
THE GREAT TRANSITION – THE ROOTS OF DEVELOPMENT

CRUCIAL INNOVATION STEMS FROM AMONG THE YOUTH AND THE POOR

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Two prisoners, in two neighbouring cells, who communicate by knocking on the wall. The wall is what separates them but it is also what allows them to communicate. So it is between God and us. Every separation is a link, too.

Simone Weil (Gravity and Grace)



Innovation is a term in botany. It is used for buds and new branches. Innovations therefore need roots, good soil and a living plant.

They are life in bloom, generativity in action. And the innovations that become food, gardens and parks also require the work and patience of the farmer or gardener who accompanies them and looks after them during the frosts of the hard winters. And so the bud grows into a flower, the vineyard produces good wine, the fig tree

starts to generate fruit after years of infertility and is saved.

To understand what is happening to our economy and society, we need to get back to the botanical meaning of the term *innovation*, because it says a lot about the reasons of the crisis and the direction to follow. A first message that comes to us from the logic of innovation-bud is called *subsidiarity*: our hands and technology can only subsidize innovation, that is, they can help the bud bloom; but they cannot invent it. The most important part of the innovation process doesn't really depend on artificial interventions of the various "hands": it blooms, first of all, because of its inherent strength. For this reason it is only an illusion to think of increasing innovation in our economy without first dealing with the health of the humus, the trees and the plants. The reason for the lack of innovation is not in the bud that has "decided" not to flourish any more, neither in the laziness of the gardeners.

The crisis of our time depends on the drying out of the secular civil humus that has nourished our society and our economy; a humus composed of the ethics of virtues and generative sacrifice. And on those ancient fertile lands there are above all weeds flourishing and innovating today. To be able to see the innovations of the good plant again we have to start enriching the soil again, saving fragile trees and planting new ones in other lands. It is the *humus (adamah)* that feeds the *homo (Adam)* and generates all true humanism.

At the same time, in our time there are more innovations than we can see and record, because we look for them in the wrong lands. Many of the trees that innovate today have different shapes from the trees of yesterday, they often appear strange, and grow in soils where we do not expect to find them. We look for the beautiful and the good in the land where we used to see them and we do not see them anymore, so we are saddened. In fact, it would be enough to change places and eyes to start hoping already.

We cross our city centres and we see closed shops, offices emptied and rented, and often, the

ugly betting rooms, the dens of gamble; and we are saddened with reason upon seeing these dead trees that were once full of buds.

It is the impoverishment of the gaze, the collective sense of sight that shortens the horizons and imprisons us in the problems and evils that are also always very abundant. The peoples get healed when inside the suffering of the "already" they know how to see a "not yet" that is possible and better. Hope is alive and at work if we are able to see the tree growing in the forest of falling trees, and dream the new wood and the forest of tomorrow around this new shoot. The growing tree is already there, we just have to learn collectively to recognize it and bring it to bloom by accompanying it. By seeing different trees full of buds you learn a lot, and it happens almost always during an existential crisis when the glint of the eyes lets you see differently and see more. There are a thousand colours in the many cities like Naples of our youth and the poor, but since we are asleep and sedated by consumption keeping us away from the streets and suburbs, we do not know how to notice them any more, and not seeing the sun and the bright colours of the sky we prevent the colours of our youth and the poor to relight in our cities.

If we give a careful thought to the plots of history, for example, we see that economies and civilizations have been able to recover, share and grow when they were able to see new salvations in different places that, in turn, were always peripheral. When there is no bread for the crowd, the five loaves for the new miracle lie in the hands of a little boy, where only different eyes can see and appreciate them.

Post-war Europe has produced authentic miracles because her political, economic and spiritual leaders have been able to include - with universal suffrage, but also in the factories, in schools for all... - millions of immigrant farmers of mainly southern origin, with many women and young people among them. And by emancipating them, despite all mistakes and contradictions, they have raised them all up. There is no other way: the essential energy in all the restarts is the hunger for life and future of the young people and the poor.

Contrary to what some celebrated innovation experts think and teach, many large rivers of wealth and employment are born because someone during the times of despair did not stop beating his fists on the rock until his hands were consumed. And one day another one replied, the fists formed a dialogue, the tears formed a spring. But young people and the poor who are hungry for life and a better future are not enough. Because it is the essential role of institutions to help the poor and the excluded become the engine of change in a country. Financial institutions are crucial among these.



The founders of the rural banks, savings banks, co-operative banks in the late nineteenth century had understood or realized that for the transformation of artisans and sharecroppers into entrepreneurs and co-operators there was a need for financial innovations, because traditional banks were no longer sufficient. That new season of industry and labour needed new local banks so that those communities could innovate in a new economy. And so they asked families, churches and political parties to start new processes, to collect the small savings and create people's banks that would be democratic and inclusive.

Today there is a whole swarm of new economy (the one I called "*fourth economy*" in last Sunday's commentary) that would need new financial institutions that are able to first see it, then recognize it as a good type of economy, then give it their trust and, finally, credit. Traditional financial institutions - and the great economist **Joseph A. Schumpeter** knew it very well over a hundred years ago - do not have cultural and economic categories for understanding the "ridge" type of innovations. Ridge innovations, unlike those of the "valley" type, are in fact typical of the age of transition, when some people, or many, find themselves on the ridge of their time and start catching sight of and pointing to new horizons. Consolidated institutions, and financial ones certainly, generally manage to believe in the innovations of the valley type, those that move within the world as it is and as it has been already for a good while. So usually they finance two categories of people: the ordinary people of the "normal" economy and the dishonest ones. But traditional institutions cannot understand innovations of the ridge type, because they cannot see them - they would not be the ridge type if they could.

And so the new entrepreneurs of the "fourth economy", when they go to the banks, with little physical capital (because they do not need it) and generally without experience (because they are young people), do not pass the exam of the credit limit and are increasingly trapped inside the algorithms and indicators of the economy of yesterday.

Therefore there is an urgent need for a new springtime of different financial institutions that do not look *back* in search of the guarantees of yesterday when deciding whether to trust and grant credit to new business projects, but instead, are able to look *ahead* and see the guarantees of tomorrow, those generated by the project that do not exist yet but might come along if they can see them and encourage them. And accompany them. A new key element of the financial institutions of the "fourth economy" is to think of themselves as real partners in the projects, a lot more and very differently from how it is already happening. The protagonists of the new economy speak languages that are different from those typical of the world of "doing business", they were not trained in business schools and therefore don't really know the codes of accounting and balance sheets, however necessary they are. It is therefore essential for a financial institution that glimpses innovation capable of generating income and employment not be limited to the provision of credit, but to place itself side by side with and assist these new entrepreneurs, who will become the good hands of the gardeners. The figure of the "fourth economy" bank will have to be found less at the counter and in the offices, and more in the new places of production, they will have to be more like entrepreneurs and less like financiers, more the connoisseurs of trees and sprouts and less those of chemistry.

As I am writing the concluding lines of this article in Nairobi, I am looking at a morning march of thousands of young people from the window, wearing their only good clothes, coming from the slum shacks, going to work in the nearby bustling industrial area. And I can see that in the midst of the pain rising from these suburbs, true hope is also reborn. It is only by working that we can hope that one day we will be leaving our shacks behind, wearing our good clothes, never to come back.