



A NONVIOLENT ECONOMY: BEYOND CAPITALISM

Abstract

Forum Presented at Cambridge Friends Meeting, May 8, 2016

Severyn Bruyn
severynbruyn@gmail.com
<https://www2.bc.edu/severyn-bruyn/>

Contents

A Nonviolent Economy: Beyond Capitalism	2
The Evolution of Capitalism	2
The Development of a Nonviolent Economy	3
The Paradox of Capitalism in Transition	5
More on Building the Nonviolent Economy	6
Guidelines for Citizen Action	6
1. Establish a Council of Social Advisors	6
2. Advance Public Accountability Systems in the Private Sector	6
3. Establish a Nonviolent Market by Industries.....	8
4. Create Global Markets for Peace and Justice.....	10
5. Develop Global Regimes through the UN Agencies	13
6. Demand the U.S. Support Current Civil Regimes	13
7. Create nonviolent (civil) markets local to global.....	18
8. Create New Social Contracts: Production to Retail	20
9. Support a Nonprofit Sector that can regulate the Profit Sector	22
10. Create New Financial Institutions with Global Stakeholders	23
11. Support a New Bretton Woods Conference: Reform Global Finance	24
12. Create a New UN Environmental Program.....	24
14. Support Fair Trade and Justice-Oriented Markets	27
15. Support a Public (NGO) Media System.....	27
16. Think about a new vision for the Economy	29

A Nonviolent Economy: Beyond Capitalism

This Quaker Forum is about the *development of a nonviolent economy*. First, we need definitions.

A capitalist economy is based on the principles of freedom, competition, corporate self-interest, and private ownership, maximizing profits while being regulated by the government.

A nonviolent economy is self-regulating in the private sector. Its ruling principles are *self-governance* and *mutual governance*; it is based mainly on *cooperation*. Corporations are not dominant over workers nor do they destroy the environment; and they are not imperialistic. So how do we get to a nonviolent economy? To understand its development, we need to look at the background of capitalism.

The Evolution of Capitalism

Capitalism took centuries to evolve from the Middle Ages. It began with small market fairs, in locations where *the manorial system, or the King or the Church did not control trading goods*. A new freedom in society began in these small trading fairs.

You can read Adam Smith, Karl Marx, Herbert Spencer, and Karl Polanyi to see how capitalism evolved from the feudal system (and mercantilism) in the 1500s. Society kept evolving with the differentiation of the business sector, religious sector, and the Third Sector, to be separate from the government.

This is when the word *society* first appeared in the English language to explain this new social order. In the late 1600s John Locke argued that people had now developed (what he called) a *civil society* to resolve conflicts in a “nonviolent” way. Locke advocated a separation of powers that influenced the Declaration of Independence and the U.S. Constitution.

This long time period of capitalist evolution (over centuries) suggests that it will take a century or more for a nonviolent economy to fully evolve. But we can see its beginnings in the 20th century.

And we can help advance its development in this century. We can avoid a worsening of what I call today, a *corporate military state*. We can quicken the formation of a nonviolent economy.

First, we need some facts.

1. In the 1850s Karl Marx said that capitalism was the best system that ever evolved. He saw civilization evolving toward greater freedom for the lower class, from *slave* (ancient times), to the *serf* (middle ages), to *wage earner* in capitalism. A serf was freer than a slave. A wage earner was freer than a serf. But with this progressive evolution Marx still believed capitalism to be self-destructive. He hoped for a proletarian revolution where the state would eventually “wither away.” In other words, he expected an economy to develop based on democracy, justice and freedom. He never expected a total state like what we see today as state socialism or state communism.
2. In the early 1800s when corporations were created in the United States, American citizens were afraid of them. They tried to stop them. They did not want them to grow too big. States required corporate charters that limited their size and space of operation.

But then, what happened?

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

States began to compete with one another to get corporate charters with the least requirements. The result was that N.J. and Delaware won the competition by giving charters that allowed corporations to do anything they wanted in their self-interest. Most corporations then went to Delaware, which now has more than a million corporations. In 2012, The New York Times reported that a single building in Wilmington was the legal address of over 285,000 separate businesses. These include giants like American Airlines, Apple, Bank of America, Berkshire Hathaway, Cargill, Coca-Cola, Ford, General Electric, Google, J.P Morgan Chase, and Wal-Mart. About 65 percent of Fortune 500 largest companies are now incorporated in Delaware. It happens to be one of the easiest places in the world to set up an anonymous company. This makes it a great place to establish a Limited Liability Company which is a business that you don't want anyone to know about or you don't want to be identified with.

(One of the surprises about the recent Panama Papers is how few Americans have so far been exposed. The reason is that creating a company in the US (like Delaware) is easier than obtaining a library card. Mossack Fonseca, (offshore tax evasion) is based in Panama and is the world's fourth biggest provider of offshore services. It sits at the heart of the global offshore industry, and acts for about 300,000 companies.)

Now how could a nonviolent economy develop?

The Development of a Nonviolent Economy

In latter part of the last (20th) century non-capitalist corporations began to develop. Let me first give you some examples of *non-capitalist* corporations that you already know about. (For a short version see my Pendle Hill Pamphlet called *Quaker Testimonies and Economic Alternatives*.)

1. Social investment (and divestment) first appeared as corporations during the 1960s during *Apartheid* in South Africa. I wrote a letter to the President of Boston College to ask if the Trustees would divest their endowment as part of this movement and he wrote back saying it was "none of my business." So in the 1980s I wrote a book called *The Field of Social Investment* with Cambridge University Press. After book came out, the President's secretary asked me to bring the book to his office. He wanted to show it to the Trustees. A month later I saw an article in *The Boston Globe* that BC had begun to practice socially responsible investing. I also went to the New England Yearly Meeting to call for ethical investment and found resistance.

What is new here?

Capitalist investment is designed to maximize profits for the investor. *Social investment* combines maximizing profits with advancing the public good. **It is a synthesis of opposites: private profits vs. the public good.**

In my view, the *synthesis of opposites* is at the core of evolution from the Big Bang. A colleague of mine in the Management School at Boston College compared the financial returns of social (ethical) investors and found that their profits were higher than the capitalist investors. This non-capitalist venture is part of an evolution that goes beyond capitalism.

2. Cooperatives began in the early 1800s and have been increasing in number over the last century. A cooperative is jointly owned and democratically governed by its stakeholders. There are many types, like Worker co-ops, Consumer co-ops, Housing co-ops, Agricultural co-ops, Credit Unions, etc.

At some time after the Meeting today, perhaps in the Library Room, I can tell you a few stories about how they can break the capitalist stronghold. I would tell the story of **Nicaragua** where one of my grad students loved the Sandinistas and I fly south to talk to the President of the Chamber of Commerce and the Sandinista Vice President in charge of Government planning... Second, the **United Fruit Company** where the President and I talked about organizing worker coops ... Third, **Puerto Rico**...where we talked about how to overcome Kennecott's Copper's imperialism... **Scott Bader** is a company I visited in which a Quaker gave his company to the workers... **John Lewis Partnership**, which I visited to learn how they had expanded with worker ownership ...**The ICA Group**, which we started with Ford Foundation money to advance worker-owned companies ...**Plywood Companies** in which the Presidents make the same income as the janitors ... **Bewley's Cafes** in Ireland that were studied as a worker co-op by one of my graduate students... **Mondragon worker co-ops** in Spain where Chris Clamp traveled to research *the whole economy* composed of co-ops ...**ESOPs** that were advanced by Congressional legislation. Google ESOPs.

3. Community Corporations (CCs) began officially in 1967 following riots in the street and the subsequent creation of federal legislation that made it possible for them to be created. Local residents own and govern them. But like other nonviolent alternatives, their actual origins are hard to determine.

The first appearance of CCs is hard to calculate-- like the origins of the eye among animals; it is hard to determine the exact date. Eyes begin as tiny spots on little animals to see "a little" and then grew gradually through millennia -- in ways that amazed Darwin himself.

In turn, the seminal idea of community corporations might be traced to Saul Alinsky in the 1930s and then forward to Jane Jacobs who wrote a devastating critique of cities in 1961 as "soulless centers." In any case we see a gradual evolution of different (non-capitalist) CCs. They include **community development corporations, community land trusts, and community finance corporations** (or customer-owned banks) and more.

4. Community development corporations (CDCs), Community Land Trusts, and Community Finance Corporations (CFCs) are not in the capitalist tradition. They work in the private sector for the common good of their locality. But they can contract with global firms to maximize local wealth and obtain new technology for their common good.

Table 1 below describes the purpose of CDCs that are owned and managed by local citizens in their neighborhood. (This is not a city government.) They do something different from the capitalist market -- they optimize profits for the whole neighborhood.

Table 1: Community Development Corporations (CDCs)

<p>Community development corporations (CDCs) are democratically organized and run by staff and citizen boards, who take responsibility for negotiating with outside businesses. Members of these boards live in the community they serve, and have a personal interest in improving their lives according to their own standards. The board members are elected from the local populace. CDCs invite big corporations to contract with them for local development and write a contract fitting their needs.</p> <p>People in a village or a city neighborhood then create a special blend of what could be commercial, industrial, residential, and cultural values for local development. If local leaders do their job well, using their own skills, and using the knowledge of outside entrepreneurs, they advance public</p>
--

standards and build a local marketplace. They build core values drawn from the whole village into development programs.

Notice how this CDC is a nonviolent (civil) corporation and not a capitalist corporation. Citizens in the CDC represent the local commonwealth. A CDC is a civic structure in which local people maintain autonomy in the growing power of global markets.

This corporate model (the CDC) integrates (conservative and liberal) attributes for the common good. At the global level the CDC cooperates with corporations in competition in a world market, but it utilizes the system so that competition will serve its ends, not just the global firm. A local community that is underdeveloped in Appalachia, Puerto Rico, Guatemala, Iraq, or India, says to an American (earth resource) company that it wants to organize a CDC. The foreign company must contract with the local CDC to share profits. If the CDC cannot negotiate a suitable contract with an American (say, copper) Company, it asks a Swedish or Japanese copper company to contract with it. Global firms all compete for rich ore, but the corporate winner must meet local standards to get that contract.

The CDC emphasizes local *cooperation* and civic engagement. Citizens elect their own board, emphasize *standard making* (e.g. health, safety, and environment) while promoting *profit* (wealth) for the whole community. In other words, it synthesizes the attributes of both conservatives and liberals as it creates a new corporate structure.

Observe how new norms are created in this mix. A global (capitalist) corporation emphasizes *efficiency, productivity, and competition*. This is supported by the CDC, which emphasizes *cooperation, self-reliance and self-sufficiency* in the locality.

The Paradox of Capitalism in Transition

A nonviolent economic order is now evolving from capitalism -- keeping its positive traits, and dropping its negatives. One of its positive traits is freedom, that is, its separation from government. One of negative traits is that markets produce problems that require government to solve, that is to say: *capitalism creates state socialism*. How could free markets create state socialism?

When businesses fire workers, the government grows in size by establishing a **welfare system**. When corporations exploit labor, Congress creates a **labor department**. When business harms customers, the government creates **consumer protection departments** regulating *product safety, truth in lending and precise labels on product ingredients*, etc.) When big business creates monopolies, governments create agencies like the **Federal Communications Commission** (FCC), and the **Federal Trade Commission**. When business destroys the environment, governments create environmental protection agencies like the **EPA**. Capitalism is (unintentionally) increasing government controls over itself.

Top business leaders agree. Multi-billionaire George Soros denounces capitalism.

Although I have made a fortune in the financial markets, I now fear that the untrammelled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat.

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

Thus, the capitalist economy is self-destructive, creating bigger and bigger government. Government expands its power to intervene in the name of justice, equality and welfare. Market freedom erodes as governments become big bureaucracies. What can we do about it?

More on Building the Nonviolent Economy

The *nonviolent economy* (I call it a civil economy) will transcend this stage of capitalist history -- with our help. How does this happen? Notice.

A nonviolent economy combines the conservative (Republican) goal aiming for a *productive, free, self-regulating, profitable, and efficient economy* with the liberal (Democratic) goal for a *fair, just, equitable and socially responsible economy*.

Conservatives say, "Get the government out of the private economy, reduce government bureaucracy." Liberals say, "Develop a market system that is accountable, equitable, and transparent to the public." In the development of a nonviolent economy *the basic principles in both parties are synthesized*. How do we do this?

Guidelines for Citizen Action

1. Establish a Council of Social Advisors

A Council of Economic Advisors was established in 1946 by Congress to gather information and advise the President on economic issues. It exists within the Office of the President to advise on domestic and international policies to advance capitalism.

Now a Council of Social Advisors needs to be created to advise the President on how to develop civil (nonviolent) markets. Years ago Senator Walter Mondale introduced legislation for a Council of Social Advisors into the U.S. Congress. The legislation almost passed in a Democratic Congress with Republican support. Today it is still feasible.

What would it do?

This Council would gather information on civil development to help create a nonviolent economy. The Council of Social Advisors would gather statistics on **climate change, poverty, divisions between rich and poor, demography, urban density, health, education, science and technology related to the development of a nonviolent (civil) economy**. It would submit to the President studies relating to civil (social) investment. It would appraise programs of the Federal Government to assess the extent to which they contribute to a truly self-governing economy. This Council would build on the idea that a nonviolent market system can be developed on the principles of *justice, freedom and democracy*. It would assume that a market should work for the common good. It would study the degree to which profit making is advanced with **public standards in trade associations**. (More on this point later.)

2. Advance Public Accountability Systems in the Private Sector

Public Accountability systems have developed (quietly) in the private sector to operate for the good for stakeholders and citizens. They work for the common good by *contracts, standards,*

monitors, and regulators to whom enterprises are answerable. This is a quiet (relatively unknown) system of nonviolent development that should be supported by government policies. It is creating a nonviolent economy.

Table 2: The Structure of Accountability Systems

<p>1. <u>Contracts</u> are written agreements between people that set standards for civil conduct in the marketplace.</p> <p>2. <u>Standards</u> are guidelines (norms, rules, and principles) for conduct, which are written into contracts. By contracts, we include broadly corporate charters, bylaws, constitutions, mission statements, and corporate codes of ethics.</p> <p>3. <u>Monitors</u> are "watchdogs" and countervailing organizations that keep the stakeholders and the public informed on how well the standards are maintained. We have argued that monitors cannot do their job adequately without transparency. Monitors include NGOs, social-financial auditors, public interest groups, consumer federations, social investment firms, and UN agencies.</p> <p>4. <u>Authorities</u> are judges and rule-enforcers in the private sector. They operate at different levels of organization and can be called tribunals, arbiters, courts, judiciaries, boards of directors, final decision-makers, and enforcement groups that are empowered by stakeholder agreement to make judgments and issue penalties for misconduct. They are designated groups who judge offenders, and issue fines or specific punishments against offenders and help bring toward conformity with the agreed standards. A national government has been the traditional regulator, using courts and judges to decide on penalties such as probation, restitution, fees, jail and prison sentences, but the private sector has developed a different tradition.</p>
--

The capitalist system is becoming nonviolent ("civil") slowly because of government and non-governmental organizational (NGO) pressures. These pressures create changes that fit the "developing public accountability" in the private sector. These public (non-state) systems need support from government and political parties. (See Table 3)

Table 3: Current Examples of Public Accountability Systems in the Private Sector

(Source: *A Civil Economy* by Severyn Bruyn, Chapter 1)

<p>I Accountability to Buyers</p> <p>Example: Grading of Lumber Quality</p> <p>A. Contract: democratic agreement among competing members of a lumber association</p> <p>B. Standard: grading code for wood products.</p> <p>C. Monitor: buyers in construction firms and customers who are affected by grading.</p> <p>D. Authority: lumber associations with tribunals to hear cases about offenders breaking the rules.</p> <p>E. Example: Southern Pine Lumber Association (See chapter 1)</p> <p>F. Civil function: the system eliminates the need for a state agency to make lumber standards.</p> <p>II Accountability to Employees</p> <p>Example: Enterprise Self Management</p> <p>A. Contract: labor agreement on democratic (electoral) structures inside the firm.</p> <p>B. Standard: written principles on types and degrees of participation/ownership.</p> <p>C. Monitor: the governing board composed of employees; watchdogs are trade unions and ombudsmen.</p> <p>D. Authority: representative board of directors chosen by employees.</p> <p>E. Example: Mondragon co-op boards; Milwaukee Journal board, ESOPs. (See chapter 2 & 3)</p> <p>F. Civil function: employee self-management reduces the need for government labor departments.</p>

III Accountability to Residents

Example: Community Corporations (CDCs, CDFCs, and CLTs)

- A. Contract: bylaws for elections and distribution of authority.
- B. Standard: written constitution/bylaws on community norms.
- C. Monitor: citizens act through periodic elections.
- D. Authority: a resident board and judiciary in the community corporation.
- E. Example: **San Bernadino CDC, CA.**
- F. Civil function: CDCs reduce the need for government for local citizens.

IV Accountability to Customers

Example: Consumer Co-ops and Customer Boards

- A. Contract: bylaws and elections
- B. Standard: member and public norms written in bylaws.
- C. Monitor: customer owners
- D. Authority: elected board powers, and due process in decision-making.
- E. Example: (customer-owned) **Cleveland Electric Utility, Ohio**; also Seikatsu.
- F. Civil function: Consumer governance reduces need for government utilities and

bureaucracies.

IV Accountability to the Public

Example: Public (Non-governmental) Corporations

- A. Contract: social constitution/bylaws.
- B. Standard: professional codes of member associations and standards in bylaws.
- C. Monitor: elected NGO groups on board of directors tempered by audience polls.
- D. Authority: elected board deciding on programs; power to judge and fire executives.
- E. **Example: German Television Station, Second Channel governed by NGOs** (See chapter 5)
- F. Civil function: societal governance on board avoids private oligopoly or government media.

VI Accountability to Students and Parents

Example: Colleges and Universities

- A. Contract: accrediting agreements between institutions and professional associations.
- B. Standard: academic excellence, accreditation norms.
- C. Monitor: watchdogs: students, teachers, parents, alumnae associations.
- D. Authority: elected boards of associations of colleges and universities, guided by state charters.
- E. Example: **American Council on Education, Assoc. of American Colleges**
- F. Civil function: professional associations avoid the need for state accreditation agencies.

3. Establish a Nonviolent Market by Industries

This section is only for those who want to go deeper into the study of this evolving nonviolent economy.

Below is a case study (an example) of how to establish a nonviolent (civil) market by industries.

Willamette Industries (a lumber/forest company) was destroying the environment a decade ago. The government ignored it. *The EPA and the State of Oregon were tied to business interests and refused to let citizens get vital information from the company.* When civil society groups finally documented the pollution and pressed for solutions, the federal government began to act. Willamette Industries agreed in July 2000 to pay a \$11.2 million fine to the federal government to settle pollution claims, according to the Justice Department and EPA. EPA Administrator Carol Browner called the settlement on violations of the Clean Air Act involving factory emissions the

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

largest in agency history. Under the plan, Willamette will also be required to spend \$74 million to install new pollution-control equipment at its 13 factories in Oregon, Arkansas, Louisiana and South Carolina. Browner estimated that cleaning up the emissions from the Willamette plants would keep an average of 27,000 tons of pollution out of the air. She said that is the equivalent of taking 287,000 cars off the road. So, this is how governments work at best in capitalist markets with pressure from non-governmental organizations (NGOs). But how would a government handle this case better by following a (civil market) model?

Mutual Self-Governance with NGOs

How could the government have created a nonviolent (civil) market in this case?

First, the money from this public fine for Willamette Industries *should have been given to those Third Sector organizations* (NGOs) that exposed the problem. It cost them a lot to do the investigation -- against both business and government interests. The money would reward them as whistleblowers and strengthen their associations. In this special case, the money should have been given to the *Northwest Environmental Defense Council*, its parent EDC, and the Plumbers Local 290. The reward would pay for their work to expose the problem.

Second, some of this money would be spent to change the market structure. The government would work with Third Sector stakeholders and the industry to establish a *public accountability system* in this domain. Public accountability systems are established by a formal contract among businesses and stakeholders (See the above chart.)

The government in this alternative would support (or mandate) a process in which stakeholders (business and Third Sector) agree on public standards, neutral monitors, and juridical authorities. This process guarantees the right of stakeholders to sit on public boards of inquiry, which are given free access to accurate data about social problems, like toxins in chimney emissions. It permits stakeholders like the EDC and Plumbers Local the right to monitor corporate activities that might be a risk to public health. It could provide civil procedures that lead to compliance of those standards.

Such a system would be established in the smokestack industry as type of self-regulation that includes the Third Sector as watchdogs. Such a civil arrangement would vary according to the structure of each industry.

For example, independent arbiters and professional mediators could be assigned as part of industry structure. The government then helps create an independent arbitration commission to settle disputes between Third Sector associations and the industry trade association. It would provide guidelines for transparency and propose proper penalties in accord with the seriousness of an offense.

In other words, the government changes the market structure so that it becomes fair and justice-oriented. The practice would apply in this case to the whole smokestack industry and serve as a model for other industries. The government then mandates a stakeholder right to get *information in the public interest*. Third Sector organizations should not be prevented from getting accurate data on chimney emissions. Citizens should be able to make an appropriate inquiry on all matters that are for the common good.

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

This type of public access -- this mandate for proper arbitration, transparency, joint monitoring, and civil enforcement -- become stakeholder rights. In this case, stakeholders include the Northwest Environmental Defense Council, the Plumbers and Steamfitters Local 290, but in other cases it might include professional associations (e.g. physicians and civil engineers) and scientific associations (e.g. biologists and chemists.)

Now, what about economic imperialism?

4. Create Global Markets for Peace and Justice.

A nation state can regulate markets within its own boundaries but it cannot regulate global markets. There is no world government that has the authority to regulate business across national boundaries. One nation with military power like the United States can try to control commerce in its own interest, but not successfully, and not for the common good.

There is no global Environmental Protection Agency to keep markets from destroying the environment. There is no global Securities Exchange Commission to regulate the sale of stocks. There is no global Communications Commission to regulate the mass media. There is no global Reserve System to provide nations with a safer, more flexible and more stable monetary system. There is no higher order of government to regulate global arms sales, stop the spread of dangerous chemicals, etc.

World leaders created the World Trade Organization (WTO) to regulate free trade but they ignored the *increasing gap between rich and poor, the alienation of people in developing countries, climate change, ozone depletion, massive species loss, and growing levels of pollution in air, soil, and water.* The euphoria behind free trade and deregulation could destroy civil society. The following are nonviolent alternatives for action on the principles of peace-with-justice.

First, support world law and with a new system of world governance, looking toward UN revision.

Second, create an independent financial base for the UN, by taxing global investments.

Third, develop a permanent multilateral peacekeeping force by diplomacy through the United Nations.

Fourth, support international courts that are professionally established with judges from all nations.

Fifth, build a program for disarmament, slowly, carefully destroy weapons of mass destruction.

Sixth, support the International Nonviolent Peace Force with financial contributions. Global peace and justice is based on the development of international law that supports public accountability systems in the private sector and the formation of civil corporations in civil regimes. How is this done?

Sixth, develop Civil Regimes in the Global Economy. Common law is a system of jurisprudence based on social norms and administered by secular tribunals, different from statutory and ecclesiastical law. Social norms and legal norms govern society and its economy.

Notice. The conduct of people is governed by social norms more than by legal norms, statutory law. Social norms include *etiquette, folkways, customs, conventions, traditions, decorum, codes, manners, protocols, agreements, and mores*. (Delinquents break the law but not their gang norms; global corporations break the law but not their trade association agreements.) Studies show how people follow social norms (conventions and mores) with greater consistency and certainty than statutory laws. The question is how social norms that underpin great values (like democracy, equality, and justice) become the pattern for doing business. The proposal here is that social (institutional) norms help develop a civil regime.

Every regime depends upon norms of common law -- conventions, custom and contractual agreements. Common law is a body of shared rules and principles in a field of exchange. A civil regime develops through bodies of authority that are based on such norms. (See the *Forest Stewardship Council* below.) It links Third Sector values with capitalist state values. It develops a public commons with the help of International Business Associations (IBOs), International Governmental Organizations (IGOs), and Non-governmental Organizations (NGOs.) In other words, three sectors of the economy (business, government, and the Third Sector) develop a civil regime. A civil regime develops as stakeholders see rules (norms) to be in their self-interest. It matures through agreements, like the Law of the Sea and the Kyoto Protocol.

Below we look at civil (nonviolent) regimes advancing norms based on core values like democracy and justice inside markets today. Civil regimes develop in global markets like democratic governments develop -- slowly. They generally require an elected board of directors, political representation, electoral procedures, and autonomous judiciaries. In the case of the Aluminum industry we see how planners work and advance a civil regime inside the business sector.

The Aluminum Industry

Look at the Summary Table 4 below on aluminum to see how the industry developed with a measure of civil (democratic) governance. It is one trade association among some 25,000 in the United States.

Table 4: Trade Associations Standard

A Partially Civil (Capitalist) Regime: Some Core Values of Society
<p>1) Aluminum competitors collaborate to establish a <i>democratic organization</i>.</p> <p>The Aluminum Association, Inc. is a democratic confederation of U.S. producers of primary aluminum, recyclers and semi-fabricated aluminum products. Member companies operate more than 200 plants in 35 states. The U.S. aluminum industry is the world's largest, annually producing about \$35 billion in products and exports. Top markets for the industry are transportation, beverage cans and other packaging, and infrastructure. The U.S. industry produces more than 22 billion pounds of metal annually and employs 143,000 people with an annual payroll of \$4.8 billion. Aluminum is one of the few industries left in America that impacts every community in the country, either through physical plants and facilities, recycling, heavy industry, or consumption of consumer goods. Headquartered in Wash., D.C., the Association provides leadership to its member competitors through its programs and services, which aim to enhance aluminum's position in a world of proliferating materials of comparable kind. It lobbies the government. The Association wants to increase its material of choice and remove all "impediments to its fullest use." In the process, it pays attention to its reputation. It wants to avoid social problems in the production and distribution of aluminum. The aluminum industry holds <i>periodic elections for its board of directors</i>. It has a written set of</p>

bylaws, maintains a magazine, keeps statistical reports for production and export, and does not share price information to avoid antitrust action. It collaborates with other trade groups like the National Association of Aluminum Distributors; it allows foreign firms to be members, etc.

2) Trade associations develop *public standards* for their industry.

Industry competitors develop public standards in their market sector. For example, aluminum is alloyed with small amounts of one or more elements such as copper, manganese, silicon, magnesium or zinc to enhance desired characteristics such as increased strength, corrosion resistance and weldability. The Aluminum Association, Inc. (AAI) *promotes the American National Standard (ANSI) alloy designation systems for aluminum wrought and cast alloys and other aluminum products*. AAI registers chemical composition limits of alloys, assigns alloy designations and publishes registration records. The market structure in aluminum is organized *to maintain standards out of its own self-interest as well as for the common good*. It seeks to maintain a solid reputation and states its aim to achieve "environmental, societal, and economic objectives."

3) The Association develops *civic goals* and *internalizes norms*.

The trade association in the aluminum industry *promotes the goals of environmental protection* as set by government regulatory agencies. *It goes further on its own to support research and education that addresses other environmental issues that are pertinent to the American public.*" It organized an Environmental Committee and "Work Groups" to respect civic goals. Its promotion of environmental performance includes managing workshops and membership meetings to assist in regulatory compliance, thus, *internalizing civil norms*. It has a "proactive voluntary emission reduction programs" and research programs that cultivate better environmental performance in the industry. The Association collaborates with governments to advance *environmental protection*.

Examples of two projects in the association are the Voluntary Aluminum Industrial Partnership (VAIP) program with EPA, and the Pollution Prevention program. The Association claims that the aluminum can is solid value, not solid waste. The aluminum industry association seeks to advance a recycling system that benefits the environment as well as the industry. It works with governments to include energy and natural resource conservation as well as landfill savings. The aluminum industry benefits because the recycling system serves as an above-ground mine, a critical component of the industry's metal supply. The industry reports an investment of hundreds of millions of dollars to develop a system of more than 10,000 recycling centers nationwide.

4) The Association promotes *profit* and *public values* together.

The Aluminum Association, Inc. officially advocates environmental protection. It wants "every package to pay its own way in the recycling stream and encourages market-based incentives for recycling programs. It makes a claim that most of the aluminum cans produced today are already recycled. "The industry wants every can back and will continue to drive the rate of return higher." The demand for used cans is "strong and virtually guaranteed."

5) The Aluminum Association plans to join the global economy to advance *public values* such as *safety* and *health*.

The aluminum industry's executives see problems to solve in global markets as they move into the 21st century. Alcan Inc. executive vice president Richard Evans said at a May 2001 meeting of the International Aluminum Forum that it is time to rethink basic beliefs about aluminum as an industry. His key initiatives for the aluminum industry are to:

- 1) aggressively adopt global best practices for environment, safety, and health,
- 2) maintain credible and accessible databases,
- 3) promote market efficiency and transparency,
- 4) promote global industry exchange, especially by bringing Russia and China fully into the group,
- 5) position aluminum on the sustainability map.

Global firms and trade associations can dominate and control small countries. This is not good. Many countries do not have the same power as trade associations and acquiesce to their interests. They want more capital and technology. But here we see how global associations are partly democratic within the womb of capitalist markets and they have a certain civility even as their member businesses can be dominating and destructive.

So, below I note how this capitalist aluminum industry could develop further as a civil regime. This happens by bringing the trade association into a "working relationship" with non-governmental organizations (e.g. science) in the Third Sector. The Department of Commerce should help in this endeavor.

The task of IGOs and the UN is then to support the positive side of this connection (spreading capital and appropriate technology) and to eliminate the negative (spreading corporate dominance and exploitation.) Establishing public accountability systems eliminates the negative.

5. Develop Global Regimes through the UN Agencies

In a trade-association like aluminum we see core (democratic) values emerging, but the industry could do more for the common good. It could do more by collaborating with civil society organizations (CSOs). CSOs include environmental organizations (e.g. scientific associations) and IGOs (e.g. the UN Environmental Program.)

A *civil (nonviolent) regime* begins when business and Third Sector associations work together. For example, the aluminum industry can learn from the International Union of Geodesy and Geophysics (IUGG). IUGG is dedicated to the promotion of scientific studies of Earth (physical, chemical, and mathematical) and its environment in space.

Global business regimes like the aluminum industry should find a connection with scientific associations like IUGG. Business leaders in the aluminum industry then dialogue about mineral resources, the mitigation of natural hazards and environmental preservation. Aluminum leaders would consult and contract with IUGG on modes of environmental protection. Governments and leaders in the industry want to learn more about the connection of the rain and the sun's energy to aluminum, about the protection of the earth's resources, and about global warming.

6. Demand the U.S. Support Current Civil Regimes

Many examples of nonviolent (civil) regimes exist today. Below are examples of global regimes that are models for future development.

A. Law of the Sea (LOS): A Civil Regime Developing with IGO Support

The regime that governs the use of the world's oceans is based on social norms, a network of international agreements. (No world government exists to enforce these agreements.) The compendium of those agreements and programs relating to oceans is too long to describe

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

but below we can see how they concern impacts on the environment, fisheries, transportation, and the Polar Regions.

The United Nations Convention on the Law of the Sea (LOS) was opened for signature on December 10, 1982 in Montego Bay, Jamaica. This marked the culmination of more than 14 years of work involving participation by more than 150 countries representing all regions of the world, all legal and political systems and the spectrum of socio/economic development. The Convention entered into force on 16 November 1994, and enshrines the notion that all problems of ocean space are closely interrelated and need to be addressed as a whole.

The Convention authorizes a territorial sea of up to 12 nautical miles. A Coastal State has sovereign rights over fisheries and other natural resources in an Exclusive Economic Zone that may extend to 200 nautical miles from the baseline. It also accords Coastal States sovereign rights over the nonliving resources, including oil and gas, found in the seabed and subsoil of the continental shelf, which is defined as extending to 200 nautical miles from the baseline.

The LOS has become the basis for advancing effective global, regional, sub-regional, and national measures for sustainable ocean use. Global leaders say it is a living constitution for the oceans. To date, over 120 countries have ratified or acceded to the 1982 Convention.

An international tribunal was established as the central forum for settling disputes arising from the interpretation of the Convention. Established by the Convention, the tribunal is comprised of 21 judges whose appointments reflect equitable geographical representation. They serve under a system of rotation, which ensures that seven seats are vacated for election every three years. On 24 May 1999, the States Parties re-elected six members to the court for nine-year terms; a seventh, from the African Group of States was newly elected.

The Secretary-General is required to convene meetings of States (i.e. nation states) to deal with issues arising out of the implementation of the Convention. These issues include the election of members of the bodies established by the Convention and other administrative and financial matters. The States Parties to the Convention meet to elect the judges of the International Tribunal for the Law of the Sea, elect members of the Commission on the Limits of the Continental Shelf and deal with various administrative matters relating to those two bodies. A State Party to the Convention, which has indicated its consent to be bound by the Convention, in most cases through ratification of the law. There are presently 124 States parties. The European Community has also formally confirmed the Convention, bringing the total number of parties to 125. The United States has been the one major country that has refused to sign.

Today, many Convention provisions are held to be binding on nation states as common law (or international law) even though the rules are not enforceable by a world government. In other words, the Convention establishes compulsory binding settlements of ocean disputes based on global agreements among these States and their IGOs.

B. International Standards Organizations (ISO)

In the United States, business leaders organized uniform standards for products in manufacturing through the American National Standards Institute (ANSI), and now world leaders work on environmental standards for the global economy. ANSI is an American federation of federations that helps enterprises standardize thousands of products (like nails

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

and shoes) in the market. It is a forum for negotiation as well as a regime that has legitimacy and authority in capitalist markets. It is a body of organizations that base their work on agreements and standards fixed on custom and convention. The purpose is to create public standards that work for the common good. For ANSI, standards are documented agreements containing technical specifications to be used consistently as rules, guidelines, or definitions of characteristics, to ensure that materials, products, processes and services are fit for common use <http://www.ceres.org/e>.

ANSI now works with national organizations from other nations on public standards. They have together created the International Standards Organization (ISO). ISO is composed of groups that are most representative of standardization in its country and currently writing standards for environmental protection. ISO by its own count represents more than 85 percent of the world's industrial production, has more than 200 technical committees and almost 3,000 technical bodies that are developing standards. Governments have an observer status at ISO committee meetings. An environmental management system is being developed to establish third party certification as a method for monitoring compliance.

ISO "standard making" is a tri-sectored activity integrating the core values of IGOs, IBOs, and NGOs. ISO aims to integrate different value orientations of these three sectors. When it succeeds, the standards become an economic advantage for global business to accept and institute. A corporation is put at an economic disadvantage were it not to accept these standards in global competition. Over 260,000 registrations to ISO 9000 (product standards) have been made worldwide thus far, and over 10,000 ISO 14001 (environmental protection) registrations have been established. Over a quarter of a million firms around the world have invested financial and staff resources to improve their quality systems based on global agreements. ISO standards are already becoming applied by individual nation-states. It has become a basis for official endorsement and legal enforcement within certain nations, but it is developing a public commons in which custom and convention are becoming like "the rule of law" for world commerce.

C. CERES Standard Making:

Developing a Civil Polity with Monitoring (<http://www.ceres.org/>) The Coalition for Environmentally Responsible Economies (CERES) is a coalition of 70 organizations that includes environmental groups, advocacy groups, and global businesses that have committed to continuous environmental improvement. The CERES Principles is a ten-point code of environmental conduct, which is developing a basis for guiding corporate conduct. Here we see business and Third Sector groups with widely different backgrounds and assumptions searching for specific solutions to environmental problems.

The CERES coalition includes NGOs like Environmental Advocates, Earth Island Institute, Friends of the Earth, Green Seal, National Wildlife Federation, Natural Resources Defense Council, Rocky Mountain Institute, Sierra Club, Union of Concerned Scientists, and World Wildlife Fund. It has investors, advisors, and analysts representing over \$300 billion in invested capital. They include the Calvert Group, Friends Ivory & Sime, Interfaith Center on Corporate Responsibility; Kinder, Lydenberg, Domini & Co., the New York City Comptroller's Office, the Presbyterian Church (USA), Shorebank, Trillium Asset Management, public interest and community groups, AFL-CIO, Alternatives for Community and Environment, Center for a New American Dream, Co-op America, Council on Economic Priorities, Fair Trade Foundation, New Economics Foundation, and Redefining Progress.

Severyn Bruyn
Forum presented at Cambridge Friends Meeting
May 8, 2016

The Coalition has 50-plus companies endorsing the CERES Principles, which include multinational corporations like American Airlines, Bank of America, Baxter International, Bethlehem Steel, Coca Cola USA, Ford Motor Company, General Motors, ITT Industries, Nike, Northeast Utilities, Polaroid, and Sunoco. But it also includes small and medium-sized companies like the Aveda Corporation, The Body Shop International, Green Mountain Energy Company, Harwood Products Company, Interface, Inc., Timberland, and Wainwright Bank.

CERES Principles include

protecting the biosphere (making progress in eliminating the release of any substance that may cause environmental damage), making sustainable use of renewable natural resources, reducing waste by recycling through safe methods. The Principles emphasize energy conservation, minimizing health and safety risks to employees, eliminating (or reducing) the sale of products that cause environmental damage, correcting conditions that endanger the environment, and more.

The endorsing companies pledge to make self-evaluations of their progress in implementing these Principles. CERES staff agrees to not formally rate compliance, instead, it asks corporations to enter into dialogue about what compliance should entail in the context of their operations.

The Principles are a model for current business to follow, a corporate commitment for members, serving as a guide for other industry sectors. Certain Principles, such as Protection of the Biosphere, are mainly guideposts to inform the direction of corporate policies. By using guidelines, CERES hopes to make progress on environmental protection based on a non-bureaucratic, voluntary relationship. CERES staff asks for an annual report on progress. Participating companies agree to submit an annual public environmental status report as part of their contract.

Given the broad scope of the Principles, corporations at some points violate the Principles. CERES in these cases has asked for explanations of particular events and patterns of conduct beyond that which would be disclosed in a company's annual CERES Report.

Thus, the CERES agreement is made for companies to volunteer information in the spirit of ongoing trust-building disclosure and dialogue. The purpose of the agreement is not to assign blame punitively, but to identify a way to make progress. This is an agreement to set standards, but is not a global civil regime in the full sense. It does not have a public accountability system. Yet, leaders could develop it.

CERES focuses on educational and consulting programs to generate standards. For example, it promotes initiatives to catalyze a market demand for environmentally responsible and sustainable programs. It initiated a Green Hotel Initiative, which would increase green lodging and meeting options by catalyzing market supply and demand. CERES has thus established an inter-sector (multi-stakeholder) program that involves business and NGOs (businesses, the hotel industry, non-governmental organizations, labor, academia, and environmental advocates) to advance environmental principles in the hotel market. It pushes for environmentally responsible hotel services, encourages conference planners and travel buyers to stimulate a market in the hotel industry that is based on environmental principles.

It is developing standards that become the etiquette and custom of the hotel service sectors of markets.

D. **The Forest Stewardship Council:** An NGO (Polity) with Global Authority
 The Forest Stewardship Council (FSC) is a non-profit organization founded in 1993 by representatives from environmental and conservation groups, the timber industry, the forestry profession, indigenous peoples' organizations, community forestry groups and forest product certification organizations from 25 countries. The FSC supports "environmentally appropriate," "socially beneficial" and "economically viable" management of the world's forests. It promotes responsible forest management by evaluating and accrediting assessors, and by encouraging high management standards for national and regional forests. It has a public education program and provides information about independent, third party certification as a tool for ensuring that the world's forests are protected for future generations.

The FSC works on the premise that forest resources should be managed to meet "the social, economic, ecological, cultural and spiritual needs of present and future generations." Members see a growing public awareness of forest devastation and degradation. The FSC says that consumers are demanding that their purchases of wood and other forest products be based on sound environmental principles. In response to these consumer demands, certification programs of wood products have proliferated in this market sector.

The FSC works to accredit organizations in a way that "guarantees the authenticity of their claims." Members assert that the process of certification must be initiated voluntarily by forest owners and managers who request the services of a certification organization.

In sum, the goal of the FSC is "to promote environmentally responsible management of the world's forests, by establishing a worldwide standard of recognized and respected Principles of Forest Management. The FSC wants to ensure that all endorsed forests are globally managed in an ecologically sound, socially responsible and economically viable manner. Global principles are translated as regional standards, which are adjusted to local standards. FSC-endorsed regional standards reflect a balance between the latest science, the best known forest management practices, and current public values. Below are a few specifications that illustrate this worldwide forestry practice.

Table 5: Forest Stewardship Council: Examples of Standards and Policies

<p>Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.</p> <p>1.1 Forest management shall respect all national and local laws and administrative requirements.</p> <ul style="list-style-type: none"> Have legal rights to harvest Respect indigenous rights Maintain community well being Conserve economic resources Protect biological diversity 	<p>Respect tenure and use rights, and the responsibilities that go with them.</p> <p>2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated.</p> <p>2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.</p>
--	--

<p>Have a written management plan Engage in regular monitoring Maintain high conservation value forests Manage plantations to alleviate pressures on natural forests</p>	<p>2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.</p>
<p>Uphold the rights of indigenous peoples. The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected. 3.1 Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies. 3.2 Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples. Indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers. 3.4 Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.</p>	<p>Uphold the rights of communities and workers. Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities. 4.1 The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services. 4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families. 4.3 The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labour Organisation (ILO). 4.4 Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations. 4.5 Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.</p>

7. Create nonviolent (civil) markets local to global

Students on university campuses heard about deplorable conditions in sweatshops, and went overseas to see with their own eyes. When they discovered the deplorable situations firsthand in 1997, they organized United Students Against Sweatshops (USAS). The USAS then took an **activist** role along with textile unions. (I note the role or function of an organization in **bold** in the chart below.) They wanted better labor standards in these factories. So, this was the beginning of a struggle to uplift those standards.

Students complained publicly about the practices of companies such as The GAP in El Salvador, and the production of Kathie Lee Gifford apparel in Honduras, and Nike in Indonesia. The campaigns soon had their effect. The U.S. Congress and members of the federal government

Severyn Bruyn
 Forum presented at Cambridge Friends Meeting
 May 8, 2016

became involved. The government was in effect a **mediator** enabling change to happen. Government officials by their action also became **legitimizers** of the grass roots movement, giving these activists some acceptability in the public eye. In August 1996, fearing legislation and its impact on free trade, the Clinton administration established The White House Apparel Industry Partnership (AIP) to resolve the problems.

Below we see the participants in this struggle. They need your help.

The Struggle for Standards in the Wearing Apparel Industry

Table 6: Standard Making and Monitoring Structure

Stakeholder Organizations (Roles)		
Business Sector	Third Sector	Government Sector
Principal Civic Overseer (Task Force, Legitimizer) Fair Labor Association (FLA) Business Monitors PricewaterhouseCoopers and KPMG Background Player National Association of Manufacturers (NAM) Background Player The American Apparel Manufacturers Association (AAMA)	Principal Civic Monitor VeritÉ Activist/Monitor Worker Rights Consortium Background Global Player International Labor Organization (ILO) Background Player The American Council on Education (ACE) Background Player American Federation of Labor - Congress of Industrial Organizations (AFL-CIO)	Mediators and Legitimizers U.S. Labor Department Occupational, Health, and Safety Administration (OSHA) Background Player The United Nations

In Table 7, I describe other non-governmental grass roots organizations (NGROs) that have a part in the action. They are Third Sector activists offering leadership and support. They could increase their engagement and take a more active role at any time.

Table 7: Third Sector Activists: Non-governmental Organizations

Global Exchange www.globalexchange.org Global Exchange is a non-profit research, education, and action center dedicated to promoting people-to-people ties around the world. Since its founding in 1988, they have been striving to increase global awareness among the U.S. public while building international partnerships around the world.
UNITE www.uniteunion.org Representing 250,000 members in North America, Union of Needletrades, Industrial and Textile Employees (UNITE) is known for aggressive organizing and fighting for workers' rights. Members work in apparel, garment and textile industries.
Clean Clothes Campaign www.cleanclothes.org The Clean Clothes Campaigns aim at improving working conditions in the garment industry, world-wide. The campaigns are coalitions of consumer organizations, trade unions, researchers, solidarity groups, world shops and other activists.
Campaign for Labor Rights www.summersault.com/~agi/clr/ Campaign for Labor Rights mobilizes local support in the United States and Canada for the campaigns of their partner organizations. They build bridges between local activists and many of the major organizations around the world.

<p>Sweatshop Watch www.sweatshopwatch.org Sweatshop Watch is a coalition of labor, community, civil rights, immigrant rights and women's organizations, attorneys and advocates committed to eliminating the exploitation that occurs in sweatshops. They believe that workers should be earning a living wage in a safe and healthy working environment, and that those who benefit the most from the exploitation of sweatshop workers must be held accountable.</p>
<p>United Students Against Sweatshops (USAS) is an international coalition devoted to stopping sweatshop labor. United Students Against Sweatshops is an organization of 200 campuses working on a national campaign to stop sweatshops. Their members focus on using their power as students to support issues of economic and social justice both on campuses, and in their cities and globally. They formed in 1998 as a loose coalition of students from campus groups working on the Sweat-Free campus campaign, to facilitate communication and coordination among the campus groups working on the campaign; to give students a unified voice in taking on national targets; and to provide a national network and base.</p>
<p>Public Citizen Global Trade Watch www.citizen.org Global Trade Watch is the Public Citizen division that fights for international trade and investment policies promoting government and corporate accountability, consumer health and safety, and environmental protection through research, lobbying, public education and the media. Global Trade Watch conducts research and advocates in the field of international trade and investment. Public Citizen is a national consumer and environmental organization founded by Ralph Nader in 1971.</p>
<p>International Forum on Globalization www.ifg.org The International Forum on Globalization (IFG) is an alliance of sixty leading activists, scholars, economists, researchers, and writers formed to stimulate new thinking, joint activity, and public education in response to the rapidly emerging economic and political arrangement called the global economy.</p>
<p>Alliance for Democracy www.afd-online.org/index.htm THE ALLIANCE is a Populist movement. It is not designed to be a political party that seeks to end the domination in the economy, the government, the media and the environment by large corporations. Its members aim to promote democracy in the country and help achieve a just society with a sustainable, equitable economy. They work together with other organizations that share these goals.</p>
<p>Democracy 180 www.corporations.org/democracy/home.html The 180 Movement for Democracy and Education is dedicated to helping students and youth build a movement for political empowerment and participatory democracy. Through education and organizing they hope to encourage a radical political presence in the schools to transform communities into democratic spaces.</p>
<p>National Labor Committee (NLC) www.nlcnet.org. The NLC's mission is to educate and actively engage the U.S. public on human and labor rights abuses by corporations. Working with a strong network of local, national, and international groups, the NLC builds coalitions that use campaigns to pressure companies to adhere to labor and human rights standards.</p>
<p>Other Support Organizations. Campus Action Network, In Fact, United for a Fair Economy, Mobilization for Survival, As You Sow, Campaign for Labor Rights, the Council on Economic Priorities, the Farm Labor Organizing Committee, Global Survival Network, Human Rights Watch, Interfaith Center on Corporate Responsibility, Investor Responsibility Research Center, Child Labor Coalition, Resource Center of the Americas, International Youth Foundation, Social Accountability International (SAI)</p>

8. Create New Social Contracts: Production to Retail

Trade associations (like aluminum or wearing apparel) are partial oligarchies and partial democracies. When enough leaders see too much control by a few in their association they can officially act on the problem through their private courts. They have a constitution and can call for their right to participate and increase the level of democracy.

The best leaders in any large association want the standards they have established to represent their craft, as in computers, housing, agriculture or construction. In the aluminum industry, members want (at best) to advance safer and sounder aluminum. So, we should likely see some dominance in the organization of any industry like aluminum. If we studied these associations in detail, we should also see some degree of democracy.

When trade associations go global, they continue to advance their own interests, but in planning for civil regimes, the UN (or an affiliate IGO) would (at best) charter them, based on principles of fairness, democracy, and human rights. Civil global regimes would be chartered with UN bodies and associated with Third Sector groups.

A national trade structure like aluminum, for example, should reconcile its economic interests with standards from other world bodies like the UN's **International Labour Organization**.

A business corporation is (typically) a command system but a group of corporations as competitors create a confederation. A trade confederation is relatively civil *even* when it is a cartel. Common rules are established and a sense of right and wrong is created. A sense of fairness and justice emerges in rules that are bound up in their organization. (This happens in every autonomous group whether a church corporation or a city gang.) This sense of *relative justice* is part of the development of a society, but one corporation does not designed for the common good of all.

Trade associations (i.e. confederations) establish rules that carry a sense of right and wrong, a moral order in this limited sense. Businesses are typically based on a command system but when they organize a trade group they form a relatively democratic corporation.

In Table 8, we see how competitor corporations will move to a trade association to become a more democratic body based on rules. These first two steps in organization then precede the development of civil regimes.

Table 8: Economic Actors: Developing Toward Civil Regimes

Business Corporations ⇒	⇒ Confederations ⇒	⇒ Civil Regimes
Competitors ⇒ (Corporate command systems)	Trade Associations ⇒ (A Democratic Organization)	Public Accountability Systems (Business-NGO Partnerships)

The International Labour Organization (ILO) is one of those INGOs that help civil regimes develop on behalf of workers. The ILO has global standards of safety and health for the workplace. It maintains a regular system of inspection to oversee the application of those standards. It makes some 6,500 ratifications on standards and nearly 1500 reports each year. A Committee of Experts on the Application of Conventions and Recommendations carries out reports on compliance. The Committee consists of 20 independent persons of the highest standing, with eminent qualifications in appropriate legal or social fields, with an intimate knowledge of labour administration. Members of the Committee are drawn from all parts of the world, appointed for a period of three years by the Governing Body of the ILO upon the proposals of the Director-General.

We are talking about trade associations developing contracts with the ILO and other INGOs. The development of a civil economy should be the goal for the UN and its affiliated agencies. This means aiming for an economy that is competitive, safe, responsible, cooperative, transparent, profitable, and accountable. It is a system of exchange that promotes a culture of respect, patience, and tolerance. And this requires social actors taking a role in the construction of civil regimes.

9. Support a Nonprofit Sector that can regulate the Profit Sector

Case Study A (below) illustrates how public standards are developed in healthcare. Other nonprofit associations like this should be advanced in the economy to help markets become self-regulating. Here we see how standards are set democratically and monitored for compliance by the Third Sector.

A public domain is cultivated in a market sector when stakeholders create standards that are ethically right and are legitimated in the nonprofit sector. The board of **Joint Commission on Accreditation of Healthcare Organizations** (JCAHO) is composed of stakeholders -- representatives of non-governmental organizations in civil society. Below we see how a nonprofit association can regulate healthcare organizations.

Table 9: Case Study A: Hospitals and Public Health

A voluntary association called the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) sets public standards for hospitals in the United States. It is an independent, not-for-profit corporation and the main standard setting and accrediting body in this field of healthcare. It employs roughly 1,000 people and its surveyor cadre numbers more than 400.

The Commission evaluates and accredits more than 17,000 health care organizations and programs in the United States. Since 1951, it has developed up-to-date professional standards and monitors them in mainline healthcare organizations. It evaluates compliance against its professional benchmarks. In other words, JCAHO is a parliamentary body for hospital management.

JCAHO accreditation is voluntary. It cannot force all hospitals to comply with its standards. It does not levy fines. It cannot strip licensure, but it can revoke accreditation for non-compliance. And this is critical for healthcare organizations. The Commission claims not to accept what a healthcare organization says it does, but examine what it actually does. JCAHO sets performance standards for the quality of patient care and then goes into the field to observe what really happens in a healthcare center. Its monitoring power comes from its authority to give accreditation. The Commission develops its standards for conduct in consultation with healthcare experts, providers, measurement experts, purchasers, and consumers. More than 400 physicians, nurses, health care administrators, medical technologists, psychologists, respiratory therapists, pharmacists, durable medical equipment providers, and social workers are employed by the Joint Commission to administer accreditation surveys.

The Joint Commission offers public healthcare accreditation, and it also provides services that support performance improvement in health care organizations. It meets Medicare certification requirements, although not every accreditation program has Medicare status. It formulates public standards for hospitals, healthcare networks, home care, long-term care, behavioral (mental) health care, and clinical laboratories. JCAHO also accredits ambulatory care organizations, surgical centers, clinics, etc. and has launched a Disease-Specific Care Certification (DSCC) program. The DSCC program certifies disease management services, such as asthma or diabetes care, and it, too, is standards-based. The Commission assumes that when an organization conducts itself properly does the right things and does them well, there is a strong probability that patients will experience good outcomes.

The Commission is a democratic stakeholder corporation governed by a 28-member Board of Commissioners, made up of nurses, physicians, consumers, medical directors, administrators, providers, employers, labor representatives, health plan leaders, quality experts, ethicists, health insurance administrators, and educators. Thus, it fits the civil market model. Its Board brings together a diverse group of leaders across all civil orders not only in healthcare, but also in business and public policy.

The ruling authority in the Commission comes primarily from the Third Sector. Board members representing the American College of Physicians, the American Society of Internal Medicine, the American College of Surgeons, the American Dental Association, the American Hospital Association, and the American Medical Association govern the Joint Commission. These are core nonprofit organizations in the field of healthcare. This board composition fits the logic of civil development. The Commission represents all civil orders of society connected to healthcare. Stakeholders in different professional cultures are able then to set their own standards and monitor compliance. The goal of the Commission is to maximize healthcare in both sectors of the economy for the common good.

The Joint Commission does a lot more than I can summarize above in Case Study A. It expedites third-party payments, fulfills state licensure requirements, and strengthens liability insurance premiums. It strengthens bond ratings for members and provides a positive influence on financial markets by its considered assessments. The point is that the Commission is developing inside capitalist markets, and goes beyond the old capitalist model. It adds core values to the economy from civil orders in the Third Sector. It integrates health values with economic values. And it adds stability to the market.

There are strong reasons for businesses (e.g. for-profit hospitals) to join this non-governmental organization and get accreditation. Its core values and norms aim to prevail over business norms alone as it shapes this sector of the market. The Commission is designed to advance public accountability and is a basis for advancing the common good.

JCAHO has limits. It is a voluntary association whose purpose is to sustain and improve the safety and the quality of healthcare organizations in this sector. The whole field of healthcare is much bigger than this sector but this is where civil planning begins. Civil planners conceive how a national health plan is developed with the participation of Third Sector organizations.

In other words, here we see how a Third Sector organization shapes business standards, not the other way around. The "other way around" occurs when business shapes standards in the Third Sector and then core values decline. This can happen if for-profit corporations (e.g. hospitals and universities) continue to develop in the economy.

10. Create New Financial Institutions with Global Stakeholders

Global finance is falling short on performance. The combination of stabilization, structural and sector adjustment policies at the World Bank and especially at the International Monetary Fund (conditions attached to Fund and Bank credits) have had a devastating impact on societies. A review of data from official and academic sources on a total of 83 Third World countries that have received substantial IMF financing during the past 20 years supports what civil society leaders argue. In most of the countries studied, unemployment increased, real wages fell; income distribution became more unequal, and poverty rose. The data show that food production per capita declined, external debt grew, and social expenditures were cut between 1978 and 1997 in which these countries received resources from the Fund's General Resources Account (GRA) and loans from its Structural Adjustment Facility (SAF), Enhanced Structural Adjustment Facility (ESAF) and Trust Fund.

Civil society leaders like Walden Bellow (from the Philippines) call for a complete re-modeling of financial institutions. Bellow argues that these institutions are dysfunctional as well as destructive. He does not think that the IMF should be reformed to bring about

financial stability, or that the World Bank should be altered to reduce poverty, nor that the World Trade Organization (WTO) should be revised to bring fair trade.

Are they not, in fact, imprisoned within paradigms and structures that create outcomes that contradict these objectives? Can we truly say that these institutions can be reengineered to handle the multiple problems that have been thrown up by the process of corporate-led globalization?

Bellow argues that the WTO institutionalized the priority of *free trade above every other good of the environment, above justice, equity, and community*. The WTO makes decisions in non-transparent backroom sessions where majority voting is dispensed with in favor of a process by which a few big trading powers impose their policies on the majority of the member countries. For many civil-society leaders, the WTO and NAFTA are capitalist-state regimes that extend the power of global corporations. During the Asian market crisis, the future of local (and national) governments was in the hands of the International Monetary Fund (IMF). Governments were required to follow rules based on capitalist markets, not civil markets. Business scholars call economic development alliance capitalism where IGOs and IBOs collaborate to make the free market dysfunctional across the world.

11. Support a New Bretton Woods Conference: Reform Global Finance

Civil society leaders like Bellow argue that the Bretton Woods Institutions and the World Trade Organization (WTO) should be totally revised. At the present time, the WTO does not advance the flow of capital investment with the consent of stakeholders. Civic leaders suggest that world finance institutions should at least be connected to the UN's ECOSOC to place them under stakeholder authorities.

They believe that the UN should convene a conference like Bretton Woods (1944) to discuss a new financial architecture that brings core values into decision-making. For example, the World Bank should foster democracy and pay attention to rural areas and poor urban areas. It is essential for local people to develop control over their local economy and natural resources, and establish their own system of public communications (or mass media).

Different groups have proposed a new *architecture of finance* through the UN. These groups include a 37-citizen Globalization subgroup of the international UN Millennium Forum, a 12-multi-NGO Hemispheric Social Alliance, and the 14-expert International Forum on Globalization.

12. Create a New UN Environmental Program

The UN Environmental Programme (UNEP) today encourages partnerships between business and Third Sector organizations to treat environmental problems. UNEP wants to achieve sustainable development with the participation of business, the scientific community, NGOs, youth, women, and sports organizations. Each Division of UNEP works in partnership with industry, and has projects of direct relevance to market sectors. UNEP wants global business to protect the environment, but how could UNEP help civil regimes develop with inter-sector self-regulation?

In my opinion, UNEP should launch initiatives to help associations change the structure of markets. A civil market should avoid further contamination of the environment with toxic chemicals. UNEP should:

- Consult with trade associations on how to create bylaws that express environmental principles and standards. It should have support from the UN Assembly.
- Support trade associations that work with Third Sector *scientific associations* and *professional monitors* to report on how firms follow the principles expressed in association bylaws.
- Work with business on *tribunals* in trade associations and suggest international lawyers who can help develop procedural justice on compliance with environmental standards. (Trade associations then determine how to bring the facts of noncompliance in accord with environmental charters and a final disposition.)
- Publish models for effective business/NGO partnerships, models for arbitration and models on the effective tribunals.

If UNEP were to follow such steps with global business, it would change the structure and tone of markets. It would build civil market regimes designed for environmental protection.

UNEP now prepares training manuals on the valuation of Environmental Goods and Services and Economic Policy Instruments. It helps leaders in post-socialist nations and post-dictatorships (economies in transition) to develop free-market economies. This is where a civil-regime prototype should be introduced. UNEP's training manuals should describe models for social partnerships, tribunals, dispute resolution; i.e. settling cases of noncompliance based on a trade group's bylaws and charter norms.

UNEP works closely with commercial banks, investment firms and insurance companies to encourage the incorporation of environmental concerns into business priorities. Leading insurance companies and commercial banks have pledged to integrate environmental factors into core business operations by signing a UNEP brokered Statement. But UNEP should work equally with global banking associations, investment and insurance associations. The impact is worldwide when big associations develop charter principles on environmental protection and set up justice oriented market sectors.

Let's look at some particulars. UNEP is working at the industry level on Persistent Organic Pollutants (POPs). (POPs are industrial chemical products such as PCBs, and byproducts such as dioxins and furans, and pesticides such as DDT.) Negotiations concluded in March 1998 on a UN Economic Commission for Europe (UNECE) agreement to address POPs. It began negotiations on a legally binding global agreement on POPs in June 1998. Members of the International Council of Chemical Associations (ICCA) have demonstrated their commitment to sound chemicals management, and to the goal of reducing the potential human health and environmental risks that may be associated with POPs. This is a beginning

Many POPs are subject to voluntary risk management by chemical companies, and the uses of most substances identified as POPs have been discontinued or limited by chemical companies within the countries represented by ICCA member associations. The chemical industry supports a legally binding international agreement to establish a process to identify and characterize the potential risks of POPs, and to apply appropriate risk management to POPs. But UNEP has not brought scientific associations to work with trade associations.

In a civil market plan, *science associations* (not just individual scientists) would help define criteria for identifying POPs as candidates for international action. Criteria for including

chemicals have to be risk-based and scientifically justified, but global science associations (not single experts) should be involved as the Third Sector. These associations need to take responsibility with business for designing a civil policy in market sectors. Dangerous chemicals should be evaluated within a science-based, transparent risk assessment process.

In sum, UNEP could work decisively to develop civil markets, not capitalist markets. It could encourage trade associations to collaborate with Third Sector professional and scientific associations. UNEP then asks business-Third Sector partnerships to write environmental principles into *global charters* and *bylaws*. As more core values are introduced into trade group bylaws and more partnerships are created with monitoring and judicial arrangements, we see the development of civil associations. Business firms pledge to stand by their principles and core values, agreeing (as competitors) to act jointly with outside monitors and arbiters. Monitors, in turn, report to UNEP on progress and problems of compliance and provide annual reports on the advancement of environmental values in market sectors. Let's add more to this picture.

Few people realize that UNCTAD helps to organize stock markets and commodity exchanges in developing countries. Following conventional models, UNCTAD does not encourage civil (social) finance. Social investment should be one model for training financial analysts. It is about how to manage social/economic accounts. In its publications, it should describe how social (civil) investment is developing in the U.S. It should say that during 1999, financial investors allocated \$2.16 trillion with ethical guidelines. Those trillions represent about \$1 out of every \$8 under professional management in the U.S. going into screened portfolios. This should be described in the publications for global finance.

13. Support Civil Investment: Local to Global

In Table 10, we see principles guiding The Advocacy Fund of Trillium Asset Management. Trillium is like other social funds that introduce core values into the allocation of capital. (Check your Pension Fund for this civil alternative.)

Table 10: Bringing Core Values into Financial Market Structures

<p>Trillium Asset Management Corporation</p> <ul style="list-style-type: none">Support sound environmental practices and policies.Support global human rights.Support positive labor practicesSupport positive labor-management relations.Support corporate philanthropy and investment in local communities.Avoid military contracting with the U.S. or foreign governments.Respond to product safety issues.Support ethical management practices.Support alternatives to animal research and testing.Balance the interest of company constituencies such as shareholders, employees, communities, suppliers, and customers.Respond to shareholder activism.
--

UNCTAD Reports analyze global trends and develop policy recommendations useful for governments and business, not civil society. UNCTAD supplies optimal policy frameworks that local and transnational enterprises can develop but says nothing about community development

corporations or procedural justice (i.e. due process) in trade associations that become essential to civil markets.

14. Support Fair Trade and Justice-Oriented Markets

Global corporations have been defining their role as “corporate citizens” but this is a farce. Real citizens have elections and access to procedural justice and due process. Since there is no world government or due process for corporate citizens, what can be done?

A program in civil development can begin through the UN and the US Department of Commerce. The Department should help trade associations and civic groups work together. In this logic, "due process" then includes the following mandates for global trade associations:

- No citizens (i.e. members of global associations) should be accused of violating a rule of behavior unless they have known about the rule before their misconduct.
- The accused (i.e. members of global associations) are entitled to know the charge against them, to know the evidence adduced in support of the charge, and to have a fair opportunity to collect and present their own evidence.
- The judge or arbiter in a global contract must be disinterested, unbiased, and attentive.

The United States and Europe have due process requirements for trade groups but it is not publicized. It is possible for UNCTAD to publicize procedural justice in fair trade as part of its educational materials.

UNCTAD has hosted conferences on the oil industry in Africa and in Russia. It promotes Russian science and technology products together with US business. Business leaders regularly serve as observers in intergovernmental sessions and work on UNCTAD Commissions (e.g. the Commission on Trade in Goods and Services, and Commodities, the Commission on Investment, Technology and Related Financial Issues, and the Commission on Enterprise). This is where they should learn about due process and mechanisms of conflict resolution. In a civil market plan, such conferences should include NGOs in establishing a basis for civil regimes. The UN should build civil regimes, not capitalist regimes.

15. Support a Public (NGO) Media System.

The mass media (radio, newspapers, and television) were a government monopoly in communist countries. In capitalist countries, they have become a business monopoly.

The media today are chartered to advance private profit, not chartered to advance the common good. They represent business, not the core values of society. For example, General Electric owns NBC television. NBC's \$5 billion sales revenues are less than 6.5 percent of GE's massive \$80 billion revenues from electric machines manufacturing but with the approval of GE, NBC now intends to move beyond ownership of radio and TV networks and eleven TV stations. It wants control over cable and satellite television. NBC has purchased and created cable channels, acquired shares in another twenty cable channels including Arts and Entertainment networks. All this growth makes good business sense, but it is not for the common good.

Note the subtle concentration. The largest media firms began equity joint ventures in the 1990s. Under these arrangements, media giants now share a silent ownership of important media

projects. Rupert Murdoch’s News Corporation, for example, jointly owns Fox Sports Net. The Comedy Central cable channel is co-owned by Time Warner and Viacom. The nine largest American media firms have joint ventures with nearly six of the other eight giants. Murdoch’s News Corp. has at least one joint venture with every one of them. In such noncompetitive markets, McChesney claims that media firms are not competing. The firms have enough market power to dictate content on the basis of what is in their interest and jointly most profitable.

What is a Public Domain?

A public domain for our purposes is where people debate and think together as a community. It is where people examine their differences and their common ground. It is where people converse about who they are and who they could be. It is where people conduct open debate and express their opinions fully and honestly. This is a space where people exchange, negotiate and settle problems, and learn from one another. It is where leaders and common folk hold fairness vital and democracy critical, and where they encourage dissent. It is where great human differences are urged toward resolution. It is at the very least where the news and society’s problems can be discussed and debated without violence. How can we picture an alternative media public domain? See below.

Table 11: Civil Governance in Public Broadcasting

<u>Public Commons Board</u> Representatives chosen from Three Sectors	<u>Third Sector</u>	<u>Civic Board</u> <u>NGO Representatives</u> (e.g. Major associations in Religion, Education, Family, Professions, Science, Art, and special interest groups (e.g. ethnic/gender/racial groups) and corporations for public broadcasting.
	<u>Business Sector</u>	<u>Trade Board</u> <u>Trade Association Representatives</u> (e.g. The National Association of Broadcasters (NAB).
	<u>Government Sector</u>	<u>Government Board</u> (e.g. Government Agency Representatives with the Chair Appointed by the U.S. President, approved by Congress

The FCC should hold Public Hearings to discuss a new media system. How could non-government organizations build a media system? See some ideas below.

Table 12: Sources of Income for Mass Media Organizations

Questions from the Commissioners

Income for the Third Sector

- 1. Gifts:** The constituencies of Third Sector organizations (bandwidth listeners/viewers/readers) make voluntary contributions to finance their nonprofit media corporations.
- 2. Endowment:** Special constituencies in Third Sector organizations (e.g. faculties, parishioners, lawyers, dentists, accountants, scientists, etc.) help build an endowment for their media corporation.
- 3. Advertisers:** Advertisers are selected according the principles of the respective Third Sector organization, as in science, medicine, history, therapy, law, religious, and recreational organizations. NGOs would compete for the best-screened advertisers.

For example, in the field of education, state and local boards select only advertisements that meet their standards as healthy and safe for children. Teacher associations and unions assess screening for nutritious foods and reliable toys. Nonprofit organizations contract with professional social investors to make the selection based on their expert knowledge.

4. Taxes, benefits, and Subsidies: The government supports this public domain through tax arrangements deemed appropriate.

The FCC today should remind Congress about previous recommendations for a public broadcasting system. In 1967, the Carnegie Commission advocated a federal trust fund based on a manufacturer's excise tax on the sale of television sets. The Communications Act of 1978 proposed that commercial television spectrum fees should support public broadcasting. The Communications Transfer Fee Act of 1987 called for the creation of a Public Broadcasting Trust Fund to be financed by a 2% tax on the sale price (to be paid by the seller) of the transfer of radio and television licenses. The following year, the Working Group for Public Broadcasting advocated a factory tax of 2% on sales of consumer electronic products and broadcast equipment. In 1993, the Twentieth Century Fund called for independent funding for public broadcasting based on a share of spectrum auctions or spectrum usage fees.

16. Think about a new vision for the Economy

In Table 13 we see two market prototypes. The model on the left side is the capitalist market and on the right side is the civil market. In developing from a capitalist market to a civil market, we develop "civil attributes" inside the market. This development should produce a synthesis of conservative and liberal values. In other words the old and the civil attributes fuse and lead to a newly integrated model.

Table 13: Two Ideal Markets: Attributes

Capitalist Markets (Current)	Civil Markets (Developing)
<i>Goal:</i> Profit Making	<i>Goal:</i> Common Good
<i>Theory:</i> Formal Rationality	<i>Theory:</i> Substantive Rationality
<i>Orientation:</i> Economic Values	<i>Orientation:</i> Core Values
<i>Domain:</i> Private	<i>Domain:</i> Public
<i>Core Value:</i> Freedom	<i>Core Value:</i> Justice
<i>Optimizing Principles</i>	<i>Optimizing Principles</i>
Profit Making	Standard Making
Competition	Cooperation
Productivity	Accountability
Efficiency	Sustainability
Privacy	Transparency
Command management	Democratic (self) management
Corporations	Associations
Stockholders	Stakeholders

Let's look briefly at these models with very different meanings.

Capitalist markets are systems of exchange that emphasize economic values. Economic values are expressed in the quest for efficiency, productivity, and profit making. They are allied with the

ideal of competition and self-interest. All these values are deeply embedded in the business sector. The core (value) principle of capitalist markets is freedom, a substantive value, while a business is grounded in formal rationality. Markets are rationalized on the core principle of freedom, not on the principle of justice.

Business corporations compete for profit and contend for power. They are organized around formal rationality, designed to produce and distribute goods (utilities) and services and measure economic returns. The overall goal of capitalist markets is to create wealth, not designed to provide for the common good. They are organized as a private system, as opposed being managed by government.

Civil (nonviolent) markets are systems of exchange that emphasize core values and public standards. They are economically oriented but not economically determined. Their values are in the larger society, notably in the Third Sector. In civil (development) planning these core values would be linked in a new manner with economic values.

Table 14: Imaging a New Market System

The goal of civil (nonviolent) market planners is to increase the core values of society (e.g. democracy, justice, and freedom) in the economy for the public interest. This involves linking economic values in the profit sector with substantive values in the nonprofit sector. The aim is to create a public domain within a private (voluntary) domain, to advance of public accountability systems organized by stakeholders in the private sector.

In civil (nonviolent) market development, competitors are encouraged to cooperate and set public standards in the economy. This is achieved through public accountability systems established by trade associations, trade unions, and other Third Sector associations. Productivity and efficiency are respected while advancing sustainable resources, transparency, and financial accountability. In civil associations, market participants increase the public character of their transactions while retaining appropriate levels of privacy for competition.

A key strategy in nonviolent "civil development" is to overcome excessive oligarchy and advance self-management in business and Third Sector corporations. Civil development means decentralizing authority in large-scale organization while keeping appropriate authority at higher levels for the common good. The higher authority of an association can advance core values in a sustainable self-governing economy. A nonviolent civil economy develops through a responsible authority undertaken by stakeholders in local to global levels of association.