

It is Time to Redesign Economics

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The world is facing an unprecedented crisis with the Corona-virus pandemic. It is revealing day after day all the failures in our economic and social system, and in our thinking process. We were aware of these failures all along, but we ignored them, and let them grow worse each day. We knew about global warming, and that it is getting worse, and about wealth concentration, and that it is getting worse. We knew about the problems of poverty, healthcare, deforestation, plastic, gender inequality, and others. We knew how to solve them. But we did not mobilize our capabilities to end these problems. Why? One explanation may be: we are so 'addicted' to our present system that we do not want to disturb it.

No Going Back

The COVID-19 pandemic has stopped the economic machine. All nations are desperately preparing themselves to make the economic engine run at its maximum capacity again and take the economy back to the pre-pandemic level.

My question is: Why would we want to take the economy back to where we left off a year ago? We know that our pre-pandemic economic journey was taking us to the finishing line of our existence on this planet; it drove human beings to be one of the most endangered species. I strongly feel that our decision should

be the opposite. Our firm decision should be — "No Going Back". I find it insane to go back to a suicidal path.

We are lucky that the pandemic has opened a window of opportunity by stalling the economic machine. Now it is easier for us to turn around. This opportunity may not be available for future generations. We must not miss this opportunity.

Going back will mean working in the same system, same infrastructure, same concepts, same goals of businesses to worsen global warming and create more wealth concentration, and soon making the planet un-livable for human beings.

This is the time to redesign. The most important step in the redesigning process would be to create options for people. Our present system does not offer any options. Its obstinacy and rigidity have taken away its capacity for self-corrections. If we replace it with a system that will give options to every person on all basic economic decisions, corrective mechanisms will come into play and steer the system toward the right direction. It is difficult to reorient the older generation to get used to having options and make their own decisions because they were never introduced to these options. The younger generation may be introduced to these options as they grow up. The education system will have to take this responsibility to introduce options in life right from the earliest stage of education. Students will learn about the choices they have to make and gradually make up their minds on which options to take, how to navigate life through ever present options. They will learn what will be the personal implication of each option and at the same time the societal

implications emerging from each decision. These choices will gradually shape the future of the world in which they will live in, and the world they will hand over to the next generation.

The Education System Should be at the Centre

The education system must play the key role in the transition process. Schools at all levels will have to make it clear to the students that nothing is engraved in stone as far as our economy and society are concerned. Economics is a software made of rules to tie up our concepts to arrive at personal and societal goals we set for ourselves. We are fully capable of designing an economy appropriate for the goals that we set for it. Goals come first. If we are not getting the desired outcome, we do not submit ourselves to wrong outcomes, we fire the 'software engineers' who designed it, and build a new software to get the job done. The economy is not something set by Nature, it is a human creation to get things done according to our objectives. We are the master of our objectives. The rest is to get the right people to set the rules, institutions, and legal framework.

If we want to change our objectives, we change the rules of economics by creating appropriate institutions and laws. If we decide to make sure financial services must be available to all people in a financially sustainable way, we abandon the banking system which is not capable of doing that and create another system of banking. The most important thing is to decide what we want. Today, our education system does not involve itself in

such issues. It only tells the student what exists, giving the impression that these are unalterable coordinates of life.

The most important step in redesigning the economic system would be to give people options. The present system does not offer any particular options.

The present economic system is a job-centric no-option system. We can create a system which will give options to every single person on basic economic decisions. Their combined decisions will constitute the global direction of the economy. These options can be introduced through our education system which will prepare the young people for the choices that are available to them, and how to choose from the options that appear before them. This will replace the present job-centric, no-option education system.

To begin with the education system should install the purpose of life as the central issue of education. I try to draw attention of the designers of educational programmes to leave aside one week every year at every level of education, to undertake one simple exercise. Students of each class will spend one week in an intensive consultation and debate to come up with a broad outline of the features of the world that they would like to create. Highlights of these decisions should be kept in record to make it the starting point for next year's debate. Teachers, each year, may bring new issues for the consideration of the class. In other words, as long as students remain in the academic system, they will remain engaged in this debate.

Educational institutions will have to make it clear to their students that life becomes worthwhile when it has found a purpose. Purpose leads to actions. Search for the purpose should be the central theme of the education system. By the time students finish their school they should be ready with firmed up purposes, or at least they have narrowed down the appealing alternatives.

Young people should be told that they have the power to create the world they want. They should be told that they are not passengers on this spaceship earth — sitting in first class, business class and economy class seats. They are the pilots in the cockpit. They can take this world in any direction they want. Designing the destination is closely connected with defining the purpose of life. Students must find a generally agreed destination in mind, otherwise the world will drift into disaster.

The education system should communicate a message to the students that nothing is impossible for human beings if someone leads them to a firm decision to achieve it.

Our education system must be redesigned to change its present orientation from producing 'job-ready' young people to producing 'life-ready' young people. Students should be told that all human beings are born entrepreneurs, packed with unlimited creative capacity. The journey of life is a process of consistently unleashing one's own potential to the fullest limit. Taking a job stops that process. A job is about serving others' wishes. It is about re-tooling oneself according to someone else's specifications. This is almost like squeezing a giant human being into a little slot of a job, which gives very little space for self-discovery. A job makes you spend your entire life as per the requirements of some people above you.

Job or Entrepreneurship

The education system must offer alternative pathways of preparing students to enter their lives. A student can choose one of the two tracks, — job track, for those students who have already decided to take up jobs as their career, or entrepreneurial track, to prepare students to become entrepreneurs. There will be a third track for students who will decide later. This will be a track to explore both options.

New economics will be built around new concepts which will offer options, it will lead to building new institutions and designing new laws to create new institutions. The most important feature of the new economics will be to offer options where options did not exist at all. For example, new economics will begin with a new image of a human being. It will be a big departure from the classic image given by old economics. Old economics conceptualised a human being as someone driven by self-interest. That became the fountainhead for arriving at conclusions that led to so many disastrous policy decisions. It converted human beings to money-making robots. It took away options from people. It turned human beings into profit-maximising economic robots.

Instead of telling students that human beings are driven by self-interest only, the new education system will tell them that human beings are driven by two interests - self-interest and collective interest. Adding collective interest to human beings brings a fundamental change in economics and our relationship with the wider world.

With a new concept of human beings with dual interests we will need two concepts of business to go with each orientation of human beings. In the world of self-interest driven human beings there is no need for choice. Their role is fixed. All they aim at is the maximisation of personal profit.

The new education system, consistent with new economic thinking, will offer options in business. Students will be told that there are two choices in business - personal profit maximising business, and collective problem-solving business. Serving collective interest needs a completely different kind of business - a business dedicated to solving collective problems without any intention of making personal profit. We call it Social Business. An entrepreneur is free to choose how much of his resources he is willing to put in each category of business — how much in personal profit seeking business and how much in collective interest seeking business.

There is a clear conflict between collective interest and personal profit. The education system must prepare the students to weigh these two conflicting interests and take appropriate decisions to maximise their happiness. These options are mutually exclusive in each business, but not so to the entrepreneur who owns these businesses. An entrepreneur can pick one or the other, or both. Since the objectives of these businesses are different, the entrepreneur must run these two businesses separately.

A World of Three Zeros

The overriding responsibility of the new education system is to prepare students to create a new world free from pressing problems of global warming, wealth concentration, and upsurge of massive unemployment. They will be inspired to take the challenge of creating a world free from all these problems, a world of three zeros, — zero net carbon emission, zero wealth concentration, and zero unemployment.

Global warming is getting worse every day. It is an existential threat to the world. The more we know, the more shocking it appears. But in everyday life we show no sign of getting shocked or feeling threatened. We keep ourselves insulated by thinking that "I cannot do anything about it. Our government never asked me to do anything about it, they must be doing something to take care of this. If it were so bad, they would have warned us. My job is to carry on with my life".

We now have a situation where we know very well that our house is burning, but we are not worried about it. We remain in a denial mode. We keep ourselves busy with our non-stop partying inside the burning house. We are determined to ignore the fact that our partying itself is continuously fueling the fire. We know very well that our partying is tightening a self-destructive cycle around us. To continue with our partying, we keep coming up with unconvincing excuses. These excuses range from blame-game to total denial.

We know very well who is causing this global warming. We are causing it ourselves. We are doing it through our businesses, through our decisions as consumers, through the policies of our governments.

Each of us as individuals is responsible to stop the fire, whether the government asks for it or not, it does not matter. We have very little time to stop this fire before everything turns into ashes. The point of no return is approaching very fast.

Wealth is Expanding and Keeps Moving Away from People

Parallel to global warming, wealth concentration continues to get worse every moment. It has turned the economic engine itself into a ticking time-bomb. It can destroy us any time. Our economic engine has already delivered 99% of the global wealth to the lucky one 1% of global population and this share is increasing every second. 99% percent of people, who own only 1% of the global wealth are left at the bottom end of the income level; half of them is under an income of \$ 5.50-a-day. The remaining population is not too far above them. This has created a situation where all the wealth of the world got totally disconnected from the people. People are abandoned at the bottom, while wealth is not only piled up high in the sky, but it also keeps moving away from people in a sustained speed. Is there any sign of this being different some day? Not within the present economic system. People-wealth disconnection will continue to grow until it ends in an explosion. But we do not discuss this problem like we discuss global warming. We have no other way but to accept that it is the result of a wrong design of the economy. We need to design a new economic engine which will bring wealth towards the people, not push it away from the people, as the present engine does. The new engine has to be designed to bring people and wealth together, and keep them together under all circumstances.

In order to slow down, and ultimately reverse the process of wealth moving away people, we have to focus on the vehicle which carries it out. The financial system is this vehicle which multiplies the wealth at the top. We have to redesign it drastically.

The entire financial system is built on the principle that 'the more you have the more you get'. If you are from a \$5:50 -a-day family, its door is closed to you. The New economic system has to be built on the reverse principle: if you are from the bottom families you will get the most attention. The commitment of the new financial system will be to turn any willing young person, girl or boy, into a successful entrepreneur. Nobody in the society can say that 'I could not become an entrepreneur because I did not have the money'.

This is a sector where social businesses have to play the critical role. Not only the new economic system will need new financial institutions to serve the people at the bottom, but it also has to have wide geographical or virtual presence.

One cautionary note to add: we must avoid creating profit maximising financial institutions for serving the bottom people. This type of financial institutions develops a tendency to turn into loan sharking institutions. They soon find out this is a fertile ground for hiking up profit by various means. This space for financial institutions must be covered by social business financial institutions. The best way to address this problem is to create a separate law for creating social business micro entrepreneurs' banks and other social business financial institutions. There should be social business venture capital funds, social business investment funds, etc. The creation of social business venture capital funds is extremely important to provide equity financing

to all young people, girls and boys, so that they can all start their lives as entrepreneurs, not as jobseekers.

Along with global warming and the ever-widening distance between wealth and people becoming threats to the existence of people on this planet, there is another threat in the offing. This comes from the technology side, from artificial intelligence.

Driven by intensive search for profit maximisation, businesses found out how quickly they could add to their profit by replacing human beings by artificial intelligence in all professions. This is the ultimate victory of wealth owners when they will own 100% of the wealth, removing all other income earners from the economy. Obviously, the logic of profit maximization cannot stop at ownership of 99% of global wealth, it has to go all the way to 100%.

On the technological front we must make sure we stop artificial intelligence replacing human beings at work. Artificial intelligence can be a great blessing on many other fronts, but on its mission to replace human beings at work is a curse for all human beings.

Our teenagers have understood the situation much better than us elders. They are marching on the streets every Friday, calling themselves "Fridays For Future". They are boldly accusing their parents, and other older ones, that older people have been irresponsible, selfish, and they have stolen the future from the teenagers. Teenagers have recognized the threat and have spoken out about it. They did not wait for their governments or their schools to tell them what to do about global warming. It is time for the older generation to respond to them, by recognizing the

urgency, and putting all human activities on red alert for security check.

Teenagers Got it Right

I admire the awareness shown by the teenagers, while the older generations are taking a breath after their success on the Paris Agreement. The Paris Agreement is a great accomplishment. Goals set by it are an important development in policy making and providing a framework for action. Government actions are well-defined. But it has not energised the people into action. People are at the centre of creating the problem in various roles. People must take the responsibility to face the problem. People cannot go on with their partying. Soon we will have to come to a People's Agreement to address the core of the problem.

Young people of today inspire me. The present generation of young people is the most powerful generation in the whole human history, not because they are smarter, but because they start their lives with technologies in their hands, even in the hands of poor rural girls. These technologies were not available to the most fortunate of the richest countries just twenty years back. Today every young person has the power to change the world. Every young person has the potential of the *gene* of *Aladeen's lamp*. He/or she is capable of doing impossible things.

The new education system has to make them aware that they are different from any of the previous generations, even the youth of their parents' generation. The new education system will not only

make this generation aware of its enormous power, but it will also prepare it to use its power to its fullest. The education system will have to make sure that the young people do not waste their power, by not using it, or using it for wrong purposes.

Imagination Is the Power

The new education system should bring up imagination as the centre piece of education. It will encourage young people to imagine without boundaries. It will be a different kind of imagination, opposed to the imagination which takes people away from reality. This will be the imagination to build a new reality. Students should be driven by a constant search for “why not?”. They must believe that if they imagine it, someday it will happen. Because they have the power to make it happen. If they do not imagine it, it will never happen.

Science fiction is a good example. It provides power to the inventors and challenges theories. Students may be encouraged to create social fictions to think in concrete images and actions. Social fictions will inspire the creators of them and the viewers of them to ask the question: “Why not?”

Young people who will very soon bring massive changes in the whole world are passing through the educational institutions right now. Are these institutions encouraging them to think outrageous thoughts, and inspiring them to stand up for the causes they picked as the right ones?

The new education system must be prepared to give the new generation the best environment to get ready to build a new world.

The time has come for making big decisions to make big changes.

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