

Open letter to Ms. **Christine Lagarde**, Managing Director of the IMF:

The trimodal society and how it can be eradicated. March 6, 2017



Dear Madam Lagarde, Managing Director of the IMF;

A few years ago, in a 2013 HBR interview,<sup>1</sup> you suggested that one of your major roles at the IMF is to spark new ideas. The IMF, as the only truly global banking institution, has a unique opportunity to change the history of the human race on this planet; the window of opportunity to make such a difference is short, however, and it will take a bold leader to act. The social, economic and political issues resulting from the trimodal society are global and require a global solution.

It is not news to you that the global economy is facing unprecedented pressures. Economic inequality and the ballooning national public debts (resulting from the need of the older generation's need to save for a longer life-expectancy and the relatively smaller population of young workers, both of which need stable employment) being arguably the most conspicuous. Add to that pressures on the environment and global impact of new technologies, and we have a scenario where the future is no longer an extension of the past – it is like nothing the human race has faced before. One aspect of that future is the state of the labor market in the new, knowledge-driven global economy.

In an academic paper<sup>2</sup> I recently argued that the labor market is going through a trifurcation, resulting in three different and diverging labor markets, not one. I concluded that – in addition to being confined by the poverty, middle class and luxury traps, and the complex contagion of social media which seems to preserve if not augment social inequality - we are quickly moving toward a trimodal society. Instead of a bimodal society with *haves* and *have-nots*, we have a trimodal society with a few who have a lot (or maybe too much), many that have some, and many that have almost nothing. The social pressures that such an economy presents combined with the rapid pace of technological development and environmental disasters are not sustainable. In another academic paper<sup>3</sup>, I recently proposed that a new economy (Sustainabilism) combined with the next generation of humans (*Homo sustainabiliticus*) might be the only solution<sup>4</sup>.

The fastest way to get there is by issuing a new currency (“New Gold” – or *GreenGoldSigma*) and by distributing it as a basic, guaranteed income for the unemployed and under-employed making less than a living wage. Money (as a fiat currency) was one of man's greatest social inventions, allowing people to trade across space and time. But the current monetary system framed by the present political, economic and technological realities, has limits – especially given that it is not neutral. It is time, in the new knowledge-driven global economy, to create a currency based on renewable resources like energy and

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<sup>1</sup> <https://hbr.org/2013/11/i-try-to-spark-new-ideas>

<sup>2</sup>Russ, M. (2016). The Trifurcation of the Labor Markets in the Networked, Knowledge-Driven, Global Economy. *Journal of the Knowledge Economy*, (), 1-32. DOI: 10.1007/s13132-016-0434-0. Published December 27, 2016. Available at <http://link.springer.com/article/10.1007/s13132-016-0434-0>

<sup>3</sup> Russ, M. (2016). The probable foundations of Sustainabilism: Information, energy and entropy based definition of capital, *Homo Sustainabiliticus* and the need for a “new gold.” *Ecological Economics*, 130, 328-338. Available at <http://dx.doi.org/10.1016/j.ecolecon.2016.07.013>

<sup>4</sup> The alternative being a major disaster like a war or epidemic; see for a recent example: “The Only Thing, Historically, That's Curbed Inequality: Catastrophe” by Walter Scheidel, in *The Atlantic* of Feb 21, 2017; available at <https://www.theatlantic.com/business/archive/2017/02/scheidel-great-leveler-inequality-violence/517164/>

knowledge (see the Green Sigma symbol, as a proposal for '*GreenGoldSigma*' currency). Bitcoin established itself as a global currency in a very short period of time; surely, the IMF can do the same. I am confident that leading economists at the IMF, with the help of other experts, can devise a quantitative model of how, how much, and when to distribute such monies to the people who need it the most, and to prevent the powerful from personally benefiting in those less-developed countries where corruption is endemic. The IMF is the only international institution with the ability to solve the global issues I've described (among many others). Your leadership could be instrumental in responding to these challenges in sparking new ideas, as you suggested. It is time to act.

Sincerely,

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