

## **“Hierarchies of Failure and Hierarchies of Solutions” Interview with Raymond Saner**

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*Digital Art Weeks.: Is there really a need for change and it is more acute today than it might have been yesterday?*

**Raymond Saner:** To answer this question adequately, one has to move from a local to a global perspective. Even though many of the social problems today tend to exist in the developed world (OECD countries) outside of East Asia like high youth unemployment, drug dependencies, urban violence and political polarization (radicalization of political spectrum left/right and religious fundamentalism), we should step back from a euro-north American myopic view and look at the totality of our planet. From a global perspective, we should take note that the number of Least Developed Countries (LDCs) has risen from 24 in 1971 to 48 today. A short comparison serves as an eye opener. Based on World Bank 2013 statistics, the LDC group consisting of 918.9 Million people had a GNI per capita of USD 868.00, life expectancy of 61 years and CO2 emissions of 0.3 (metric tons per capita).<sup>1</sup> By contrast, the USA consisting of 319 million people had a GNI per capita of 53'740.00 USD, a life expectancy of 79 years and CO2 emissions of 17.6 metric tons per capita.

This contrast is extraordinary and the main message also holds if this comparison were to include comparisons between the EU, Japan, Singapore with the LDCs and the even larger group of low-income developing countries. This contrast highlights the difference between deep poverty and high wealth. There are of course also the super-rich in the poor countries and very poor people in the richest countries of the world. The point here is not about inequalities- that would be an obvious and easy point to make. The main point instead is to state that the current global imbalances are not sustainable. Continued large scale imbalances of wealth and standard of living result in increased migration, armed conflicts, crime and violence and extremism of all sorts. Should the industrialised and emerging countries remain incapable and unwilling to stop climate warming, further environmental destruction appears inevitable and with that will come increasing

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<sup>1</sup> <http://data.worldbank.org/region/LDC>

vulnerability of large populations. This in turn will most certainly lead to more instability and more conflicts, not less.

Change is necessary! The time to act is now! Not to act now is self-deceiving. To cling to the mantra “Business as usual” is to deny that such imbalances will increase the environmental, social and economic costs to mankind thereby endangering the survival of the majority of the people. It is time to accept the fact that we are all inter-dependent and that the notion that a country could be independent of the rest of the world is a delusion and a form of eco-suicidal autism.

**DAW. You speak of sustainable development in terms of economic, environment, and social development. How does culture play a role in these and how could a “Culture of Sustainability be defined and practiced?**

**R.S.:** To address the crucial imbalances described above cannot be solved through technological wizardry alone. Even with new breakthroughs in sciences and technology, the social and economic interdependencies cannot be dissolved nor replaced by some new magic machine. Even if such magical machine would be invented, sharing them with the rest of the world cannot be expected especially not as long as we keep the existing trade rules and intellectual property rights.

Worldwide penetration of markets through cross-country supply and value chains means that one disfunctioning market could dramatically impair the wellbeing in countries located on the other side of the globe.

Take the example of food security. Progress has been achieved through improved agricultural production for instance through new seedlings and smart use of fertilizers generating greater crop yields than ever before. Countries like the Gulf States benefit from increased agricultural production achieved in far remote countries like Southeast Asia or Africa. However, a series of environmental disasters like floods or droughts means that harvests could be dramatically reduced resulting in sharply reduced food supply leaving food importing countries with insufficient food supply to feed their people. To stay with this example, this would mean that many “super rich” Gulf States as well as greatly impoverished African countries would go hungry. The opposite example would be if the Gulf States are not able to export their oil and gas products for instance because of destructive and disabling wars resulting in scarcity of supply of energy products thereby causing a standstill of economic activities in industrialized countries. We need to acknowledge the many interdependencies that exist today and to help policy makers and societies realize that it is in our best interest to think in “we” terms and not in “us against them” dichotomies.

**“Culture” in artistic terms is understood as the means how we appreciate our life’s many expressions or forms of art - be it popular or elite art- helps us see otherness, novelty, creativity in its many forms at home and abroad. Culture appreciation and production encourages the “creators” and “appreciators” to be open, curious, and willing to engage with other human beings. We need to take in the other persons, enjoy the newness of otherness and reach out to the unknown which happens when we experience and enjoy art in its manifold manifestations. To nurture a cultural orientation through education and cultural activities for instance can greatly help citizens gain insights into many facets of life and come to terms with the difficulties of today’s complexities through deep reflections and questioning of our current status quo. Art and culture provide opportunities to see today’s problems in a different light helping people get out of their sense of isolation often due to a sense of powerlessness and a feeling of hopelessness. Art is about reimagining the impossible! Cultivating Culture through the arts could help citizens find new and liberating space to imagine new horizons!**

**DAW. Your presentation for the Society Day of the DAW Innovations Forum was titled “Culture, Art and Social Economy: Different Currencies and Social Innovations”. Can you briefly state how currency differs in the arts versus the economy and whether there is a common currency such as “Innovation” between them?**

**R.S.: Art objects or art performances (e.g. music, theatre, and dance) can be given monetary values but the actual money paid or requested might not correspond to the buyer’s or consumers’ actual valuation of the object-performance obtained. Middle men like gallerists, auction houses, and art critiques of major newspaper can talk up or talk down the value of an art object or artistic performance. The same process is true for the economy at large. The direct experience of an art object or art performance is often not possible because of the interference of such external factors which prevent a buyer-seller or producer-consumer from transacting on their own terms. Innovations in form of artistic creation or new social or industrial products at their status nascendi are often value free for a short period of time before market forces put the novel goods/services into the straight jacket of valuations imposed by persons or organizations holding market dominant position. Such dominance allows them to label a novelty as good-bad, valuable-insignificant etc. and distort the relations between dealers-collectors, artist-sellers and the general public. It is hence crucial to provide space for barter to happen, for people to make their own value judgments**

and for artists to exchange their art against other services offered by the buyer-consumer instead of money.

A good example of such a space in the art field free of monetary price tags was the exhibition at the art museum in Aarau, Switzerland in March 2013. The curator displayed “expensive” and “cheap” art objects on the walls of the museum in horizontal, vertical and sometimes diagonal arrangements mixing art objects considered “famous” by well-known artists with art objects of less known or un-known artists. The spectator could hence review-reassess what was on display and reconsider what he/she considered as valuable or less valuable often resulting in surprising new assessment of what he/she considered “good” or “bad” art before visiting the museum.

DAW. In one of the slides of your presentation, you show a hierarchy of solutions, which basically requires that Government propagate stronger regulations, forced upon by educational initiatives that teach critical discourse and promote alternative solutions. It seems that a type of bottom up initiative is required in which a high degree of empowerment to all sectors of the society is the solution. With what tools and strategies, should global governance reinforce such a triple bottom line strategy and put societies on course of sustainability?

R.S.: before answering the second part of the question, it is useful to elaborate a bit more on the hierarchy of failure. In my analysis of the current societal malaise, four levels of systemic failure are reducing the self-regulatory ability of social systems to correct imbalances such as market failure, government failure, academic failure and civic failure. These terms need to be clarified in more detail to make their utilisation more apparent and useful.

“*Market failures*” can result out of monopoly power by one or two (duopoly) suppliers of goods or services. Hence the buyer has no alternative than to buy from whatever the monopolist puts out in the market and at whatever price he wants. Market failure can also occur because there is no supplier in the market to meet needs, for instance, for public goods like security (e.g. street lights, police). There might also be incomplete markets where markets fail to produce enough goods or services for all like education and healthcare. Another big market failure is rooted in the failure to take into account of externalities (e.g. the environmental pollution caused by industrial production which is not included in the price of an industrial good). Market failures can be corrected through dismantling monopolies, through regulating price fixing and through making government regulations more transparent and by making it easy for the public to access government services for instance through e-government based service provisions.

***“Government failure”*** occurs when governments fail to intervene to correct market failures. This can be due to corrupt practices by government officials who provide more favorable market conditions to one enterprise than to its competitors. For instance, such market distortion can be orchestrated by penalizing the competitors, making them pay additional fees, putting them through excessive audits and overcharging them through unfair taxes, or simply by making market sensitive government information not available to all economic actors entitled to such information. The same can be observed in the case for social services when for instance some citizens are discriminated against (excluded) of getting public services that should by law be made available to them. However by deliberately obfuscating the regulations through different forms of bureaucratic manipulations, such services are not provided to a select group of citizens deemed unworthy to benefit from government services. Government failure could be corrected through new laws (in democracies) provided there is a judiciary which can be called upon to intervene in situations where laws are deliberately not implemented or not made public. Another way of correcting government failure is through citizen actions. Such was the case when large numbers of citizens of Basle (second largest Swiss city) occupied a nearby construction site where a nuclear power plant was going to be erected despite the fact that the region suffers from occasional earthquakes and the risk of building a nuclear power plant so close to a major urban center unnecessarily increased the risk of exposure to potential nuclear accidents.

The third form of failure is ***“academic failure”*** or lack of civic courage and leadership by university researchers and teachers who avoid presenting research findings that could put them into conflict with authorities or dominant groups of a society. Academics are supposed to push the boundary, to contribute to new ***“discovery”*** and knowledge; not to withhold what they learned from their research and hence not to obfuscate reality. Academic failure can be due to the fact that university professors are members of a political party that holds power and hence publication of research that could be interpreted as critical of the current status quo is avoided or hidden in deliberately quasi scientific language not easily understood by ordinary citizens. An example is for instance the hesitancy of Swiss social scientists to analyze the impact of dominant market position of a few media groups owning the majority of the leading Swiss newspapers. Similarly there is reluctance by some political scientists to analyse the political party financing and impacts by lobby groups on democratic decision making processes in parliaments - be that at national or regional level.

The final level of the hierarchy of failures is ***“civic failure”***. Citizens are not enabled nor have the practice to articulate what they consider wrong and in need of corrective action. Citizens can and

should convey their concerns to academic scholars, to members of parliaments and to the owners and lead managers of businesses whenever they observe a major disfunctioning that needs to be corrected but does not get remedied due to the market, government or academic failures. Social articulation of major disfunctioning can be reinforced through popular culture and mechanisms of civic participation. For instance civic participation is possible in Switzerland through direct democracy (right to referendum or initiative). Another example is the Stanford University based liberation technology activists who use social media to correct government and academic failures. For example, the Indian Parliament passed the National Food Security Act (NFSA), guaranteeing access to subsidized food to nearly 70% of its 1.2 billion populations. In fiscal 2011–12, over 500 million Indians received 51.3 million tons of subsidized. But in 2005 the government estimated that nearly 60% of its grain did not reach beneficiaries because of theft, corruption and difficulties in identifying the needy<sup>2</sup>. Activists of liberation technology organized villagers who watched carefully when trucks arrived to deliver food, then called villagers via mobile phone who then checked on the local civil servants whether they delivered the promised food quantity and if not, they documented the incomplete food delivery, organized mass demonstrations and informed the central government of delinquent actions by local civil servants. The food deliveries have since greatly improved and theft of food aid decreased considerably.

**DAW. And what is the role of the arts and culture in the development of the triple bottom sustainability line?**

**R.S.:** All countries who are members of the United Nations are negotiating the agreement called post-MDG (millennium development goals) which will end by September 2015 and be replaced by the SDGs (Sustainable development goals) as of the first January 2016. The SDGs are very much needed to correct the current course of development and self-destruction. SDGs however are very difficult to implement. Without them, the remedies to the many conflicts and problems described above cannot be put into actionable projects. Therefore it is mandatory that all of our governments agree to a common and binding commitment which would also mean that all countries will define their triple bottom line within this framework and achieve these targets by 2030. The triple bottom line here means sustainable development of the social, economic and environmental sectors of our society and most importantly countries will commit themselves to

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<sup>2</sup> <http://world.time.com/2014/01/13/indias-plan-to-feed-800-million-people-is-either-amazing-or-insane/>

make these national SDGs known to their respective citizens. The formulation of national SDGs need to be based on an inclusive and participatory process. The same inclusiveness will apply when a country's SDGs will be reviewed and monitored. CSEND wrote a policy paper outlining the need for comprehensive monitoring of SDGs see:

[http://www.csend.org/images/articles/files/Monitoring\\_SDG\\_Infrastructure\\_Methodology.pdf](http://www.csend.org/images/articles/files/Monitoring_SDG_Infrastructure_Methodology.pdf)

**DAW. As an example. You have mentioned that about 9 million hybrid electric vehicles led by Toyota Motor Company have been sold worldwide by 2014, addressing environmental impact and sustaining innovation. How can business innovation be profitable and business practices be sustainable in developed countries?**

**R.S.:** Distinctions are made by Clayton Christensen<sup>3</sup> between empowering innovations, sustaining innovations and efficiency innovations. Empowering innovations disrupt markets by transforming complicated, expensive products into simple, affordable one that many people can own and use, examples being the invention of personal computer or the smartphones. Empowering innovations create new jobs. Our societies need to equip and encourage the creative talents to engage in empowering innovations.

An innovation called here as being "sustainable" means simply that a company sustains or keeps its position in the market by making good products better in other words without introducing a completely new product. Such kind of innovations do not create no new jobs e.g. Toyota produced the hybrid car Prius but every time Toyota sells a Prius, customers don't buy anymore the Toyota Camry car. Hence sustainable innovations don't create new jobs as they simply replace the older with a better product. Lastly, an efficiency innovation means that existing products are produced more efficiently (faster, or less costly) which tends to eliminate jobs but generates more capital (profits) for the company. Examples here are mini-mills and online insurance underwriting. It seems that there are less empowering innovations these days and business are more focusing on how to further increase efficiency innovations.

Reports by the Economist indicates that Japanese and South Korean firms hoard increasingly high amounts of savings (accumulated profits), further depress salary payments and pay shareholders minimal dividends and hold back from investing in new production technologies.<sup>4</sup> South Korean

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<sup>3</sup> Kazumoto Ohno, interview with Clayton Christensen, "The Innovation Dilemma?", Japan Close-up, May 2013.

<sup>4</sup> "A \$2.5 trillion problem, Japanese and South Korean firms are the world's biggest cash-hoarders. This hurts their economies », 127<sup>th</sup> September 2014.

and Japanese governments are trying to persuade the companies to reduce their savings and even threaten to tax these East Asian conglomerates on excess profits but without avail so far. The unwillingness to spend could also indicate stagnation in regard to innovativeness by large corporations in East Asia. May be this could be one of the reasons why the South Korean government is emphasizing the need to build more creative industries and smaller enterprises including social enterprises as a means to break out of the stagnation caused by too much concentration on efficiency gains and not enough empowering- disrupting innovations. Here is a link to be made with social innovation. After all, social innovation is about creating means and space for the discriminated, marginalized, excluded and forgotten population to access technology, services and opportunities in order to achieve self-sufficiency and gainful livelihood. Alike the private sector, social entrepreneurs can improve their services by developing empowering, sustainable or efficiency based innovations.

[DAW. "Two degrees of warming will lead to an ice free Arctic and sea-level rise in the tens of meters", said James Hansen, the Director of NASA's Goddard Institute for Space Studies. Although many environmental organizations are lobbying for biodiversity and resource preservation it seems like it is taking too long to acknowledge the risk of global warming. How could environmental aspects be best integrated in the core mission of average for profit oriented companies?](#)

R.S.: As was stated in the communiqué of the November 2012 meeting of the UNOSD (United Nations Office for Sustainable Development) , Incheon, South Korea "Sustainable development has been a heavily diagnosed concept over the last twenty years, but we also acknowledge that business-as-usual in the 21<sup>st</sup> century is not an option. There is urgent need to accelerate implementation and to scale up good practices for sustainable development at all levels"<sup>5</sup>. The list is growing longer and longer of very useful studies and suggestions for more environment friendly business practices and graduate level academic programmes on sustainability management have been created in different parts of the developed world. UN agencies like UNEP, UNCTAD, ILO, and the World Bank just to name the leading international organizations continue to organize conferences and write papers on how our economies and enterprise could be made more environmentally sustainable and still, climate warming is increasing, not decreasing. In the words of one of the pioneering professors of sustainable management "the main directions for discussion about the direction of the corporate sustainability debate are the claim that corporate

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<sup>5</sup> Incheon Communiqué, UNOSD, Incheon, Republic of Korea, November 16, 2012



sustainability should go beyond the business case, that it should address issues beyond the environmental aspects and that corporate sustainability should develop its role as a change driver in the economy and society as a whole”<sup>6</sup> thereby suggesting that corporate sustainability should go beyond greening and beyond the company and its stakeholder network. What seems evident is that greening – that is making a company more sustainable as a micro-management strategy is not enough. What is needed is to put the need for more greener business practice into the larger societal context and find ways to agree to more stringent regulatory measures such as incentives (e.g. tax reductions for green investment) and sanctions (punishing companies unwilling to reduce their externalities with fines or in worst case close them).

**DAW. Market failure, government failure, academic failure and culture failure build up the hierarchy of failures towards sustainable growth. In this worst case scenario, what would be the hierarchy of solutions and who should take the lead of the process of preventing economic chaos and ecological disaster?**

**R.S.:** Leading initiatives have already been started and many are going in the right direction of helping our atomized societies find ways to recreate social bonds and communal co-existence. We need to bring back to the awareness of our citizens that we all depend on being embedded in multifold interdependencies and we need to better share the limited resources required for our survival and the survival of the global village. People have lost the ability to reach out to others, to make contact to others which means not too busy oneself with communication only to the closed circles of similar type of people as can often be the case with social media “friends of” closed networks. We should learn again to learn with others, not by staying glued to the computer or television sets. Learning implies ability to engage in critical discourse, agreeing to disagree, analyzing issues and attempting to find solutions to identified problems. This all implies critical thinking and tolerating potential dissonance and ambiguities until solutions become figural. Our business culture has unfortunately become myopic and too much straight jacketed by inordinate efficiency mantras. Some management scholars detect “forms of stupidity management that repress or marginalize doubt and block communicative action”<sup>7</sup>. We need constructive, reflective and open social systems not closed and prejudged solutions borrowed from the ever same management gurus and leading consulting firms. Excellent examples of international networks that

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<sup>6</sup> Stefan Schaltegger, Roger Burritt ; « Corporate Sustainability” in Henk Folmer (ed), The International Yearbook of Environmental and Resource Economics 2005/2006, E. Elgar, UK. Pp.185-222

<sup>7</sup> Mats Alvesson, André Spicer; “A Stupidity-based Theory of Organizations”, Journal of Management Studies, 49:7 November 2012.

foster exploring and sharing of social innovations are Globelike<sup>8</sup> or the initiative taken by the ISSC (International Social Science Council) to conduct transdisciplinary research through knowledge networks on how global change could be fostered to ensure implementation of the triple sustainability bottom lines (how to implement the SDGs).<sup>9</sup> Another initiative is the search for cross-sector social partnerships bringing together state and non-state actors to create common projects between private sector companies and civil society organizations<sup>10</sup>.

Survival of our world requires collective actions and multiple levels of collaborations. These cross-boundary cooperation requires going back to the basics, i.e., trust, empathy and ethical conducts and a constructive competition based on new ideas generating beneficial social impact. Citizens form different networks and tackle the 4 failures with a shared vision of an inclusive and dignified world for all.

**DAW. In comparison to those many businesses focusing on «return on investment», social entrepreneurship focuses on "social return on investment", addressing value creation, innovation, sustainable solutions and empowerment across the board. How could social enterprises achieve more impact by positioning social financing in the political agenda of global governance and redefine existing financial models?**

**R.S.: Alternative financing models for social enterprises exist already. It can be best exemplified by the cooperative movement. Cooperatives have and continue to play an important role in many developed and developing countries as employer, producer of goods and service provider, employer, and social integrator. In contrast to the private sector, cooperatives are owned by the members, not by capital share of shareholders. Decisions as to distribute profits are taken by the community of members. Cooperatives have survived the financial turmoil of 2008 much better than private banks or financial brokerages.<sup>11</sup>**

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<sup>8</sup> The global network for the economics of learning, innovation, and competence building systems, <http://www.globelics.org/>

<sup>9</sup> International social sciences council (ISSC), [www.worldsocialscience.org](http://www.worldsocialscience.org)

<sup>10</sup> See Annual Review of Social Partnerships, [http://www.academia.edu/5101551/Annual\\_Review\\_of\\_Social\\_Partnerships\\_ARSP\\_Issue\\_8\\_2013](http://www.academia.edu/5101551/Annual_Review_of_Social_Partnerships_ARSP_Issue_8_2013)

<sup>11</sup> R. Saner, L. Yiu, M. Filadoro; "Cooperatives for inclusive growth"  
[http://www.csend.org/images/articles/files/CSEND\\_Policy\\_Brief\\_10\\_Cooperatives\\_for\\_Inclusive\\_Growth.pdf](http://www.csend.org/images/articles/files/CSEND_Policy_Brief_10_Cooperatives_for_Inclusive_Growth.pdf)

Other forms of non-traditional financing for social enterprises exist e.g. solidarity and social economy<sup>12</sup>. Since cooperatives and social economy organizations and associations have been ignored by the Bretton Woods institutions (World Bank and IMF) and since the old paradigm called “Washington Consensus” is still crowding out alternatives to traditional neo-liberal ideological concepts, readers have to be curious and resourceful and search for references and insights on alternatives to these current outdated main stream financing paradigms.

**DAW. A few people think that pushing people out of the comfort zone is the first step to create counterfactual thinking so that attention will be put on not only possible possibilities but also impossible possibilities. How do you think such events as those set up by the DAW International can help avoid psychological biases and rejection of all ideas outside the realm of common expectations?**

**R.S.: Change of behavior requires first becoming aware of one’s current state of behavior and thinking. It is only then, that behavioral change becomes possible. To push people, organization or even countries into forced change backfires most of the time and it often ends up with the old adage which states “plus ça change, plus ça reste la même chose”. Resistance to change, at personal or organizational level, if not understood, can defeat the most cleverly designed change processes. The key to help people move beyond their comfort zone is to provide support to change, adapt, and adjust to the new. Without such support, resistance will quickly defeat attempted change strategies.<sup>13</sup> Applied to the DAW means that simply putting artifacts on display will not motivate the spectator to learn something new. Learning means doing things differently which in turn means becoming first aware of how one perceives art objects and art performances? Once the personal experiencing is owned by the person visiting an exhibition, then new insights or sensory perception can be integrated into the world view of the viewer-learner. Such support could be dialogues, discussions, or other forms of getting and giving feedback from others sharing moments in time and space with others. Without such mediating support, exhibitions are quickly forgotten and the spectator could end up feeling disappointed no matter how brilliant the art work or**

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<sup>12</sup> What is Social and Solidarity Economy and why does it matter? Interview with Peter Utting, deputy director of UNRISD, <http://oxfamblogs.org/fp2p/beyond-the-fringe-realizing-the-potential-of-social-and-solidarity-economy/>

<sup>13</sup> For example of change dynamics at large scale see: <http://www.csend.org/publications/organisational-studies/item/101-conducting-change-projects-in-the-united-nations-and-related-intergovernmental-organizations-characterized-by-porous-boundary-phenomena-how-could-change-efforts-be-supported-by-chaos-and-complexity-theory??highlight=WyJjaGFuZ2UiXQ==>

installation might be. DAW could provide artistic experiences through interaction with other human beings as a means to make possible discovery and learning. It should not be just a consumption of an artistic event.

**DAW. With the slow but sure rise in climate, we are facing an unknown world and we are now living in one that requires clear action. It is an obvious that we are facing a moving target, so what do we aim at?**

**R.S.:** we need to re-discover that we are interdependent with our environment and in constant interactions that we cannot survive without taking from the environment (food, air). At the same time we need to realize that we constitute the environment for others- we either contribute to others (support, care) or we become a hazard to others resulting in negative feedback and rejection or aggression. In the worst case, other people can experience us as a threat.<sup>14</sup> We need to regain the ability to perceive, move from perceiving foreground (e.g. central figure head of a portrait painting) to perceiving background (e.g. the surrounding family or type of furniture's surrounding the portrait figure) and to re-enable ourselves to make contact with others, move towards or others while at the same time remaining aware that nobody "leaves" the environment for good. Being able to experience the here and now and encounter and dialogue with others would greatly help us identify common ground, common interest in ensuring survival of oneself and helping others to survive. Art can greatly support this process of becoming aware of otherness and novelty. However, in order to positively integrate the new experience, we need to create a supportive environment which allows for experimentation and for reaching out to others. The more this is possible, the easier it will become to reorganize ourselves to jointly face the major social and environmental changes which are awaiting us in the near future.

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<sup>14</sup> This section follows basic tenants of existentialist and phenomenological philosophy as well as Gestalt psychology.