

Global issues for the ethical economy

By Wayne Visser

There used to be a time when "the business of business was business" and economics could be relied on as a "rational science". Morals, ethics, values - these "touchy-feely" subjects were outside of the scope of the hard money-making professions. But this was before the wave of modern movements in social responsibility, human rights, environmentalism, human potential and womens' empowerment. And it was before economics became the driving force of nations and multi-national businesses became almost everybody's neighbour.

The complex links between economics, business and the world's social and environmental ills are now centre-stage and the drama unfolds daily. For those who choose not to bury their heads in the sand, the problems are recognised as substantial. Among the key issues highlighted in this article are work and jobs, poverty and income distribution, environmental degradation and community disempowerment.

- Work and job opportunities - together with the tide of technological advance and corporate downsizing, most countries of the world are now experiencing the phenomenon of "jobless economic growth". Part of the problem is that the economy does not value work outside the "formal sector" such as household labour and voluntary work. In the UK, for example, the 23 million people active in the voluntary sector (which is more than the number of people in paid work) go unrecognised for their contribution to the economy. Growing unemployment brings its own set of knock-on negative effects such as crime, drug and alcohol abuse, and suicides.
- Poverty and income distribution - the gap between rich and poor, the so-called "haves" and "have nots", has steadily widened since the 1950s. During this period, the increase in per capita income in rich countries has been 10 times that of the poorest countries. In corporate America, according to a Business Week article, between 1980 and 1992 the gap between an average CEO's earnings and the average hourly paid worker rose from a multiple of 42 to 157. The "trickle down" effect often cited to justify free-market methods has in reality been a "trickle up" process resulting in concentrating wealth in fewer and fewer hands.
- Environmental degradation - global warming, acid rain, contaminated land, polluted water supplies, and tropical deforestation are but a few of the critical environmental problems of the decade. They are both lifestyle and equity issues and therefore undeniably economic issues as well. Since mid century, the world

has consumed more resources than in all previous human history, with the richest one fifth of population having doubled its per capita consumption of energy, meat, timber, steel and copper while the poorer countries have remained more or less constant. Today, 20% of the world's population consumes 80% of its resources.

- Community disempowerment - the destinies of whole communities and, in some cases, entire countries, are increasingly at the mercy of macro-economic forces (such as fluctuations in interest rates, currencies and trade) over which they have little or no control. Each day, \$1 trillion chases the highest rate of return on the world's "virtual" financial markets (a 14-fold increase since 1980), taking virtually no account of its ripple effects on people's lives everywhere. Combined with this is what some have called the "new colonialism of the Coca-Cola culture" whereby Western values, embodied in its lifestyles, products and services, are rapidly eroding the integrity of diverse cultures.

These are just some of the enormous challenges which we face in our modern world. All of them are tightly entwined with economics and business and have major moral / ethical issues which need to be recognised and addressed. Solutions and alternatives rooted in positive human values also need to be sought out and examined thoroughly. Watch this space!

Source:

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