

Chapter One

Global Poverty and the Market Economy

When I (the senior author) was in South Africa for the event of the founding of the International Council for Small Business, Southern Africa during the apathy period, I learnt a “fundamental question” from its people. To me, it was not a question, more a challenge to all human beings. The question is: “What it takes to be a human?” Over the years, I have been eager for an answer, and believe me, it was tremendously difficult to find a satisfactory one. However, great wisdom has always been there for us, if only we know how to appreciate and transform it. Heart, Ancestry and God.

Part I. The State of Poverty

1.1. Introduction: Global Poverty, the Disease of Humanity

Most of us would agree that the current spectacle of “Global Poverty” is a shameful state of affairs. It is a disease created by humans, inflicted on humans in a human environment. Poverty is a privilege of the advanced society. Poverty requires the accumulation of wealth; in primitive societies, living on the edge of survival, no individual could hoard large amounts of wealth and still see the society survive. Though there would be some imbalances, and undoubtedly greed, the need of the individual for the

group and vice versa, and the reliance of humans on the whims of nature would have been very apparent. Therefore, though undoubtedly life could be cruel and short, it is unlikely that a single individual could have accumulated wealth in vast quantities. Certainly there could have been nothing like what happens in today's world where the highest earning CEOs earn tens or even hundreds of times as much as the typical employee in his company, without even considering what the poorest in society receive! Only the gift of civilization resulted in the accumulation of wealth. In modern, "advanced" western style market economies, our lives are dominated by the temptations of materialistic riches, inducing greed in the human mind and causing disequilibrium in the market economy. The social illness of "Greed" is almost always at the cost of other people, and to the detriment of the finite resources and health of the environment.

Poverty is commonly associated with unacceptable human living conditions. However, it is a far more insidious problem than that. It is a disease with implications not just for the individual, but for society and the finite resources of the earth as well. The link between human poverty and environmental poverty was recognized by The Global Forum on Environment and Poverty (GFEP) which was set up in Rio de Janeiro by over 400 NGOs. The GFEP organized an "International Workshop on Environment and Poverty" in Dhaka in April 1993. The workshop objectives included: follow-up on the Agenda 21 initiative on poverty, establishing linkages between poverty and environment, identifying elements of a proposed poverty convention and drawing up an action plan on poverty and environment. These are perhaps the first signs of a welcome change from the more common human attitude towards the environment, which gives no thought to giving back, but only taking from what mankind has too often viewed as the inexhaustible bounty of Nature. (http://www.bcas.net/ProjectBrief/com_project/GFEP.htm).

Human poverty, similar to diseases such as SARS, AIDS, and Tuberculosis, strikes humans everywhere. It does not just threaten life, it also alters the course of civilization. It turns people against people, and is often a source of the discontent leading to those most horrible of human struggles — revolution and civil war. Revolution is a word used to describe disenchanting people who were unable to obtain what they need to sustain themselves by peaceful means, and so take violent action in the hopes of their betterment or the betterment of others. Poverty sustains the

seed of desperation that takes root amongst the helpless, hopeless human beings who risk their lives against the establishment, and against the rich and powerful decision-makers that control their lives, in systems in which they play no part, save that of pawns.

1.2. Human Profit

To those who would visit Washington D.C.'s Lincoln Memorial commemorating the death of slavery in the US that was proclaimed some 140 years ago, it is hard to believe that slaves are still in the headlines. In this new 21st century, on the same planet where the lifestyles of the well-to-do of the developed world become increasingly luxurious, about 27 million people worldwide are bought and sold, held captive, brutalized, and exploited for profit:

Owners of Israeli brothels can buy young women from Moldova or the Ukraine for around US\$4,000 each. With ten prostitutes to serve customers, even a small operation can make a million dollars a year. Traffickers posing as employment agents find victims in poor Eastern European towns and lure them abroad with promises of good jobs. When the women arrive — in Israel, Germany, Switzerland, Japan or the US — they're delivered to buyers who typically beat, rape, or terrorize them into compliance. ... "Is it a crime to sell women? They sell footballers, don't they?" Milorad Milakovic, after his brothels in Prijedor were raided, complained that the newly liberated women had cost a lot of money to buy ... and that he wanted compensation.

Andrew Cockburn, *National Geographic*, vol. 204, pp. 2–25 (2003)
In the same issue, an article entitled "Human Profit" [Lynne Warren, *National Geographic*, vol. 204, pp. 26–29 (2003)] begins with:

It's hard to believe that slavery still exists. It may be harder still to accept that hundreds or millions of people face lives only a little more free, with only a few more choices. The poor and powerless often find themselves sacrificing their dignity, their children, even their own bodies, piece by piece, to a global market with an appetite for inhuman profit ... Three billion people — nearly half the world's population — struggle to live on less than two dollars a day.

There is more. Here is a short abstract from the *Medical Post*, 23 October 2001 (another report of black-market murder):

"Russian Gangs Killing Street Kids for their Organs"

Russian gangs, aged between 18–50, have been reported to be haunting the cities of Russia on the look-out for street kids, murdered for their kidneys and other body parts. The gangs,

AN ENTREPRENEURIAL APPROACH TO STEWARDSHIP ACCOUNTABILITY - Corporate Residual and Global Poverty

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believed to be on the payroll of the Russian Mafia, prey on the poor and dispossessed youngsters in the cities and towns of this once mighty country.

Is this the ideal of the market economy?

1.3. Our Problems are Man Made

Having “problems” is a part of living. All human problems will have human solutions, in one way or another, whether those solutions are satisfactory or not. Of course the ultimate “solution,” the end of life, is something that comes to all of us whether we will it or not. While death is the great equalizer, for the living, how we live is not so easy, and in particular our problems do not always have easy solutions. Global human poverty, the irreversible depletion of natural resources, and the deterioration of the environment are all cases in point. These problems are not given to us by God, but are, in one way or another, made by us. Why? In David Suzuki’s words: “We are everywhere and meddling in everything.”¹ Although what Suzuki says may have been a direct reference to meddling with the natural environment, “meddling around” applies equally and unfortunately to all human endeavors.

1.3.1. Poverty, a by-product of the western style market economy, and a concern for those who care

People have always been poor, and certainly in earlier eras the toll of misery was certainly no better, and often far worse than it is now. However, if we examine human poverty not in absolute terms, but in the relative wealth of the richest compared to the poorest in a society, human poverty became a global problem only when the global economy became a meaningful concept, or equivalently when the western style market economy became predominant.² The problems generated by this system provoked thinkers such as Karl Marx, whose communist ideology led to the class revolutions that have been responsible for the spilling of human blood over more than half of the world. Even though the fall of the Berlin Wall signaled the end of the Soviet Union’s Warsaw Pact and the triumph of Western capitalism, nevertheless poverty has still not ended. The suffering and nobility of the poor has inspired great writers such as Charles Dickens, Leo Tolstoy, and Victor Hugo; these great writers along with so many others remind us of the way that poverty has chewed up the hopes

of people, and eroded the pride and dignity of the individual. They wrote in the nineteenth century, but now in the twenty-first, the situation has not gotten better, but worse: the poorest people have nowhere to go on earth, because as the market economy dominates the world, everything now has a market price, and where can they go when their value is viewed as zero?

“Global human poverty” is a challenge for all human beings. Poverty is like a devil that creeps into the life of the less fortunate humans all over the world. A few, fabulously wealthy individuals are accumulating more and more — if you are reading this now, there is a very good chance that you are in the top 20% of the people in one of the top 5% of nations in the world, and that makes you very fortunate indeed; however, it is also very likely that your wealth is several orders of magnitude less than the very wealthy in your country. In the meantime, the poor are increasing in number, and worse yet, the prospects of those poor are becoming less and less.

There is no question that many people are better off than they once were; at least they appear to be so in terms of the expected lifespan and their health. This is certainly true in the countries of the West, where even the poorest have some access to basic healthcare and social services (though sadly, even there an unacceptable few fall through the cracks). Yet, what is our standard of comparison? Can we honestly say to a man who has lost his job at age 50 due to the obsolescence of his factory and has nowhere to go, no retraining or decent pension fund, that well, at least he is better off than a peasant in the Middle Ages? We cannot, because the truth is, we can do more. We cannot, because the truth is, there is no excuse for the loss of work, the loss of security, the loss of dignity of a man such as this. We cannot, because the truth is, the measure of the present is not the past, but our potential for the future. The Western way of life, and now more particularly, the American way of life has been brought to people all around the world. Capitalism and the market economy is now the goal of the vast majority of the world’s populations, and the world’s countries. We enjoy the fruits of the market economy, from the very rich to the very poor — It seems that even the poorest of us can afford to buy a TV! Nevertheless, the market economy is not a blessing to humanity as a whole, because as long as the world is at the mercy of the market economy, there will be an inequitable distribution of wealth. Human poverty will continue to be our most pressing problem, and the major challenge for those who are concerned about economic sustainability and continuation

of humanity. It must be emphasized that some business practices in western nations, particularly well-to-do countries such as the United States and Canada, have a banking, easy-credit system designed to attract consumers who use their no payment or “credit card” borrowing facilities. True enough, the system is aimed at consumers both rich and poor. For the rich, the credit card is a convenience as it allows for the use of money interest-free for about 40–50 days. For the poor, if credit card payments are overdue, they would have to pay approximately 1.7–2.0% interest per month. A family owing \$25,000–\$30,000 to a credit card issuer can expect to pay \$500+ interest per month. This will affect a family who has no residual from earnings, and can easily be pushed down to the poverty line or lower. In a sense, banks and credit card issuing companies are profiting from the rich rather than the poor. There are also other marketing promotion schemes which entice the poor, thereby milking their marginal income or squeezing out their last drop of residual and reducing them to rags.

1.4. A Sampling of Global Human Poverty

Ed Broadbent, former leader of the left-leaning New Democratic Party of Canada, made a passionate speech, ending with a plea demanding that by year 2000, Canada must have no people below the poverty line, no starving children, no homeless on the streets. The year 2000 has come and gone, but we still have approximately 1 million children who live below the poverty line, even though Canada is a wealthy country whose citizens enjoy a high standard of living. What about children in Africa, or Latin America? In all the great cities around the world, children beg on the streets for money. Today we have over 800,000 people in Canada receiving donations from food banks, doubled since 1989. What about other countries which are as fortunate as Canada? Are they any better, or would they rather spend money on guns or luxuries than food?

While some of us celebrate the advances in our standard of living, there are people who live below the poverty line (with less a dollar a day). In our shiny new society, we still bear the old wounds of poverty and illness, wounds that, on our current course, we may never heal. Some of the poor receive our sympathy and our money, and if they are lucky they receive our help. Some of them are only statistics, and some not even that — they are born and they die outside of our world.

Half the world or nearly 3 billion people live on less than two dollars a day. Should we not question ourselves: Just how civilized are we?

Poverty is a disease of humanity, so long as we have the market economy. In what we call a new society, the rich can have several multimillion dollar mansions and holiday homes, their children all driving luxury cars or with chauffeurs, they own private jets and have overseas tax shelters for their retirement, after they tire of living in the fast lane and making money in the market place. In spite of this embarrassment of riches, the new society continues to generate new poor, except that the rate of poverty has grown much faster than the rate of distribution of wealth. In the 2003 US Census Bureau Report, issued in October 2003, the official poverty rate in the United States rose from 11.7% in 2001 to 12.1% in 2002, and the number of people living in poverty increased by 1.7 million people to 34.6 million in 2002 (as an example given by the Bureau, for a family with five members consisting of two children, their mother, father, and great-aunt, their threshold was \$22,007).¹

Half the world — nearly 3 billion people — live on less than two dollars a day (table 1.1). The GDP of the poorest 48 nations (i.e. a quarter of the world's countries) is less than the wealth of the world's three richest people combined. Nearly a billion people entered the twenty-first century unable to read a book or sign their names. In the meantime, we are witness to wars that cost hundreds of billions of dollars as well as countless human lives. All over the world, the disparities between rich and poor, even in the wealthiest of nations is rising sharply.

In 1998, the spending habits of the rich and the super-rich accounted for US\$24 trillion, spending that had also been wreaking havoc on the environment and for which the poor were bearing the brunt of the damage.³ In an article authored by Nancy Birdsall, entitled: "Life is Unfair: Inequality in the World,"⁴ she claimed:

... In Asia, the high concentrations of wealth and power produced by strong growth have been given a new label: crony capitalism. In Russia and Eastern Europe, the end of communism has brought huge income gaps. In Latin America, wealth and income gaps — already the highest in the world in the 1970s — widened dramatically in the 1980s, a decade of no growth and high inflation, and have continued to increase even with the resumption of growth in the 1990s. ... At the global level, it seems that the old saw is still correct: The rich get richer and the poor get children. ... The average family in the United States is 60 times richer than the average family in Ethiopia. Since 1950, the portion of the world's population living in poor countries grew by about 250 percent, while in rich countries the

Table 1.1. Population living below their respective country's and international poverty lines (selected from the World Bank Report 2002)

<i>Country</i>	<i>% of the country's population</i>	<i>Year of measurement</i>	<i>% of the population on the international scale</i>	<i>Year of measurement</i>
Azerbaijan	68.1	1995		
Bangladesh				
Brazil	17.4	1990	5.1	1997
Cambodia	38.4	1993–94		
Central African Republic			86.6	1996
Chad	84.0	1995–96		
China	8.0	1996	18.5	1998
Costa Rica			31.3	1995
Ecuador	36.0	1994	20.5	1995
El Salvador	48.3	1992	25.3	1995
Ethiopia			31.3	1995
Honduras	50.0	1992	40.5	1996
Indonesia	11.3	1996	15.2	1999
India	40.0	1992	44.2	1997
Kazakhstan	34.8	1996	1.5	1996
Madagascar	70.0	1993–94	60.2	1993
Mongolia	36.3	1994	13.9	1995
Nicaragua	50.3	1993		
Pakistan	34.0	1991	30.1	1996
Peru	53.5	1994	15.5	1996
Russian Federation	30.9	1994	7.1	1998

population increased by less than 50 percent. Today, 80 percent of the world's population lives in countries that generate only 20 percent of the world's total income.

In Toronto, a city often rated as one of the most liveable in the world, the number of homeless has increased dramatically, with the most worrying increases occurring amongst children. In 1995, approximately 6,200 children were reported as living in shelters, a 130% increase from the previous year. The senior author took a number of informal street counts during the months of December, in seven streets with heavy pedestrian traffic. The number of younger persons begging had doubled, or nearly so

on all of them, compared to a year before. Confronted with this problem,³ the mayor of Toronto claimed they were from other cities.⁵

The UN's annual human development report charted increasing poverty for more than a quarter of the world's countries, where a lethal combination of famine, HIV/Aids, conflict, and failed economic policies have turned the clock back to the Middle Ages. A newspaper article reporting on this document, gives the following summary:⁶

The widening gulf between the global haves and have-nots was starkly revealed last night when the UN announced that while the US was booming in the 1990s more than 50 countries suffered falling living standards" ... the 90s had seen a drop from 30% to 23% in the number of people globally living on less than a dollar a day, but the improvement had largely been the result of the progress in China and India, the world's two most populous countries.

Taking issue with those who have argued that the "tough love" policies of the past two decades have spawned the growth of a new global middle class, the report then says that the world is becoming ever more divided between the super-rich and the desperately poor.

Economic growth alone would not rescue the world from poverty, the report said, "without addressing issues like malnutrition and illiteracy that are both causes and symptoms of poverty."

"The statistics today are shaming: more than 13 million children have died through diarrhoeal disease in the past decade. Each year, over half a million women, one for every minute of the day, die in pregnancy and childbirth. More than 800 million suffer from malnutrition."

"For many countries the 1990s were a decade of despair. Some 54 countries are poorer now than in 1990. In 21, a larger proportion is going hungry.

"In 14, more children are dying before age five. In 12, primary school enrolments are shrinking. In 34, life expectancy has fallen. Such reversals in survival were previously rare."

The richest 1% of the world's population (around 60 million) now receive as much income as the poorest 57%, while the income of the richest 25 million Americans is the equivalent of that of almost 2 billion of the world's poorest people. In 1820 western Europe's per capita income was three times that of Africa's; by the 90s it was more than 13 times as high.

In Norway, top of the UN's league table for human development, life expectancy at birth is 78.7 years, there is 100% literacy and annual income is just under \$30,000 (about £18,200). At the other end of the scale, a newborn child in Sierra Leone will be lucky to reach its 35th birthday, has a two in three chance of growing up illiterate and would have an income of \$470 a year.

Overall human development, measured by the UN as an amalgam of income, life expectancy and literacy, fell in 21 countries during the 90s. By contrast only four countries suffered falling human development in the 80s.

"Much of the decline in the 1990s can be traced to the spread of HIV/AIDS, which lowered life expectancies, and to a collapse in incomes, particularly in the Commonwealth of Independent States."

The events of September 11 had created a "genuine consensus" that poverty was the world's problem, but urged the west to abandon the one-size-fits-all liberalisation agenda foisted on poor countries.

“Over the past 20 years too much development thinking and practice have confused market-based economic growth with *laissez faire*.”

The west needed to tear down trade barriers, dismantle its lavish subsidy regimes, provide deeper debt relief and double aid from \$50bn to \$100bn a year. This would provide the resources for investment in the building blocks of development — health, education, clean water and rural roads.

While this report has made a number of useful suggestions regarding the state of poverty in the world today, nevertheless we address here a number of its misconceptions:

1. *The report suggests that central to alleviating the differences between the very rich and the very poor is the removal of trade barriers, and dismantling of the lavish subsidy regimes of the Western economies, combined with deeper debt relief and a doubling in aid from \$50bn to \$100bn a year. This would provide the resources for investment in the building blocks of development — health, education, clean water and rural roads.* Unfortunately, the connection between the liberalisation of trade and relief of poverty is unclear. The only sure connection is that the richest in the developing countries will be able to enjoy a cheaper and greater variety of consumer goods. Unfortunately, they have to be paid for by people in the developing countries, and the cost of these consumer goods can end up being very high. For example, in some countries where the export of coffee is an important part of the balance of trade, the recent decline in coffee prices has had a disastrous effect on local growers.
2. *The report concentrates on the differences in wealth between the very poorest countries and the richest. Based on current trends it would be 2147 before the poorest countries in the poorest continent halved poverty and 2165 before child mortality was cut by two-thirds. Thirty of the 34 countries classified by the UN as “low human development” are in sub-Saharan Africa.* Unfortunately, poverty does not exist only in sub-Saharan Africa, it also exists in the wealthiest countries in the world, such as USA, Canada, and in the EU.
3. *The report insists that the governments of the poorest countries be held responsible to their citizens.* Suggestions of this nature seem to make sense, and amount to a declaration in favor of motherhood. In fact, this suggestion is naïve at best, and perhaps impossible to achieve. Without exception, the governments of the poorest countries

in the world lack the infrastructure, resources, technology, and motivated core of well-educated citizens necessary to achieve this.

4. *The report suggests the activation of grass roots support in the poorest countries to participate in solving their poverty problems.* It would be difficult to identify the required grass roots support in these poorest countries. Indeed, too often “support” would imply these grass roots be the elements that have supported the political agendas of those countries providing the support. Following the overthrow of the Taliban in Afghanistan, Hamid Karzai was inserted as the local head of government, despite lacking the support of the majority of the population. Not surprisingly, Afghanistan has recently reverted to the fractious, war torn state that resulted in the Taliban’s rule in the first place.

In the mid-1980s, when Ethiopia suffered a disastrous drought, the hearts of the world turned to the people there. “Live Aid” and “Band Aid” were two initiatives started in the pop music industry that symbolized the efforts of the rest of the world to raise funds for Ethiopia. Despite all the effort and money poured into this problem, the end result is difficult to determine — while many were perhaps saved by this outpouring of generosity, the drought was followed by years of others, just as disastrous, as well as years of civil war. In the end, just how many Ethiopians were better off? There is no way to tell, and ultimately the only thing that matters is that the poverty in Ethiopia, and the rest of Africa persists; it appears that the “hole of poverty” can never be filled.

1.5. The Role of Technology

Central to the problem of poverty, and to the success of the market economy, is the role of technology. Before we can address technology, however, we must define what exactly technology is. This definition must fit in with the common understanding of what technology is (a sense that it is related to sophisticated machinery of some sort) with a more rigorous definition that can be sensibly applied. Here, we choose to define technology as any widespread application of an intellectual effort that reduces the effort of human labor. Thus, by this definition, technology includes such obvious applications as the development of the computer, which by more effective and efficient storage and retrieval of information and calculation, has indescribably changed the nature of the world that we (at least, we in the

developed world) live in, but also less obvious applications such as the domestication of livestock. The requirement that the application be widespread excludes, for example, the development of one-off inventions that are not replicated on a wide scale. While not invariable, usually the intellectual effort requires the use of mechanical aids, and the greater the application of technology, the larger the scale of the mechanism. Thus, technological advance demands more resources, induces human greed, stimulates the individual's desire to acquire more ownership, and further alters the course of nature. This tendency has become less pronounced with the introduction of microelectronics, but the easing of the load has not decreased the demand, any more than the feeding of a fire decreases its need for fuel. The result thus far has been the more widespread distribution of goods (televisions, mobile phones, computers, automobiles, etc.), though arguably without a real increase in the quality of life.

1.6. A Note on Market Economy

The market economy is an exchange system, an institution developed by human beings in response to need. It is a mechanism for the exchange of everything from basic needs (food, shelter), to the needs of "civilized man" (modern conveniences and technological wonders). Unfortunately, it does not distinguish between reasonable and excessive need, and in its purest form is unregulated. In the most primitive market economy, only two persons are required, the seller and the buyer. In the case of a dispute the exchange system finds its own adjustment through negotiation between the two parties. Beyond this simple system, however, the market economy functions also as a distribution system. In this case, the settlement of disputes can be more complicated as multiple parties are involved, and where a two party settlement cannot be achieved, normally settlement is reached by the decree of some authoritative body.

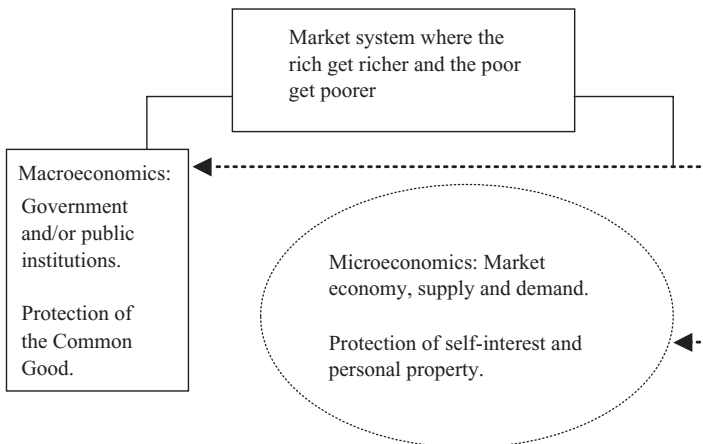
In traditional Inuit society, the young and able would go out hunting and fishing, and return with their catch to feed the entire tribe. While the elders had a recognized value to the community, nevertheless as they grew older, their direct participation in the procurement of food becomes less. What was the value of the elders' contribution? In Inuit society, the answer was simple: symbolically, they placed their hands on the catch, and in so doing had an equal share of the distribution. In this beautifully simple system, the contribution of all is equal. However, in the modern market economy,

everything must have a price. Price is the “invisible hand” that drives the market economy, but is also the source of so many of our societal problems. Perhaps most important of these is the segregation into two piles of economic bodies, those bodies that are rich, and those bodies that are poor.

The concept of price is a part of us — so much so, that we suspect many persons in the West cannot conceive of a world without it. Equally so is the concept of “profit maximization.” Not that long ago, the market economy only had one doctrine, the doctrine of the political economy. However, maturation of economic theory resulted in two independent disciplines, macroeconomic, dealing mainly with the government, and microeconomic, or the theory of the firm. It is in the latter that the notion of profit maximization became the favored son of academics, and the driving force behind the business world.

Part II. The Cause of Poverty

Figure 1.1 illustrates how the division in thought and practice between the microeconomic and macroeconomic functions in the market economy creates two camps. On the one hand, microeconomics focuses on how the individual or individual firm interacts with the system; the emphasis is on maximization of the residual to the individual while businesses maximize



Leave the issue of common good to the government; all business has to do is make money.

Figure 1.1. The market system where the rich get richer and the poor get poorer.

their profit; the common good is not part of the system. Without the common good as an intrinsic part of the theory, microeconomics as we define it, opens the door for rampant greed.

Advocates of the market system say that the invisible hand of the pricing system comes to its own equilibrium. The suppliers will compete with each other to produce the best and most attractive product, and will sell to the highest bidder. Consumers will compare prices and choose the best product for the most attractive price. Between the two of them, they will come to an equilibrium, and all will benefit. Unfortunately, the equilibrium, while perhaps achievable in a perfect world, in the real world is just a laugh. In the real world, there is no perfect information, and there are no perfect people. In this imperfect world the transaction favors the ruthless and the wealthy. At the extreme, the poorest can only offer to pay a minimal price, and effectively have zero bargaining power; the wealthy can acquire anything they want, and often set the price for their own services. Apologists would no doubt say that the market economy is not at fault, only its application — to which we would reply that, much like a ball sitting on top of a hill, the market economy is an unstable equilibrium. Fine when you set it up just right, but even the slightest error causes it to come tumbling down the hill.

1.7. “We are Everywhere and Meddle in Everything”

1.7.1. *Humans meddling with nature: oil, water and fish*

For decades at least some of us have realized that fossil fuels are a finite resource. With improved technology and intensive exploration, we can find and exploit fossil fuel reserves either unknown or unreachable even a short time ago, but nevertheless in the end these reserves must run out. Despite this common knowledge, organizations such as World Bank would allot 98% of their investment on roads for fuel hungry cars, but only 2% for the relatively fuel efficient rail.⁷

Water is the one thing we cannot do without. A healthy man without food could perhaps survive two months; that same man might last three days without water. As such, the problem of fresh water supply, while perhaps not obvious in some places, is nevertheless acute. As a UN report warns, there is concern that the world supply of fresh water will dry up in 20 years (<http://www.heraldsun.news.com.au>).

Fishing is perhaps the single greatest source of consumable protein we have; with 70% of the earth covered by water, the potential supply of fish can sometimes seem inexhaustible. Yet mankind cannot be underestimated; somehow, we have managed to exhaust it.

Cod have been called “the fish that changed the world.” They are now a warning to the world.

Cod, Mark Kurlansky, Vintage 1999

In 1996, cod were caught in the North Sea at a rate of about 30 per hour. This declined to about 5 per hour in 1997. Now they are on the Endangered Species list. While this is just an example, it is an example that is being replicated with species of fish all around the world. To allow current mass fishing practices to continue would be disastrous. In Canada, as in many other countries, the Federal Government issued a moratorium on cod fishing, a step Canadian politicians have been loathe to take, as it affects the livelihood of thousands of cod fishermen and their families. It is also a political issue: the federal government has been accused by the provinces of gross mismanagement and thus want to revise the constitution to make it a joint task between the federal and provincial governments. This the Prime Minister rejected outright. No, Sir, he said, we cannot touch the Constitution.⁸

Plenty more fish in the sea?

The ocean’s great predator fish are disappearing fast. Numbers have dropped by 90% in just 50 years. “Time to give up those swordfish steaks,” says Ian Sample.⁹ On the same topic, Ran Myers of Dalhousie University in Nova Scotia said: “What we have now are just the remnants. We’re losing fish all around the world.”⁸

A short conversation between a farmer and a fisherman:

As a personal choice, farmers in general take good care of their land, because if they don’t there will be no harvest sufficient to support their living. On the other hand, fishermen, and in particular, large commercial fishing fleets would fish, fish and fish some more until they have scrapped the bottom of the ocean clean, and there are no more fish to catch. Unlike farmers, the fishing fleets have no claim of “ownership” over the fishing grounds. Fish stocks move from one part of the ocean to another, and thus there is little immediate advantage to managing the stocks carefully — explicitly or implicitly, the thinking is “if I don’t catch them, somebody will.” Understandably, there has been a trend towards the separation

of regulatory or licensing functions from professional self-advocacy, like unions. The results of this development remains to be seen.

Fisheries agreements and regulations amongst nations have long existed, and illegal fishing and over-fishing have always been a concern. Naturally, it is the governments who must regulate the harvesting of fish stocks in national waters, and in concert with other nations, on international waters. It is their responsibility to take action to prevent over-fishing and high seas piracy. Unfortunately, when faced with antagonistic or uncooperative private industry, government intervention is rarely effective, and the onus must be placed on the private sector to manage fishing stocks responsibly, and take measures to prevent illegal fishing.

1.8. Conclusion

Evolving from a simple exchange system, in today's world the market economy has become central to the functioning of society. Its primary function remains the exchange and distribution of goods and services, but because of the integration of input and inter-jurisdictional nature of the global economy, it has a vast impact on everything and everyone, and undesirably, facilitates the accumulation of capital for the few, and generation of poverty for the many.

Poverty is a concern for everyone. Unfortunately, this book has no antidote for poverty. There is no simple solution, no "magic bullet" for the death and suffering of the unfortunates all around the world, or the embattled environment, or even our own personal problems. The answers in it, such as they are, are hard answers, answers that require a change in mindset and a change of heart from everything the proponents of capitalism and consumerism would tell us.

There is a story, of a woman of Chinese origin, who made her fortune in business, and married a business man. After years of hard work, together they had made a sizeable fortune, but had no children. It was suggested by many that they adopt, and they considered it, but in the end, they chose not to, and instead returned to China and their parents' birth places, and spent as much as they could afford to rebuild the villages, encouraging and helping locals to start up their own businesses without receiving any return themselves. When asked why they have done what they did, they responded that they had made their fortunes from people everywhere,

and had no use for the money. Looking for a meaning for all they had acquired, they asked themselves: why not give back to the people, since we had earned so much from them? Then they were asked why this village in particular — why not elsewhere? They said: People are people, does it matter where they are?

In our lifetimes, we start out helpless, as children, dependent completely on our parents and those around us. As we grow up, we learn how to fend for ourselves, and eventually most of us leave home and begin to work for ourselves. In each of us is the urge to create and innovate — after all, what is the founding of a home and a family but that? And along the way, all too often the urge to create and innovate becomes wound up in the old story of ownership and profit. If we are lucky, we survive, grow and prosper, and create a residual from which we enjoy our lives and prepare for the inevitable time when we are once again dependent on others. Again, if we are lucky, there will be at the end of our lives a residual, which perhaps we shall be able to pass on to our children. This is an attainable dream for many, but unfortunately, it is an unrealizable dream for others. Perhaps more importantly it is a dream that is becoming less realizable for the next generation, and for the generations to come. What is wrong with it? The wrong is not in the dream, but in our understanding of the residual. We must redefine it, to include what we owe to nature, what we owe to people who have worked but received only their wages for the work, and indeed, to those who perhaps are unable to fend for themselves. Too often we ask — what is the cost to society of supporting those who cannot or will not support themselves? What is the cost to us to maintain the environment? Instead we should ask — what is the value of a society which does not support those who cannot support themselves? What kind of world will we have, if we do not maintain our environment?

As long as the market economy dominates our daily lives, human poverty and injustice, the consumption of non-renewable resources, and destruction of the environment will continue. For all its faults, we cannot do away with the market economy, any more than we could do away with food because all food contains things that are bad for our health. Could you imagine destroying the market economy to destroy poverty? The various communist revolutions of the last century tell us how disastrous this can be. As the late leader of the People's Republic of China once said: "Rich is glorious!" How is it possible to be rich without the market

economy? Our aim in this book is not to bring down the market economy, rather, it is to redefine the private sector's stewardship responsibility for the "common good" within the market economy.

Generalization without the support of research can always be criticized as prescriptive, and prescriptive is often a failure. We realize that, given human nature, to offer a prescriptive solution is unlikely to succeed. Indeed, while we believe most humans want to live good lives, both in the comfort sense and in the sense of meaningful, few who live the "good life" would, like Mother Teresa, give up everything they have to help the poor. Greed is very much a part of human nature (in ourselves as much as in anyone else), and the market economy thrives on that greed.

This book contains 10 chapters, including the text, questions for discussion and cases where appropriate. The emphasis is not on cut-and-dried answers, but on developing awareness of issues through creative thought and discussion, and the determination to implement these thoughts as actions.

Questions for Discussion

1. Define poverty in your own words.
2. Global poverty is the result of economic progress. By this we do not mean that the average person is worse off, but that suffering continues, and that the numbers of those who suffer continues to grow, and that the disparity between those who are rich and those who suffer grows wider. Discuss.
3. As you cannot add anything to the planet of Earth, therefore, anything we do is harmful to the planet. Do you agree? Why? Assuming you are the CEO of a fishing fleet, and your city honors you as a "CEO of the Year." As you write your acceptance speech, you reflect on a recent environmental impact report on the effects of your dredging nets on the biodiversity of the ocean floor, and on a financial report that indicates that your annual catch has been getting smaller and contains smaller fish, every year for the past 5 years. What do you do?
4. While the USA, Canada, and other western nations tend to have more severe environmental impact legislation than many other countries, some multinationals use an avoidance strategy by moving their plants

to developing countries who need cash and jobs for their people. Should the accounting profession take these measures under consideration? Discuss.

5. Poverty is a social disease; do you think it could have existed in early societies. Why?
6. We have often heard that “money makes the world go around.” How much money do we need to solve humanities’ poverty problem?
7. In many well-to-do nations, the rate of consumption is greater than the rate of innovation and creation. Do you agree? Why?
8. What suggestions do you have as to how we can shape the market economy to accommodate the poor as well as the rich.

Notes

1. David Suzuki, *The Daily Planet* — We are everywhere meddling in everything. *The Village Post*, City Magazine, July 2003, Toronto.
2. The “market economy” is a system of exchange that exists in all human environments; the western style economy is based on the capitalistic ideal, facilitating the accumulation of capital, acquisition of ownership and the universality of “profit making.” See figure 1.1 for an illustration.
3. David Suzuki, *op. cit.*
4. *Foreign Policy*, No. 111, Summer 1998.
5. “Child Poverty in Toronto,” www.campaign2000.ca/rc Toronto
6. Larry Elliott, “The Lost Decade,” in *The Guardian*, July 9, 2003.
7. *Energy — The Changing Climate*, Royal Commission on Environmental Pollution, HNSO 2000.
8. *CBC News*, May 14, 2003.
9. *The Guardian*, May 15, 2003-07-29.