



Methods, Spontaneity
and Space: Wealth
Creation in a Scenario
of a Learning Intensive
Society



Riel Miller

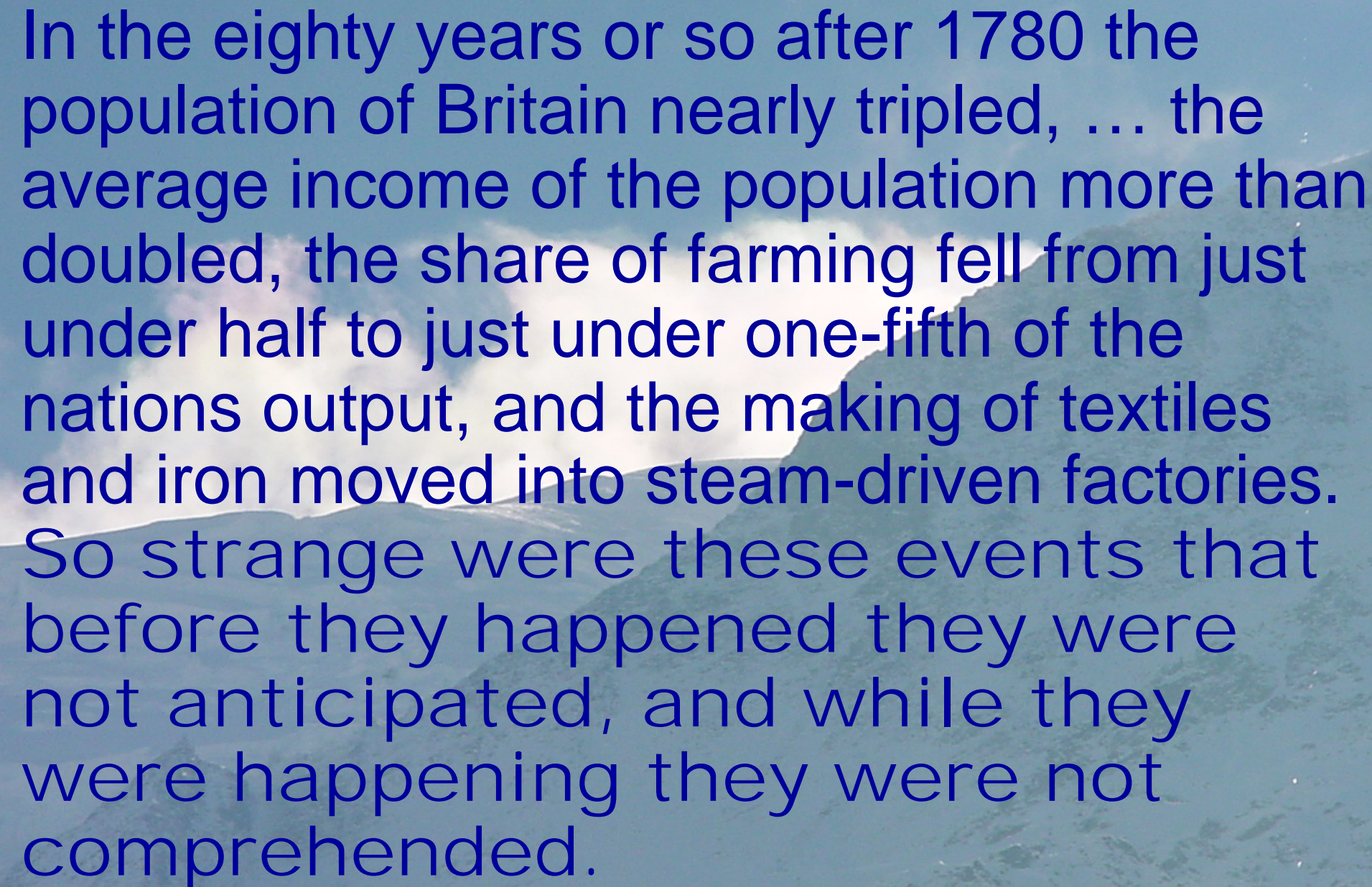
Changing Foresight Practies in
Regional Development
Turku, Finland, June 8, 2006

What is at stake?

The imperatives of:

- reconciling greater freedom with collective choices?
- embracing greater diversity without inviting fragmentation & chaos?
- fostering greater creativity without increasing burn-out & stress?
- inspiring responsibility?
- motivating change without resorting to fear?
- managing risk without hierarchy?
- combining respect for complexity while still gaining depth of understanding?





In the eighty years or so after 1780 the population of Britain nearly tripled, ... the average income of the population more than doubled, the share of farming fell from just under half to just under one-fifth of the nations output, and the making of textiles and iron moved into steam-driven factories. So strange were these events that before they happened they were not anticipated, and while they were happening they were not comprehended.

D. N. McCloskey, "The Industrial Revolution in Britain 1780-1860"

CITY OF THE FUTURE

What will the city of tomorrow be like? Here is the giant plastic, metal, and unbreakable glass city of the 21st century. A city of science, of atomic power, of space travel, and of high culture. See page 240 for complete story.



Imagining a
learning
intensive
society



Change in the conditions
of change.

Karl Popper, *The Poverty of Historicism*, 1944

Questioning assumptions:
imagining new frames



In a learning intensive society:

1. Higher test scores and more university graduates does not increase wealth nor lead to "greater competitive" advantage
2. Product market competition is minimal because most products are unique
3. The corporate form of organization is marginal
4. Reducing classroom schooling helps to avoid fundamentalism
5. Planning causes failure & fails to reduce risk
6. Adherence to basic common values becomes more stringent
7. Internalization not socialization
8. Experimentalism not administration
9. The wealthiest societies have the highest average age

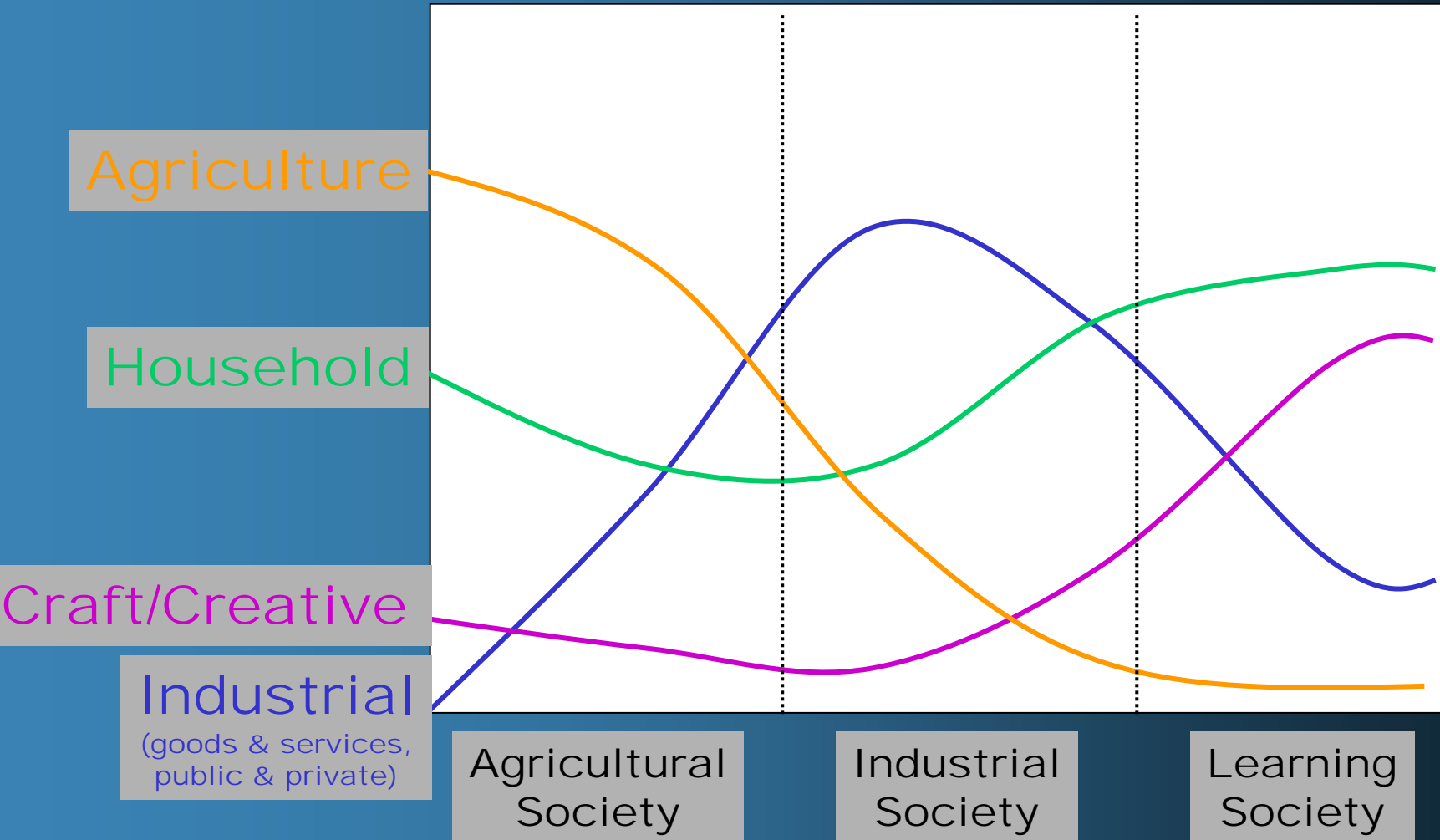
1 – Higher test scores and more university graduates does not increase wealth nor lead to “greater competitive” advantage

Why? Three changes:

- The preponderant source of wealth is no longer industrial production (goods or services, public and private).
- The primary source of wealth and productivity growth is learning.
- Unique creation is local, ideas are global and tangibles are cheap.

- If we are successful in being more innovative, more productive in how and what we produce,
- And if the rest of the world also succeeds in becoming more productive [including with respect to energy, particularly if it gets more expensive],
- Then it means less of our income and time will be spent on acquiring the basics as well as the luxuries of life.

Industry is no longer the predominant source of value added. Compositional transformation takes place changing the shares of wealth creation by source



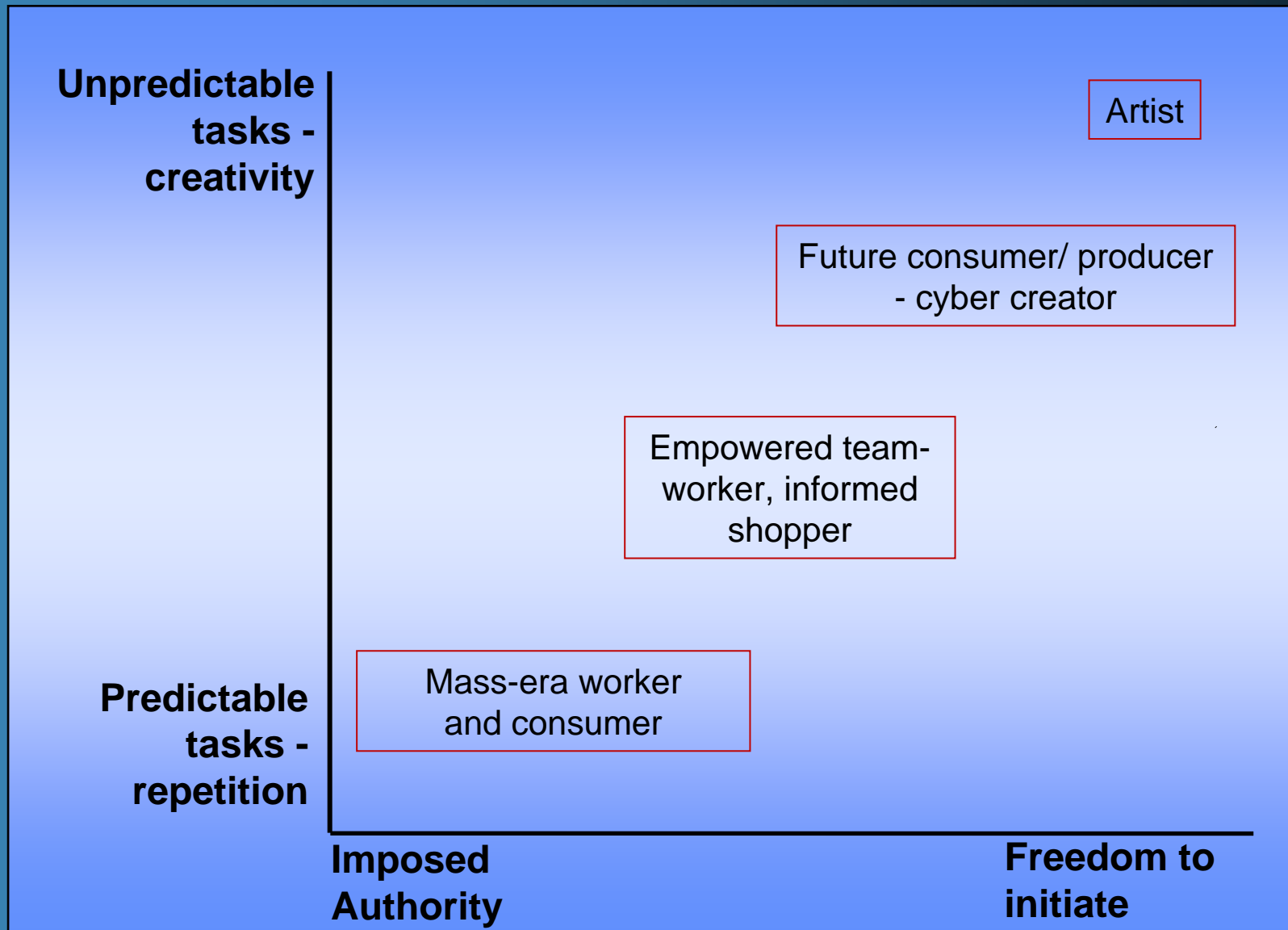
But can a non-industrial economy
(a non-innovation economy) really
create wealth?

- Will this new source of wealth be important enough to “replace” the industrial jobs and firms?
- Will this new source of wealth have the potential to continue the long trend of productivity growth that has underpinned rising standards of living and, more importantly, better quality of life?

The cornerstone of the Physiocratic doctrine was François Quesnay's (1759, 1766) axiom that only agriculture yielded a surplus -- what he called a *produit net* (net product). Manufacturing, the Physiocrats argued, took up as much value as inputs into production as it created in output, and consequently created no net product.

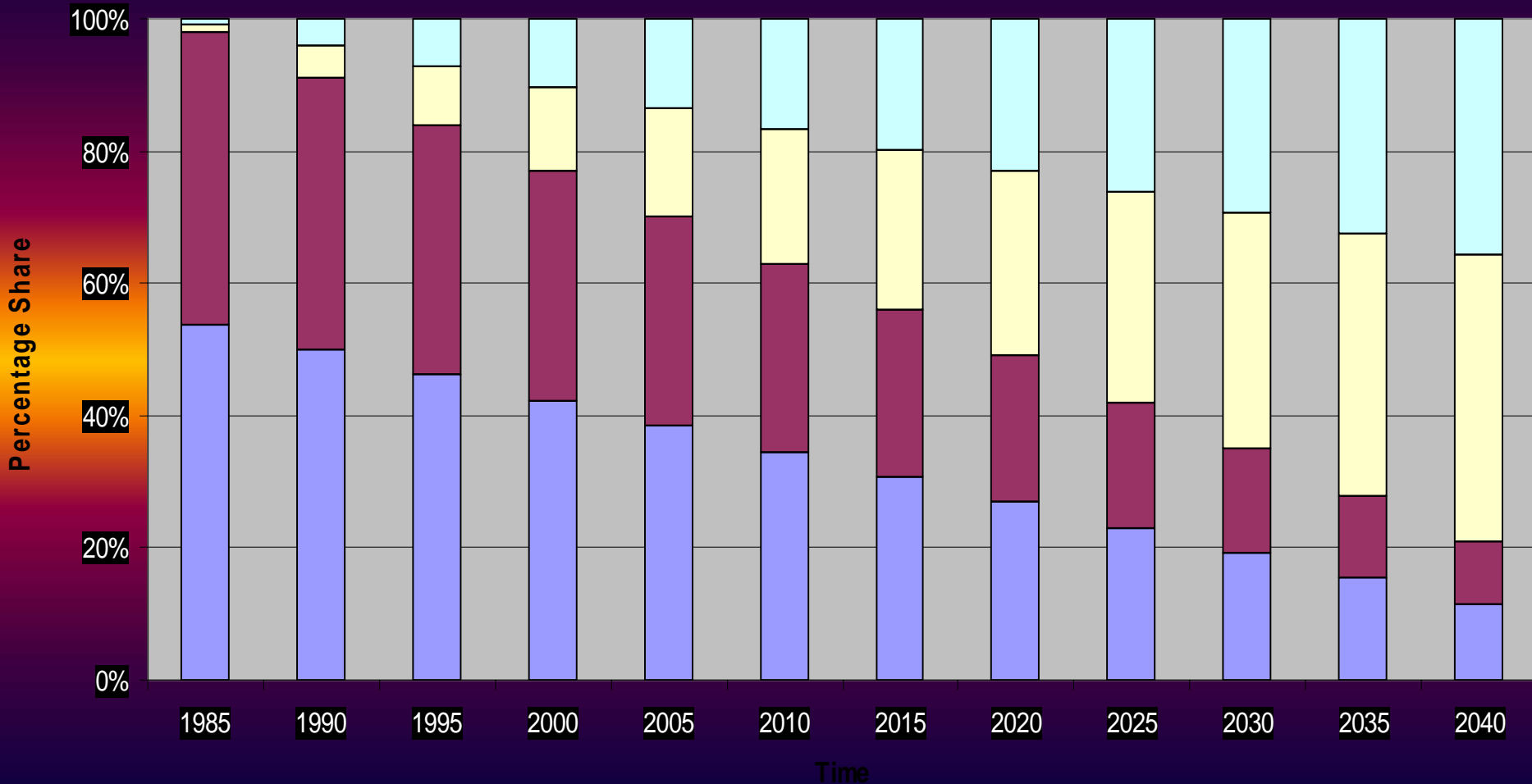
<http://cepa.newschool.edu/het/schools/physioc.htm>

Unique creation as source of value added



Fusing of supply & demand

Changing Composition of Output - Where to Focus

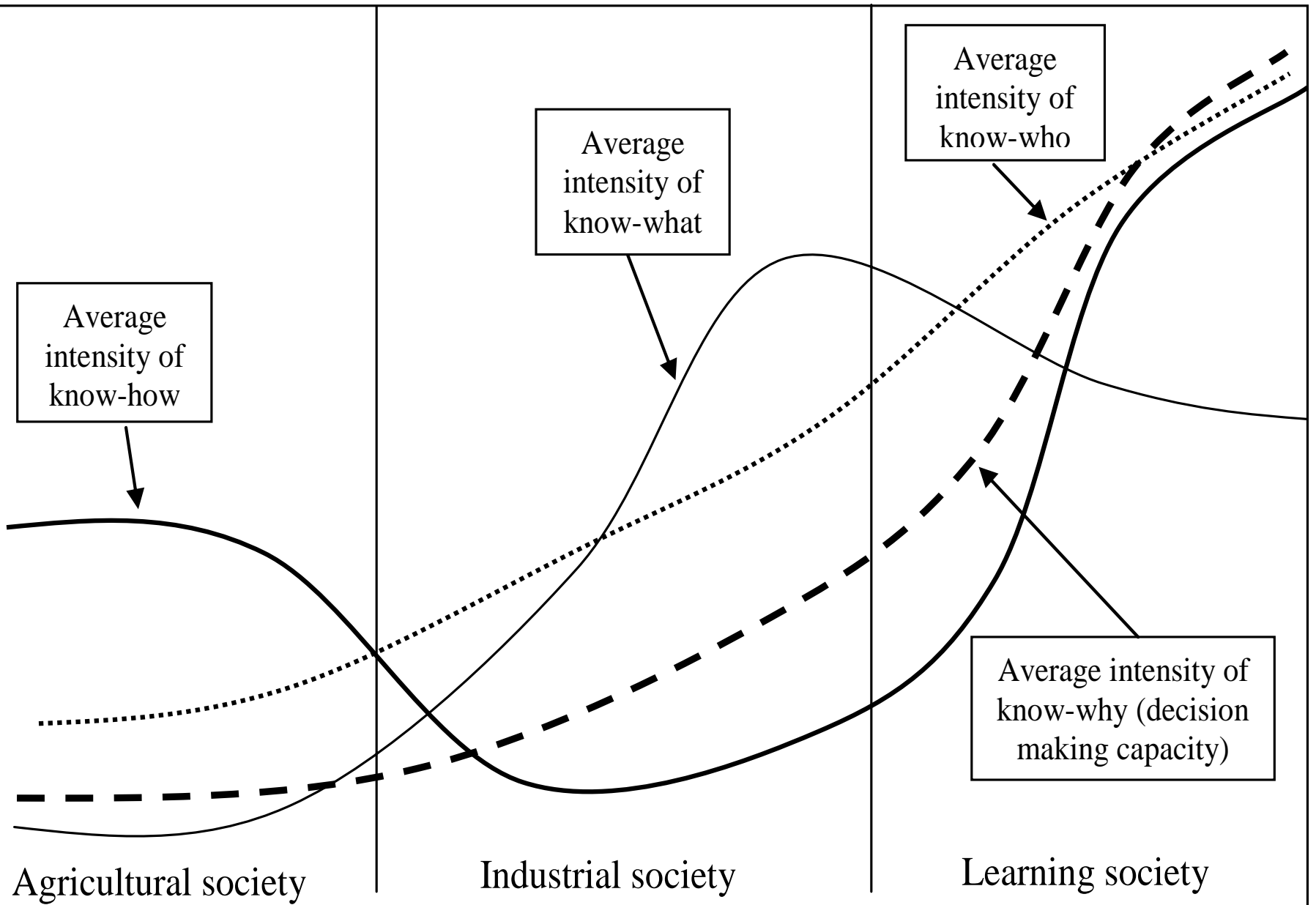


- Industrial products
- Innovation (S&T/R&D)
- Personal products
- Creativity (Refinement of taste)

Defining a more “learning intensive society”

- Learning in every day life:
 - Acquisition and use of know-how
 - Acquisition and use of know-who
 - Acquisition and use of know-what
 - Acquisition and use of know-why
- Cumulative over an entire population and over an entire lifetime

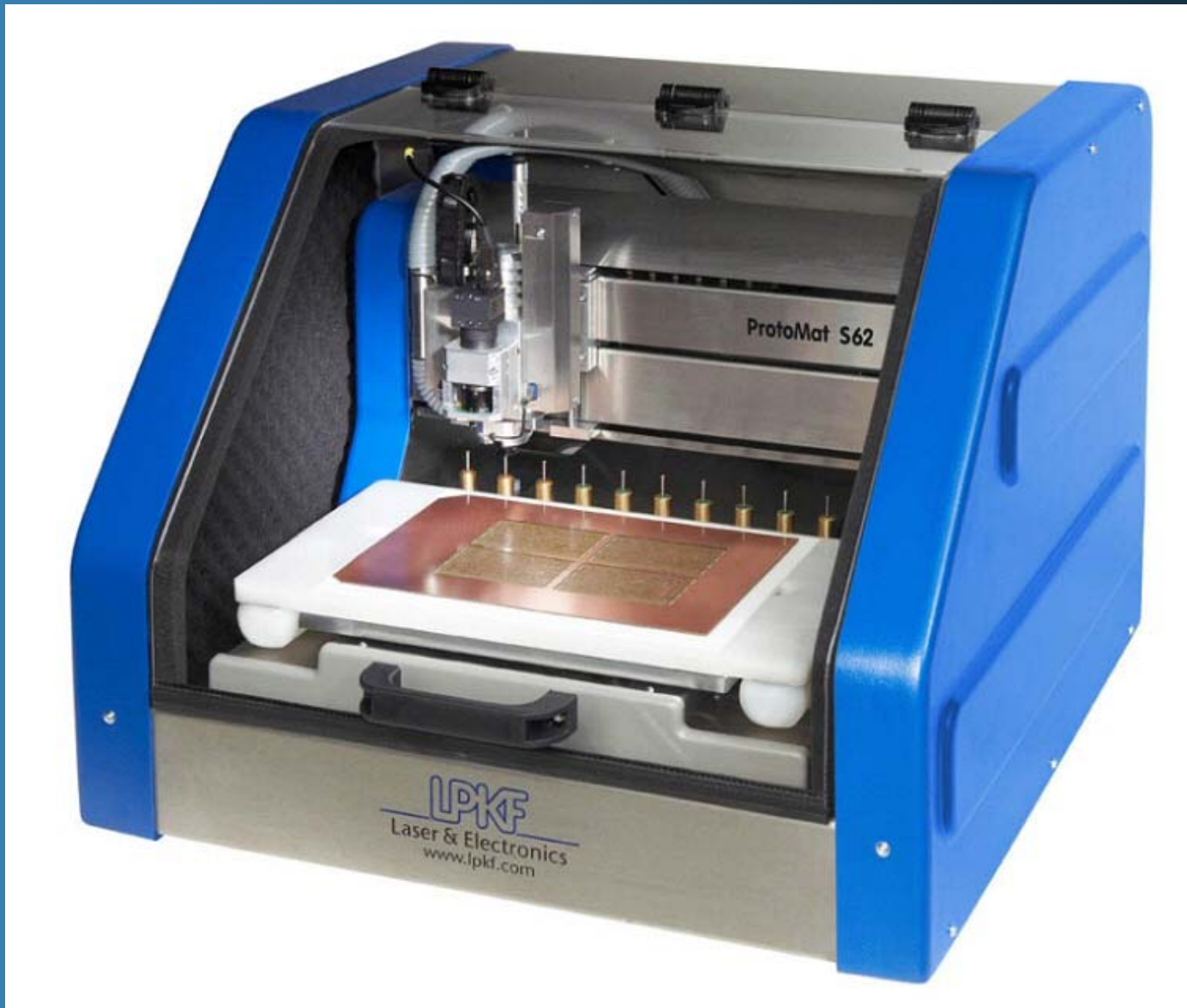
Average Learning Intensity of Daily Life

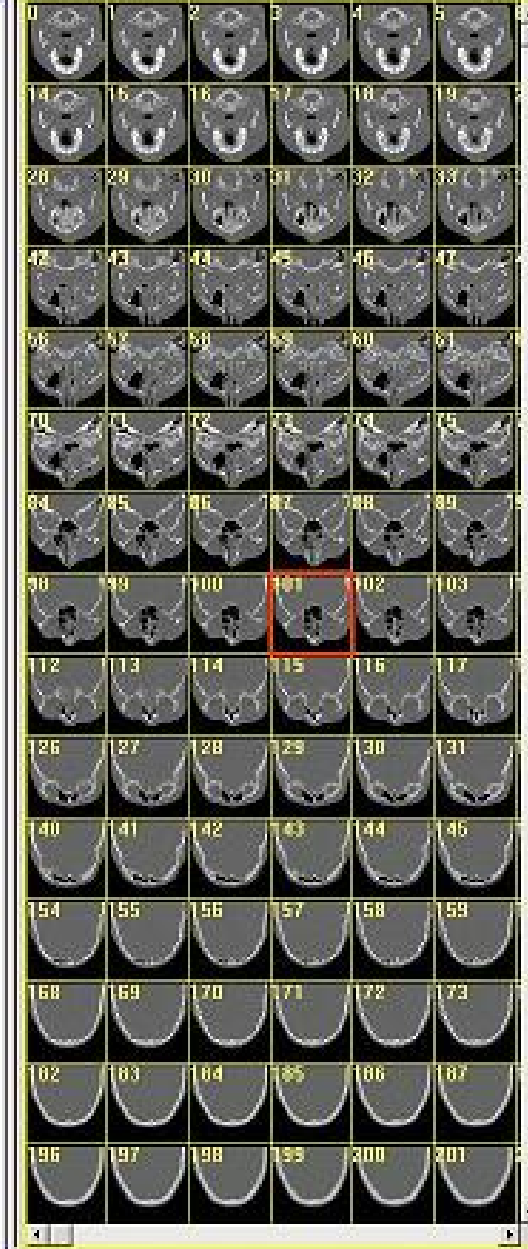
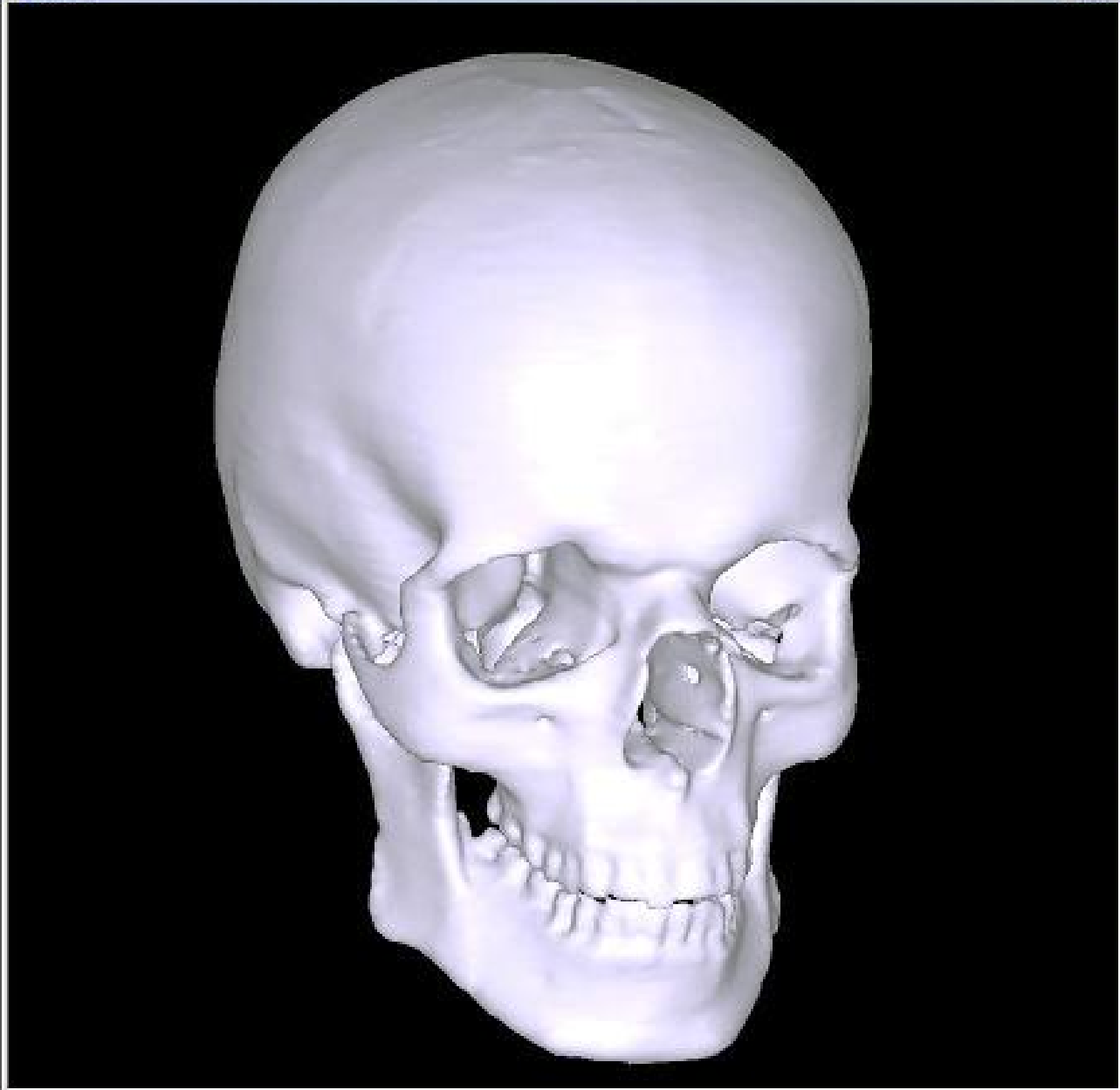


Source of productivity growth in a learning intensive society

- Is learning to learn subject to increases in productivity?
- Learning by doing – through experience.
- Refinement of taste...
- Wisdom...

2 – Product market competition is minimal - most products are unique









US Army mobile rapid parts replacement pilot project



3 – The corporate form of organization is marginal

Why organise into production units?

Theory of the firm: Lower costs than constantly negotiating the transaction.

Practice: ownership of capital and division of labour.

- Why firms are unnecessary in an economy dominated by networked unique creation:
 - transaction costs are low,
 - capital is your capacity to create (i.e. what you have learned), and
 - the division of labour is intricate and spontaneous.

4 – Reducing classroom schooling helps to avoid fundamentalism

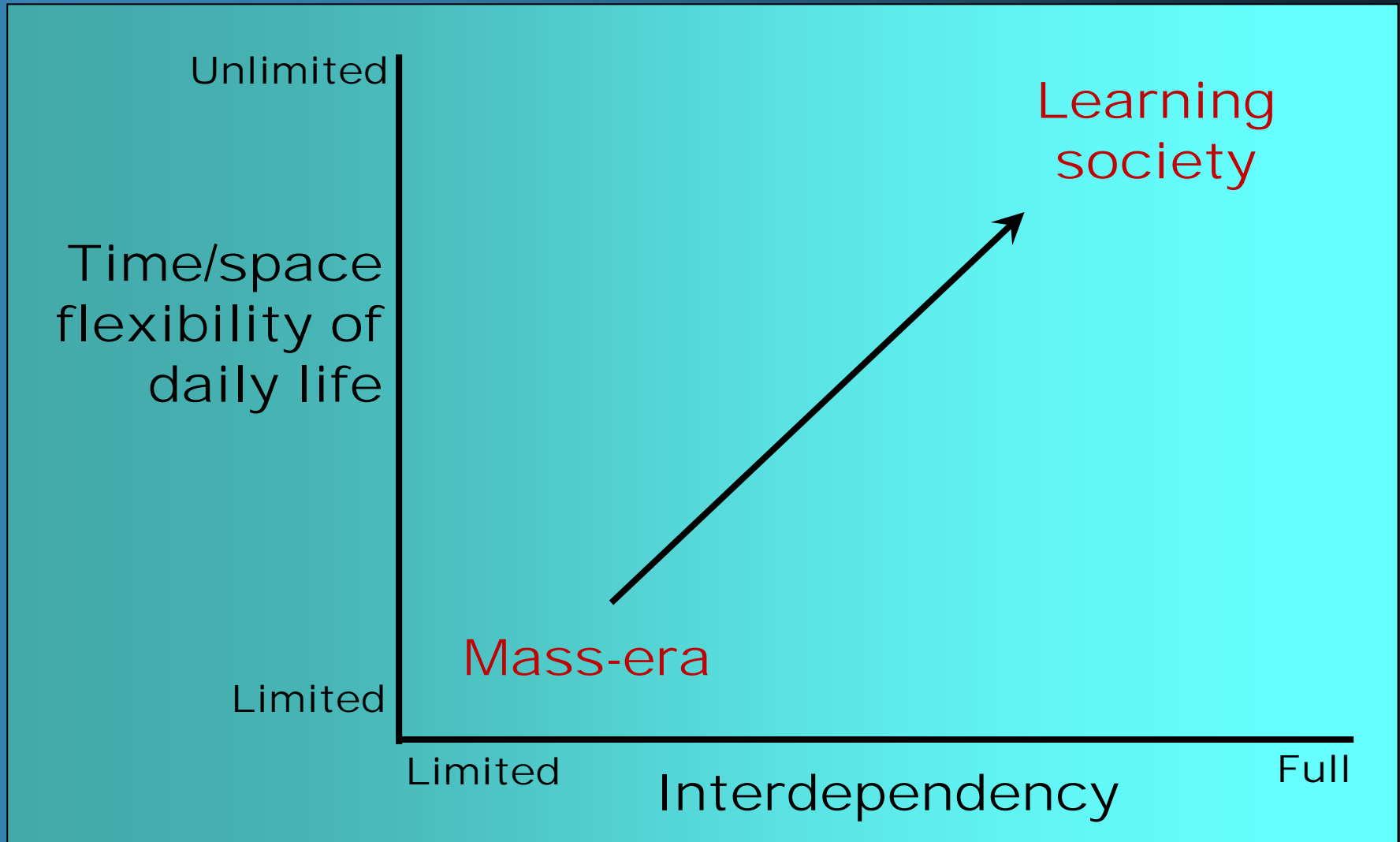
Functions of Industrial School

- **Custody:**
keeping pupils safe and secure (99%)
- **Behavioural rules:**
instilling punctuality, obedience, respect for hierarchy (95%)
- **Cognitive development:**
literacy, numeracy, test scores (?)
- **Socialisation:**
internalisation of specific values towards civic life (?)
- **Screening and sorting:**
reproduces (legitimately) socio-economic differences (95%)

5 – Adherence to basic common values becomes more stringent

The diversity, density and fluidity (birth, death, entry, exit) of networks depends on common languages – strict codes (TCP/IP), trust and transparency – hence key shared values become even more central

Community networks & network communities

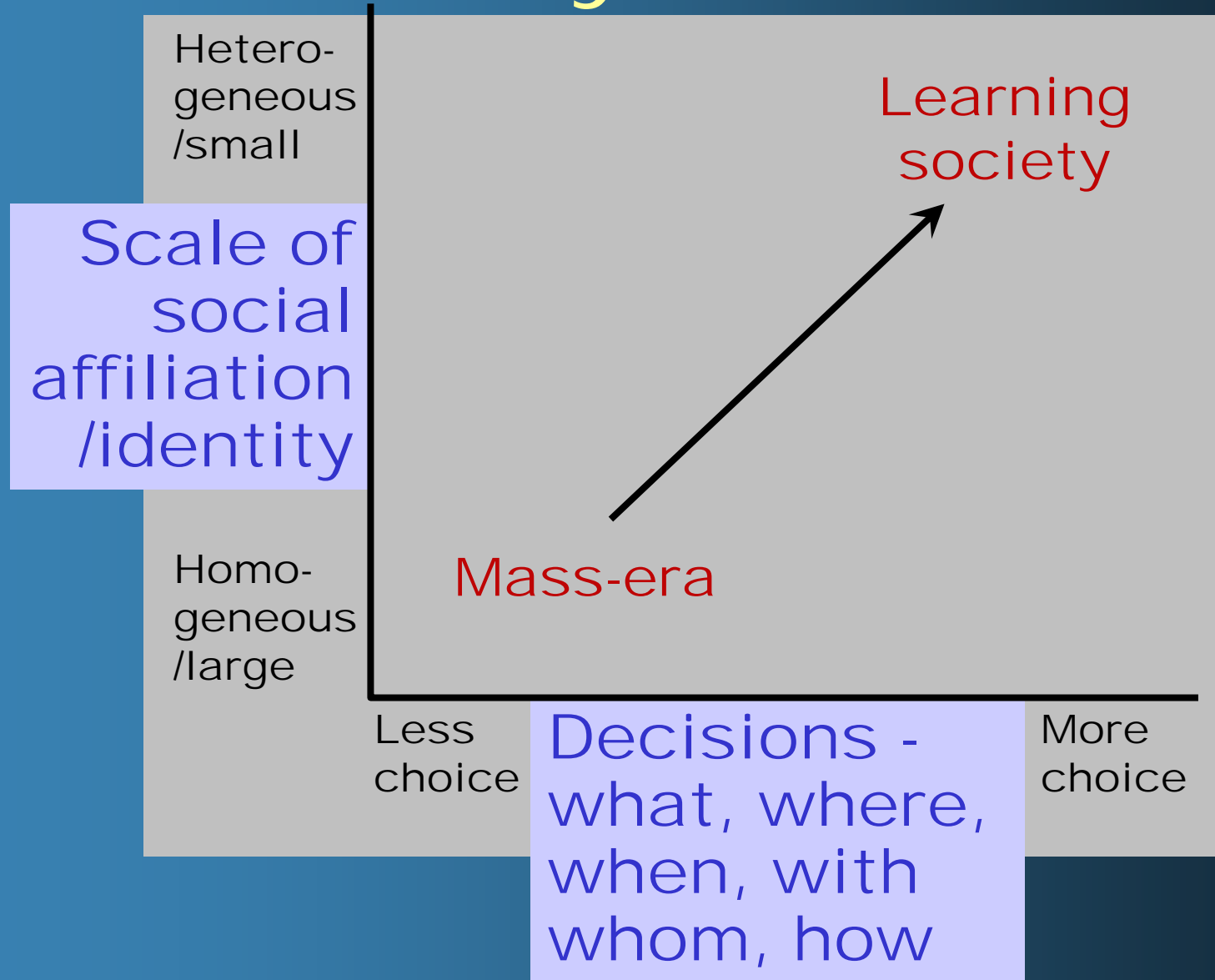


Building transparency & trust

6 – Internalization not socialization

- In hierarchical society identity is defined by the “other” – individual versus the collective
- In heterarchical society identity is immediately social – it is the subjective in context
- Confronted by the inadequacy of old identity formation do we have the capacities needed to invent the multiplicity of new stories?

Identity & choice



Beyond the dualism of individual vs collective

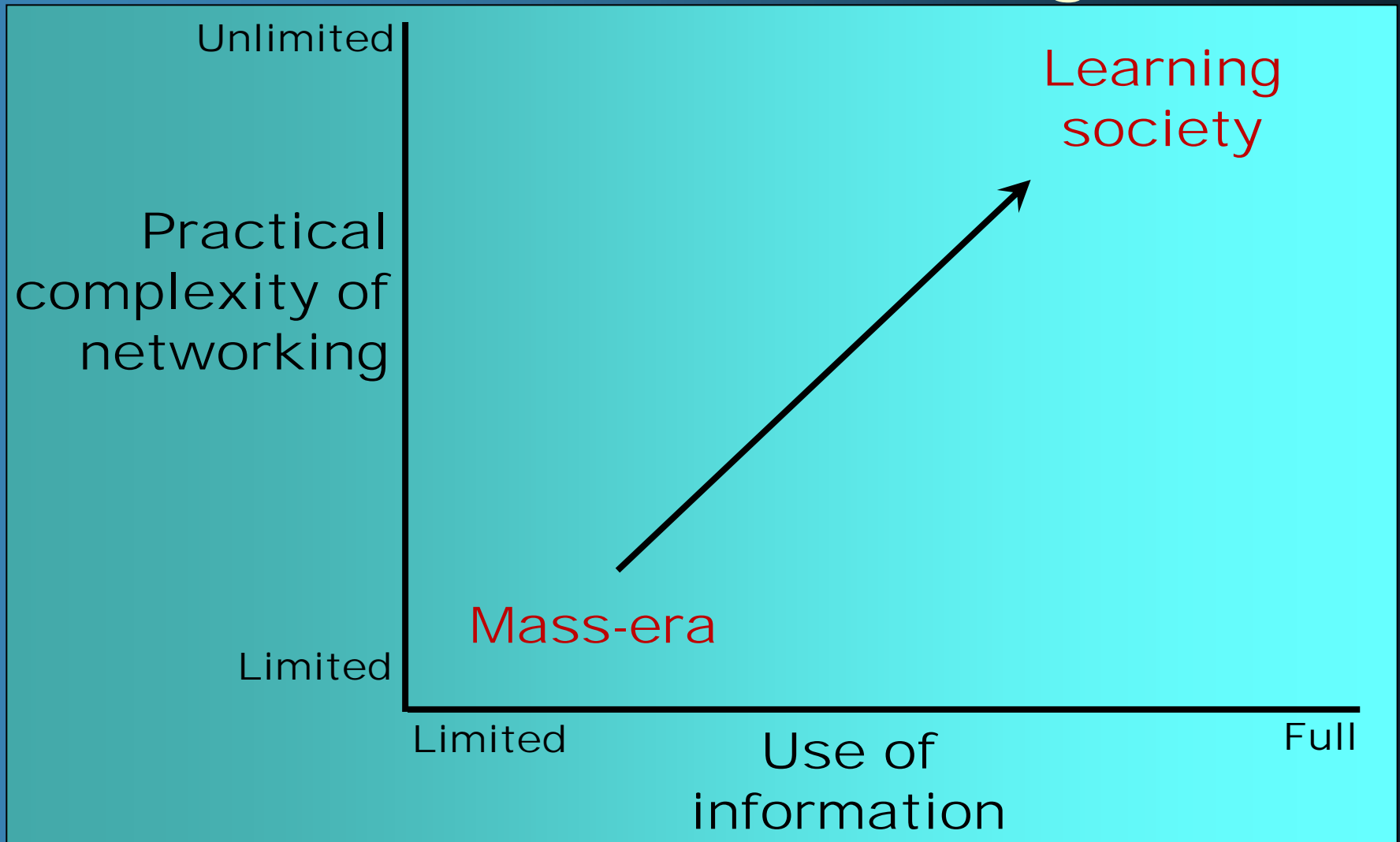
7 – Planning causes failure & fails to reduce risk

- Decisions made at the last possible moment will always have more information available than decisions made earlier than necessary
- Planning can, and often does, reduce the capacity to imagine options outside the planning parameters
- The premise of planning is to reduce rather than use complexity
- Diversification is central to risk reduction, the simplification required for planning often reduces diversification
- Heterogeneity depends on experimentation and learning depends on experimentation – hence failure is necessary – planning opposes failure

8 - Experimentalism not administration

Complexity, learning by doing, self-organising systems, evolutionary emergence are all processes that require "error", administration in both public and private sectors punishes error

Towards spontaneous & fluid networking

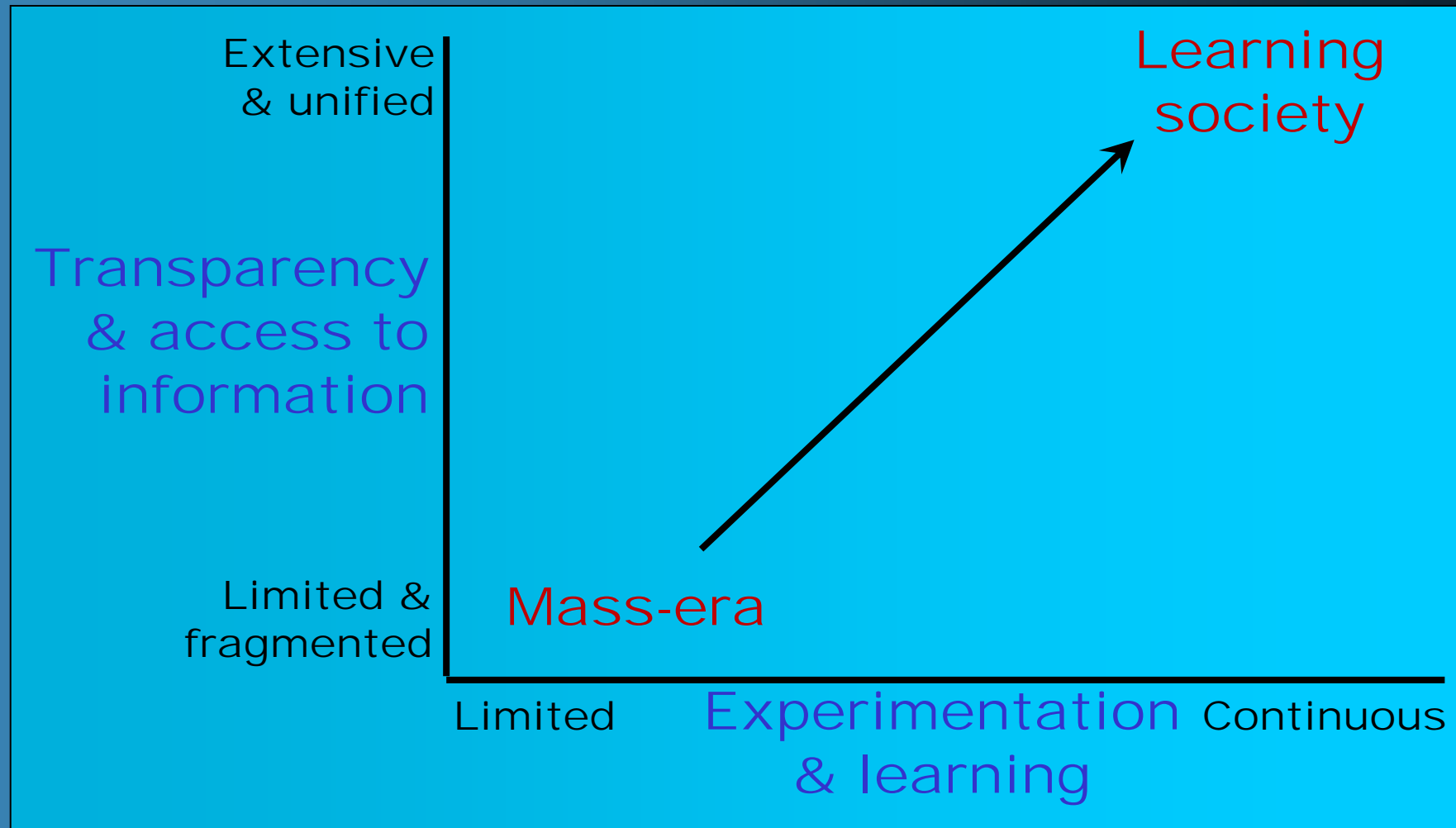


Experimentation matters: generating diversity & density

9 – The wealthiest societies have the highest average age

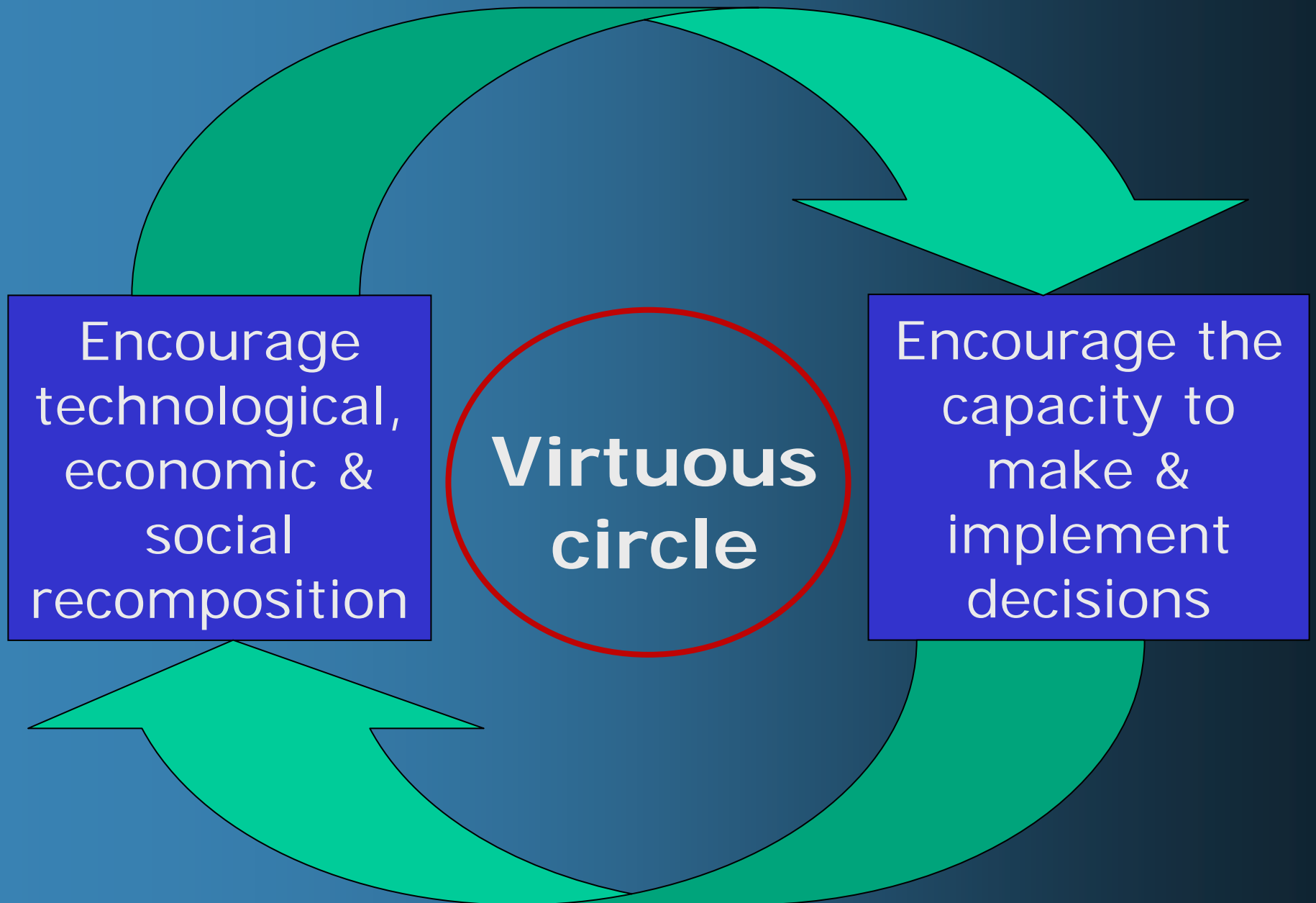
The productivity of unique creation and the quality of decision making capacity both increase, all other things being equal, with experience and better information

Capacity to make & implement decisions



*Collective choices matter -
enabling conditions to change the frame*

Facilitating transition to a learning society



"In an uncertain, changing world, most decisions are wrong, and success comes not from inspired visions of exceptional leaders, or prescience achieved through sophisticated analysis, but through small-scale experimentation that rapidly imitates success and acknowledges failure. This disciplined pluralism is the true genius of the market economy."

John Kay, Financial Times, Tuesday, February 28, 2006 (p.17)

A Perilous Transition?

Image: Sempe - man leading a crowd from A to B on a tightrope

Certainly, if we do it this way
Improving sense making capacity in a
spontaneous world

The End of Certainty

Mankind is at a turning point, the beginning of a new rationality in which science is no longer identified with certitude and we are now able to include probability with ignorance. Science is no longer limited to idealized and simplified situations but reflects the complexity of the real world. Newtonian determinism fails; creativity as part of a fundamental trend the future is no longer determined by the present at all levels of nature.

Ilya Prigogine, *The End of Certainty: Time, Chaos and the New Laws of Nature*

What is “futures literacy”?

- Futures literacy is the capacity to question the assumptions used to make decisions today.
- FL is a “rigorous imagining” technique.
- FL is about inventing and telling new stories about what is possible now.
- FL is about discovering the potential of the present.

Developing “futures literacy” a hybrid strategic scenario approach

- Level 1 futures literacy
 - Temporal awareness, values, expectations
- Level 2 futures literacy
 - Rigorous imagining
- Level 3 futures literacy
 - Strategic scenarios

A time for method and methods for our time

Why futures literacy now? Because a futures literate region can use:

- diversification, imagination and inter-dependency

to

- embrace spontaneity, experimentation & complexity*
- without being overwhelmed by*
 - fear of the risks (perception)*
 - failure (reality of risk)*
- in order to inspire aspirations consistent with a world where means are ends (values in practice)*

What can the region do to encourage a transition to a learning intensive society?

- Goals – beyond the transition
 - Futures Literacy – story telling capacity and imagination
 - Seeking minimum common values & liberating heterogeneity of expression
- Roles – encourage re-composition
 - Transparency, openness, ease of entry, exit, birth and death of networks
 - Building capacity, discovery of new conditions for solidarity – facilitating recomposition
- Methods – linking form & function
 - Experimentalism – learning by doing, process as product
 - Values in action - spontaneity, potential and moral purpose

“The human condition can almost be summed up in the observation that, whereas all experiences are of the past, all decisions are about the future. The image of the future, therefore, is the key to all choice-oriented behavior. The character and quality of the images of the future which prevail in a society are therefore the most important clue to its overall dynamics.”

Kenneth Boulding

Thank you
Riel Miller



XperidoX Futures Consulting

rielm[at]yahoo.com

