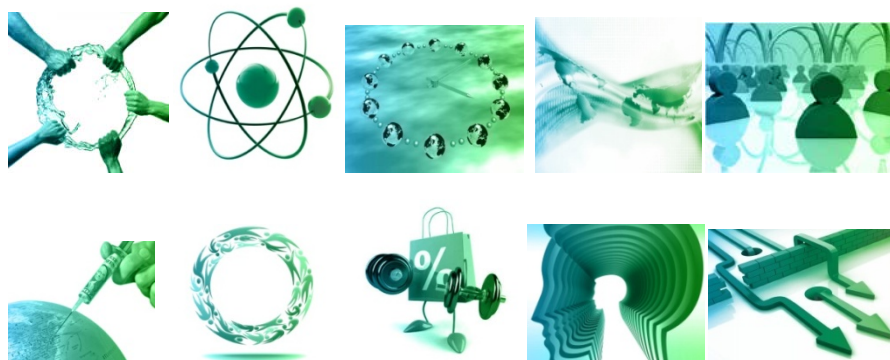


2011: A Year of Profound Change



October 2011: 2011 is one of those noteworthy years where events have unfolded which will have far-reaching consequences in the years and decades ahead; events of such a profound nature that any one of these events would have been more than enough for the world to cope with alone, from the devastating tsunami and nuclear disaster in Japan to the popular revolutions of the Arab Spring to the deepening Eurozone sovereign debt crisis. Together they have stretched our resources and ability to respond, individually and collectively.

On a brighter note, technology has again ushered in massive changes, as tablet “computers” and smartphones proliferate, along with social media – with even the poorest countries joining the technology revolution. New technologies in many areas from clean tech to communications to healthcare are providing new tools and ways to address the challenges we face.

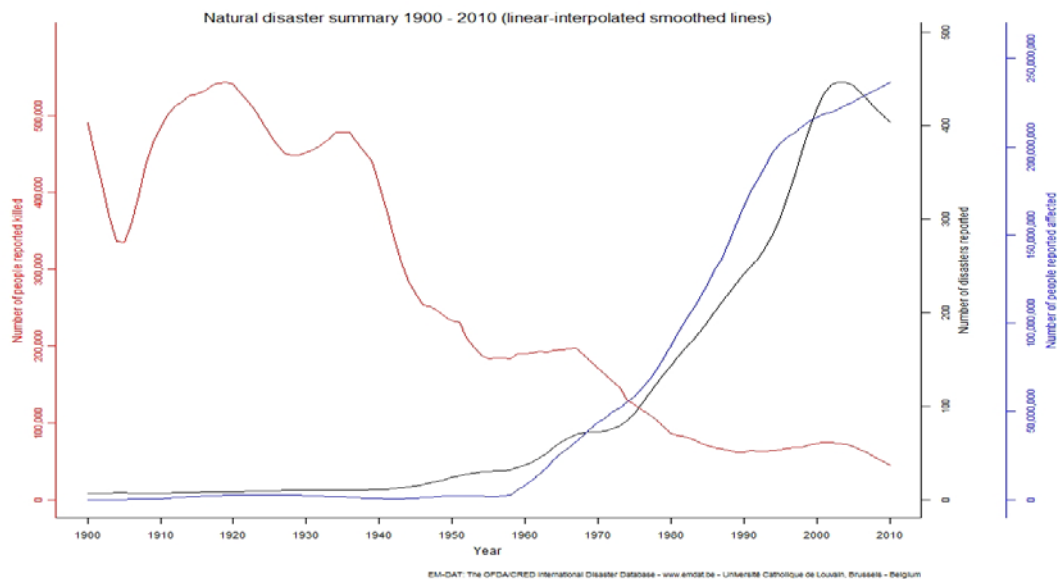
Amidst this year of profound changes, one striking element from our perspective is the change in the human condition. We have more choice, more tools at our disposal, more communities to connect with than ever before. Societies and businesses alike are recognizing the magnitude of the global opportunities and challenges ahead: Social activism is rising; businesses are actively seeking to be sustainable in both purpose and action. The power and resilience of the human spirit is clear. Yet we are also seeing associated shifts in values and morals; connections—and tensions—are growing.

Despite the challenges of 2011, let us not forget that we have as many, if not more, opportunities ahead of us. We have many choices. Perhaps the biggest test we face is in developing the capacity to look beyond short-term pressures to make sense of change – and to take action today. Looking ahead, it will not be business as usual or society as usual. In this brief we highlight some of the profound changes which have happened over the last year (and more) – which will impact our collective futures.

The Harsh Face of Nature

The number and cost of natural disasters has been rising rapidly over the last fifty years, even as the number of people killed has been falling. Given this trend, some events in 2011 were more predictable although the timing less so, such as the devastating earthquake and tsunami in Japan which triggered the Fukushima Daiichi nuclear disaster. Equally, another famine in the Horn of Africa and the plight of refugees from both hunger and war has been deeply saddening but not

surprising. Looking ahead, climate change and resource challenges will likely exacerbate this trend. The question is whether we are ready to do something about it.



Source: [International Disaster Database](http://www.emdat.be/)

Examples of natural disasters in 2011

- **Pakistan – Flooding, September 2011:** Heavy rains and flooding have killed hundreds of people and displaced hundreds of thousands in Pakistan, India and Thailand. Again Pakistan has been hit hardest. The waters have engulfed more than 900 villages, and about 100,000 homes have been completely destroyed.
- **East African Famine 2011 (Somalia):** East Africa is facing its worst drought in 60 years, affecting more than 12 million people. 29,000 children are already dead and the UN estimates 750,000 people are at risk of death in Somalia. Overcrowded refugee camps in Kenya and Ethiopia are receiving some 3,000 new refugees every day, as families flee from famine-stricken and war-torn areas.
- **Japan – Earthquake and Tsunami, March 11, 2011:** Japan’s biggest earthquake on record and the resulting tsunami left Japan with more than 28,000 people dead. Town after town was almost erased from Japan’s northeastern coast and damage to nuclear plant Fukushima Daiichi is likely to leave broad areas around the stricken nuclear plant uninhabitable for years, perhaps for decades to come.
- **New Zealand – Earthquake, February 22, 2011:** A major earthquake devastated Christchurch on what has been described as the country’s “darkest day” killing 181 people. Thousands of people were made homeless, the central business district was destroyed and the economic impact is estimated at NZ\$ 15 billion.
- **Australia – Flooding, January 2011:** In the state of Queensland a massive deluge overwhelmed Toowoomba, a city west of the state capital Brisbane, without warning. 16 people were killed and more than 200,000 affected by the flood.
- **Brazil – Mudslide, January 11, 2011:** 806 people were killed in three cities north of Rio in what is one of Brazil’s deadliest natural disasters on record. After heavy rain began falling in the mountains deadly mudslides and flooding left vast swaths of cities buried under layers of earth.

Looking forward: Climate change and sustainability – Are we doing enough?

The institutional challenge: Al Gore, Vice President of the United States from 1993–2001 said, “*The world is our only home. It is what is at stake. It is our time to rise again to secure our future.*” But are we making any progress in terms of securing Earth’s future? The 2009 Copenhagen summit was widely promoted as

the world's best chance to agree a global climate deal to succeed the Kyoto Protocol. Yet it ended with a non-binding agreement rejected by a number of countries. The 2010 Cancun climate deal ended a little better but left a lot to wish for and a lot of hard work ahead for the 2011 South Africa Climate Change conference. One of the key issues stalling the climate talks is a continued standoff between the two largest greenhouse gas emitters, the US and China. Each says the other must do more to raise their targets on reducing emissions levels by 2020. But at present, along with much of the world, these two countries are more focused on growing economic and social pressures.

CANCUN CLIMATE DEAL	
THINGS ACHIEVED	THINGS NOT ACHIEVED
Fund to channel money from the West to developing nations	Deeper emissions cuts
Formal recognition that current emissions pledges need to rise	Mechanisms for negotiating deeper emission cuts
A framework on paying countries not to cut down their forests	Deciding on the legal status of any new global agreement

Source: [BBC](#)

The business challenge: Today climate change and sustainability are boardroom issues. Unlike their institutional counterparts, companies are clearly making progress on the challenges of sustainability, environment, resource scarcity and climate change. Many have clear corporate plans and are actively taking action. Increasing numbers are joining The UN Global Compact, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies. Launched in 2000 with only 47 companies participating, by 2011 the program was the world's largest voluntary corporate sustainability initiative with over 8,700 business participants and non-business stakeholders from 130 countries representing nearly every industry and sector. ([UN Global Compact](#)). In addition, the 2011 Carbon Disclosure Project (CDP) Global 500 Report has found, for the first time in its ten-year history, that the majority of companies have climate change actions embedded within their business strategies. Of the 396 companies analyzed, the majority amongst of the world's largest, 68% have climate change at the heart of their strategies, compared with 48% in 2010. There was also a significant rise in the number of companies reporting reduced greenhouse gas emissions - 45% in 2011, up from 19% in 2010 (Source: [CDP Global 500 Report 2011](#)).

The Top 5 Best Performing Companies 2011
The Carbon Performance Leadership Index and Carbon Disclosure Leadership Index

USA	Bank of America, Cisco Systems
Japan	Honda Motor Company, Sony Corporation
Germany	Bayer, BMW, SAP
United Kingdom	Tesco
Netherlands	Philips Electronics

The consumer challenge: Does (or even, can) the consumer connect with the huge and abstract issues of sustainability, carbon emissions and climate change, making an effort to live green? The latest [Greendex](#) survey (2010), which ranks countries according to the environmental performance of their consumers, suggests that the top countries for sustainability of consumption are rapidly developing economies. The interesting question is whether these countries can maintain sustainable behaviors as their relative wealth per capita increases along with economic growth, or whether behaviors over time will become more unsustainable as incomes and material aspirations rise. Sustainable behaviors have improved since 2008 and 2009, but suffered a slight setback in about half the countries in 2010, which may have been driven by reactions to the global crisis. It remains to be seen if improvements can be sustained over time or frugality makes being green too much of a luxury ([National Geographic](#)).

The Voice of the People

Trust in national governments is low globally, though increasing slightly from 2010 to 2011. However, more than half the world's people live in countries that are not free in terms of political rights and civil liberties, according to [Freedom House](#). Increasingly people have been turning to communities of choice to get their voices heard – and in 2011 we witnessed a dramatic shift from raising voices to taking action, with revolution and popular protest in the Middle East and North Africa. However, despite success in Tunisia and Egypt, and the end game in sight in Libya, no regime has fallen in the Arab world, and we are witnessing continued struggles in Syria and Yemen. Governance remains in place for now, but the tenure remains to be seen. But the voice of the people is not a developing world phenomenon. On the streets of London, other major UK cities, and most recently Wall Street and an increasing number of cities worldwide, the voice of the people is being heard more loudly than ever.

Key events

A new country is born: On July 9, 2011 South Sudan officially became an independent country and the 193rd country to be recognized by the UN. After decades of conflict, the impoverished country now owes over 90% of its wealth to oil. However, independence is only the start and there remain challenges to be overcome including disputes with its northern neighbor over oil deposits on the border, currencies and most recently rebel activity in Sudan's Abyei, Blue Nile and Southern Kordofan states.

The Arab Spring: In 2011 Tunisia, Egypt and Libya overturned decades of repressive rule, while Syria and Yemen are still center stage amidst turmoil and violence. Across these countries, thousands of people have been killed in the process of taking control of their own lives and trying to shake off decades of dictatorship. As of September 2011 it is estimated that more than 35,000 people (of which about 30,000 in Libya) have been killed in the process of securing freedom.

London riots: Between 6 and 10 August 2011 a social media enabled rebellion of a different kind was seen on the streets of London, even as it hosted visitors from around the world to celebrate one year to the London Olympics. Ostensibly starting as a peaceful demonstration against a police shooting, riots erupted across the UK's capital and in other major cities, descending into an orgy of greed and looting as disenfranchised youth – many in their teens – simply took the symbols of a consumer society that they thought they were entitled too. The breakdown in morality and sheer criminality of otherwise "normal" citizens stunned their now burnt and pillaged communities and those watching around the world.

Occupy Wall Street: What started as a series of demonstrations based in Zuccotti Park in New York, close to Wall Street has now spawned similar protests in over 70 cities not only in the US but worldwide. The focus of the protesters' anger: Social and economic inequality, financial insecurity, corporate greed (particularly banks) and the influence of corporate money and lobbyists on government. However, the movement – which brings together a wide range of groups from anarchists to activists from across the political spectrum to normal people facing the challenges of a depressed economy – is facing criticism for its lack of coherent demands. Yet, as the [New York Times](#) put it, for many the message is clear: *"Income inequality is grinding down that middle class, increasing the ranks of the poor, and threatening to create a permanent underclass of able, willing but jobless people. On one level, the protesters, most of them young, are giving voice to a generation of lost opportunity."* The issue is that governments are not – certainly in protesters' minds – addressing the issues of normal people.

What is really changing as a result?

South Sudan: *"We were bombed, maimed, enslaved, treated worse than a refugee in our own country, but we have to forgive, although we will not forget,"* President Salva Kiir said in a speech after he was sworn in for a four-year term. *"Some of our suffering has been self-inflicted. We have squabbled over issues that could be solved peacefully."* But is official recognition by the UN enough to keep violence away in a country of 8 million people where most live on less than US\$1 a day and adult illiteracy runs at 85% (Source: UN). It may be oil-rich but it also has the worst poverty rate in Africa and as many as 9 anti-government militia

groups operating (mainly) along the border with the north close to oil fields. Despite a newly signed security agreement between Sudan and South Sudan, the UN Security Council has agreed to send 7,000 soldiers and 900 police to South Sudan to provide security, indicating that this new nation could have some rough years to come!

The Middle East: In a continent facing significant challenges, some argue that the popular revolutions described, as the “Arab Spring” could have been foreseen given the combination of poverty, increasing scarcity of basic resources and authoritarian rule. However, the speed of events and the contagion across borders, underpinned by social media’s enabling people to communicate and organize, was less foreseeable (although maybe should have been). Has the seed now been sown for greater individual freedom leading to greater religious freedom in the Middle East? It remains to be seen what role religious leaders will play in the future governance of Egypt, Tunisia, Libya and other countries where there have been popular uprisings. It is clear that this year’s events are only the very start of a very long journey towards freedom and democracy, as recent protests against the military and religious violence in Egypt clearly demonstrate.

London riots: Figures shows that one in four people charged over the riots and looting in England had committed more than 10 past offences. More than half of the 1,715 people who had appeared before the courts as of midday on Monday September 12th were aged 20 or under, including 364 under-18s. Justice Secretary Ken Clarke declared that these first detailed breakdowns have shown it was too many criminals with too many convictions - and nobody bothering to stop them in their tracks. ([BBC](#)) But these numbers could mask a much more complicated picture of a society in social distress and a youth in desperate need of attention in terms of help solving at least one of the directly related reasons, namely extremely high youth unemployment rates. Worldwide, youth unemployment rates are twice as high as for adults, leaving many societies, developed and developing, with the risk of raising a generation of young, disenfranchised, but often talented people. Events in England could easily be replicated in other distressed societies.

Occupy...name your city: As the Occupy Wall Street protests spread across the US and worldwide, the popular nature of the issues and growing disillusionment with inequality and economic insecurity is attracting more and more people to raise their voices. Perhaps emboldened by the Arab Spring, the protesters are using similar social media tools to coordinate and spread their messages to willing ears. While it remains early days, there is no doubt that governments will need to respond to the concerns of their citizens – and perhaps shift the focus of fixing the economy and the debt crisis from a perspective largely focused on saving the banks and the financial system towards rebuilding economies proactively from the ground up.

Politics as a Barrier Rather Than an Enabler

A historic downgrade of the United States’ debt rating. The Eurozone struggling with ongoing sovereign debt crises and massive devaluation of the Euro. Protests in the heart of the capitalist economy. When one financial crisis seems to be abating another is breaking out – Greece, Ireland, Portugal, Italy, Spain - leaving many questions: Who is next? Who will be the lender of last resort? Why can’t the politicians: (a) cooperate to fight a shared crisis (rather than fighting each other), (b) figure out a solution? The financial crisis is deepening rather than being resolved, with more and more countries in the situation where huge amounts of capital have been injected by government into the private economy, most notably banks, changing the power balance between public and private sectors. But it only seems to be the banks profiting right now – at least according to the protesters in Wall Street and elsewhere.

Not only capital is destabilizing the world’s foundation, religion is again creating political tensions. Looking ahead to a year of elections in many leading countries in 2012, increasing numbers of politicians are playing the game of “religionized” politics, campaigning on issues with strong religious implications such as same-sex marriage, the death penalty, abortion and immigration policy. At the same time, religious leaders are becoming embroiled in political debate – along with their followers.

A year of political division

Failures of political economy, European style: There are renewed threats to the global financial system as the cost of bailing out ailing European countries is likely to mean losses for an already weakened banking sector – and for Eurozone member governments, already facing spiraling national debts. In the event of a major sovereign default, it is far from clear who will be the lender of last resort, as tax-payers protest from Germany to Slovakia, which (as we write) has refused to ratify the latest bail-out fund. These domestic and international tensions do not bode well for the increasing political and economic integration, which would be required in future to stabilize the Eurozone – which would likely see stronger German leadership and influence.

Failures of political economy, US style: Europe does not have a monopoly on political ineptitude and division – the US has amply demonstrated that its divided houses of governance could not forge agreement on the US debt ceiling in either a constructive or civil way. With Obama's "honeymoon" well and truly over, the US has succeeded in further paralyzing its ability to address the challenging economic conditions it faces, as well as negatively impacting its reputation on the world stage. Between the Eurozone and US, as well as the vast reconstruction costs in Japan, financial markets and currencies have been destabilized and hugely volatile, with currency wars breaking out as central banks try to curb the huge over- and under-valuations. The politicians role? Certainly not an enabler of solutions.

Security tensions: In the disunited states of Europe a new security coalition was also born in 2011, the Visegrad Battlegroup, bringing together the interests of Poland, the Czech Republic, Slovakia and Hungary. It underlines the falling confidence in NATO and the stark differences in attitude between Central and Western European countries towards security issues – while Germany may wish closer relations with Russia on which it will depend more for fuel when it shuts down its nuclear plants as a direct result of the Japanese disaster, Central Europe has no such desire. Again, this has negative implications for stabilizing the Eurozone in future.

The Norwegian tragedy: The scenes of terrified young people fleeing a murderous gunman amidst a youth conference for Norway's Labour Party on Utoya Island were shocking, even as the Norwegian prime minister's government building in Oslo smoked from bomb attacks. The "justification": An ultra-right wing manifesto of racial and religious hatred compiled by a recluse from internet sources and fuelled by the choices over immigration policy of the Norwegian government. While the government cannot be blamed for the actions of a lone lunatic, this tragedy underlines how close the relationship is between religion and politics, even in the most stable and peaceful of societies. In this case, as in London, however the spirit of the communities shone through in starting to rebuild lives, neighborhoods and values.

Can the politicians catch up?

The debt crisis: Could we have foreseen these destabilizing financial events? Yes. It was no secret that governments have had to borrow vast amounts to rescue the banking sector and stimulate economic growth over the last three years. It was also no secret that developed economies have been over-consuming on credit and under-saving. There was always going to be a day of reckoning. The issue is that national interests have been the focus of governments as they try to restore economies and jobs as the prospects of another recession that will impact the global economy increase. This, for too long, left the process of managing the collective pool of national debts to the financial markets which were spooked by sluggish economic recovery – with central banks and intergovernmental institutions playing catch up. The question looking forward is can

they, without further damage to global economic health? It's a question that the jury is still out on – particularly again as elections loom next year in key countries including the US and France.

Can we decouple religion and politics? Do we want to? More than 2.2 billion people, or nearly a third (32%) of the world's total population of 6.9 billion, live in countries where either government restrictions on religion or social hostilities involving religion have risen substantially over the period from mid-2006 to mid-2009. (Source: PEW Research). Yet, religion remains a defining – although sometimes divisive – part of the global social fabric in a volatile and uncertain world where the search for individual and collective meaning is increasingly important. While we may want to separate church and state as Henry VIII of England tried to do centuries ago, or Thomas Jefferson exhorted in 1802, many countries have tried to do so and found this is much easier said than done. The key question is perhaps more how do we build tolerance between these institutions and different belief systems that allows for constructive dialogue – and disagreement where appropriate – to shape values and provide guidance for societies in an interconnected and uncertain world. Whether we can do so will be particularly important in the fledgling democracies of North Africa and the Middle East.

In November: Look out for 10 trends to watch for the next year.