

## SUSTAINABLE DEVELOPMENT AND PROSPERITY

Arthur Dahl

© EBBF, 2001

Saturday 27 – 10 – 2001

This is a transcript of the lecture as it was presented at the conference and has not been edited for content or grammar.

\*\*\*\*\*

Arthur has a very long C.V and I'm not going through the details. Arthur is presently working with **UNEP** in Geneva and just before recently being appointed to head up a major program aiming to save the coral reefs throughout the world, Arthur was co-director of Earth Watch. This was basically an organisation that tried to monitor all of the activities of the various UN agencies and their environmental practices. Prior to that Arthur has a Doctors degree in Marine Biology, and has a very interesting career, which I'll not go through in detail, but he's spent a considerable time in the Pacific and is one of the world's specialists on islands and was in charge of putting the bibliography of all of the other islands of the world. I've forgotten how many there are but if you're interested you can ask him. But, Arthur is also one of the co-founders and co-directors of the International Environmental Forum, which is a Bahá'í –inspired forum, not dissimilar to ours, except theirs is a virtual forum. They have no... they don't pay dues, they don't have formal memberships as we do, they do everything electronically except they did have a recent conference at the **Detailgence** school in the Czech Republic which was very successful, and I'm sure Arthur would be glad to invite you, or give you any of the details if any of you were interested in becoming members of that forum. Arthur, with no further introduction, I'll turn it over to you because I think they're probably more interested in talking to you than talking to me, and Arthur's going to speak on sustainability and prosperity.

Well thank you very much. This is a relatively big topic to cover in such a short period of time especially for such a distinguished audience as here. I think already there's been so much discussion both here and last year about the prosperity dimension, that I won't focus so much on that except to highlight the fact that, as, I think a parent, everyone that prosperity has multiple dimensions, it's not just something material, but also will includes successful progress in the social and even spiritual demands as well. I mean, you can look at prosperity much more broadly than has been defined in our society, its not just how much money you have, or how big your house is, or what kind of car you drive, but also it includes environmental prosperity (if the environment is too be rich and productive), it needs to include social prosperity (that our society is rich and the interactions of the people in the society) and also spiritual prosperity (that we are building those virtues, those qualities that are the richness of the human race, of the human creation, of the spiritual creation of this world). So it's essential that we start by recognising those dimensions of prosperity and then recognising also, I think everybody would agree, that the goal of development is to achieve prosperity. If we're developing for anything, it is for prosperity and the real challenge there is to match our development approach to that broader definition of what prosperity is.

But, when we come to sustainable development, this is a term that's created many different difficulties. One, its very difficult to translate into any other language, there are hundreds, if

not thousands of definitions. In the United Nations we usually have two working definitions. One is that from the Brooklyn commission that sustainable development is:

“Meeting the needs of the present generation, without preventing future generations from meeting their own needs”.

The other definition is called Agenda 21. It's four hundred pages long with forty chapters and one hundred and twenty program areas, and at least was negotiated and agreed by governments of the world at the Rio Earth Summit in 1992. So that shows you the range of definitions available and the difficulties with the term that in some ways means anything to anybody. Some people say that the term is worn out and let's find some new term. I tried at the beginning to convince the people who developed the idea in 1980 not to use a name like development but to give it a new brand name. To say, 'well, let's find some new word that can be sold like Coke, or whatever, that can be used in all the languages. Get the French Academy to adopt it into the French and so on and make it the first universal word for a new concept. But that was a bit too radical for the people who were developing, so we've been stuck ever since with sustainable development as a term to work with. What I think is critical about the definition of sustainability development is that it's really talking about prosperity continuing indefinitely into the future and prosperity for everyone, so it both a dimension in space. Sustainable development is not just for some small segment of the population but also for the entire world, and it's not just for now but looking at the needs for future generations. It's very much like an aeroplane in flight – it's a dynamic thing. You don't just suddenly arrive and say 'I have sustainable development', because it's not some fixed point in time. But like an aeroplane flying, as long as there is enough fuel in the tank, as long as the motors are working, as long as there's no electrical problems, and the pilot knows where he's going, then you have sustainable – the flight is sustainable. If any of those things go wrong, suddenly it becomes a very unsustainable process and the plane crashes. So we're looking at something that's very dynamic, very process orientated. Also, it's something that touches many aspects of society, because we talked about material sustainability (there have to be enough resources there to keep the functioning of the economy in our society), but also we have to look at the educational dimension. None of us lives forever. Anything sustainable in society means that we're transmitting our experience, our knowledge, from generation to generation because otherwise we would all die off with that and there would be nothing left – it would not be sustainable. There is also, you might say, the institutional dimension to sustainability. When we set up institutions they are also dynamic, they don't stay still so we need to make sure that the institutional **herets**, whether it be government or in business, is also being transmitted or sustained on into the future. Many good ideas get off to an initial start but if people lose track of why it was set up, or don't pay any attention, it can, sort of, suddenly fade out and not be lasting over time. So, sustainability is bringing that **time** dimension in everything that we're doing in our society.

Now, it also has to include the economic dimension, as I mentioned, the environmental dimension, and the social dimensions. At any definitions we have indicators for sustainable development always include a series of environmental indicators, economic indicators, social indicators, even institutional indicators because all of those are facets of the way society develops over time. And it is, in many ways, fundamentally an ethical concept because it links the practical or material dimensions with values, the idea of looking at the needs of all of the people in space or looking at the future generations is fundamentally an ethical concept. It's an application of the principal of justice, that whatever we do must be just for this generation, and just for future generations. So, in that sense, it's very appropriate that it be one of the core

values of EBBF because it is that combining of the ethical, the spiritual and the material that is so fundamental to what EBBF is trying to do. There's been a lot of work on where our society is going, what sustainable development may mean. I have some friends, some colleagues in UNEP in NGOs who've been developing various scenarios for the future. One of them is the business usual scenario, if we just keep on as we're going today, where are we going to be in fifty years time and generally they sort of say, 'well, in the developed world things go reasonably well, the developed class will broaden out, incomes will keep rising, businesses will do quite well. The short-term perspective doesn't look too bad. However, after about fifty years we begin to hit some significant resource limits as fossil fuels diminish relative to the demand as natural sources begin to run out, and society really comes up against some fundamental limits where it is hard to continue, and beyond that time span things look increasingly grim as we are unable to keep up with some of the problems of destruction of resources all over the planet. Then there's another scenario which looked a bit extreme until the events of the last few weeks, and that was sometimes called the 'fortress scenario' and this is where the wealthy countries simply say 'well, we can't solve the problems of Africa. Africa is a hopeless case – forget about it. And, well, Latin America, apart from a couple of countries, is really not going in the right direction, it's taking too many resources from the countries that have tried to develop the rest of the world. So all we can really do is to lock ourselves in behind our frontiers, keep everybody else out and we will develop sustainably and forget about the rest of the world'. And there are certainly people more on the right wing side of things that would say 'that's obviously the way we have to go. Keep the immigrants out. Let's keep ourselves protected from the rest of the world'. And it is an imaginable kind of scenario for the future, but one might also say 'how realistic is that? Can you always stay behind the barriers like in the middle ages – your up there in your castle on the hill manning the ramparts and the outside is sort of chaos and confusion'. But what kind of a life is that to be locked in behind that? There might be some very interesting architecture if we go back to that kind of architecture for each person's home today with a moat and a port **parlour** and a draw-bridge and keep everybody out, but clearly it doesn't seem like a very desirable future. But these scenarios, these models, also suggest that there is a third possibility – a transition to a global, more sustainable kind of society, and technically that is practical and possible. According to the models we can, in fact, make the necessary **distance** in society, we have enough resources if we can redistribute them, it is some absurd utopia that is beyond any practical reasoning. You know, the models and the studies show that we can in fact, if you start now and make a real effort make a transition to a more sustainable future. So even from a technical perspective that is a real option open to us today. But what that means, of course, is that we have to rethink this concept of prosperity and put it much more in a systems framework. We're looking here, not so much at a place where we're going to arrive, but looking at a series of processes and the question is, how do we manage those processes? Any of you that may have worked with process engineers know that if you want to manage a process you need to install various kind of monitoring and control systems, know watch your measuring, homeostatic mechanisms to keep the process within the appropriate limits and so on, in order to produce the desired outputs at the end of it. So in many ways, sustainable development is a kind of process engineering for society to make certain that we are driving society towards a more sustainable future. And it also means that we can't isolate the material means of that process from the social and environmental dimensions. As we've seen pollution goes everywhere. You can't ignore pollution because it will be in your back yard, it will be in your lungs, it will be accumulated in your body fat and so on and so forth – there is no way that we can separate ourselves from that. And in the same way we can't separate ourselves from the social dimensions – as we saw on September the 11<sup>th</sup>. That no matter how much you stand aside and try and stay aloof from the social problems and crisis's in the world

they will, one way or another, force themselves in, and therefore any attempt to look at sustainable development, sustainability, prosperity, has to be broad and all encompassing at a global level. There's no way you can compartmentalise one part of this and ignore the others. So I think that's been a very important lesson that a lot of rethinking now going on in the western world today is perhaps a recognition that you cannot be, simply ignore and be safe from these things. The only way to address the problem is actually to try to find solutions to them and not simply to push them out of sight, out of mind, because that's not going to be possible at a planetary level.

Now, when we look at the process perspective we have to also recognise that we're dealing with multiple levels of a system. We have to look at sustainability within the corporation, within the business, within the community, within the nation, and at the global level. And we have to design systems that will deal with the issues of sustainability at all of those different levels. So, we're really looking at designing a multi-level system of operation and a system of series of control and feed back processes and guiding processes at each of those levels.

Now, when we come to human beings you may say 'well, what are the control mechanisms? What are the process guidance mechanisms for human beings and human society?' It's not clearly thermometers and instruments and various kinds of gauges and so on. And when you come down to it the real fundamental foundations of process engineering in human society are values. It's our values that condition how we relate to each other. If you are prejudice against somebody then that sort of signalling 'well they're the wrong colour, I'm not going to negotiate with them, or I'm going to react negatively towards them or so on', it's our values that are the fundamental control signals that are, sort of, ... it's the operating program of human society. And therefore, if we want to modify society, we have to modify the control program, we have to modify those basic values. It's the same as the genetic code in the biological system. The instructions are there and then they make the processes operate, they determine what molecules operate with which kinds of structures and organisms and so on. And we know from the world that's being done in computer programming, for instance, that when programs get to be so big and so complicated that the programmers can't keep up, they go to neural networks, and say 'let the system decide it for itself'. If you have a whole series of computers with a series of simple operating rules and procedures and let them work out the optimal solution. And of course that's exactly the way biology works. You don't have a central planner telling which organisms to which organisms and how they should grow and evolve. Therefore, central planning is not the way to go in complex systems, as we've already learned from the communist experience.

So if we want to improve the **discrimination** of human relationships, of human structures, of human institutions, we really need to be addressing the basic values. In a sense, the only central planner there is God, who has, sort of, been programming us through a series of religions down through history in how to develop our social interactions. I don't know whether you'd say 'God is the Bill Gates of the whole creation', or how you would term that. But in a sense if there's been any central planning it's been trying to get the rules right at the beginning, He did a pretty good job with the physical laws and the biological laws, we're still not quite perfect on the human level at getting His laws right. The laws are perfect but our implementation of them, you know, we haven't quite programmed them very well to ourselves to make it work. But that's really the challenge for us.

Now, if we then want to stand back from this perspective and we look at our present economic and business system, and the games that economists play today, we could probably

say that our present rules and values are seriously dysfunctional. They're driving us in extremely unsustainable directions. They are unethical. The values are very nineteenth century Darwinian – survival of the fittest. And in fact, if you looked at the obvious implications, I mean, one might say that in purely economic perspectives, we really ought to kill off all the unemployed – they are a burden on society. We ought to kill off all the old people as well, one could easily push these rules. But in many ways, the logic is very much there, you can see that like in recent examples on that report that was submitted by a famous tobacco company to the Czech government which pointed out that they should, in fact, be encouraging more tobacco use in their country, because by killing off people earlier there would be considerable savings in pensions for the elderly, in health care costs and so on. And this was a real report, they had to then apologise and withdraw this submission, but this shows the ethical problems behind purely economic thinking. There was also that classic example of the leaked memo from Mr Summers, at that time, I think, **he worked** at the world bank, which he pointed out that really it was quite reasonable and practical to move all the polluting industries to poor developing countries because human life was worth much less in those countries where pollution didn't matter as much to the economy as it would in the wealthier countries. So these are the problems when you take only economic thinking and ignore ethical or moral or spiritual dimensions. And yet, we have structured our society; we have built our institutions to function on that basis. A business corporation is not held to any moral values, it is only held to make profits for their share holders, and therefore the managers are judged by that very narrow criterion, and it's no wonder using only that criterion, that they are driven to do some absurd things at times - if not, extremely damaging things for society.

So we have fundamental, structural, institutional problems and we have to be aware of how flawed they are, and in our efforts in trying to help the system to evolve and change, we have to say 'how can we work on these institutional problems? How can we change the basic operative principles and values of the structure of our society to move in a more moral, ethical and spiritual dimension?'

If I can just highlight, briefly, some of the characteristics of our present economic system that are really driving us in the wrong ways: For instance: we only value what is market traded and therefore everything else, externalities, we don't pay any attention to them. It's a fundamental problem in economics today that it's maintaining inadequate accounts – it's not accounting for all the right things, only accounting for those things that you can put a dollar value on, and therefore it's missing much of what's happening in society. It's like trying to take care of an automobile only by making sure that the petrol is topped up and that there is enough oil, and not paying any attention to other mechanics of the car, even whether or not the driver is drunk! So when the car has an accident, you may have done a very good job keeping the tank full and the oil running, but if the problem was elsewhere, then you have still missed something very fundamental in the operating of that system - and that's basically what economics is doing today. It's also working with the wrong measures. A measure like GDP is (or certain kind of measure is) meant to mean prosperity - higher GDP, higher prosperity. But a GDP that grows because more people are suffering from pollution and having to go to the hospital, that grows when you have more automobile accidents, therefore you are having to replace more cars, and treat all of the wounded and injured, and so on, and all of that is inflating GDP. This shows that, somehow, GDP is not measuring prosperity, and it's a serious error to use it as a measure of prosperity. And therefore, even just using... thinking in terms of money, too often people say 'well more money equals prosperity'. Well, you can't eat money. If you run out of food, money is not going to do you any good at all. And nor is

that money or profit really equal any well-being – there's something else in the process that is not being captured by purely monetary measures.

We also have this problem with which economists are strongly attached to growth – they just have to keep growing to be successful - the company has to grow, the economy has to grow. But the planet is a limited system – sooner or later we're going to hit limits, and that also ignores the fact that there maybe social limits as well, not to mention optimal scales of functioning. Elephants can't get any bigger. Each organism has a particular optimal size to function. Corporations that get too big either have to break down into profit centres or they go extinct, and sometimes they do. Or they are bought out and broken up. There are certain optimal scales for operating any system, and economics is not very scale-sensitive – it ignores that. It keeps driving for growth with regardless of the impact that has on the overall systems.

We also have this whole problem of consumerism - having to go out and buy, buy, buy to keep the economy going. There's a crisis – go out. There's this expression that for me, is the American society today: 'when the going gets tough, the tough go shopping'. That is very much the spirit of our age in Western society. And yet, a system that pushes you to buy things that you don't need at a time when there are not enough resources to go around the poor or starving, somehow, is leaving something out of the process. Again the measures are wrong, there's something structurally, fundamentally wrong. Not to mention if we look at issues like productivity. Raising productivity – you must raise your productivity, reduce the labour input, reduce the components in order to increase the profitability, which of course ignores the facts that those employees are also the consumers and if you reduce the number of people actually earning money, you also reduce the people who can actually buy and benefit from the economy. So you're sort of sawing off the branch on which you are sitting in a sense. And nobody's really resolved that issue of 'how, in fact, do you make everybody a good consumer by ensuring total employment?' Individually, decision making in the corporation system move in the opposite direction, so again, we privatised employment, and made employment a public responsibility, so all the governments are going bankrupt because the company isn't doing very well in the short term. But, it's fundamentally flawed in the way in which it is **approving** the issue of employment creation, of using work as a service to society. So there is still something missing.

We have another critical problem with globalisation because, already with globalisation, we've globalised the movement of capital – capital can go anywhere. We are globalising the movement of goods and services – the World Trade Organisation is there for that. Nobody wants to talk about the third essential dimension of globalisation – which is the global movement of people. People ought to be able to go anywhere and work anywhere, without any kind of frontiers or barriers. Now, imagine what that would mean, both in terms of breaking down the societies between the rich and poor countries. If you don't want the masses of the poor pouring through your borders, you'll pay for them to stay at home. Nobody likes to leave home if they can avoid it.

24:11

And so, that would become a very strong driving force towards harmonisation of resources around the planet. Not to mention the fact that it would help to bring populations back in balance within environmental resources. Where there are more resources people can come and develop them. Where there are not enough, then people can move away in a quite natural way. If, with climate change, suddenly the grain basket of American middle-west turns into a desert, and Siberia becomes a wonderful place to grow things, do we wait for several new generations of Russians to grow up to farm in Siberia, do we move some American grain-

farmers there? How do we resolve these problems of shifts around the world that are increasingly going to become part of the dynamics of the years ahead? And then, of course, the economy ignores the poor. They are not consumers, they have no money, and they aren't part of the society. They're sort of excluded. And for all of those reasons we see a series of fundamental failures in the mechanisms of the redistribution of wealth in society. Any developed society considers that you can't maintain extremes of wealth and poverty. You can't just let the poor die, starving in the streets as the rich are walking over them without paying any attention. The least you put them out of sight and out of mind in some way by institutionalising them in some sorts. But there's sort of a general moral principal that you have to maintain some levels of wealth sharing, and taxation systems are designed to do that. But, because we're escaping from taxation at the global level, and more and more wealth creation with globalisation is not being made in the countries with strong tax systems, but in the Cayman Islands, or **Invanuatu** or places where you can escape – which is a logical thing to do if all you're trying to do is to maximise profit. Multi-nationals are more and more shifting the real wealth creation out of the places where taxation is employed, and therefore more and more wealth creation is escaping the mechanisms of taxation that allow those balances to be established and it's one of the most fundamental crises with globalisation today is the breakdown of the mechanisms of wealth re-distribution. We also have a problem with the present economic system that if there's no income, there's no market, there's no interest in what is going on. And therefore, nobody's investing in medicines of the diseases for the poor because they can't afford to buy them. There are many choices of technology that is a really fantastic product that you can sell for a high price, and some technologies that some people can do them-selves, that don't require any input whatsoever. Now, all the business effort goes into the product you can sell – there's no mechanism for equal effort into helping people use the technology they can do for themselves. That's because there is no market for it. So, there's a fundamental bias in the way in which development is pushed, because the profit motive is so, so important and not the ultimate well-being or the overall economy of the entire system, regardless of whether or not a profit can be made from it. Then, of course, there's the fact that, in general, economic system is unable to deal with most of the environmental problems. It works at the wrong scales in time and in space. Economic system is very short term; most of our problems are very long term, most of our problems are global, are planetary, and are very large scale. Businesses are dealing with only some small fragment of that and there's no mechanism to put together all of those individual forms of behaviour, of corporations, or whatever, to look at the overall pictures. So, there's a fundamental miss-match when it comes to dealing with carbon-dioxide accumulation and uses of energy, with ozone hole, with **parasitic**-organic pollutants, with agricultural problems, soil management, water management - there are a whole series. I don't want to go through the nuclear industry and so on. There are a whole series, which there are fundamental failures to come to grips with the essential issues because their fragmented nature, the wrong time and space scales that business is trying to deal with those issues.

There's also another area that's increasingly becoming a problem and that is the issues of intellectual property. Because there is, presently, a new privatisation of the commons talking place. With the new information technologies, businesses are saying 'how can we make money from this? How can we buy up the information and then sell it very expensively? But, of course, information increases in value the more that it is shared. If you have information on good soil management are you going to sell that as a product only to the wealthy farmers and let the poor farmers destroy the rest of the soil around the world? Or do you achieve greater benefit by allowing everyone to use that information? There are fundamental conflicts between, you might say, value systems. This is particularly clear in agriculture, where you

have two systems operating simultaneously; you have the consultative... of agricultural resource institutions, which is the major resource energy that drove the green revolution, funded by the Rockefeller foundation; others over many years; the World Bank, and so on, which maintain gene banks of all the genetic sources of agriculture for various crops, share them freely around the world, and experiment, in local conditions, to create new crops adapted to the greater variety of conditions around the world. It system works very effectively as the power the Green revolution. Alongside that, you've got the great multi-national agro-industries who are buying up genetic resources, patenting them, producing crops that will allow them to make more profits, because they'll sell not only the seeds, but the herbicides, pesticides that have to be used with the seeds to produce the maximum inputs, and the fertiliser to make them grow better. They produce a package that's a uniform that they can sell to farmers around the world and maximise their profits. And, it works under ideal conditions, but it's very hard to keep up with new diseases that are coming. The year that suddenly... swept through the corn in the American Middle West because the varieties that were being planted weren't resistant to that particular new disease and so on. So you're going in the wrong direction. It's narrowing the genetic base, it's increasing the profit perhaps, but ecologically it's unsustainable. So we have these two systems operating simultaneously with two totally different approaches to intellectual property. One, privatising it for the maximum benefit of the corporation, the other making it generally available for the good of the to all of society, to all of mankind and that's, again, an area where, in terms of fundamental moral values, ethical principals, and operating principles, there are serious conflicts that we need to look at, and think about, very carefully as we go ahead in the business community in the years ahead.

So, the challenge is one the EBBF has been set up to tackle is, 'how do we give business new moral, ethical and spiritual foundations - new ground rules for business so they can operate in towards a more sustainable sort of society? And also, perhaps, 'how can we give it legal institutional framework to overcome some of these problems of fragmentation, to overcome the fact that, they are not accountable for basic moral and ethical principles. There's an institutional dimension that we have to look at and say 'we need some modifications in that, we need to maintain the vitality of corporate structure, we need to maintain the ability to evolve quickly (otherwise we dissolve our characteristics), but within a different framework of values if we want this system to work effectively'. Now, if we say 'well, what are some of those new values, the new operating principles that would make us form a more sustainable society?' On the individual level, I think we're all quite aware of those, because if you want to improve human relationships you need more love, more altruism. You need a sense of some justice, some willingness to share wealth voluntarily with others, willingness to make sacrifices. You need a sense of solidarity with all the human race. You need a sense of being of service to mankind. You need a work ethic that is more spiritual in orientation. You need a sense of moderation, perhaps, of detachment from material things, of contentment with little – even if it goes totally contrary to the economic system. That would be a total disaster for the western economics if everybody was content with little and stopped consuming, and yet, if we want to achieve sustainability, if we want to share resources effectively around the world and allow everybody to develop so that wealth is available for everybody, there has to be that change in values with respect to material things. We need more trustworthiness, more humility, more respect for the creation and the environment, and all that which is around us. At the individual level the more we can strengthen those values of every human being, the more we are equipped with the right kind of operating principles to build a sustainable society. And the same thing is true institutionally; the same thing is proved for our businesses. The more we can create a sense of service to society at the business level – business is not just

there to make money, but to perform services for society - If we can build that value into business. It can be done very effectively through business mechanisms. But the goal becomes a very different one. The driving force behind the business becomes much more constructive than it is at the present time. We also need, again, the applications of the principle of justice, and that can be everything from the justice that comes from profit sharing with all of the workers in the corporation, through to the justice that is found through participation and consultation and involving everybody in decision making processes. Through even justice applied through such prosaic things such as interest. Islam forbade **usury**; in early Christianity interest was not allowed that's why the Jews were there to make the money that nobody else was allowed to make at the time. And Baha'u'llah allowed a moderate level of interest, which would seem to suggest that there is a certain level of interest that corresponds to levels of productivity to real wealth creation and improvement, and anything above that is probably some kind of hidden exploitation. That interest, that profit is probably hiding the fact that either if you're exploiting poor workers in developing countries or you're exploiting cost to future generations, or to other parts of the world. High level of interest is probably disguising some level of injustice within the business system. So, I think we need; again, the principle of justice is broad one and has many applications across the different areas of business operation. We also need business to look very much more at the sustainable management of natural resources. We really need to be looking at those resources as capitalable accounts – as any other capitalable account. And with the management of capitalable accounts, you don't want any net loss. Any activity you're doing shouldn't produce any net loss for any of those capitalable accounts, whether it be resource accounts, human accounts, economic accounts. In the same way there should be no net transfer of cost to future generations. The accounts within each generation should also be in balance. But, of course, we need new accounting systems which allow us to keep the accounts effectively, and that's quite a big challenge. We also need to respect the limits to the life support systems. We need to respect ecological processes. And for that, because many of those processes are global, we need to be building new global institutions able to manage the resources at that level. So there's a lot of institution building that still needs to be done. Just to give one simple example of values in the economic system; take the market mechanism. Markets, today, are based on competition, and, very often, on some kind of manipulation. If you're selling used cars you hide the fact that that one has had an accident in order to sell at a better price. That's the way competition has done in the market. But, wouldn't markets work better if they were operating principles of truthfulness and consultation? The idea of the market, in theory, is perfect information, perfect information. Much better if the buyer and the seller sat down and said 'this is what it really cost me to produce this' (the seller), and the buyer says, 'this is what my real need is' and they say 'what is the just price between your costs and my needs?' through a consultative process. The market would work more effectively with those spirits of collaboration and consultation, than they would with the present cutthroat competition and see who could win out of the others. So, this issue of values is fundamental - It is not so much of the mechanisms, as the mechanics are wrong. It's the underlying values that need to be adjusted to build more sustainable mechanisms in society.

Well, very briefly then, what are some of the applications of these values to make society more sustainable? Certainly we need more consultative mechanisms between businesses, between businesses and government, broadly to overcome these fragmented approaches to decision making. If we're going to make decisions that involve whole systems or whole resources then we need to have mechanisms to achieve the process of consultation to make those decisions. We need to overcome the compartmentalisation of society into economic, social, and other domains, with very little communication between them - each one

maximising their own particular area, but not cross-linking between the areas. We need to do all decision-making within a global perspective, because we're dealing with a global system. The Earth is one country, and therefore, we need to be able to integrate, up and down, all of those levels. But we also need to redistribute responsibility between the levels - there's been too much centralisation at the level of national governments and multi-national corporations. We know that many systems work better when you decentralise down to smaller human units, whether it be profit centres, or quality control centres, or whatever within the business, or whether it be down to the local level, local communities resource users in society. There's a whole set of rethinking. How do you apply principles of **sibliarity** in redesigning the systems? And it applies equally well within the business, and more generally with society. We have already some structures, because we have multi-nationals, **or once better structures**, the World Trade Organisation has teeth, and it can impose. But we don't have balancing institutions globally. There's no equally strong... it's like we have a very strong ministry of trade at the global level, but we have no ministry of environment - only a few general principals, we have no ministry of social affairs, and so on and so forth. We don't yet have a balance in institutions, which is why we see the stresses and strains every time the WTO try to meet these days. We also have no way of paying for the costs of global governance because there is no global system of taxation, and therefore the United Nations is always out there begging with national... 'Won't you give us more money to perform some services for you at the global level?' But every national treasury is weighing national priorities - the next election, and so on. These are the global things that are rather far and distant, and it's not a very effective way to run the global management of society. So we need to find better ways of dealing with issues of both taxation and redistribution at the global level - we are really very weak at institutions to do that. And business needs a level playing field globally. It's very hard on your business when you have so many different regulations, corrupt systems, and so on and so forth around the world. It's really in the interest of business to strengthen the global mechanisms and establish an effective global level playing field. Wouldn't it be worthwhile paying some taxations, so to speak, in order to do that? I'm convinced that as business becomes more enlightened, it will become one of the leading forces for the establishment of effective global institutions in society, because you need it for business. And therefore, we should be pushing. Governments are holding back because they are afraid of losing their power and their national sovereignty. They're not going to be leading this process. The leadership has to come from elsewhere and business is, in many ways, best placed to be leading the ...to build the structures that everybody needs to make this system operate more effectively. We also need to look at all the issues of social welfare, and redistribution, as I mentioned, is, with the new information technologies, the kinds of equalities and injustices that were able to survive for generations, are no longer tolerable. When the poor can see on television how the rich live, and of course it's always how the rich live in Hollywood, in Dallas, in Santa Barbara, and so on, we give them the extreme impression of how the rich live but that's what's being sold around the world, it's no wonder that they fly aeroplanes into buildings and do other things out of frustration, because what could be tolerable until a few years ago is simply no longer in a modern information society. So, again, the technology is driving us towards more social justice. But now we need the mechanisms to implement and apply that at a global level. We need to find ways that we can balance these accounts - not only with corporations, or within nations, but also at the global level. And the accounts are seriously out of balance at the present time, whether it be the social accounts or the environmental accounts. So, there's an enormous challenge there, and it's a challenge that, either, we will be able to overcome through voluntary actions of consultative will, as the Universal House of Justice has told us, or be forced into it by various kinds of crises and catastrophes. And for the moment we seem to be stating more on the side of crises and

catastrophes than we are voluntary will, but there's an essential, there's a leadership that can come from the business community in trying to push things in a more constructive direction. There are other principals I don't have time to go in to, but that clearly, on the one hand we need to get western society to move away from its ultra-materialism, and its consumerism, and to do that, to simplify its life, to increase its efficiency. And we know technically that we can probably maintain a similar life style with a reduction of a factor of ten in our consumption of energy and resources. There are studies that have been done in Europe particularly that show that seems to be technical possible. And that's, in a sense, one of the challenges of business; 'how can you raise the efficiency, reduce the through-put of materials, increase the production of services, increase the recycling processes so that we can achieve these technically challenging, but possible goals as we move ahead. And on the other hand we also need to look at the other dimension: the direct involvement of the poor in their own development. How do we not impose our vision of development on them? And that's one of the key themes for the prosperity of humankind. But how do we ... of society that people can guide their own development, set their own values in place, decide their own priorities of use of resources, and not have them imposed by outside corporations or by demands of international trade to pay off international debt or whatever, but can actually build much more organic societies evolving from the ground up, adapted to the variety of situations around the world. And one of the tools for doing that is that wonderful principle in the prosperity of humankind about science being for everyone. Because once everyone becomes more involved in thinking scientifically, is trained in thinking in terms of process, understands how to monitor their own environment and observe the changes taking place and adjust their behaviour accordingly, you have created **subsidiary** in science. Everybody becomes scientific managers, everybody becomes part of these operating systems and able to build much more sustainable societies. It's that combining of science and religion, the combining of the ethical dimension, spiritual dimension and the principles of science and technology, and then creating this multi-level system where each of those levels, those processes are operating together that we can build this new kind of self-generating civilization, an ever-advancing civilisation bringing prosperity to everybody around the world. That's the goal we're working for and I think EBBF and the business community have a critical role putting things in a system perspective in moving towards that more, kind of, sustainable society. It's not defining in advance a utopia, and **send** everybody to go there – that's not sustainable development. It's getting the basic working rules right, and that, I think, is particular to the economic area to be one of the greatest challenges because our present rules are so out of line with the needs of society.

And so I wish you all well in going ahead to try to build more sustainable business and more sustainable economies, and, then, more sustainable civilization. Thank you very much.  
ends