

# The Global Well-being Society Alliance Demonstrate the Business Case.

## Summary

1. To put it bluntly, it is the world "security" and the "competitiveness of enterprises" which are here at stake. Growth and competitiveness will be increasingly dependent on new policies geared to innovation and on (i) major technological waves, (ii) changes in production and consumption patterns for a well-being society at a world level, (iii) the establishment of new partnerships and synergies between public authorities, the private sector and civil society linked with 'responsible competitiveness', addressing social, environmental and ethical Society concerns. This might be reflected in the future in 'shareholder resolutions' in Europe as in the US.
2. The productivity and long-term stability of the economy depend on moral attitudes . A lack of social capital is detrimental to economic productivity The Global Well Being Society Program aims to (i) reconstitute and regenerate "social capital" in order to be able to "extend the trust area", avoid the miniaturization of communities and solidarity bonds and foster the acceleration of the transition towards a well-being society (ii) demonstrate that we are entering a new capitalism phase that can tackle the North/South divide".
3. The Alliance to be launched should be seen as a contribution to (i) Safeguarding Future Prosperity Through Sustainability, (ii) The New Europe (and the US) as an International Factor of Peace and Stability. (iii) new sources of growth, innovation and competitiveness as well as a (iv) new Business model enhancing trust and reputation.
4. European and National competitiveness depends increasingly on how a country's business community effectively mobilises in tangible assets, and manages its value chain in pursuit of innovation in products, services and business processes. This should mean that business performance will be enhanced if it is aligned to societal values and demonstrably addresses associated challenges and interests. According to the Responsible Competitiveness Index 2003, Finland is the clear winner and in the case of the USA, China, Japan, Korea the 'responsibility deficit' is suggesting that this could endanger economic growth in these countries.
5. The time has come to introduce a scheme for a new type of "closer cooperation" which may be described as a four-leaf clover structure representing the Alliance for a Global Well-Being Society and focusing on public-private partnerships contributing to the implementation of the Millennium Goals.

*Where is the business case for destroying the forests, watersheds, social fabric, immune systems, communities, intellectual property. Where is the business case for toxic waste, nuclear waste, air pollution, and water pollution? If we still have to make the case for doing what is logical and profitable, then we are talking to the wrong people or the pain they are feeling to embrace an economy that supports well being is not enough*

*Robert Rubinstein.*

## **1. Human Capital : reconstitute and regenerate "social capital"**

The productivity and long-term stability of the economy depend on moral attitudes. A lack of social capital is detrimental to economic productivity.

The ghettoization of space and mentalities – which can be observed everywhere – results from restructuring social capital (destroyed by frenzied individualism and certain negative aspects of the information society) around micro-communities, whether the community is a housing estate, a religious sect or an Internet community. Fukuyama speaks of the "miniaturization of communities" (1). This process is the source of at least four types of "disturbance": the miniaturization and ghettoization lead to escalating violence (cf. situation in Palestine), morals "of variable geometry" (loss of honesty and reciprocity habits outside the micro-community), moral relativism ("most middle-class Americans do not have strong enough beliefs in something to want to impose their values on others and are very hostile to the idea that a form of external authority may tell them how to live") (1), the impossibility of efficiently taking on the planetary issues at stake. As Fukuyama points out, this deterioration of values will not automatically right itself. People have to acknowledge that their community life has gone down the hill, that they have started developing self-destructive behaviour patterns and that they have to play an active role in order for society to adopt new standards

To put it bluntly, it is the world "security" and the "competitiveness of enterprises" which are here at stake. Social capital does not disappear, it just transforms! What is at stake today – an issue shared by those who have a "spaceship Earth ethic" within public authorities, businesses and civil society, is to reconstitute and regenerate "social capital" in order to be able to "extend the trust area", avoid the miniaturization of communities and solidarity bonds and foster the acceleration of the transition towards a well-being society.

## **2. Security: the world "security" and the "competitiveness of enterprises" are here at stake.**

The response to the rise in violence undoubtedly implies fighting against terrorism via a security policy. However, this fight should go hand in hand with an acceleration of the implementation of policies that restore justice, extend the trust area and deprive terrorists from the support of people who suffer, are rejected in an apartheid structure and have their values and dignity flouted at.

The United States have entered a blind alley. Over the past few months they have largely reproduced – on a wide scale – the strategy implemented on a micro scale by the alliance in Israel between a right-wing government, religious fundamentalists and the militaro-industrial complex, supported by part of the left-wing establishment. This policy is made up of ghettos and apartheid. It is fed and perpetuated by the terrorism of the enemy/the allied generated by their own behaviour and ignores concepts such as justice and law abidance. The US approach will lead to failure at an international level, just as the current Israeli policy which is already a failure. If this "macro/micro" comparison proved to be accurate, the US economic situation is bound to deteriorate, as is currently the case with the Israeli economy. And if that occurred, the economy of the whole planet would undergo profound disruptions.

In the United States however, there is an important potential for mobilization around another approach. Several US companies and Ethical Funds do see sustainable development as the new industrial revolution, a key leverage for US competitiveness in the 21st century. "We are entering a new capitalism phase demonstrating that it

can tackle the North/South divide". Several US companies, operating on the global market, having progressive policies and willing to remain competitive on the global market, share a certain optimism that companies can find products and market meeting social interests, that there is a huge potential and that hidden markets are even bigger. They are interested in a post-WSSD programme linking (i) legal reforms in governance to make business less risky in developing countries and (ii) sustainability issues. In Oregon, Companies Leadership is defined by US Ethical Portfolio analysts and exercised in a "new way": corporate leaders are expected to "advocate" for sustainable development in Washington and lobby for progressive legislation!

This is why EPE should encourage a "triangular partnership" between European players on the one hand, and some US Federal agencies, some US States, US companies, US civil society on the other hand, together with the governments, business and civil society of developing countries interested in linking "Nation Building and Sustainable Development".

A first initiative might focus on water in Africa.

### **3. Responsible Competitiveness: National competitiveness & corporate responsibility**

"Macroeconomists and analysts of national competitiveness have largely ignored businesses' social and environmental performance as potential drivers of a nation's economic competitive advantage. National competitiveness depends increasingly on how a country's business community effectively mobilizes intangible assets and manages its value chain in pursuit of innovation in products, services and business processes. According to the new Responsible Competitiveness Index 2003, some 16 European and developing countries could make competitiveness gains on the size of their corporate responsibility performance" (2).

This study presented by Simon Zadek at the Global Compact Learning Forum is interesting because of the concept put forward: the competitiveness of States also depends on businesses taking into account the set of criteria gathered under the CSER acronym (corporate, social and environmental responsibility).

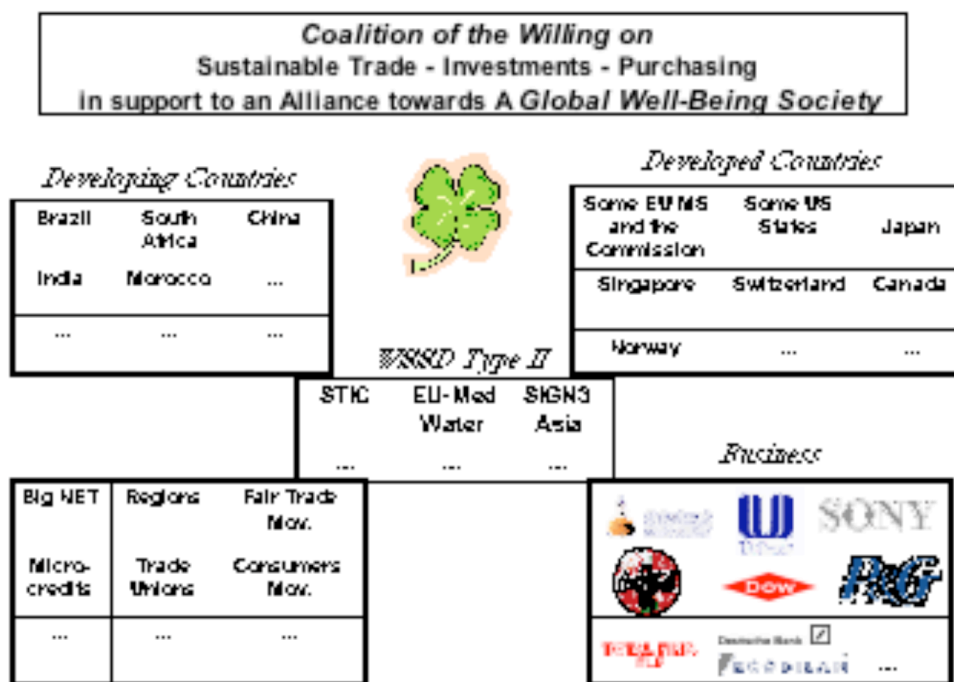
According to the Responsible Competitiveness Index 2003, Finland is the clear winner and in the case of the USA, China, Japan, Korea the 'responsibility deficit' is suggesting that this could endanger economic growth in these countries.

### **4. The Well-being Society Alliance, and the Millennium Development Goals**

The MDGs are addressing key issues and are useful as a framework to look at overall progress for the international community in general. We are aware that the Goals will not be met without a strong involvement of the private sector and civil society. In the opinion of our Business Members, the value of the MDGs lies in the fact that we have high level buy in to the pressing problems, and targets for their attainment, that goes across the Inter-governmental and National government system, and through the Type II partnerships, as buy in from the other sectors of society. This is the first time there has been recognition that both the corporate sector and non governmental organisations may have some role in a solution. To meet the Millennium goals, the United Nations will increasingly call on the private sector while being aware of the tensions/conflicts that this already generates. Mark Malloch Brown, the UNDP Administrator describes these tensions around three types of questions:

- merchandization and profit margin: the field of water resource management is an example which has already been abundantly studied;
- technological choices: the choice of channels such as GMOs or nuclear energy are two well-known examples;
- Clauses in partnership contracts (government-business-civil society) and negotiation and control bodies.

*The time has come to introduce a scheme for a new type of "closer cooperation" which may be described as a four-leaf clover structure representing the Alliance for a Global Well-Being Society and focusing on public-private partnerships contributing to the implementation of the Millennium Goals.*



*The four-leaf approach reflects the new dimensions of such geo-political strategy.*

- Closer cooperation among some EU Member States with the participation of the European Commission. Such closer cooperation should be opened to all EU Member States, in a post-enlargement era
- Closer cooperation among towards a Well-being Society of the new "Core Countries" Brazil, China, India, South Africa and Morocco (G77 Chair). They should be amongst the partners as well as countries involved in the Euro-Med facility on water and poverty as Egypt, or projects related to foreign direct investment as Indonesia.
- Closer cooperation among CEOs. Up to now, the business world has been known for establishing coalitions and oligopolies as a result of competition, not to reach societal objectives. This is the step forward that we are asking enterprises to take. In my opinion the financial sector has a special responsibility in this respect. The financialization of the economy and the blurred limits between the legal and criminal economies make it our duty to take an active part in a new type of alliance in support of a Global Well-Being Alliance.

- Closer cooperation among local authorities, trade unions and a number of groups from civil society on educational, purchasing and investment issues linked to decisions by consumers and investors and involved in Type II partnership initiatives with the public and the private sector.

By its involvement of Heads of Governments and CEO's, its focus on the 3 "Companions": trade, investments and purchasing. Its multi-stakeholder approach, its innovation and competitiveness character, this Alliance would be different, and complementary, to efforts developed in the framework of processes as the CSD, the G8 (with its sustainable development agenda in Evian) or the Global Compact and the GRI (initiated by the UN).

It intends to fill in the delivery gap of the WSSD, which didn't design any credible, efficient mechanism to maintain momentum at the highest level (Heads of States and CEO's) to meet the targets defined both at the Millennium Summit and at the WSSD. It will also act as a "boost" for new partnership initiatives contributing to "accelerate" the transition towards sustainability in the trade, purchasing and investments sectors.

## 5. Actions

A full action program is under discussion with the UN (MDG's Secretariat, Global compact, UNEP/UNDP) and EU and US Foundations for 2004-2007. It includes

- Consultations in all the regions of the world
- A Newsletter published with PriceWaterHouseCooper
- A CEO's-Heads of Governments- Civil Society Leaders meeting by 2007
- 2005 Transatlantic Partnership : *Nation Building and Sustainable Development in Deep Divided and Post-Conflict Countries*

Host : US International Business Centre, New York

Financial support : US and EU

The Conference of the Global Alliance for Sustainable Trade, Investments and Purchasing would meet second half of 2004 in New York and address "Nation Building". This Conference would be facilitated by the United States Council for International Business, the Meridian Institute and EPE, under the patronage of the UN Secretary General and its Global Compact. Synergies between US and EU, public and private Type II initiatives and funding mechanisms in support to Nation Building would be on the agenda. It would explore how such a "Transatlantic Synergies Programme" could link EU programmes towards sustainability, EU and US Type II initiatives with initiatives as the "Millennium Challenge Account " (15 billion \$ with 3 basic requirements : investing in education, rule of law and market openness approach).

- (1) *The Great Disruption. Human Nature and the Reconstitution of Social Order*, Touchtone Publishers, New York 2000, by Francis Fukuyama.
- (2) *Responsible Competitiveness Index 2003. Aligning corporate responsibility and the competitiveness of nations*, by Alex MacGillivray, John Sabapathy & Simon Zadek. Accountability and the Copenhagen Centre 2003.