

Toward a Caring Society

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The Twentieth Century

First of all let me say what an honour it is for me to give this convocation lecture in the very year that I joined the Board of Governors of the Goa Institute of Management. When I began thinking about this opportunity, I am afraid I came to the conclusion that when addressing the next generation of young Indians emerging into the "brave new world" - a phrase immortalized by George Orwell - I would step back and profile the times we live in as I see it, and the qualities a young generation of Indians will need to nurture if we are to progress towards a new more humane India. I decided to entitle this essay "Toward a Caring Society". All the resources of this world are not enough to produce a Caring Society unless we Care to do so. (Fundamentally, I have felt for years, we simply do not care to move down a path that is plain before us and one which would produce an outcome that is efficacious for all).

We have just emerged from an extraordinary century. With the fall of the Berlin Wall and the ending of the cold war, one optimistically felt that we were going to emerge into a new world in the 21st century that was humane, prosperous and caring. Alas the first decade of the 21st century has been anything but humane, prosperous and caring. We have seen terrorism increase to an alarming proportion throughout the globe based on murdering innocent people on a scale unimaginable; we have seen the dominance of greed and "risk sharing" (Sharing risk with those least able to understand it or assume it) in the international banking industry which has resulted in the deepest slow down since the Great Depression; and if the opposition to the health bill that President Obama has championed and fought for tenaciously is anything to go by, the concept of caring has been all but eliminated. It's a measure of success that good sense prevailed and the bill was passed last week by a thin margin.

"The twentieth century was the most extraordinary era in the history of humanity, combining as it did unparalleled human catastrophes, substantial material improvement, and an unprecedented increase in our capacity to transform, and perhaps destroy, the face of our planet and even to penetrate outside it." It claimed 167 million lives through the action of national governments - We saw the advent of Lenin and Stalin, Hitler and Mao, the rise and fall of communism, totalitarianism at an unprecedented scale, the rise and fall of democratic forms of government. It is ironic that even before we had taken the first stride into the 21st century, the USA - that beacon of democracy in the 20th century - had begun to assert in 2001 a unilateral world hegemony, walking away from, and even denouncing long established international conventions, and reserving the right to pre-empt wars in far away lands whenever it wished to and indeed actually putting these policies into operation. It is a century of megalomania which "became a disease of states

and rulers who believe there are no limits on their power or success".

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Trends of Our Times

Thus the turn of the millennium has been momentous indeed. It has ushered in a series of dilemmas which we are continuously subjected to and which we will struggle to deal with - if not entirely resolve during the first quarter of this century. Overriding many of these trends is the dizzying pace of change that we have experienced especially in the past two decades which Francis Fukuyama dubbed as the End of History. This termination ended a ten thousand year evolution of history. A major contributing factor has been the communication revolution which has eliminated the constraints posed by time and distance. It has also destroyed the tradeoff between content and reach. I would like to list five of these trends and dilemmas for the world; dilemmas which I have been especially concerned with - and watching carefully - but there are clearly many more.

The first of these is the concept raised by Fukuyama concerns the 'End of History'. Fukuyama wrote:

"What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of postwar history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government."

"Have we in fact reached the end of history? Are there, in other words, any fundamental "contradictions" in human life that cannot be resolved in the context of modern liberalism, that would be resolvable by an alternative political-economic structure?"

He could not have been further from the truth. The first decade of the 21st century has indeed questioned all forms of governance, regulation, and the frameworks for modern economies to function smoothly. But there is no universal adherence to one ideology. Things have rarely been in such flux in living memory. This leads on to the second dilemma

The second dilemma is the clash of civilizations. Samuel Huntington wrote an article in 1993 entitled "The Clash of Civilizations". In it he emphasised a "new phase" in world politics at the end of the cold war and clearly echoed Francis Fukuyama with a process of thinking about the "end of history". He wanted, however, to announce something more fundamental: a "crucial, indeed a central aspect" of what "global politics is likely to be in the coming years". He then said:

"It is my hypothesis that the fundamental source of conflict in this new world will not be primarily ideological or primarily economic. The great divisions among humankind and the dominating source of conflict will be cultural. Nation states will remain the most powerful actors in world affairs, but the principal conflicts of global politics will occur between nations and groups of different civilizations. The clash of civilizations will dominate global politics. The fault lines between civilizations will be the battle lines of the future."

In effect, what he was saying was that the challenge for the West was that it was essential for it to get stronger to fend off all others; Islam in particular. This was an attempt to conjure up a neat demarcation which would lead to very specific mitigating strategies reminiscent of the cold war: the clash of democracy versus marxism being transformed into christians and jews versus islam.

Edward Said summed it up brilliantly:

"But we are all swimming in those waters, Westerners and Muslims and others alike. And since the waters are part of the ocean of history, trying to plow or divide them with barriers is futile. These are tense times, but it is better to think in terms of powerful and powerless communities, the secular politics of reason and ignorance, and universal principles of justice and injustice, than to wander off in search of vast abstractions that may give momentary satisfaction but little self-knowledge or informed analysis. "The Clash of civilizations" thesis is a gimmick like "The War of the Worlds," better for reinforcing defensive self-pride than for critical understanding of the bewildering interdependence of our time."

The Clash of Civilizations is nothing but the Clash of Ignorances.

The third dilemma is the phenomena of urbanization. The 20th century was about cities; about the trend in humankind to cluster together in enclaves and produce creativity through mutual attraction and interaction on an unprecedented scale in world history. At the turn of the city there were about a dozen cities with a population exceeding a million; at the turn of the 21st century there were over 450. We have, however, still to come to terms with this massive demographic shift and the 21st century is going to be about managing the choices we made in the 20th century. India has a long way to go as we have not even started thinking about our cities as living, integrated conurbations. We seem to think of cities as something to be contained or at best dispersed - or to throw some projects at them to alleviate specific problems.

Cities are the engines of growth and creativity at present and will continue to be so in the foreseeable future. Their nurturing is an absolute necessity for the future health of a society, economy and culture. Frameworks of representative governance are likely to be crucial for evolving cities that meet their citizen's aspirations. In India, we have an additional problem - the legacy of what I call sovietism. For three decades India practiced a form of planned economy supposedly compatible with markets - what was termed the mixed economy. Unfortunately the institutions we built to manage the so-called "mixed economy" were entirely state controlled and designed. These very same institutions, built for the planned economy continue to function in what is now a market economy. Sovietism is alive and well in terms of governance in India. Beginning reform with urban governance institutions may well be the place to start. This is what Lewis Mumford had to say way back in 1961 in his book entitled *The City in History: Its Origins, Its Transformations and its Prospects*:

"The chief function of the city is to convert power into form, energy' into culture, dead matter into the living symbols of art, biological reproduction into social creativity. The positive functions of the city cannot be performed without creating new institutional arrangements capable of coping with the vast energies modern man now commands: arrangements just as bold as those that originally transformed the overgrown village and its stronghold into the nucleated, highly organised city."

The fourth dilemma that I would pose is one that arises from the recent systemic crisis in the financial system of the world. This concerns the recent precipitous slow down in the world economy as a result of systemic problems that built up over nearly a decade. These events will inevitably lead to substantial soul searching with regard to how to manage the economies of the world in a sustainable manner. Even today, bank failures continues at an astonishing level similar to the failure of the savings and loans industry in the US over a decade ago. The total number of bank failures in the US over a year has been 130. Banks are being shut at the fastest rate since 1992. The savings and loans crisis claimed 179 lenders. The death toll could be worse next year. The Federal Deposit Insurance Corporation has its eye on 552 problem banks.

This dilemma has already become one that attempts to define the right balance between markets and government. India, in 1991, moved down the spectrum from overwhelming government intervention to one that permitted markets to function. This resulted in the prosperity we now see. The US moved from a centre right position to far right adopting a Chicago School approach which placed the interplay of market forces squarely as the main engine of the economy with a very limited role for government. The prevailing ideology was that all you needed to do was to ensure efficient markets - transactors in these efficient markets would work wonders. The present dilemma clearly illustrates that

the financial sector (most prone to the operation of perfect markets) experienced a cataclysmic failure bringing down the real economies of the globe and forcing central banks and national governments to rescue the system on an unprecedented scale.

The next two years will be about striking some sort of optimal balance between markets and institutions. A series of publications are already out on the economics of John Maynard Keynes versus Milton Friedman; a debate that I was at the heart of in the early 1970s when I was a student at the LSE and then the University of Chicago. This was a debate I was immersed in deeply during my graduate days in both institutions. Its *deja vu* for me as I see precisely the same arguments including the Tobin Tax that were discussed decades ago. Essentially we will need to redefine the optimal location along a continuum between the role of markets and governments in the economic management of nations. Leaving it to the market to find equilibrium in each market is clearly not the right answer; we will need regulated markets and identification and dissemination of risks to those most able to assume them.

The fifth dilemma is one that concerns the costs of economic growth. You cannot attend a seminar or conference today without two concepts being on the agenda - "sustainability" and "climate change". Professor E. J. Mishan who taught me at the LSE in the early 1970s published a book in 1967 entitled "The Costs of Economic Growth". Rereading this book (including my notes on the margin) over thirty years later brings back the forceful arguments made warning us of the consequences of pursuing the maximization of one number in a newly discovered index: COP. In essence the argument was about external diseconomies. His conclusions were that the continued pursuit of economic growth by Western societies was more likely on balance to reduce rather than increase social welfare. If the moving spirit behind economic growth were to speak its motto it would be "Enough does not suffice". It was not an easy argument to make and in hindsight he was probably wrong with regard to social welfare. The last 30 years has seen a profound change in the economic progress of nations around the globe. But they have imposed significant economic costs – costs that were never quantified. It could be argued that these costs were greater than the benefits that were derived from the policies that were pursued. Climate change was one aspect that was not even contemplated at the time.

"Our political leaders, all of them, have visited the United States and all of them have learned the wrong things. They have been impressed by the efficient organization of industry, the high productivity, the extent of automation, and the new one-plane, two yacht, three car, four television set family. The spreading suburban wilderness, the near traffic paralysis, the mixture of pandemonium and desolation in the cities, a spiritual despair scarcely concealed by the frantic pace of life - such phenomena, not being readily quantifiable, and having no discernible impact on the gold reserves, are obviously not

regarded as agenda"

Mishan had obviously not anticipated the world wide web, email or the Blackberry. His notion of "frantic pace of life" was clearly underestimated. Thinking back to the sixties, life was positively leisurely compared with today. All of you in this room will experience this frantic pace soon enough: where to steal a moment for yourself undisturbed by phones ringing, sms's tweeting and emails buzzing will seem a luxury indeed. One thing is certain: never again will we be able to ignore the costs of economic growth. They will have to be identified, their impacts assessed, appropriately priced and internalized in the so called "human development index" popularized by the King of Bhutan.

Building a caring society in our current world will be a challenge. Competition and individualism has been imbibed to a degree where the Darwinian principle of "survival of the fittest" is the underlying dictum. It begins with childhood, competitive examinations, competitive selection to schools (including primary) to universities, competitive job seeking, competitive advancement in corporate life, competitive survival in society and more recently competitive religion in the realm of religious belief. The meritocratic competitive society needs to be tempered by caring and sharing.

This process will need to begin with the individual and society and through its educational institutions which will need to nurture these concepts from early childhood. It will be individuals that will need to find, nurture and create the conditions that promote care within the society and organizations in which they routinely live their lives. Sensitivity to others, inter-related cultures, understanding of differences are all components of this process.

Perhaps the most important will be the concept of pluralism. We live in an increasingly pluralistic world but we have scarcely begun to learn how to deal with it. Increasing globalization and instant communication has paradoxically fostered tribalism to a terrifying degree. We will need to understand the importance of driving the process of pluralism in everything we do - promoting mutual understanding and respect.

I have always been greatly sympathetic to the approach of Stephen Covey for personal development and used it with great success in shaping a culture in HDFC. His seven habits, if practiced carefully and diligently, is a remarkably powerful tool to build a caring society. Principled centred leadership is the core of his philosophy - something we could do with in India quite desperately. Who ever gave an award for principled centred leadership? One of the seven habits that is at the core of the principle of caring is to *seek to understand before being understood*. At the heart of this idea is the concern for others and trying to understand where people are coming from. Native Indian tribes use what is

called a Talking Stick which is used in all meetings where the person holding the stick is the only person allowed to speak until he or she feels completely understood and then, and only then, is the Talking Stick passed on to the next person. This creates an incredible understanding and synergy among the team. Have you ever tried it? Sometimes I feel we could do with one in Board Meetings!

Seek to understand before being understood. Covey's Eighth Habit which occupied an entire book for itself, amplifies this principle and is a critical element in building a caring society. How does one become an island of excellence in a sea of mediocrity? How does one do this?

By Finding one's voice and helping others find theirs. What could be the basis of greatness other than this? How many of us practice this? Let me try out an experiment that he put us through when he was in Bombay. I want you all to close your eyes and point north. When you open your eyes please keep pointing in the direction you chose. Lovey calls this the whole body paradigm. Integrating body, mind, heart and spirit. What is important is not behaviour - its the map. Where are we headed? We need a compass and a clock. In organizations do people really know where true north is? There are no moral compasses, no conscience, no guiding spirit. What Covey is doing is providing a heuristic for what all enduring philosophies and religions teach integrity, compassion, trust, honesty, accountability. That is what builds a caring society, organization or person.

India has come a long way since 1991 when an ideology died and a new beginning had to be made. If I were to ask you to predict India in 2009 in 1991 and you actually predicted the present situation you would have been universally branded an optimist beyond comprehension. India has changed; it has changed dramatically; and it continues to change dramatically. It changes incrementally - one day at a time - no magic wands - no big bangs. But the pace of change. increases. I strongly believe that India is poised at the moment for enormous growth and development. All the levers are in our hands and the world is ready to participate on our terms - if only we knew our story and were resolved to be fair to all concerned. Obama is worried about India. When the most powerful nation in the world worries about us we know we have arrived. Till the turn of the century India was largely irrelevant to the world - an enigma difficult to understand. Today resources - both financial and human - are not a constraint. The only constraint we face is our ability to put our house in order, follow principled centred leadership and set our goals. As Seneca observed in the 4th century BC: "If you do not know to which port you are sailing, no wind is favourable". We have sadly not identified our destination. Have you identified yours?

India faces one major problem - it is the root of all other major problems - our system of

governance. Corruption, poor public policy, low levels of effectiveness on the ground, decaying cities and towns, alienation of communities, non-deliverance of entitlements, and the list is long. We can only begin to fix these if we can begin what I call a new dialogue. Concerned individuals, universities, industry forums have all a role to play in bringing this about. We need dialogues on four verticals: India as a democracy; India as a society; India as an economy and India in the World. I am not sure that we, as a nation, have any clue where we are headed on almost any of these verticals and yet they together comprise our destiny. India all too often is thought of as a democracy. We do indeed have to go back to the people to elect a government. A pillar of democracy - but only one of them. Freedom of the press is another very important principle which we have fiercely defended. We forget the others: Rule of Law for all; independence of the judiciary and the law enforcers; probity in public life; representation of the people; and so on. Indian democracy without these other pillars is either an elective anarchy or an elective tyranny. One of the most powerful instruments we have at our disposal is to drive change by creating constituencies for change. This is not possible in China. I am doing this in my own little way here in Goa as well as in Mumbai.

India needs Covey. The Middle East needs Covey. We in India, need a new governance paradigm; we need principled centred leadership; we need new institutional responses. While we freed the economy in 1991 and ushered in a new world of economic achievement, the institutions of governance remain that of the earlier Soviet planned economy. These institutions have **no** relevance for the future. None whatsoever. We need to create new institutional arrangements that will serve the Indian republic in the 21st century. Unfortunately there are no signs of this happening as yet. Our generation lived through strange times; an economy run by commissars held on a tight leash resulting in slow growth and rising poverty and international irrelevance. In just 20 years of unleashing the economy we are seeing the highest growth rates we have ever witnessed and, indeed, the highest growth rate behind China in the world economy. Your generation's agenda will be to build this new economy, these new institutions, the dialogues that we will need to foster if we are to recover the moral high ground that we started with in 1947. This is your agenda. Whatever you choose to do you must keep an eye on the broad environment in which you live and contribute to making it better.

Finally let me say a little about creating the future. The future does not happen; it is made. Further, the initial conditions for the future are already present. Predicting the future relies on one's ability to identify these trends on the ground and to respond to them appropriately. The advent of the personal computing device nearly bankrupted IBM (they did not see it coming); the small car almost destroyed the US auto industry (they too did not believe in this trend). Peter Drucker is profound on leadership. Following this argument of creating the future would, as a corollary, lead to the following in the words

of Drucker: “Successful leaders don't start out asking, 'What do I want to do?' They ask, 'What needs to be done?' Then they ask, 'Of those things that would make a difference, which are right for me?' They don't tackle things they aren't good at

As you explore the future, please remember you are entering a world in which anything is possible. We have the means to make life easier, pleasanter and kinder. We have the means to do the very opposite, to make it impossibly hard, nasty and mean. Many of the global trends I pointed out at the beginning of this lecture have a tendency to create the latter. You, the future generation, are endowed with a magnificent possibility of creating a caring society - I hope, for the sake of all of us, you will succeed.

Let me leave you with the words of Gandhiji who feared for the future where seven precepts were present. Unfortunately for us the society we have evolved has ensured that all of them prevail. We should do everything in our power to reverse them if we are to produce a Caring Society:

Wealth without work

Pleasure without conscience

Knowledge without character

Commerce without morality

Science without humanity

Religion without sacrifice

Politics without principles

Thank you very much.