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SHAPING THE POST-CRISIS AGENDA

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Keynes 2.0: Networks, Energy and Transportation

We have by now understood why we have reached the current economic crisis and also what problems in the short term we need to address: those are the news leads in our newspapers, the openings of television news and news channels roundtables. Beyond that we need to address also what, some might call new paradigms for growth, development and sustainability, or simply put the “kernel” of our societies in terms of collective and individual action.

But for many others, like me, what we are discussing is how to make sense from the different signals, some weak other strong, that are happening around us in the world. That is, how to turn short range analysis into long range foresight. Like all exercises, the likely degree of wrongness is high, but I would argue that we can try to minimize it if we depart from historical analysis of economic theory and if we bind it to the current societal trends all over the world.

That is, we must look at previous moments of economic crisis, look at the experienced solutions made in those particular times and combine it with the current readings from our social science analysis of contemporary societies.

Let's return to the title of this short note “Keynes 2.0: Networks, Energy and Transportation.” The acronym built by the three words is NET and that is not just a fancy approach to title making. Networks have been with us since the dawn of time, they are the organizational structure that best serves our individual and collective needs. The current historical time is the first to have allowed us to explore their true strength by linking our social, business, economical, cultural and political networks through the use of mobile phones – close to 4 billion subscribers worldwide according to ITU - and to a less extent, in terms of the world population, the Internet – with close to 1,5 billion users. So networks of people and organizations are a fundamental trait of our present and, possibly, a needed variable in our shaping of the post crisis World.

Energy. This current crisis, like the previous ones from the second half of the Twentieth Century, is about energy, either through pricing fluctuations or shortage of production. But this is the first time that energy is combined with another variable, which is climate change. Climate change has been a key word for the last two generations. Not because climate change awareness has been around for so much time, but because environmental issues have grown with the kids, today the grown ups, of the last forty years. That led to the rising economic value of environmental issues and lastly arrived to the concern of the whole viability of the planet in the long term. Environment is now closely tied to energy and energy has been through the centuries the core of all the economic activities. So change in energy is not just a variable: is the core of all the variables. Once you change energy, you change everything else, from the family to the work, from government to commerce.

Transportation. Since the middle of the last century that we have not known any new transportation devices – even the sixties hovercraft can be said to have its genesis in previous technology. Together with energy, transportation is the other key driver of change and we have grown to be accustomed not to change in this field for the last three generations: we have grown seeing things go faster but we have not witnessed novelty. Between the supersonic airplane and the wormholes of space travel, as depicted in our science fiction television series, there is a vast field of experiment, and a much needed one, if we wish to foster a real change and to set course for a new step in economic growth, sustainability and development.



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What have in common networking communication technologies, like the cell phone and Internet, with energy and transportation? As technologies they tend to be costly in terms of investment for development and the creation of initial networks, so they tend to be fostered by high leverage investment entities like nation states. Reaching this point, the reader will have by now understood why “Keynes” is in the title of this note. Keynes argued that one of the solutions to stimulate the economy, or induce investment, was the government investment in infrastructure, the injection of income resulting in the more spending in the general economy, which in turn stimulates more production and investment. But, as we also know critics of his theory argued that for this approach to work it required centralized planning which could lead to totalitarian abuses (either in the economic decision making or in terms of citizenship).

What the investment in energy and transportation (not roads) requires is the combination of both high investment leverage by governments but also the ability to freely bring together the minds of innovators and diverse economic investors. What might be at first considered a non-solvable dilemma, can today through the power of the communication networks be solved. The fact that we can use networks as a driving force of individual and collective objectives, bringing people together for common objectives in networks when needed - and rearranging those when individual interests change - is a novelty in our historical path.

Also for the first time, in terms of employment opportunities, we are able to reach, during economic turmoil periods, the needy population by using networks, namely mobile phones. Networks allow the needy to be given more autonomy by bringing them in contact with the more flexible and adjustable economic opportunities and induce social inclusion in transition moments, like the current one. If we were to ask at what does the described here assembles to? I would suggest that is “Keynes 2.0”. Social networking of individuals combined with institutional leverage of investment – by organizations and governments - allowing more capacity to combine the freedom of individual economic choices and the need to coordinate scarce economic resources towards both individual and collective objectives.