World Without War

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This article has two extracts from the book "*world without war, made possible by empowered individuals*" available from amazon.com, where it can be searched inside, or on Kindle. The extracts are regarding commerce and the formation of social contracts within and between nations.

The book overall deals not only with religious interfaith, but includes cooperation between all three cultures of commitment, namely spirituality, commerce, and government. It aims at achieving *true consensus* between them rather than mere *overlapping consensus* as proposed by the American philosopher, John Rawls. It suggests that there is a need and a way to amend phrases of religious and non-religious doctrines to avoid his reliance on *faith in reason*.

Commerce

"The man whose riches satisfy his greed

Is not more rich for all those heaps and hoards

Than some poor man who has enough to feed

And clothe his corpse with such as God affords.

I have no use for men who steal and cheat;

The fruit of evil poisons those who eat.

Some wicked men are rich, some good men poor,

But I would rather trust in what's secure;

Our virtue sticks with us and makes us strong,

But money changes owners all day long."

Solon

Overview

Principles

The well-established principles of the Cauxxe "Caux Round Table:adopted by international organisations" Round Table[1], a voluntary international association of large and small businesses, have been adopted by international humanitarian organisations including the OECD as the leading example of commercial governance. They are far reaching, as they extend their influence to all stakeholders, whether shareholders, suppliers, customers or the community in which the business operates. They comply in all respects with the values of the 'worldspirit'[a], and can therefore be a guiding concept for the stream of commerce.

Culture of Commitment

To interpret the principles of commerce and trade into a culture of commitment, they need to be further developed to specify the core elements of 'moral capitalism'. They provide the checklist for planning and decision-making in all affairs to allow the business to flourish in the environment of a wider community, including stakeholders and the environment. It will drive research and innovation and will draw on integrity, fairness and justice, respect for rules, a spirit of trust and multilateral trade. It will encourage leadership and self-assessment.

Facticity

In implementing their culture of commitment in the local and wider world, these businesses will make 'moral globalisation' possible and will promote the social capital in underdeveloped peoples through the support and development of education and training. This will integrate the various social levels within the regional population through employment and participation in world trade and will result in shared wealth and a supported local culture.

The Stream of Commerce

This section will concentrate on the moral and ethical requirements of the individuals who are involved in all commercial activities, whether a family business or an international corporation, or even a charity for that matter. Before we come to that, we want to look at some of the history of commerce.

Trade and commerce have been an important binding force between peoples, organisations and nations throughout history. Usually, to be successful, there needed to be some military or similar facility to protect the trading partners, as shown in the example of the ancient and medieval Chinese in their world trade. Their mighty junks were accompanied by strong military ships holding thousands of soldiers equipped with horses and canons. The Minoans and later Philistines with their development of the first 'biremes' (galleys) seemed to have a similar balance of trading with sufficient naval protection, apart from their superiority of using iron. Even the monks of the Cistercian order, established by Robert de Molesmes and soon afterwards controlled by St Bernard of Clairvaux, were very experienced traders with a modern banking system on an international basis, and they had the closely linked White Knights Templar as protectors.

"Nations without a rule based economy, had various ways of enforcing or protecting their commercial activities both internally and with other states. Even organised crime has actually performed economic governance in countries at times where it was absent in the state, such as in Sicily after the abolition of feudalism, and Japan when the government had collapsed after World War II."[2]

Modern commerce no longer relies on military force to protect its fulfilment of contracts, although in the present stage of transition for Third World countries joining international trade, there will sometimes be a problematic process of change.

Trade and commerce among nations is becoming more and more an activity involving peoples with very different cultures around the world, creating difficulties and opportunities that need to be addressed to avoid the development of huge poverty and excessive wealth within a country and between nations.

Poverty is a major cause of unrest and over-population in the world. To own property is one of the most basic incentives for people to be able to help themselves. This does not need to be a plot of land; at its most basic, it may be a herd of goats, or a sewing machine.

"Economic theorists have always recognised the importance of secure property rights in creating the right incentives to produce and invest."[3]

Secure property rights played an important role in the rise of western Europe's economies, and students of less developed countries and 'transition economies' reinforce this lesson. The creation and support of property rights are the responsibility of governments, and by corollary, their loss is often caused by dictatorial governments driven by communist policies, or by greed, power or racial discrimination, with no understanding of economic principles.

Communism has failed as a result, although the People's Republic of China (PRC) is managing a slow transition to capitalism by a gradual process. Her economy in the south east of the country at least is adopting some of the capitalist methods of transacting business in accordance with WTO rules, albeit with government capital under licence. The recent ruling in the PRC to permit private ownership of land is a further step away from communism in its strictest form. The transition is however likely to be associated with considerable unfairness and continuing hardship, as it appears that many properties were acquired from very poor peasants simply by displacement without compensation. In the end, to be accepted more widely, the PRC will need to be seen to conform even more to WTO and UN requirements for fair trading and human rights.

The Grameen Bank in Bangladesh through its founder, Muhammad Yunus, was awarded the Nobel Peace Prize 2006 '*for their efforts to create economic and social development from below*'. His bank has initiated the worldwide trend of the introduction of micro-credit, loans for very small amounts to assist poor people to get started.[4] The Grameen Bank of Bangladesh formally began operating as a specialised credit institution in 1983, although its history can be traced back to an innovative pilot project that began in 1976. The bank gives small-business loans to the poorest of the rural poor on a group liability basis instead of requiring any collateral. Because they have no collateral, the Grameen Bank borrowers do not have access to conventional sources of finance. This is seen as a major tool in the battle to break the cycle of poverty for millions of people around the world.[5]

Ancient philosophers were aware of the need for ethics in government and commerce. Confucius and St Thomas Aquinas provided strong guidance for morality in government and commerce that has been influential throughout the centuries.

In modern commerce, international corporations are building and following a code of ethics among themselves to achieve 'moral capitalism XE "Moral Capitalism:moral capitalism" ' as proposed in particular by the 'Caux Round Table'xe "Caux Round Table:Frederik Philips". This started when Frederik (Frits) J. Philips invited a group of capitalist leaders to meet in Caux, Switzerland.

"He believed that, in general, people could do the right thing when they thought about their true circumstances, that they could find within themselves "self-interest considered upon the whole," and that they could dedicate more of their commercial efforts to creating a greater good. After World War II, Philips had participated in many sessions in Caux – a little hamlet in the Swiss Alps – seeking reconciliation among French and Germans to prevent a future war between those two hereditary enemies. From those sessions came the trust and confidence to establish the European Coal and Steel Community. From that small success then came the Common Market, and finally the European Union. So far, this very successful effort at regional integration has prevented repetition of general warfare in Europe."[6]

At that first meeting of what was to become the Caux Round Table, Philips' guests conceded that xenophobia, with its appeals to prejudice, ugly emotions and racism, was no basis for global business.

The Caux Round Table (CRT) members as an international team representing Europe, Asia and America went away to draft the CRT Principles, containing an Introduction, a Preamble, seven General Principles, and six sets of stakeholder principles. The philosophical basis for the development of these principles sprang from the Habermas[b] theories and fleshed out an ethical pathway (action) from normativity (ideal) to facticity (the accomplishment). These documents formulated the guidelines for a company's responsibility toward its customers, employees, owners and investors, suppliers, competitors, and communities, and for the stewardship of moral capitalism XE "Moral Capitalism:moral capitalism" .

The CRTxe "Caux Round Table:principles" principles, apart from an introduction and a preamble, are:

1. The Responsibilities of Businesses: Beyond Shareholders toward Stakeholders.

2. The Economic and Social Impact of Business: Toward Innovation, Justice and World Community.

3. Business Behaviour: Beyond the Letter of Law Toward a Spirit of Trust.

4. Respect for Rules.

5. Support for Multilateral Trade.

6. Respect for the Environment.

These principles are now accepted and built on by the OECD countries and the United Nations. Such self-imposed targets for good behaviour will ultimately also help those countries still impoverished, because the member corporations include the peoples and governments of the countries they work in as stakeholders in their activities.

The co-founder of the Caux Round Table, Frederik (Frits) J. Philips, had this to say:

"First, we should engage in honest dialogue and learn better to listen to each other – not to be too worried about agreement but to be very concerned about understanding.

Second, we should aim for real friendship and trust.

Third, consider the underlying moral issues and be guided by clear values and a sense of responsibility.

Fourth, make a start not with declarations about what others ought to do, but with personal action in our various organizations and environments."[7]

Leadership of the group then shifted to Ryuzaburo Kaku, chairman of the Japanese company Canon Inc. To other members of the Caux Round Table network, Kaku claimed that he had turned Canon's prospects around and had built its sales up nicely by following a strategic vision he called 'Kyosei'. Kaku took as his guide for action the Japanese virtue Kyosei instead of the more common Japanese autocratic business structure of 'ninjo', which is at the centre of the Japanese cultural experience as a quality of life. Experiencing ninjo is to experience complete and unquestioned acceptance, as a mother emotionally supports a newly born child. Ninjo experiences occur in tight reciprocal relationships marked by 'giri-on' mutual dependencies and symbiotic responsibilities for one another. Giri-on relationships link individuals closely through reciprocal favours and repayments of kindness.[8]

Roughly translated, xe "Caux Round Table:Kyosei"Kyosei means 'living and working together for the common good'. It is a vision of moral capitalism XE "Moral Capitalism:moral capitalism" , a form of stewardship sensitivity, derived from Japanese cultural insights.

"In one sense Kyosei is very Buddhist. It presumes that living beings are interdependent; that no self can exist totally cut off from other selves; that our actions have consequences that drag us, willingly or unwillingly, into the lives of others; and that the actions of others will similarly penetrate our experience of the world. Kyosei expressly rejects the factual basis for Herbert Spencer's theory of Social Darwinism which is used to justify brute capitalism."[9]

Although businesses large and small alike need to have similar principles and apply them, it is important that likeminded people and nations support one another to implement them and take on the moral action of Habermas' 'communicative rationality' and Kaku's 'Kyosei'. International corporations have ever-increasing influence, simply because they often have more financial power than many nations. Although power can corrupt, it can also be used to instil moral principles in the minds of their many stakeholders whoever they are, and repeal the law of the jungle.

This influence can change the imbalances that exist in the world. Ryuzaburo Kaku:

"I believe the major problems the Earth is currently experiencing can be categorised into three forms of imbalances:

imbalances in trade among developed nations;

imbalances in wealth and material conditions between industrialised and developing nations; and

imbalances between generations.

I expect the Caux Round Table to stimulate actions to address these issues."[10]

Perhaps a brief comparison with the way business is traditionally conducted in China may give an insight into the influence of Confucius even now. The most important principle for all activities in China is order and harmony, 'Tai he'.

Confucius:

"Let the states of equilibrium and harmony exist in perfection, and a happy order will prevail throughout heaven and earth, and all things will be nourished and flourish.

The superior man's embodying the course of the Mean is because he is a superior man, and so always maintains the Mean. The mean man's acting contrary to the course of the Mean is because he is a mean man, and has no caution."[11]

xe "Caux Round Table:Stephen Young in Shanghai"Stephen B Young, Global Executive Director, The Caux Round Table, in his paper presented at the Second International Conference on Business Ethics, Shanghai, 21-22 September, 2006, 'Two Traditional Chinese Normative Models for Business Ethics', describes the tensions between the two inherent social normative models that influence Chinese culture:

"For several thousand years, there has been a tension within Chinese culture between two rival and inconsistent approaches to ethical conduct, each approach still having contemporary implications for expectations of business ethics in China.

The tension is between the role of virtue (de) and the compulsion of interest (li). In classical Confucian terms the tension is between reliance on the jun zi (a lordly one) or dependence on the xiao ren (a little or mean person). The contrast between the two normative models can be seen by reading, on the one hand, the approach taken by Confucius in The Analects and, on the other hand, the alternate approach propounded by Mo Zi. Confucius built his ethical recommendations on an optimistic appraisal of the potential to be expected from the jun zi personality. Mo Zi to the contrary had no expectation that jun zi persons would be influential and persuasive and built his ethical ideal around the need to discipline the selfish inclinations of the xiao ren.

Each approach provides a path to order, a high cultural value for Chinese."[12]

Chinese people look to government to control the economy, and business to obtain the licence to operate within strict rules to obtain support with government capital. This establishes opportunities for cronyism reliant on 'Quan xi', connections and relationships. Responsibility is to the government, production is to the lowest price often at the expense of quality.[13] Since the People's Republic of China has been accepted to the WTO, there is a noticeable albeit gradual shift towards western rule-based business and economic systems.

Stephen Young, in the same speech in Shanghai, dealt with the traditional business ethics of the Chinese people in the context of a global economy. He has a deep understanding of Asian history and culture, and was able to present a new business model that allows traditional sentiments, particularly *ren* (humaneness) and *shu* (reciprocity: doing unto others what you would have them do unto you) to prevail, while suggesting acceptable business conduct in a global market:

"Essentially, this early Confucian normative model trusts personal charisma to work its social results, using for social cohesion the enlightened inner virtues and righteous powers of the individual to play properly and reciprocally his or her role in society. It is a model of individuals making way for others through proper conduct. This second model is more consistent with principles of business ethics and corporate social responsibility and less tolerant of government interference in markets."[14]

Most countries of the world are becoming part of a global economy. Rules of economics can vary considerably between cultures and types of government. Western nations have developed an international code that has become the accepted method of doing business, and with the influence of the World Trade Organization, this is now becoming more accepted in developing countries as well. For them this process of change is not easy, as the established ways in many regions have not been protected by laws or rule-based governance but rely more on personal trust and are usually relation-based systems.

These arrangements can present some difficulties in the transition to the larger markets and international trading conditions. Avinash K. Dixit, professor of economics at Princeton University, studied this problem:

"As an economy expands or as its trade with other countries grows, a point will come when the present value of the social benefits of shifting toward a more rule-based governance will exceed the costs of the required investment. But the switch need not occur at the optimal point. There are many reasons why political and economic realities will delay the shift."[15]

Such cultural differences are even more likely to delay any changes to a rule-based economy in countries with predatory or kleptocratic governments, usually dictatorships.

"It is not always necessary to create replicas of Western style state legal institutions from scratch; it will be possible to work with such alternative institutions as are available, and build on them."[16]

Standardisation is important for greater understanding. The World Trade Organization's Director-General, Pascal Lamy, in a video address to the 29th International Organization for Standardisation's General Assembly on 13 September 2006, urged the ISO to continue pursuing steps "*to facilitate the integration of developing countries in the world of standardisation*". He added that the relationship between ISO and the WTO "*is critical for international trade*." Such standardisation will facilitate better quality control and with that will come better trust between the trading partners, which should in turn result in more consistent pricing structures, faster turnaround and predictability.

Any restrictions to trading have long been considered a hindrance to the maintenance of peace. Cordell Hull, Secretary of State in the USA from 1933 til 1944 was one of the supporters for the creation of the Bretton Woods XE "globalisation:Bretton Woods" [17] agreements:

"Unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war…if we could get a freer flow of trade…freer in the sense of fewer discriminations and obstructions…so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have a reasonable chance of lasting peace"[18]

The trend in the establishment of negotiated free trade blocks will gradually break down trade barriers, and will ultimately help developing countries to participate in the world market place. The word 'globalisation' has been given a bad name by some organisations, but needs to be seen as representing a path towards breaking the cycle of poverty engulfing the Third World countries.

In a global sense, a number of international organisations have had considerable influence in developing means of encouraging democracy, humanitarian responsibilities and fairness of trading. Unfortunately, they are not completely integrated and as a result, they work in parallel rather than with each other and with administrative duplication. Their rules, agreements or covenants are formulated in a juristic format, which, by contrast to the global ethic, are not irrevocable; they can be challenged in courts or vetoed, interpreted in different ways, and as a result will often favour the larger economies.

Globalisation and Equality

Capitalism, according to Maximilian Carl Emil Weber's (1864–1920) so-called 'Weber thesis', evolved when the 'Protestant (especially Calvinist) ethic' influenced large numbers of people to engage in work in the secular world, developing their own enterprises and engaging in trade and the accumulation of wealth for investment. He defines 'spirit of capitalism' as the ideas and habits that favour the rational pursuit of economic gain, and this development was influenced by Puritan ethics and ideas. He suggests that this spirit of capitalism is therefore not an uncontrolled search to satisfy greed.

"The greed for gold is as old as the history of man. But we shall see that those who submitted to it without reserve as an uncontrolled impulse, such as the Dutch sea-captain who "would go through hell for gain, even though he scorched his sails", were by no means the representatives of that attitude of mind from which the specifically modern capitalistic spirit as a mass phenomenon is derived, and that is what matters."[19]

Communism has proven to be the wrong way to achieve 'distributive justice among people'. It came into being as a result of the 'Darwinism' in the form of survival of the fittest in the early years of the industrial revolution. Workers were treated as 'machines', and philosophers like Karl Marx believed that an opposite to the rule of capital would be a solution to the social problems created by the manufacturing boom and its consequences of inequality. Communism came and went proving to be a failure, especially with regard to distributive justice.

While Darwinism had created the inequality as seen by Marx, capitalism was not entirely bad even at that time, as it created co-operative systems that helped the workers as well as the business owners. Robert Owen (1771–1858), who is considered the originator of the co-operative movement, and who made his fortune in the cotton trade, believed in putting his workers in a good environment with access to education for themselves and their children. He successfully put his ideas into effect in the cotton mills of New Lanark, Scotland. It was here that the first co-operative store was opened. He went on by trying another idea of forming 'villages of co-operation' where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing.[20] This example is being followed in principle by some of the charities operating in Africa.

Brute capitalism however outlasted communism. 'Laissez-faire' or the 'free market economy' advocated by Nobel Prize-winning economist Milton Friedman, and others, continued to give capitalism a very bad name, as it was entirely mathematical rather than socially conscious.

There have been famous court cases that insisted that a company is there to improve profits and cannot reduce profits to become charitable. When Henry Ford was trying to employ more workers to give them work, rather than pay extra dividends, he was challenged by the other two major shareholders, brothers John Francis Dodge and Horace Elgin Dodge. The Michigan Supreme Court in 1919 decided in favour of shareholders:

"The Court held that a business corporation is organised primarily for the profit of the stockholders, as opposed to the community or its employees. The discretion of the directors is to be exercised in the choice of means to attain that end, and does not extend to the reduction of profits or the non-distribution of profits among stockholders in order to benefit the public, making the profits of the stockholders incidental thereto."

That was long time ago, when 'laissez-faire capitalism' still prevailed and dominated in economics. But even now, remnants of such uncontrolled attitudes have brought about the so-called *economic meltdown* in 2008-2009 in the USA that spread across the entire world.

In 2001 the Enron Corporation's bankruptcy in what was the most obvious case for bad behaviour of a public company. The dissemination of the damning evidence of fraud and disregard of shareholders for financial gain of a few top executives caused a backlash both in government and among other major international corporations.

The downfall of Enron has however spawned a new and misleading aspect to capitalism, where large companies or providers of essential services are being taken over by 'private equity' syndicates. The attraction for these investors is the bypassing of the supervisory requirements imposed on public companies and the like, including detailed reports and disclosures at frequent intervals that their management does not want to make public. These investors, by their own manifestations, are funding what they believe a new way for ‘capitalism’ to ‘bring capital to the market’.[21] The core of such a business activity is to make profits from manipulating capital rather than from production. Most of the larger takeovers, such as the failed Qantas bid in Australia and the successful deal for acquiring Britain’s Thames Water through Macquarie Bank in 2007, proposed to fund their projects by creating a very large debt burden on the target company. The bank can underwrite a large loan and receive large fees for arranging the deals. This in turn creates a relatively small equity for the private consortium, which will yield a very high return on net invested capital. This will be satisfactory for them for a short period, such as three to five years, when they will sell and start a new venture to earn a new set of very high fees and profit from the sale. This profit is secured by the fact that the targets are either underperforming or undervalued at the time of purchase.

This type of investment purely shifts capital from one company to another for making profits and fees that need to be taken out of the target companies. This kind of opportunistic and rather predatory manipulation of capital, one could call it a capital market derivative, will put pressure on production costs which will inevitably be passed on to the consumer. This version of ‘capitalism’ does not serve a useful economic or social purpose in supporting production, as it is very much a self-serving arrangement of extracting a money profit from industry, and must have an inflationary effect. The disastrous collapse of the global economy in the last year was caused by a banking system in the USA, where control was frowned upon, resulting in a shortage of capital. Such problems could have been avoided, as they were and are in Australia, by introducing regulations that establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions supervised by the Australian Prudential Regulation Authority (APRA XE "Moral Capitalism:Australian Prudential Regulation Authority") are met within a stable, efficient and competitive financial system. This applies to all authorised deposit-taking institutions, and regulates capital adequacy and risk management.[22]

Commerce is the crux of peace through reciprocity and fair dealing, as Montesquieu XE "Montesquieu:commerce as peace maker" [23] observed over two hundred years ago. Capitalism as a system for the production of goods creates innovation and wealth, and through the development of administrative controls by governments provides a basis for the distribution of wealth that communism failed to achieve. Through global trading, and progressively involving more Third World and developing peoples in the manufacturing and marketing of products, globalisation can gradually bring about a fairer distributive justice, if accompanied by the establishment of social democracy.

There are however two kinds of globalisation: 'Brute Globalisation' and 'Moral Globalisation'.

'*Brute globalisation* XE "globalisation:brute globalisation" ' is the ruthless expansion of international corporations into other countries for the purpose of exploitation at all cost and without consideration of its effect on the local economy or population. It is no better than the early capitalism during the industrial revolution, as described by Karl Marx:

"The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his "natural superiors," and has left no other nexus between man and man than naked self-interest, than callous cash payment."

If capitalisation is not accompanied by socialisation, it will become exploitative. Free capital movement which is uncontrolled by government has been called a *virtual senate* with *veto power* over government, sharply restricting government decisions.[24] It undercuts democracy, and will go against the principles of the Bretton Woods XE "globalisation:Bretton Woods" system of rules for international commercial and financial relations formulated in 1944.

The World Trade Organization initiated the opening up of world markets with the aim of including developing countries in the benefits of globalisation, but very soon had clearly come under considerable attack at its meetings around the world, starting with the failed convention in Seattle in September 1999. The charges laid against it were that the WTO:

- Places economic considerations ahead of concerns for the environment, animal welfare, and human rights,
- Erodes national sovereignty,
- Is undemocratic,
- Increases inequality.

The WTO went to considerable lengths to try to answer these charges, and also found it necessary to alter its policies to rectify any of its initial shortcomings.

Where peoples are organised by their governments instead of governments being organised by their peoples, their governments will generally, as a first principle, have a preference for not providing development aid to other nations. They believe that they cannot count the benefits for another people as outweighing the hardships imposed on their own.[25] This is however changing. The European Union considers it the duty of each member state to provide guaranteed income for all citizens without a job or sufficient capital. 'Relative poverty' in the EU is a household with less than 50 per cent of average income, which in 2000 represented about 17 per cent of households, and which, without such assistance, would have been 40 per cent.[26]

It is not surprising that Habermas saw the interpretation of modern capitalist societies by earlier thinkers, like Marx, Weber and Horkheimer, as a process of disenchantment, which fails to do justice to the problematic of the life-world. Their conclusions, he says in 'The Theory of Communicative Action'[27] implied that morality and art had been decoupled from the scientific pursuit of truth, and that modern reason functioned primarily as a tool for the promotion of self-interest and survival. As we have seen, Habermas believes that through communicative action it is possible to find positive outcomes.

'*Moral globalisation* XE "*globalisation:*moral globalisation" ' is the expansion of international corporations into developing countries based on co-operation with their governments and peoples.

As mentioned above, Frederik (Frits) J. Philips saw the need to find a way for business, particularly international corporations, to establish rules by consensus for moral commercial intercourse. He met with some influential corporate leaders in the small town of Caux in Switzerland to discuss and implement this idea. This was the beginning of the organisation of the 'Caux Round Table' (CRT), which then developed the principles for what they called 'Moral Capitalismxe "Moral Capitalism:moral capitalism"'.

The Caux Round Table principles of business, promoting moral capitalism XE "Moral Capitalism:moral capitalism" , are rooted in two basic ethical ideals: 'kyosei' and human dignity and means living and working together for the common good, enabling co-operation and mutual prosperity to co-exist with healthy and fair competition. 'Human dignity' refers to the sacredness or value of each person as an end, not simply as a means to fulfill the purposes of others. Law and market forces are necessary but insufficient guides for conduct.

"Responsibility for the policies and actions of business and respect for the dignity and interests of its stakeholders are fundamental. Shared values, including a commitment to shared prosperity, are as important for a global community as for communities of smaller scale".[28]

The CRT in its 'principles of business' names as the first principle the responsibility to go 'beyond shareholders toward stakeholders', a principle that is not generally understood, because many shareholders, as in the case of Dodge vs. Ford above, hold the opinion that none of the profits should be used to support other stakeholders than themselves. Apart from it being capable of being inhumane, it is not necessarily unprofitable to invest in supporting the market and human capital in the developing country, as this would improve sales in the end. The CRT business principles say:

"Businesses have a role to play in improving the lives of all their customers, employees, and shareholders by sharing with them the wealth they have created. Suppliers and competitors as well should expect businesses to honour their obligations in a spirit of honesty and fairness. As responsible citizens of the local, national, regional and global communities in which they operate, businesses share a part in shaping the future of those communities."[29]

Even government attitudes have started to change. A recent reform in company law in the United Kingdom has put a new slant on corporate responsibilities that company decisions must fulfil six basic maxims:

The Companies Act 2006 (UK), Section 172(1) of the Act provides:

- The long-term consequences of the decision.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the company.

Naturally, decisions must still be taken in the way most likely to promote the success of the company for the benefit of the shareholders and stakeholders alike. The CRT has developed its implementation of the principles of business along the lines of philosophers such as Habermas, and others,[30] and provides practical suggestions for measuring the company's own performance in this regard.

Apart from capitalism, charities can have an equally important contribution to improving economies of developing countries at a grass roots level, and are an avenue for applying the global ethic, especially when they aim at reducing poverty by creating economic growth. The Norwegian researcher Arne Melchior and others studied the effect of globalisation and inequality. The share of the total income for the poorest quintile of the world's population has come down over the study period (1960–1998) due to a large rise in gross domestic product (GDP) in the richest countries. Individual income based on purchasing power parity (PPP XE "Poverty:personal power parity (PPP)") among the poorest nations of the world has however increased, according to his well-publicised report:

"Although their share of world income declined, however, income increased on average for this group. In fact, the average income per capita for the countries including the poorest quintile of the world's population more than doubled. Also in Africa, average per capita income increased considerably, although less than for other regions. For most countries, there was a substantial income increase during the period studied."[31]

The rapid development of the Chinese economy has shown a larger increase in average personal income based on PPP XE "Poverty:personal power parity (PPP)" in the Asian region. In the sub-Sahara belt of Africa on the other hand, income per head of population has actually gone down. The UN's World Economic and Social Survey 2006 sums up the problem:

"Greater income divergence is partly explained by a rising number of growth collapses. Countries with weak economic structures and institutions and low infrastructural and human development have less capacity to gain from global markets.

According to the World Economic and Social Survey 2006, in the industrialized world, the income level over the last five decades has grown steadily while it has failed to do so in many developing countries, thereby causing a rise in already high world inequality."[32]

As a result of an increase in credit ratings, rule of law, and a gradual reduction in corruption in the sub-Saharan region, there is a considerable increase of international investment in these countries. The purpose of these funds is the preparation for mining, which requires an appropriate investment in infrastructure.[33] Employment, consequently, has also increased, and, subject to continued improvement in the shift from "bullets to ballots", this is offering some expectation also for improvement of personal income as measured in PPP XE "Poverty:personal power parity (PPP)" .

A few years ago, the UN attempted to estimate the amount of funding that would be needed to improve this situation. It concluded that developed nations should give 0.7 per cent or 70c per $100 of their gross national product (GNP XE "Poverty:gross national product (GNP)") each year towards development aid to reduce by half the number of people living on less than US$1 per day. This would represent around $280 per year for someone with an annual income of $40,000. The only countries that have met or exceeded this target were Denmark, The Netherlands, Norway and Sweden; most of the others fail to reach it. Both Australia and Japan, for example, give 0.27 per cent. Overall, among the affluent nations, official development assistance was 0.22 per cent in 2000. But of all the affluent nations, none fails so miserably to meet the United Nations target as the United States, which in 2000, the last year for which figures are available, gave 0.10 per cent of GNP XE "Poverty:gross national product (GNP)" , and some of that was given as geopolitical aid.[34]

It is obviously important how such aid is applied. Another working paper referred to by the above UN agency found that there could be varying success in outcomes:

“We find that growth-enhancing, developmental aid has a positive, large and robustly significant effect on growth, while geopolitical aid has a negative, robustly significant effect on growth in some specifications, or is growth neutral. We conclude that aid of the right kind is good for growth and that it translates into growth outcomes after long periods of time. In contrast, total aid (comprising geopolitical and developmental aid together) has no such effect.”[35]

Aid given for geopolitical reasons is extraneous to the economic performance of a country. The level of such aid likely to be received by a particular recipient country from a particular donor depends on geopolitical factors, including whether the recipient country is a member of or a signatory to a strategic alliance, whether it is a present or former colony of the donor and whether the donor and the recipient share a common language. The impact of aid receipts is then explained on the basis of these geopolitical factors on the level of growth experienced by the country, which may have little relationship between aid explained in this way and the actual level of growth experienced.[36]

The need for help is certainly there. It does not necessarily mean development money as such; it can also be given through providing expertise, particularly in construction, education, agriculture and medicine.

To achieve economic growth in developing countries, the human capital has to be developed as well, as without it the poorest peoples in the world cannot benefit from globalisation. Unless literacy and basic skills are improved to a minimal level, even international corporations will not be able to make use of available manpower there, and it is the domain of charities to raise the population’s level of education at least to that minimal level. The teaching of basic skills should also include business ethics to reduce the continuation of corruption that is usually present in such countries.

About the Author

The author, Klaus Veltjens, was born in Germany and is now an Australian citizen. He has retired from his architectural practice, and lives on his alpaca farm with his wife Christine, with whom he has two now adult offspring.

He saw at first hand the collapse of social values at the end of WW II and as a German POW in the hands of the Russians at the age of sixteen. He spent his life to find answers that will empower people to rebuild the strength and influence of a human life-world that has been disconnected from the system of production and bureaucracy, in order to make a warless World Gemeinschaft possible.

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