

A Global Ethics of Business for Addressing Global Challenges

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The Challenges ahead

The world faces great difficulties. Many things concerning peace, safety, poverty, and sustainability go wrong. Business as usual is not enough. And obviously, **free markets are not the answer to the world's problems**. Consequently, new worldwide initiatives are urgently needed to tackle the undesirable global developments, which also becomes apparent in the insufficient implementation of the UN Millennium Development Goals.

The task is to provide the already globalized economy with an **adequate global regime for the markets**, promoting world peace, justice and sustainability and the realization of an open society. Such a regime does not exist today; on the contrary, there is a tendency to replace international agreements by bilateral or unilateral action. Our long-term perspective is a **worldwide Eco-Social Market Economy**, linking markets and competition with **high social, cultural and ecological standards** for the welfare of all human beings. Key to a consensus on such standards, and to overcome global poverty at the same time, are **co-financing measures** applied by the rich countries in favour of the developing countries, supported by an **adequate regulatory framework**. In return, developing countries have to prove willing to adopt these standards, despite the concomitant loss of competitive advantages. Better standards imply in particular better governance structures in these countries, i.e., **improved local government**. This approach reflects the reasoning behind the EU enlargement process, but also that behind the US Marshall Plan for Europe after World War II.

A Global Marshall Plan/Planetary Contract represents an intermediate step towards a worldwide Eco-Social Market Economy. According to authoritative sources, 980 Billion US-Dollar will be needed on top of the current international development aid until 2015. Moreover, the usage of these funds must follow different mechanisms than currently applied, and in close interaction with the world's civil society. Some countries have already made pledges, which

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reduces the amount of money needed additionally to about 860 Billion US-Dollar from 2006. Under an adequate regime, and focusing on developing countries that are willing to meet the requirements, this sum could be raised from 2008 through instruments such as Special Drawing Rights of the International Monetary Fund, a worldwide levy on financial transactions (Tobin tax), a worldwide levy on trade (Terra tax), a worldwide levy on kerosene, a reasonable trade system for CO₂ emission rights, adequate debt relief measures for the poorest countries, insolvency laws for states and, finally, the establishment of an International Financial Facility as proposed by Gordon Brown.

New forms of implementation

As important as raising the funds are new forms of implementing the goals, in particular: financing the implementation of the UN Millennium Development Goals on a **project basis**. The effective allocation of funds for **self-directed ways of development** is maybe the most difficult aspect of a Global Marshall Plan. The responsible bodies for the implementation could be the World Bank and the United Nations Development Program (UNDP) as well as other UN organizations, such as the UNEP environmental programmes, UNESCO or the United Nations Population Fund (UNFPA). On their part, these organizations should rely more on **local initiatives** and **NGOs** than they do today, and support adapted technologies, measures to increase local welfare and private initiatives for development. The latter should compete for co-financing funds, allocated in selection procedures controlled by an independent jury. Besides satisfying basic needs, financial aid should be aimed at empowerment, capacity building and ownership. Practical experience shows that self-directed, self-assured and responsible development is best achieved by promoting participation, education and enforcing the role of women. Guiding principles for the allocation of funds are subsidiary (bottom-up), transparency and control of financial fluxes to reduce corruption. Concrete examples for accordant fund allocation are **micro financing and microcredit** or the **partnership-helper model** (help for self-help).

Also, there is then pressure towards good governance within countries, making sure all people will have a **decent education**, some kind of **health care** and so on. All this will significantly **increase the power of people to help themselves**. This will also be supported with the significantly increased level of co-financing of about \$100 billion a year. In the concept of the Global Marshall Plan this money not just goes to governments, but to a great extent goes into small and medium-sized enterprises, into micro-credits, into regional projects and it goes into improving the ownership situation of poor people. And all use of

such funds will fall under strict compliance rules. So, all in all, the Global Marshall Plan will **significantly and permanently improve the situation of the poorest.**

The challenge behind the challenges – The ethical question

The Eco-Social Market Economy model and the Global Marshall Plan/Planetary Contract² approach are both based on a clear **ethical foundation**. This is the **world ethos** position, common to all great religions, to humanism and also present in the **UN Earth Charter**. Two principles are basic, which can both be deduced from the **golden rule**, namely the principle (1) **to care for the environment and keep it intact** and (2) **to take care for the dignity of all humans**. These principles immediately translate into corresponding requirements concerning the **governance of companies**, which are today reflected in concepts such as **ethics for business** or **corporate social responsibility**. However, voluntary business codes, as important as they are, are usually not sufficient to address global needs. Internationally agreed upon rules, transparency and compliance mechanisms are key. This is where an **eco-social market approach and business ethics meet**. Because under suitable frameworks, markets will reward, what is ethically desirable. We have to work harder to achieve this situation.

Which steps are next?

Based on an initial move on the level of the EU parliament and the EU commission to gain support for implementing a respective program from 2008 onwards, the timetable of the Global Marshall Plan Initiative aims for a EU decision in 2007, 15 years after the Rio World Summit and the year of Germany's double presidency at the G8 and the EU. Such a decision would lead to a considerable implementation of the comprehensive considerations of the Earth Summit in Rio 1992. In the fall of 2005, a Global Marshall Plan shall hopefully influence the EU position concerning the first UN Millennium Development Goals review. One important step was taken when, for the first time, the heads of government of some large European countries advocated the establishment of **global financing instruments** at the World Economic Summit in Davos in January 2005.

Similar to **Europe's economic miracle** after World War II, the eco-social reasoning behind a Global Marshall Plan/Planetary Contract will create a gigantic global departure in the right direction, analogous to the EU enlargement processes: economic development,

² For more information www.globalmarshallplan.org

environmental protection, social balance and cultural balance are all promoted simultaneously.

The developing part of the globe closes the gap, and positive growth effects show everywhere. The future formula **10~>4:34** indicates that within the next 50 to 100 years, a ten-fold increase of the global gross national product is achievable, at the same time taking care for an efficient environmental protection and the realization of a sustainable development. The effect of a worldwide investment program in the scope required would, in a relative perspective, be comparable to the effect of constructing the transcontinental railway system in the US at its time, and release **unimagined powers for a development in the right direction**. While growth rates in the rich world may average between 1 and 2 % per annum for about 50 years, they will reach 6 to 7 % in the poorer parts of the world. The rich North and the poor South will profit equally from the resulting boom. At the same time, the imposed social and ecological standards will contain the current polarization within both the rich and the poorer countries. Thus, **more global balance does not entail less social balance within states**.

Related References

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