothing came out top (£120m a year), with cigarettes and tobacco, men’s clothing and alcohol following (all worth more than £40m a year).

Abrams recognised the volatility of this market and advised manufacturers to accept the need for frequent change. He summarised “the short teenage years between childhood and marriage” as “a period of intense preoccupation with discovering one’s identity, with establishing new relations with one’s peers and one’s elders, and with the other sex. In short, teenagers more

JON SAVAGE’S BOOK, *TEENAGE*, WAS RECENTLY MADE INTO A FILM BY MATT WOLF

than any other section of the community are looking for goods and services that are highly charged emotionally”.

‘The Teenage Consumer’ was highly influential: it simultaneously codified and promoted the idea of the teenager as a significant commercial and social force within a British context. This change that Abrams described was already occurring, but he gave it a name, a focus and a price. In doing so, he also ratified the definition of youth that had arisen 15 years before, when the word ‘teenage’ passed into general currency within the US.

Stimulated by the extraordinary success of *Seventeen* magazine – launched in 1944 as the spearhead of an emerging youth market worth an estimated \$750m – and by the wild crowd scenes surrounding Frank Sinatra, the teenager came into being as the solution to an old problem: how to control and shape the second decade of life. He or she – more usually she at that late stage of the war – was not a juvenile delinquent, but a pleasure-loving and product-hungry, yet democratic, young person. Freedom was thus intertwined with commerce, in a delicate ecology that afforded the young some autonomy and some input into the industrial process, while remaining true to consumerism and materialism.

THE BIRTH OF AN IDEA

In 1944, the figure of the teenager was far less noxious than the contemporary alternatives, the totalitarian organisations of youth in Russia and Germany. The teenager gave a snappy handle to a market that had been developing since the late 1930s and, by giving youth some







self-determination, it appeared to ease the pressures that had resulted in the perceived explosion of juvenile delinquency in America during 1943.

Indeed, the teenager was the solution to a 50-year-old problem. In the late 19th century, the pioneering American psychologist G. Stanley Hall began to collate the rising levels of data on the still-unidentified second stage of life. Spurred by accounts of juvenile delinquency – the first official term to recognise a stage between childhood and adulthood – Hall published his findings in 1904 in a mammoth, 1,500-page compendium called *Adolescence*, defined as being between the ages of 13 and 24.

Hall was both a Romantic and a stern Gilded Age American. He believed that adolescence was an age prone to storms and stresses, overemotional indulgence, criminality and a heightened sex drive. What Hall sought to do was to give a social definition to this second stage of life, a time that needed to be controlled, guided and given room to develop. As a Romantic, he felt that the curative power of youth was inextricably linked with the oncoming American century.

The next four decades would see a complex struggle between governments and regimes that sought to regiment and militarise youth, and various groups within the real-time young who, having been defined as something different, began to wonder what that meant to them. The idea arose that this stage of life could be exploratory.

During the 1920s, experiments in living sprang up, fuelled by the social upheavals after the Great War. In Germany and the UK, the various Wandervogel groups and organisations like the Kindred of the Kibbo Kift pursued a back-to-nature lifestyle that was communal and anti-materialistic. The first totalitarian youth movements began in Russia and Italy, while in America

the flappers, sheiks and shebas celebrated being part of the first nationwide youth market.

After 1945, the American way prevailed. The teenager was the ideal of youth that slowly spread throughout Europe in the vacuum after the Second World War. By the late 1950s, this idea was finally getting mainstream attention in post-austerity Britain. Abrams' report fuelled the rise of the teenage market in the UK, and contributed to an extraordinary flowering of youth culture: the music, fashion and attitude that brought London, and Britain, to the attention of the world from the 1960s through to the 1990s.

This period is now the subject of seemingly endless nostalgic examinations that obscure the wider import of those years. In the 1960s, the first wave of a truly international British pop culture coexisted with and informed a sequence of liberal legislation, including increased rights for gay men, and women in terms of abortion and divorce. This pop culture had been informed by the increased opportunities afforded by the 1944 Education Act and, after 1964, flourished in the open climate encouraged by the then-Arts minister Jennie Lee.

In what can now be seen as a golden period in mass culture, British pop walked the line between sharp, if not exploitative, commerce and genuine expressions of freedom. It is the latter that have been the subject of prolonged and explicit attacks since. During the 1980s, a series of Conservative ministers queued up to attack the 1960s as 'the permissive society'. Swinging London did not touch the great majority of people; the 60s were just business as usual.

This consistent cultural denigration has gone hand in hand with structural changes, in particular benefits legislation, that have made things much harder for real-time youth to enjoy that hiatus between childhood dependence and adult responsibility

“THE IDEA OF THE TEENAGER IS NO LONGER TIED TO BIOLOGICAL AGE”

that Stanley Hall thought so important. Beginning in the 1980s, these policies continued into the late 90s with the introduction, by a Labour government, of the Teaching and Higher Education Act, which virtually abolished student grants in favour of loans and tuition fees.

A GENERATION'S CHALLENGES

Young people are always at the sharp end of recession – youth unemployment in the mid-1980s peaked at more than 1.2 million – and so it is in today's age of austerity. In January 2014, unemployment among those aged 18–24 was estimated at 18.6% and, among 16–17 year-olds, up to 35.5%.

One cause of this crisis has to do with the historical concept of the teenager, in which the young were given visibility and social value through their power as consumers. This was predicated on plentiful jobs and liveable wages, two preconditions, which have declined over the past 30 years. The idea of the teenager is no longer tied to biological age. Older people have the money to spend while tuition fees, systemic unemployment and the pernicious practice of internships hit today's teens, who are seen to be without economic power and are therefore undervalued. They have lost their special status in the media, condemned to an inter-zone whereby they are criticised by some adults for being feckless and work-shy, and by others for not being rebellious enough.

If today's teenagers appear more cautious and conservative than their assertive 60s and 70s counterparts, it is hardly surprising: that particular representation of freedom has been under attack for more than 30 years. Also, being rebellious is what some of their parents did – and expect of their children – and so acting in the same way loses some of its appeal. Today's economic, social and psychological conditions do not favour that kind of boldness.

Of these, the most pressing is climate change and the consequent problems of resource competition and the lack of sustainability. It does not take too much projection into the future to realise that man-made climate change will begin to test the limits of our civilisation during the 21st century, and that, at the very minimum, people will not be able to consume in the way that they have become accustomed to over the past 60 years.

Something will have to give and, bearing in mind how deeply the pleasure hooks of consumerism have buried themselves into the psyche of millions, that will not occur without severe upheavals. Is there any way of preserving what is

good about our current way of life in the face of these unprecedented changes?

REBOOTING THE TEENAGER

Youth is well placed to be clear-headed about these problems and to find solutions. That is, some youth. Many adolescents can replay society's dominant values back at adults and institutions in a raw and rather unpalatable form: the 'consumerism noir' of the 2011 England riots is a good example of this. You raise the young to be materialistic, and so they will be: that does not discount individual choice, but it creates a climate where still-developing psyches could and can behave in extreme ways.

But there is another side to youth. Between the ages of 16 and 21, most young people leave secondary or tertiary education. They are thrust out of the parental and the peer world into the wider world of work or unemployment. At that point the young can see what is wrong with the world and, if they have any spirit, will begin to think about how things can be made better. That is a very powerful moment. That is when change happens.

This autumn will see the 70th anniversary of the invention of the teenager. Since the end of the Second World War, the American ideal of the informed, democratic consumer has proved a highly durable and workable rite of passage between childhood and adulthood. The problem is that it is, and has been tied to, a way of life that is becoming unsustainable at the same time as it becomes a global phenomenon.

Is it possible then that the western social definition of youth, the teenager, is becoming obsolete? And if western youth can no longer be teenagers, what will they be? This question strikes at the very heart of what the future could be. Does it have to be a survivalist, dog-eat-dog dystopia, or can it become a more cooperative world? The young have always symbolised the future – after all, they will live in it – and one's view of the young as an adult is determined by whether or not you are an optimist or a pessimist.

I am an optimist and convinced by the ability of youth to rise to the challenges that they face. Today's teenagers will find solutions to the pressing problems that vex adults. They are already familiar with ideas of sustainability at the same time as they swim in a media revolution that is still ill-understood by adults. The horror stories of bullying by text and pixel are serious, but are balanced by the power of social media as an organising tool for action. The recent Occupy protests are an example of this.

If the whole *raison d'être* of our civilisation needs to change, then it is to the young, in tandem with informed and open adults, that one should look for solutions. Just as the organisation of society will have to change over the next few decades, so the status of youth will have to be redefined. Just as today's teenagers oscillate between hedonism and engagement, then any future redefinition should allow adolescents to dream and experiment before charging them with the serious work that will need to be done. ■

LOCKED OUT

Economic trends have gone beyond simply causing inequality. The financial industry has excluded millions from the chance of a prosperous life

By Saskia Sassen

As the cold war was winding down, a new worldwide struggle began. Following a period of diverse modes of government-led relative redistribution in developed market economies, the US became the point actor for a radical reshuffling of capitalism that took off in the 1980s. Many differences mark these two periods, but they diverged most sharply in their need for people as workers and consumers. The preceding Keynesian period was one of mass production and mass construction of suburban space: this brought with it an economic logic that needed people as workers and consumers. The current phase of advanced capitalism, however, needs far fewer people and values them even less. The relatively recent sharp growth in inequality is partly a result of this switch over the past 30 years. The active expanding of a middle class in that earlier post-Second World War period has been replaced by the impoverishment and shrinking of the middle class.

In the past decade, we have gone beyond simple increases in inequality. Growing numbers of people, modest businesses and poor neighbourhoods have essentially been ‘expelled’ from the economy – and even society – in much of the world. In particular countries, notably the United States and parts of Europe and Africa, this has taken an extreme form, as countries that once had strong manufacturing bases have become mainly extractive economies. It is the manufacturing- and construction-driven economies of China, and to a lesser extent India, that are actively generating expanding modest middle classes today. In both countries, we can already detect emergent trends that mirror developments in the west. The middle class is splitting in two: a rich elite and an increasingly impoverished, modest middle class.

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“TRADITIONAL ECONOMIC ACTORS ARE LOSING VALUE IN OUR CURRENT FORMS OF ADVANCED CAPITALISM”

That these new logics of expulsion are also emerging in China and India is not due to some evolution that will repeat the west's trajectory. Rather, it is down to expanding cross-border economic dynamics and accompanying deregulations that took off in the 1980s and have enveloped increasing numbers of countries across the world. Irrespective of their differences, neither China nor India is likely to replicate the earlier strong economic trajectories of Japan, South Korea and Taiwan, which all provided widely distributed economic and social benefits for a majority of their people in that earlier phase of industrial growth. The logics of expulsion that mark the post-1980s period go against the distributive potential in today's high-growth economies.

I use the term 'expelled' to describe a diversity of conditions studied in the book on which this essay is based. These are extreme conditions and, in many ways, invisible to the larger population of a country. These conditions include the growing numbers of the abjectly poor, the displaced who are warehoused in formal and informal refugee camps, the minoritised and persecuted in rich countries who are warehoused in prisons, workers whose bodies are destroyed on the job and rendered useless at far too young an age, able-bodied surplus populations warehoused in ghettos and slums, those affected by sharp increases in unemployment across much of the world, and much more.

Each condition contains within it not just unemployment and inequality, but also logics of expulsion that affect a variable portion of these population groups. Together, these multi-sited expulsions signal a deeper systemic transformation. While each case has been documented in bits and pieces through a range of specialised disciplines, there is no analysis of these multi-sited expulsions as an overarching dynamic that is taking us into a new phase of global capitalism.

GROWING INEQUALITIES

The 1980s opened a new financial phase that became yet another disciplining mechanism, which forced a shrinking of social benefits and workers' rights. The instrument did not just include the structural adjustment programmes aimed at the global south, but also the financial adjustment crises that were aimed at the whole world. Since the 1980s, there have been several financial crises. Some are famous, such as Black Monday in New York in 1987 and the 1997 Asian financial crisis. And some are obscure, such as the individual

domestic financial crises that happened in more than 70 countries in the 1980s and 1990s as they privatised their economies and deregulated their financial systems, mostly under pressure from regulators aiming at facilitating the globalisation of financial markets.

Conventional data shows the post-1997 period to be a fairly stable one until the 2008 crisis. One element in this picture is that after a country goes through an 'adjustment' crisis, 'stability' follows. This then produces a representation of considerable economic stability (with some exceptions, such as the dotcom crisis). A much-mentioned fact in this vein of 'all is fine' is that, as late as 2006 and 2007, 124 countries had a GDP growth rate of 4% a year or more, which was much higher than that of previous decades. The suggestion was that the multiple country-adjustment crises had been good for their economic growth.

But underneath this post-1997 surface stability lies a savage making of winners and losers. And it is easier to track winners than to keep up with the slow impoverishment of households, small firms and government agencies (such as health and education) that are not part of the new glamour sectors (finance, high-tech and trade). The miseries these adjustment crises brought to the middle sectors in each country, in addition to the destruction of often well-functioning economic sectors, is largely an invisible history to the globalised eye. These individual country-adjustment crises only intersected with global concerns and interests when there were strong financial links, as was the case with the 1994 Mexican economic crisis and the 2001 crisis in Argentina. Furthermore, when incidents made these miseries momentarily visible, they surprised many of the experts and commentators. One example is the post-adjustment food riots – something previously unheard of in Argentina – by members of the traditional middle class in Buenos Aires in the mid-1990s.

Besides the very partial character of post-adjustment stability and the new 'prosperity' – both much praised by global regulators and the media – there is the deeper fact that 'crisis' is a structural feature of deregulated, interconnected and electronic financial markets. These three properties also fed the sharp growth of finance, partly based on the financialising of non-financial economic sectors. Profit increasingly occurs through financial channels, rather than traditional trade and commodity production. This all led to extreme levels of financial deepening, first in major western economies and, eventually, in countries



across the world. Therefore, if crisis is a structural feature of current financial markets, then crisis becomes a feature of non-financial economic sectors through their financialising. The overall outcome is the extreme potential for instability, even in strong and healthy economic sectors, and particularly in countries with highly developed financial systems and high levels of financialisation, such as the US and the UK.

What stands out in this phase, which began in the 1980s, is that the global and adjustment crises effectively secured the conditions for globally linked financial markets. But it also secured the perhaps less-visible ascendance of a financial logic in the organising of more and more sectors of the economy in the global north, from corporate agriculture to the making of trucks, and from used-car loans to student loans. In this process, large components of the non-financial economy in these countries were ruined. The 2008 financial crisis is yet another step in this trajectory. The crisis is long since over for finance but still growing for non-financial sectors. One question is whether 2008 spells the exhaustion of this trajectory, or the beginning of its full decay.

REINVENTED SUB-PRIME

An extreme instance of the type of financialising that becomes destructive in a market economy was the so-called sub-prime mortgage developed in the 2000s in the United States. It has

since spread to Europe and beyond. This was a different type of instrument from the state-sponsored sub-prime mortgages of an earlier period, which were aimed at genuinely helping modest-income families to own a home. Very broadly put, the sub-prime mortgage developed in the 2000s was not a state project but a financial project, aimed at developing new types of asset-backed securities and collateralised debt. It was a response to a structural condition of high finance in the US, marked by extremely high levels of speculative investments where long chains of derivatives were built on derivatives.

This type of sub-prime package, developed in the 2001–2007 period, is a dangerous instrument for those buying the mortgage because the capacity of the mortgage holder to pay the debt was not hugely important. All that mattered, in the end, was the contract representing the property. Because of this, it is still used worldwide. Home foreclosures in Hungary, to mention just one case, have recently passed the one million mark. The group of billions of modest-income households worldwide is one of the new global frontiers for finance. The effect could be yet another brutal sorting, with expulsions from more traditional economies, not unlike the consequences of the structural adjustment crises in the global south, and massive land acquisitions by foreign firms and governments. >>



Much has been made, especially in the US media, of the sub-prime mortgage crisis as a source of the larger crisis. These modest-income families, unable to make their repayments, were often represented as irresponsible for having taken on these mortgages in the first place. But the facts show another pattern. The overall value of the sub-prime mortgage losses was too small to bring this powerful financial system down. What triggered the crisis was a complex financial innovation. The key element was a growing demand from investors for asset-backed securities, in a market where the value of outstanding derivatives was \$630tn, or 14 times the value of global GDP.

The total value of financial assets (which are a form of debt) in the US stood at almost five times (450%) the value of its GDP in 2006, before the crisis was evident. The UK, Japan and the Netherlands all had a similar ratio. From 2005 to 2006, the total value of the world's financial assets grew by 17% (13% at constant exchange rates), reaching \$167tn. This is an all-time high value, but it also reflects a higher growth rate in 2006 than the annual average of 9.1% since 1980. It points to growing financialisation. The total value of financial assets stood at \$12tn in 1980, \$94tn in 2000 and \$142tn in 2005.

This is the context within which the demand for asset-backed securities became acute. To address this demand,

even sub-prime mortgage debt began to be used. Sellers of these mortgages needed vast quantities of them to make it work for high finance: 500 such sub-prime mortgages was a minimum to build an investment instrument by mixing slices of poor-quality mortgages with high-grade debt. As the demand for asset-backed securities grew, so too did the push by sub-prime mortgage sellers to have buyers sign on, regardless of their capacity to pay the mortgage. All that mattered was the contract representing the house. What had been generated to overcome all the deficiencies was an complex instrument that was enormously opaque: nobody could trace everything that was there. In 2006, there were 1.2 million foreclosures in the US, up 42% on 2005. From 2007 to 2009, foreclosures increased 120%. Investors had a crisis of confidence: it was impossible to tell what was the toxic component in their investments.

Sub-prime mortgages can be valuable instruments enabling modest-income households to buy a house. But what happened in the US over the past decade was an abuse of the concept. The small savings or future earnings of modest-income households were used to develop a financial instrument that could make profits for investors, even if those households ultimately could not pay the mortgage. They would lose both their home and whatever savings and future earnings they had put into it; a catastrophic and life-changing event for millions of these

households. The 15 million contracts issued involved mostly modest-income households.

THE EXPANSION OF RISK

In a short, brutal urban history, more than 13 million households in the US had their homes foreclosed between 2006 and 2010. On the other side of the Atlantic, thousands of households had their homes foreclosed in countries such as Hungary, Spain, Latvia and Germany. In Hungary, there were more than 200,000 foreclosures in each of 2007 and 2008, there were more than 85,000 in Germany in 2007, 2008 and 2009. These developments coincided with rising levels of income inequality and long-term unemployment among low-income people.

While all this was going on, a parallel history was being built in the shape of luxury homes and apartment buildings in the high-value centres of London, Paris, New York, Hong Kong, Monaco and others. The most extreme version of this is the so-called super-prime housing market. This is an invented market where setting a very high base price for a property avoids regular market dynamics, making its specialness part of the cost to buyers; the de facto base price is about 100 million dollars or sterling in New York and London. The basic concept is probably as old as wealth. But the developments of the past decade mark a distinctive phase. In a growing number of global cities, extremely rich foreigners have bought a significant number of luxury houses. Shanghai was the only major global city to have a sharp fall (of 24%) in the number of foreign buyers during the 2007–2012 economic crisis, while Hong Kong had the highest increase (23%), albeit mostly from China's mainland. In the other cities, the number of foreign buyers remained the same or increased. The minimum 'formal' price a house needs to be valued at for it to be included in the super-prime market varies considerably, from \$6.4m in Shanghai to \$18.9m in Monaco. In London, much of the super-prime housing is barely occupied. It becomes a form of investment, not just in housing, but in London land.

The larger story being told by these extreme fragments of a city's housing market is a significant expulsion of homeowners from their urban space and a significant appropriation by global buyers of urban land. These realignments may well be the beginnings of new, disturbing urban histories. Cities have always had inequality, and never have been just. But the city was once a space open to just about everyone. What constitutes the city is that mix of diverse uses and social classes, with spaces where they all intersect.

These developments in the urban housing market are just one element in a larger shift in market economies. The relationship of advanced to traditional capitalism in our current period is marked by extraction and destruction, not unlike the relationship of traditional capitalism to pre-capitalist economies. In extreme conditions, it generates the expulsion of growing numbers of people, enterprises and whole places

from the economy. Further, economic actors once crucial to the development of capitalism, such as petty bourgeoisies and traditional national bourgeoisies, are also losing value in our current forms of advanced capitalism.

For instance, the natural resources of much of Africa, Latin America and parts of Asia are more important to current dominant forms of capitalism than are the people on those lands as workers, consumers or traditional bourgeoisies. These trends are not anomalous, nor are they the result of a crisis; they are part of the current systemic turn. One outcome is a shrinking economic space, as distinct from financial space, in our highly developed world. This has occurred in Greece, Spain, the US and many other developed countries. This also means that when we deploy our standard measures for economic growth, such as GDP per capita, we may actually be measuring a shrunken economic space, even when it shows high growth. What is growing, no matter how you measure it, is the space of finance. ■

FELLOWSHIP IN ACTION RIGHTS REVEALED

Accessing public services in Nepal, such as registering for university or applying to work abroad, can be a complicated, strenuous and expensive ordeal for the country's citizens.

Blair Glencorse FRSA runs the Accountability Lab (www.accountabilitylab.org), a non-profit that works to make power holders in the developing world more responsible and accountable to their citizens. Working in Nepal, Blair realised that there was no way for potential students to get simple information on the country's universities.

"The solution we built with Galli Galli, a local civil society organisation, was to crowdsource information to create a central online depository," he said. "Not all universities had websites and travelling to the capital can take days. Once we completed the university portal, our hopes were confirmed; we realised people found it was useful."

This led to a decision to expand the project beyond universities and include wider public services, creating an online wiki called Nalibeli. This required a funding boost and using the RSA-curated area on crowdfunding site Kickstarter chimed nicely with the crowdsourcing nature of the project. The team received \$3,248 from 57 backers.

"We exceeded our expectations," Blair said, "and crowdfunding isn't just about the money. The process does a lot for our reach and helps bring in people with unique skills. Nalibeli is something we think will be applicable elsewhere. There are plenty of places where citizens don't have access to information about their rights or public services."

■ To help prepare and publicise your crowdfunding campaign, visit www.thersa.org/catalyst. To see Fellows' ventures currently crowdfunding, visit www.kickstarter.com/rsa



THE BUSINESS OF ENVIRONMENT

The sustainability agenda has to move beyond polarised debates and incremental targets, and CEOs are leading this transformational shift

By Peter Lacy and Rob Hayward

The global economy is on the wrong track, and business is not playing its part in securing a sustainable future. This is the striking finding from this year's United Nations Global Compact (UNGC) – Accenture CEO Study on Sustainability: just one-third of the 1,000 CEOs surveyed believe the global economy is set to meet the needs of a growing population within environmental and resource constants; and two-thirds think business is not doing enough to address sustainability challenges. While awareness is rising and business commitment to sustainability is growing, leaders acknowledge that we are diverging from the path towards the 'true north' of a sustainable global economy in which nine billion people can prosper and live within environmental boundaries by 2050.

Over the past 18 months, as part of our ongoing collaboration with the UNGC, we have interviewed more than 75 CEOs, and surveyed a further 1,000 across 27 industries and 103 countries. This year's study, the latest in nearly a decade of research on business leaders' approaches to sustainability, contains the first overt expression of a rising concern among executives that, despite celebration of incremental achievement, investor resistance, consumer apathy and uncertainty are hampering real progress.

PROGRESS STALLED

Five years ago, there was a bullishness among business leaders in the run-up to the Copenhagen Summit on climate change. Sustainability was firmly on the corporate agenda. Global markets,

CEOs believed, were beginning to incentivise and reward sustainable corporate behaviour. A global framework for climate change mitigation was seen as the next staging post on the path that would lead the global economy to true north.

In the wake of Copenhagen, progress stalled. Business efforts, hampered by the economic climate and an understandable but restrictive search for immediate and quantifiable payback, focused on a narrow set of activities around emissions reduction. But as business leaders became more comfortable talking about sustainability, and their organisations matured in their ability to measure and communicate environmental metrics, confidence soared. In our 2010 study, 81% of CEOs reported that sustainability issues were 'fully integrated' into the strategy and operations of their company.

This apparent overconfidence paints a picture of a global business community on a misguided journey to a 'magnetic north' of incremental achievement and mitigation. As any explorer will tell you, magnetic north is a close cousin of true north, but the gap between the two has the potential to lead travellers off course by several miles over a long journey. And the journey towards a sustainable economy is certainly not a short one. To imagine an economy slightly off-track on the pathway to a sustainable economy, though, is to paint too rosy a picture. But while business leaders set sail for magnetic north, the evidence suggests that, as a global economy, we are heading south. As individual companies celebrate incremental achievements, we are collectively falling short of the systemic change that is required to make an impact on the world's most pressing challenges.

This year's UNGC – Accenture CEO Study, with its clear acknowledgement that the economy is on the wrong track, and its admission that business is not doing enough, offers >>

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“LET US FRAME THE DISCUSSION IN TERMS OF FLOOD RESISTANCE, FOOD PRODUCTION AND MATERNAL HEALTH”

the beginnings of an opportunity to reorientate sustainability efforts towards true north. Business leaders see an urgent need to extend the debate on sustainability beyond the four walls of the firm, and better engage consumers, investors and governments in promoting systemic change.

Business leaders are clear that they cannot go it alone: 83% of the CEOs we surveyed believe that government intervention and regulation will be essential to move beyond incremental achievement. It would be easy to see a call for government action as an abdication of responsibility, but the clear tone from our conversations is one of frustrated ambition. As companies try to move sustainability beyond incremental, operational improvement towards a market-facing strategy that resonates with consumers, investors and the communities in which they operate, they are encountering barriers that can only, they believe, be removed through smarter policy.

Since 2010, the bullish belief in the power of multinationals and global markets to address sustainability challenges alone has dissipated, replaced by an acknowledgment that policy shifts will be required to enable companies to invest with confidence. CEOs have not lost faith in the power of global markets, but are now clear that market solutions must be shaped and incentivised by governments and policymakers moving beyond the ‘soft power’ of voluntary approaches and trading schemes, and towards active intervention through regulation, subsidies and taxation.

THE ENGAGEMENT CHALLENGE

Clearer policy signals and greater intervention will depend not only on the mechanics of global regulation, but also on the appetite of national governments to expend political capital in efforts to secure a more sustainable economy. This appetite, in turn, will depend on public engagement. The UK offers an instructive case study of the challenge. Just one-in-five UK-based CEOs believe that government policy has provided an effective enabling environment for business to scale sustainability. One of the clearest threads running through the Conservative-led coalition has been the gradual dilution of green policy: from the ‘greenest government ever’ to ‘green crap’, the cross-party consensus on sustainability has fractured.

The apparent waning of the government’s commitment to sustainability can be in part explained by a lack of public engagement. Public debate is paralysed by an increasingly polarised playground argument between climate doomsayers and deniers, alienating the public and making real progress impossible. Scepticism on climate change and sustainability is rising: a 2013 poll from the UK Energy Research Centre

(UKERC) suggests that the proportion of people in the UK who reject the very notion of climate change has more than quadrupled in the past decade, from just 4% in 2005 to 19% in 2013. And sustainability is a long way from being ingrained in the mind of the consumer. Just 15% of UK consumers in our forthcoming study with Havas, for example, report that they ‘often’ or ‘always’ consider sustainability in their purchasing decisions.

The recent flooding, though, has the potential to put climate change back at the forefront of the political and public agenda, and offers a microcosm of shifting public opinion. A YouGov poll uncovered a notable shift in public perception of climate change. At the end of January, before the floods had spread markedly beyond the south-west, the UK public thought by a 44%:40% margin that the flooding was ‘probably nothing to do with climate change’. By mid-February, the view had shifted to a 47%:39% consensus that the flooding was ‘probably the result of changing weather patterns due to climate change’.

This shifting opinion reflects what we have termed the ‘lens of proximity’ on sustainability. When the effects of climate change are local and immediate, business leaders and the public become more closely and intimately engaged. The challenge for policymakers and business is now to better engage the public on climate change and sustainability, connecting with disparate but connected identities as citizen, voter, investor, employee and consumer to mobilise support for accelerated action. In doing so, there are lessons to be learnt from a small group of companies leading the way – those we call the ‘transformational leaders’.

SUSTAINABILITY AS OPPORTUNITY

This year, for the first time, we have been able to investigate links between CEOs’ attitudes and approaches to sustainability, and the financial and sustainability performance of their companies. A two-speed world is emerging on sustainability, with a small group of transformational leaders beginning to move beyond mitigation and incrementalism to harness sustainability as an opportunity for growth and differentiation. At the heart of this new approach is a commitment to harnessing sustainability as an opportunity to drive value creation through new approaches to tackling global challenges, from environmental protection and energy provision to health, education and inequality.

These companies are not approaching sustainability through the lens of mitigation and incremental improvement – but investing at scale in solutions directly targeted at sustainability challenges. From leading multinationals such as Siemens and Philips, whose portfolios of products and services targeted at



improving their customers' environmental performance now represent about half of their revenues, to smaller, disruptive innovators such as Zipcar and Airbnb, companies are seizing new opportunities through innovation.

LEARNING FROM THE LEADERS

The success of these transformational leaders gives us three key insights to help us better engage the public on sustainability and encourage business and government collectively to unlock the potential of the private sector.

First, sustainability is an engine for growth. Transformational leaders differ from their peers in approaching sustainability not as an imposition, but as an opportunity to differentiate their products and services from those of their competitors, and to grow new markets through solving sustainability challenges.

Second, sustainability does not have to revolve around 'trade-offs' and sacrifices. In political and public debate, sustainability is too often presented as a choice between prosperity today and the sustainability of tomorrow. The transformational leaders demonstrate that smart investments, targeted at the challenges of tomorrow, can be turned to advantages today.

Third, it is increasingly clear that to engage the public, as consumer, citizen and voter, sustainability must be positive, tangible and local. Consumers are looking to business as much as government to deliver an improvement in their quality of life – and our data suggests that those who are more optimistic are more likely to already be engaged on sustainability.

Action on climate change and sustainability does not sit easily within the day-to-day of political contest. It requires cross-party consensus and clear, consistent policy at a local, national and global level. Business, too, will need to adopt a different stance on the road to the Paris climate conference in 2015.

Too often, debate on government action is mediated by a narrow 'voice of business', distorted by those who purport to speak for CEOs. Talking to leaders themselves, it is clear that their views on government action are more sophisticated – and more positive – than the ideological 'free-market' voice of lobbyists might suggest. Leading companies are clearly seeking better regulation and policy, not to replace the power of markets, but to create the environment in which business can be incentivised to do what it does best – to innovate and compete.

To enable stronger, faster action on the part of governments worldwide, we need to build a public consensus. But this won't be achieved, by governments or by business, through a focus on 'magnetic north', with its constant rumble of sacrifice, trade-offs and incremental improvement. Instead, we need to set out a positive vision for how innovation and technology can begin to address global challenges, and make those challenges – and those solutions – tangible. Let us not talk about limiting climate change to two degrees, but frame the discussion in terms of flood resistance, food production and maternal health.

So long as governments try to lead us by the hand along the pathway to magnetic north, with its demands for trade-offs, 'behaviour change' and sacrifice, the debate on sustainability will continue to stall. But the innovations of business, targeted directly at some of the world's most pressing challenges, are beginning to demonstrate an alternative route to sustainability. In learning from the leaders, governments, policymakers and business alike can begin to chart a path towards the true north of a sustainable economy. ■

For more on the UN Global Compact – Accenture CEO Study, visit www.accenture.com/ungcstudy

LOSING ITS BITE

Cuts in funding have made it harder for the voluntary sector to help hold society together

by Dan Corry

Recent events in the UK have brought to the fore and accelerated many features of the voluntary and community sector (VCS). That in turn has implications for the way society gels itself together, how social capital is delivered, and the way voluntary and community action is underpinned.

Yet this has been a silent revolution, taking place below the surface of the very loud macro noise in the form of cuts in public spending. Politicians call for more community, more empowerment, a sense that neighbours are looking after each other. In public services, the policy wonks call for a relationship state, for less top-down, for the things that only the VCS can apparently bring. But unless both politicians and wonks pay attention to the reality, all this is just hot air and clever words.

It is still hard to make out exactly what this silent revolution has entailed, especially in a sector in which data and academic analysis are relatively rare and sometimes rudimentary. But there are a few clear changes that relate to funding and the changing nature of society.

First, cuts have had a big impact, but often in ways that were not necessarily envisaged. Historically – and even before the largesse of the New Labour ‘mid-years’ – many charities and community groups got some funding from bits and pieces of the state. They sometimes received straight grants; sometimes they had what were termed ‘contracts’. But in very few cases were outputs and outcomes carefully specified or monitored. Many, if not most, contracts in and around local government and in many parts of the health sector were small and it was rare that they were put out to serious competitive tender. And so there was slack in the system, which everyone sort of knew.

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It was this slack that let local community and charity groups do all the other things that they – and only they – can do. They provided the glue, the networks, the consultation and helped those in need, even when to do so was not in the contract they had. All this was the very underpinning of voluntary action.

Fast-forward to the cuts and that slack has been removed in a pretty brutal fashion. Any that remains will surely not survive the further public spending cuts to come, since only 40% of the overall cuts to 2018/19 have actually been made so far, according to the Institute for Fiscal Studies. Furthermore, contracts that do emerge are bigger, squeezing out those with no economy-of-scale possibilities. They often have clauses that relate to achieving precise outcomes, such as payment by results. This makes it hard for not-for-profits that have real cash flow problems, little cash in reserve and find it difficult to manage the risk that such contracts inevitably and deliberately involve. And, increasingly, contracts are put out to fierce open tender in ways that did not happen before.

A SECTOR UNDER PRESSURE

Not surprisingly, the sector’s response has been fragmented. Bigger service-delivery charities, business charities with scale, professional back office and IT, bid teams and procurement experts can cope with the new reality. Some, indeed, are thriving as they Hoover up much of the public money available. The trouble is that they are not always especially focused on the charity sector’s unique selling point, its connection to the beneficiary. And they are certainly not interested in creating local social capital. The local voluntary sector is the infrastructure for facilitating social action, but it is suffering in areas where it is needed most. The infrastructure that could enable it – social action – is not being nourished by public money.



“WE NEED STRUCTURES THAT ALLOW THE VOLUNTARY SECTOR TO EMERGE AND SURVIVE”

Additionally, organisations that focus on advocacy or working with difficult ‘non-priority’ groups have struggled to secure funding. The national and local campaigning elements of voluntary action are much needed, as the voice of the sector must be heard in these tough and fast-changing times. But it is paralysed because funding from foundations is not big enough to achieve much, while funding from the general public pushes focus towards fundraising rather than towards the territory of social justice. No wonder the old ‘filling the gaps’ work is difficult to find funding for and is suffering as a result.

Not all community groups and charities deserved funding or were creating true social capital. Indeed, we began to assume that they did and need to be more thorough in measuring how these semi-intangible gaps are filled. But it cannot be denied that important things began to fall between the cracks and are now being swept away by the change we are living through.

Some are trying to fill these gaps. Certain philanthropists, schemes from the Big Lottery Fund and geographically located funders like UK Community Foundations are leading in this regard. Many charities do not need that much in the way of funding to continue, being very much volunteer-led and staffed. To survive, others are looking at converting to this model and shedding paid staff. Some welcome this as a return to their roots; others worry that much-needed expertise will be lost and that quality will suffer as costs are cut.

Added to this, many charities are finding a society that is angrier with and less sympathetic to those who fall by the wayside. Those in the VCS who deal with people needing benefits, suffering from disability or who are migrants, have found life pretty tough. Money is tight for almost everyone and it seems that, in this situation, the tolerance that British society has usually exhibited has been severely reduced.

THE MISSING TIES

Society has also fragmented geographically, with social mixing and solidarity both on the slide. Much of this is due to housing polarisation as house price inflation and housing benefit changes drive the rich and poor further apart. The north feels increasingly separate from the south, the towns from the rural areas, the ‘shirkers’ from the workers. In such a world, charities simply cannot keep society ticking over.

Why does all this matter? Well, be they the small platoons that keep civil society going or the semi-formal structures



that help shape and nurture voluntary action, maintaining a cohesive society becomes harder as they diminish.

The government will no doubt point to certain initiatives that try and promote voluntary work. There have been attempts at top-down calls to action, in the form of volunteers at the Olympics, the National Citizen Service for 16 and 17 year-olds, and funding aimed at generating bottom-up activity through top-down grants, like the Big Local. But these are unlikely to have the same traction, sustainability, reach or credibility that traditional voluntary action has. Simply shouting at people to get out their brooms, run the library or take over local assets in their spare time – which is what the voluntary sector largely took the Big Society to be about – will just engender cynicism.

But maybe this is all a bit alarmist. There is a counter-trend coming from some parts of the public and voluntary sector. Local authorities have been hit harder than almost any other aspect of the public sector. Many of them are trying to embrace asset-based and co-production approaches, which means working closely with community groups and letting them run (and fund) certain services, such as libraries and community centres. Whether one sees this as a desperate attempt to do one’s best without cash or an encouraging end to the council-knows-best approach, there are certainly interesting developments in places like Lambeth and Salford. Some in the voluntary sector welcome this lack of funding, feeling that the money available in the previous era, including for capacity building, made the sector soft, flabby and reliant. Perhaps.

None of this is to romanticise or even infantilise voluntary action. It can lead to greater inequality, and is haphazard and random at times. That is why, a generation or two ago, concerned politicians decided that relying on it too much would not create a decent or fair society and brought in the welfare



state. It often gives the doers and noisy members of society a disproportionate voice. But a country with a weak civil society will always be one that does not quite work and will not engender the values we all admire.

FUTURE PATHS

But there are certain things we can do to help remedy this. First, we could do with being cognisant of the voluntary sector. It is not a predictable moan from the VCS or a biased cry for more investment in voluntary action, but simply a reality. Voluntary action cannot work in the places where it is needed unless there is at least some money to support it. We must avoid a split between those who recognise the importance of public spending and services and those who value voluntary action most highly. It is a false dichotomy.

Second, local authorities, clinical commissioning groups, probation and other national government commissioners need to think hard about the consequences of the way they design and issue contracts. It is not easy to know how to amend them in a way that protects voluntary action. Do we measure the value and pay for the importance of the local voluntary sector or is that too mechanistic in itself? The worthy but pretty toothless Social Value Act can help commissioners who care about this stuff, but how many do and how do they weigh up the cost/benefit balance? In addition, we need the public sector to design systems and structures that allow voluntary action to emerge and survive. Localism may help here, but it is no panacea and brings problems of its own.

Third, foundations and other funders need to focus harder on what works in this area and how their limited funding can help. Giving out grants randomly is unlikely to get much bang for the buck, but starting to care about these issues – especially

in areas of high deprivation and limited social capital – is a good place to start. Encouragingly, the new regime at the Big Lottery Fund is on to this agenda, as are a number of Britain's better charitable foundations. Perhaps a Commission on Social Capital, run by NPC and involving the likes of Locality, Citizens UK and NAVCA could help move this agenda forward?

We certainly need to learn from previous attempts at this sort of thing, both successful and unsuccessful. The New Deal for Communities model of the early New Labour years tells us a lot about the dangers of imposing structures from above and asking for social capital to be created (and money to be spent) too quickly. Community development workers – coming back into fashion but often with a new title – may be a better way. Top-down pressure hampered the attempt to copy a US model for older people volunteering in the mid 2000s, called the Experience Corps, which failed due to a combination of reliance on websites and call centres, rather than on direct contact and regional animators. However, a more delicate funding plan aimed at older people, LinkAge Plus, left more to local people and not only worked, but versions of it still survive long after the initial funding ran out. Other more micro measures may work, such as helping keep the local pub, shop or post office open. In addition, funding more multi-purpose local charities, such as Community Links in the London Borough of Newham, looks to be good value.

Change happens in all areas of life, but the recent rate of change in the VCS was unexpected. Slashing spending was justified by some as allowing space for community and enabling the growth of voluntary action, but this hypothesis turned out not to be true. We must focus on how we can go forward in a sensible way, or we will have killed a very valuable goose. ■

FELLOWSHIP IN ACTION

REVISITING MAKERBLE

The Summer 2013 *RSA Journal* highlighted the efforts of Makerble and its founder, Matt Kepple FRSA. Supported by RSA Catalyst, the social enterprise provides an online subscription service for charities, sending users regular updates on how their donations are making an impact.

Since then, Makerble has been focused on gaining investment and Matt won match funding from the Big Venture Challenge, which will kick in once the programme launches publicly in April or May this year. "The past six months have been about getting our heads down and doing the hard work to get ready for launch," Matt said. "We're still recruiting charities and moving towards that next big milestone of the public launch, so get in touch if you want to be involved."

■ www.makerble.com

DISRUPTIVE INFLUENCE

Adopting some of the qualities of networked publics will help hierarchical institutions become more intelligent, work smarter and collaborate better

by David Thorpe

Before the internet became commonplace, American economist Douglass North wrote: “Institutions are the rules of the game in a society, or, more formally, they are the humanly devised constraints that shape human interaction.” Traditionally, collective action is framed as an antagonist; the powerless pushing against a powerful elite to address grievances.

Recent history is punctuated with such examples, from the uprisings of the Arab Spring in 2011, to widespread discontent following the financial crisis of 2008. Both used the internet, with its minimal participation costs, in the mobilisation of networked publics working across the normal hierarchical lines of society at unprecedented speed. Traditional bureaucratic mechanisms are too slow to handle the pace of collaboration in open situations.

THE HEALTH NETWORK

On the surface, it looks like any other online social network, but PatientsLikeMe (PLM) is a research-led community that uses big data to help patients manage their disease. Motivated by the desire for answers, patients discuss their conditions and treatments, sharing crucial tips to plug what they experience as gaps in the medical system.

When PLM launched in 2006, the retort from the medical establishment was loud: the plural of anecdote is not data. The notion of an empowered patient ‘hacking’ their care flew hard in the face of convention. For PLM to be successful, it would have to resolve a number of opposing issues simultaneously. To earn the trust of patients and maintain their participation, the community had to be vibrant and the analytics had to matter. To win over a sceptical establishment, PLM had to create value that the hierarchy did not have and could not replicate if it was to offset its potential to disrupt. The answer lay in placing the patient at the centre, developing a platform for and by the patient.

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Each PLM member can access discussion forums to find and share advice or provide nuanced feedback on a certain drug or treatment issue; they also have a personal dashboard with a quantitative breakdown of symptoms and dosages. Members still share their experiences anecdotally, but underneath the community an analytics platform quantifies symptoms and treatments into hard data.

PLM currently tracks about 2,500 individual medical conditions with 250,000 individuals. The site is purposefully designed so that relevant quantitative data bolsters the conversations in the forums, which in turn replenishes the dashboards, refreshing the value of participation to the individual in a virtuous loop. The platform serves as a translation layer, turning anecdote into data and creating value across the system: drug companies, insurance firms, research groups and medical establishments can mine a rich vein of data on a variety of chronic illnesses that is simply not available anywhere else. In return, patients get a community, empowerment and the knowledge that they are furthering progress toward cures.

PLM is not simply publishing health content, but creating new knowledge. Data is not held as a record of dry and static observations, but is an active application. PLM could do this precisely because of where it sat in the system, generating insights that a wide range of people can harness for the collective and individual good.

THE HELP NETWORK

In October 2012, Hurricane Sandy wrought enormous destruction across the east coast of the US. In the aftermath of the superstorm, one organisation in particular, according to the Department of Homeland Security, provided “a significant response effort” to the hardest-hit areas of New York City. The organisation was neither a government agency nor a charitable effort. It was a spontaneous, self-organised initiative put together by veterans of the Occupy Wall Street movement. >>





This begs the question of how a proudly formless protest movement mobilised to organise and coordinate this type of effective response. The ad hoc nature of Occupy allowed it to flex instantaneously, using existing networks and connections throughout local communities to provide eyes on the ground and collect local information. Using the internet as a tool for coordination and scaling, it matched the specific needs of communities to the breadth of resources New Yorkers had to offer. Within days of the storm, the first volunteers were arriving in the Rockaways in Queens and, within two weeks, that number would reach upwards of 10,000.

A centralised website collected donations, registered and directed volunteers across five locations and organised an array of diverse and complex actions, such as coordinating medics on door-to-door visits in Coney Island and ensuring they were accompanied by translators as necessary.

Consistent, accurate, easy-to-access information is critical to any relief effort. Social media served as a primary mechanism for information sharing to and from the field throughout recovery efforts. This worked not just because it was cheap, easy and open, but also because it was what people used and knew. The preference for open, transparent media allowed individuals and institutions alike to contribute and create a persistent flow of detailed information, enabling teams to constantly adapt to shifting needs of the population and the relief effort.

Ideology aside, Occupy Wall Street created the conditions for Occupy Sandy. A pre-identified group with diverse local networks and precedents to follow could scale up faster than traditional forms of organisation and provide indispensable assistance to both victims of the hurricane and formal relief organisations. For an ordinary, unaffiliated New Yorker, it was the simplest, fastest and most effective way to get involved and

make a difference. For the large organisation with slower start-up times, entering the relief effort with a detailed understanding of context on the ground increased efficiency, as it could direct its effort to pre-defined need, avoiding duplication and confusion.

Occupy Sandy realised a blueprint for multi-scalar public/private cooperation. Traditional bureaucratic mechanisms are too slow to handle the pace of open collaboration. When the rate of change outside an organisation surpasses its ability to recognise and respond in context, well-meaning efforts from the centre are invariably hobbled.

ISSUES OF SCALE

Disaster plays out at multiple scales and levels over time. Long-term effects ripple through a society long after the news cycle has expired. Attention shifts from the immediacy of disaster response to the long slog of rebuilding communities, schools, businesses and infrastructure. Different scales require different types of effort and support.

In evaluating response capabilities, different organisations recount events through the perspective of their frames and incentives. A familiar reflex of the big organisation is to absorb the bits of the network it found interesting or useful, making the hierarchy more like the network. But this loses the elements that make the network valuable: eyes on ground, deep tacit knowledge in context, and the agility and inventiveness that comes from diverse groups assembling around a common goal.

Equally, there is an urge in networks to institutionalise. Networks spiral up and down at speed, defining their own fluid boundaries and exploring niches beyond the reach of institutional forms. The point is that they do it around things that matter to the network. Agency is distributed in

networked publics, which creates a situational logic. Sometimes this coalesces and, at others, it fragments.

Networks are not inherently liberating. Participation is both partial and contextual. Diverse groups may be better problem solvers, but there are steep communication and coordination costs. Without a focusing object to align the breadth of perspectives, they often dissolve when one group of people and ideas is frustrated by another. The key is, of course, ensuring a context that allows every mind to be singularly good at its type of thinking, increasing combined value and reducing collaborative failure.

Networked intelligence can surpass the capacity of the bureaucratic organisation, but it takes different types of effort, coherence, and organisation to sustain ideas and make them into stable actions and stabilising relationships. We can see this in the governance issues and relative decline of Wikipedia, for example.

SEEING AND MAKING POLICY

In *Seeing Like A State*, James Scott identified how efforts to improve the human condition failed because centralised planning requires abstractions that discount the practical knowledge of ordinary people and context. A persistent failure of policymaking is its bias towards a rational, mechanical world view and its reliance on reductive quantitative metrics that result from an industrial legacy.

The complex workings of real societies are increasing legible and networked publics are explicit and empowered. Networked publics are simply better placed to respond to context: they see what the centralised hierarchy cannot. But, equally, the hierarchy can see what is beyond the gaze of the network.

The robustness and success of a system depends on the presence and effectiveness of both hierarchies and networks, and the interplay between them. Often, the liabilities and limitations of one can only be addressed by using the strengths of the other. Careful examination of the ‘hierarchies bad, networks good’ dialectic reveals that most successful network phenomena make use of highly centralised infrastructures of hierarchical decision-making somewhere along the line.

Thinking through when and where to use institutional scale and how to best employ networked intelligence – and, equally, when not to – is going to be crucial. It is easier to reaffirm established positions than understand new ones and find ways to make them work. The burden of responsibility in a stewardship role is for institutional organisations to actively refactor their processes to incorporate the value of networks and distribute decision-making. Institutions cannot do this alone. Their internal frames and power dynamics simply could not manage it without embedding feedback loops and opening up the flows of information.

We should not think about policymaking and delivery as separate activities. In fact, we must no longer think of the delivery of policy, as much as its engagement with a system. This means having deeper persistent awareness of actors and contexts.

Institutional thinking reinforces a tendency to treat the policy, rather than its objective, as a constant. Good ideas can turn out to be the wrong solution and the unexpected will happen.

To deliver better outcomes more effectively, the implementation of policy needs to adapt to shifting contexts. Making regular feedback part of the process ensures that information remains relevant and implementation decisions can adjust to context. Unintended consequences can be brought into the design, rather than bringing the project down. Moving from a fixed theoretical point towards building an increasingly robust evidence base, based on user needs and testing iteratively as a programme scales, minimises risk while increasing both quality and resilience.

Refactoring ‘agile’ techniques and insights into the world of policy design offers a method for multi-disciplinary teams to genuinely work together, closing the gaps between silos of government and making complexity manageable. The process maintains focus on the objective of policy while adapting as necessary; it helps rationalise the abundance of available data and focus analytic possibilities; it maximises communication and promotes better decision-making. The team as a whole is accountable as the unit of delivery.

The embedding of networked technology in our day-to-day lives introduces new forms of human interaction and the potential for participation, decentralisation, self-organisation and collaboration. Human interaction is being transformed and, in the wake of this, the rules of the game are changing. Institutions are habits and ways of thinking as much as they are organisational edifices. Different kinds of institutions allow individuals to think different kinds of thoughts and to respond to different emotions. The speed of change, the generation of new knowledge and the shift in agency all offer enormous potential. But to harness that potential requires new relationships of collaboration across multiple scales and organisations. Collective action is ours to reimagine. ■

FELLOWSHIP IN ACTION

MAKING YOUR OPINION COUNT

Imagine if a debate could be enhanced by pre-collated online data, allowing those that want to change society for the better to get on with things, knowing they have statistics on their side. This was Ed Dowding FRSA's vision when he developed IAgree, a mobile app and website that allow users to answer questions on various topics, mapping values and opinions to share with its community. This can be used to inform new businesses, products and campaigns.

In an average sitting, users answer 50 questions. These gather opinions and information about the people who hold them. RSA Catalyst funding helped IAgree to move to the next level. “We have made a much slicker version of a prototype app that had 6,500 votes on it within the first month,” Ed said. “People liked it and engaged with it, so we thought ‘let’s make it slicker.’” The new app will be available from May and the IAgree team is working with the mayor of Brighton on a trial, using the software to gather opinion on local issues.

■ To get involved, visit www.iagree.org



CORE VALUES

Institutions have what it takes to help societies tackle challenges, but there needs to be a powerful collective movement to change many of them first

By Anthony Painter

After some considerable time in the shadows, the importance of institutions is beginning to come to the fore. There has been some intellectual debate about how institutional reform may help address some of society's biggest challenges, but little of this has filtered into a more mainstream discussion about what institutions are, why they are important and how we might go about adopting new institutions or improving existing ones.

The debate will have to move away from academic journals and onto more practical terrain if we are to understand how we might sustain shared values over time. At this moment, however, we must consider what the practical implications of a nascent institutional awareness are. A convincing institutional reform programme and movement is yet to emerge.

Three distinct developments have brought institutions into focus in the past few years. First, economic crisis and cultural anxiety tend to encourage the questioning of existing institutions' performance. In the US and Europe, where both economic crisis and cultural anxiety have been prominent, the rise of right-wing populism (and, to a lesser extent, left-wing populism of movements such as Occupy), hint at a deeper doubt about existing democratic institutions. What previously seemed benign suddenly appeared incompetent and corrupt.

Second, there have been very clear institutional failures at the pinnacle of national life in the UK. These have touched banks, the police, the media, Parliament, the NHS and big

corporations, especially – but not only – energy companies. Having faced major crises in the 1990s, the monarchy is one of the few institutions to have fared well in recent years. A gap between the public's expectation that major institutions should align themselves with the wider good and the ability of institutions to do so has emerged.

Third, alongside systemic and institutional failure, an intellectual movement focusing on institutions has quietly flourished. The late American political economist Elinor Ostrom won the Nobel Prize in Economics in 2009 for her work on cooperation through the collective management of common pool resources. Then came the publication of the monumental *Why Nations Fail* by Daron Acemoglu and James Robinson, which argued that economic success throughout history has come through obtaining the right mix of inclusive institutions, including the rule of law, markets, state support, common education and freedom to establish business.

The philosopher Roberto Mangabeira Unger has emphasised how we must develop institutions characterised by democracy and deep freedom and create new financial, educational, civic, innovative, mutually supportive and community institutions. Gar Alperovitz's *America Beyond Capitalism*, as well as others' work, has curated the emerging institutional creativity under the radar of a focus on American federal politics.

It is clear that there is a popular concern about the competence and suitability of our existing institutions and the failure of high-profile examples, and an intellectual movement of many strands that points to the historical importance of institutions, how they are changing and how they need >>

ANTHONY PAINTER WAS DIRECTOR OF THE INDEPENDENT REVIEW OF THE POLICE FEDERATION. HIS LATEST BOOK, *LEFT WITHOUT A FUTURE?*, IS NOW AVAILABLE

to change further. In these circumstances, one might expect a credible reform movement to have emerged. And yet it has not, other than in fragments.

The reason for this is because a coherent values-led argument for change has not been put forward. For this to emerge, there needs to be a deeper understanding of what institutions are, the types we might need and how we could go about developing them.

This simple question has not been asked nearly enough. Much of the literature on the subject emphasises the constraining job of institutions. In this conception, the institution's role is to

impose formal or informal rules to prevent us from stealing, over-using, over-indulging, under-resourcing, or whatever it may be. The rules may also require certain behaviour from us, such as to support each other, help each other or maintain a dialogue.

The appropriately named institutional theorist John R. Commons, who died in 1945, described an institution as "collective action in control, liberation and expansion of individual action". There is an important underlying principle in this, namely that institutions enable us to do things that we would not be able to do alone. That is why they are historically important and it is also why they are critical for facing the enormous collective challenges that the near future holds.

However, one could easily define an organisation in this way, too. That is why economic institutionalists, who are interested in the behaviour of the firm, embraced Commons's definition. But if all forms of collective action are institutional, there is a danger that this field could end up being too broad and, consequently, diminish its own usefulness.

There is something rather particular that institutions do and that other types of collective action, such as a purely profit-motivated enterprise, do not. Institutions mediate between public and private interest. Their purpose is to ensure that public and private interests are both considered and they must endeavour to find ways in which they can intersect where they would not otherwise do so.

To give a current example, the Police Federation (into which the RSA conducted a recent independent review) has existed for almost a century to safeguard the interests of the 'welfare and efficiency' of all police constables, sergeants, inspectors and chief inspectors. Yet its behaviour in targeting particular politicians



and the use of its own resources have drawn significant and damaging public attention. It stands accused of failing to act in the public interest during the Andrew Mitchell 'plebgate' affair, for example.

These were institutional failings. The Police Federation exists in law. It represents individuals for whom public legitimacy is critical, it receives public money both directly but, more significantly, indirectly (its representatives are paid police officers), and it has a duty to safeguard its members' 'efficiency' as well as welfare. From this, it is clear that it has a duty and purpose to balance the interests of its members as individuals and

as a group, as well as having to demonstrate that it also acts in the public interest. It is this blend of sometimes competing, sometimes complementary objectives that gives the Police Federation institutional form.

In other words, institutions bring the public voice into decisions from which it would otherwise be excluded. Organisations have a single purpose. Institutions have multiple purposes, as is the nature of mediated outcomes. The key point here is not to replace the private with the public, but to provoke a conversation between them. Some companies, such as cooperatives, 'B corporations' in the US, social enterprises and those firms that have strong constitutional arrangements to serve the public interest have an institutional form, but not all companies are institutions. This is a key distinction.

INSTITUTIONAL VALUES

Thinking about how it might best project its values, the RSA is currently engaged in a discussion about a concept that it is terming 'the power to create'. This combines two broad elements: the notion of creativity and the notion of empowerment. It raises questions from a wider institutional perspective: how could institutions be developed to mediate the public and private dilemmas in ensuring both empowerment (inclusivity) and creativity (innovation)?

The US management theorist Clayton Christensen's work talks about an innovation 'belt of circularity'. In his theory of disruptive innovation, 'sustaining innovation' continually improves the product of market players, but is largely job neutral. 'Efficiency innovation' involves reducing the cost of processes over time. This creates value, but eventually destroys jobs. However, it then

“A SERIES OF KEY QUESTIONS COULD HELP ASSESS THE CAPACITY OF INSTITUTIONS”

frees up capital for investment in ‘empowering innovation’: the spread of the model in a manner that creates a high number of jobs. Think of Henry Ford democratising car ownership and the jobs subsequently created by the spread of car showrooms, advertising and marketing, repair and so on. It is this link that has been broken, as new finance has increasingly focused – often exclusively – on highly profitable efficiency innovation without spilling over into empowering innovation. A ‘power to create’ approach could seek both sustaining and empowering innovations. But this would require the right institutions to carry out the approach.

Certain sectors have enormous potential for disruptive innovation. In digital technology, the life sciences, health services, high-innovation manufacturing, 3D technology, energy and green technology, engineering and the creative industries, new entrants have the ability to get in quickly and disrupt the market. The challenge in these high-innovation spaces is to marshal capital and expertise, open up to international markets (including for flows of highly skilled people), and create networks of education, marketing, venture capital and support for small players. Free zones (geographical or networked) could create enormous tax incentives for investment, infrastructure support, development of specialist crossover between higher education and business, or the suspension of immigration restrictions. High-growth companies could receive additional support for public/private investment funds and debt finance. These are all institutional innovations that could promote creativity.

But there is also the empowerment side of the equation. For other areas of the economy that are less open to international competition, such as retail, a different institutional architecture would be necessary. Here, the aim is to focus more on inclusion.

As the former President of Queen’s University Belfast, Sir George Bain, argued in making the case for a second Minimum Wage Act, living wages could be applied in some sectors, at least for large companies. There would be an expectation of investment in the skills of the workforce. More personalised support could be provided to those out of work and more could be spent on the development of skills. There would be new incentives and responsibilities for large companies to use their substantial cash reserves to support the financing needs of suppliers, rather than leaving the money sitting on their own balance sheets.

The objective would be to spread efficiency gains wider in order to empower and include the many. It would work through

a series of sub-regional or city-based business- and worker-support institutions.

The same efficiency/empowerment dual ethos could apply to public services. In the fields of healthcare, social care, education, childcare, housing, criminal justice and so many other areas of public provision, the challenge is to provide more with less. That requires support for local innovation and spreading effective interventions more widely over time. This is not going to change any time soon as we move from austerity to the ageing society. What can be seen, however, is that values such as creativity and inclusion could begin to motivate particular institutional interventions that confront the significant challenges that we face as societies.

MOBILISING CHANGE

Big institutional change is hard. The most successful example of it in action is the creation of American constitutional democracy. A war of independence, a civil war almost a century later, enormous intellectual character and national strength were all required. Most importantly, however, the US has managed to mobilise consent for its institutions and instigate change at critical junctures. Today’s Congress, with its partisanship and crisis bargaining, shows that the task remains difficult.

To mobilise for the type of values expressed here will require an equally ambitious project. Before mobilisation, there will need to be a more resonant analysis of where and why existing institutions are failing, where the gaps in our institutional architecture lie and the measured interventions that may be needed to fix them.

A series of key questions could help assess the capacity of intelligent, adaptable institutions. These could include whether the particular institution can balance public and private values, yet still act with purpose. Does it act with purpose and change itself in response to this defined purpose? And does it see itself as separate from those it serves, or is it a space where many different interests can interact and create new collective value? Apply these questions to any current institution and you will quickly get a sense of whether they are destined to fail or not.

Underpinning these core questions is a clear set of mobilising values based around the ‘power to create’. Empowering institutions have to be open, transparent, accountable, inclusive and adaptable. Creative institutions would safeguard diversity, knowledge and experimentation.

An optimist would note that western democracies have managed to somehow adapt to obstacles in the past. The challenges of inequality, economic rebalancing, climate change, educational stasis and public-service adaptability are as great as the challenges faced by previous generations. Those previous generations understood the purpose and method of values-led institutional cultivation and change. The hope must be that current generations are open to the same appreciation; albeit in a way that matches the challenges of these times. ■



CENTURY OF ACTION

As the Fellowship marks its centenary, its ability to enable collective action and public engagement is needed more than ever

By Oliver Reichardt

At the heart of much of the RSA's contemporary mission is the question of how more of 'us' – the public – can get truly and effectively engaged in solving some of the shared challenges we face. In some ways, this has always been implicit in the Society's development over 250 years, but there have been times on this journey when this question has become more explicit. Unsurprisingly, now is such a time, as we face the decline of mass participation in some collective institutions – such as unions, the church and political parties – and new forms of engagement and communication.

OLIVER REICHARDT
IS DIRECTOR OF
FELLOWSHIP AT
THE RSA

“THERE IS AS MUCH NEED AS EVER FOR PEOPLE TO COALESCE AROUND PRESSING PROBLEMS”

In returning to this question, a good place to start is a century ago on 24 June 1914, when the RSA voted to move from having members to having Fellows. On the surface, this could seem like just a simple name change. But it symbolised something deeper; that the RSA is a like-minded group of people, a Fellowship, committed to a common cause of improving the world around it. It did not matter whether Fellows achieved this through developing an idea, debating the latest thinking or simply paying an annual subscription. Embedded in the move from membership to Fellowship was not only like-mindedness and shared ideals, but a focus on taking part in giving, rather than just receiving.

The early 20th century was a time of great movements. The Labour party was emerging as a political force and the suffragettes were ensuring women’s rights could no longer be ignored. Some 19th-century charities, such as the Salvation Army and the National Trust, were beginning to grow and become significant organisations, mobilising millions behind key reforms of the era.

Fast-forward 100 years and there is as much need as ever for people to coalesce around pressing problems. If we can be described as consumers of charitable causes, then consumer choice has exploded over the past 30 years. There are now more than 160,000 charities in the UK. The challenge for many is not simply to secure our money, but to be able to get some of our time and use it in a positive way. Charities can flourish because the public *forms* causes, it becomes *impassioned* by them and is *motivated* because it cares about what it is supporting. We do not simply consume causes, but create and participate in them, whether giving support, voicing our concerns or participating and leading action.

One hundred years ago, political participation was the route through which a person could change the world and being a member of a political party was a statement about how you wanted society to be. The RSA did not have a political ideology (though individual Fellows might), but it was about debating new ideas and improving the world, wherever on the political spectrum the ideas initiated. This might seem trite compared to the great movements that people could join at that time, but it was hugely significant.

To give just one example, the RSA led the way in introducing vocational exams. This began in 1856 through the endeavours of James Booth and Harry Chester, but continued to improve and evolve throughout the 20th century. This area alone has given millions of people the opportunity to gain qualifications and a route into employment that they would never previously have had. Much of the RSA’s work in education, from Opening Minds to the academies, builds on this history.

Organisations such as the RSA are constantly striking a balance between undertaking action that improves the public good and persuading governments that they ought to be undertaking them instead. While the RSA led the way in vocational exams, it became clear that this was something of national importance that needed government backing to ensure it was available fairly across the country. The RSA led the way in the education of women until it was accepted that universal education should be a responsibility of government.

We live in a time when the role of the state – and what it should and should not provide – is the subject of much debate. However, due to political sensitivities, no current party is willing to set out a coherent, comprehensive rationale for what they think the state’s role is.

The consequence of this is that the debate is played out in endless skirmishes over single issues. The spare-room subsidy, disability allowance and help for childcare costs have all had their time under the spotlight. Without the discussions and development of a rational underpinning, there will always be arbitrary decisions taken, random winners and losers. This includes arbitrary decisions taken about preparing the country for the future, whether this is an ageing population, ensuring we remain at the forefront of technological innovation, or the subjects children should study at school.

While there may be political differences about how or what the state should provide, the general direction is one of retreat as parties agree that we cannot afford the current level of government outlay. This is where the RSA Fellowship comes in. While the past century has seen the Fellowship debate and develop good ideas in the context of a broadly expanding government, we are now in a new age of Fellowship as government contracts.

But it is not simply about the size of the state. New forms of collective action and service delivery are part of the future, technology is rapidly changing the way we live and old institutions are struggling with the pace of change. The RSA has a vital role to play in all these areas. Indeed, the Fellowship – a group of like-minded people coming together to ensure we overcome challenges and thrive – seems more important than ever.

One of the great qualities of the RSA is its proven ability to adapt to the times, even when this is a difficult or contested process. So when we celebrate the centenary of the Fellowship, no doubt reflecting on its many achievements over the past 100 years, we must also ensure that we are not complacent. The Fellowship’s greatest challenges are likely to be in front of it. ■



IN THE REAL WORLD

Political parties must focus on the grassroots to make voting a form of political participation that is relevant to people's lives

by Rushanara Ali MP

Successive UK governments have attempted to combat declining voter engagement and turnout in Britain. Measures aimed at reigniting interest have included the introduction of directly elected city mayors and elected police commissioners. In their regional focus, these initiatives attempted to appeal to the various community identities found in the UK. However, none of these changes have produced a significant boost in voter turnout.

This gives rise to an interesting contrast. While voter turnout has declined, the wider political engagement of the average Briton has not. Not-for-profit organisations such as the National Trust and charities such as the RSPCA can boast memberships larger than any of our political parties.

RUSHANARA ALI IS
MP FOR BETHNAL
GREEN AND BOW

“WHILE VOTER TURNOUT HAS DECLINED, THE WIDER POLITICAL ENGAGEMENT OF THE AVERAGE BRITON HAS NOT”

Online campaigning platforms such as Avaaz and 38 Degrees often gain hundreds of thousands – and sometimes millions – of signatories for their petitions. Mass participation is not dead, even if it is often little more than the click of a mouse.

The question for political parties needs to be about how they turn the act of voting into political participation that is relevant to people’s lives. That means recognising that, as well as setting out national policy agendas, political parties need to get hyper-local and focus on social action from the grassroots, speaking to people’s lived experiences and everyday struggles. Policies and actions that speak to those struggles need to be matched by parties reaching out and responding to the things that matter to people.

Voting aside, one example of how communities can rise up and engage with the politics around them is the Save Remittance Giving Campaign, which fought hard on behalf of ordinary diaspora communities in the UK against the decision by Barclays to close bank accounts for small money-transfer firms. As the chair of this campaign, I saw first-hand how many people from minority communities, especially in the UK Somali community, could take action over something they were passionate about.

Their work led to 122,000 people signing a petition to stop the closure of banking facilities that would end a vital lifeline through remittance to countries like Somalia. These communities’ ability to send money to family and friends in the developing world was under fire and they united, under the campaign, to win a High Court injunction against the threatened closure. Of most interest was how this upswell of passion and political engagement was most strongly in evidence among the British Somali community, which does not by any means have the highest rates of voter registration.

What inspires people to take such social action? What pushes them on to demonstrate, organise and put pressure on powerful interests? In this case at least, we can see how that process is not necessarily linked to formal political engagement such as voting. The key is how to combine the two, or in other words, how to marry the basic urge to engage in one’s community with the basic urge to vote.

Partly as a result of the remittance campaign, the communities in question have first-hand experience of just how powerful their collective voice can be and how they can work with or apply pressure on MPs and ministers to act. Already, voter registration in this group has spiked. Informal

engagement in processes such as single-issue campaigns is powerful, present and easily harnessed. The next step is to redirect that energy to formal processes, such as voting, too.

A good example of formalising engagement is the charity I co-founded, UpRising, which runs a programme aimed at increasing engagement in the democratic process among 18–25 year olds. UpRising seeks to harness interest in community campaigning and supports young people from diverse backgrounds who want to take part in social action, such as volunteering, charity work and campaigning on an issue of interest. It starts by providing these young people with training in leadership skills, public speaking and management techniques and then supports them in delivering their chosen activity. At the same time, the charity provides access to a network of those in power, from elected politicians to leaders from business and civil society.

In UpRising, I can see a parallel with how we might help move the raw passion of 21st century social engagement back into the most precious right of British democracy: voting. Like the young people I work with, it is not the lack of interest or passion that results in talented individuals being overlooked by the system. Rather, it is a lack of access to the networks, to power and mentors that could really see the best brought out of our young people. There needs to be a willingness from the political class to ensure people do not feel powerless to act and that their engagement and participation can make a difference to their lives and neighbourhoods.

The same is true of communities. They have the passion and interest to engage socially, but if they do not always vote (or even register) political commentators can put this down simply to ‘apathy’. Wherever I go, I see passionate, engaged communities, including young people, but this does not always translate to formal political participation.

As politicians and democrats, we need to do more to make clear how the very act of voting is a form of community action and social engagement. Where this is combined with enabling people to exercise power to address the issues that matter to their lives, the case for political participation becomes self-evident. That might seem easier said than done, but all those who care about, and operate within, the formal political system need to tirelessly point out the links between community power and the vote. The alternative is a continuing decline in voting that simply will not match what I know is a passion for social action and engagement felt by communities up and down the UK. ■

NEW FELLOWS

DEBBIE LADDS



Debbie Ladds is CEO of Local Trust, a charity set up to manage the Big Local Trust and the Big Local programme. The goal of the lottery-

funded programme is to empower the residents of 150 small communities around England to improve their living environment. Local Trust will work with each community to identify the issues that matter most to them; each community will then receive £1m over 10 years to make a difference in that area, working with organisations they trust.

"We're helping people to gain the skills and experience to make a difference to the things that matter most to them," said Debbie. "This might be creating jobs, health and well-being, crime and antisocial behaviour, providing activities for young people or tackling payday lending."

Debbie believes that becoming a Fellow will have a positive impact on her work. "The RSA is about sharing, learning and networking. I am particularly interested in being exposed to different sectors and developing my thinking, reflecting on what works and why, and what I can learn to the benefit of the wider community," she said.

"I am also keen to share my knowledge and expertise for the benefit of others and to collaborate on joint ventures or ideas."



"I AM PARTICULARLY INTERESTED IN BEING EXPOSED TO DIFFERENT SECTORS AND DEVELOPING MY THINKING"

TIM PASCOE



Dr Tim Pascoe is a director of Catalyst in Communities (CIC), a not-for-profit social enterprise dedicated to community and youth

engagement, focusing on at-risk young people, young offenders and victims of crime. His co-director, Robin Lockhart, is also a new Fellow.

CIC's current projects include working with Charlton Athletic Community Trust on crime prevention in the football club's local area, a Comic Relief project addressing the needs of seriously at-risk young men, and looking at the link between sexual violence and gang members in Newham, east London.

This is Tim's second time as a Fellow. He has come back to the RSA because he believes it is moving more towards his areas of interest. "We worked with research director Steve Broome on a crime-prevention project in New Cross Gate, which was one reason for coming back," he said.

"We can bring contact with what happens on the street with real young people, rather than taking an ivory-tower approach. We hope to meet like-minded people and maybe engage in or steer a couple of projects into our particular areas, such as gang-related problems and sexual violence."

YOUR FELLOWSHIP – ENGAGE WITH THE RSA IN FOUR MAIN WAYS

1 Meet other Fellows:

Network meetings take place across the UK and are an excellent way to meet other Fellows. Check out the events taking place, on the website.

2 Connect online: Like the RSA on Facebook, or follow us on Twitter @thersaorg using #thersa hashtag. There is also a Fellows' LinkedIn group, our own network www.rsafellowship.com, and blogs at www.rsablogs.org.uk

3 Share your skills: Fellows can offer expertise and support to projects via SkillsBank using a form available online.

4 Grow your idea: RSA Catalyst gives grants and support for Fellows' new and early-stage projects aimed at tackling social problems.

Explore these and further ways to get involved at www.thersa.org

IN BRIEF

Here are a few more new Fellows who are working to drive social progress:

Esther Hughes is executive director at Global Dialogue, a charity that works to promote and protect human rights in the UK and around the world.

Jonathan Boote is a research fellow at the University of Sheffield, where he examines the impact of public involvement on the processes and outcomes of health and medical research.

Carrie Supple is project director at Teaching for Solidarity, which brings together materials to support teachers, trainers and community workers who want to build solidarity and cohesion.

Paul Marshall is citywide and development manager at Newcastle City Council. In his career, he has worked with communities and services to improve service provision and increase community involvement and influence in local decision making.

Lisa Harker is head of strategy at the National Society for the Prevention of Cruelty to Children. She wants to use her Fellowship to expand her opportunities to meet people with creative ideas about how to bring about positive social change.

Esther Ridsdale is the director and convenor of the Civil Society Forum. She strives to promote ways of working and living that help build a world where everyone can flourish.

COLLECTING THE EVIDENCE



John Kay's article ('Circular thinking', Issue 4 2013) was a fascinating read. As founder and acting CEO of the Strategic Management Forum, it occurs to me that economics and strategic management are both disciplines that suffer from the problems Kay articulates. The models that both use are "no more, or less, than potentially illuminating abstractions".

Not surprisingly, economics and strategic management share a similar reputational fate. The solution may come from adopting a new approach based on evidence that drives a mix of deductive and inductive reasoning. Such approaches are common to professions in which evidence-based learning is embedded, such as medicine. As we try to professionalise strategic management, we must build a body of knowledge, and do so on the basis of evidence-based strategic management. I can't but think that economics must do the same, and use evidence to understand what works and what does not in particular situations.

— **Paul Barnett**

Please send us your thoughts on the *RSA Journal* by emailing editor@rsa.org.uk or writing to: Editor, *RSA Journal*, Wardour, 5th Floor, Drury House, 34–43 Russell Street, London WC2B 5HA. Or comment online at www.thersa.org/journal

LEADERSHIP LESSONS

Matthew Taylor's essay ('Getting engaged', Issue 4 2013) made me think of the motto of the Royal Military Academy Sandhurst, 'Serve to lead'. The traditional interpretation is that officers need to serve their soldiers, continually re-establishing their authority to lead and thus increasing the engagement of all involved. A more recently developed interpretation is that the leader serves his subordinates in a way that encourages each to take leadership of their area within a collectively generated plan, again increasing everyone's engagement. This also gives the overall leaders more time to increase their strategic thinking.

The essay also brought to mind members of a board of directors being analysed by a professional management psychologist. The resultant reports are then exchanged and discussed fully and openly. Subsequently, individual responsibilities are moved within the group to make best use of their identified skills. The effect of this on a board's effectiveness is usually hugely positive, with many benefits spreading through the organisation and building much higher level of engagement.

— **Peter Dell**

CITY CYCLES

Issue 3 2013 of the *RSA Journal* reminded me of many of the ideas and practical projects that Nick Falk FRSA and Urbed pioneered in the 1980s. It is just sad that, 30 years on, we still have to talk about doing these things!

The treatment of central versus city power also made me realise why citizen income has never got anywhere, despite it being an obviously better way of distributing welfare, and far better than raising the minimum wage. Centralised thinking is too entrenched and short-termist to implement it and the new powerhouse cities have no control over welfare spending or where it is directed.

— **Andy Ferguson**

RETHINKING STRATEGY

23 January 2014



Sir Lawrence Freedman explains how strategy permeates all aspects of the modern world

My work focuses on three main areas of strategy. There is the military strategy of the Napoleonic Wars, where there were laws and principles that worked and guided generals. Then there was the revolutionary strategy coming after this period. And then a third wave, from the 1960s, of business strategy.

Jomini was the first great interpreter of strategy. He never really moved away from the view that, if certain principles were followed, a clever general could get the decisive victory that would win the war. Clausewitz was a little more sceptical, but he too was taken by the idea of the decisive battle.

Yet by the end of the 19th century, all the reasons why we know it is difficult for a clever strategic plan always to succeed had become apparent. And the First World War undermined forever the idea that, with the right strategy, you could be sure of victory.

With revolutionary strategy, again there was an optimism that you can see in Marx and his followers about what the masses were going to be able to do. The revolution was the equivalent of the decisive battle. But the experience eventually told us that there were other ways by which the masses might try to reach their objectives.

A lot of the original business strategy was based on the needs of big American corporations, especially General Motors.

These big corporations had almost reached the limits of their market share and needed to continue to be profitable, which pushed strategic thinking inwards. With the arrival of serious competition from Europe and Japan, they then had to address a new set of problems about the ability to control events.

I think business strategy – more so than military or political strategy – has suffered from the gurus, the people that come up with the next big idea that will see off all your competitors. And I discovered that there's a whole section of academic literature about fads and fashion in strategy, which asks who the executives are that fall for this each time. To which the answer is: you rarely lose your job by following a fashion. And, indeed, being seen to be going against a trend can mean you lose your job.

So strategy never quite fulfils its original promise. These days, to be strategic means to be long term, to have a keen sense of objectives and have a clear sense of how you get from where you are to where you want to be. That thinking can be valuable, but in practice it's also difficult and flawed, for a number of reasons.

A strategy is not synonymous with a plan. Mike Tyson said that everybody has a plan until they get punched in the mouth. Most good strategy is based not on some notional end point, but on the problem at hand. What actually is the problem you are trying to solve?

In war, if you've been attacked, victory might seem a good idea, but a better idea is survival. That's the first priority and then you may be able to think about where else you'd like to go.

So good strategy is about getting to the point where you can think about a stage afterwards. Even when you've won your battle and had your revolution, a whole set of new problems are starting and how you've got to that point will affect how you deal with the aftermath. And unless

you've thought these things through or prepared for the next set of questions, you're going to be at a bit of a loss.

The idea of the ultimate objective is misleading. Strategy is a soap opera, in that one thing follows another in a continual process of updating and responding to events. The history of strategy is in some sense the history of disillusionment. It's a history of attempts to set up scientific ways of thinking about the future that will guarantee certain sorts of results, which have always fallen short. But in the process, interesting ideas come out and it focuses the mind in ways you may have never otherwise come across.

THE END OF POWER

16 January 2014



Moisés Naim looks at how leaders across the world can adapt to the new realities of power

There is something fundamental changing in the world concerning power. I'm not saying that power does not exist any more. The Pentagon, the Vatican, Google and President Obama are all still significant centres of power. But those who have power today are more constrained in what they can do with it. Power is far more difficult to use; it is more risky and more fleeting.

Power is moving from west to east, from palaces to public squares, from large companies to young startups. We also have more women in power today than ever before. Those with power can do less with it than their predecessors.

In democracies, landslides are becoming an endangered species. Between 1970

“EVEN IN 15 YEARS, THERE HAS BEEN A HUGE CHANGE IN VALUES, ASPIRATIONS AND EXPECTATIONS”

and today, the margins of victory in elections have been shrinking to the point of almost disappearing. Everywhere you are discovering what *Prospect* called the ascent of rejectionist politics; the notion that voters are fed up with traditional politicians and parties. Newcomers may not displace traditional powers, but they become a new force that can constrain and limit the range of options available to the establishment.

Francis Fukuyama calls systems where this is happening ‘vetocracies’. Groups – or even individuals – without the power to impose an agenda, a view or a programme, nevertheless have the power to veto the initiatives of others. Executives are also confronted with the ascent of the power of local governments, domestic and regional powers. There has been a shift of power from the centre. Cities are becoming centres of action and mayors are the most popular politicians in countries around the world.

In business, we hear a lot about the concentration of power and a lack of competition. But while there is no doubt that income inequality has increased, it is also true that hyper-competition and turnover rates among companies and CEOs is higher than ever. A study by two NYU professors looked at the probability that a company that was in the top 20% of its industry would be there in five years’ time. In the 1980s, it was something like 90%. But that’s no longer the case. The number has plummeted.

In religion, interesting things are happening in the global competition for souls. Around the world, the Catholic church is losing market share, very often to religious leaders who just get a warehouse somewhere and create a church that speaks closer, and is more alluring to, the people in that neighbourhood.

To have power, you must have some unique asset that is hard for your challengers or rivals to replicate. In the



case of politicians it could be charisma or money, for religion it could be tradition, if it is business, then it’s the brand name or capital. Those shields are becoming less protective. The first instinct is to say that this is all about the internet, but the internet is just a tool and needs users to have motivation and direction.

There are three factors that undermine the shields: the ‘more revolution’, the

‘mobility revolution’ and the ‘mentality revolution’. ‘More’ captures the fact that we live in a world of profusion where there is more of everything. Check any number of humans organising themselves and see what the number was in 1990. Look at today’s number and it will have skyrocketed.

This, combined with the mobility revolution, has changed mentality. Even in 15 years, there has been a huge change worldwide in values, aspirations, expectations and senses of entitlement. With all three together, challengers can overwhelm the barriers that protect the powerful.

The mobility revolution helps them circumvent the barriers and the mentality revolution is undermining them. This creates a world where power is easier to acquire, harder to use and much easier to lose. ■

MORE FROM THE EVENTS PROGRAMME

Paul Mason, Channel 4 News’ culture and digital editor, and **Mariana Mazzucato**, professor in the economics of innovation at the University of Sussex, both delivered bold arguments in a panel discussion questioning our dominant economic models; **John Denham MP** discussed a radical review of higher education with professor of public sector management **Alison Wolf**; economic historian **Gregory Clark** argued that social mobility is much more illusory than we once thought; renowned journalist and writer **Jon Ronson** shared some advice for living a good life, in a specially commissioned RSA Commencement Address; and **Beeban Kidron** presented

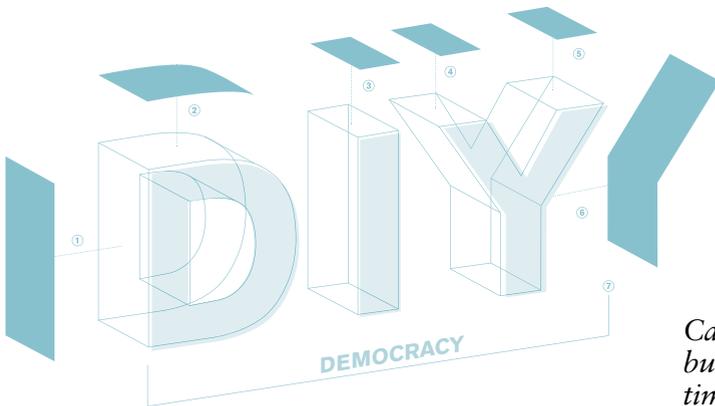
her documentary *InRealLife*, a revealing exploration of the ways the internet is changing childhood. The RSA events team also curated a day-long conference aimed at re-imagining educational skills for the 21st century. It featured international policymakers, business leaders and today’s most exciting educational entrepreneurs.

The highlights above are just a small selection of recent events from the RSA programme. All of these, and many more, are available as audio downloads at www.thersa.org/audio

Full national and regional events listings are available at www.thersa.org/events

For highlights of forthcoming events **see page 9**

LAST WORD



Calls to mobilise the public may be sincere, but people already give up so much of their time volunteering to do good

by Deborah Orr

Whatever else you might think about the record of David Cameron's government thus far, it is safe to say that the centrepiece of his election campaign, a call for the unleashing of the Big Society, has moved decisively to the sidelines of political debate. Pretty much everyone predicted that it would, and there are many reasons why.

Apart from anything else, there is a basic cognitive dissonance when a man like Cameron, who himself has chosen to undertake a form of public service that comes with a state salary, tells others to do as he says, not as he does. There is a basic cognitive dissonance, too, when a man who has never wanted for money tells people who have, that money should not be their motivation. And that is a problem with much of the political class: too often, they exhort others to do what they do but without access to the salary, skills or time available to do it.

The 2010 election came not long after the expenses scandal. A number of MPs tried to justify their dishonesty by suggesting that they could make a lot more dosh in the private sector than their miserable parliamentary salaries reflected, so expenses simply helped them to achieve their true worth. So, coming from the political class, the idea of a nation full of selfless people helping others rather than helping themselves seemed absurd.

And it is absurd. The absolute heart of Conservative neo-liberal belief is that money is the greatest possible human motivator. It says that the way to make everyone prosperous is to give the rich ample opportunity to get richer. Philanthropists are lauded, too, but the idea is that this must be something individuals choose for themselves. There is no great criticism of those who choose not to. That is their right.

Anyway, in neo-liberal ideology, the monetisation of human activity is the name of the game. Entrepreneurs exist to find new ways to make money, and need marketing plans to persuade people that their new service or

product is necessary. You simply cannot have a market-led economy then tell great swathes of potential customers that they should ignore constant demands to consume and set aside precious time to generate social, non-monetised profit instead. In a world where everything has a price, everyone needs an income.

Even charity fundraisers are now employed on commission. Many charities are businesses now; they play their part in politics and the media, some more so than they play a part in people's actual lives. Many of them exist only because they win government contracts to provide services. Somehow, politicians are to be admired for sticking with the public sector while others fill their boots, but carers, teaching assistants and cleaners deserve their comparatively poor wages, because the social value of what they do is not immediately transferable to a balance sheet.

And, indeed, incomes are static or sometimes even falling, while the cost of living continues to rise. One of the more baffling successes of this government had been the increase in employment. No one is complaining about this, but the greater proportion of the population in work, the smaller the proportion volunteering. Or, at least, the less time they have to volunteer.

Yet people do find time. The poorest give proportionately more to charity, in part because they know what want is like. Parents help at schools. Patients leave hospital and take part in charitable fundraising events. Professionals are forever going to universities and colleges to mentor and advise young people. Former addicts continue to attend meetings or sponsor new attendees long after they have straightened out their own lives.

Ordinary people are entitled to do what they can because they want to, not because it is a political party's policy to tell them that it is the right thing to do. In fact, being told they must find more time – and that politicians will take the credit for it – quite often just puts people right off the whole concept.

The feeling of being a pawn in a political game is precisely why no party should ever claim good citizenship as 'policy'. ■

DEBORAH ORR HAS
A WEEKLY COLUMN
IN THE GUARDIAN



RDInsights | The thoughts, feelings and opinions of the RSA's Royal Designers in recorded conversations with Mike Dempsey.

The series of podcasts reveals a variety of valuable insights from Thomas Heatherwick, Arnold Schwartzman, Roger Law, Gerald Scarfe, Peter Brookes, Georgina von Etzdorf, Anthony Powell, Michael Wolff, Betty Jackson, Nick Butler, Pearce Marchbank, Malcolm Garrett, Chris Wise, Margaret Howell, Dinah Casson, Sir Ken Adam, Timothy O'Brien, Robin Levien, Kyle Cooper, Sue Blane, Stuart Craig, Terence Woodgate, Sara Fanelli, Mark Farrow, Neisha Crosland, Sir Kenneth Grange, Ivan Chermayeff, David Gentleman, Alex McDowell, Perry King, Sarah Wigglesworth, Mark Major, Sir Paul Smith, Nick Park, Michael Foreman, Richard Hudson, and Paul Williams.

More will be added throughout the year. | **Wise words for leisurely listening.**

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