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Give Dignity a Chance: Two observations and five takeaways

Global Financial *what* Summit??

This was the most oft-repeated reaction to the event held on the 15th of November 2012 in Atlanta Georgia - the Global Financial Dignity Summit.

Hosted by two larger-than-life personalities straddling two generations, John Hope Bryant and Ambassador Andrew Young, this conference was headlined by US Federal Reserve Chairman Ben Bernanke and proved to be an innovative and impactful gathering of business, social and political stakeholders focused on economic development.

My wife Deborah and I had travelled the furthest to be there, at the invitation of John who is a fellow member of the World Economic Forum's Young Global Leader community.



John Hope Bryant exudes a blend of energy and eloquence that gives him the stage-presence of an Obama with the sensitivity of a Bill Clinton. Together with the understated Professor from Finland Pekka Himanen and the telegenic Crown Prince HRH Haakon of Norway, John founded the Global Dignity movement in 2006. Internationally active and with the hands-on involvement of all three, this movement is based on the premise that every human being has the right to lead a dignified life and as a corollary, the right to access resources to fulfill one's potential.

Specially designed "dignity sessions" are held in underprivileged schools to affirm self-worth and confidence not only in the way that individuals carry themselves but also in the way that they relate to each other, often in the presence of conflict.

The Global Financial Dignity Summit sought to apply this overarching framework to our current economic challenge - hence the unusual title.

Unlike the top-down macro-approach of targeting aggregate variables such as GDP, inflation, money supply and payrolls, this bottom-up micro-approach seeks to address issues of financial literacy, access to lending, skills and community development - all of which are arguably as impactful in securing national economic outcomes.

Is "dignity" too woolly and wishy-washy to demand serious attention?

Not any more so than "animal spirits", "sentiment" or "confidence" that are similarly intangible gauges used in mainstream economics. And with current policy practice already rife with unconventional measures - from state investment in private equity to asset-purchase, quantitative easing and directed lending - there is ample appetite for innovation in policy.

We met in Atlanta on the backdrop of two glaring observations:

1. Firstly, despite the scale and open-ended nature of quantitative easing, its impact on the availability of credit and the cost of credit has been less than proportionate. The **transmission mechanism is weak** and will remain so unless the net of financial inclusion is widened across ethnicity and size of enterprise. As Bernanke stated in his keynote address, "the pendulum has swung too far the other way" and credit conditions remain particularly tight for minority communities, down 65 percent from its peak.
2. Secondly, as highlighted by Cassius Butts of the Small Business Administration (SBA), aggregate **new jobs are created as much (if not more) by small businesses** as by large companies. Yet, it is those enterprises that employ fifty people or less that find it most difficult to access credit. We heard directly from Don Graves of President Obama's newly-created Council for Jobs and Competitiveness about the need to ensure that the recovery is not "a jobless one". It is important to (a) develop skills to better match what employers are looking for and (b) reinvigorate an ecosystem where innovation is nurtured and start-ups are sustained.

On this backdrop, the conference produced five key takeaways that should be applicable globally:

1. The **bottom-up approach** of teaching financial literacy, training small proprietors on how to present business plans etc. can be effective in mending market failure at this part of the credit market. Together with vocational skills that result in a better match of vacancies with capabilities, a grass-roots approach to making the small enterprise more "loan officer friendly" or providing them with administrative infrastructure would also yield results. Within the duration of the conference, we saw the dignity process in action when a group of school children were trained to write i-phone applications with dramatic results!
2. This bottom-up approach is centered on developing **a sense of community**. A Financial Dignity Centre was inaugurated on the eve of the summit by Christine King Farris and Dr. Bernice King, older sister and daughter of Martin Luther King Jr. respectively. Built as an adjunct to the iconic Ebenezer church, the spiritual motivation and a sense of divine duty amongst all of the speakers at the ribbon-cutting was hard to miss. This centre will assist, amongst others, the chronically unemployed (those that may have fallen off the national statistics) and vulnerable children in an attempt to snap the intergenerational links of poverty. The community approach to financial inclusion is not unlike the "social collateral" model of microfinance developed by Nobel laureate Professor Mohammed Yunus in Bangladesh.
3. **The either-or mindset** of complete laissez-faire versus state dependence **is a false dichotomy**. It is not just Democrats serving in the current administration, we also heard from Republicans such as George W. Bush's Housing Secretary Alphonso Jackson, former Presidential candidate Governor Tim Pawlenty and former Congressman from Texas Steve Bartlett all of whom saw the need for state involvement as catalysts and facilitators, critical to the objective of job creation but not as job-creators themselves. The session that I co-lead on Corporate Social Responsibility also brought out evidence of a range of social outcomes delivered by profit-seeking corporations.

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4. The forum took pains to uphold the virtues of capitalism - albeit "**responsible capitalism**". Bernice King reminded us that of her two grandfathers, one served as board member at a bank while the other owned a lumber mill. We were told that "without a vision, populations perish; but without funding for the vision, the vision perishes". Social activism without business acumen is not of much use. We were reminded of the role of Wall Street in sourcing funds for Atlanta airport. During the community bus tour, the former Superintendent of Los Angeles School District, Admiral David L. Bewer told me about the relative success of privately-funded school systems that are not subject to the electoral cycle of the public system. I am used to hearing about the short-termism of markets - so this came as a surprise to me!
5. Finally, the charismatic Ambassador Andrew Young, civil rights icon, Chair of the Atlanta Olympics and former Mayor of Atlanta reminded everyone that the fight for jobs is a battle for international competitiveness. Increasingly, cities (not countries) are the relevant unit of analysis and as home to international business brands such as Delta, CNN and Coca-Cola, Atlanta is somewhat of a success story. We were told that petro-dollars were actively sought for municipal bonds and that as a result of a targeted campaign, half of all German companies in the US are located in Atlanta. Reference was made to the Singapore model on more than one occasion. Foreign investors such as the Chief Executive of SEDCO from Saudi Arabia echoed the benefits **of an international perspective on local-level competitiveness** - removed from the "US versus China" discourse seen in the popular media.

The late Czech President Vaclav Havel is credited with the following quote: "Hope is an orientation of spirit, an orientation of the heart. It is not the conviction that something will turn out well, but the certainty that something makes sense, regardless of how it turns out".

In a similar vein, the framework of Financial Dignity - of literacy, inclusion and access - must be added to the toolkit with which we tackle macroeconomic challenges. Every policy measure and its implementation must be "dignity tested". In the words of Bernice King, this is a "radical revolution of values". Let's give Dignity a chance.