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***There's a tea party going on all right.  
This one is for big business, under the slogan:  
"No taxation with representation."***

The year was 1989 and capitalism had triumphed. Or so, at least, concluded pundits in the West as the communist regimes of Eastern Europe began to collapse. These pundits were wrong—dead wrong—and the consequences of their mistake are now proving fateful. This “electronic pamphlet” describes these consequences and suggests what we can do about them.

I offer this as a member of my communities and of this world, concerned about the trends that I see around me: the degradation of our environment, the demise of our democracies, and the denigration of ourselves, with greed having been raised to some sort of high calling. We need to replace this distorting dogma with a liberating worldview that can engage us in grassroots actions for constructive change.

Many people are concerned about all this, far more than have taken to the streets. The will is there; the appreciation of what is happening, and how to deal with it, is not. We are mired in disparate explanations and disjointed solutions. I pull a number of these into a single framework, to suggest a comprehensive way forward. This is called an e-pamphlet because it is available to anyone, on [www.mintzberg.org](http://www.mintzberg.org).

***"We have it in our power to begin the world over again."***  
(Tom Paine, in his 1776 pamphlet *Common Sense*)

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## I. THE TRIUMPH OF IMBALANCE

A society that fails to balance its three basic sectors—public, private, and plural (“civil society”)—can be ripe for revolution. The problem with revolution is that it usually replaces one form of imbalance with another. As some people among the disenfranchised gain power through force, they tend to carry their society toward some new extreme. This is clearly the story of the Russian Revolution, and arguably that of the American Revolution as well.

### **Russia Immediately, America Eventually**

Soon after the Russian Revolution of 1917 came that country’s new imbalance, from which it has yet to escape fully. A so-called democracy of the “proletariat”<sup>1</sup> concentrated power in the political institutions of government, controlled by the communist party. This attended to certain collective needs, but at the expense of individual liberties. In 1989,

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1. Following Joseph Weydemeyer, Lenin wrote about the “dictatorship of the proletariat.” But he believed this to be the highest form of democracy, in contrast to that of the “bourgeoisie.”

Russia's empire, the Soviet Union, began to unravel, with the ironic consequence of hastening America's free fall to imbalance.

The American Revolution had tilted that country in the opposite direction, thanks to the "checks and balances" of its constitution. The American people had revolted against the authoritarian rule of the British monarchy, and so its leaders made sure to check the power of their own government, by ensuring balance across its main institutions—executive, legislative, and judicial. But this had the effect of weakening government overall, in favor of autonomy for non-state institutions and liberties for individuals, especially those with economic wealth. By curbing power in one place, the constitution over-concentrated it in another.

**The Rise of the Business Corporation** These non-state institutions were of two main types: private businesses, for profit, and community associations, not for profit. In his landmark study of *Democracy in America* (1835/1840), Alexis de Tocqueville recognized the latter as not only significant and characteristically American, but also key to the country's new democracy: "Civil associations facilitate political association, but on the other hand, political association regularly strengthens and improves associations for civil purposes" (1990:115).

DeTocqueville favored the word "association" for these institutions, but "corporation" was also in common usage, for these as well as business institutions. Indeed, a decision in 1819 by the U.S. Supreme Court, that "began the process of creating a distinct legal status for corporations" (Nace, 2003: 235-236), pertained to Dartmouth College. But as businesses gained increasing influence in America, the word corporation came to be associated more exclusively with them.

The American Constitution made no mention of corporations, let alone granting them liberties. The liberties it affirmed were for individual persons, in the spirit of Thomas Jefferson's immortal words in the Declaration of Independence that "We hold these truths to be self-evident, that all men are created equal."

At the time, all men meant all white and propertied men, although these gender, color, and pecuniary restrictions were eventually eliminated. But before that happened another ruling by the Supreme Court, in 1886, reinforced property rights with a vengeance: corporations were recognized as “persons”; with “equal protection of the laws” accorded in the Fourteenth Amendment (which was enacted to protect the emancipated slaves).<sup>2</sup>

From the liberties for individuals enshrined in the American Constitution sprang the entitlements for corporations.

And this has made all the difference. From the liberties for individuals enshrined in the American Constitution sprang the entitlements for corporations. This proved to be a major step in America’s long march toward imbalance, some of the milestones of which are reviewed in the accompanying box.

### **America’s Long March toward Imbalance: 1789 – 1989**

The American nation was barely 40 years old when Thomas Jefferson expressed the “hope [that] we shall crush... in its birth the aristocracy of our monied corporations, which dare already to challenge our government to a trial by strength, and bid defiance to the laws of our country.”

2. This recognition was not, in fact, discussed, debated, or even decided by the court so much as assumed. In fact, the passage in question, inserted in the ruling as a headnote, was written by a court reporter, himself the president of a private railroad. Such headnotes were later agreed to have no legal force, but by then the precedent had been established. See Ted Nace’s (2003) book *Gangs of America: The Rise of Corporate Power and the Disabling of Democracy*, where he probed deeply into this and related issues, concluding that “In general, Supreme Court decisions have granted new corporate rights with virtually no supporting argument, or alternatively have used a strange medley of rationales.” The result has been “a full-fledged legal super-person” (pp. 241, 246).

A half century later, in 1864, Abraham Lincoln saw “a crisis approaching that... causes me to tremble for the safety of my country.” As a result of the civil war, “corporations have been enthroned” and “the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the republic is destroyed.... God grant that my suspicions may prove groundless.”

That He did not do. Instead, 22 years later the Supreme Court granted personhood to the corporations, which eventually enabled them, as we shall discuss, to undermine certain rights of real persons. This grant happened amidst the rise of the great business trusts, with their monopoly positions in industries such as oil, steel, banking, and railroading.

These trusts were eventually beaten back by two anti-trust acts, and corporate power was further restrained by the New Deal legislation enacted during the depression of the 1930s. But then came World War II, followed by the Cold War, and it was back to Lincoln’s great fear. Defense companies benefitted greatly from the ostensible confrontation of capitalist America with communist Russia. By the mid-1960s, the U.S. arsenal comprised 31,225 nuclear weapons—one for every 4000 Russians. Defense spending in the United States eventually grew to equal that of the rest of the world combined. And so a third American president, Republican like the other two, weighed in on the excessive power of the corporations. A few days before leaving office, Dwight David Eisenhower pointed to a “military-industrial complex” as having “the potential for the disastrous rise of misplaced power...”

In the late 1960s, protestors took to the streets of America, as they did in many other countries. Kurt Andersen looked back on this in a *New York Times* commentary of 2012: “...from the

beginning, the American idea embodied a tension between radical individualism and the demands of the commonwealth." But from the late 1960s, and over the next two decades, American individualism was fully unleashed. Andersen characterized this as a kind of "tacit bargain...between the counterculture and the establishment": the "forever-young" could "indulge their...hedonic impulses" while the "capitalists in return" were "free to indulge their own animal spirits," with reduced regulations and lower taxes, thanks to the presidency of Ronald Reagan from 1981 to 1989.

All this while, the globalization movement was challenging the authority of governments everywhere, on behalf of largely unregulated international corporations, a significant number of them American.

In 1989, 200 years after the U.S. Constitution went into effect, the stage was set for America's free-fall into imbalance. The only thing required was a push.

That came as the Cold War ended, indeed because the Cold War ended. Communism, and the political left more broadly, had served as a modest constraint on capitalism, by harping on its weaknesses. But this constraint collapsed alongside those regimes of Eastern Europe: if governments under communism proved bad, then surely all governments had to be constrained. "Capitalism has triumphed!" declared pundits in the West, drawing on the economic dogma of the day to explain what was happening in Eastern Europe. They were dead wrong.

### **The Dogma of Justification**

Supporting this march toward imbalance, especially in the last half century, has been an economic perspective (e.g. Hayek, 1945; Friedman, 1962) that has grown into a prevailing dogma. In its boldest form,

this centers on an “economic man” for whom greed is good, property is sacred, markets are sufficient, and governments are suspect. As *one* view of human society, this makes some sense; as *the* view of human society, it is nonsense.<sup>3</sup>

Greed is good,  
property is  
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As *one* view of  
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nonsense.

Yet it carries merrily along. This dogma, together with the entitlements that it justifies, has formed an implicit but powerful alliance, in America and worldwide, that dominates a great deal of our thinking and acting today (Korten, 1995:72). The fall of communism was made-to-order for this alliance.

We discuss below the “end of history,” a claim made about the so-called triumph of capitalism. The unfortunate reality is that history has kept going... toward the triumph of imbalance.

### **The End of Thinking: 1989—\_\_\_?**

The Berlin Wall was still standing when an article in the American magazine *National Interest* proclaimed “the ultimate triumph of Western liberal democracy...the unabashed victory of economic and political liberalism.” Under the title “The End of History?,”<sup>4</sup> Francis Fukuyama (1989) declared capitalism, not only the best system then, or even the best system ever, but the best system forever.

What we may be witnessing is not just the end of  
the Cold War, or the passing of a particular period

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3. Saul Alinsky quoted Justice Learned Hand that “the mark of a free man is that ever-gnawing inner uncertainty as to whether or not he is right.” Alinsky added: “Having no fixed truth he has no final answers, no dogma, no formula, no panacea” (1969:xiii).

4. The title of the subsequent book of 1992 dropped the question mark.

of post-war history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government. (p. 1)

Karl Marx was dead and so long live Adam Smith, or at least one passage from Smith's 1776 book about an "invisible hand" that drove butchers, brewers, and bakers—free men in the marketplace—to serve society by serving themselves. "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." Mankind—for all of this was about that "economic man"—had reached perfection, thanks to this relentless greed. The floodgates to private power were now wide open.

Never mind that by 1989 Americans were receiving much of their meat, beer, and bread from giant corporations with paramount positions in their marketplaces. Never mind that these corporations were able to exert significant influence over the lives of the millions of people who butchered, brewed, and baked for them, as well as over the governments that these people elected. Adam Smith's world may have long since passed, but not the quaint belief in this one passage of his. As John Kay, a British economist who maintained his sanity through all this, observed: "Every success of capitalism was, for Marxists, further evidence of its inherent contradictions. Every failure of capitalism is, for supporters of the American business model, further evidence of its inevitable triumph" (2003: 382). It was not history that had ended, but thinking, as all we economic men and women were spared the burden of contemplating our future.

Even by the standards of neo-conservative America, Fukuyama's arrogance was monumental. But he was hardly alone. The ostensibly moderate economist, Paul Krugman, winner of one of those Bank

of Sweden Prizes in Economic Sciences (erroneously called Nobel<sup>5</sup>), concurred under the subheading of a *Fortune Magazine* article that read “Economic man is free at last”: “Here, on the millennial cusp, both the American economy and the free-market system it epitomizes seem everywhere triumphant. ...any future claims about a system that trumps the free market are going to face severe skepticism.” The year was 2000, and Krugman added, all too prophetically:

...policy makers and the public are now willing...  
to stick with markets even when they misbehave.  
...basically companies will be allowed to make  
money as best they can in the belief that the invis-  
ible hand will direct them to more or less the right  
place.

This pamphlet challenges the dogma that sees us all driven to compete, collect, and consume our way to neurotic oblivion.

What both Krugman and Fukuyama failed to address is a simple question, which also comes from John Kay: “Did Marxism fail because it was the wrong grand design, or because all grand designs for economic systems are misconceived?” (2003: 192). Put differently, might we social people be grander than economic theory?

This pamphlet challenges the dogma that sees us all driven to compete, collect, and consume our way to neurotic oblivion. That some of us choose to

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5. Alfred Nobel was long dead when the Bank of Sweden created “The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.” Even if they did not mean it to be confused with the real Nobel Prizes, a sloppy press, hardly discouraged by otherwise proper economists, has done it for them. The homepage of [www.Nobelprize.org](http://www.Nobelprize.org) until recently listed the five “Nobel Prizes”, followed by “Prize in Economic Sciences.” (It would be interesting to know why this has just been changed.) Would psychologists have gotten away with this had they created such a prize for themselves?

do so is indisputable. That many of us doing so poses a threat to our collective survival has likewise become indisputable. In place of the dogma, this pamphlet offers an integrating framework, built on the social, political, and economic predispositions of most of us, to suggest how we may be able to attain and maintain a dynamic balance in society.

### **Over the Edge: from 1989**

In 1989, the United States of America was 200 years old. The following words were themselves written about 200 years ago:

The average age of the world's greatest civilizations has been 200 years. Great nations rise and fall. The people go from bondage to spiritual truth, to great courage, from courage to liberty, from liberty to abundance, from abundance to selfishness, from selfishness to complacency, from complacency to apathy, from apathy to dependence, from dependence back again to bondage.<sup>6</sup>

America had gone through most of these stages by 1989, while retaining characteristics of each. The most evident exception was the last stage, of a return to bondage. Is that happening now?

What triumphed in 1989, relatively speaking, was balance. The communist regimes of Eastern Europe were utterly out of balance, with so much power concentrated in their public sectors. These regimes collapsed under their own dead weight, even if they were pushed by an aggressive America. In contrast, at that time the successful countries called Western exhibited a balance of power across

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6. These words have been attributed to the Scotsman Alexander Fraser Tytler (circa 1810). The original source has not been found, although the wording would seem to be his (see Collins, 2009). The American Library of Congress cites this as "Tytler, unverified". But does the dispute over their exact origin diminish the significance of the words themselves?

the three main sectors of society—public, private, and plural—more or less.<sup>7</sup>

More was the case in countries such as Germany, Sweden, and Canada, less in the United States. Yet compared with what has followed, the U.S. still mitigated the forces of markets and individualism with, for example, extensive welfare services, substantial regulation of business, and significant levels of taxation for wealthy individuals and corporations. As David Brooks, a moderately conservative columnist for *The New York Times*, wrote in 2010: “the American story is not just the story of limited governments; it is the story of limited but energetic governments that used aggressive federal power to promote growth and social mobility.” He referred to efforts that regard “every new bit of government action as a step on the road to serfdom” as potentially amounting to “a political tragedy.”

It was not the collapse of the Eastern European regimes that sent the United States over the tipping point so much as a misunderstanding of the cause of that collapse. For if capitalism had triumphed, then the economists had it right and the corporations were the heroes. They saved the world from the communist menace: why stop them at that point? But if it was balance that triumphed, then their excesses had to be stopped right then and there. The opposite happened.

It is not that corporations have been waging some kind of orchestrated conspiracy. True, they have sometimes acted in concert to enhance their influence, as when business associations have lobbied for lower taxes. But of far greater effect has been the steady pull of so many private forces, each pursuing its own interests—creation of tax loopholes, extension of government subsidies, loosened enforcement of regulations, and so on—pitted against a public sector that has become decreasingly able, and inclined, to resist them. Add up the

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7. “...America emerged from World War II with government, market, and civil society working together in a healthier, more dynamic, and more creative balance than at any time since pre-Civil War years” (Korten, 1995:88).

consequences of so many deliberate but disparate actions—all the lobbying and litigating, maneuvering and manipulating—and the country has ended up with the equivalent of a coup d'état. Adam Smith's invisible hand in the American marketplace has become a visible claw in the American Congress.<sup>8</sup> De Tocqueville identified the genius of American society as "self-interest rightly understood." Now the country funds itself overwhelmed by self-interest fatefully misunderstood.<sup>9</sup>

Adam Smith's invisible hand in the American marketplace has become a visible claw in the American Congress.

Nace has written of corporations "bending the world by tiny steps to suit themselves" which "over time...have resulted...in the wholesome transformation of society" (2003: 296). Reflect on the extent to which American society has been transformed since 1989. Think about the impact of Supreme Court rulings on the rights of corporations to make political donations. Have a look at the figures on how skewed the distribution of income and wealth have become in America. Consider that "only a generation ago, excluding corporations from the political area was not only thinkable and debatable but was also the law in some [American] states" (Nace, 2003: 233). Moreover "In the mid-1980s, President Ronald Reagan overhauled the tax system after learning that General Electric...was among dozens of corporations that had been using accounting gamesmanship to avoid paying taxes. 'I didn't

8. Not that Smith was unaware of such shenanigans: "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices" (1776/1997: 145).

9. "The Americans...are fond of explaining almost all the actions of their lives by the principle of self-interest rightly understood; they show with complacency how an enlightened regard for themselves constantly prompts them to assist one another and inclines them willingly to sacrifice a portion of their time and property to the welfare of the state;" or later, to "save the rest" (1840 [1990: 222, 223]). On the next page however, de Tocqueville added: "... but it remains to be seen how each man will understand his personal interest" (p. 224).

realize that things had gotten that far out of line’’, he said, closing loopholes (Kocieniewski, 2011a). Have a look at how far out of line they are now. On the global level, in 1987 the Montreal Protocol successfully addressed the problem of the ozone layer, as a “result of unprecedented international cooperation” (Bruce, 2012). Could this happen today? The answer lies in a string of recent international conferences on global warming. (These and other such excesses are reviewed in the Appendix, alongside some of their social consequences in the United States.)

### **Market Economies or Corporate Societies?**

Back to bondage. It has been said that the final stage of slavery is when you no longer realize that you are a slave. The Eastern Europeans under communism never reached that stage. They understood

When the enterprises are free, the people are not.

full well how enslaved they were by their system of governance. But how many of us now realize the extent to which we have become the slaves of our own economic structures? Do we recognize the extent to which our so-called market economies have become corporate societies, wherein business as usual has be-

come hardly anything but business? One little “s” has slipped into our lives with enormous consequences: economies of free enterprise have become societies of free enterprises. When the enterprises are free, the people are not.<sup>10</sup>

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10. Concerning *laissez-faire* and the market economy, Karl Polanyi has written: “However natural it may appear to us to make [the assumption of the market economy], it is unjustified: market economy is an institutional structure which, as we all too easily forget, has been present at no time except our own, and even then it was only partially present. ...free markets could never have come into being merely by allowing things to take their course. Just as cotton manufacturers—the leading free trade industry—were created by the help of protective tariffs, export bounties, and indirect wage subsidies, *laissez-faire* itself was enforced by the state....Even free trade and competition required intervention to be workable” (1994: 37, 139, 150).

As the Berlin Wall fell, it took with it much of the left side of the political spectrum of countries all over the world. As the governments of Eastern Europe were discredited, people were persuaded to see all governments as discredited. This has been especially so in the United States, where there has long been widespread suspicions about government. Such suspicions are one thing—we all share a dose of that—but a collective misunderstanding of the role of the state in a balanced society is quite another. Voters who thoughtlessly dismiss government usually get the governments they deserve. (Publications of mine that elaborate on this and some other issues are listed in a section of the References.)

It is telling that “socialism” has become a dirty word in America, leaving the impression that there is something wrong with things social, while the word “capitalism” has come to represent all things right. In fact, what might be called *adjectival capitalism* has become fashionable—“sustainable capitalism”, “caring capitalism”, “breakthrough capitalism”, “conscious capitalism”, “regenerative capitalism”—as if, somehow, if we can just get capitalism right, all will be well again.

How did a word coined to describe the creation and funding of private enterprises, themselves intended to supply us with commercial goods and services, come to represent the be-all and end-all of our existence? Is capitalism any way to run public services or judge their effectiveness, any way to understand the needs of education and health care, any way to organize our social lives and express our values as human beings? Capitalism was intended to serve us. Why are so many of us now serving it? Or as Pope Francis put it recently, “Money must serve, not rule.”

The private sector now dominates American society to such an extent that no established form of political activity is likely to dislodge it. The restoration of balance will thus require some form of renewal unprecedented in American history.

## Only in America?

After I gave a talk on these ideas in India a short time ago, a Swede came up to ask why I placed so much emphasis on the United States. Surely his country was in a better state.

Maybe so, I replied, but for how long? The U.S. may be in the forefront of imbalance, but it is hardly alone. The rise of the dogmatic right, out of the ashes of the dogmatic left, has been throwing a great many countries out of balance. Thanks to American influence, and a globalization movement that is suppressing so many things local, the rich of many countries are getting exponentially richer while income levels for the rest stagnate and social problems fester.<sup>11</sup>

I am a citizen of Canada, a country that used to be known for its tolerance, its peacekeeping, and the effectiveness of its government services, such as comprehensive Medicare. As noted earlier, we were rather balanced in 1989. No longer. Thanks to a neo-conservative government and other factors, we too have become cheerleaders for the economic dogma in alliance with corporate entitlements. Indeed, it is a Canadian media figure and businessman, Kevin O’Leary, who may have expressed the situation best (on CBC radio, 2011): “I’m not in it for the money, I’m in it for the freedom. In this world, you need money to be free.” (That is true enough—because the wealthy have made it true.) If Canada has so succumbed, can Sweden be far behind? See the accompanying box.

So no matter where you live, if you wish to sustain whatever balance remains in your own country, and help to stop what could well be the end of our history, I suggest that you understand what is happening in the United States—especially if you are American.

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11. More recently an American who grew up in Oregon raised the same point about his relatively progressive state. I gave him the same answer.

## Public Rights or Private Profits?

In the mid-1990s, the Organization for Economic Co-operation and Development (OECD) promoted a Multilateral Agreement on Investment that would have allowed private investors to sue governments in what were then called “independent settlement mechanisms”. Widespread outrage stopped that, so attention turned to accomplishing the same thing in bilateral agreements. That has largely succeeded: a number of subsequent trade pacts have included special courts of arbitration that enable private companies to sue sovereign states whose laws or regulations—even in matters relating to health, culture, and environment—they see as having reduced “the value of [their] profits or expected future profits” (Nace 2003: 257). Corporations have used these courts, not only to sue states, but more simply to threaten them with such suits, which has had a “chilling effect on legislation” (Monbiot, 2013).

In December of 2013, *The New York Times* ran an article and editorial about how “big tobacco” has been using litigation to “intimidate” and “bully” poor countries around the world into rescinding regulations intended to control the use of tobacco. The health minister of Namibia referred to having “bundles and bundles of letters” from the industry about its attempts to curb smoking rates among young women” (Tavernise, 2013).

But these efforts have not been restricted to poor countries. The North American Free Trade Agreement (NAFTA) has such a court. Recently, after Canadian courts revoked two of Eli Lilly’s patents for want of enough evidence to support “the beneficial effects it claimed, [the company sued] the Canadian government for \$500 million, and demand[ed] that Canada’s patent laws be changed.” One Canadian official has reported seeing

“the letters from the New York and DC law firms coming up to the Canadian government on virtually every new environmental regulation and proposition in the last five years” (Monbiot, 2013).

In his article in the Guardian, entitled “This trans-Atlantic trade deal is a full-frontal assault on democracy,” Monbiot wrote:

The rules are enforced by panels which have none of the safeguards we expect in our own courts. The hearings are held in secret. The judges are corporate lawyers, many of whom work for companies of the kind whose cases they hear. Citizens and communities affected by their decisions have no legal standing. There is no right of appeal...

One NGO labeled this “a privatized justice system for global corporations”; while a judge on these courts was quoted as saying that “it never ceases to amaze me that sovereign states have agreed to [such] arbitration at all...”

As I write this, the European Union is negotiating a trade pact with the United States. As a consequence, the lop-sided lobbying so prevalent in the United States has come to Brussels with full force, a good deal of it from newly-installed American law firms (Lipton and Hakim, 2013). Aside from representing the usual global players—in pharmaceuticals, petroleum, finance, and so on—these firms are lobbying to have courts of arbitration included. If they succeed, these “negotiations could...become de facto global standards” (Hakim and Lipton, 2013), since the EU and the US account for almost half the world’s trade. In other words, power could end up tipping so far in favor of corporations that no nation may be able to counter it.

If, however, the Europeans stand their ground, this could instead become a turning point, away from the massive private entitlements, toward balance. Then, perhaps, the national courts of other countries will dismiss these courts of arbitration as outrageous violations of citizens' rights.

### **A Rant against Imbalance, not Business**

If the above, and the Appendix, sound like a rant, then let me assure you that they are, for good reason. All of this is the tip of a metaphorical iceberg that is threatening our world. When an iceberg goes out of balance and flips over, the effects on what's around it can be catastrophic. What's around this iceberg is everything that we know—our lives and our planet.

But please do not take this as a rant against business. I cherish businesses that compete responsibly to bring me worthwhile products and services. I eat at wonderful restaurants, work with dedicated publishers, buy some strikingly creative products. Like most people, but perhaps more so because studying organizations is what I do for a living, I have a deep respect for the companies that respect me. Thankfully there remain many of these, big and small.

But I have an equally deep disdain for the companies that try to exploit me: by their bamboozle pricing, shoddy products, indifferent services, and phony advertising. Unfortunately these are on the increase, thanks in good part to the relentless drive for growth forced on publicly-traded companies by frenetic stock markets. And then there are the increasing numbers of companies that seek to exploit *us*: by political advertising to sway

There's a tea party going on all right. This one is for big business, under the slogan: "No taxation, with representation."

opinions on public issues; taking government handouts in the name of free enterprise; and spending vast sums on lobbying to enhance already privileged positions, for example through tax concessions. In 1952, 32% of all taxes in the U.S. were paid by corporations; by 2010 that figure was down to 9%. There's a tea party going on all right. This one is for big business, under the slogan: "No taxation with representation."

Those executives who truly wish to be socially responsible can start by getting their companies out of our governments. Claiming that government must not meddle in the affairs of business while business meddles in the affairs of government is a hypocrisy that distorts and degrades our societies. Every citizen has the right to make his or her concerns known. But no citizen, let alone any artificial person, has a moral right to use private wealth to influence public policies, not in any society that wishes to call itself democratic.

## **II.FROM EXPLOITING RESOURCES TO EXPLORING OUR RESOURCEFULNESS**

The dogma that dominates our thinking sees this as a world of resources to be exploited, be they land, water, air, or the creatures that inhabit them, including ourselves as “human resources.” Let’s contrast this with a world that explores our human resourcefulness.<sup>12</sup>

### **A World that Exploits Resources**

In every economy can be found enterprises that are more inclined to explore and others more inclined to exploit. By innovating, the explorers energize the marketplace and the workplace. The exploiters, at their best, help to disseminate these innovations while bringing down their prices.

There have always been other kinds of exploiters too, for example tourist-trap restaurants that know they will never see the customers

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12. In a 1991 paper, James G. March contrasted “the exploration of new possibilities” with “the exploitation of old certainties,” concluding that the latter may be “effective in the short run but self-destructive in the long run” (p. 7).

again. The problem is that such exploitative behaviors have become far more prevalent in large enterprises. Many acquire rivals to dominate markets, while squeezing their workers, suppliers, and customers instead of building sustainable relationships with them (see Meyerson, 2013).

In a healthy economy, the younger, faster, exploring enterprises displace the older, slower, exploiting ones. Too much of the opposite is now taking place. Witness the bailouts of some of America's sickest companies alongside continuing subsidies and tax breaks for some of its richest. Read the daily revelations about fraud and other forms of corporate malfeasance, most of which go unpunished. (If you are going to commit a crime in today's world, wear a white collar, not a blue one.)

There remain many large enterprises renowned for their exploration, albeit with some exploitation too—for example, the Apples of America. The problem is that the exploiters have become sustainable: they are hogging too much of the nation's wealth. That is why the American economy has been faltering in recent years.

But don't wait for economists to fix it. They work in the upper reaches of abstract theories and aggregated statistics, while the economy functions on the ground, where products are made and customers are served. Here is where the problems are festering: in the mismanagement of so many large enterprises, for the sake of quick gains. And so here is where the economy will have to be fixed, with patience and determination, enterprise by enterprise. (I have elaborated on this in "Rebuilding American Enterprise," available on [www.mintzberg.org/enterprise](http://www.mintzberg.org/enterprise).)

**Exploiting the Externalities** In a world of exploitation, I can do as I please with my property, the social and environmental consequences be damned. The economists have a convenient word for these damned consequences: *externalities*. It means that while a company gains from the tangible benefits of what it owns, everyone else pays for their intangible costs—for example the air polluted by its factories and the

breakdown in the families of workers it “downsizes.” (This fancy word for firing people in great numbers has become the bloodletting of our age: the cure for every corporate ill.)

But don’t think it’s just *them*. It’s us too. Take garbage. Where I live it costs me nothing: I can throw out as much as I like. Why should I even bother with recycling—that takes effort. The fatal flaw in this thinking is that there are no human activities without externalities, and these are accumulating at unsustainable rates. Garbage may be free for you and me, but it’s not free for us. What each of us can afford our planet cannot. We have to think beyond our individual needs because our micro behaviors are creating macro destruction.

Economists tell us that if we can afford it, we can do it: drive gas-guzzling cars, amass possessions beyond anything we can possibly use, eat gluttonously while our neighbors starve. Supply and demand will take care of the problem. (Go tell that to a starving neighbor.) What happens to life on earth when so many of us can afford such indulgences and many more are intent on joining the party? Will supply and demand kick in after it’s too late? Dig beneath these two foundations of economic theory—our right both to consume whatever we can afford and to slough off the externalities— and have a look at the behaviors that are crawling underneath.

Competitive markets are wonderful—so long as, in the spirit of Adam Smith, they benefit many of us while serving some of us. What we are seeing instead are *markets of entitlement*, which benefit some of us at the expense of many of us: markets for subprime mortgages, markets for executive compensation, markets for housing that favor absentee

Dig beneath these two foundations of economic theory—our right both to consume whatever we can afford and to slough off the externalities—and have a look at the behaviors that are crawling underneath.

In the name of liberty we are suffering from individualism: every person and every institution striving to get the most for him, her, or itself, over the needs of society and a threatened planet.

owners over local residents, markets that are destroying the planet by what they allow us to ignore as externalities.

Choose your story of market failure: the newspapers are full of them. Here is a particularly callous one, under the title “Moving Piles of Aluminum is a Bonanza for Wall Street.” In a full page of investigative reporting, Kocieniewski (2013a) described the “dance...choreographed by Goldman Sachs to exploit pricing regulations set up by an overseas commodity exchange,” during which the company stored and shuffled aluminum bars around uselessly.

The report says that this has cost more than \$5 billion over three years to American consumers. Imagine if such behavior was treated as robbery, not just legal corruption.

John Maynard Keynes famously declared that “In the long run, we are all dead.” By “we,” he meant each of us, individually. There is no collective we in mainstream economics, no acknowledgement of community. But it is the collective we that is now threatened—ecologically, politically, socially, and economically—and the long run is getting shorter.

In the name of liberty we are suffering from individualism: every person and every institution striving to get the most for him, her, or itself, over the needs of society and a threatened planet.<sup>13</sup> Enough of the clever words of Keynes, enough of self-interest fatefully misunderstood. We need to heed the wise words of Chief Seattle, the aboriginal elder who declared that “We do not inherit the earth from our ancestors; we borrow it from our children.”

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13. “...individualism, at first, only saps the virtues of public life: but in the long run it attacks and destroys all others and is at length absorbed in downright selfishness” (de Tocqueville, 1840: 98).

## **A World that Explores Our Resourcefulness**

In “Little Gidding”; T.S. Eliot wrote famously that:

We shall not cease from exploration  
And the end of all our exploring  
Will be to arrive where we started  
And know the place for the first time.

Today we need to cease from exploitation, so that we can arrive where we started and know our place for the first time.

Enough of all those “isms” that have empowered the few while disempowering the many. After royalism and feudalism came capitalism and communism, and later fascism. Now capitalism has become the end of history. Under Russian communism, the apparatchiks hijacked that country’s democracy of the “proletariat”; under American capitalism, the free enterprises are hijacking the democracy of free people. Both are labels for systems that promote undeserved privilege. To paraphrase an earlier Russia expression: “Communism is the exploitation of man by man. Capitalism is the opposite.”

We can get beyond these isms by exploring our resourcefulness—individually and collectively. We human beings are in no small measure explorers—by which I mean for creative ideas, not crude oil—and in the process appreciate ourselves and our world that much more profoundly. Exploring can also render us more productive, because while exploitation exhausts our resources, exploration energizes our resourcefulness. (See the accompanying box.)

### **The Fresh Air of Resourcefulness**

Mary Parker Follett presented a paper in 1925 about three ways to deal with conflict, only one of which she favored.

The first she called *domination*: the victory of one side over the other. The problem is that the other “will simply wait for its chance to dominate.” We have seen domination in various revolutions and see too much of it in our current imbalance. A second she called *compromise*: “each side gives up a little in order to have peace.” But with neither side satisfied, she claimed, the conflict will keep coming back. Of this also we have been seeing too much.

Follett favored a third way, which she called *integration*: moving the debate to another place, going back to basics to find common ground.

Integration involves invention....and the clever thing is to recognize this and not to let one’s thinking stay within the boundaries of two alternatives which are mutually exclusive. In other words, never let yourself be bullied by an either-or situation...Find a third way.

Follett used a simple example. She was in a small room in a library when someone wanted the window open, for fresh air. But she wanted it closed, to avoid the draft. So they opened a window in the next room.

This was hardly a brilliant or creative solution, just a resourceful one. All it took was two open minds and some good will. We desperately need more such fresh air today.

In a robust economy, growth is judged by the qualities enhanced, not just measured by the quantities produced. Such an economy does not merely expand; it develops, qualitatively as well as quantitatively, socially as well as economically.

### III. THREE PILLARS TO SUPPORT A BALANCED SOCIETY

In James Clavell's novel *Shogun*, the Japanese woman tells her British lover, confused by the strange world into which he has been shipwrecked, that "It's all so simple, Anjin-san. Just change your concept of the world." To regain balance, we too just need to change our concept of the world. A good place to start is by reframing the political dichotomy that for two centuries has narrowed our thinking along one straight line.



## The Consequences of Left and Right

Since the late 18<sup>th</sup> century, when the commoners sat to the left of the speakers in the French legislatures and the “ancien régime” to the

Left or right,  
many voters see  
everything as  
black and white.

right, we have been mired in this great debate between left and right, governments and markets, nationalization and privatization, communism and capitalism, and on and on. A pox on both these houses. We have had more than enough of sliding back and forth along the assumed line between two unacceptable extremes.<sup>14</sup>

Capitalism is not good because communism proved bad. Carried to their dogmatic limits, both are fatally flawed. “So long as the only choice is between a voracious market and a regulatory state, we will be stuck in a demoralizing downward spiral” (Bollier and Rowe, 2011: 3). Too many countries now swing between left and right, while others sit paralyzed in the political center.

**Pendulum Politics and Paralyzed Politics** It is surprising how many voters now line up obediently on one side or the other of the political spectrum: left or right, they see everything as black and white. It is even more surprising how many countries are split so evenly between such voters.<sup>15</sup>

That leaves a few in the center, who determine the outcomes. They want moderation, but by having to cast their votes one way or the other, too often they get domination: the elected party carries the country far beyond what its vote justifies, to serve its minority while ignoring the majority. Egyptians in 2012 got the biases of the Muslim Brother-

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14. On 8 December 2011, Semyon Bocharov wrote to me: “Here is in Russia, where Marx was our past and Smith is our present, we all want to see suggestions for the future” (used with permission).

15. For example, “Between 1996 and 2004 [Americans] lived in a 50-50 nation in which the overall party vote totals barely budged five elections in a row” (Brooks, 2011e). Now it is seven in a row.

hood, while Americans in 2000 got George W. Bush with a promise of “compassionate conservatism” that gave them a tragic war in Iraq.

The swing voters eventually get fed up and switch, so the country ends up in pendulum politics: up goes the right and down goes the left, until up goes the left and down goes the right, as each side cancels out the accomplishments of the other.

Countries with larger numbers of moderate voters get more moderate politics, with governments closer to the center. This may be a better, more tolerant place, with its penchant for compromise. But as Follett pointed out, that has its own problems. Coalitions of compromise, *de facto* or *de jure*, have to negotiate everything, left and right. At best the country gets micro solutions for its macro problems: at worst it ends up in political gridlock.<sup>16</sup>

**Power to the Entitled** Paralyzed politics or fruitless swinging does not paralyze society. Quite the contrary, both license powerful private institutions to do as they please. While the politicians dither, debating marginal changes in their tiresome legislatures at home and offering great pronouncements at their grand conferences abroad, those corporations so inclined bolster their entitlements, by busting unions, reinforcing cartels, manipulating governments to serve their needs,<sup>17</sup> and escaping whatever taxes and regulations happen to remain. All the while, they are cheered on by economists who revel in such freedom of the marketplace, as the world continues its ceaseless march to imbalance.

### **Protesting what is while confusing what should be**

In recent years, protests have erupted in various parts of the world—for example in the Middle East over dictatorships and in Brazil over

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16. “The center is not just paralyzed. It is also blinkered. It has no meaningful story, no new narrative that gel people together apart from stock phrases and hackneyed expressions.” (Farzad Khan, in personal correspondence).

17. “...the neoliberal reforms...are not designed to shrink the state...but to strengthen state institutions to serve even more than before the needs of the substantial people” (Chomsky, 2006: 218 citing Ocampo).

corruption. For its part, the United States has experienced occupations on one side of the political spectrum and tea parties on the other. Both have been clear about what they oppose, but are confused about what to propose. For example, Included in the “Non-negotiable Core Beliefs” on the Tea Party website in 2013 were the following: “Gun ownership is sacred” and “Special interests must be eliminated.” The gun lobby is apparently not a special interest.<sup>18</sup>

The protestors on the streets of the Middle East have not been confused. Beside jobs and dignity, they have been out for freedom, liberty, democracy, in the first instance the right to elect their leaders. Yet this is precisely what the occupiers of the streets of America have been rejecting: the freedom of free enterprises, the liberty of the 1%, the democracy of legal corruption. Those in Egypt got their democracy all right: open elections that put the Muslim Brotherhood into power. Welcome to 21<sup>st</sup> century democracy!

So back they went into the streets, clearer on what they didn’t want than what they did. The army removed the Brotherhood, with consequences that have so far proved dire. I hope that well-meaning Egyptians will work this out, because many of us in Canada, and elsewhere, have the same concern: how to get governments that integrate legitimate wants, instead of favoring narrow ones.

A number of the pundits in the West who were quick to understand the early protests in the Middle East pronounced themselves confused by the protests closer to home. “Got a gripe? Welcome to the cause” headlined the *International Herald Tribune* sarcastically (Lacey, 2011).<sup>19</sup> Yes, the gripes have varied—unemployment, income disparities, bank-

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18. “...the ideologues who dominate the political conversation are unable to think in holistic, emergent ways. They pick out the one factor that best conforms to their preformed prejudices and, like blind men grabbing a piece of the elephant, they persuade themselves they understand the whole thing” (Brooks, 2011d).

19. To its credit, *The New York Times*, owner of the *International Herald Tribune*, in an editorial on 8 October 2011 criticized such attitudes by “the chattering classes”, claiming that “the message—and the solutions—should be obvious to anyone paying attention.” The Protestors “have been giving voice to a generation of lost opportunity.”

er bonuses, global warming. But what has been behind most of the protests—east and west, north and south, left and right—should be obvious to anyone who cares to get it. People have had it with social imbalance.<sup>20</sup>

To sum up, no thank you to a compromised center that reinforces imbalance any more than to the pendulum politics of left and right that goes nowhere. It's all so simple: we just need to change our concept of the political world.

What has been behind most of the protests—east and west, north and south, left and right—should be obvious to anyone who cares to get it. People have had it with social imbalance.

### **Public, Private, and Plural Sectors**

Fold down the ends of that political straight line, to take it to a circle, as shown in the accompanying figure. This way we can see the left and the right, not as two sides of politics, but as two sectors, representing governments and markets, joined by a third, representing communities.

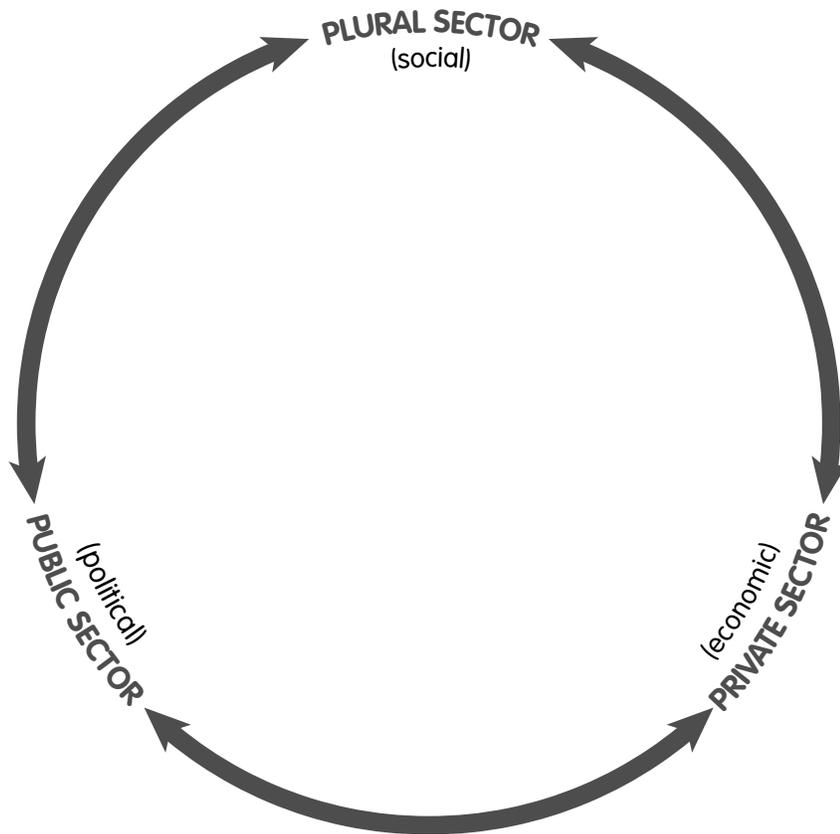
Strength in all three is necessary in a balanced society. Imagine them as the sturdy legs—pillars if you wish—of a stool on which a bal-

20. In a column in *The New York Times*, Anand Giridharadas (2011) mused about whether Sarah Palin's detractors would notice if she said "something intelligent and wise and fresh about the American condition." In a talk, she had made "three interlacing points":

First, that the United States is now governed by a "permanent political class" drawn from both parties, that is increasingly cut off from the concerns of regular people. Second that these Republicans and Democrats have allied with big business to mutual advantage to create what she called "corporate crony capitalism." Third, that the real political divide in the United States may no longer be between friends and foes of Big Government, but between friends and foes of vast, remote, unaccountable institutions (both public and private).

Palin went on to condemn corporate lobbyists, special interests, and "the collusion of big government and big business and big finance to the detriment of all the rest," and to distinguish good from bad capitalists, meaning small ones that take risks from big ones that live off bailouts and dodge taxes, while not creating jobs. Was Palin on the left or the right in making these comments, so similar to ones made here? (See Freeland, 2013.)

anced society has to be supported: a public sector of political forces rooted in respected governments; a private sector of economic forces based on responsible businesses, and a plural sector of social forces manifested in robust communities.



Expressed differently, a democratic society balances individual, collective, and communal needs. As individuals in our economies, we require responsible enterprises for some of our employment and most of our consumption. As citizens of our nations and the world, we require respected governments, especially for many of our protections. And as members of our groups, we require robust communities for many of our social affiliations. So even if we work in only one sector, every one of us functions in all the sectors.

Communism and capitalism have each tried to balance society on one leg. It doesn't work. Nor can it be balanced on two legs, as the compromised politics of centrist politics has often tried to do. I believe that the key to renewal is the third leg, the plural sector. By taking its place alongside the other two, this sector can not only help to maintain balance in society, but also drive the restoration of balance in the first place.

The plural sector is hardly absent in society. In fact it is pervasive: many of its institutions are prominent, and renowned, for example in education and health care. Co-operatives are also prime institutions of the plural sector: the United States alone is home to about 30,000 of them, with 350 million memberships, more than one for every man, woman, and child in the country. Yet the sector itself has been surprisingly overshadowed by the machinations of left and right.<sup>21</sup>

Consider "privatization," which has generally been seen as taking place from the public sector to the private sector, even though the plural sector offers a better fit for many of the services that have been in government. Likewise, the much talked about PPPs refer to partnerships between public and private institutions. Why not with ones in the plural sector? In health care, the great debate has been about the provision of services in markets, for the sake of choice, versus those by governments, for the sake of equality. Where is recognition of the plural sector, whose strength is in the delivery of quality?<sup>22</sup> In fact, think of

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21. In the United States "We still have one party that talks the language of government and one that talks the language of the market. We have no party that is comfortable with civil society, no party that understands the ways government and the market can both crush and nurture community, no party with new ideas about how these things might blend together" (Brooks, 2013a).

22. Some years ago, an article in *Vanity Fair* (Hitchens, 1998) quoted a right wing activist who had been a vociferous opponent of Hillary Clinton's public sector initiative in health care: "I was the pit bull for the attack out here.... But I never imagined that the government would implode and leave the field to the insurance industry and the corporations that got in on the first floor." The author added: "...nobody voted for [this market-medicine HMO system]; nobody was consulted about it; nobody elected it. Yet it...is accountable only to itself and to unforeseeable fluctuations in the stock market." No mention was made of the plural sector.

the hospitals you admire most. Are they public? Or private?

### **Welcome to the Plural Sector**

“If men are to remain civilized or to become so, the art of associating together must grow and improve” (de Tocqueville, 1840/1990:10). So let’s take a good look at what distinguishes the sector that best encourages this.

**Why “Plural”?** First, labeling. There are a number of reasons why this sector gets marginalized, one discussed already (the obsession with left and right), two to be discussed soon. Another reason, which may seem insignificant but is not so, is the variety of unfortunate labels by which this sector has identified itself. These include (a) the “third sector,” as if it is third rate, an afterthought; (b) the home of “not-for-profit” organizations, as if governments are for-profit, and of “non-governmental organizations” (NGOs), as if businesses are governmental; (c) the “voluntary sector,” as if this is a place of casual employment; and (d) “civil society,” the oldest, yet perhaps most confusing label, hardly descriptive in and of itself (in contrast to uncivil society?)<sup>23</sup> At a meeting I attended recently of scholars dedicated to this sector, I heard mention of most of these labels in the course of one hour. If the experts can’t get their vocabulary straight, how are the rest of us to take this sector seriously?

I propose the term *plural* because of the variety of associations in this sector, also the plurality of their membership and ownership.<sup>24</sup> Not incidental is that the word starts with a “p”: when I have introduced it

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23. See Swift (1999) on the ups and downs of “civil society.” Another, related problem is the lack of any widely recognized author and book associated with this sector. The private sector has Adam Smith and his *Wealth of Nations*—or at least that one paragraph mentioned earlier—reinforced by the writings of Hayek and Friedman. And the public sector, at its extreme, has had Karl Marx and his *Das Kapital*. My nomination for the plural sector is Karl Polanyi and his book *The Great Transformation* (1944), although sections of de Tocqueville’s *Democracy in America* (1835/40-1990) could well take their place alongside Smith and Marx.

24. “... the landscape of the third sector is untidy but wonderfully exuberant” (de Oliveria and Tandon, quoted in Edwards, 2004:32). “It promotes pluralism by enabling multiple interests to be represented, different functions to be performed, and a range of capacities to be developed” (p. 32).

in discussion groups, “plural” has taken a natural place in the conversations alongside “public” and “private.”<sup>25</sup>

**Plural Sector Associations** It is most evidently in their ownership that plural sector associations<sup>26</sup> differ from private sector businesses. Some are owned by their *members*, in equal shares, as in worker co-operatives. And others are owned by no-one: they are constituted as “trusts.” This includes many of the most prestigious hospitals and universities in the United States as well as service organizations such as the Red Cross and activist organizations such as Greenpeace (see Mintzberg et al., 2001). Both forms can function in what is called the *social economy*, which means that they sell products and services, as does the Red Cross with its swimming lessons (Neamtan, 2005).

Then there are all the activities of this sector that are less formally organized: a book club among friends, a community that self-organizes to deal with a disaster, a protest group that challenges some environmental spill, a service unit that organizes to feed the poor in their community.

Some of these are *social movements* and others create *social initiatives*. A movement, usually larger, raises consciousness about some issue, as did the Egyptians who gathered in Tahrir Square to confront the power of their president. An initiative usually starts in a smaller group, often within a community, to initiate some social change, as did the Grameen Bank when it established micro financing to help poor village women in Bangladesh. A movement, if you like, happens in the streets while an initiative functions on the ground.

**Common Property in the Plural Sector** Besides ownership, really beyond it, is a particular form of property.

For centuries, property has been seen as absolute, based on some

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25. We could also call this the “social sector,” but in comparison with the other sectors labeled political and economic.

26. As noted earlier, this was deTocqueville’s preferred word: People with “a common interest in some concern... meet, they combine, and thus, by degrees, they become familiar with the principle of association” (1840/1990: 115).

Communism taught us that a society with hardly any private property cannot function effectively. Capitalism is teaching us that a society with hardly anything but private property may not be much better.

sort of natural law, even God-given—whether obtained by hard work, purchase, or inheritance. Today the business corporation is seen as the property of shareholders, even if they are day traders, while employees who devote their working lives to it have no legal stake in it. Marjorie Kelly (2001) has likened this to ownership in feudal times.<sup>27</sup>

In fact, “property rights” have always been established by human actions, whether according to the law of the jungle or the laws of the state, the latter usually written by people with considerable property of their own.<sup>28</sup>

Communism taught us that a society with hardly any private property cannot function effectively. Capitalism is teaching us that a society with hardly anything but private property may not be much better. Now we hear a great deal about “intellectual property”: if you have an idea, patent it if you can in order to “monetize” it, even if your claim is dubious. Pharmaceutical companies, for example, have sometimes succeeded in patenting herbal medicines that long served people in traditional cultures.

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27. “...stockholders gain omnipotent powers: they can take massive corporations, break them apart, load them with debt, sell them, shut them down, and drive out human beings—while employees and communities remain powerless to stop them. Power of this sort...comes down to us from that time when the landed class was the privileged class, by virtue of its wealth in property. To own land, was to be master...[the] lords could own serfs, like so much livestock” (Kelly, 2001:41).

28. “Virtually all U.S. senators, and most of the representatives in the House, are members of the top 1 percent [of wealth] in America when they arrive, are kept in office by money from the top 1 percent, and know that if they serve the top 1 percent well they will be rewarded by the top 1 percent when they leave office” (Stiglitz, 2011). Could that be why so many of them vigorously oppose tax increases for wealthy Americans?

Benjamin Franklin had another idea: he refused to patent what became his famous stove (which remains in wide use today), with the comment that “We should be glad of an opportunity to serve others by any innovation of ours...” Jonas Salk concurred, with more significant consequences: “Who owns my polio vaccine? The people. Can you patent the sun?”<sup>29</sup> Think of all the children around the world today who are healthy thanks to not having to bear the burden of that pharmaceutical market.

Franklin and Salk chose to be what today we call social entrepreneurs. Were they foolish to forego all that money? Maybe the real fools are the ones who constantly have to accumulate in order to keep score. Think of Franklin and Salk’s sense of self-worth, beyond the material worth they might have accumulated. “The determination to do something because it is the right thing to do, not because we are told to do it by governments or enticed to do it by the market, is what makes associational life a force for good, [and] provides fuel for change...” (Edwards, 2004: 111).

If this stove and vaccine were not registered as private property, and were not public property—owned by the state—what were they? The answer is *common property*, which used to be quite common, although it has since disappeared from public perception.<sup>30</sup> The Boston Common, for example, now a prominent park, was once the place where the landless of that city could graze their cows. A sign at its en-

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29. Maybe not. But one company has managed to patent a couple of our human genes, with the consequence that it has been able to charge more than \$3000 for a breast cancer test (Pollack, 2011).

30. Biologist Garritt Hardin published an article in 1968 entitled “The Tragedy of the Commons”, which became a kind of tragedy in its own right when economists took it up to dismiss the viability of this form of property. “Eventually [however] Hardin himself had to modify his stance. He acknowledged that the problem is not common ownership per se but rather open access—that is, commons in which there are no social structures or formal rules to govern access and use” (Rowe, 2008: 142). Of course, the real tragedies were the exploitative seizures of common property: “Enclosures have appropriately been called a revolution of the rich against the poor. The lords and nobles were upsetting the social order, breaking down ancient law and custom, sometimes by means of violence, often by pressure and intimidation. They were literally robbing the poor of their share in the common...” (Polanyi, 1944:35).

trance makes no mention of that origin.

Common property is associated with the plural sector, in that it is communal: shared but not owned, held by people “jointly and together rather than separately and apart” (Rowe, 2008:2; see also Ostrom, 1990 and 1999). It still exists, for example in the air we breathe—try to own that—also in the water farmers share for irrigation in many parts of the world. Now in fact we are seeing a resurgence of common property in a variety of interesting ways. Most evident are open source systems, such as Wikipedia, which is a non-owned organization whose users determine and share the contents.

Today [the common property] model is reappearing in many precincts of the economy at large—from the revival of traditional main streets, public spaces, and community gardens to the resistance to the corporate enclosure of university research and the genetic substrate of material life. (Rowe: 2008: 139)

So the commons is coming back. Believe in it—replace the lens of economics with that of anthropology—and you will see it all over the place.<sup>31</sup>

**“Communityship” in the Plural Sector** If the private sector is about individual *ownership* and the public sector is about collective *citizenship*, then the plural sector is about joint *communityship*, whereby people pull together to get things done. Between our individualized and collective natures, we are social beings who crave relationships: we need to affili-

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31. In *Governing the Commons*, Elinor Ostrom (1990) observed that “neither the state nor the market is uniformly successful in enabling individuals to sustain long-term, productive use of natural resource systems.... Both centralization advocates and privatization advocates accept as a central tenet that institutional change must come from outside and be imposed on the individuals affected. Both frequently advocate oversimplified idealized institutions” (pp. 1, 14, 22). Ostrom specified in considerable detail the conditions under which common and other forms of property work most effectively. She also noted that “a competitive market—the epitome of private institutions—is itself a public good” (p. 15).

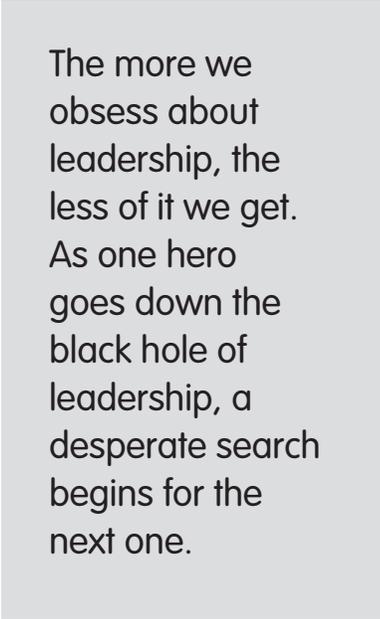
ate, belong, identify. Here is where the associations of the plural sector are of particular relevance, especially those with compelling missions, such as treating the ill or protecting the environment. "At its best, civil society is the story of ordinary people living extraordinary lives through their relationships with each other..." (Edwards, 2004: 112).

Community is central here in two aspects. First, many plural sector institutions—non-owned local hospitals, for example—are embedded in specific geographic communities. And second, people working inside these institutions can feel a sense of community. Free of pressures to maximize "value" for shareholders they never met, or as civil servants to submit to the controls so prevalent in government departments, they are able to function more like members with a purpose than employees in a job. Instead of empowerment—some kind of gift from managers on high—can come their natu-

ral engagement, in producing goods and services of high quality. That is why so many of the renowned hospitals and universities of America function in the plural sector. Think of their professional staff, also the enthusiastic volunteers in Red Cross chapters and social movements.

Think moreover of the people who would like to work in this sector if only they could get jobs there. The belief that employment in the private sector is somehow better for an economy is another of the myths that we have to get past if we are to make full use of human resourcefulness.

Of course, not all plural sector organizations take full advantage of this potential. Many have lost their way, forced by their boards or CEOs to adopt unsuitable business practices, or else driven by funders (foundations, governments) to apply excessively centralized controls. In fact,



The more we obsess about leadership, the less of it we get. As one hero goes down the black hole of leadership, a desperate search begins for the next one.

indicative of this problem is the very use of the term “CEO,” alongside “business plan,” “customers,” and the rest of the business vocabulary.<sup>32</sup>

The most effective organizations generally function as communities of human beings, not collections of human resources.

These days the fashionable practices of big business are considered to be the “one best way” to manage everything: grow relentlessly, measure obsessively, plan strategically, often lead narcissistically too. Much of this has become dysfunctional for business itself, let alone for plural as well as public sector organizations that ape it. There is no one best way to manage anything: each organization has to be true to its own needs.<sup>33</sup>

**And Leadership?** Leadership is all the rage these days. Have a look at the thousands of books about it on Amazon, and then look for the few on followership. Yet the more we obsess about leadership, the less of it we get. As one hero goes down the black hole of leadership, a desperate search begins for the next one. Can the very concept of leadership be flawed?

Yes, in at least two ways. First is the overemphasis on the individual. Mention the word leadership and up comes the image of a single person, no matter how determined he or she may be to involve others. In this world, we need more attention to shared communityship, served by the leadership. Or, if you like, think about communityship as collective leadership. The most effective organizations generally function as

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32. “U.S. Civil Society has moved from “membership to management” over the last forty years... This is partly because the liberal establishment tends to be divorced from grass roots activism... There has been a worldwide professionalization of the non-profit sector and a gradual distancing of associations from their social base...” (Edwards, 2004: 35).

33. Now some of the big financial institutions are jumping on a bandwagon of stocks and bonds for nonprofits. Goldman Sachs, for example, has a social impact fund, designed to “make the nonprofit world more efficient at fundraising... [If] donors thought about their charity as an investment, literally, it would transform the nonprofit sector.” (Sorkin, 2013). No question of that!

communities of human beings, not collections of human resources.

Second is the fashionable but detrimental distinction between leaders and managers. One is grand, “does the right things”; the other is ordinary, “does things right” (Bennis, 1989; see also Zaleznik, 1977). Try doing the right things without doing them right. Indeed, try leading an organization without managing it, as has become so common: you won’t know what’s going on.

So enough of the hubris of so-called leaders who are anointed in the business schools and go on to impress “superiors” while failing to connect with “subordinates”. Management is a practice, learned on the job and rooted in the institution. Leadership, intertwined with management, is earned on the job, not appointed by the sprinkling of holy water from on high.

### **The Fall (and Rise?) of the Plural Sector**

Two centuries ago, de Tocqueville characterized the United States as replete with community associations.<sup>34</sup> Their preference for limiting government encouraged Americans to organize for themselves, into associations no less than businesses. More recently, Robert Putnam (1995, 2000) has written metaphorically about “bowling alone” in America. Why has there been a steady “erosion of the community institutions that we all depend on,” such as schools, libraries, and parks (Collins, 2012: 8)?

The rising influence of the private sector has certainly been a factor, for example in the demutualization of insurance companies, namely their conversion from customer-owned co-operatives into shareholder-owned companies. But perhaps of far greater influence have been forces of both a political and technological nature.

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34. “The political associations that exist in the United States are only a single feature in the midst of the immense assemblage of associations in that country. Americans of all ages, all conditions, and all dispositions constantly form associations.... Whenever at the head of some undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association” (deTocqueville, 1840/1990:106).

**Besieged from Left and Right** It is evident that in those countries where they have dominated, communism debilitated the private sector and capitalism has been co-opting the public sector. Less evident is that both have relentlessly undermined the plural sector. To achieve balance in society, we need to understand why this has been so.

Community figures hardly at all in a prevailing dogma that favors economic scale, no matter what are the social consequences.

Communist governments have never been great fans of community associations—we still see this in China—for good reason: these associations are a threat to their omnipotence. The first real crack in Soviet communism arguably came because of two plural sector organizations in Poland: the Solidarity Union, which found its opening thanks to the survival of the Catholic Church in that country. “... a despot easily forgives his subjects for not loving him, provided they do not love

one another” (de Tocqueville, 1840: 102). In robust communities, people respect each other even if they do not necessarily love one another.

But elected governments have often been hard on community associations as well. Sometimes for nothing more than the convenience of their administrators, governments have forced mergers of community hospitals into regional ones and amalgamations of small towns into bigger cities. Community figures hardly at all in a prevailing dogma that favors economic scale, no matter what are the social consequences.

We see much the same pressures, for similar reasons, emanating from large private corporations, especially in the global arena. Consider the treatment of unions by companies such as Walmart, and how global corporations have pitted local communities against each other in deciding where to put their operations.<sup>35</sup> Likewise, fast food chains

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35. “Western development enterprise has been about separating people from their tradi-

are hardly promoters of local cuisines, and global clothing retailers of local dress. There is a homogenizing effect in globalization that is antithetical to the distinctiveness of communities.

**Undermined by New Technologies** Perhaps even more detrimental to the plural sector has been a succession of new technologies, from the automobile and the telephone to the computer and the internet. All have reinforced personal individualism at the expense of social engagement.

Consider the automobile: wrap its sheets of metal around many of us, put this on a highway, and out comes road rage. Compare this with walking in a community: have you ever experienced sidewalk rage? Indeed, have you ever been tailgated by someone walking behind you on a sidewalk—unless, of course, he or she was texting on a cell phone?

Telephones help us to keep us “in touch”—at least with an ear, the only thing literally touched. They connect us with people far away, but can distance us from people close by. It’s easier to call than to drop in. I lived in France at a time when telephones were difficult to get. People just came over and knocked on the door. That certainly helped to cement our friendships. As for the newer electronic devices, they take us further away. They put our fingers in touch, with a keyboard, while the rest of us sit there, often for hours, typing alone. No time even for bowling.

The new social media—Facebook, LinkedIn, Twitter—certainly connect us to the people on the other end of the line, some of whom we have never even met. But don’t confuse networks with communities.

Many people are so busy texting and tweeting that they barely have time for meeting and reading.

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tional means of livelihood and breaking down the bonds of security provided by family and community to create dependence on the jobs and products that modern corporations produce” (Korten, 1995:251).

(If you do, try to get your Facebook “friends” to help you repaint your house, let alone rebuild your barn.)<sup>36</sup> These new technologies are extending our social networks in amazing ways, but often at the expense of our personal relationships. Many people are so busy texting and tweeting that they barely have time for meeting and reading.<sup>37</sup>

In his *New York Times* column, Thomas Friedman (2012) reported asking an Egyptian friend about the protest movements in that country: “Facebook really helped people to communicate, but not to collaborate,” he replied, Friedman added that “at their worst, [these social media] can become addictive substitutes for real action.” That is why, while larger social movements may raise consciousness about the need for renewal, it is smaller social initiatives, developed in community groups, that do much of the renewing. Indeed this may be why movements such as Occupy Wall Street have fizzled: they were not rooted in significant community relationships.

These new technologies have mostly been propagated by global corporations, albeit with the intention of strengthening themselves rather than weakening communities. But both have been the inevitable consequences: the private sector has been expanding globally while the plural sector has been withering locally.

Of course, there is another side to these new media: by facilitating the connections among people, they can help those with common cause to find each other, even in the same urban area. Moreover

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36. In fact, the word “community” has become fashionable to describe what are really networks, as in the “business community” or the “medical community”—“people with common interests [but] not common values, history, or memory.”

Go back a century or two...and you see rather different usage of “community.” The word then seemed to connote a specific group of people, from a particular patch of earth, who knew and judged and kept an eye on one another, who shared habits and history and memories, and could at times be persuaded to act as a whole on behalf of a part. (Giridharadas, 2013).

37. See Marche’s (2012) article in *The Atlantic* “Is Facebook Making Us Lonely?” He claimed that, thanks largely to ourselves, “we suffer from unprecedented alienation.... In a world consumed by ever more novel modes of socializing, we have less and less actual society.” The demise of local newspapers, partly as a consequence of the rise of these social media, has been another factor. We may read them alone, but much of the content is about community.

these media make it possible for community groups to connect with each other globally, and so carry their initiatives into worldwide movements. Will this make up for the debilitating effects the new technologies have had on traditional forms of associating? Maybe so, since we are social animals who will find our affiliations one way or another. I certainly hope so. Thus, once again, please welcome the plural sector. But be careful.

### **Beyond Crude, Crass, and Closed**

The benefits of the plural sector should now be evident, I hope as evident as those of the private and public sectors. But this sector is no more a holy grail than are the other two. We have had more than enough dogma from communism and capitalism, thank you. The plural sector is not a “third way” between the other two sectors, but, to repeat what needs repeating, one of three ways required to rebalance society.

Each sector suffers from a potentially fatal flaw. Governments can be crude. Markets can be crass. And communities can be closed, at the limit xenophobic. A simple example of crude: a 60 year old man recently had to show proof of his age to buy liquor at Chicago’s O’Hare Airport. After all, governments have to ensure that all citizens are treated equally, no? Worse, at security, he had to remove his shoes and his belt, empty his pockets, pack his liquids. Every time a terrorist gets a new idea, governments force millions of people to endure new humiliations. A simple example of crass: in 2012 Air Canada advertised a seat sale: Montreal to London, return, for \$274. What a bargain—leaving aside the “taxes, fees, charges, and surcharges,” which raised the total to \$916. (A CNN.com report [Macguire, 2012] referred to this as “common industry practice.” That’s the very point.) A simple example of closed can be had by attending the sermon of one of those priests, pastors, imams, or rabbis who exhort people to belong to the club without ever explaining why.

These examples may be mundane. Far more serious excesses occur when one sector dominates a society. Under Eastern European communism, the crudeness of the public sectors was overwhelming. And with the dominance now of private sectors under a predatory form of capitalism, many of us are living in societies that are increasingly crass. “Caveat emptor”—let the buyer beware—even if that is a child watching advertisements on television. “Charge what the market will bear,” even if sick people have to die for want of available medicines.

As for the plural sector, populism seems to be its most evident political manifestation, with roots in mass movements outside the established institutions of government and business. When a populist government takes power, and exercises it in an inclusive way, to engage different segments of the population, it can offer hope for renewed democracy (see Alderman, 2014). But not when that power is exercised dogmatically—closed to all but its own constituency. And when such use of power becomes oppressive, populism can turn into fascism, as it did in Nazi Germany, and those 17th Century New England towns that went on witch hunts.

**Populism on the Rise** Recent years have seen the election of a number of populist governments: in Venezuela, Thailand (earlier headed by one of the country’s richest men, now by his sister), Egypt (the Muslim Brotherhood), and Ukraine (representing the Russian-oriented east, its leader having been supported by business oligarchs there). Each of these governments has been fiercely resisted by other segments of the population, including many established citizens. Think about this: four governments, on four continents, all with similar patterns of election and resistance.

This amounts to a new kind of political swing, toward a more dangerous form of paralysis. Here the outs take power while the ins take to the streets, with resulting violence. Those in the streets see the new leaders as using their power for partisan advantage, whether corruptly, for themselves, or despotically, for their supporters. But to these sup-

porters, the protesters may look more like elites determined to take, or retake, power, usually to bring in a Western economic liberalism that they consider undemocratic.

A similar populism is on the rise in many wealthy countries as well, for example in France with its Front National and the United States with its Tea Party movement (apparently backed by a pair of billionaire brothers [Monbiot 2010]).

How all this will end up is hardly clear. But one thing does seem evident: “Democracy” is breaking down while conflict is heating up. People are lashing out, but at what? What if your tormentor turns out to be your own leadership? What if your opponent shares your angst? Can you solve a problem without having a solution? Or with a solution that *is* the problem? Everyone seems to be on the move but no one seems to know where this is headed—except, perhaps, that entitled 1%.

**The Sectors in their Place** Crudeness, crassness, and closed-ness are countered when each sector takes its appropriate place in society, cooperating with the other two while helping to keep them and their institutions in check. I am delighted to get many of my goods and services from the private sector and much of my protection and infrastructure (policing, regulations, roads) from the public sector. And I generally look to the plural sector for the best of my professional services (higher education, hospital care), even when they are funded by the public sector and supplied by the private sector.

We just have to be careful not to mix these sectors up, by allowing the dogma of the day to carry activities away from the sector where they function most appropriately. I no more want a private company to patrol my streets than I want a government department to grow my cucumbers.

### **Is Balance Even Possible?**

Are we hardwired to favor privilege, where power always has to concentrate in a few hands—some inevitable 1%? In a sense, yes. History

bears witness to a steady parade of kings and subjects, nobles and vassals, lords and peasants, owners and slaves, commissars and the proletariat, shareholders and workers. On and on it has gone, unstoppable for millennia, to this day. “Stockholders claim wealth they do little to create, much as nobles claimed privilege they did not earn” (Kelly, 2001: 29).<sup>38</sup>

Perfect balance is unattainable: some people will always end up on top. Initially that can be for good reason: they have earned it, by protecting other people from threats, exploring new ways to do things, or creating better employment. Their status was deserved; in a fundamental sense, it was legitimate.

The problem is that status earned has too often become status abused: those who remained in power too long, or inherited it for no better reason than birth, have engaged in reckless wars, bullied their own people, or built themselves extravagant monuments. But there was no way to throw the scoundrels out, short of assassination, coup d'état, or civil war.

Then along came democracy circa 1776. Finally a way, not only to throw them out, but also to constrain their shenanigans. All men created equal had a say in who led them. This hardly ended privilege—it begins with how we are nourished in the womb, and continues through the rest of life. But with the sovereigns and the titles gone, at least all those men had a shot at getting to the top themselves. This became the great American dream, known as *social mobility*.

Of course, things were never quite like that in America. But they were close enough to sustain the myth. And that produced the most remarkable period of growth in human history, socially and politically as well as economically: two hundred years worth, with the four decades after World War II being the crowning glory.

Fast forward to today and have a look at social mobility in America. The reports are shocking. One from the OECD in 2010 put the Nordic

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38. See her book *The Divine Right of Capital* for figures about investing that back this up.

countries plus Australia, Canada, Germany, and Spain well ahead of the United States. For example, a son's advantage in having a higher-earning father was 47% in the U.S., 19% in Canada. In the U.S., "Your parents' income correlates more closely with your chance of finishing college than your SAT scores do—class matters more than how you do in class" (Freeland, 2012).

So the expectations raised sky high by the American dream now go increasingly unmet, although the myth of social mobility carries on. That is because it is not a myth for the success stories that continue to exist and are widely trumpeted. It's just that the odds have changed, and the losers—so many now outside the dream—are the prime casualties of the escalating exploitation. Yet they have remained passive, hardly protesting, let alone becoming revolutionaries.

Most of the world has rid itself of insane emperors, bloodthirsty conquerors, and voracious colonizers. But not greedy acquirers—quite the contrary. America, like other countries, has its scoundrels, most now outside of government, where there is no legitimate way to get rid of them. Of course, competitive markets are supposed to do that: those who don't serve get replaced in a proper marketplace by those who do. The trouble is that we are becoming overwhelmed by improper ones—markets of entitlement—where exploitation is depended upon to reinforce privileged positions. Even elected officials, who should be chasing some of these scoundrels out, or putting them in jail, instead cater to them, out of fear of losing their political donations.

Almost two hundred years ago (1835/1990:6) de Tocqueville asked: "Can it be believed that the democracy which has overthrown the feudal system and vanquished kings will retreat before tradesmen and capitalists?" Now he has his answer: Yes.

Balance is possible. That pamphlet began with the claim that a few short years ago we had it in some countries. We have since lost it in many of these, but not all.

In fact, the American Constitution offers us a way to think about re-

Why not complete the American Revolution by establishing checks on private sector activities for the sake of balance across the sectors.

gaining it. Its famous checks and balances were designed to apply within government; it's time to apply them beyond government. Why not complete the American Revolution by establishing renewed checks for balance: checks on private sector activities, nationally and globally, for the sake of balance across the sectors.

Balance does not mean some perfectly stable equilibrium. That would just constitute a new dogma, incapable of renewing itself as society evolves. Healthy

development—social, political, and economic—allows power to shift among the sectors according to need, in a dynamic equilibrium that encourages responsiveness without domination.

## IV. RADICAL RENEWAL

When the load in a washing machine is unbalanced, at high speeds it oscillates out of control. We are living in a high speed, unbalanced world that is oscillating out of control.

The cover diagram of this e-pamphlet may look round, but in too many places it is lopsided at the lower right, in favor of private sectors in general and the entitlements of many large corporations in particular. This has to change, ultimately for the sake of balance, but immediately for the sake of survival.

### **Lofty Ideals and Lowly Deals**

I inform myself about the issues discussed in this pamphlet in two quite different ways, leaving aside what comes from my personal experiences. One is through the books and general articles that I read as well as the conferences that I attend. Here I get exposed to ambitious proposals—ideas and ideals—some quite sensible, few immediately operational. The other is through the specific stories that I read in

Lofty ideals in the air and lowly deals on the ground: these are two sides of our world, and they rarely meet.

the newspapers, hear on the media, and get told by people I meet about their personal experiences. Too often these days, such stories are disconcerting, about egregious behaviors and manipulative dealings.

Lofty ideals in the air and lowly deals on the ground: these are two sides of our world, and they rarely meet (sometimes even in the same organization, that profes-

ses great intentions in the boardroom while engaging in manipulative practices elsewhere). This divide reminds me of a couple of lines from one of Tom Lehrer's satirical songs, about the war against Franco: "Though he may have won all the battles, We had all the good songs!"

We need good songs. They raise consciousness about problems, which is where renewal has to begin.<sup>39</sup> But battles have to be won too. So the question facing concerned people today is: how to bring the ideals to bear on the deals?

For many people, the answer is to rely on democratically elected governments or socially responsible businesses. I used to believe that too, about governments at least. I continue to believe that governments and businesses have to be part of the solution. It's just that, right now, too many of them are part of the problem. By their actions as well as their inactions, too many of our established institutions have made it abundantly clear that they will not lead us out of the mess that we have created for ourselves. Something fundamental has to change before these institutions can play the roles required of them.

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39. As John Adams put it in 1818, "The Revolution...was effected before the War commenced...in the minds and hearts of the people... This radical change in the principles, opinions, sentiments, and affections of the people, was the real American Revolution."

## **Don't expect governments to lead the renewal**

As discussed earlier, most governments today are too compromised or overwhelmed by the very forces that are significantly responsible for some of our most serious problems. And that includes the demands coming from ourselves as individuals. Where does the destruction of the planet enter the picture when consumption needs another boost and we voters are clamoring for more of everything—except taxes?

Moreover, for starters, renewal will require considerable experimentation, to learn our way to unprecedented solutions. By their very nature, governments are “not nimble in the face of complexity” (Brooks, 2013b). They have to plan their actions carefully in order to estimate costs, establish measurements for the outcomes, and designate who will be responsible for realizing these outcomes.<sup>40</sup> That, as we shall discuss, may be more helpful in later stages.

Exacerbating this is the limited nature of what we call democracy, a word we use too casually. True democracy balances individual, communal, and collective needs. Our democracies favor individual needs, including those of corporations as legal persons. But problems such as global warming require collective actions, across individuals, institutions, and nations.<sup>41</sup> Consider these prophetic words, also attributed to Alexander Fraser Tyler around 1810:

A democracy cannot exist as a permanent form of government; it can only exist until the voters discover that they can vote themselves largesse from

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40. “...government agencies are geared for stability, not change. Their processes are designed to ensure thoroughness, fairness, and certainty. Something as simple as adding bike lanes in a neighborhood can go through over 40 reviews and committees before the first stripe is painted” (Vossoughi, 2011).

41. An interesting article (Higgins, 2012) appeared after the 2012 disastrous flooding in New York and New Jersey that compared the Dutch emphasis on “disaster avoidance” with the American inclination to do “disaster relief.” A Dutch authority referred to American attitudes that “make it difficult to mobilize public attention and money to prevent disasters ahead of time.”

the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by dictatorship.

Let's applaud companies that "do well by doing good". But let's not pretend that this will sweep across the corporate landscape as some kind of win-win wonderland.

In 2009, the great governments of this world got together in Copenhagen to address the problem of global warming. Their accomplishment, according to the British Minister for Climate and Energy (note his title), was to "put numbers on the table" (Kanter, 2009). These governments certainly got the message from their energy companies, as they have at such conferences ever since.<sup>42</sup> What they need is to get the message from citizens who see past their personal entitlements, to the well-being of their children.

### **And don't expect miracles from "CSR"**

As for honest forms of corporate social responsibility—"CSR" these days—I applaud it. But I find it fanciful to believe that the social problems being created by some companies will be resolved by other companies. Believe me, green retailing will not compensate for greedy polluting, any more than corporate social responsibility will make up for the corporate social irresponsibility that has become so prevalent.<sup>43</sup>

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42. In Durban two years later, the 200 assembled countries "agreed to begin a long-term process of negotiating a new treaty" (Austen, 2011). Then, in 2012, Rio 20 was claimed to have produced "an historic agreement, because it is the start of discussion on sustainable development" (CBC, 22 June). Later in that year, lest there be anyone left who did not get the point, the U.N. Climate Summit was held in Qatar, the country with by far the worst environmental footprint on earth (The Economist, 2012).

43. In 1968, *The Harvard Business Review* published an article pointing out that American

Likewise, let's applaud companies that "do well by doing good," such as installing wind turbines and selling healthy foods. But let's not pretend that this will sweep across the corporate landscape as some kind of win-win wonderland. We cannot allow such hopes to deflect our attention from the fortunes being made out of sheer exploitation. Many companies are doing well by doing bad, while others are doing fine by sticking to the letter of the law. As the Russian novelist Aleksandr Solzhenitsyn wrote while living in the United States:

I have spent all my life under a communist regime and I will tell you that a society without any objective legal scale is a terrible one indeed. But a society with no other scale but the legal one is not quite worthy of man either. A society which is based on the letter of the law and never reaches any higher is taking very scarce advantage of the high level of human possibilities. The letter of the law is too cold and formal to have a beneficial influence on society. (1978)<sup>44</sup>

### **Instead Look to Plural Sector Movements and Initiatives**

If not the public or private sectors, then what? I believe the answer lies in the plural sector, with its social movements and social initiatives. That is where serious change will have to begin, on the ground, within com-

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business fought every single piece of social legislation proposed during the Twentieth Century, from the Child Labor Laws on up (Levitt, 1968). Has that changed?

44. It is interesting that corporate social responsibility has been attacked from the left as well as the right, sometimes on the same grounds, namely that business people have no legitimate right to pursue social goals. On the left: who are they to influence social issues? On the right: who are they to so spend shareholders' money? (A counter-argument, that doing so will make more money for the shareholders—"It pays to be good"—amounts to another win-win wonderland.) Both are forms of *reductio-ad-absurdum*. Businesspeople have to serve their companies above all, but in responsible ways, beyond the mere letter of the law. (See Mintzberg, 1983, 1984, 198: Chapters 28, 30, 31).

munities of people who have the inspiration and the independence to tackle difficult problems head on. “What now?” asked former Secretary General of the UN Kofi Annan in 2013 about the repeated failures of the global warming talks. His answer: “If governments are unwilling to lead when leadership is required, people must. We need a global grass-roots movement that tackles climate change and its fallout.”

Social movements can confront destructive practices while social initiatives can develop constructive practices to replace them. Buckminster Fuller suggested that “to change something”, don’t fight “the existing reality.” Instead, “build a new model that makes the existing model obsolete.” Sure. But sometimes you have to fight the existing reality—or at the least raise consciousness about it—to gain acceptance for that new model.

Radical renewal can proceed in three phases. First comes *immediate reversals*: using social movements and other forms of challenge to stop what can no longer be tolerated. Next is *widespread regeneration*: the engagement of many groups of concerned citizens in social initiatives that develop better ways of doing things. And then, third, with these kinds of fundamental changes can come *consequential reforms*: where responsive governments and responsible businesses introduce major reframing, regulating, and restructuring, as well as helping to extend the reach of those social initiatives that have proven their worth.

### **Immediate Reversals**

Sustainable balance is hardly around the corner. Meanwhile the most destructive consequences of the current imbalance have to be reversed, before they swamp us—if not literally by rising waters, then politically by some new form of totalitarianism.

Consider global warming. Scientists keep warning us about it, as if it’s not here yet, just coming. Do we have 50 years, 10 years, 0 years? This is a dysfunctional question, for two reasons. First, it justifies inac-

tion. If no one can be sure when, then why should I forego my entitlements now? Second, the question is asked as if it has an answer, and that we can know it in advance.

In fact it has many answers, including all of the above, some of which we already know too well. For those Filipinos killed by an unprecedented storm, likewise for people elsewhere who have suffered from the worst of the exploitation, the answer is no years: it's already too late.<sup>45</sup> For other people, the answer will be next year, or maybe the year after, or, if they are fortunate, in 50 years. But don't expect some great big bang on January 1, 2064, just many little bangs along the way—moments of truth—that prove big for those affected.

What's the use of occupying the front streets while the deals are continuing in the back offices?

So please, wake up: it's happening. We're there. Now is when we need to join forces with the NGOs that have been struggling for years to check the power of destructive forces. They do wonderful things, and have stopped a lot of nonsense, but they can't restore balance alone. That will take a massive social movement comprising many movements.

But these have to be focused, and clever. Social movements, as noted earlier, raise consciousness about problems, as did Occupy Wall Street. That may be necessary, but it is hardly sufficient. What's the use of occupying the front streets while the deals are continuing in the back of-

45. At the 2013 U.N. conference on climate change, held in Poland (which has 6 of the 10 European cities with the highest concentration of particle matter, thanks largely to the burning of coal, and a government that "has been increasingly active in trying to block more aggressive regulations to curb climate change"), we had the pitiful sight of the representative from the Philippines, just after its terrible storm, begging for action. "As if to prove a point, the coal industry has scheduled its own climate summit meeting in Warsaw this month, running concurrently with the United Nations conference" (Hakim and Zurawik, 2013). The International Energy Agency reported in late 2013 that global consumption of coal, already a major contributor to global warming, was likely to continue growing at a "relentless pace" through 2018. It has accounted for more than 60% of the rise in carbon dioxide emissions since 2000 (Reed, 2013).

fices? Concentrated actions are required, targeted at specific practices. Mahatma Gandhi led a march against the British tax on salt. That is what mobilized his people to broader action.

It is interesting how sheer massiveness can be defeated by simple cleverness. David took down Goliath with a slingshot; Ralph Nader brought down the General Motors Corvair with a book (*Unsafe at any Speed*, 1965). In the late 1960s in San Antonio Texas, people fed up with their utility company overpaid their bills by 1¢. That tied the company in knots (Gutierrez, 1998).

Saul Alinsky was a genius at inventing tactics to confound authorities. In his book *Reveille for Radicals* (1969, see also 1971), where he claimed that liberals talk while radicals act—“with hot passion,” through power—he wrote that “The opposition is always stronger than you are and so his own strength must be used against him. ...the status quo is your best ally if properly goaded and guided” (p. x).

Where are the heirs of Alinsky and Nader today? We need more than occupation movements; we need slingshot movements, to challenge on three fronts: the practices that are plainly destructive, the entitlements that lie behind these practices, and the dogma used to justify some of these practices. Consider a few possibilities:

- As discussed earlier, the current EU-US trade talks can be a tipping point toward global imbalance or a turning point that stops the lopsided lobbying. Concerned Europeans have to convey the message to their negotiators that public democracy is more important than private profiteering.
- Criminal corruption can be prosecuted, but the legal corruption—all that lobbying and litigating, maneuvering and manipulating—is far more insidious. Consider one company, Goldman Sachs, which has been accused by an ex-executive director of referring to clients as “muppets” (Smith, 2012). It seems to have gotten away with \$5

billion in profits from that alleged manipulation of the market for recycled aluminum. In fact, “The investigation [of this] by federal regulators is part of a wave of scrutiny Goldman is now under for its dealings in the commodities markets” (Kocieniewski, 2013b). Perhaps muppets and others who feel ripped off by this and other maneuvers might wish to send the company one of those 1¢-type messages.

- We need balance in our concepts too. In particular, economics needs to be put in its place, which is alongside the other social sciences, each with its own central concept—anthropology, for example, which informs us about the important role of culture and community in society. Challenging at every turn misuse of the label “Nobel” for the Bank of Sweden Prize in Economic Sciences can serve as a pointed reminder of this.

High on the list of what must change has to be our own personal practices. All of this is not just about “them”; far from it. But I’ll save that discussion for Part V.

### **Widespread Regeneration**

The movement that coalesced in Tahrir Square focused attention on the problem but lacked a viable solution. After Mubarak, democracy? The Egyptians got it all right, along with the flaws that we know all too well in countries with democratically-elected governments that cater to special interests.

A truly developed country develops more than products and services: small groups of its citizens develop initiatives that improve lives, enhance liberties, protect the environment. Tap into what is going on around the world today and you may be amazed at the number and variety of the social initiatives already underway.

Paul Hawken’s book *Blessed Unrest* describes a “movement” of

more than a million associations engaged in such initiatives. This does not “fit the standard model. It is dispersed, inchoate, and fiercely independent. It has no manifesto or doctrine, no overriding authority to check with... [It is] a massive enterprise undertaken by ordinary citizens everywhere...” (2007:3, 5). The book’s 112 page appendix lists hundreds of such initiatives, under headings such as biodiversity, culture, education, property rights, and religion. Yet in terms of our needs, this is barely a beginning.

A social initiative can start with just a bit of that human resourcefulness, coupled with the courage to break away from an unacceptable status quo. But no successful initiative springs out of thin air, immaculately conceived. There usually has to be a significant period of local learning, when new ideas are tested to see what works. As I wrote with Gui Azevedo (2012:10): “Social initiatives... seem to be essentially indigenous: they work from the ‘inside up’, and out, by people collectively engaged. They are not solving the world’s problems so much as their own common ones, later to discover that their own problems are the world’s problems.”

The plural sector may be key, but social initiatives develop in the other sectors too. For example all the automobiles in Brazil now accept ethanol, produced from sugar cane, as well as gasoline. This initiative was first championed by the federal government, in fact under a military dictatorship. And from the private sector are springing increasing numbers of entrepreneurial ventures that have significant social consequences, as in the development of new forms of sustainable energy. Some companies do win-win.

Partnerships across the sectors are also on the increase. As noted earlier, PPP can include public-plural and private-plural partnerships beyond just public-private ones. And how about PPPPs—partnerships across all three sectors? While the governments of the world were putting those “numbers on the table” at their 2009 global warming conference in Copenhagen, resourceful Danes across their country—

in citizen groups, businesses, and government—were engaged in perhaps the world’s most ambitious program for developing clean, sustainable energy.

But these must be true partnerships. I have held workshops to test out the framework of this pamphlet in various parts of the world. In Costa Rica, someone asked whether I was making too sharp a distinction between the sectors. “Don’t we want them to cooperate?” he asked. Sure, I answered, but only if they truly can—with each sector taking its place as an equal partner.<sup>46</sup>

Hawken described the movement of social initiatives as “dispersed”. That may be necessary, to let thousands of flowers bloom. But radical renewal will require that they constitute one cohesive force in society just for “collective impact” (Kania and Kramer, 2011), much as businesses that are also dispersed join forces in their chambers of commerce.

I should add that I have no illusions about these movements and initiatives always being constructive. The best ones open us up, the worst close us down. But at least the former offer a way forward, beyond what we have been getting of late from most of our established institutions. I believe that responsible social movements and social initiatives, carried out in communities and other associations, networked internationally, are the greatest hope we have for regaining balance in this troubled world.

I believe that responsible social movements and social initiatives, carried out in communities and other associations, networked internationally, are the greatest hope we have for regaining balance in this troubled world.

46. This is not to say that there is no blurring on the edges where the sectors meet. In a later pamphlet, I hope to plot organizations all around the circle of the cover diagram, for example, state-owned enterprises near the private sector, and companies with significant shareholding by employees close to the co-operatives of the plural sector.

## Consequential Reforms

Likewise, I have no illusions about being able to achieve radical renewal without the extensive involvement of governments and businesses. It is just that this will require a reconfigured, rebalanced world. Governments will have to receive clear messages from their citizens, and businesses will have to reject the objectionable doctrine that they exist for the shareholders alone. This can remove the constraints that have held back so many necessary reforms—the changes of an orderly kind that we have every right to expect from our established institutions of government and business. For example:

- If democracy is to function effectively, the legal fiction of corporations as persons has to be replaced with laws that hold them responsible for their actions. In particular, a good deal of the legal corruption needs to be criminalized. Goldman Sachs claims to have broken no law in its alleged maneuverings in the market for recycled aluminum. That is precisely the problem. Instead of questioning whether large corporations are “too big to jail”<sup>47</sup>, we need to confront the hypocrisy of corporations having certain rights of persons without the responsibilities.
- Common property has to take its place alongside private property, especially to end the excesses associated with “intellectual property.”

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47. “There are many critics who will say, ‘You can’t incarcerate a corporation’” (Stewart, 2013). Not true. There is a recent precedent for this, at least concerning part of a corporation: SAC Capital agreed to “plead guilty to all five counts of insider trading violations and pay a record \$1.2 billion penalty, becoming the first large Wall Street firm in a generation to confess to criminal conduct.... The guilty plea and fine paid by SAC are part of a broader plea deal that will impose a five-year probation on the fund. SAC must also terminate its business of managing money for outside investors...” (Protess and Lattman, 2013; see also Lattman and Protess, 2013). Critics have pointed to another aspect of too big to jail: that innocent employees will have to suffer for the errors of the executives. But many employees elsewhere now suffer for those errors; anything that can reduce this criminality benefits employees, customers and society alike. Rights also exceed responsibilities, with employees as well as suppliers and society suffering the consequences, when a parent company can walk away from a bankrupt subsidiary after years of drawing profits from it.

- Global business requires the countervailing power of global government. In place of “self-regulation”—an oxymoron—there needs to be more serious regulating, domestically and especially globally, for example to internalize many of the externalities enjoyed by both businesses and ourselves.
- Lobbying has to be brought out of the back rooms and into the public spaces, where its lopsidedness can be exposed and eliminated.<sup>48</sup> Likewise, political advertising by private corporations—meaning to influence public policies rather than sell products and services—has to be stopped.
- The whole structure of finance requires reconsideration, to eliminate manipulations that profit the few at the expense of the many, whether futures markets that intensify starvation or stock markets whose day traders and others create disruptive oscillations. And surely we have had enough of the short-term behaviors of so many publicly traded companies at the expense of sustainability—for the environment, for their own dedicated employees, and for the economy itself. There are other ways to fund and govern corporate enterprises.<sup>49</sup> With changes such as the above, we might expect corporate social responsibility to live up to the expectations of its most ardent proponents.

### Responsive governments and responsible businesses can also help

48. David Brooks commented (2011f) that “President Obama has certainly not shut corporate-types out of the regulatory process. According to data collected by the Center for Progressive Reforms, 62 percent of the people who met with the White House office in charge of reviewing regulations were representatives of industry, while only 16 percent represented activist groups. At these meetings, business representatives outnumbered activists by more than 4 to 1.” Brooks, a normally sensible columnist, looked favorably upon such business as usual.

49. For example, companies such as Novo Nordisk in Denmark and Tata in India have shares traded on stock markets but control is vested in family trusts. And Germany has remained one of the great economic success stories since it legislated significant worker representation on the boards of its corporations in 1976.

to carry successful social initiatives beyond the communities of their origins, for global impact, by providing financial resources, infrastructural support, and specialized talent, alongside political legitimacy.<sup>50</sup>

### **Hope Ahead: “Why not?”**

“I hear you say ‘Why?’ Always ‘Why?’ You see things; and you say ‘Why?’ But I dream things that never were; and I say ‘Why Not?’” (George Bernard Shaw). Hope lies in those people who dream about “Why Not?,” who search for better ways instead of tolerating an unsuccessful status quo. Such people are prepared to fail before they succeed.

There are “Why Not?” people in every country, as indicated by the many social initiatives that Hawken discussed. But one country stands out as particularly interesting, because it has so many fascinating initiatives alongside the courage to make its own way in this distorted world. That country is Brazil.

Brazil has strength in all three sectors. It has proactive government, aggressive at home and hardly shy about confronting established institutions abroad (as we shall see). Its economy houses world-class companies, and has experienced vigorous growth for many years. Particularly active is the plural sector of Brazil, not only for its own social initiatives but also in how many of these link across the sectors, and end up as major reforms.<sup>51</sup>

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50. The danger of doing this earlier, for example in the provision of seed money at startup, as foundations often do, is that people in offices who believe they know better—with their measuring and evaluating—can get in the way of people on the ground who have to learn better. But once that learning is more or less completed, people who do know better, about institutionalizing formally what has been arrived at informally, can be key to the widespread diffusion of useful social innovations.

51. Similar strengths in all three sectors, including strong cooperative movements, can be found in a number of smaller countries, such as Costa Rica (Garrigues, 2010). As for some larger countries, France has had proactive (“dirigiste”) governments, and an established private sector—with the two sometimes overly inclined to cooperate with each other. There has been no shortage of social movements in France, but perhaps not so many social initiatives. China is another story. In a commentary in the *New York Times*, Charles Kupchan (2012) contrasted “democratic capitalism,” led by the United States, with “state capitalism,” led by China.

This country is no Shangri-La (even if Rio de Janeiro does look like one). It has its problems, not least poverty and corruption. (How many countries don't?) Income disparities are large, but at least they are diminishing. Most notably, Brazil is in the vanguard of addressing many of its problems in pragmatic ways that engage all sorts of citizens. As a Brazilian commented to me after recent street protests, at least in his country the government and the people listen.<sup>52</sup>

The ethanol initiative has already been mentioned; there is community budgeting in many municipalities; the Liberation Theology movement did not begin in Brazil but seems to have been carried farthest there; Bolsa Familia provides government grants to poor families so

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The former, in our terms, attempts to balance itself on one leg (note that "democracy" is the adjective, "capitalism" is the noun), while the latter tries to do so on two legs: a powerful state reinforced by strong enterprises that know their place, with little room for the plural sector. In economic terms, such state capitalism seems to be doing well, perhaps because it constrains individual liberties. (Autocracy has its advantages.) But will it continue to hold the forces of pluralism in check, which it has sometimes done so crudely? Kupchan believes that state capitalism will change globalization as we know it, as will another approach that he identifies with India and Brazil: "stable, secular democracies that appear to be hewing closely to the Western model." Not quite. Their public sectors are stronger (he does note that "both nations have embraced a left-wing populism ..."), while the plural sectors of both seem to be especially vibrant. Of particular interest of late has been the social and economic rise of other countries in Latin America, including Peru. "Along the way, many of the governments concerned have learned key lessons: never ignore social problems so long that popular violence breaks out, and always attend to the poorest and most marginalized citizens" (Krauze, 2013).

52. Even if some of the influential analysts of New York and London don't. A number seem to be bullying the country, as if to punish its people for electing a left-wing government again. "Foreign Affairs magazine suggests that.... Brazil's economic growth has been far from productivity based, relying instead on commodity price appreciation. Between 1980 and 2000 productivity grew at an annual pace of just 0.2%. Under President Lula, Brazil expanded an already generous income protection when it launched Bolsa Familia, perhaps the most generous welfare program among emerging market countries.... The assistance programs have reduced Brazil's inequality but at the expense of growth" (see Sharma, 2012). The Brazilian economy actually grew at an average rate of 4.6% during Lula's years in office (and see [www.mintzberg.org/enterprise](http://www.mintzberg.org/enterprise) about the unproductive face of productivity). A Reuter's report (see Parra-Bernal, 2012) referred to the country's "heavy handed economic politics" and mentioned a World Bank "Doing Business" survey that ranked Brazil 126 out of 183. (How about a "Living Life" survey?) We can see this elsewhere too. For example, in 2013, Standard and Poor's cut France's credit rating, perhaps in response to it having elected a socialist government. As Paul Krugman (2013b) put it in one of his columns, France was being punished because it "committed the unforgiveable sin of being fiscally responsible [for example, raising taxes on the wealthy] without inflicting pain on the poor and the unlucky."

long as they keep their children vaccinated and in school; there is an admired movement that encourages poor farmers to occupy the land of empty estates; and, not surprisingly, the World Social Forum started in Brazil as a response to the World Economic Forum of Davos.

Perhaps most interesting of all has been how the country dealt with its HIV/AIDS crisis. While pharmaceutical companies were maneuvering globally to protect their exorbitant pricing, and the World Bank was issuing dire predictions about the spread of the disease in Brazil, people there were innovating in all kinds of compelling ways. For example they distributed millions of condoms at Carnival and introduced stories about living with AIDS in the famous Brazilian soap operas. As Gui Azevedo, a Brazilian, wrote in the paper we co-authored about “Why not?” people, in place of “any identifiable leader, or general blueprint, was a great deal of creative cooperation,” for example among associations of homosexuals, prostitutes, and hemophiliacs (2012:7). This also serves as a particularly telling example of what can happen when proactive government is prepared to challenge established forces, as well as enlist the efforts of business:

Unable to convince pharmaceutical multinationals to reduce the price of antiretroviral drugs, and facing American threats of economic sanctions and punitive tariffs, the Brazilian Ministry of Health, supported by a clause in Brazilian industrial property law that limited rights in cases of “national emergency,” ordered federal research laboratories to develop the necessary technology and granted “compulsory licenses” to produce the medications locally. Eventually, surprised by the laboratories’ success in synthesizing the drugs, major multinational pharmaceutical companies agreed to negotiate royalty rights. When, in 2001, the United

States challenged Brazil's compulsory licensing at the WTO, Brazil responded in the United Nations Human Rights Commission, pushing for a vote on AIDS treatment as a human right, which passed with a 52-0 vote, the U.S. being the only country to abstain. (P. 901)

Brazil surprised the World Bank et al. by the reduction of the disease in ten years to 0.6% of its population. In 1990, the World Bank estimated that Brazil would have 1,200,000 infections by the turn of the millennium. In 2002, it had fewer than 600,000.

Why Brazil? There may be several reasons for this: the country's significant size and linguistic isolation as well as the confidence and pluralism of its people. But the main one that Gui and I offered in our article concerned not Brazil, but Brazilians. A "Why not?" attitude seems to pervade the population, as in their expression "to break the branch"—make your way through something, improvise—precisely what is required for social initiatives that have to deal with difficult problems. The United States became famous as a "Why not?" country too, and that attitude remains in its entrepreneurial endeavors. But a disheartening attitude of "Why?" is now prevalent in too many of its political and social practices.<sup>53</sup>

Of course, one need not live in a "Why not?" country to be a "Why not?" person. Such people can be found in every country, just as "Why?" people can be found in Brazil too. Nor need one be greatly creative to come up with a novel solution: many a person with an open mind has stumbled across a solution that changed the world. Alexander Fleming found mold in some of his research samples and enter-

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53. Despite so much talk about the American propensity for change, the country has been unable to rid itself of an anachronistic Electoral College or switch to a system of measurement that proved its superiority two centuries ago, even to make general use of a common coin worth more than 25¢. This powerhouse of technological change seems increasingly to be in social and political gridlock.

Let's look forward socially instead of backward economically.

tained the rather simple idea that it could likewise kill certain bacteria in the human body. The result was Penicillin, and antibiotics. And thanks to the new social media, you don't have to be an astute social networker to connect movements and initiatives across communities.

"If you always do as you always did, you will always get what you always got." So let's look forward socially instead of backward economically. Will Brazilians be leading the charge for radical renewal to regain balance? Not at all. They are providing compelling examples, but we can rely on no one people to do that. Rather, we need to rely on two people.

## V. YOU, ME, AND WE IN THIS TROUBLED WORLD

When someone asked me recently “How are things?” I blurted out “Everything’s good...for me anyway, if not the world.” If you are in the same boat, please don’t assume it will remain afloat. And if you believe that “Somebody ought to be doing something about the world’s problems,” then please understand that this somebody had better be you, and me, and us—really we, as subjects, not objects. The problems of this world are a lot closer to our own doorsteps than most of us care to realize, and a lot further from resolution than most of us care to recognize.

When Kofi Annan called for a “global grass-roots movement” to tackle climate change, he meant us, every time we take out the garbage or exploit some other convenient externality. “Green thinking

It is not the tar sands that create the pollution, but those of us who drive its consequences, in our cars and our votes.

cannot be the sole responsibility of a few environmentally minded activists, while the rest of us go on living as if there were no tomorrow” (2013). It is not the tar sands that create the pollution, but those of us who drive its consequences, in our cars and our votes.

Let me repeat: we are in deep trouble and require radical renewal. People have to do it. Not “them”: You, and me, individually, and especially together. Not by focusing on what *they* do to *us*, as the objects of exploitation, but on what *we* can do *ourselves*, as the subjects of action. Not by having to expend so much of our energy fighting exploitation, as by using our resourcefulness to circumvent that exploitation. This will have to be our legacy, if we are to have any legacy at all.

Look around: at a capable friend who lost her job because her company “downsized” for the sake of some executive bonus; or another who gave in to alcohol, drugs, or worse because he could no longer take the pressures of a mercenary workplace; at relatives who succumbed to the epidemic of cancer thanks to the toxic environments in which we are all expected to function; at the lives of people just outside some gated community in which you may be living, and your own life for having to so imprison yourself; at the gangs of unemployed youths on the streets of your city who are aping the violence they see with you in the local movie theaters;<sup>54</sup> at people’s homes in a nearby town that were destroyed by freak weather, likely brought on by global

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54. On the *HBR Blog Network*, Branko Milanovic, the Lead Economist of the World Bank research group, wrote in the summer of 2011: “The reason [behind the riots in London] lies in inequality of incomes and wealth that the neo-liberal reforms have produced, combined with an incessant ideological emphasis on material success and consumption as key desirable features of life.” He described “this ideological bludgeoning. ... the young... ‘bought’ the ideology that wealth equals ethical superiority but found themselves on the wrong side of the equation. The venues that could have led them to wealth were closed—by rising unemployment, cuts in social services, higher costs of education, higher rents, and not least almost open corruption and immorality of the elites....They see the old welfare economies disappearing, while politicians, businessmen, and music stars cynically seize society’s riches [and] they don’t have an alternative social blueprint. If they truly believed that a different world is possible, they would have organized into political groups, not mobs.” Milanovic concluded with the following: “The challenge, should we choose to accept it, is to figure out a way of engaging a generation that doesn’t seem to want to be engaged. Ideas welcome.”

warming (which is “not proved” claims the “research” sponsored by industries benefitting from that warming, and echoed by those economists who are saying, in effect: “How dare the environment challenge the supremacy of our theory?” [see, for example, Klaus, 2008]). One or more of these troubles may be coming your way—not on your local television screen, but in your personal life. The extent of angst in the world today is not incidental. Like those dogs before an earthquake, many of us are sensing what we do not yet realize.

Thomas Friedman wrote in his *New York Times* column in 2011:

You really do have to wonder whether a few years from now we'll look back at the first decade of the 21<sup>st</sup> century—when food prices spiked, energy prices soared, world population surged, tornados plowed through cities, floods and droughts set records, populations were displaced and governments were threatened by the confluence of it all—and ask ourselves: What were we thinking? How did we not panic when the evidence was so obvious that we'd crossed some growth/climate/natural red line all at once?

Each of us was thinking about our own entitlements, Mr. Friedman. When it comes to the environment, for example, we spend a lot more time pointing the finger at others than considering our own behaviors. My little car hardly pollutes compared to your big car (it still pollutes). Our American coal is “clean” (compared with your Canadian tar sands, I suppose). Our *oil* sands are responsible for only 0.15% of the world's greenhouse gases (so let's target those who are responsible for 15%); why should we in the developing world bother about all this when you of the developed world created these problems in the first place? And on and on it goes, ad nauseum, everyone pointing the finger else-

where as an excuse for inaction.

We Montrealers have reveled in some unusually warm dry summers recently while watching on TV as great floods destroyed other places. Meanwhile, every time I went into a restaurant, I had to take a sweater

People are supposed to cooperate when they have an enemy in common. Well, we have an enemy in common, but that is our problem: the enemy is us, specifically our own individuality.

to fight off the air-conditioning. And down the garbage chutes of this world go our convenient bundles of externalities—out of sight, out of mind—while the likes of Goldman Sachs have made more money trading our carbon trash. Go explain to your children the state of the world that you have borrowed from them.

It is amazing how few of us, including some of the most concerned, get it about our own personal behaviors. It's convenient not to get it. After all, if the markets don't get it, why should I? If the tar sands only contribute a fraction of one percent, what can I possibly do?

This is the perfect formula for disaster: all we have to do is stay on course. We have been on this course for a long time: each of us for ourselves, each institution and nation for itself. Why not, if greed is good?

People are supposed to cooperate when they have an enemy in common. Well, we have an enemy in common, but that is our problem: the enemy is us, specifically our own individuality—self-interest fatefully misunderstood.

It has been said that "Each snowflake in an avalanche pleads not guilty" (Stanislaw Lec). We are all guilty—you, me, and Goldman Sachs—so please, no more excuses, from anyone. The place to start confronting the exploiters of this world is in front of our own mirrors. After taking a good look, we can start by rebalancing our own lives.

Create less garbage and recycle more, turn down the heat and put on a sweater, hit that off button on your device and knock on a neighbor's door. If we can face ourselves, tackling the bigger exploiters should be easy.

The place to start confronting the exploiters of this world is in front of our own mirrors.

Those of us who live the good life certainly wish to maintain it. But there are a lot better ways to do that than indulging in more consumption. As Eric Hofer, San Francisco longshoreman-cum-philosopher, put it "You can never get enough of what you don't need to make you happy." What a waste of the good life. What a waste of a beautiful planet.

The economically developed world is in dire need of social redevelopment. We have more wealth than our ancestors could possibly have imagined, yet we have made such an awful mess in using it. When do we get to cash all this in to live the decent life?

And when do we start setting a different example for those intent on imitating our "development"? By our casual indulgences, we are perpetuating a massively destructive scenario. Who are we to say "Sorry, it's too late. The planet can't take any more." So we have no choice but to set a different example, by cutting back on our own excesses while ceasing to cheer on the hyper-indulgences of the super-rich as some kind of perverse spectator sport. How about celebrating modesty for a change? And virtue?

Margaret Mead is reported to have said: "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has." Except that now we need a great many such groups, involving all of us, acting individually and together, every day, everywhere.

Will we be wise enough to renew before revolution takes us into some worse imbalance? Are we ready to act on a scale that will be unprecedented, for a planet whose problems are unprecedented?

On the introductory page of this document is a quotation by Tom Paine, taken from his pamphlet *Common Sense*: “We have it in our power to begin the world over again.” Paine was right in 1776. Can we be right again now? Can we afford not to be?

## **Appendix: Boiling in our Own Water**

### **(a rant, with some suggestions)**

A well-known adage claims that if you put a frog in hot water, it will jump out, but if you put it in cold water and gradually turn up the heat, the frog will remain until it boils to death. Are we boiling in our own water?

Consider the points below, altogether. Some may seem commonplace, others excessive. But together they tell the story of a world that is dangerously out of balance, a mercenary world in which discussion has given way to dogma, trust to suspicion, and decency to nastiness. Either we stop this, or it stops us.

These points are accompanied by what I prefer to call suggestions for change (rather than recommendations or solutions). I present them, not because I am sure of any—each would need to be worked out carefully—but in the hope that they will generate other ideas.<sup>55</sup>

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55. A much more thorough set of suggestions is presented in the last chapter of David Koten's landmark book *When Corporations Rule the World*. It is depressing to read this in the

The French philosopher Alain wrote that “All change seems impossible, but once accomplished, it is the state you are no longer in that seems impossible.” Read about the impossible state that we are in.

**Consumed by Consumption** In this world, we glorify consumption while we consume ourselves and our planet. We “harvest” the fish of the sea, as if we own everything that lives, while chemicals that don’t live destroy much that does. Are we in a race to discover wheth-

Enough of this obsession with growth in quantity—always having to keep score. How about growth in quality?

er our collective suicide will come from without—be that pollution, global warming, nuclear holocaust—or from within, thanks to the chemical stews that we ingest, inhale, and absorb?

“Growth for the sake of growth is the ideology of the cancer cell” (Edward Paul Abbey). Yet no sooner does economic growth slow down than governments—left, right, and center—urge us to get back to our consumptive habits. “In the past,

we had to work in order to produce useful things. Today, we have to consume useless things in order to work” (Sibley, 2006).

Enough of this obsession with growth in quantity—always having to keep score. How about growth in quality, for many of the things that matter most—insightful education, humanized medicine, healthier eating—produced by people deeply devoted to the work they do?<sup>56</sup>

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original, 1995 edition, to realize that not only has so much of this come to naught, but how much worse have become so many of the practices that Korten challenged back then.

56. The tiny country of Bhutan has become famous for adopting Gross National Happiness in place of Gross National Product. I visited the country a few years ago and, in discussing this with some of its knowledgeable people, was struck by two things. First, the Bhutanese had no idea how to measure most of it. Second this did not matter because they were behaving true to its precepts. (In the words of a BBC reporter, this had become “a way of life.”) Then the international experts descended on Bhutan, to help them measure it. Soon each of the nine dimensions had “its own weighted and un-weighted GNH index....analyzed using...72 indicators.... Mathematical formulas have even been developed to reduce happiness to its tiniest component parts” (Mydans, 2009). Gross for sure, but happiness? Have you ever encountered

Perhaps nothing drives this cancerous growth more than the stock market. Entrepreneurs create companies to explore—new ideas, new products and services. They certainly want to make money, but many also wish to leave a legacy. Then comes the IPO: on to the stock market the company goes, in search of funds to grow larger. And with that all too often comes the detached, relentless drive for higher numbers, beyond what can be had from further exploration. So the explorers turn to exploitation, and society suffers the consequences. We don't need a stock market that promotes a mercenary society.<sup>57</sup> We need more of the sustainable and humane ways of financing enterprises, for our economies as well as our societies.

As corporations have become "persons" in the law, persons have become "resources" in the corporations.

**Corporate Persons and Human Resources** As corporations have become "persons" in the law, persons have become "resources" in the

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a number that could not be gamed? The "balanced scorecard" (Kaplan and Norton, 1992) cannot be balanced because measurement favors economic factors over social ones (see Mintzberg, 1982).

57. Nowhere perhaps more shamefully than in the pharmaceutical industry. Its advances are welcome, but do we need the stock market to get them, and at those prices? Thanks to government-granted but under-regulated monopolies (called patents), many pharmaceutical companies have maneuvered themselves into being able to charge "what the market will bear" (*Business Week's* term [Carey et al., 2001]). What the market will bear many sick people cannot. The companies claim that they need their profits to support their research. But how much profit? If you believe that we need to be beholden to these companies for such research, consider this: three of the greatest pharmaceutical discoveries of all time—penicillin, which led to antibiotics, insulin, and Salk vaccine—all came out of not-for-profit laboratories. Moreover, research in a number of the biggest pharmaceutical companies has been languishing in recent years. They have been buying many of their new product ideas from smaller, more vibrant firms, while spending huge amounts on the promotion of them. *Development* of these products may require large scale, but that does not justify the economic rents these companies have been getting. (See my article "Patent Nonsense": 2006). In December of 2013, Glaxo-SmithKline announced that it "will no longer pay doctors to promote its products..." as so many pharmaceutical companies have been doing. Its chief executive said that the company had to find "more effective ways of operating" (Thomas, 2013). Putting an end to what looks an awful lot like bribing is certainly that.

corporations. Are you a human resource? I am a human being. We don't even flinch as this dismal economic vocabulary labels us "human assets" and "human capital." How about more human resourcefulness for a change, to challenge this depreciation of our self-respect?

These corporate persons have the right to free speech, so says the American Supreme Court. As a consequence, some of them have used their wealth to drown out the free speech of real persons, for example by weighing in on public issues with massive advertising campaigns. Then there are SLAPPs, meaning "Strategic Lawsuits Against Public Participation," as when a corporation initiates a frivolous suit to shut up opponents who cannot afford the legal costs of fighting back. And thanks to the 2010 Citizens United case, the U.S. Supreme Court has opened the floodgates to private money in public elections. "It is time for those who worry about runaway technologies to include the corporation among the objects of their concern" (Nace, 2003: 297).

Please understand that this personhood is quite selective, heavy on rights, light on responsibilities. True, American courts have yet to grant corporations the right to vote. On the other hand, how many corporations have been sent to prison for committing a crime? Instead they have sometimes paid fines, usually at levels indicating that crime does pay in corporate America (Sachs, 2011a). How about giving each corporation this choice: be a person, and so spend time behind bars (i.e., cease to trade) when convicted of a crime, or else forfeit this charade of corporate personhood?<sup>58</sup>

"CSR" has become a popular mantra. We certainly need true corporate social responsibility. But so too do we need true HCR (Holding Corporations—and their executives—Responsible) for their CSI (Corporate Social Irresponsibility). This can start with greater concern for the real persons in the companies, beyond the so-called leaders who allow their pay packages to announce that they are hundreds of times

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58. The Corporate Charter Revocation Movement seeks to reinstate the original terms of being incorporated: that any charter granted by the state can be revoked by the state.

more important than the mere mortals who do the basic work.

Think of the enterprises you admire. I suspect that most operate as communities of engaged human beings, not collections of detached human resources. Now, imagine an economy made up of such enterprises.

**The Corporate Press** Alexis deTocqueville considered the “independence of the press” to be “the chief...element of liberty” (1835: 193). Most countries today do not have an independent press so much as a corporate press, beholden in the first instance to the owners and the advertisers.

Conrad Black was determined to drive Canada to the right. Before becoming a convicted felon, he gained control of half the country’s daily newspapers. When challenged on this, he replied: “We never ask for more than equal time for our views” (Cobb, 1996). Thirty million Canadians and this one laid claim to half the editorial pages, not to mention his right to appoint the editors who determined access to the other half. Black no longer controls the Canadian press, but it remains corporate nonetheless. In the last federal election, a neo-conservative party was elected with less than 40% of the popular vote but the endorsement of every single English-language daily newspaper except one.

Is democracy just something we assert and then ignore?

Actually, we are lucky in Canada. In Australia, Rupert Murdoch gained control of a much higher percentage of the press, while in Great Britain his political influence was revealed by the hacking scandal in one of his newspapers. Silvio Berlusconi did better still, using his control of much of the Italian press and media to maintain himself as prime minister for almost nine years. Why do any people tolerate such things? Is democracy just something we assert and then ignore?

*Pravda* (meaning “Truth”) was the mouthpiece of the regime in communist Russia. Thanks to Murdoch, the United States now has *Pravda*

West, known as Fox News, which promotes an equivalently dogmatic agenda on the other side of the political spectrum.<sup>59</sup> And where was the esteemed liberal press of America when blatant lies were told to justify the invasion of Iraq?<sup>60</sup>

There are people in Canada, the U.K., and the U.S. who would like to eliminate the CBC, BBC, and PBS. In the name of competition, they wish to rid their countries of the only major networks that are not corporate. For balance in society, we need more alternative voices in the press and the media, not fewer. Social media are making a start, but only a start. And there certainly need to be restrictions on the degree of ownership of all this by any single person or company.

**Numbed by Advertising** Stop and consider the next few advertisements you see. Ask yourself how many go beyond informing, to demean basic human values (“The Everlon Diamond Knot is a tribute to the enduring strength of love” [DeBeers ad on the web]), or else to lie outright, by commission (“Not a worry in the world” on a Nairobi billboard about a pension plan) or by omission (“Clean Coal”—did they mean cleaner coal?). Down we go, to the lowest common denominator. Noam Chomsky’s comment that “The task of advertising is to undermine the free markets we are taught to admire” (2006: 220) may be overstated but it is not inappropriate.

Who cares? You might think, since you hardly notice these advertisements any more. Think again. Political attack ads, which reduce can-

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59. “According to [a] study conducted by the Program on International Policy Attitudes, when it comes to the war in Iraq, regular watchers of...Fox News are the most misinformed people in America. Eighty per cent... believed either that weapons of mass destruction have been found in Iraq, that there is evidence of an Iraq-Al Qaeda link, or that world opinion supported the war—or they believed all three of these untruths” (Klein, 2004). Roger Cohen has written in his column in *The New York Times* (2011) that “Fox News has with its shrill right-wing demagoguery masquerading as news made a significant contribution to the polarization of American politics, the erosion of reasoned debate, the debunking of reason itself, and the ensuing Washington paralysis.”

60. During the Vietnam War, even the CBC in Canada regularly reported the likes of “The Communists have launched an offensive.” Never did I hear “The Capitalists have launched a counteroffensive.” Calling them Communists made it easier to fight that useless war. Today the favored word is “terrorist”: used by any government facing an uprising, justified or not.

didates to caricatures, work all too well, by deflecting attention away from serious issues. They convince some casual voters while turning concerned others off politics altogether—which may be the best result for the worst politicians. As for the impression portrayed by those U.S. advertisements about “Clean Coal,” go fight the millions spent on that campaign.<sup>61</sup>

Ask yourself if life amid such distortion and degradation is of no consequence. Is this the world you wish to pass on to your children? In fact, you are likely doing so already: a study commissioned by the American Psychological Association found that the average child in the United States was by the year 2000 watching more than 40,000 television commercials a year (Dittmann, 2004). Why must parents intent on protecting their children from manipulation have to fight a losing battle with commercial interests? Indeed, why must so much effort have to go into battling those interests when it could instead be channeled into creating more constructive changes?

Think about a world that prohibits commercial advertising to children on television, and that bans all political advertising by corporations. And how about a world with more freedom *from* expression: in our inboxes, mailboxes, voice mails, and election campaigns. Let the advertisers beware for a change.

**The Commercialization of Most Everything** How many of us realize the extent to which our world has become commercial, where everything is supposed to be “monetized”? Our market economies are

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61. As I wrote this section initially, Facebook’s entry to the stock market was getting great attention: how would it use advertising to exploit its enormous database? The more important questions are: where will the line be drawn between profit and privacy, and by whom? What we do know is that companies initially draw those lines in their own interests—the default position seems to be to do what you like until you get stopped. Will the regulators or the courts ever catch up? “In Washington, lobbyists from technology, marketing, and related industries have effectively put the brakes on privacy legislation” (*New York Times* editorial, 5 November 2013). Meanwhile the American government itself has been caught tapping the phone of the chancellor of Germany, alongside many other dignitaries. And the individual who brought this and so many other shenanigans to light—certainly the greatest whistle-blower ever—has to hide from American “justice” in Russia, of all places.

becoming market societies, while our market societies are becoming corporate societies.

If a prostitute can be defined as anyone who sells some precious aspect of self indiscriminately, then prostitution is rampant in our societies. Consider the wealthy celebrities who sell their reputations to endorse products about which they could not care less, Olympic Games brought to us by sugared drinks and fatty foods, university professors and medical doctors who readily accept bribes from pharmaceutical companies.<sup>62</sup> Successful people—artists, writers, chefs—are now touted as “brands”; while regular people walk around like billboards touting the brands they bought. (Please do not judge me by the watch I wear.)

In 1996, Oxford University sold the name of its new business school to Wafic Säid for £20 million. According to press reports, Säid demanded the power to appoint six of the ten members of its board of trustees. This “caused disquiet” in the university (*Economist*, 1996), so he accepted less power over these appointments (Crainer and Dearlove, 1999: 147). *The Economist* claimed that “this shows how much Oxford needs a course in management, especially if it is to prosper in a world where academia is becoming a business.” No, this shows how much *The Economist* needed a course in education, to understand that not

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62. If my use of the word prostitution seems excessive, consider this passage from an article by a Harvard Business School professor who for many years taught its most popular elective course:

George Bernard Shaw, the famous playwright and social thinker, reportedly once claimed that while on an ocean voyage he met a celebrated actress on deck and asked her whether she would be willing to sleep with him for a million dollars. She was agreeable. He followed with a counterproposal: “What about ten dollars?” “What do you think I am?” she responded indignantly. He replied, “We’ve already established that—now we’re just haggling over price.” (Jensen and Meckling, 1994)

Instead of qualifying this in any way, Jensen and his colleague followed the story with this statement: “Like it or not, individuals are willing to sacrifice a little of almost anything we care to name, even reputation or morality, for a sufficiently large quantity of other desired things...” In other words, a generation of students from the school that has had the most influence on corporate behavior was taught that, pushed to the limit, we are all prostitutes.

everything in the world is a business.<sup>63</sup>

[In a] market-based society...there is...no ability to say “enough”. Every last scrap of material, every last inch of earth, every last iota of human attention and experience, must become a commodity in order to feed the market... A system that supposedly embodies “choice” in the end doesn’t give us any. ...everything is legitimately for sale. (Bollier and Rowe, 2011: 3,4)

How about a world in which we raise ourselves up instead of dumbing ourselves down? How about celebrating celebrities who say no, and cheering at hockey games without prompting from corporate PR departments, indeed where the coaches don’t have to wear “business attire.”

**The Emasculation of Government** In the win-win scenario of communism, the state was supposed to “wither away”. Now capitalism is working on it instead. Taking their cue from Thatcher in the U.K. and Reagan in the U.S., many governments have been relentlessly “privatizing” their public services, as if business is inevitably superior to government.

This I have never quite understood. I held my first full-time job with the state-owned Canadian National, the world’s most progressive railroad at the time. Now I am an avid listener of CBC radio, also state-

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63. The London School of Economics did worse. After awarding Muammar Gaddafi’s son Saif a doctorate in philosophy, it accepted a \$2.5 million donation from his charity. It was also revealed that the Monitor Group, a well-known consulting firm (since gone bankrupt), was paid to do research and write a portion of his thesis. The thesis was entitled “The role of civil society in the democratizations of global institutions: from ‘soft power’ to collective decision-making?” An article in the Guardian newspaper (Ash, 2011) described it this way: “Dr. Saif Gaddafi’s LSE thesis makes a case for the action that crushed him.” Monitor also played a role, alongside prominent academics, in the successful campaign to resuscitate the reputation of Muammar Gaddafi—at least until he began slaughtering his people in 2011 (Barrett, 2011).

The failure of the mindless nationalizations by left wing governments has not justified the mindless privatizations by right wing governments.

owned and simply wonderful.<sup>64</sup> What I do understand is that the failure of the mindless nationalizations by left wing governments has not justified the mindless privatizations by right wing governments.

Meanwhile, public services that cannot be turned into businesses have to pretend that they are businesses. This parades under the banner of the “New Public Management”, which is a euphemism for old corporate practices: put heroic leaders in charge, reorganize repeatedly, plan ad nauseam, measure like mad, re-

engineer everything in sight.

It all sounds swell, and may be great for running the state lottery (whose very presence in government attests to the degradation of “public service”). But most activities are in government *because* they cannot be managed like businesses. How to so manage diplomacy, or measure what a child learns in a classroom without destroying the quality of his or her education? A senior British civil servant, when asked why there had been such a profusion of measuring in his ministry, replied: “What else are we to do when we don’t understand what’s going on?” Did he try connecting and communicating, even using judgment? (Does anybody remember judgment?)

Businesses can subtract costs from revenues to measure profits—their logical bottom line. Governments cannot. Because the costs of their services are usually easier to measure than the benefits generated by those services, politicians can often cut costs with no evident effects on the benefits. These can take years to show up, and even

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64. After the CBC dropped radio advertising in 1975, “the result was ... an explosion of creative excellence that earned to the network a large and fanatically loyal audience” (Rowland, 2013)

then, not in any numbers so much as in the experiences of the people who suffer the direct consequences—a child taught by a badly trained teacher, a community that finds itself under-policed.<sup>65</sup>

As for that magic bullet of heroic leadership, do we realize how often it fails, in business and the plural sector no less than in government? To combine metaphors in a field that already makes bad use of them, when one leader on “top” goes down a black hole on his white horse, we look for another leader who is even more heroic. I’ll say it again: enough leadership; we need communityship, whereby people who are deeply engaged in what they do collaborate enthusiastically for better results.

The consequence of this New Public Management is that many government departments now wander about like amnesiacs, confused about what they are supposed to be. Is there any better way to render government as inept as its critics claim it to be? And not only government. These days, hospitals and NGOs have their “CEOs” (to make sure everyone knows who’s boss), universities and countries have their credit ratings, and food banks have their business plans (doesn’t everyone?). Business is fine in its place, which is not everywhere.

It is time to challenge the relentless attacks on government: demeaning it, reducing it, and coopting what’s left of it.

A strong public sector, as noted, is one key to maintaining balance in society. We find this in a number of successful nations today, developed and developing—Germany, Brazil, the Scandinavian ones for example. Contrast them with countries that constantly put down government and decimate their public services. In the 2012 U.S. presidential election, while private interests spent billions on the campaigns, some state governments didn’t even have the funds to staff their polling

65. See my article “A Note on that Dirty Word Efficiency” (Mintzberg, 1982).

booths. Obamacare has been an administrative mess? Blame some of that on American attitudes: how do you get decent public services when there is so little respect for public service?

Thus it is time to challenge the relentless attacks on government: demeaning it, reducing it, and coopting what's left of it.<sup>66</sup> Years of knee-jerk tax cutting to benefit the rich have driven governments to an over-reliance on regressive sales taxing, callous service reducing, mindless outsourcing, and detrimental gambling.<sup>67</sup>

How about this for a sacrilegious idea: instead of further scrutinizing the public sector in search of services to shift into the private sector, let's scrutinize the private sector for services that might better be provided in the plural sector. We can start with some pharmaceutical research.

**Globalization for the Global** In the name of globalization, many large enterprises run freely around the globe, cheered on by the powerful international agencies that should be regulating them. All of these agencies, not incidentally, are economic: the International *Monetary* Fund, the World *Bank*, and the World *Trade* Organization (WTO)<sup>68</sup>. Nowhere

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66. At a party I attended in Virginia a few years ago, I listened to a group of retired military people rail on about how awful is government and how dreadful its taxation, without ever recognizing that, as government employees, they had been entirely dependent on that taxation for their own incomes.

67. See Robinson (2011) for an interesting view on this. "The budgetary and fiscal crises that supposedly justify spending cuts and austerity are contrived," made possible by deregulation of the financial industry that encouraged speculation, with the resulting "transfer [of] the burden of the crisis to working and popular classes." The "new speculation frenzy by financial capitalists is now being presented as working people living beyond their means, a convenient smokescreen..." Robinson described "the austerity sweeping across Europe" as the "Third-Worldization of the 'First World.'"

68. To this list might be added some other international institutions, including the Organization for Economic Cooperation and Development and the World Economic Forum, whose 2006 conference in Davos included a session entitled: "Global Business: Savior or Scapegoat?" Some choice! In that session, one panel member, the chairman of J.P. Morgan Chase, went on about the few bad apples who were damaging the reputation of big business. On 1 September 2013, after a string of scandals concerning the manipulation of energy markets, criminal investigations of mortgage securities, and the hiring of the children of Chinese political leaders), *The New York Times* published an editorial entitled "Chasing J.P. Morgan Chase," about its "sheer size, and scope and complexity...encourage[ing] speculative and bad behavior."

has the economic dogma dug itself in more deeply than in these agencies, for the benefit of corporate entitlements worldwide.<sup>69</sup>

When the European Union restricted the use of genetically modified foods in response to widespread citizen concerns about their effects on health, Argentina, Canada, and the United States mounted a formal challenge at the WTO. It ruled the ban illegal. Why the World Trade Organization? Where was the World Health Organization? And what business do appointed economists have telling elected officials that they cannot legislate on health issues?<sup>70</sup> As noted earlier, now we have international trade agreements that give corporations the right to sue governments, even on legislation pertaining to health, culture, and the environment, that they claim have interfered with their profits. The madness is not just continuing; it's accelerating.

Bullying is rampant in the globalization arena. "Level the playing field" is the motto. Sure—so that the New York Giants can take on some high school team from Timbuktu. With the WTO and the IMF as the referees. This game is played with western rules, but on southern turf, except that the rules are promptly suspended when western interests are threatened.

We can call this model of economic

In the 1930s we learned that unregulated markets can be dangerous for a domestic economy. It has taken us well into the next century to discover that they can be dangerous for the international economy too.

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Subsequently the company agreed to a \$13 billion settlement on its mortgage activities, was being investigated about turning a blind eye to the Madoff Ponzi scheme (Proress and Silver-Greenberg, 2013), and was being sued in connection with the Goldman Sachs aluminum scandal (Harris, 2013).

69. An earlier head of the WTO has been quoted as describing environmental-based regulations and standards as "doomed to fail and could only damage the global trading system" (Wallach and Sforza, 1999:28).

70. See Korten (1995: Chapter 13) on the WTO.

development *outside-in*: open your markets to outsiders and your economy will take off. Check its record. No major economy ever took off in this way: not the U.S., not the U.K, not Japan, not South Korea, not Germany (Chang, 2002; see also Mintzberg, 2006). All built up their economies primarily with an *inside-up* model, which allowed indigenous enterprises to establish themselves before they had to face full international competition. And supporting this has always been a *top-down* model, of state intervention, in the form of subsidies, tariff protections, provision of infrastructures, and so on, as when the U.S. government gave away land on which private companies could build railroads.<sup>71</sup> But this model, conveniently for the already developed West, has now gone out of fashion.

In the 1930s we learned that unregulated markets can be dangerous for a domestic economy. It has taken us well into the next century to discover that they can be dangerous for the international economy too. Yet what are we doing about it, other than sitting around as spectators, waiting for the next economic disaster?

Long overdue are taxes on day trading and other speculative transactions that provide short-term gains for the few and long-term grief for many, as when they magnify the effects of crop failures. And when will the international agencies that are so keen on market forces, and so quick to challenge weak countries, put an end to corporate welfare in the wealthy countries: bailouts, grants, subsidies, tax breaks? Where is the free market where we need it?

Enough as well of the “too big to fail” nonsense, a lame excuse for too big to succeed. By that logic, no large company should ever be allowed to go bankrupt. There they were, the captains of American industry and finance, on their knees before Senate committees, begging for the protection of their established markets. How much of

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71. These three models are discussed in my article “Developing Leaders? Developing Countries,” first published in 2006. At that time, I was obliged to explain why Ireland was not an exception: I claimed that it was already rather developed within the E.U. when it went so aggressively to the outside-in model. I no longer have to make this argument.

the country's resources did these bailouts divert from enterprises that could have been doing a lot more economic good? There is micro-financing and there is macro-financing; needed is more middle-financing, away from the mercenary stock markets, to support the growing, exploring enterprises that create jobs, instead of resuscitating the decaying, exploiting enterprises that eliminate jobs.<sup>72</sup>

**"Democracy" Within** The United States wrote the book on democracy as we know it. So that is where its record will have to be judged ("its" referring to America as well as democracy). That record is not looking good right now.

Many people in the "developed" world point their fingers at the corruption of politics in some of the poor countries of Africa. The difference in America is that the corruption is legal. Moneyed interests bribe politicians with court-sanctioned donations; corporations spend massive amounts on advertising to skew public opinion on political issues;<sup>73</sup> the extent of lobbying in Congress has turned much of American politics into a pork barrel for the already advantaged. As mentioned earlier, Adam Smith's invisible hand in the marketplace has become a visible claw in the American Congress.

The consequence, as noted, is that powerful private interests have gained a stranglehold on significant public policies. The gun lobby re-

Many people in the "developed" world point their fingers at the corruption of politics in some of the poor countries of Africa. The difference in America is that the corruption is legal.

72. An American "Bureau of Labor Studies report stated, 'Small firms with fewer than 500 employees accounted for 64 percent of the net new jobs created between 1993 and 2008'" (in Collins, 2012: 55).

73. "...the fossil fuel industries...have for decades waged a concerted campaign to raise doubts about the science of global warming and to undermine policies devised to address it" (Broder, 2010).

cently maneuvered Congress into blocking gun control legislation that was supported by most Americans, including gun owners themselves. And about the financial services industry, a major contributor to federal election campaigns,<sup>74</sup> David Brooks wrote in his *New York Times* column (2011c) that “Washington is home to a vertiginous tangle of industry associations, activist groups, think tanks and communications shops. These forces have overwhelmed the government that was originally conceived by the founders.”<sup>75</sup>

Brooks’ use of the word “overwhelmed” is significant. Imagine a city where so many irregularities are committed—say drivers going through red lights in droves—that the police cannot possibly keep up. Can U.S. governments possibly keep up with the flaunting of the regulations that do remain, as well as all those activities it should be regulating, let alone the epidemic of corporate crime that we have been witnessing in recent years?<sup>76</sup> And that’s just domestic. On the global level, countervailing powers are virtually absent. “Democracy has... been abandoned to its wild interests, and it has grown up like those children who have no parental guidance...” De Tocqueville wrote this in the early 18<sup>th</sup> century, about his country, France [1835/1990:7].

Democracy is not some fixed state. It is a dynamic process, comprising various components: a free press, open elections, an independent judiciary, balanced powers, habeas corpus, and so on. No country can just be declared democratic, as if in some condition of perfect social balance. It has to be judged more or less democratic on each of these components, compared with other countries as well as with its own

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74. “One consumer group... calculates that the financial services industry, including real estate, spent \$2.3 billion on federal campaign candidates from 1990 to 2010” (Friedman, 2011b).

75. He also referred to this as “the biggest public-private partnership to date”. But what about that “military-industrial complex”? Even today, with no major war or evident national enemy, the United States spends as much on “defense” as the rest of the world combined (in 2010, \$640 billion; China was second with \$76 billion [*The Economist*, 2012: 103]). The U.S. retains enough nuclear warheads to bomb every city on earth with a population over 100,000.

76. Jeffrey Sachs (2011a) claimed that “Every Wall Street firm paid significant fines during the past decade for “phony accounting, insider trading, securities fraud, Ponzi schemes, or outright embezzlement by CEOs.”

previous performance. The United States was for long the gold standard. Now, as will be seen in statistics cited at the end of this appendix, it has ceded that position—although to no other country in particular.

America did not invent democracy so much as give impetus to a particularly individualistic form of it. At the outset, as noted, all propertied white men were ostensibly created equal. Over the course of two centuries, with great effort and sometimes bloodshed, the rest of Americans joined in, as individuals. Corporate persons joined in too, without much effort, so that the power of private property in the political process came back, with a vengeance.

We need to rethink democracy, to reclaim it from personal individualism at the expense of collective citizenship and cultural communityship. We need to rescue it from that swinging between left and right as well as that paralysis in the political center. As noted, the problem that the Egyptians now face—how to write a constitution and hold elections that will result in balanced and effective governments—is common to many “democratic” countries today.

A first and most obvious step toward rebalancing society is the ingenious idea that only persons who walk like persons and quack like persons are persons. If the church could be separated from the state, surely the state can be separated from the corporation (Hawken, 2007:67).<sup>77</sup>

As emphasized earlier, strengthening the plural sector, to take its

We need to rethink democracy, to reclaim it from personal individualism at the expense of collective citizenship and cultural communityship.

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77. Someone in the United States has brought a suit to have chimpanzees recognized as persons in the law (in order to protect them). Surely chimpanzees have a greater claim to personhood than do corporations.

place alongside the public and private sectors, is also key to restoring balance. We need to recognize the important role of common property in today's world, for example so that common knowledge can replace the patent nonsense associated with so much of what is called intellectual property. We also need to devolve more aspects of democracy to local levels, where people are able to collaborate in communities—as now happens, for example, with municipal budgeting in many Brazilian cities. And to repeat what cannot be repeated enough, we need to reduce drastically the money spent on elections and to get rid of political advertising by private interests altogether.

For many voters today, “none-of-the-above” has become the preferred but unavailable option. Where has leadership gone, in government and elsewhere? What is keeping the Nelson Mandelas and the Mahatma Gandhis out of public office: the courageous, selfless, decent people who have earned the title “leader”? Why do we instead see so much greed in business and so much nastiness in politics?

**Democracy Without** In 1776, the United States issued the Declaration of its own Independence. In 1823, it issued what became its declaration of other countries' dependence. Known as the Monroe Doctrine, it was intended to stop European interference in the newly liberated countries of Latin America. But eventually it metamorphosed into America's self-appointed right to intervene unilaterally in any country of the western hemisphere, and later the world, that acted contrary to its own interests—which has usually meant the interests of its corporations.

Some of these interventions have been noble, others nasty. It was a noble America that entered World War Two, and then brought the farsighted Marshall Plan to Europe. Since then we have been seeing more of nasty America, always with some sort of enemy to challenge.<sup>78</sup> Supported by the powerful international agencies, the U.S. has en-

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78. “Since 1941, the United States has defined its role in the world largely in opposition to an unambiguously evil foreign enemy: first the axis powers, then the Soviet bloc, and for the past decade, Al Qaeda and its allies” (Freeland, 2011).

couraged democracy in other nations, so long as this subscribed to its own prevailing view of that: open markets (in those countries if not always back home); free enterprises (even when cartels); freedom of the individual (to use private money to influence public policies); and democratic elections (so long as the winners support all of the above; failing that, dictatorships friendly to American business). Too often

Too often on the international stage, nasty America has ignored the basic tenets of its noble foundations.

on the international stage, nasty America has ignored the basic tenets of its noble foundations.

Yet some prominent American commentators, such as Tom Friedman and George Soros,<sup>79</sup> continue to claim that the world needs their country to maintain peace. While others, like Noam Chomsky, may not be able to see past nasty America, these people cannot see past noble America, blind as they are to the country's long string of incursions around the world.<sup>80</sup> One of his biographers described Napoleon as a visionary because he imagined a lasting peace through a united Europe centuries before the European Union was created. Somehow the Spaniards, Russians, and Prussians did not quite see it that way. How many people outside the United States now see it the way Soros and Friedman do?

Must we rely on one country to keep the peace, indeed a country that has so often been at war in recent years? Have we made no greater progress than that in our supposedly "modern" world? Can we expect the world's keenest proponent of individualism—for itself as a nation no less than for each of its own citizens—to foster the cooperation that

79. "Somewhere in the back of their minds, a lot of people seem to be realizing that the alternative to a United States-dominated world... is a leaderless world" (Friedman, 2009). "To regain the identity it enjoyed during the Cold War, the United States ought to become the leader of a community of democracies... [It] would still need to retain its military might, but this strength would serve to protect a just world order" (Soros, 2004: 167-168).

80. For a list of overt U.S. military and covert CIA interventions, etc., see "From Wounded Knee to Libya: A Century of U.S. Military Interventions" (Grossman, 2012).

the world so desperately requires?

In a sense, we rely on five countries to keep the peace, such as it is: the permanent members of the United Nations Security Council. All five are distinguished by (a) their large arsenal of nuclear weapons, (b) their history of bullying, including extensive colonization by some, and (c) their major armaments exports (they rank 1-4 and 6 in the world). Is it any wonder that we have a steady stream of wars in our time?

“Superpowers” hardly need more power. Imagine a Peace Council at the U.N., comprising nations with freely-elected governments that have engaged in no war for fifty years and are engaged in no significant arms trade. (Costa Rica, for example, abolished its military in 1948.) The legitimacy of the U.N. would be enhanced, and security quite likely improved, by empowering a wide spectrum of nations with records of peace in place of a few with records of war.

And while devolving more aspects of democracy to local levels, we also need to raise other aspects of it to global institutions, empowered to address the problems of warming and want, and to regulate the free-wheeling forces of globalization.

The accompanying box weaves together a number of the points of this appendix in a story about the activities of one global corporation.

### **Closing the Loop around Government**

In December of 1999 I read a Nokia advertisement in a Canadian magazine. It showed the screen of one of its mobile phones, with the inscription: “At Revenue Canada your call is important. Please hold.” Below the phone were the words “long battery life.”

Cute. Would Nokia have found cute an equivalently demeaning advertisement by the Canadian tax agency?

Shortly after, on a weekday morning at 10 am, I called the Nokia number listed in the ad. In those days, people answered

the phone, or didn't. I listened to a "Please hold" voice until a real person answered—after 2 minutes and 55 seconds. Then I called the Revenue Canada number listed in the Montreal phone book. No voice said "Please hold": a real person answered in 12 seconds.

One example is enough to make the point: why do we tolerate such knee-jerk put-down of government, in this case by a prominent corporation that, this morning at least, did not even have its own act together?

Later I contacted a friend in Finland, where Nokia was headquartered, with a question: Had the company, or its senior management, lobbied for lower taxes in that country? The answer came back as four articles and a speech by, or about, Jorma Ollila, Nokia's chief executive. I quote from these below, in translation:

- "High taxation is untenable in the long run," Ollila told *Helsingin Sanomat* on 27 September 2001, with a thinly-veiled threat to move Nokia's headquarters out of the country (repeated on 23 December 2002).
- "According to Ollila, this decision [of the government, to raise corporate taxes by 1%] will cause problems for Finland because many European countries are strongly bringing down their corporate tax percentages" (ibid).
- "In Ollila's opinion, a small growth of the disparities [of income in society] is acceptable if it simultaneously gives a growth injection to the whole national economy" (*Helsingin Sanomat*, 27 January 2002).

This last quote and another<sup>81</sup> suggest the following sequence:

81. Tax cuts "create a possibility to finance services of the society in the coming

denying the government such revenue is good because it grows the economy, which in turn provides a base for more taxes, so that the government ends up with more revenue, and thus the citizens in need get better services. Win-win all around. Or is this lie-lie all around, a race to the bottom for the benefit of the rich?

Imagine what might happen if other countries followed suit? None of the above. Indeed, there is no need to imagine. In Canada, when that ad appeared in 1999, the federal corporate tax rate was 28%. When I wrote this box initially in January of 2012, the Conservative government of Canada had just lowered the federal corporate tax rate from 16.5% to 15%. As I edited this text three months later, this government was introducing 10% budget cuts across much of the federal public service. Many social, regulatory, and environmental programs were being dismembered. The government, you see, was short of money, and this was going to save it \$5.2 billion per year.

That 1½% cut in the corporate tax rate in 2012 was going to cost the government \$3 billion a year; the cumulative cuts since the Conservative Party came to power in 2006, when the rate was 21%, were costing the government \$13 billion per year (Macdonald and Jackson, 2012). In other words, this has amounted to a significant transfer of public services into private profits.<sup>82</sup> Most of the Canadian 99% is waiting to win-win.<sup>83</sup>

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years with a lower tax ratio than today” (Ollila in a speech to the Finish Chamber of Commerce, 4 June 2002).

82. During the preceding election campaign, feigning ignorance of the laws of supply and demand, the Minister of Finance explained that such corporate tax cuts would go straight into lower prices for consumers. We must have very generous companies in our country.

83. The United States has three regimes for income taxes, which may illustrate the imbalance in its society better than anything else. #1 *Full taxation for regular Americans as well as anyone living elsewhere deemed by the U.S. government to be American.* Anyone listed as an American citizen is required to file tax returns in the U.S., no matter where they live—even if they were registered as citizens by their parents and have never spent a day in the U.S.—and to pay whatever exceeds the taxes they have paid where they do live. #2 *Low taxation for American corporations pretending*

So the sequence turns out to be, not what Ollila claimed, but more like a nice little closed loop: Put government down, to gain popular support for reducing taxes, which starves public services, so that government appears incompetent after all, thus enabling more of these services to be shifted to the private sector, which reinforces its supremacy. Or to express this more bluntly: Blame the government for not answering the phone so that the government can't answer the phone.

There is one link missing in this loop. That ad appeared in Canada; Ollila sought to reduce taxes in Finland. He was probably not even aware of the ad in Canada. But here is where globalization comes in. He was aware of lower taxes in other countries—that was his justification for lowering taxes in Finland. If

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*to live abroad.* The U.S. government is prepared to track down its citizens, but not its corporations. Many have been able to maneuver the presence of their headquarters in countries with low tax rates (Bowley, 2013). One study by the Congressional Research Service found that in 2008, subsidiaries of American corporations generated 43% of their profits in five prominent tax havens where they had 4% of their foreign employment and 7% of their foreign investment (Rattner, 2013). There can be no more quintessentially American company than General Electric. Almost half of its employees work in the home country; likewise almost half the revenues come from the U.S. In 2010, G.E. reported worldwide profits of \$14.2 billion, \$5.1 billion of it claimed to have come from operations in the U.S. General Electric paid no U.S. taxes at all that year; in fact, it claimed a tax benefit of \$3.2 billion, and over the previous five years, declared \$26 billion in American profits with a net tax benefit of \$4.1 billion. ("In 2010, 25 of the 100 largest U.S. companies paid their CEOs more than they paid in U.S. taxes. Twenty spent more on lobbying and eighteen gave more...in bundled contributions to political candidates" [Collins, 2012:3,53].) This did, however, create employment: GE's tax department has been estimated to employ 975 people, not to mention its lobbyists (Kocieniewski, 2011). #3 *Low taxation for wealthy Americans.* Many of the richest Americans have been able to manoeuvre their annual earnings into lower taxed capital gains. During the 2012 presidential campaign, Mitt Romney was forced to admit that he paid 13.9% on his \$21.7 million gross income for 2010. The federal tax rate for the 400 Americans with the highest incomes fell from 30% to 17% between 1995 and 2007, to the point where Warren Buffet, one of the richest people in America, published a *New York Times* commentary (19 August 2011) asking the government to raise taxes on the rich. He claimed to pay only 17.4% of his taxable income to the federal government in 2010, less than all the other people in his office, who averaged 36% "My [billionaire] friends and I have been coddled long enough..." Most of those friends, however, remained silent. Collins has referred to this whole kind of thing as "a triumph of capital and a betrayal of work" (p. 8).

the ad did its bit to lower taxes in Canada, then the Ollila's of the global world had more ammunition to lobby for the lowering of taxes in their own countries. This could even have become a never-ending spiral—imagine that.

Of course, there is nothing extraordinary about this story, which is precisely what makes it extraordinary. Nokia and Ollila were simply doing what is so commonly done in the corporate world these days.

Add up all such stories and you do not get an orchestrated global conspiracy, just the effect of one: that never-ending spiral to the bottom. It's an implicit game of divide and conquer on a global scale: divide the sovereign nations of the world so that the entitled corporations can conquer the globe. As a consequence, the planet is warming and societies are boiling so that the rich can get exponentially richer. This we call progress.

### **Social Consequences in America**

Many of the examples in this appendix, especially in the last two sections on democracy, have come from the United States. It has long been seen, for good reason, as the world's model for economic development, the beacon for people everywhere seeking freedom and democracy, not to mention a ticket to the good life. So what condition is the country in now? A summary follows of some of the social and economic consequences that have accompanied America's economic development. (References in support of the evidence cited below can be found at the end of this pamphlet.)

- The United States has the highest rate of incarceration in the world. Its most populous state, California, spends more on prisons than on secondary education.

- 69% of American adults, plus one-third of adolescents and children, were found in 2013 to be overweight, and 36% of them, plus one-fifth of the latter, obese. Only Mexico now exceeds these rates. Back in 1991, no U.S. state had an obesity rate greater than 20%.
- The U.S. health care costs are the highest in the world, by far—above 17% of GDP, compared with about 12% for the next country. Yet its outcomes are, on average—meaning for ordinary Americans—mediocre.<sup>84</sup> As for the health of the country's elite, a 2006 study found the rates of diabetes and heart disease among the wealthiest and best-educated Americans to be comparable with those of the poorest and least educated English.<sup>85</sup>
- Antidepressants have become the second most prescribed drugs in the U.S. (after those to reduce cholesterol): 254 million prescriptions for a population of 309 million in 2010 (the figure for 2005 was 118 million). Experts have estimated that 25% of adult Americans will have a major depressive episode at some point in their lives. A WHO survey reported in 2009 that Americans had the highest level of illicit drug usage in the world.
- A 2005 report on voter turnout in what has long been seen as the world's model of democracy put it at 114<sup>th</sup> out of all nations. Poll data from 2011 might help to explain this: "The share of Americans who say they trust government to do the right thing is scuttling

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84. One study of the most developed western countries (Davis et al., 2010) found that the U.S. ranked last on the dimensions of access, patient safety, coordination, efficiency, and equality. Infant mortality and mortality amenable to health care were in 2010 the highest among the developed nations.

85. Yet the most popular prescription for fixing American health care continues to be treating it more as a business and increasing its level of competition (see, for example, Porter and Teisberg [2004 and 2006] also [Herzlinger 2006 and 2007]), even though American health care is already highly competitive and business-like. (This is discussed at length in a book I am completing entitled *Managing the Myths of Health Care*.)

along at historic lows. Nearly two-thirds of Americans believe the nation is in decline, according to a variety of surveys....The country is anxious, pessimistic, ashamed, helpless, and defensive” claimed David Brooks in his *New York Times* column (2011a).

- After many years of setting the world standard for access to higher education, a 2013 report put the United States 16<sup>th</sup> in college graduation per capita. An OECD report of 2013 placed the United States 26<sup>th</sup> out of 65 countries with regard to the mathematics and science skills of 15 year olds, just behind Slovakia and well behind Vietnam. With regard to high school dropouts, from its position of the best record after World War Two, “the country now ranks 18<sup>th</sup> among the top 24 industrialized nations” according to a 2011 article in the *Stanford Social Innovation Review*.
- The American economy has been in trouble for some time, with high unemployment as well as underemployment rates. The unemployment rate hovered at 8-9% for some years, and is now in the 7% range, with an underemployment rate in the same range. The figure for American men not working has been closer to 20%, the highest of the G7 countries and “probably....the highest since the Great Depression,” compared with 4% in 1954 (Brooks, 2011b).<sup>86</sup> As for the employed, average wages have been stagnant for decades. Moreover, a Gallop poll in 2013 reported that 70% “either hate going to work or have mentally checked out to the point of costing their companies money” (Egan, 2013). In 2012, the report of a major task force on American Innovation found that the advantage of the country that had led the world for more than half a century was “rapidly eroding.”

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86. For more on “America’s Great Regression” and its link to the discussion of income disparities that follows, see Reich (2011).

- Income disparities in this, the wealthiest of the large nations,<sup>87</sup> have been increasing at an alarming rate, reaching levels not seen since the Great Depression. In 2011, the wealthiest 1% of Americans took home nearly one quarter of the national income (compared with about 10% in 1980 [Castaneda, 2011]), and they controlled 40% of the nation's private wealth (Stiglitz, 2011), compared with 20% in 1970 (Collins, 2012:14). Between 2002 and 2007, 65% of all income growth in the country went to them, plus "95% of the gains since the low point of 2009" (Krugman, 2013). At the other end of the spectrum, according to a U.S. Census Bureau account, in 2010 46 million Americans lived in poverty (15% of the population and 22.5% of the children). These numbers were the highest in the 52 years that the Bureau had been publishing such data, and the highest among the developed nations. (In 2000, the poverty rate was 11.3%, having fallen every year since 1992.) Between the rich and poor of America, median household income fell in 2010 to levels last seen in 1996, and remained barely above those of 1980. A male, full-time, year-round worker earned a little less than his counterpart of 1973.<sup>88</sup> "In a Bertelsmann Foundation study on social justice released in the Fall of 2011, the United States came in dead last among the rich countries..." (Castaneda, 2011). "Rising inequality in the United States is 'permanent'." It is not about "a bad year [or] a temporary economic turndown" but rather "reflection of an increasingly calcified society" (Freeland, 2013).<sup>89</sup> Contrast these words with those of de Tocqueville in 1835: "...during my stay in the United States, noth-

87. A 2010 IMF report on GDP per capita ranked the United States 6<sup>th</sup>, behind Luxembourg, Singapore, Norway, and two small Middle East states.

88. "Those who have contributed great positive innovations to our society, from the pioneers of genetic understanding to the pioneers of the Information Age, have received a pittance compared with those responsible for the financial innovations that brought our global economy to the brink of ruin" (Stiglitz, 2011: 2, 3).

89. An article in the *International Herald Tribune*, which cited many similar statistics, was entitled "A Rule for U.S. politicians: 'We're No. 1!'" (Shane, 2012). For the opposite take, and the human side of these statistics, see Putnam's description of the lives of haves and have nots in the Ohio town of his youth compared with those lives in that town today.

ing struck me more forcefully than the general equality of condition among the people." He referred to this as "the fundamental fact" behind all his observations and conclusions (1835/1990:3).

- Most surprising are figures on social mobility from one generation to the next, historically America's greatest claim to fame. To repeat the figures cited earlier, a 2010 OECD report put the Scandinavian countries plus Australia, Canada, Germany, and Spain well ahead of the United States. For example, a son's advantage in having a higher-earning father was 47% in the U.S., 19% in Canada.

Is this what is meant by the good life? The U.S. has certainly developed economically. These results suggest that it is now depreciating socially, and politically, and perhaps economically as well. Yet globally, it continues to promote successfully the very model that has caused its own troubles domestically.

In many respects, the United States remains a wonderful place, with many generous people, engaged in all kinds of concerned efforts. Unfortunately, while they make advances, and sometimes win elections, they have lost control of their country.

But the exploiters who have gained that control may be less worrisome than the people who have passively accepted that exploitation. They have been so jerked around, so pacified into believing myths that camouflage truths, that their frustration could eventually boil over. Then what? See the accompanying box about one dire possibility.

Or will the renowned resourcefulness of the American people finally kick in? De Tocqueville wrote that "Each American knows when to sacrifice some of his private interest to save the rest" (p. 123). That is what he called "self-interest rightly understood." Can it return? Winston Churchill is claimed to have quipped that "The Americans always get it right—after they have exhausted all the alternatives." Americans have exhausted many alternatives. Will they finally get it right? I hope

so, for the sake of all of us.

We in Canada are now getting it wrong. Our country has long been admired for its balance and benevolence. We have always been on the front line of the changes flowing out of the United States, and were proud to have resisted the worst of them. No longer. Our last election gave a majority of seats in our House of Commons to one of the most reactionary governments in the western world. Thanks to it, and more, there is a creeping meanness in my country that I find shocking. If this can happen in Canada, fear for the rest of the world. Better still, do something about it.

“The cause of America is, in great measure, the cause of all mankind,” wrote Tom Paine in his pamphlet of 1776. His words ring true again today, but not as he meant them. Mankind and womankind need a compelling cause. Let it be the attainment of a decent balance.

### **A Disturbing Parallel**

In a pointed essay, Canadian lawyer Paul Bigioni (2005, see also 2006) drew a parallel between some prominent conditions in the United States and ones that accompanied the rise of German and Italian fascism in the 1930s.

Bigioni noted “the exaltation of big business at the expense of the citizen”; the prior presence of (economically) liberal democracy in both countries, with a concentration of economic power which became political power; the lack of effective anti-trust laws in a time “eerily like our own, insofar as economists and businessmen constantly clamored for self-regulation”; the reduction of taxes on large businesses; “a pander[ing] to the middle class,” from which Hitler drew some of his most enthusiastic supporters while he “simultaneously destroy[ed] them”; labor policies that were “a dream come true” for the large indus-

trialists, giving “total control over wages and working conditions to the employer”; in Italy, the abolishment of the inheritance tax and massive subsidies to the country’s largest industrial businesses, with the poor having subsidized the wealthy while wages and living standards for the average Italian were dropping precipitously.

Bigioni challenged the assumption that we have enough democracy to protect us. This, he claimed, is exactly the kind of complacency that allows our systems to be quietly and slowly perverted “...fascist dictatorship was made possible because of the flawed notion of freedom which held sway during the era of laissez-faire capitalism in the early twentieth century. It was the [economic] liberals of that era who clamored for unfettered personal and economic freedom, no matter what the cost to society. Such untrammelled freedom is not suitable to civilized humans. It is the freedom of the jungle.... Such a notion of freedom legitimizes each and every increase in the wealth and power of those who are already powerful, regardless of the misery that will be suffered by others as a result. The use of the state to limit such “freedom” was denounced by the laissez-faire liberals of the early twentieth century.

Bigioni closed his essay with a plea for “balanced and civilized freedom.”

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*The first truth is that the liberty of a democracy is not safe if the people together tolerate the growth of private power to the point where it becomes stronger than that of their democratic state itself. That, in its essence, is fascism... (Franklin Delano Roosevelt, 1938).*

## About These Pamphlets

So far as I recall, the thoughts that have ended up in this pamphlet began to form during a 1991 visit to Prague, just after the fall of its Communist regime.<sup>90</sup> Toward the end of that decade, I prepared a draft of some of the ideas that appear here, which I used in small brainstorming workshops held around the world, from 2001 to 2014.<sup>91</sup> All the while, I was collecting large quantities of related materials—dozens of books, hundreds of articles,<sup>92</sup> and thousands of my own little notes.

In 2009, I began to face all this, with the intention of distilling it into an “electronic pamphlet”. It soon became evident that this needed to be a *series* of pamphlets. (An outline I did for three of them, in 2010, is reproduced on the next page.) Now I am inclined to see them as a set of pamphlets, to appear in whatever order seems most appropriate as I go along.

Among the themes I would like to investigate further are the nature of the plural sector and its relationships with the other two sectors; the role of organizations that are especially engaging, in all the sectors; and possibilities for reclaiming democracy. (A few years ago, I began work on a second pamphlet, about the dogma of economics, which I may or may not pursue.)

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90. I wrote about this visit in an article entitled “Learning In and From Eastern Europe” (Mintzberg 1992), which discussed the three sectors in terms similar to those here. (So did David Korten in his 1995 book *When Corporations Rule the World*.) A subsequent visit led to a follow-up article entitled “The Economist Who Never Came Back” (Mintzberg 2002).

91. The first took place in New Zealand (2001), and subsequent ones were held in Costa Rica, France (Brittany), Ghana, Beijing, Mexico City, Prague, Nairobi, Italy (Tuscany), the U.K. (London Goodenough Trust), the World Bank (in Washington DC), the U.S. (in the New School in New York City, the Darden School at the University of Virginia, and a conference of the Academy of Management), in Canada (Vancouver, Ottawa, Ste. Jerome and Ste. Marguerite, Quebec, also with the Sauvé Scholars at McGill University in Montreal), and most recently in Lima (2010), Paris (2012), Tokyo (2013), and McGill in Montreal (2014).

92. As has been evident, I have found *The New York Times*, in its international edition (until recently *The International Herald Tribune*) to be particularly useful, especially its wonderful investigative reporting and a few of its regular columnists, in particular David Brooks.

I should add that I am working to no schedule on any of this, and because I usually write so many drafts of what I eventually publish (at least fifteen of this one), I cannot predict until the last minute when any one will be ready (so please don't ask!). I intend to post each on [www.mintzberg.org](http://www.mintzberg.org), beside publication in book form.

**Original outline for a series of five pamphlets**  
**REBALANCING SOCIETY**  
**radical renewal beyond left, right, and center**  
 ©Henry Mintzberg (Circa 2010)

**I. OVERTURE**

The Triumph of Imbalance  
 Balance on Three Legs  
 You and I

**II. SOURCES OF IMBALANCE**

The unholy alliance of economic dogma with  
 “free enterprises”

**Economic Dogma as Justification**

Premises of mainstream economics  
 The grand fallacy: *the* perspective,  
 not *a* perspective  
 The visible hand of Adam Smith  
 Egoism - Altruism  
 Consumption - Conservation  
 Property - Poverty  
 Markets - markets  
 Competition – Cooperation  
 Externalities - Internalities  
 Quantities – Qualities  
 The Economic – The Social

**Corporate Entitlement as Manifestation**

The butcher, brewer, and baker today  
 Market economy or corporate society?  
 Legal corruption: threats to society,  
 democracy, decency, the environment, and  
 business itself  
 Corporate control  
 - of markets, consumers, and social agenda  
 - of employees  
 - of the public debate (corporate press)  
 Undermining Democracy  
 Undermining Ourselves  
 The Glories of Globalization  
 The case of the pharmaceutical industry

**III. BASIS FOR BALANCE**

**3 Ways as the 3<sup>rd</sup> Way**

- Public/Private/Plural
- Political/Economic/Social
- Governments/ Markets/ Communities
- Citizenship/Leadership/Communityship

**Enter Human Needs**

Protection, Consumption, Affiliation

**Enter the Plural Sector**

Engagement, Responsibility, the Commons

**Enter Organizations**

A portfolio around the circle

**IV. REGAINING BALANCE**

**Rebalancing the Sectors**

Respecting the public sector  
 “Responsibilizing” the private sector  
 (“CSR”?)  
 Recognizing the plural sector  
 Redistributing among the sectors  
 (including media, social economy,  
 pharmaceutical research)  
 Relating across the sectors

**Reinvigorating Organizations**

Effectiveness = efficiency + equality+  
 quality  
 Engaging people  
 Engaging institutions  
 Engaging management (beyond  
 leadership)  
 Engaging communityship

**Reclaiming Democracy**

Beyond 1789 and 1823 individualistic  
 democracy  
 Toward engaging democracy  
 - elections  
 - rep./part. democracy  
 - law (including property and the  
 corporation as “person”)  
 Devolving democracy to local community  
 Extending democracy to the globe  
 Responsive Governance

**Reconceiving Development**

Developing countries, communities,  
 people  
 Indigenous economic development in  
 poor countries (micro, middle, macro  
 financing)  
 Indigenous social development in “rich”  
 countries

**Rebalancing Ourselves**

Developing ourselves, our attitudes  
 Engaging ourselves

**V. ACTING FOR BALANCE**

**Who?** Social engineers? Elites?  
 a Noble America?

“Why not?” social initiatives by  
 communities networked into social  
 movements

**What? When?** agendas for action

**How?** Reform? Revolution? Renewal: as  
 reflection and regeneration, then reform

## About this Author

Where am I coming from in addressing these issues? In a sense, from far away. I was educated as an engineer and worked for a railroad (in Montreal) before I did graduate studies in management (at MIT in Boston). Since then I have been researching, writing, and educating about management and organizations, mostly at McGill University in Montreal, with long stints in Europe, especially France, England, and the Czech Republic. More details can be found on [www.mintzberg.org](http://www.mintzberg.org).

I am no expert on most of the issues under discussion here. I am not a lawyer but I have found it necessary to question failings in the law; I am hardly an economist but have felt compelled to challenge the prevailing economic view of the world; I am not an anthropologist, sociologist, psychologist, or political scientist, let alone an activist, but culture, behavior, power, and social movements have had to get significant attention in this discussion. What I am is a synthesizer: my most successful books (Mintzberg, 1973, 1979, 1983) have drawn together ideas from many sources.<sup>93</sup>

I do have my own area of expertise, which is called "Organization Studies". It is less well known among the social sciences but has a good deal to contribute to our understanding of society. Organization studies sits between the micro field of psychology (self) and the macro fields of anthropology, economics, and sociology (society). We live in a world of organizations, from the day we are born in hospitals to the

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93. As I was completing this in December of 2013, I received an email from Ronald Young, a Scotsman familiar with my writings, who had seen on my website two years earlier mention of it being forthcoming. Expressing concern that it had not yet appeared, he wrote what I feel expresses well my hope for this e-pamphlet: "This concept of re-balance is crucial and you are one of the few people in a position to try to pull together all the disparate voices which have been searching over the past 5 years for a coherent programme which will attract a strong and active consensus. Few of those who write on this issue bother to deal with the other writing on the matter in the required detail. We need a proper typology; and critique of the literature to justify the specific steps in any 'better way'" (December 2013, used with permission).

day we are buried by funeral homes, including so much of our education, work, and entertainment in between.

When applied in isolation, as is usually the case, none of these specialized fields (my own included) is of much help in addressing the serious problems of our age. The big issues get lost in the little journals, and frequently get distorted when seen through a single lens. But there are many fascinating writings in each of these fields that, when considered together, offer important insights.

I am sure that I have erred in interpreting some of these, and have left out others of significance. I consulted a variety of experts, but I could only do so much. If this pamphlet gets around, I expect that we shall hear from other experts. So be it. Our world is so varied, its problems so complex, and the recorded knowledge purporting to explain them so vast that, short of abandoning this project altogether, my only choice was to proceed with these inadequacies. I only hope that most readers will focus on the basic points rather than knit-pick the details. In any event, ideas that are wrong can sometimes provoke consideration of ones that may be closer to right.

Beyond all the literatures that I consulted is life itself, fascinating and often wonderfully unexpected: the ironies, the absurdities, the discoveries. I much prefer to go with these experiences (at least when I am not escaping them in a canoe) than to read books about them (despite all the books I have read). So I have not hesitated to draw on experiences of all kinds. Some are my own, others have come from people I met. Plus there are those that I saw in the media and read in the press, even in books.

My travels and the time I have spent abroad, meeting people from other worlds, have had a major influence on this work. But perhaps more so has been my own local background: having been raised in, and continuing to enjoy, a city as vibrant as Montreal, in a province that has been as human as Quebec, in a country that has been as balanced as Canada,<sup>94</sup> with the good fortune of having been able to spend

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94. Mihaela Firsirotu, Yvan Allaire, and I have been working on a book entitled *Canadians on*

most of my academic life at McGill, a university that remains truly scholarly and collegial. These are all wonderful places from which to reflect on the big issues of our day, especially as they are manifested in our powerful neighbor. Canadians are close enough to be able to understand Americans rather well yet just distant enough to make use of that understanding.

**A special thank you** for help provided, pronouncements corrected, and comments suggested: especially to Bill Litwack, for finding little grammatical errors and big conceptual problems, and to José Carlos Marques, for filling in so many of the blanks and flagging a number of significant weaknesses, plus to Gui Azevedo and Rennie Nilsson who played a similar role in earlier stages. Also to Farzad Khan, Sasha Sadilova, Tana Paddock, John Breitner, Alan Engelstad, Brian King, Fred Bird, Dulcie Naimer, Rabbi Ron Aigen (for a sermon in September 2010 from which I borrowed the title *Radical Renewal*<sup>95</sup>), and the many thoughtful people who participated in the workshops. Allen White of the Tellus Institute of Boston organized a wonderful conference in late 2013 on “Corporations in Great Transition” ([www.corporation2020.org](http://www.corporation2020.org)), which led me to write Part IV (just as I believed I was finally finished!). Thank you to Mary Plawutsky for coming in near the end to clean all this up, and to Nina Coutinho, Tatiana Saliba, Karl Moore, Ron Duerksen, and Chris Chipello for figuring out how to get the word out. Last and most (alongside Bill), a special thank you to Santa Balanca-Rodrigues, not only for toiling through all those drafts (since I write, quite literally—off key), but also for managing to keep the rest of my working life on track during all this, with her usual delightful nature.

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I dedicate this pamphlet to those from whom we have borrowed this planet, in the hope that they will be smarter than we have been.

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Balance that draws together the writings of many Canadians on social, political, and economic issues.

95. In reference to the historical Jewish Jubilee, where every fifty years society was given the possibility of starting over again.

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## Summary

Claims by pundits in the West notwithstanding, capitalism did not triumph as the communist regimes of Eastern Europe began to collapse in 1989. Balance triumphed. While those countries were utterly out of balance, with so much power concentrated in their public sectors, the successful countries of the West maintained a sufficient balance across their public, private, and plural sectors (“civil society”). But a failure to understand this has been carrying many countries—east and west, north and south—out of balance ever since, as power has concentrated increasingly in their private sectors.

Most notably in the United States, likewise in the realm of globalization, many large corporations have attained positions of entitlement, justified by the prevailing dogma of our day, from economics: that greed is good, property is sacrosanct, markets are sufficient, and governments are suspect. This one-sided view, combined with the corporate entitlements, has taken hold of American society, in the process hijacking the country’s renowned democracy.

This extends beyond America. The rise of the dogmatic right, out of the ashes of the dogmatic left, has been distorting the democracies of many other countries as well. Politically some swing ineffectually between left and right and others sit paralyzed in the center while private power proliferates.

We have to leave behind the linear politics of left, right, and center, to understand that a balanced society, like a stable stool, has to rest on three solid legs: a public sector of political forces rooted in respected governments, a private sector of economic forces based on responsible businesses, and a plural sector of social forces manifested in robust communities.

The plural sector is the weak leg, having been marginalized for so long in the great debates over private sector markets versus public sec-

tor governments. While many of this sector's associations are prominent—co-operatives owned by their members; hospitals, universities, and other trusts owned by no-one; mass movements to confront social problems and community initiatives to resolve them—the sector itself remains surprisingly ignored. It needs to take its place alongside the other two, not only to maintain balance in society, but also to take the lead in initiating the process of rebalancing in the first place.

Few governments today take the lead in addressing our serious problems, such as poverty amidst plenty and the degradation of our physical and social environments. Most have been either co-opted or overwhelmed by the implicit alliance that has formed of corporate entitlements with the economic dogma. Moreover, most of our governing institutions are stuck in an 18<sup>th</sup> century view of democracy that caters to individual demands, whereas many of our problems require collaborative efforts to address common needs, globally as well as domestically. As for businesses taking the lead, don't expect corporate social responsibility, however laudable, to compensate for the corporate social irresponsibility that has become rampant.

The radical renewal we require will need to rely, especially in its early stages, on community groups and associations of the plural sector. We can envision this in three phases. First are immediate reversals, whereby social movements and activist associations challenge destructive practices that we can no longer tolerate. Such movements are on the rise, and can accomplish a great deal—if they can focus their efforts, with sharper tactics. Next is widespread regeneration, in the form of social initiatives that develop new practices. Such initiatives are numerous throughout the world, often in communities networked through the social media. But we shall need a great many more. And from these two phases can come the consequential reforms that we require of responsible institutions in government and business, to bring about necessary institutional changes as well as help scale up successful social initiatives.

The American Constitution instituted an admired system of checks and balances within government, but not beyond. So perhaps it is time to complete the American Revolution, worldwide, by instituting greater checks on private sector activities that have run out of control, in order to balance power across all the sectors.

And this is where we come in. It is not some abstract “they” who will have to make these things happen, but you, and me, and we—as subjects of change, not the objects of exploitation. For we, after all, are responsible for the problems of this world, by what we do, and fail to do, every day, personally and in the institutions where we work. We need to explore our resourcefulness, in place of expending so much of our energy exploiting resources, including ourselves as “human resources.” Each of us needs to believe in something greater than our persons and our possessions if we are to protect our progeny and our planet.

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