

The World on

*Reset*

John Hope Bryant

## **I keep saying that this is not a recession, but a reset.**

What amazes me is how many brilliant people I know, in the US and around the world, who either don't see it as anything more than a recession, or who don't want to. No one really argues with me when I say it, but more so, simply want to turn away; hoping that by turning the mental page, somehow the reality of the statement will simply go away. It is as if society has a vested interest (and we do, by the way) in "keeping the party going," and doing precisely that, even if for only a little while, and even if that means fooling ourselves. Fear has the world in its grips these days, and fear is the ultimate prosperity killer.

### Keeping the party going

With this seemingly insatiable need to "keep the party going," the pundits start up again with how growth is returning, (some) consumers are spending again, and how financing (for those with an 800, near-perfect credit score) is available again. And when in real doubt about the near-term future, everyone simply points, all at once, towards the last remaining capitalism-for the-money-model standing today, China, and says "you see, ...look at how well they are doing." [Note: It is my hope that China will learn the lessons not heeded by western society with respect to capitalism, and thereby give their ongoing experiment in growth capitalism sustainable meaning for all of the people of China, and the world, going forward.]

Oddly enough, all of this propagating, again by extremely intelligent people as well as the average willing consumer alike, is driven by one thing: fear. Fear that the party as we knew it, really is over, and fear that we might actually have to build something that has real and sustainable value. Fear that we may have to do the real work, and offer the real sacrifice, that love requires.

Fear that we may have to once again define winners and winning as something other than the guy who makes the most money, accumulates the most power, or dies with the most toys, or worse, the guy who succeeds in fulfilling his own dreams only by trampling on the countless dreams of others. Wining in this vein is by necessity about creating losers, and over the long-term is not winning at all.

I believe in a capitalism that goes beyond the question of “what do I get,” and focuses instead on creating real value for self, society and others—through the power of the idea, and a focus on what we have to give.

This said, I don’t believe that you can have a rainbow without a storm first, and unfortunately, I don’t believe that it is the nature of man to substantially change without the aid of what I call “legitimate suffering.” Or, as I state as the first law of my new book, *Love Leadership: The New Way to Lead in a Fear-Based World*, **Loss Creates Leaders**, and increasingly these days there is a lot of economic pain being felt around the world. In short, the world needed a dose of pain in order for it to change.

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## Sobering up

We will soon have to deal with the reality of a world not in a cyclical recession, but that has been fundamentally reset. As I said during the closing session of this year's annual meeting of the World Economic Forum in Davos, Switzerland, if we handle it right, "the next 30 years could easily become the most amazing in modern history."

As with most things, the tide of history could swing either way. Depending on the decisions we make (my generation), and the reality we embrace (the leadership generation that came before me), the next 30 years could be our best, or it could be the catalyst for 100 years of pure pain, and two generations of suffering—for our children and our grandchildren. It is up to us.

## The world needed a dose of pain in order for it to change.

Before I get to my "happy talk" and my tangible hope for the future and the very real opportunity for prosperity for all, allow me to deal with those first who depend exclusively on facts and stats to frame their reality.

The official unemployment rate in the U.S. is today above 10%, and this does not even account for the countless middle-class and working class millions who have either stopped looking for work altogether or who are classically under-employed—nor the rampant, persistent, almost generational lack of jobs and opportunities that make up our inner-city communities. These communities have been in a recession for a long time, and in an environment where the mainstream has a headache,

the communities I serve get pneumonia. When you and I feel recession, what these communities feel is akin to a depression-era environment.

*The Financial Times* recently noted that more than 50 million jobs would be lost in this global crisis, but already more than 30 million jobs have been “lost” in China alone. I say lost because some of what we have called economic activity has instead represented over-consumption, over-capacity and, in some cases, is simply the result of pure greed.

A compelling article in Asia recently confirmed that there are presently 500 container ships (yes, I said 500) sitting idle off-shore of Malaysia today, waiting for orders and shipments that probably will not come. This represents an idling of 10% of the global force of container ships in the world today, and here is what is really amazing; South Korean ship building yards are operating at full-force today, cranking out orders for countless new \$100 million container vessels ordered in 2007 and expected to come online in 2010 and 2011. And to what, where? The Iranian government agency which handles maritime affairs has already indicated that it will not have the money to pay the remainder of what is owed on several new vessels it ordered 2 years ago when the world was different. South Korea put the Iranian vessels up for sale like you and I would do for furniture or clothes we no longer had a place for; a high-end, football-field length yard sale. And so, South Korea’s dream of controlling 40% of the ship building industry in the global economy means that you literally have “fully employed” cities and regions of the country that risk going completely off line in 2010 and 2011 unless we and they come up with a fairly good Plan B. But instead, we all just keep plowing forward; building ships we have no use for on the right hand, and idling perfectly good ships with no conceivable destination on the left.

And as for my Chinese friends, I recently said in a speech in Beijing that they can take no pleasure at all in the folly of recent U.S. greed and economic stupidity, nor can they rationally disconnect from the American economy because when the American consumer stops buying, China stops building. Approximately 70% of the U.S. economy is consumer driven, and given the U.S. is still a third

of the world economy, that means that the U.S. consumer represents approximately 25% of the global economy.

Yes, China is working to grow its own domestic economy and consumer base, but this is not akin to making a morning pop tart, and there are real risks to China in making this transition. If internal Chinese economic growth slows below 6% per annum, and it will, then they will be faced with an entirely new set of serious internal social problems to contend with, and the \$3 trillion in cash reserves (the current estimate in China) won't last long when faced with 1.6 billion not-so-happy people focused on the fact that they are not so happy.

According to the Bank for International Settlements (BIS), there are more than \$1,400 trillion (that's a quadrillion, ever said that before?) in derivatives sitting off balance sheets in the world today. To put this into context, there is less than \$20 trillion in legal cash sitting around in sovereign reserves the world over today. This is not a problem you throw money at.

Federal Reserve Chairman Ben Bernanke has said (paraphrasing) that even if U.S. economic growth returned to say 3% per annum over the next couple of years, it is still not enough (economic growth) to bring unemployment below the 9% level for the country.

We will soon have to deal with the reality of a world not in a cyclical recession, but that has been fundamentally reset.

## This is not a recession, but a reset.

Now, with all of the above “stats and facts” stated, I believe that—at bottom—this is not an economic crisis, it is just that you and me are feeling it economically. It’s not unlike when you sneeze from a common cold... the sneeze is not the cold, but symptomatic of something else, something deeper.

This crisis is not so much about the failure of free enterprise and capitalism as it is about greed. There is nothing fundamentally wrong with the inspiring system of free enterprise and capitalism itself, other than of course it being a powerful vehicle of personal accumulation in the hands of mere men. To paraphrase Winston Churchill: Capitalism, like modern democracy, is the worst system except for every other system that have been tried. When a communist country such as China adopts the western idea of free enterprise and capitalism, that is “saying something” indeed.

At its core this is not a recession, and it is not a classic economic crisis, but a crisis of virtues and values, underscored and made even more relevant by its global, one-world nature.

## The making of good capitalism

My personal hero, mentor and Operation HOPE global spokesman, civil rights icon Ambassador Andrew Young, has said that communism failed because it could not create a middle class and that capitalism has succeeded to date primarily because it did create a middle class, but that capitalism will fail too unless it makes itself relevant to the poor and the working class. He said this much prior to September 2008, when all the world’s economic houses fell in on themselves. Ambassador Young went on to tell me that he and his friend Dr. Martin Luther King, Jr. had worked hard and even succeeded in integrating the lunch counters, but failed to integrate the dollar, and that in a system of free enterprise, if you don’t have access to capital, let alone an understanding of it, you are (still) a slave.

Young told me that if Dr. King were alive today, the work of Operation HOPE is the work he would be doing—moving individuals and communities from civil rights justice to silver rights empowerment.

I am an optimist, a businessman and a social entrepreneur, and I believe there is such a thing as good capitalism. A version of good capitalism has helped to lift literally hundreds of millions of people out of poverty in China and India already.

Good capitalism helped individuals with a more just vision, individuals such as Nobel Prize winner Mohammed Yunus, give the poor (and particularly women) a hand up and not just a hand-out—in places such as his native Bangladesh—through micro-finance and micro-credit.

Good capitalism and responsible subprime lending (yes, there is such a thing as good and responsible subprime lending), leading to first time homeownership, has done more in the U.S. to lift poor people out of poverty than anything else over the last 50 years. The problem has not been responsible subprime lending, but predatory lending, fraud based lending, preying upon financially illiterate borrowers and, of course, fear's first cousin greed.

What got us into this position is something other than good capitalism. In the mortgage lending and banking industry of the last 10 years or so, we have been treating clients and customers more like transactions, and not like valued relationships. If we had made every mortgage loan like it was to our grandmother, as silly as that sounds, we would not have a mortgage crisis with exploding foreclosures and landmark losses today. We would have made sure the loan made sense for her, and with a reasonable return and profit to the provider of capital—that it was something that would sustain and serve over time. We would have made sure that the product was rooted in dignity and not just a fee. But sustainability, service leadership and building real relationships were the last thing on the minds of many over the last decade or two. We have, simply put, been focused on the me, not the we.

Another one of my mentors, music icon Quincy Jones told me that it takes 20 years to change a culture. Well, over the last 20 years we have made dumb sexy. We have dumbed down and celebrated it. Over the next 20 years we need to “make smart sexy again” (see The 5 Million Kids Initiative launched by Quincy Jones, Ambassador Andrew Young, QD3 and myself to make smart sexy again at [www.5MK.org](http://www.5MK.org)). In a world seemingly obsessed with one question, which has been “what do I get,” we all need to ask an entirely different question, which is “what do I have to give?”

I decided that one of the things that I had to give, in an effort to inspire and nurture a new culture in society and a new generation of sustainable good capitalism, was to spark a new movement from civil rights to silver rights; of teaching an entire generation financial literacy and the language of money, of inspiring hope and dignity through service, leadership through love, and cracking the code of free enterprise and capitalism for those outside of its gilded gates. To help finish the unfinished work of Dr. Martin Luther King, Jr. by helping to set my people (meaning all people, as I am a global citizen) free.

I am convinced that in this environment of global economics, if you don't understand the language of money and you don't have a bank account, you are an economic slave of the 21st century. I founded Operation HOPE more than 17 years ago, and it looks like we may be on the cusp of what Quincy Jones articulated as a 20 year culture shift of global change ourselves. We call it the silver rights movement.

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## The power of an idea should be the focus of our creation, and ultimately the product, and not mere money.

Now, let me be clear (if I have not been up until now). I am not advocating a version of socialism, and surely nothing that even resembles communism, but capitalism and free enterprise version 2.0 or 3.0. A good capitalism that actually builds value for society and serves individuals beyond those that provide of capital, while simultaneously speaking to one's own personal and selfish sense of prosperity in the same breath. One that acknowledges that we are selfish, and advocates a "good selfishness," on where we benefit ourselves by benefitting others. It is doing well and doing good, and doing well by doing good.

Good capitalism is a sea where all boats rise, not just yachts.

I am also advocating a form of love leadership suitable for the most hard-nosed, hard-driving business leaders in the world today. Individuals who eat nails for breakfast, and who want to build entirely new enterprises by lunch. The love leadership model I promote is hard, not soft—very hard.

In sum, I am talking about nothing short of the future of leadership and sustainable prosperity itself. Over the past 100 years, we have seen countless leaders of inspiration, power and wealth who emerged from nothing more than the power of a simple, focused, passionate idea. There was Henry Ford who, as an innovator, had an idea to bring a group of other people's inventions together to create something we now call an automobile, and then had the wisdom to pay his workers enough to be able to purchase the very automobiles they were building.

Or let's look at Professor Klaus Schwab, the founder of the World Economic Forum, who 35 years after the organizations founding, is more excited about his new idea than he was when he founded the Forum. He recently created the Forum of Young Global Leaders (full disclosure: I am a charter member, supporter and believer). The vision of YGL has literally taken me and 800 other YGLs around the world, bonding us as global citizens and friends.

Or there is Ted Turner and his idea, CNN. Or Steve Jobs and his Apple (and our cool iPhone). Or Bill Gates, along with Paul Allen, and the idea of Microsoft—and now his and his wife’s idea called the Bill & Melinda Gates Foundation. Or, there’s the example of arguably the greatest investor of our day, Warren Buffett, who’s worth tens of billions, yet still lives in the same home he lived in 30 years ago and has vowed to give most of his fortune away before he dies.

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## Where there is no vision, the people perish

We talk about social networking as if it has been with us for all time, but a mere 10 or so years ago Google, Face Book, Twitter, Skype and the like literally did not exist. Today they are sweeping the world, sparking industry, creating wealth, banishing fear and dictatorial oppression based on a lack of information, and creating jobs and industry too. Former President Bill Clinton once said that every 10 years we must create an entirely new set of jobs. You cannot do that without the power of a new and inspiring idea that serves others.

And then there is me, with my bold and unconventional “idea” called Operation HOPE, founded more than 17 years ago in South Central Los Angeles, now international in reach, having served more than one million and having raised more than \$500 million to empower the poor and the under-served with a hand up and not merely a hand-out. I come from South Central and Compton, California, and was homeless when I was 18. The only asset I really had was the power of my own ideas, and the passion within me to see them through.

Now, let me be clear. Many if not most of these individuals who pioneered the new ideas mentioned above, and many others not mentioned, eventually become rich (financially or socially rich) and powerful, but *becoming rich and powerful was never their primary goal or objective*. What drove them at the start, and in most cases what drives them to this day, is the power of their ideas. Money should be the by-product of pursuing an idea of immense value. But, instead, for far too many today, it has become the principle focus and, worse, “the product” itself.

## Fear fails

Over the past 10-20 years, we have had an entire generation of so-called “leaders” and business titans who have been entirely focused on one thing and one question: “what do I get, and how do I make money?” That’s the wrong question, which leads inevitably to the wrong outcome. This is a reset.

## Hope works

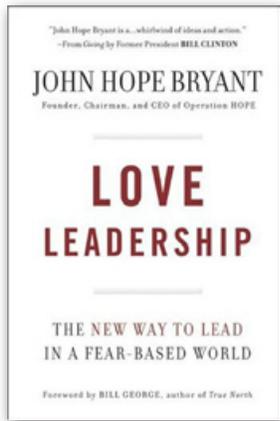
In this environment of fear-based, me-based leadership, the few have made life really rough for the many. But what gives me hope is that it only takes a few good people and a few dedicated love leaders to rescue hope—to wrestle back a sense of real opportunity, optimism and prosperity (for our collective future) for the many to come. Remember, Jesus Christ only had 12 disciples (and one of them betrayed him) and he has not done so bad. The most dangerous person on the planet is the person with no hope.

## Rainbows after the storm.

What we need to do is to stop looking at the lazy, worn-thin traditional solutions—which have not worked and are not getting us out of this mess—and re-imagine the world we actually want to live in, as well as the way we want to function within it.

When traditional job markets seem to be built on sand, and are otherwise devolving where they do exist, we need to focus on inspiring an entirely new generation of job creators—a generation of young entrepreneurs here and the world over. Remember, every big business was once a small one. Better still, it was someone's new idea, made real. We did it 100 years ago, we did it all over again about 50 years ago, post World War II, and we can do it again now. Rainbows after storms.

Let's stop re-arranging the deck chairs on this Titanic, talking about a recession when we know this looks and feels like anything but one. By focusing on the 5 Laws of Love Leadership in our lives, in our businesses, in our communities and in our hearts, minds and our decisions, we can build sustainable wealth that will last over time and we can confidently embrace change and reset a future vision that speaks to the we, not just to the me. 🌈



## BUY THE BOOK

Get more details or buy a copy of John Hope Bryant's [Love Leadership](#).

## ABOUT THE AUTHOR

John Hope Bryant is the founder, chairman and CEO of Operation HOPE, which has served more than one million individuals and has raised more than \$500 million over the past 17 years to empower the poor and the under-served with financial literacy, teaching "the language of money", dignity, inspiring hope, and providing access to capital, opportunity and ownership. Operation HOPE is the only national urban delivery system for financial literacy empowerment in the U.S., operating in 68 urban communities and 6 provinces in South Africa. Mr. Bryant also serves as vice chairman of the U.S. President's Advisory Council on Financial Literacy and chairman of the Council Committee on the Under-Served, financial literacy advisor to the World Economic Forum Global Agenda Council, a Young Global Leaders for the World Economic Forum.

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