

The Economist's Thinking is Yesterday, Corporate Social Responsibility's Thinking Is Today

By

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We always think we are operating at the highest layer of maturity of thinking - if we knew of a higher layer, we would be using it. As is clear to any of us who have children, there are layers of maturity of thinking. As we mature, they build on one another, with the higher ones being dependent on the lower ones.

Capitalism is not the end of history. There are higher layers of maturity of thinking than that upon which it is based. This will eventually result in more mature economic agreements. Of this the editors of *The Economist* magazine, in a cover article in its January 22-28, 2005 issue entitled "The Good Company: A Skeptical Look at Corporate Social Responsibility," appear oblivious.

Through fourteen pages, divided into four sub-essays in a special section, it brilliantly and thoroughly argues that public companies that choose to be socially responsible are not being ethical. This is how the main position is phrased: "The critical point is that managers of public companies do not own the businesses they run. They are employed by the firms' owners to maximize the long-term value of the owners' assets. Putting those assets to any other use is cheating the owners, and that is unethical." Their premise is that this *contract* that the company has with its owners is paramount. I disagree. It is important, but it is not paramount.

The question arises, "Is this contract, or any contract, truly the most mature highest priority for a society?"

In the next paragraph, they write, managers "ought" to behave

ethically as they pursue the proper business goal of maximizing owners' value. If there was a line, that was obvious to all, between what is ethical and what is not, perhaps we could leave it at that. However, as we know so well, people can see the same thing very differently. We can probably *now* agree on changes in what we thought was ethical in the past. At one time it was assumed to be ethical to use slaves. At another time it was assumed to be ethical to buy out all of our company's competition. At another time it was assumed to be ethical to discriminate against women and minorities when it came to promotions. At another time it was assumed to be ethical to allow people downstream to die from pollution. In each situation government laws - our collective agreements - were changed to redefine what is acceptable as ethical behavior. How does this transition from one layer of maturity of being ethical to the next occur?

Since our laws in a democracy are, theoretically, based on at least the majority being in agreement on what they should be, it takes time for the supporters of a change to grow in numbers to be a majority. Often in the past, this conversation took the most primitive form - war. American suffered a very painful civil war over the ethicality of slavery.

Today, thank God, we look for more mature ways to have this conversation and build toward a majority embracing a position. Not wanting to resort to violence, either by war or achieving dictatorial powers so we can impose our will upon others, developed societies have very consciously chosen another, non-violent path. It is often called "education" or "consciousness raising" or "a search for truth together."

At no time in the long article did *The Economist* recognized that this maturation of our thinking is an on-going process in society. It assumed that thinking within the two-dimensional pattern of contracts - keeping it or not keeping it - is paramount.

Leaving dictatorships and the divine right of kings and choosing instead to have democratically determined laws be fundamental was the result of a maturation of our thinking. If *contracts* were most important, this change never would have happened. At that time all the economic, social, and political contracts had as their highest priority obeying one person: the dictator or king.

Maturation of contracts can only easily and non-violently occur

when there is recognition of the process of the third dimension of consciousness: maturation. The first dimension of consciousness is the recognition of differences. The second dimension is the recognition of time-space. These two dimensions allow us to be self-conscious, create language, talk to each other, analyze the past, and plan the future. However, this leaves us in the naïve assumption that everything is separate and in competition on the basis of giving highest priority to its self-interests...two-dimensional thinking (me and what I want, good-bad, right-wrong, etc.). Only when we include the third dimension of consciousness - the oneness of nature, and its process of evolution or maturation, do we find the humility to accept that we may not be operating on the highest layer of maturity in our thinking. *Now discovering the next higher layer of maturity of thinking becomes most important.*

Adam Smith, who the article quotes, did not say there is not a more mature way to organize a society than on the basis of self-interest. He only said that it works for the common good also. Why is that? It is because cooperation, not competition, is fundamental in nature.

In our thinking and language all things appear to be separate parts. In fact, all things are parts of one, indivisible whole we usually call “the universe.” Therefore, just as we assume all the parts inside our skin are cooperating for the good of the body, it turns out, we now know, that that is the fundamental pattern of all the parts in the universe. Life is not a contradiction: cooperation inside our skins and competition outside our skins. Cooperation, not competition, is fundamental in nature. About this we do not have choice. This is true whether or not those with the skill of self-consciousness are aware of it in their thinking.

Competition, it turns out, is one of the *ways* or *forms* of cooperation. Compromise is a more mature form. Agreement is a still more mature form. Co-creation is a still more mature form. These are layers of maturity of cooperation. Competition works for the common good, as Adam Smith noticed, because cooperation is fundamental. It is not the most mature form of cooperation. Making it sacred is attachment to a lower layer of maturity of thinking.

Competition cannot occur without a cooperative context. Without an agreement that we both want a piece of land, there would not be a

basis for competition. If I didn't want it and no one else did, then you can have it and there is no competition. The free market upon which capitalism is based is not fundamentally competitive. Just as when watching a basketball game, in the marketplace we focus on the competition. However, in both cases competition could not occur without the cooperative context of the rules. Cooperation cannot be escaped. Capitalism works well because it is *fundamentally* cooperative. Without cooperative rules and regulations competing products could not be produced, distributed, and sit on the same shelf. We could just take a gun and kill our competitors.

The Economist assumes, as all two-dimensional thinkers do, that competition, self-interest, and contracts are paramount. They are not, never have been, and never will be regardless of what people believe. Cooperation, giving priority to the good of all as one, and maturation are paramount in reality.

Many know this now. As science emerged toward being embraced by the majority as our primary method of discovering truth, it was in reaction against the rule of dictators and kings. It, naturally, developed fierce attachment to the belief that objectivity is possible. We now know that there are degrees of subjectivity but objectivity is not possible: we can't get outside the one, indivisible whole. Our maturation into quantum physics from Newtonian physics is the evolution of our thinking toward understanding this. It is time that the publishers and editors of *The Economist* and the rest of the business community, including the corporate social responsibility community (CSR), self-consciously embrace this new, more accurate fundamental assumption for living together.

Yes, the CSR community up until now has made itself vulnerable to the astute criticism of *The Economist's* article because it has also been operating within a two-dimensional framework. I know. I am one of the many founders of this community and the first (in 1982), and now largest family of socially responsible mutual funds, the Calvert Socially Responsible Mutual Funds. In the beginning, our instincts were right. We rejected bringing about change by force. We decided instead to use many forms of education, experiments, and modeling to build toward a majority that would then, through private actions in the marketplace and government laws, establish more mature cooperative agreements.

However, we too were still unconsciously in the two-dimensional pattern in our thinking. So we would not be seen as socialist or worse, publicly we also paid full homage to the self-interest and competition gods. In our souls we knew we were trying to find a better way that would still honor freedom, but we did not know how to think about it.

Now we do. It is the oneness of nature that is fundamental. Therefore, cooperation is the fundamental process. Therefore, we all naturally give priority to the good of all as one, not self-interest - it is a lower form of doing it. And, therefore, our most important self-conscious activity is identifying the next layer of maturity of thinking and re-organizing society to reflect it, that is, *the maturation of our contracts*. We have moved into three-dimensional thinking and this non-violent process of social and economic maturation that is the soul of democracy.

Notice that three-dimensional thinking does not negate competition, self-interest, and contracts. It only makes them second in priority. This pattern of thinking, where we give priority to priorities instead of choosing between this or that, is the pattern of three-dimensional thinking. If the universe is one, indivisible whole, then nothing can be eliminated - there is no second place to put it. It can only be made a lower priority in our thinking.

This means that *the true highest self-interest* is the good of all as one. If we are to operate at this next higher layer of maturity in our thinking, then this must be assumed to be the highest priority by all people, organizations, contracts, etc. To release public corporations from this responsibility because they have a contract with society to give *highest priority* to “maximizing the long-term value of the owner’s assets” is, today, the ethical equivalent of condoning slavery, allowing woman and minorities to be discriminated against when it comes to promotions, or allowing pollution to kill people down stream. Today this is increasingly being seen as an immoral contract with society.

The Economist argues that something should be done about things such as global warming. However, it concludes both that “Settling such questions exceeds both the competence and the proper remit of private enterprise” and that for national and global governments “Devising such a policy, and sharing the costs equitably, is a political challenge of the first order.” The only other possibility it notes is “the implausibility of

expecting the uncoordinated actions of thousands of private firms to yield a coherent optimistic policy.” In this climate, it concludes, it is best to stay at the layer of maturity of thinking that Adam Smith identified: profit maximization will indirectly do it for us. Hum. I can think of another option. How about self-consciously coordinated action by private firms, the governments, and other concerned organizations to yield a coherent optimistic policy? In other words, if the next layer of maturity of thinking is giving priority to what is really the priority in nature, the good of all as one, *then maybe we should give highest priority to it as well?* *The Economist* does not consider this option because they clearly state that this would be going against the sacred code of yesterday that business must be kept at arms length from government...as if we live in anything close to that being true. Today, no group yields greater power over government than corporations.

This is a very dangerous situation. When I recently spoke with the chairman of the board and CEO of one of the largest multinational corporations on the planet about these ideas, his response was, in essence, “I can’t deal with that because I have a job to do.” A corporation is a contract with society. Everyone works under the contract. The contract is in charge. This means that many of the most powerful organizations on the planet are not being run by people but by contracts that are not giving highest priority to the good of all as one. We would not support our children to run a lemonade stand in this way and it is frightening to think that we are running the planet in this way.

The current contract the corporation has with society is, by today’s standards, unethical. It is not only time to change it, but it is also time to establish a global government that fits our times. Short of that, it is time for all corporations to self-consciously establish their own cooperative context in each industry to forge agreements they will all follow based on giving priority to the common good and having competition joyfully continue *as secondary* in importance. There is no reason to wait for national or global governments to do it. I know, we are a long way from this. But we were once a long way from capitalism and democracy also. My main point is this: it is time to create cooperative contexts around all we do and to self-consciously chart our course into a society based on the next higher layer of maturity of thinking: oneness, cooperation, and self-conscious maturation as fundamental in nature.

The CSR industry can only credibly defend itself against the criticism of being “unethical” by bringing attention to this third dimension of consciousness. We have been avoiding doing this because we believed it would be too controversial. Now we have no choice. Evolution has a way of forcing us into higher layers of maturity. Within the two-dimensional pattern of thinking of *The Economist*, CSR can only agree with the criticism and implode. Just as the word “environment” became a code word for “oneness,” which we were too afraid to talk about in 1970, “the common good” may become the code words for oneness in the business community. But code words will not work this time. Now we will have to talk about oneness and the more mature three-dimensional thinking that accompanies it. It can no longer be avoided.

So what has the CSR community actually been doing over these last thirty to forty years? It has been stimulating a conversation about what is best for the good of all as one. It has raised issues. It has started and changed businesses to discover and model what is possible beyond what is currently the norm. It has created socially responsible investment vehicles of all kinds to allow investors to direct investment toward such companies. It has launched non-profits to educate the public. It has become involved in government to raise the level of maturity of many of our social agreements. In other words, its highest priority has actually been the furthering of the discussion of what is ethical and the maturation of our economic and social contracts.

The Economist is most upset that corporations donate capital to charities. That is not the manager’s money, they argue. That is the shareholders’ money. Yet it does not raise concern about so many other things corporations spend money on, such as extremely large ratios between highest and lowest paid employees, salaries of top management going up while those of employees are squeezed down, political contributions for influence, etc. There is also the assumption that the corporation’s contract with shareholders does not include being part of the conversation about what might be more mature contracts for us to forge. There is not recognition of this third dimension of thinking as something all people *and organizations* (groups of people) have an obligation to hold as our highest priority according to the new, more mature standard of what is ethical.

We are now ready to not only move beyond the layer of maturity

where our highest priority is one person - the king, but also the layer where our highest priority is a bunch of would-be kings - capitalism, to something that self-consciously gives priority to the good of all as one each and every moment. Years ago, while traveling in India, I remember reading where Mahatma Gandhi had said that Mao Zedong's system would not succeed because, and I paraphrase, "The next more mature system will build on freedom, not limit it." I agree. We do not know exactly what form the post-capitalist system will take, but that does not mean that it is not of paramount importance for us to be experimenting to discover it. CSR is that conversation. Lets have much more of it, not less of it.

Are we at the end of evolution or somewhere in the middle? In my judgment, it is extreme arrogance to assume the former. Some degree of humility suggests the conservative position of the second possibility. So lets all agree to be true conservatives...in terms of the layer of maturity of our current thinking. Lets agree to very self-consciously give high priority to a discussion of what the next more mature fundamental economic contract might be. Lets all champion experiments, whether under the name "a good company" or "a corporate socially responsible company" to see what will work while honoring a free market. Then lets change our laws, as we have around the environment, workers rights, women's rights, minority rights, community rights, etc., to reflect the next level of maturity that is the minimum we can all agree upon now. Lets leave the now boring two-dimensional melodramas of Tex Ritter and Hop Along Cassidy in the past. Lets bring our entire society, the business, academic, social, and government communities, into the next layer of maturity of thinking for which we are now ready. At a minimum, lets make the search for it one of our highest priorities.

In my judgment there is no better way to honor all the sages of the past, including the founding fathers of this country, than to do what they did - self-consciously elder our society to the next layer of maturity of thinking and to re-organize our lives together to reflect it beautifully.

The final statement of the article in *The Economist* states their position in a few words, "The proper business of business is business. No apology is required." They see business as fundamentally separate from government and all else. *The contract* is permission to do one thing and leave everything else to others. We now know that by nature we are each

fully responsible for giving highest priority to operating for the good of all as one. To do one thing and leave this up to others is what is unethical.

Imagine having our relationships with our lovers be based upon giving priority to self-interest. Hard, cold, lonely, and boring. Instead, we joyfully yield to *the natural cooperative process* of giving priority to the good of us both, and eventually our family, as if one thing. There was a time when this same way of thinking was *unconsciously* extended to the village and even to all of nature. Someday our societies will be based on the same pattern of relationship...*self-consciously chosen*. We just have not yet figured out how to do it. But we will. We will. It is inevitable. Then poverty will be history, financial insecurity will be history, and co-creation will be our focus and our fun.

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