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By

Julia Margarete Puaschunder

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ABSTRACT

The book explores how corporate and financial social responsibility can leverage intergenerational harmony by the cases of Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI). Intergenerational predicaments of a warming earth under climate change, overindebtedness crises, and demographic aging of a Western world population, are argued to put pressure onto future generations. Intergenerational equity is grounded in the idea of having emerged as a natural behavioral law. The theoretical part discusses the human constituents of responsibility and the international emergence of CSR, with special attention to global governance multi-stakeholder partnerships. The rise of SRI in the international arena in the wake of stakeholder activism and intrinsic socio-psychological motives of socially responsible investors are outlined. The role of leadership and trust, as well as managerial ethics for financial global risk management, are accentuated. Empirically, the social representations of intergenerational equity introduce a generational divide in the 21st century. Ethical decision-making under social uncertainty highlights the power of social norms and striving for social status as drivers of social responsibility. Joint decision-making is promoted to curb myopia in the public policy domain. Trust and reciprocity foster social common goods contribution norms. Recommendations target ingraining social responsibility regarding future generations in economic systems by global governance, multi-stakeholder management and governmental assistance in the implementation and administration of corporate and financial social responsibility. Empirical expert interviews with public servants about CSR reveal opportunities for flexible corporate social service provision, but also shed light on deficiencies of corporate social conduct. The potentials and downfalls of international public private partnerships are analysed using the case of a currently launched United Nations (UN) multi-stakeholder network fostering international development. A meta-analysis of the impact of political divestiture from South Africa studies the attribution of methodological deficiencies of event study designs. Expert interviews about SRI feature the innovative potential, but also disclose a lack of information, doubts about efficiency, and fiduciary predicaments. Transparency and accountability are key for monitoring corporate and financial social responsibility that could also nudge people into a socially

responsible, and future-oriented, direction, for the sake of implementing intergenerational harmony. As for the ongoing adaptation and adoption of CSR and SRI in the age of climate change, overindebtedness and demographic aging, future corporate and financial intergenerational leadership may embrace social responsibility in the interplay of public and private actors for ensuring a sustainable humankind.

INTRODUCTION

The 2008/09 World Financial Recession heralded the 'Age of Responsibility', as the societal call for responsible market behavior reached unprecedented momentum. Responsibility is part of human nature, and complements corporate activities and financial considerations. The economic, legal, social, and philanthropic responsibilities within the corporate sector are attributed in Corporate Social Responsibility (CSR). Sustainable Financial Social Responsibility is primarily addressed by Socially Responsible Investment (SRI). Globalization, political changes and societal trends, but also the current state of the world economy, have leveraged a societal demand for ingraining responsibility into market systems.

Corporate and Financial Intergenerational Leadership explores corporate and financial social responsibility by the cases of CSR and SRI in order to draw attention to contemporary and prospective future opportunities for intergenerational equity. Theoretical descriptions discuss the human constituents of responsibility and the international emergence of CSR, with special attention to multi-stakeholder partnerships. The rise of SRI in the international arena in the wake of stakeholder activism and intrinsic socio-psychological motives are outlined. Empirically expert interviews with public servants about CSR reveal opportunities for flexible corporate social service provision, but also shed light on the deficiencies of corporate social conduct. The potentials and downfalls of international public private partnerships are analyzed using the case of a currently launched UN multi-stakeholder network fostering international development. A meta-analysis of the impact of political divestiture from South Africa attributes methodological deficiencies of event study designs. Expert interviews about SRI feature the innovative potential, but also disclose a lack of information and doubts about efficiency and fiduciary predicaments. Recommendations target ingraining social responsibility in economic systems by global governance, multi-stakeholder management, and governmental assistance of the implementation and administration of corporate and financial social responsibility. Transparency and accountability are key for monitoring corporate and financial social responsibility. As for the ongoing adaptation and adoption of CSR and SRI in the wake of the 2008 financial crisis, future research must attribute the newly-defined role of social responsibility in the interplay of public and private actors, given concurrent anti-globalization trends.

The aftermath of the 2008/09 World Financial Recession has been referred to as the ‘Age of Responsibility’ in the then US President, Barack Obama’s, inauguration speech, on January 21, 2009 (*Washington Post* January 21 2009). In the wake of the 2008 financial crisis, Obama called for a new spirit of responsibility that serves the greater goals of society. According to former World Bank President, Robert Zoellick, the “new era of responsibility” features “changed attitudes and co-operative policies”, steering responsible corporate conduct and socially responsible investment as means of societal progress (*Financial Times* January 25 2009).

In July 2010, the US Congress approved a sweeping expansion of federal financial regulation in response to the 2008 “financial excesses” causing “the worst recession since the Great Depression” (*The New York Times* July 15 2010). Tshe 2,300-page legislative catalog of repairs and additions to the financial regulatory system reflects the current mistrust in deregulated markets (*The New York Times* July 15 2010). The US government sets out to ensure responsibility in financial markets, and protect from human, ethical, decision-making failures in this “most important Wall Street reform legislation in 75 years”, in the words of the National Economic Council Director, Lawrence Summers (*CNBC News* July 21 2010). It is on us, not to interpret this as an end to the idea of liberal market economies; but rather to appreciate the crisis’ potential to create a future built upon a renewed attention to social responsibility.

Only by understanding the past, we can excel in the future. Studying the emergence of social responsibility will allow us to perfect future economies of free and responsible humankind. In such an attempt, let us examine the emergence of human social responsibility in modern economies. Thereby, we may not rest at the accomplishments, but must also address the downfalls of human bounded ethicality in a search for future advancements.

Throughout recent decades, Corporate and Financial Social Responsibility have steadily leveraged into concepts of worldwide recognition in the wake of globalization, and political and societal trends.

During the last century, markets have been proven as the most prominent form to distribute scarce resources. Within global markets, international corporations have continuously increased in scale, scope, output and economic influence, into the most powerful resource allocation form to spread innovation and prosperity around the world (Chua 2003, Fitzgerald & Cormack 2007, Micklethwait & Wooldridge 2003, Rothkopf 2008). The ascent of multinationals strengthened the corporate role in society and placed a greater share of social responsibility onto the corporate sector.

In recent decades, globalization, featuring the progressive de-territorialization of social, political, and economic interaction, concurrently raised societal concerns beyond the power, control and influence of national governments. In a globally interlinked world, governmental agencies' ability to protect citizenship rights, fulfil social obligations, and avert global crises, gradually declined, and imposed new levels of social responsibility onto corporate actors.

Governmental liberalization trends also geared social responsibility. Since the 1970s, liberal markets were praised as optimum frameworks for exchange, and drivers of innovation, in which the mere pursuit of self-interest of responsible market actors was believed to bring along societal progress and social welfare (Jones & Pollitt 1998, Smith 1776/1976). To let market forces float freely, a libertarian deregulation course was pursued, featuring lowered regulatory control of trust-based market systems, which fostered the influence of corporate social service provision.

In addition, a societal call for responsible corporate conduct developed in advanced societies, in which the expectations of corporate conduct and market obligations became more sophisticated. With the IT revolution providing heightened degrees of easily-accessible information, corporate societal impacts became subject to scrutiny of an affluent, internationally-focused 'Weltgesellschaft', who demanded to consume with respect for business ethics around the globe (Nelson 2004, Sichler 2006, 8, *The Economist* January 17 2008, Werther & Chandler 2006). The emergence of NGOs further contributed to corporate conduct disclosure and the integration of social responsibility into corporate practices.

As for all these trends, multinational corporate conduct started exhibiting higher levels of responsibility *vis-à-vis* society. Having gained in economic weight and political power, the majority of corporations tapped into improving societal conditions by contributing to a wide range of social needs beyond the mere fulfillment of shareholder obligations and customer demands (De Silva & Amerasinghe 2004, Kettl 2006). Global players stepped in where traditional governments refrained from social service provision – primarily through privatization or welfare reforms. International corporations also filled governance gaps, when governments could not administer or enforce citizenship rights, new regulations were politically not desirable or feasible, or even when governments had failed to provide social services (Steurer 2010). By striving to meet citizenship goals, corporate executives integrated responsibility into ethical leadership which served multiple stakeholders by balancing economic goals with societal demands (DeThomasis & St. Anthony 2006).

Today, CSR has leveraged into a pivotal factor to align profit maximization with concern for societal well-being and environmental sustainability. Corporations contribute to social causes beyond mere economic and legal obligations (Elkington 1998, Lea 2002, Livesey 2002, Matten & Crane 2005, Wolff 2002). By ingraining economic, legal, ethical, and societal aspects into corporate conduct, CSR attributes the greater goal of enhancing the overall quality of life for this generation, and the following ones (Carroll 1979).

Nowadays almost all corporations have embedded social responsibility in their codes of conduct, introduced CSR in their stakeholder relations, and incorporated socially conscientious practices in their management (Crane, Matten & Moon 2004, Werther & Chandler 2006). The emergence of CSR as a corporate mainstream is accompanied by CSR oversight by stakeholders advocating corporate social conduct. In line with these trends, CSR has become an *en vogue* topic in academia. Academics challenge Milton Friedman's proclamation of profit maximization as the primary intention for business activities, and investigate innovative Public Private Partnerships (PPPs) to contribute to social welfare (Moon, Crane & Matten 2003, Nelson 2004, Prahalad & Hammond 2003). Under the guidance of international organizations, CSR has developed into a means of global governance social service provision in innovative PPPs which tackle social deficiencies. International organizations thereby bridge the gap between ethical standards and institutionalized ethical corporate conduct.

Concurrent with corporations having started to pay attention to social responsibility, ethical considerations have become part of the finance world. Developing an interest in corporate social conduct, conscientious investors nowadays fund socially responsible corporations (Ahmad 2008, Sparkes 2002, *The Wall Street Journal* August 21 2008). In Socially Responsible Investing (SRI), securities are not only selected for their expected yield and volatility, but also for their social, environmental and institutional aspects. In the special SRI case of political divestiture, socially responsible investors refrained from contributing to politically incorrect market regimes.

With trends predicting continuing globalization, corporate conduct disclosure and societal crises beyond the control of single nation states, the demand for corporate and financial social responsibilities is believed to continuously rise (Beck 1998, Bekefi 2006, Fitzgerald & Cormack 2007, Livesey 2002, Scholte 2000).

In the wake of the 2008 World Financial Recession, the call for responsibility within corporate and financial markets has reached unprecedented momentum. Since August 2008, financial markets have been engulfed in an extraordinary sequence of events. The neglect of corporate and financial responsibility in a liberal market climate featuring an absence of regulatory and accountability control has weakened the world economy. Media coverage of corporate scandals, fiduciary breaches, astronomic CEO remunerations, and financial managers' exuberance, perpetuated stakeholders' skepticism in the performance of unregulated, trust-based market systems. The announcement of the recapitalization of the banking system in October 2008 halted world-wide liberalization trends, and created a demand for ingraining social responsibility in the corporate and finance world, regulated by a "watchful eye over the market place" (Obama [in speech] January 21 2009). Governmental bail-outs in the wake of corporate bankruptcy have contributed to stakeholder pressure and hold the potential to re-establish governmental oversight in the corporate and financial worlds (Greenspan 2007). In the current shift of public and private sector forces in addressing social responsibility, the optimum balance of public and private social contributions, as well as the degree of trust in disciplined market actors and regulatory oversight of economic transactions, are yet to be determined. With US President Barack Obama dedicating his inauguration speech to responsibility as a means of re-establishing trust in market systems in the aftermath of the 2008 financial downturns, but also in the light of the following recapitalization of the banking system, the roles of governmental, financial, and corporate actors, in addressing social responsibility, have been redefined (Duchac 2008).

What can we do to prevent similar events in the future? To avoid a recurrent scenario in the future, sustainable financial success appears to be key. In order to generate more sustainable financial leadership, transparency of private sector activities, accountability of financial market operations, and responsibility of market actors, are demanded by political and financial leaders. Mainstream economic theories have been preoccupied with demonstrating how markets are largely efficient, unregulated, market forces, working towards the best interests of the single market participant and the collective of societal constituents. Financial crises theories have largely ignored socio-psychological notions of economic systems, emotional facets of market participants, and their emotional decision-making fallibility, imposing risk on economic systems. As for gaining an accurate understanding of economic markets, future research must widen the interdisciplinary lens, and consider socio-psychological motives in corporate, economic, and financial theories and models.

Depicting the socio-psychological causes, historic roots, and political frameworks of responsibility within corporate and financial markets, provides an opportunity to understand the interplay of trust in responsible market actors and governmental oversight control as vital ingredients for functioning market economies and democratic societies. Reflecting on responsibility within market systems may serve to better understand real-market responsibility phenomena, in order to find a well-tempered balance of public and private social contributions within modern market economies. In the interplay of public and private responsibility, legislation can only create favorable structures for social responsibility, but within complex, trust-based market systems; social conscientiousness must be nurtured to grow in socially conscientious leaders, who will attract others to follow their paths.

As a first step in this direction, this book is dedicated to exploring the concept of responsibility within modern market economies. Overall, the monograph is targeted at describing historical, socio-psychological, cognitive, political, and economic processes which impact on social responsibility within corporate and financial markets in order to draw inferences as to how to sustain economies.

The theoretical part sheds light on intergenerational equity and the foundations of human responsibility and ethicality. When considering the current Western world overindebtedness, social welfare prospects, and climate change, we are already behind schedule when it comes to fundamental foresighted preparedness. The following work thus targets contributions to eternal equity, by introducing the idea that globalization imposes unprecedented intergenerational equity constraints, with regard to financial market stability, social welfare reform, and environmental sustainability in the eye of natural resource consumption and climate change, in order to capture intergenerational equity as a natural behavioral law. A human-imbued überethical drive towards intergenerational consciousness, comprising social responsibility and future-orientation, is argued as the basis of eternal equity constituting legal foundations, public policies, and regulation, but also echoing in bottom-up participatory democracy and social representations of intergenerational equity.

Empirical work on intergenerational equity will present the perceptions of intergenerational equity in the aftermath of the 2008/09 World Financial Crisis, social identity as an environmental ethicality driver, financial social responsibility as a market stability prerequisite with special attention to the interplay of financial markets and the real economy. Eternal Equity implementation nudges will be proposed in social status prospects, joint decision-making, and trust. Social responsibility will be empirically investigated in the reflections of public and private actors on CSR and SRI, in the aftermath of the 2008/09 World Financial Recession. Gaining insight into the common body of knowledge, but also critically evaluating the implementation and efficiency of corporate and financial social responsibility in this unique time, is targeted at outlining strengths and weaknesses of the public and private sectors' attribution of social responsibility. Depicting current trends in CSR and SRI conduct delineates circumstances under which social responsibility is likely to occur, yet also sheds light on risks imbued in private sector social welfare contributions. Describing UN multi-stakeholder partnerships, paying special attention to the start-up phase, this work concludes with the efficiency and downfalls of public and private global governance provision. The body of knowledge on political divestiture is meta-analyzed to draw predictions about the impact of political activism on corporate value. Qualitative expert interviews with financial leaders, conducted during the outbreak of the 2008/09 World Financial Recession, outline socio-economic losses imbued in market agents' hesitance to consider social responsibility in financial investments.

Overall, the book explores innovative ways in which corporations and financial markets can balance intergenerational equity constraints and create sustainable value for society. The research is targeted at outlining potentials and resolving deficiencies in the implementation of Corporate and Sustainable Financial Social Responsibility for ensuring intergenerational equity. The empirical results derive conclusions for the ongoing adaptation and adoption of CSR and SRI, with special attention paid to the interplay of public and private contributions. In sum, the book may help guide the administration of CSR and SRI to foster the overarching goal of improving living conditions for this generation and the following.

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INTERGENERATIONAL EQUITY

We live in interesting times. From the 16th century age of enlightenment, science and technology remarkably revolutionized the world, followed by 18th century industrialization, technological advancements, technical inventions, and capital accumulation, which leveraged the standard of living for humankind. The post-Second World War economic boom heralded golden years of socio-economic advancement and economic capital growth, outpacing every measure previous ages had known.

Looking back to an epoch of enormous economic progress in the 20th century, the improvement of living conditions seemed to be slowed from the turn of the millennium onward. The era of globalization, featuring complex interconnections and faster transactions than ever before in history, appeared to impose unforeseeable systemic risks. What happens in one part of the world today has impacts around the globe. Global interconnectedness creates a need for framework conditions, secure from negative consequences, emerging from the new web of social, ecological, and fundamental transfers, on a grand scale.

As a consequence of complex economic interconnections, market prosperity burst with the 2008/09 monetary downturn having evolved from individual ethical failures, amalgamating into collective downfalls. We now suffer from, not only the painful readjustment between economic fluctuations and whimsical market movements in the financial world, but also market failures, which, having been compensated by the public, result in an unprecedented overindebtedness of the Western world. Budget crises around the world led to austerity plans, triggering an economic climate of stagnation, federal spending constraints, and prospected social welfare decline for decades to come.

In the aftermath of the 2008/09 World Financial Crisis, the finance sector is under scrutiny for having made fast capital at the expense of the real economy. Since 2009, financial institutions have been publicly pressured to justify their social impacts and responsibility. Economic pessimism grows in the belief that the current equity imbalances will be long term, and cause the next generation to be worse off. The destruction of assets and degrading of capital values led to a devaluation of personal property. What followed was disorganized uprising in the wake of an uncontrolled clash of realities. Distributive equity claims, and the call for equality of opportunities, rose in economically-troubled areas. Direct democracy protests culminated in the Occupy Wall Street movement. People who have lost trust in banking systems have started to think about future obligations and, more than ever, strive to pass on a favorable standard of living to future generations.

In the eyes of our children, who are having to pay for our current economic recovery, we are now taking from future generations. Not only do we live at their expense, the young no longer have quite the same opportunities as their parents enjoyed. Rising prices take away wealth accumulation prospects, and austerity plans diminish access to social welfare. Missing budgetary resources result in governmental education cuts, due to the lagged impact and accountability, yet the societal outcomes are crucial to the people who experience hope for a better future, as education vanishes. Restricted access to education breeds social immobility. 'Born poor, die poor' becomes reality in the Western world, and is an intergenerational equity constraint, when European students have to pay for their tuition, while generations before were granted free access to knowledge.

In addition, employment opportunities for this generation are more limited than for prior generations. In many parts of the Western world, it has become almost impossible for the young to get work. Spanish youth face an high unemployment rate, of up to 65%. There is also an explosion of unpaid internships which further breed social inequality, as the market expects the workforce to be able to afford to work. Countries with current high unemployment, like Spain, Italy, and Ireland, see youth turning to the black market for employment, leaving the government with lower taxation revenues, and the young without prospects or trust in their government. Unemployment not only opens generation gaps. Negative socio-psychological consequences arise out of fear of the future, which becomes a self-fulfilling prophecy of economic depression. Young people see their prospects vanishing, and are left without hope for a better future when they see their decision-making excluded from the political will. People struggle with the anonymity of governmental support and their experience of helplessness drives anger. Social responsibility declines, and protests, such as those in Egypt and Syria, but also London and Madrid, are fueled, to release societal tensions. We now have the young going on the streets in Africa, the Arabic world, Europe, and North America. Starting in the fall of 2009 in Vienna, the 'Uni brennt' ('University is burning') student occupation of the University of Vienna's Audimax advocated social equality, access to education, and minority empowerment. The protests lasted for months and inflamed protests all over Europe. Spain's youth, suffering from over 65% unemployment and fading future perspectives, rebelled during the summer of 2011, which spread protests all across Europe, supported by new media tools – like blogs, Facebook and twitter. The popular media has been challenged in describing a uniting theme for the contemporary populace on the street. Unprecedented intergenerational imbalances, we may argue, are driving this trend.

As the crisis appears to be a long-term problem, it will become even tougher for people to find a job, pay debts, and maintain social welfare standards. Tomorrow's children will not have the same standard of living. Even if the young are employed, they will have to pay higher taxes to reduce the massive current overindebtedness. The overindebtedness' twin deficit of current and capital accounts being unprecedentedly exhausted, puts extraordinary burdens on the upcoming generation. An American child, for instance, gets at birth an almost 50,000 USD heavy 'debt-rucksack', to carry, and a US taxpayer owes a share of more than 130,000 USD of governmental debt, with trends predicting a grim outlook. In the end, the children of tomorrow will not only pay the price for our currently racked-up debt. The debt burden gains weight when we consider the societal trend of a shrinking Western world population. Putting the elders' current pension consumption paycheck into the 'children's room' is problematic, as pensions are not usually allocated towards future investments, such as infrastructure or education, which would build future societal assets in the long run, and make future generations richer.

The standard of living we have today will have to be maintained by a demographically shrinking body of the young, who will have to uphold the current way of life. In the aging Western population, we see the workforce shifting to pensioners. Western, and in particular European, pension systems, become unfeasible when we are currently racking up debt to pay out pensions. In addition, pensions breed inequality in European low-inheritance tax countries. Rising social security expenditures due to medical advancements and growing pension payments, with an enlarging body of retired people, are already causing friction in the social compound. A pension system reform is complicated, insofar as the age pyramid has already tipped in most European countries, featuring more receivers than payers in the voting booth. And in a loss-averse world, breaking promises given equals political suicide.

The prevailing world depression, the enormous anomaly of unemployment and liquidity constraints, and the disastrous mistakes the financial elite has made, not only make instant economic market stimulus necessary, but the demographic shifts also demand foresighted governance. The complex challenges ahead will require heightened attention to future generations' well-being. In the eye of an unprecedented intergenerational equity kink, it has become economically efficient to think about the next generation, and future world-inhabitants' living conditions. Governments must breed hope through forward-looking strategies in the eye of radical austerity cuts and unemployment gaps, to take away people's fear of the future. Policy makers are pressured to revise social services and raise the retirement age in industrialized economies. Novel, heterodox, economic solutions implement equity over time. While becoming economically interwoven through intergovernmental bail-out plans, the Euro-zone, featuring differing national legislations, is especially challenged to harmonize social welfare standards.

The intergenerational equity constraints outlined are complex, and their solution interdependent. Entrepreneurial solutions may ease the overindebtedness, but innovation in the medical sector will explode medical care expenditures for pensioners – especially in social welfare territories, where the provision of the best medical means to citizens is mandatory. The current world economy opens up possibilities, but also threatens future generations. While economic growth may aid a soft landing with current liquidity constraints, booming markets also imply heightened energy consumption, trading-off from the ecological quality of life, in the long run.

While monetary values are easily rebuilt, the most dramatic damage for future generations is in the environmental domain. Environmental concerns arise in the light of unsustainable resource consumption and increasing, human-made, climate change. Regarding climate change and ecological sustainability, the world appears more vulnerable than ever before. In 2010, we hit the highest energy resource consumption in the 40-year recording of sustainability. Climate change is going to be the greatest human challenge of the 21st century, touching on all human rights, given the potential massive, widespread, and irreversible impact, creating irreversible lock-ins for future generations, and injustice over time. The destruction of the environment is the most sustainable peril of globalization.

In an aging Western world, not only the 2008/09 World Financial Crisis, but also climate change, pressures our children to come. In a climate of economic downturn, and the growing burden to support the elderly, our children will also face declining biodiversity and ecological environmental changes in the wake of climate change. This unprecedented intergenerational kink heralds an overall call for intergenerational equity – the fairness to provide at least as favorable a standard of living as is enjoyed today. As we realize that our children may not have the same chances as we do, we must strive for global equity over time. The global challenge is therefore to find sustainable, qualitative, economic growth, in harmony with human rights of development over time.

Eternal equity addresses justice over time. As an implicit contract and transfer between living and future generations, intergenerational equity reduces unfairness for future world inhabitants who are born in less favorable environmental condition than their parents. Intergenerational equity also ensures future infrastructure, equal opportunities over time, and constant access to social welfare for the youth. Intergenerational equity grants a favorable climate between generations, and averts friction arising from austerity plans, diminishing social welfare standards and discouraging environmental prosperity.

While intergenerational equity concerns are as old as humankind – the 2008/09 World Financial Crisis, an aging industrialized world, and climate change, have shed new light on the dimensions of overindebtedness and the irreversible destruction of future potential, which may serve as an explanation for the 2011 Occupy Zeitgeist, reclaiming public space as a symbol for common goods. In the light of the debt left to the next generations, unfeasible social welfare and sustainability threats, and intergenerational equity, are urgent topics of concern which open windows of opportunity to the implementation of financial social responsibility, social pension reform, and ecological sustainability.

While the wish for intergenerational equity has sparked, we currently lack an economic understanding and feasible intergenerational equity models which accurately pay attention to future generations. To measure intergenerational equity, we will have to estimate future developments. Intergenerational equity will require discounting of future events by politicians, policy makers, and private individuals, who will have to factor in future-orientation and social responsibility in current decisions. Future world inhabitants must be put into the focus of today’s choices, by shifting the current wealth of the elderly to save for future generations, and put sustainable governance in place. We may also have to curb our consumption rates to conscientiously pass the Earth to future generations.

Intergenerational equity has become a political question of how far democracy goes, and temporal justice is an ethical obligation for the future. But when considering the current inequality over time, we face legal adaptations which are not instantly applied to current external changes. Beyond lagging legal codifications, and yet-to-be-adjusted policy frameworks, we must strive for understanding of the natural expressions of intergenerational equity and core humane values of justice as a responsibility for the future.

Eternal equity has always lived within the family compound, and been practiced in the wake of notions of humane fairness. The human-imbued wish to provide at least as favorable a standard of living to our children stems from evolutionary, social, and religious values. Ignorance of intergenerational concerns naturally feels wrong, and the hegemony of 'now' appears like a sin to future generations. Not being intergenerationally conscientious puts our offspring at stake and detaches people from their environment. Understanding intergenerational conscientiousness as a natural, behavioral, humane-imbued, law will help integrate future conditions into today's decision making.

Building on Rawls' procedural justice, intergenerational equity will ensure fairness between generations based on future orientation and social responsibility for future generations. Pursuing intergenerational equity, in the wish to provide a decent standard of living for the upcoming young, can be enabled by a mutual transfer between old and young. Justice can be sought in future outlooks, humane reflexivity and globalized solidarity, ensuring that one generation does not live at the expense of future generations. Financial Social Responsibility will imply that the current generation is not spending the money of tomorrow's children, or taking up debt to be paid by future children. Future generations will feature age-attentively redistributed wealth, investments for the young, and respect for future generations' resource consumption needs.

With the following piece focusing on the present and near future, regarding an unprecedented intergenerational equity kink starting from the turn the millennium, the book pursues the greater goal of freeing us from the shackles of short-termism, and granting wings of wisdom for our children, grandchildren, and great-grandchildren. Faith in future liberty, grounded on noble munificence over time, will acknowledge constancy of our childrens' freedom, economic prosperity, and access to global common goods in a favorable environment. Socially responsible intelligence about the future of tomorrow's citizens of the world will pave the road to justice, and foresighted vigilance will seed the victory of eternal equity, sparked in our *fin-de-millénaire.*

ETERNAL EQUITY IN THE FIN-DE-MILLENAIRE

Overindebtedness

Economic and financial crises have evolved as long as monetary systems have existed. The current overindebtedness, however, is an unprecedented phenomenon, resulting from conservative politics and the economic turmoil which started in 2007. In the last 30 years, libertarian trends have led to debt accumulation. Globalizing financial hubs dismantled taxation to attract capital from around the world.

Since the 1980s, the finance world has become detached from the real economy. Financial markets found value-at-risk, and industrial values have encroached on financial matters. Money has become a speculative good in free market economies. As bankers turned from service agents to risk hunters, risky banking overruled client services. Market actors were pushed to think short-term, and live on credit.

From 2007, undermined financial market fundamentals led to economic imbalances and collapsing financial institutions. In the aftermath of the 2008/09 World Financial Crisis, unfeasible lending business models heralded liquidity crunches. Surreal financial assets, speculations leaping over the market, and irrational goals of a fast-paced financial community, opened gaps between the economy and society. The subsequent financial market bail-out at the real economy's expense incurred unprecedented governmental expenditures, shrinking future economic prospects, and social welfare opportunities. Speculations being financed at the risk of the real economy having to pay for bailouts also brought along societal problems. Subsequent social welfare cuts steer civic upheaval, as the Occupy Movement pointed out.

While a neo-liberal elite gained value at risk, at the expense of the general populace, societal decision-making neglected future perspectives. People spent first, then paid. Debt became dissociated from public shame. Borrowing overruled producing. In combination with tax income lows, nation states began to live beyond their means. National spending exhausted savings. Traditional balanced budgets faded. While in the Western world, public debts had already started piling up around the end of the millennium, the enormous bail-outs of previous financial market exaltation in the aftermath of the 2008/09 World Financial Crisis left Western world governmental budgets highly constrained. The financial market downturn fueled a spiral of overindebtedness which will have to be paid back by decades of generations to come.

Future prospects are hard to estimate, being directly influenced by the overall growth rate, but future generations will continue to be burdened, due to our current short-term expenditures and debt repayments. Our current indebtedness overrules economic growth, transferring debts into the future; the estimated 60% debt of GDP will be 90% of GDP in ten years, with long term implications for the real economy and society. Some countries already face debts of over 80% of GDP, which will have to be paid back by – at least – the next two generations. When debt rises faster than economic output, higher taxation levels are viciously coupled with a lower range of governmental degrees of freedom to provide social services, heralding challenging governmental-citizen relations.

As a remedy in response to the crisis, since 2008, sweeping reforms of financial market regulations were put in place in the Western world. While the public debt problem trades off the international sovereignty of countries, the responses to the 2008/09 World Financial Crisis differ throughout the world – for instance, neo-liberal and post-Keynesian European economies invested in social welfare to avert the negative impacts of liquidity constraints on the populace, nurture equality, and finance long-term values.

North American banks refraining from European transatlantic investments will make the refinancing of commercial banks more expensive. In a self-fulfilling prophecy, this will shy liquidity. Combined with stricter policy programs in the Western world, impacted economic cycles will reduce the likelihood of fast and easy budget supply, potentially leading to an additional rating downgrading, making CVS and refinancing more expensive, and implying hard-to-control institutional hesitancy to cooperate. Further triple-A rating downgrades will exacerbate austerity plans for lowered governmental savings and heightened capital procurement costs. The 2008/09 World Financial Crisis also increased the default risk, making it harder to gain venture capital, and putting pressure on banks to convey more risky frameworks – as outlined by the case of the LIBOR/EURIBOR scandal.

On the inner-European level, the Eurozone overindebtedness causes inevitable socio-political conflicts. The European political generation is pressured to implement a common bail-out plan. European leaders, who had agreed upon the Euro as a common currency, now find themselves in a situation of asking who decides the fiscal policy in situations such as Greece, and why there is no codification of default strategies and burden sharing clause in the inception of the Eurovision to lead in the Eurozone bail-out plans now. Solutions on European soil are complex, as European territories do not allow controlled inflation, and, in most parts, still lack concerted regulation. Banks are, by now, more likely to invest in international entities – primarily the European Central Bank – than to engage in inter-bank lending, especially after the 2012 LIBOR/EURIBOR scandal. The European monetary union stabilization pushes a regulatory Eurozone harmonization in order to ensure price and financial market stability. The Eurobonds solution, as a major political leap forward of the European Union, will have grand, but mostly unforeseeable, implications for the entire Eurozone, which will leap over to other Western world market economies. An opening abyss of national monetary rescues, with central banks dictating the Euro-bail-out project, currently raises political tension, coupled with nationalism and Eurozone fatigue.

The massive amount of expense not only implies further economic turmoil and monetary instability, but also trades off social equity and fair resource distribution. Transferring debts into the future will lower future generations' access to education and social welfare. Debt burdens will fuel political frictions, and psychological crises unprecedentedly pressure civilians. Current consumption rates, coupled with the financial crises' bailout burden sharing, cause debts to pile up to be dealt with in the future. Putting our current consumption's paycheck in the 'children's room' causes liquidity problems for future generations, with deep and lasting implications for personal investments and access to financial resources.

Socio-economic problems arise within society, primarily in the wake of governmental social welfare provision cuts. The young will experience equity downgrades in their investments – such as housing market drops – coupled with heightened unemployment risks. Older people who would have depended on bank insurance for income will have to rely on the governmental social welfare system. So, in the end, everyone on the age spectrum will be hit by the financial crisis, as overindebtedness and austerity plans touch all age groups.

For in-between age groups, the governmental overindebtedness will open vast generational gaps, because in most industrialized countries, financial debt carry-overs are imposed onto a decreasing body of the young. Future shrinking wealth prospects are viciously coupled with a prospectively lower workforce of taxpayers, who also face rising costs for sophisticated health care and social welfare payments for an ageing population.