

Speaking Plainly - A New Agenda for the 21st Century

**Bruce Nixon,
Independent Management Consultant**



The greatest challenge of the 21st Century will be to change the value system underlying the global economy so as to make it compatible with the demands of human dignity and ecological sustainability
Fritjoff Capra

What if we discover our present way of life is irreconcilable with our vocation to become fully human?
Paulo Freire

Problems cannot be solved at the same level of consciousness that created them.
Albert Einstein

We are becoming enmeshed in a vicious circle of escalating violence.
George Soros

It's a wonderful World, full of possibilities. For many people, especially in the West, life has improved immeasurably compared with a few generations ago.

But let's speak plainly: globalisation isn't working – not at least in its present form. Globalisation works (though perhaps not at a spiritual level) for a tiny minority of very rich and powerful people but not for the mass of the 6 billion human beings

throughout the world of whom 85% live on \$5.98 per day (World Bank) and one billion on less than a dollar. Of course, the terminology is wrong. It is not globalisation that isn't working. Globalisation has existed for centuries and has brought rich benefits to humanity. It is the economic system, the doctrine of free market capitalism, consumerism and continuous economic growth - some people call it Global Monetocracy (Madron, R and Jopling, J, 2003) - that is not working. Over two hundred years ago, Adam Smith, supposed author of this doctrine, warned of the dangers of unfettered free trade.

We face a global crisis. We have no idea how close we are to upsetting the current equilibrium – but we are risking ecological change, which could be massive, unpredictable and irreversible. The international, social, political and economic situation is equally unstable.

This is what is happening:

- **The Environment.** We face an environmental crisis. Climate change is already a major threat. Extreme weather and instability are increasing. Seas are rising. Biodiversity and the ecological

system are severely affected. GM is a further threat to this system because its consequences are unpredictable. Species and forest habitats are declining and disappearing rapidly. Pollution is on a massive scale and we barely understand the consequences, particularly in causing diseases. There is growing water scarcity. If every country on the planet followed the example of the American lifestyle, the consequences would be horrific. The American way of life, copied throughout Europe and the developing world, is unsustainable. Continuous economic growth is unsustainable. For example, USA, with only 4% population, uses 42% of the world's motor gasoline and creates 25% world's pollution. The richest and most powerful nation has a record of blocking attempts to reach global agreements, like Kyoto. The scientific consensus is that gas emissions need to be cut 60% by mid-century. If Kyoto is implemented, they would still rise by 30% in the next 10 years.

- **The focus is on making money rather than meeting human needs.** For example, until sustainable sources of energy become a major moneymaker, the emphasis remains on oil exploration and the foreign policies and wars necessary to secure oil supplies. Given the current global financial system, there is little alternative. The same dynamic applies to everything else — food, drink, transportation etc. One of the fathers of gene technology, Professor Sydney Brenner, a Nobel Prize winner, has urged the government to spend less money on genetically tailored medicines - and more on public health education. He told BBC Radio 4 News, 2-9-2003, that genetic drugs research was simply putting profits into the hands of pharmaceutical firms -

and public health education could save more lives for less cost.

- **Poverty.** The period from the 1930's until the Eighties was a relatively benign one in which the gap between rich and poor was closing. Life got better for all regions of the world. But, for the past 20 years, for most people in the poorest countries, things have got worse. Absolute poverty is rising across the globe. For instance, in sub-Saharan Africa people on average became 10% poorer between 1980 and 2000 – and this is at least partly as a result of their involvement in the global economy. This is true for a wide range of indicators – progress on infant mortality, access to clean water, life expectancy and so on have been far slower than during the previous two decades. Today the gap between rich and poor within and between nations is growing dramatically.

GDP is a poor measure of progress and human welfare. Richer is not necessarily happier. There are better measures such as the Index of Sustainable Economic Welfare (ISEW) constructed by the New Economics Foundation. Until about 1974 ISEW kept up with GDP but since then it has steadily fallen

We are creating a world in which there is a small minority of extremely rich and the mass of people who are poor and insecure. Africa is the extreme case. Poverty and inequality are major problems in USA. The chief beneficiaries of Bush's tax cuts are the very rich who are 10% richer as a result. Meanwhile Wal-Mart's new recruits are handed leaflets on how to obtain government food stamps while the founder's five children are the richest single family on Earth.

The policies of the World Trade Organisation, World Bank, IMF, and GATTs (see below) have been disastrous for poor nations. They have largely benefited trans national corporations (TNCs). Trickle down theory and the doctrine of free trade have not worked for poor people or poor nations. Free trade, accompanied by huge subsidies for producers in rich nations such as USA and Europe, is not fair trade. Adam Smith never advocated such a system. The debt burden and effects of restructuring on which loans have been conditional, have led to absolute deterioration in education and health services and basic services such as water supply. Privatisation of these services has increased their cost and often led to lower standards. Amongst the many consequences for the West are economic migrants and the illegal trades in women and children.

- **Global sourcing and agribusiness.** Global sourcing adds greatly to environmental problems because it depends on transportation that pollutes the environment. Supermarkets, wonderfully convenient and offering abundant choice, play their part in destroying local food production, local businesses, local infrastructure and livelihoods. Agribusiness is a major source of environmental degradation, destruction of diversity and pollution. Major costs of these businesses are exported in the sense that consumers and governments financed by consumers pay for the environmental and social consequences (e.g. clean-up, unemployment, compensation, disease, unrest, asylum seekers, economic migrants and defence). This applies to the food and drinks manufacturers too. There is plenty of evidence that development by TNCs in Third World

countries - e.g. the production of crops for export, at the expense of local consumption, and oil production in Africa - increases rather than decreases poverty and undermines the existing society. Efforts by TNCs to patent plants and ancient remedies, alongside their policies on intellectual property rights and drugs hinder development and the eradication of disease. The system also undermines small businesses in developed countries, worsened by the high costs of borrowing and bank charges.

- **Unfair Trade and Global Institutions.** The WTO was originally set up to provide a forum for negotiating tariffs and import quotas. But now its scope has greatly expanded to cover internationally binding agreements on intellectual capital and services (healthcare, education, water supplies, banking, tourism). The WTO treats these primarily as economic issues, not as essential for the public good. The doctrine of global institutions is free trade, not fair trade.

The WTO, World Bank, IMF, and GATTs agreements dominate the way the global trade system works. They are undemocratic and dominated by the rich nations. Poorer nations have been unable to afford the considerable costs of attending or representation. Often they are bought off. Bush recently used aid and trade to bully small states into supporting his policies in the UN. The UN has been sidelined.

Aid, loans and debt relief for poor countries are conditional on structural adjustment programmes, which mean cutting public expenditure, privatising and opening up their public services to foreign companies. They do not have

freedom to manage their affairs in their own way or to protect their cultures and fledgling industries.

Whilst poor countries have to open up their markets, producers in rich nations are protected and heavily subsidised. The irony is that rich nations, who grew their own industries through protection, by demanding the removal of trade barriers and heavily subsidising their own producers, are destroying the productive capacity of poor countries and impoverishing their people. Unfortunately the history of efforts to put things right, is one of obstruction and unfulfilled promises. Despite all the campaigning, only about 15% of Third World debt has been cancelled.

- **Democracy and the power of TNCs.** National democracy is undermined by an unhealthy relationship between big business and government. Bush speak of “*freedom loving peoples*” has a hollow feel about it. Is he really talking about freedom for big business? Corporations, especially in America, play too large a part in elections, partly through control of sections of the media, partly by financing the large costs of political campaigning. Bush’s second term election fund is expected to reach \$200M. Presidential candidates with the most money have consistently won up to now. The current UK vogue for privatisation, PPPs and PFI contributes to the closeness of business and government.

But perhaps the greatest threat to democracy is the power of money markets and global institutions. National governments cannot risk policies that will result in the withdrawal of investment in their economies.

Main political parties cannot offer electors much difference. Differences have narrowed. To have any chance of power, they can only offer very restricted alternatives. In advanced democracies, this may be a factor in the decline of turnout at elections, decline in party membership and the growth in activism and membership of NGO’s.

- **Death and Disease.** We are killing ourselves and causing avoidable disease and injury: pollution in all its forms, unhealthy lifestyles, food and drinks – obesity is growing rapidly and storing up huge health problems – smoking (120,000 deaths in UK per year), excessive alcohol consumption (alcohol related death and disease cost the National Health Service (NHS) £20bn annually) and road accidents (3000 deaths per day worldwide, 25M in the past century). It is as if there is an unhealthy collusion between businesses creating unhealthy life styles, the food, drinks and tobacco manufacturers and the pharmaceutical and medical industries — the former making money in ways that contribute to disease and untimely death; the latter doing so through researching and producing remedies and expensive technology rather than research into causes and prevention. There is more money in medicine than prevention. Health services are breaking down under the strain – road accidents cost the NHS a quarter of its budget and alcohol related death, injury and disease half - and the escalating costs of a policy that focuses on treatment rather than prevention.
- **War and Civil War.** Millions have died and been seriously injured in war, genocide and civil war in the 20th and

early 21st centuries. Civilians, children especially, have suffered as a result of scatter bombs, un-disposed bombs, shells and mines. The effects of depleted uranium warheads are unknown. The West's so-called defence business is huge, much of it supplying oppressive regimes and civil wars. USA spends \$400BN on its armed forces, annually. It is by far the largest item in its budget. The US defence budget exceeds the total defence expenditure of all other nations combined. £200BN is being spent on the "war on terror". Surely this money could be better spent? A real war on terror would be both a radical policy of undoing injustice and intelligence focused. The vested interests in munitions are enormous — jobs, suppliers and money. It seems that an underlying cause of the war is often securing economic interests, particularly oil.

- **The instability and power of financial markets.** £2 trillion per day cross the world's computer screens, only 3% of which has anything to do with world trade. This is a major cause of instability. There are proposals for taxing (Tobin tax) the huge earnings from these movements and for regulation.
- **Stock exchanges** exercise tremendous power and exert strong pressures on companies to perform in terms of profits and share value. CEOs feel under pressure from investment analysts to focus on short-term returns or risk being fired or their companies taken over. This encourages under investment in the future. Yet research indicates that sustained performance comes from a long-term focus (Collins J. and Porras J, 1996). The pressure to perform also leads to attempts to dominate the market.

Mergers and larger and larger organisations result. There is no evidence that these larger organisations perform better, are more efficient in meeting customer needs or are better places to work in. On the contrary. Good companies are often taken over by foreign owners and later closed down. This can result in much suffering, especially if pension obligations are negated. The pressure on performance, together with the poor returns on equities, is one of the factors in the closure to new members of over half UK final salary pension schemes. Market pressures also contribute to enormous pressures on people and insecurity. They are one of the major causes of stress and oppressive, unsustainable working conditions at all levels. Hours for working people have increased after many years of reduction. It is not uncommon to find people in the City working 12-hour days with 12-hour contracts too. Not surprising that half UK marriages end in divorce.

- **Greed and corruption – what's the difference?** Corruption in Africa is a major cause of poverty. Yet corruption in the USA in the form of corporate scandals is equally large – Enron, Andersens and now Boeing has broken new ground in industrial espionage. It has been argued recently that USA, alongside Africa, leads in the corruption league. There is growing outrage in UK about the excessive pay packages of directors and CEOs, including pay offs to those who are deemed to have failed. Many CEOs have a short tenure. There is an ethos of overpaid, charismatic, celebrity CEOs which dis-empowers people. While insolvency administrators of Kroll are paid large fees, asbestos sufferers formerly employed by closed Turner and

Newall, and their widows wait for compensation from dwindling resources. For these and many other reasons, there is a crisis of confidence in big business. Many creative and talented people just want to get out of corporate life as soon as they are in a position to do so. Women in particular tend to take this view, partly because of continuing discrimination and the men's club politics. Women tell me they think male colleagues often have low emotional intelligence.

- **Public services increasingly can't cope.**

This is partly because of the extent to which businesses export or dump the costs of the social and environmental problems they create on the public, the taxpayer. E.g. Alcohol related problems cost the NHS £20bn annually; tax raised £7bn; value of sales £30bn.

Another factor is politicians not understanding how organisations are best led or how they change and adapt — they try to control them from the centre and adopt a left brain approach – reliance on numbers, targets, new initiatives and structural change. They also need to involve and enable people who understand the business at a grass roots level in co-creating the necessary improvements.

Another is the cost of borrowing for investment in the renewal and development of public services and infrastructure and an uncritical belief in privatisation, not necessarily more cost effective, and PPP and PFI. Certainly PPP and PFI can bring rapid results but it may be a long time before we find out whether they are good value. We need to be open to fresh options too — more about this later.

To sum up, the current economic system turns us all into slaves!

Yet I am very hopeful. Business is perhaps the most important force for benign change. Ways forward will emerge. But for this to happen, we need to be fully face the situation and not be complacent or hide from the reality. I believe most leaders, both corporate and political, are decent people trying to do their best in a complex and very difficult situation. Most want to make money by doing good, adopting socially responsible, sustainable policies and meeting human needs. A few find an ethical niche and succeed by doing so. There is a constant stream of beneficial innovations. Large numbers of benign books, most written by US CEOs, testify to their enlightened approaches. But the odds are against them. Given the system in which companies operate, it is naïve to suggest that the majority of companies can operate in this way and radical innovations are unlikely to become mainstream for a very long time unless the situation gets dramatically worse.

To make progress we need to see the system.

Seeing the system. It helps to see all these issues as opportunities. But we need to address them at a systemic level. The problems are massive and we are suffering escalating consequences. Problem solving alone will not work – a systemic approach is needed. The system is the problem. We have created the system and we can change it. Amongst the obstacles are lack of awareness, vested interests in the status quo and the pain of change. But these difficulties have been overcome many times in human history and there is growing awareness that things are not working

and why.

No one can fully understand this complex system but here is my best understanding of the key elements:

- **The underlying value** that moneymaking, profit, share value, market share and size, should always be valued more highly than human needs and rights, democracy and the environment. (Capra, F, 2002). Power, wealth and consumption are closely linked to our model of what it is to be a successful male. A big part of male consciousness includes belief in heroic top down leadership. It includes the notion of being right, despite what many people think, and that problems can be solved by violence and war. We all suffer as a result of the male belief system that values power and domination. Patriarchy not only harms women and denies them their proper place but, as Jane Fonda says, "*Patriarchy is fatal to the hearts of men, to empathy and relationship*". Patriarchy is incompatible with democracy too. This male energy may have served us in the past. Surely, right now, we are learning that it is not working in our time?
- **Racism and lack of respect for difference are at the root of the system.** This enables us to justify mistreatment and exploitation of others who are different. It manifests in the way we value some lives more than others. It extends to lack appreciation of the importance of ecological diversity.
- **The consumer society and glorification of material consumption** requires the United States, in particular, to wield tremendous power to maintain optimal conditions for the expansion of production, turning

humans into obsessive consumers.

- **Obsession with GDP** as a measure of progress rather than meeting human needs, and supporting human dignity.
- **Almost all the money we use (except the 3% which is notes and coins) is created by commercial banks**, who charge interest, not by central banks and government. A number of innovative thinkers (e.g. Rowbotham, M, 2000, Madron, R and Jopling, J, 2003 and El Diwany, T, 2003, Robertson, J and Bunzl, J, 2004) are looking afresh at the debt-money system and arguing it does not have to be like this. The need to earn enough to repay large amounts of interest and debt is at the root of the economy's pursuit of continuous and unsustainable economic development. This impoverishes us all in the broadest sense – not just the money but the pressure and distortion of life style. They challenge the need for money to be provided by banks, as opposed to governments, particularly for investment in public services — such as transport, health, education and necessities such as water and affordable housing — and small businesses. They advocate no interest or low interest loans instead. Governments can create money if they want to. These ideas are not new. Similar ideas on money were espoused, for example, by US Presidents Lincoln, Jefferson and Franklin. Usury was condemned centuries ago. But think of the vested interests today!
- **Company ownership** We need to explore fresh legal frameworks for company ownership and financing. There have been attempts to find alternative forms for companies that do not tie them to the

pressures and unpredictability of the stock market, and enable them to focus on serving customers (providing good value), employees and the community. Examples are the Co-op movement, the John Lewis Partnership, St Lukes Advertising (Law, A. 1998), Baxi Partnership Limited and the Scott Bader Commonwealth. In the USA, ESOPs (Employee Share Ownership Plans) go far beyond either the state ownership of classic socialism or the Anglo-Saxon model of ownership by stock exchange shareholders or pension, saving and insurance funds. ESOPs in the US cover more than 9 million workers in more than 10,000 firms.

The New Economic Foundation (www.neweconomics.org) and others (Shakespeare, R and Challen, P 2002) recently put forward proposals for the provision of pensions, through investment in safe and socially useful People's Pension Funds rather than the stock market.

- **Company law needs to be modernised.** The current perception is that the primary duty of directors is to shareholders — to maximise profit and share value — rather than all stakeholders such as the environment, society as a whole, local community, consumers and employees. Under current company law, the primary duty of directors is to the company and its prosperity. Corporations have globalised – but the rules haven't.

This leads to all sorts of iniquities. For example, the *Economist* recently reported that Rupert Murdoch paid no tax on the £1.4 billion profit he made in the UK since 1987, because of the way in which

he uses the global system to avoid tax.

Rabbi Michael Learner and others are calling for a new charter for large corporations especially one that requires them to be granted a license to operate. This would require them to justify their continued license to operate on their record in acting with responsibility.

- *“A first step in developing that third path is to seek A New Bottom Line-so that we judge institutions productive, efficient and rational not only to the extent that they maximize wealth and power but also to the extent that they maximize our capacities to be caring, ecologically aware, ethically and spiritually sensitive, and capable of responding to the universe with awe, wonder and radical amazement at the grandeur of creation”.* Tikkun Community, *A New Bottom Line* at www.tikkun.org

It is now even more obvious that we, and our planet, are all part of an interconnected living system. We are all members of a global community and what happens in other parts of the world, especially in other cultures and the less economically developed world, affects us. It is dawning on us that we all have to be world citizens if we are to enjoy a sustainable future. Exclusion, lack of respect, injustice and desperation feed violence. A living system can operate in a punishing way, especially if it is exploited and not respected by some members of it – everyone suffers.

The current response of most Business Leaders is essentially defensive. According to AON's European Risk Management & Insurance Survey 2002-2003, across Europe, after September 11th 2001, business interruption heads the list of risks

that pose the greatest threat to business. Loss of reputation is seen as the second biggest. Just over 75% of Europe's largest companies have undertaken a risk identification study in the last 12 months for corporate governance purposes. Contrast this with the finding that only 22% of companies have a formal strategy in place to manage brand & reputation risk.

Barry Coates, former Director of the World Development Movement and now Director of Oxfam New Zealand, described 3 levels of Corporate Social Responsibility demonstrated by companies:

1. **Saving money though ethical practices** (e.g. recycling, avoiding prosecution)
2. **Ensuring that the company and its products don't get vilified** by taking actions that improve corporate reputation and protect brands.
3. **Acting in a socially and environmentally responsible way because it's the right thing to do.**

Increasing numbers of companies are actively pursuing the first two levels. The problem arises at the third level because the costs of behaving in environmentally and socially responsible ways soon start to impact the bottom line - and the company then gets punished by the market. Of course some organisations have made a success of taking an ethical stance - for example the Cooperative Bank with its explicit ethical banking proposition - but Barry fears that these are niches, which are small and may be transient.

Companies will face increasingly harsh consequences unless they stop being defensive and become much more proactive in meeting human needs, doing good,

rather than doing harm. But the problem lies not only with companies but also with the larger trade and finance systems within which they operate.

A New Agenda for Corporate Leaders.

I believe corporate leaders need to take on the challenge of changing the system. Because of its power to change the World, Business needs to take a much higher level of responsibility in the 21st Century! A different partnership between corporations and national, regional and global government is needed. This is in everyone's long term interests including companies

Public interest needs to be elevated to be something of fundamental importance. The questions of what trade is for and what trade rules we should encourage need to be addressed. Is it to maximise the amount of trade? Is it to maximise corporate profits? Or, should it be for improving everybody's quality of life, saving lives and ensuring environmental and personal sustainability? Ecological limits and the biological systems our planet is based on need to be respected. Otherwise we will find that the irreversible changes we are making will come back to haunt us in ways that are unimaginably damaging.

There is a danger that CSR (Corporate Social Responsibility) becomes just another superficial bandwagon, basically more about looking good, rather than doing good through good business. I have argued that companies need to be proactive, rather than defensive, and put human needs and welfare at the top of their agenda - e.g. food and drinks. To make it easier for business leaders to do this, they need to be active in getting systemic issues addressed.

The following agenda is proposed:

1. **Increase awareness and understanding how the system is not working**, the damage this is causing and the future threat to human beings and the planet. We need to make choices from awareness and consciousness. That is why I am so interested in trying to see the whole system.
2. **Reform and democratise global institutions** such as the UN, the World Trade Organisation (WTO), World Bank and IMF. Focus on fair, not free, trade and the promotion of human welfare. George Monbiot has put forward far-reaching proposals to democratise Global institutions (Monbiot, G, 2003).
3. **Explore alternatives to the debt-money system** Explore alternative ways of providing low or zero interest finance for public services, infrastructure, environmental projects, small businesses and economic development in poor and developing countries.
4. **Regulate financial markets and explore and implement measures such as the Tobin tax.** The Tobin Tax proposes a simple sales tax on currency trades across borders which would discourage short-term currency trades, about 90 percent speculative, but leave long-term productive investments intact.
5. **Regulate global corporations.** Create a new legal charter framework for licensing large corporations.
6. **Create a new legal framework for the duties of company directors**

These are issues for CEOs to campaign on. They need to push for systemic change, not a piecemeal approach. It is in the long-term interests of global society as a whole, including companies, company directors and CEOs. The time has come for a proactive rather than a defensive mode. There are already plenty of examples of corporate leaders seeing the importance of global systemic issues and taking action – we need more.

We have to start where we are and take our own personal actions – but we must also take opportunities to band together and act strategically. Barry Coates quotes from Alice Walker:

“Activism is my rent for living on the planet

The way human beings learn is messy. We make "mistakes" all the time. Things transform whatever we do. All of us play a part in this process. It is up to each of us, CEOs as much as ordinary citizens, to decide what unique part we want to play, where our energy lies, where our passion will take us and what we will do.

“Whatever you do may seem insignificant, but it is most important that you do it.”
Mahatma Gandhi

There are great disturbances in history which settle down into a new order. Maybe we are at such a time. When things are not working, a new way emerges. Whilst there appears to be increasing disorder and chaos, perhaps we are progressing to greater World order. At the same time as there is growing cultural convergence, there is also greater understanding of the importance of diversity. If we are to understand anything and find ways forward, respect for

difference and a multi disciplinary approach are needed. Westerners tend to think in terms of duality. We need to transcend duality. Maybe too, we are realising the importance of respect and love, if we want a sustainable society for ourselves and for generations to come. With growing awareness, comes a change in consciousness and that leads to transformation.

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