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**'inspiring women leaders... dare we?'**

## BEYOND CAPITALISM: A NEW GAME

### The Complex Human Systems Dynamics of Capitalism

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#### Prelude

A friend of mine defines economic depression as, “after the old rules stop working and before the new ones emerge.” He is an economic forecaster, and today he has a significant investment in the old rules and incredible curiosity about the new ones. Conditions of the 21<sup>st</sup> century have shaken the rules of the old economy, and the new rules aren't obvious yet.

In the following, I propose some factors and frame some questions that I suspect will shape the rules of the emerging economy, but I must begin with two caveats.

Though I join every other human being in having a vested interest in things economic, I am not an economist. I've read some Marx, Adam Smith, and Keynes, but I can't claim to have understood them. I do claim to be an expert in complex dynamics of human systems (Eoyang, 1996; Olson & Eoyang, 2001). The following exploration is grounded in this expertise and reaches out to economics as a special case of human systems dynamics. I don't expect to provide any answers, but I hope to inspire more meaningful questions about the economic dilemmas and choices that will shape the rest of the 21<sup>st</sup> century, especially for women.

In what follows I refer to feminine ways of knowing and acting. This is not intended as a sexist or gender-focused perspective. It is intended, though, to point to a set of predispositions and socially-reinforced practices that are more evident in the actions of women than those of men. I have personally watched men follow these “feminine” ways, and I find it more frequently among men of color, immigrants, or those with disabilities. I've come to think of these habits of knowing and acting not as gender-driven but as power-driven characteristics. Habits of generosity, curiosity, collaboration are most familiar to those who are not accustomed to power. Unfortunately, that group most often excludes white men in Western cultures.

I hope this sets a context for the observations, reflections, and questions that follow.

#### Rules and Games

Traditional economic systems—both capitalist and communist—make some basic assumptions about value and its transmission. Some of those are implicit, others are explicit, but all of the assumptions are challenged by the complex dynamics emerging in the 21st century. A new game has come onto the economic playing field. The rulebook hasn't been written; we don't know who the referees, coaches, or players will be; and we certainly can't predict who will win or lose. What

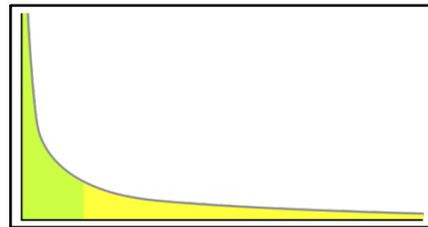


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we do know is that the game, as we have known it since the industrial revolution, is no more. Evidence of the radical change appears in newspapers, contracts, pocketbooks, legislative agendas, government policy, and faces of both the sometimes rich and the newly poor. I believe the foundations of the new economy emerge from complex, nonlinear dynamics. In what follows I explore some basic assumptions of the new economy, contrast them to assumptions of the old, and inquire about what I think will be an overwhelming advantage women will experience on this new economic playing field.

### The Long Tail

The first assumption of the old economy was based on a predictable relationship between supply and demand. We expect a change in supply to generate a dynamic adaptation of demand and vice versa. The tight coupling between supply and demand is assumed to be the primary determinant of prices and to inform decisions of those who produce and those who consume goods and services. This expectation only holds true when both supply and/or demand is limited. If either one is unlimited, the predictable relationship breaks down. Unbounded supply erases value as we knew it. Unlimited demand (if we could even imagine it in the old system) depletes supply and collapses the market. The 21st century game is entirely different because both supply and demand become functionally infinite in the world of virtual commerce.



In the virtual marketplace, there is no physical limit to the number and variety of goods available. There is no practical limit to the number of potential buyers. As a result, the simple relationship between supply and demand disappears. It is replaced by a more complex relationship described as the power law. Sometimes recognized as the "long tail," a power law relationship is a statistical property that presents the non-intuitive fact that the space within the tail of a probability distribution is larger than the space under a 'normal' or Gaussian distribution. For practical purposes, that means that more wealth may be generated by a selling a small number of many individual products than by selling a large number of a few high-valued products. This relationship is described in detail in *The Long Tail* (Anderson, 2006). He tells the story of a publishing industry gone crazy when the internet lets anyone publish, and wealth is derived from relatively low numbers of sales for many, many products.

This new environment is disruptive for entities that were successful under the old rules, but it can mean success for those who struggled before. Women who supported themselves and their families on artisanal cheeses, hand-stitched linens, and home-baked cookies may now have a legitimate place in a booming Internet economy.

Can women help women make the connections they need to exploit this new economic pattern?



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### Zero-Sum Game

The second assumption of the old economy was that the whole is always equal to the sum of the parts. If you have more of something of value, that means I have less of it. Often referred to as the “zero-sum game,” this assumption shapes economic decision making in many ways. Calculations of costs and benefits, return on investment, and profit margin all rely on the assumption that value can be divided into parts or added together without changing its absolute value over time. This assumption is the source of greed; it incites theft; it rewards saving; and it inspires current tax, intellectual property, and monetary policies.

This assumption, too, falls apart in today’s information economy. Unlike items of physical value, information is not a zero-sum game. If I know something and tell you, I don’t lose that knowledge. In fact, I may even have more if you can show me a new way to use it, or if we create something new together. Under this radical assumption, generosity increases my own wealth while contributing to others’. Hoarding information becomes its own punishment; and return on investment may be impossible to perceive, much less to predict or control.

Again, this new world may give an advantage to the traditionally feminine modes of interaction. Women who were marginalized in the past because they didn’t compete for limited resources stand to benefit enormously from an economic landscape that rewards selflessness and generosity.

What does it look like to leverage the wealth of knowing and telling we hold for ourselves, families, and communities?

### Conserved Quantity

In the old, material economy, we assumed that something of value should retain that value indefinitely. Speculative bubbles (whether in real estate or tulip bulbs) were seen as aberrations when perceived value disappeared over night. We assumed that, in general, a thing of value would remain a thing of value. As a result, we expected to be able to accumulate wealth, save, invest, and leave a legacy to our children. As a matter of practice, we assumed that if we held something of value longer and more tightly, it would retain its value, and we would win the economic game in the end.

Again, an information economy blows this assumption apart. As a general rule, information spontaneously loses value over time. It may become less relevant, or it gets distributed widely. In both cases, for reasons beyond our control, a piece of information held can lose its value, while a piece of information shared can increase in value.

Over generations, women have survived by sharing information openly, by engaging in meaningful relationships, and by establishing shared methods to gain and interpret information. Our survival as politically marginalized players depended on the ability to know things in common.

Will these habits of generosity and curiosity help us thrive in the emerging economy?



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### Near and Distant Neighbors

Another key assumption of the old economy was that natural resources were unlimited, while the market for products was finite. Not only did this set the supply and demand relationship in place, it also established what we considered to be reasonable production resources and distribution networks. Regional and national markets thrived as producers consumed available resources and built sophisticated delivery infrastructures.

Today, we see a very different world. Our earth is overburdened, and we face the challenge of sustaining ourselves on the finite resources of our planet. At the same time, ubiquitous information and transportation networks allow us to reach markets around the world quickly, easily, and cheaply. We know that our resources are limited while our potential consumers are without number. These new conditions restructure the marketplace radically. Rather than robust regional and national markets of the mid-20th century, we see two new markets emerging.

One of the new markets appears in community gardens and farmers' markets around the country. This emerging marketplace focuses on local production and local consumption. It makes efficient use of micro-resources that are more reusable and sustainable. This market also builds the social capital we need for adaptive action in these turbulent times. The other emerging market focuses on the global level. It transcends political and geographical boundaries to consolidate resources from around the globe to meet demands of distant markets.

The global game may not be particularly advantageous for women because it is currently played as if it were the old economy on steroids. The local game, however, is perfect for the gifts that we consider natural for women and other persons unaccustomed to power. Traditionally women of all cultures have found ways to make the most of scarce resources. We consider life to be fragile for ourselves and our children. Though we do not always play a sustainable game, we do often pause to recognize the effect of our actions on generations to come. Such sensitivities have prepared us well to succeed in a localized economic marketplace.

Can we leverage our sensitivities to appreciate value in our local economic landscapes?

### Networks

Traditional economic systems have been driven by intermediaries. Farmer grows produce; processor prepares it; wholesaler stores; retailer sells; consumer consumes; and various other middle-people influence and benefit from this simple transaction. This process is supposed to add value at each step. It also generates wealth that is invested in a complex and diverse infrastructure that has in the past lent stability and predictability to market dynamics.

The internet has "dis-intermediated" economic and social transactions. From EBay to on-line banking to heart.com, network interactions are replacing structured, mediated interactions. This new phenomenon puts many out of work, including travel agents, local bookstore owners, bank tellers, and marriage brokers. At the same time, it reduces transaction costs and democratizes



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access to resources and markets. As one effect of this shift, we are seeing a surge in free-lance consultants and work-at-home opportunities.

Again, this trend benefits women and their ways of working. The threshold for capital investment, connections, and privilege that blocked opportunity for many women may be disappearing. Many of us find it easier to publish our own books, start our own companies, and manufacture and distribute our goods and services.

What are we willing to invest in sustainable networks of relationship and information?

### Looking to the Future

Whether we were conscious of them or not, our assumptions of the past established foundations for economic success. Year to year or economic cycle to cycle, the system experienced variations that turned winners into losers or losers into winners, but still the game was always the same. Those assumptions were based on the limitations of physical material and geographical space.

Today, in an Internet world of information and networks, those same limitations no longer apply. As we pass through the current economic depression and into an unknown future, a new game and its economic rules unfold. The game of the future may move the habits of women out of the margins and into the center of sustainable social and physical security. I suspect that success in this new world won't look like success in the old, but failure won't either. If we, as women, step into our new positions of power and stand proudly in our instincts for curiosity and caring, we may have the opportunity to experience a level of influence and freedom that we've never known before.

How will we, individually and collectively, play and win this infinite game?

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