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## The Globalization of Poverty: The Abundance Intelligence Response

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### Income Inequality

From Davos, to the Vatican; from China, to Washington, to the capitals of Europe, and across the disruptions of the Middle East, and developing economies, “income inequality” has become a preeminent concern of our time. The emergence of this issue comes at an inflection point in the early maturity of the globalization-IT revolution that has already changed the world dramatically—and is about to change the world even more dramatically and rapidly.

The driving forces of change today are by now easily named, if not yet easily or fully understood. The rapid spread of mobile technologies, combined with the globalization of capital markets and industries, global demographic shifts across generations and cultures, and the 24/7 pervasive knowledge base assembled through the Internet and Big Data—these four converging developments are continuing to undermine traditional political and social orders and to create unprecedented social and economic conditions. The scope and speed of change from the four forces is just beginning: this is the tip of the iceberg, and a warning to all Titanics at sea.

One result of the convergence of these forces is the emerging picture of how wealth, poverty, and income distribution gaps are being dispersed and distributed globally. Understanding the systems context of income inequality is vital. The changes underway are so vast and dynamic that many competing frameworks are already in current usage. Political agendas to use inequality for the advantages of groups both on the left and right are rapidly being forged.

While each agenda offers interesting perspectives, it is critical to settle on a core organizing framework that can guide these forces for good. “In my beginning is my end,” as T S Eliot wrote, and in the same spirit, a sound set of starting assumptions is important for framing the changes in wealth, poverty, and the distribution of assets and opportunity in the emerging new order, if we want to reach a worthy end.

## **Abundance**

Starting with the end in mind, let us posit abundance as the North Star for leaders engaged in guiding and stewarding the vast disruptive forces of the day. The dispersion of knowledge, the emergence of a global economic platform open to all people, and the astonishing technological advances on the horizon makes the possibility of abundance a conceivable reality.

By abundance, we mean shared, sustainable prosperity for every living person integrated with a thriving global ecosystem, of which human life, after all, is an integral part. Abundant solutions are systemic, scalable, and sustainable; such solutions provide for both human and ecological well-being. The endgame, from this perspective, is to enable every person on the planet to be a creative economic agent interlinked with all other agents in open, dynamic commercial-innovation networks, within a sustainable and healthy natural world.

In a state of abundance, the bio-diversity and ecosystem of the earth thrives, just as each person in society thrives in diverse social ecosystems. In thriving social ecosystems, each person is able to bring his/her distinctive vision/’talent/skills (“talent potential value”) into society in such a way that that potential is converted into financial self-sufficiency and mutual benefit for the prosperity of families and communities. The world’s ecology and human society are both complex systems that share the same qualities of diversity, interdependence, creativity, and balance when functioning optimally—that is abundantly.

To move in this direction, a new organizing framework is needed. The existing resources of global corporations and leading universities need to be shifted toward expanding shared, sustainable prosperity. Global corporations and universities are the nucleus of this new organizing system, with governments and NGOs aligned.

To move toward this reorientation of efforts will require the emergence of a serious abundance agenda. Such an agenda will build on the best research on the creation of shared value prosperity through regional innovation centers anchored in dynamic cluster industries. Regional innovation hubs are the new engines of expanding opportunity and prosperity. Since human creativity is the primary source of sustainable expanding economic growth, a serious abundance agenda will also prioritize human/social needs. Sustainable abundance requires a flourishing human community

where innovation and creative risk thrive. Economics, environmentalism, and humanism are becoming one.

One new effort to engage corporations and universities in building an agenda for abundance has been launched through Global Action Platform, a university-business alliance to transform innovation into prosperity through the growth of regional innovation hubs. Global Action Platform is the centerpiece of a new twenty acre innovation campus—oneCITY— now being developed in the university-business center of Nashville, Tennessee, USA with plans for related campuses in urban centers around the world. Global Action Platform is also the exclusive NGO global development partner for ten million acres of undeveloped tropical land in the Philippines. By linking an urban model with a rural model, Global Action Platform has developed two living laboratories in which to test and demonstrate sustainable solutions for abundance.

## **Marbleization**

The context in which corporations and universities begin their work on abundance is important to understand. As noted at the outset, the dispersion pattern of poverty, wealth, and opportunity in today's world is increasingly a concern. What are we to do about a world in which the sixty-five wealthiest individuals own and control more of the world's resources than half of the world's population combined?

In *Les Miserables*, Victor Hugo wrote, “there are two problems for economics—how to create wealth, and how to distribute wealth”. Far from being two problems, today, creation and distribution are powerfully linked. In fact, solving the combined problems Hugo noted—i.e., solving how to connect wealth creation and wealth distribution—remains the primary cultural, economic, and political challenge of our time.

Globalization and information technologies have acted both as an accelerator and as a dispersion agent to expand and distribute wealth and poverty in new patterns and ways. At the top, the global investors, corporations, their shareholders and executives, who had the capacity to capitalize on global markets have grown and prospered in unprecedented ways. At the same time, the industries and people making up the “middleware” of the global economy have seen the wealth and opportunities in the middle disperse around the globe. This has raised millions of people out of poverty in places like China and India, while driving older middle classes in advanced economies such as the US into poverty, or at least reduced wealth. As all sectors of society have been drawn into the global market, poverty, wealth, and opportunity have “marbleized” around the globe. The creation-dispersion pattern of this state of affairs is indicative of a high level of inefficiency. Or “noise” in the system.

When the globalization-IT revolution started, leaders expected that development would move in traditional, uni-directional ways. Advanced economies, like the US, were expected to go through a process of deindustrialization in which they shed lower and mid- skill industries and jobs to developing economies. In the advanced economies, major school reform was then launched to rapidly accelerate the expansion of high skills and knowledge workers who would lead the innovation systems of the global economy from companies in the advanced economies.

The transfer of middle and lower skill industries and jobs to developing economies was seen as a positive development that would take developing societies through the process of industrialization and urbanization that had transformed the US and EU in the past. After industrialization, it was assumed these economies would continue to progress toward higher skills and wages.

However, the economic and social changes that emerged did not follow this course, and for two key reasons. First, education reform failed to produce a new, comprehensive talent pipeline for high skill knowledge work in the advanced economies of the world. Perhaps this should have been anticipated, since every community and society is composed of people with widely different aptitudes and capacities; and since local populations are not fungible assets (i.e., a local population remains in place) and so education cannot be expected to alter the makeup of any local population totally, i.e., make everyone high skilled and entrepreneurial. In short, local populations are intrinsically mixed in aptitude and talent; no educational reform regimen can eliminate the diversity and range of human ability.

Instead of full scale school reform and transformation of skills in advanced economies, educational institutions around the world have raced to the top. As a result, top talent can come from anywhere. At the same time, lower wage markets have proven effective in providing middle skill work forces and this has depressed wages and scattered industrial capacity and corporate supply chains.

In short, due to intrinsic diversity of human talent across local regions and the opening of all conditions to global opportunity and competition, wealth has grown, global poverty has marbled across world economies, and opportunities have dispersed and expanded to near universal access to knowledge and markets.

In addition to this dispersal pattern, today we must also take into account the problem of a globalized refugee population. Across whole regions, government has been usurped to create private wealth at the expense of the general population of whole nations; and as a result, some sixty-five million people have had to flee their homes to find basic safety and any hope for an economic future. This is not a matter of immigration; it is a widespread collapse of government, resulting in a global displacement of populations.

The question of the day is—how do we move from where we are now to a world of shared, sustainable prosperity and abundance for each and every person in a sustainable environment?

## **Relocalize Economies**

As part of the solution, the pull of globalization needs to be balanced with new strategic forces of regionalization. The world needs to proliferate powerful regional economies capable of deploying the talents and values of the local population in global markets and restoring local ecosystems. Starting with the fact that local populations largely remain in place, and that human talent is the most important economic asset in the global economy, expanding the global platform of opportunity depends on a more strategic and intense engagement of the assets of local regions—linking their universities, businesses, investments, and the mix of local talent to

participate and compete globally. That is, we will need to expand opportunity by building economic capacity closer to home, where the major disruptions to wages and opportunity have occurred, and where the greatest pool of underutilized talent exist.

Locally regionalized innovation will also need to be created with a north star of values built into the culture. Michael Porter's concept of corporate "shared value" is one of the leading theories to address this need. According to Porter, it is no longer enough for corporations to have strategic competitive advantage; they must also have a "shared value" moral compass at the heart of their governance, strategy, products, and services. By "shared value", Porter means that commercial activity, at its core, must link economic success with positive social, environmental, and governance impacts. So efforts to strengthen local regional innovation will need a shared value compass to guide the development toward solutions that promote social and environmental well-being. Leaders of local regional innovation will need to develop a new "abundance intelligence," a new way of thinking that builds on current scientific, technical, and economic expertise, but combines these skills into a new, higher synthesis, a new social wisdom.

The challenge the world faces now is to frame long term solutions and innovations that have the capacity and promise to create abundant food, health, and prosperity for everyone while also sustaining the planet. Solutions are simultaneously local, regional and global. In short, solutions require local cross-sector leaders to imagine, to explore—and to specify—how innovation can create abundance, and how we can efficiently and much more effectively connect and network investment leaders, research institutions and innovators to collaborate in fulfilling the promise of abundance.

### **Innovation for Abundance**

The future welfare of both human beings and the planet depend on a distinctly human resource—innovation. Our emerging economies demand more timely solutions, access to innovation, improved efficiencies and high impact results. On this there is broad consensus. In order for societies to be innovative, people must be able to thrive; they need food, health, and the tools and systems of innovation that produce sustainable, inclusive prosperity.

As we strive to achieve sustainable, shared prosperity, leaders and innovators will need to collaborate together to create a shared platform for clear, more efficient decision-making and informed actions to guide our future. There is a need for a growing network of university-business-government-NGO alliances, coupled with significant impact investment funds, to provide thought leadership and operational real-world "laboratories" in which to design regional abundance ecosystems. These regional platforms will also need to take a lead role to formulate and apply specific ideas that define abundance intelligence.

These concepts—abundance intelligence and abundance ecosystems—build on the growing trends of shared value enterprise, impact investment, sustainability, and regional solutions, and "collaborative advantage." That is, abundance thinking adds a higher level of knowledge (an exponential, not an additive change) in designing solutions that increase alignment, collaboration, and build the critical mass in the civic space to achieve optimal impact. Local regional innovation hubs will need to be designed around collaborative advantage as a norm.

Another key dimension of regional innovation hub design is “fit.” According to Michael Porter, there are three types of fit. First Order Fit is simple consistency among various activities in a company or initiative. Second Order Fit is reinforcing; that is, when processes and activities reinforce each other, they increase strategic value and outcomes. Finally, Third Order Fit is optimizing. Third order fit is comprehensive, building on consistency and reinforcing processes to optimize the effects of all levels. Effective regional innovation hubs will also be designed to develop first, second, and third order fit in all details and aspects of the local abundance ecosystem.

The creation of an abundance ecosystem is a dynamic, iterative process; hence, innovation hubs for the future will be designed to connect activities into an ongoing, systematic process that can attain critical mass and self-reinforcing virtuous cycles to optimize impact necessary for abundance. The localities that can overcome existing competitions and disconnected assets to leap to strategies for abundance will lead the way and chart the course for our future.