Foreword

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In the context of the current crisis, traditional capitalism is questioned by its detractors or defended tooth and nail by its partisans. The proposed concept of *socially responsible capitalism* (SRC) is based on the entrepreneurial spirit. It encourages exemplary behaviors, such as effective, efficient and ethical behaviors, by stimulating the social responsibility of companies and organizations. This is combined with the development of economic empowerment and legitimate efforts of each citizen-actor.

*Socially responsible capitalism* does not confuse financial capitalism and entrepreneurial capitalism. The first one encourages the creation of what we call *artificial value*, which leads to financial bubbles that periodically burst and bankrupt the real economy. Quite the reverse, entrepreneurial capitalism creates both solid economic value and sustainable employment. This is justified by the production of goods and services that meet legitimate needs of consumer-citizens.

*Socially responsible capitalism* is not an idealistic form of utopia. It already exists in the factual accounting of the world’s economic and social history. It is currently viable. It includes a set of effective and proven practices, referring to the socioeconomic approach of management. Our research includes work with 1854 companies and public organizations in 72 industries in 44 countries where these practices have been implemented.

*Socially responsible capitalism* is, in the economic sphere, amounts to democracy for political, social and anthropological ends. It relies on companies as the engines of economic, social and cultural activity in so far as they create value in the proximity of human relationships benefitting employees, customers, users and stakeholders. The entire book shows that putting human beings at the heart of action enables the production of sustainable economic value and anthropological value, the two of which are inseparable.

The innovative aspect of *Socially Responsible Capitalism and Management* lies in its analysis, moving from the macroeconomic level to the individual level, and presenting a detailed examination of the microeconomic level of companies with managerial issues. The entire book is dedicated to presenting the different aspects of SRC for society, companies and organizations, as well as individuals as citizens, producers and consumers.

Preface

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Global Capitalism Is Unsustainable, but Perhaps Savall and Zardet’s Socioeconomic Sustainable Responsible Capitalism Can Help

*David M. Boje*

I have been traveling to Lyon, France, each year for 17 years to learn their approach to resolving the many problems of global capitalism. I teach sustainability, chair the sustainability council at New Mexico State University and teach what Savall and Zardet call the socioeconomic approach to management (SEAM). I therefore am in a position to write about their approach and to tell you why it is not the usual socially responsible capitalism (SRC) idealism one finds taught in the business school today or used to legitimate current global capitalism practices of companies and their governments.

The Savall and Zardet approach is not at all like the typical SRC models because they start from fundamental reforms of socioeconomic practices of companies and propose to curtail runaway speculation markets that have all but drained productive markets of their capacity to build viable companies capable of anything like sustainable business practices. I call their approach socioeconomic sustainable responsible capitalism (SESRC) in order to differentiate it from the apologetic and insubstantial SRC models so popular in schools of business these days.

In this preface, I will divide my remarks into four parts. In Part I, I will first give you some idea of the magnitude of the sustainability problems that ‘global capitalism’ has created in recent decades. These have to do with depletion of natural resources due to population explosion and its growing footprint on the plant, the CO2-driven climate change crisis tied to the human diet and transportation that increases levels of pollution globally. In Part II, I will explore why the various approaches to ‘socially responsible capitalism’ sound good but are unable to resolve the magnitude of sustainability problems that ‘global capitalism’ has created. In Part III, I will explore ways that Savall and Zardet’s SESRC can succeed where global capitalism has failed. Finally, in Part IV, I will end with some suggestions for ways SESRC can get global capitalism beyond its fourth epoch of unsustainability and allow it to move along to the fifth epoch of a sustainable global capitalism.

Part I: Major Unsustainability Problems of Global Capitalism

Before I describe the multiplicity of global capitalisms and their histories, let me answer a basic question: *How bad is the worldwide sustainability crisis?* Global capitalism today is in the worst crisis of its 500-year history. It is far worse than the Great Depression of the 1930s, the oil crisis of the 1970s and in the chaos of the 2008 banking collapses that tanked national economies around the globe. There are several important consequences that are unsustainable to all nations.

The world population is now 7.4 billion, and by 2100, it will reach 11.3 billion. Half of the 7.4 billion people live on less than $2.50 a day, and 80% live on less than $10 a day. One billion children live in poverty. With the population increasing so dramatically by 2100, famine will be far worse than today, and more people will live on less than $2.50 a day.[[1]](#endnote-1) It’s not just about population; the real problem is that the current form of global capitalism is bringing about climate change and is engaged in forms of speculative market gambling and misappropriations of company funds that degrade national socioeconomic performance.[[2]](#endnote-2) There is a particularly perverted global capitalism in 2016 that is wreaking havoc upon the forms of global capitalism that occurred in three former epochs. Global capitalism has now entered its fourth epoch, and it’s not able to forestall, much less reverse, these systemicity problems.[[3]](#endnote-3)

THE FOUR EPOCHS OF GLOBAL CAPITALISM:

1. Mercantile capitalism

2. Classical state capitalism

3. National corporate capitalism

4. Transnational Regulatory Superstructure of WTO, World Bank, IMF and UN

The first three global capitalism epochs were led by nation states, but the fourth epoch is driven by transnational corporate power. By transnational corporate power, I mean the group of organizations attempting to govern global capitalism: the World Trade Organization (WTO), International Monetary Fund (IMF), World Bank, and the United Nations. Global capitalism is currently stuck in this transnational corporate power epoch. Global capitalism has been experiencing recurring cycles of recession and attempted recovery since the 2008 global financial system crisis. And it’s stuck in ways that do not address the population explosion from 7.4 billion today to an anticipated 11.3 billion by the year 2100. Keep in mind that it took older ways of doing capitalism until 1804 to reach the first billion people. After the Industrial Revolution took root, the second billion were reached around 1927. More billions were added in cycles as short as 12 and 13 years between 1987 and 2016. During this time, the total greenhouse gases measured in tons of carbon dioxide (CO2) created climate change, which has been especially dramatic since the Industrial Revolution and passed the point of no return in the third epoch of global capitalism. In the United States, for example, the average citizen’s carbon footprint is 20 tons of CO2 compared to, for example, India, which has a footprint of 1.1 tons per citizen. The United States accounts for only 5% of the world’s population, yet it is responsible for 20% of CO2 emissions and consumes 30% of the world’s natural resources. Clearly, the United States’ form of state capitalism is unsustainable. Beyond a certain per capita energy footprint, the global capitalism practiced today—its manner of production and consumption and its entire political system of transnational corporate governance—is unsustainable. We are witness to the fourth epoch of global capitalism, which many believe is endless warfare, increasing famine and a rise in temperature from CO2-producing climate change that will result in human catastrophe, if not the extinction of the human race.

Many believe CO2 production is merely the product of transportation based in gas and oil combustion engines (cars, trucks, trains, ships and planes). However, all these forms of transportation account for only 13% of annual CO2 production, while an additional 18% is from cattle. Cattle consume more water and more food than the entire human population of 7.4 billion people.

I am a vegan, and I don’t anticipate the world population becoming vegan or vegetarian. However, it is true that the footprint from our choice of diet and its CO2 emission from food production methods, supply-chain losses, consumer waste and so affects the 3,900 kcal of food supplied (per person per day) just to the United States.[[4]](#endnote-4) Worldwide, if people went from meat-lover diets to no beef, the CO2 footprint could reduce dramatically. Going vegetarian would be about half the footprint of the meat-lover’s diet. My point is that most people are not going to give up cars to go to work or shop by bicycle (except in places such as Copenhagen, where 45% of the people bike to work), but if they could, the CO2 footprint would change. Since most of the people on the planet are not going to trade their gas-consuming cars for bikes, the biggest change we can make to our footprint on earth is to change our diets. However, riding a bike and changing to a half-meat or meatless diet is still not going to change the other unsustainable practices of third-epoch global capitalism.

Global capitalism in its first epoch was mercantile capitalism, during the time of Adam [Smith’s (1776](15032-0243-FullBook.docx%22%20%5Cl%20%22Ref_181_FILE150320243BM1%22%20%5Co%20%22%28AutoLink%29%3ASmith%2C%20A.%20%281776%29%20The%20Wealth%20of%20Nations%2C%201947%20reprint%2C%20Everyman%E2%80%99s%20Library%2C%20vol.%201.%20UserName%20-%20DateTime%3A%20wfs-9/9/2016%2012%3A53%3A39%20PM)) book *Wealth of Nations*. During the Industrial Revolution, mercantilism put the world population over the one billion and multibillion threshold. Yet it did so without producing the kinds of carbon footprints or the kind of ecological collapse we see today.

*Global capitalism in its second epoch was classical state capitalism.* There are several types of state capitalism. Here we emphasize the French and American versions that have done their fair share to create unsustainable state capitalisms.

In 1962, when I first started going to France, I was 14 years old. French capitalism was resistant to U.S. capitalism in demonstrations I saw on the streets of Paris. Until a decade ago, globalization in France translated to American capitalism. Let’s jump forward to the end of WWII, when both the United States’ and France’s capitalism took different turns.

Since WWII, France has engaged in a form of state capitalism (in the Colbertist tradition, it supports entrepreneurial spirit to create industrial giants and world-class companies). The problem is that France’s state capitalism is no longer compatible with global capitalism, which has resulted in France’s state capitalism reducing its footprint in the global economy. State capitalism has reached its limits.

*Global capitalism in its third epoch is a corporate capitalism still tied to nation states.* Since WWII, U.S. national capitalism engaged in creating more international debt:

The net American international debt in the late 1990s stood at approximately $1 trillion; as a consequence, a sizable portion of the federal budget must be devoted to interest payments on this huge and increasing debt. Furthermore, throughout the 1990s, Americans had emptied their personal savings accounts to fuel “seven years of good times”, leaving too little for the “seven years of bad times” that many and perhaps most economists believe loom ahead; the spending spree left 20 percent of American households net debtors. And the “good times” of the 1990s left many behind as the income of the least skilled lagged.1” Americans appeared to be unaware that one day the nation’s huge accumulated debt will have to be repaid and serious adjustments in the American standard of living will be necessary.

([Mentan, 2016](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_89%22%20%5Co%20%22Goto%20error%20report), p. 173)[[5]](#endnote-5)

In the United States, it is no longer fashionable to admit you are a capitalist.

In the richest and most market-oriented country in the world, only 42% of that group said they “supported capitalism”. The numbers were higher among older people; still, only 26% considered themselves capitalists. A little over half supported the system as a whole.

http://time.com/4327419/american-capitalisms-great-crisis/

*Global capitalism in its fourth epoch: Transnational Regulatory Superstructure of WTO, World Bank, IMF and UN. Half of the world’s wealth is in hands of 1%, who are mostly billionaires (total $42.7 trillion*). 85 billionaires have more wealth than half the world’s population.[[6]](#endnote-6) In the last decade of fourth-epoch global capitalism, it has morphed (especially after the 2008 crisis) into a new form for producing billionaires of extreme self-interest who are able to stand by while half the world’s population lives on less than $2.50 a day. Many eat only one meal a day, and some can only eat one meal every other day. The 2008 crisis was more than a recession, it was the beginning of a larger cycle of recessions and attempts at recovery that collapsed economy after economy in nation after nation, and it continues to do so. The cyclical crises, recurring about every ten years, are expected to continue into the future. The really bad news is that there is no structural or fundamental change to fourth-epoch global capitalism on the horizon that will be positioned to change the situation and become its successor or replacement. It is an existential crisis. Our ways of being-in-the-world ([Heidegger, 1962](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_80%22%20%5Co%20%22Goto%20error%20report)) have resulted in alienation for half the 7.4 billion people living on less than $2.50 a day, who can only aspire to become a source of cheap labor and cannot afford any of the global trade goods they might produce. The fourth epoch is bigger in scope and deeper in its ontology; it is an entire crisis of the human experience of our world. It is a socioeconomic crisis of global capitalism. As we shall see, Savall and Zardet have proposed a viable alternative, a fifth-epoch successor that promises solutions to the problems summarized here.

The rise and fall of American capitalism becomes apparent when we consider that it took a hit in the 1970s and again in the 2008 crisis, which brought back the memory of the Great Depression. The trade of nations is now linked to transnationalism of production, finance and capital accumulation, and the rise of the transnational state: a loose network of supranational corporations (with some national states included) that exploits inequality of economic and social class on a global scale. Changing this network from transnational corporate control to an interest in socioeconomic sustainability for more than the wealthy 1% who are mostly billionaires is what Savall and Zardet’s socioeconomically responsible, sustainable capitalism must be able to do in order to meet the needs of 7.4 billion people attempting to survive during planetary destruction with endless warfare, drones, bunker-buster cluster bombs, star wars lasers and all kinds of surveillance technologies that make us believe George Orwell’s 1984 prophecies have come true.

Failed U.S. presidential candidate Bernie Sanders claims that the top 0.1% of Americans have almost as much wealth as the bottom 90%. In other words, the top 0.1% or just 160,000 families with an average wealth of $72.8 million now own 22% of U.S. wealth and the bottom 90% (144 million families averaging $84,000 own 22.8% of wealth).[[7]](#endnote-7) Income inequality and overpopulation are the moral issues of our time. Michael Moore says 400 Americans have more wealth than half of all Americans combined ($1.37 trillion exceeds the wealth of 69% of U.S. households). The wealth of Sam Walton’s heirs is $89.5 billion and equal to the bottom 42% of American families. The world’s wealthiest 1%, almost entirely billionaires, own $42.7 trillion more than the bottom three billion residents of Earth. The gap between the income of the average CEO and that of the average U.S. worker is 325 to 1. This is not a SRC, and without socioeconomic interventions, not only in the way corporations operate, but also in curbing the runaway speculative (gambler) markets, none of the SRC approaches to change organizations, one at a time, will be able to deal with the scale and magnitude of the global capitalism crisis.

Global capitalism in the fourth epoch is creating an ecological downward spiral due to limits of its reproduction being passed. Mass extinction of species and the degradation of the earth system environment (climate change, nitrogen cycle, biodiversity loss) are past what reputable scientists worldwide call tipping points that once reached are irreversible. Global capitalism has not only passed the tipping points of ecological recovery, but its expansion into new geographical territories and spaces of their commodification has reached a limit point as well. Now global capitalism must depend on a global state police force to enact militarism from the right and left, which was unprecedented in the first, second and third epochs. This is accompanied by an increase in racism, xenophobia and homophobia worldwide.

Global capitalism in its fourth epoch is disembodied from nations, and the new regulatory superstructures of WTO, World Bank, IMF and UN are not able to control the transnational corporations’ rape of planetary resources, nor their control of ownership by the super wealthy 1%. The transorganizational network governance solutions that [Hardt and Negri (2000](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_79%22%20%5Co%20%22Goto%20error%20report)) promised would create postmodern rhizomatic control over global capitalism have not only failed to come to pass, but are also an unmitigated disaster.[[8]](#endnote-8)

This global interorganizational governance approach cannot even change car consumption, let alone reverse the CO2 footprint per person. We have moved along in consumption practices from 1 to 1.5 cars for every American and 53 million total cars on the world’s roads, with forecasts of 2.5 billion cars worldwide by 2050.[[9]](#endnote-9) We are past the threshold to avoid global warming of two degrees centigrade that will have such dire long-term consequences that no tech-fix miracle is going to reverse it. There is no technical solution to bring us into green energy, reduce the billions of cars on the road worldwide or bring back the forests and reverse the population explosion. Meanwhile, the world’s 7.4 billion people want a higher material standard of living. Econ 1–1 textbooks do not include the word “overconsumption”.

The situation is critical for human survival. In the fourth epoch of global capitalism, we humans are “sleepwalking to extinction” (George Mongiot, Guardian). Large multinational and transnational corporations are destroying the biodiversity of life on Earth. There is now no way to overthrow this global economic social system, because the top 1% of the population has amassed the wealth equal to the bottom 90%. The 1% has won the global game of monopoly and is not letting go of its board spaces. The bottom 90% can starve, not pass ‘go’ and head straight to monopoly jail (or into the private prison system).

Global capitalism is destroying all other forms of capitalism, despite unleashing one world economic crisis after another (including the 2008 collapse of one nation after another into recession due to the mortgage and bank deregulation that began in the Reagan administration). The 1% of super successful global capitalists are pumping out lakes, clear-cutting forests, leveling mountains for minerals and sucking out the planet’s oil and natural gas. They are also responsible for the extinction of species. Monsanto, DuPont, Syngenta and so on are addicting the planet to their pharmaceutical medications. In the United States, for example, 45% of its citizens are on at least one medication, and 35% are taking two or more medications each day.

The nation states are spiraling downward in their crises of legitimacy and failing to meet social grievances of local working conditions. The middle class is in a cycle of downward mobility and billions of people are facing unemployment and insecurity. Meanwhile, global elites are unable to counter the erosion of the system’s authority or create a global moral economy. This is a great collapse of the world civilization akin to that which occurred during the Dark Ages.

The top 1% wealth owners have wiped out bees, monarch butterflies, birds, entire animal species and crop diversity. In Adam Smith’s day, mercantile capitalism did not have much impact on global environment resources, but in its fourth epoch, global capitalism is responsible for climate change due to patterns of overproduction and overconsumption. We are unable to curtail overconsuming natural resources and revise the desertion of biological diversity. We are locked into a global capitalism that is killing the planet. The situation is catastrophic.

In this fourth epoch of global capitalism, corporations can distribute (disperse) production systems around the world into a variety of geographic areas (Apple, Walmart, Nike and so on go to China, Africa, and Southeast Asia for production, human and natural resources). Global capitalism is no longer limited to one home nation, nor is it controlled by the collaborative effort of nation states. The financial speculation system is global with financial instruments that subvert nation-states’ efforts to exert direct control. The capitalists in global capitalism have social lives on a global scale, while half the world’s population lives on less than two dollars a day. The United Nations, WTO, Group of Thirty, World Economic Forum, IMF and World Bank all provide transnational governance. These governing organizations set the agenda for global production within their system of wealth accumulation, which causes inequities between the top 1% (or tenth of a percent) and the remaining 99% of the world’s populace.

During the fourth and current epoch of global capitalism lead by the IMF, World Bank, GATT, NAFTA, UN and so on, Ronald Reagan tore down the regulations of banks and finance established by Franklin D. Roosevelt to return to a free-market ideology, and Bill Clinton continued this when he signed NAFTA. The WTO was launched in 1995 to replace GATT. The WTO in concert with IMF and World Bank govern the global trade.

What is it all for? Why does 1% need the wealth of 90% of the world’s population? If we have our iPhones and iMacs, will that save the environment? Will it solve inequality of wealth, bring back the rain forests and put healthy fish into the oceans? Three hundred years of global capitalism development and the gap between rich and poor is wider than ever, with 85% of total global assets in the hands of the wealthiest 1%. We are losing nations for copper and cobalt and coltan (conflict minerals) for iPhones when half the population only eats once a day and one-fourth eat less often than that.

If global capitalism is destroying the world socially, economically and environmentally, then what can SRC (as it is currently defined) really accomplish? It’s a smoke screen to legitimate the status quo of inequality. SRC cannot put the brakes on overpopulation, depletion of oil, war for bottled water, industrial logging, overfishing the oceans and military-surveillance-police states to give security to the 1% profiting from exploration, destruction and inequality. SRC is *not* sustainable, cannot restrain the destruction or overconsumption or provide health care or jobs or food for the bottom half of the population

With the triumph of the fourth epoch of global capitalism, the financial system is out of the control of regulation and the standardization mania that tetranormalization ([Savall & Zardet, 2005](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_78%22%20%5Co%20%22Goto%20error%20report); [Boje, 2016](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_77%22%20%5Co%20%22Goto%20error%20report)) is attempting to counteract. There occurred an elimination of capital controls in the global financial system. Global capitalism has been targeting all welfare state systems for deconstruction—the new imperialism. The sustainability movement is split into two. One faction believes that the ills of global capitalism can be contained. The other faction believes we have passed all the tipping points and are on a downward spiral into famine, more wars and total environmental destruction. With the latest major crisis of global capitalism in 2008, there is a breakdown in accepted consensus methods for social and economic control. Global capitalism attempts to counter the 2008 crisis and its ecological and social deterioration by investing in propaganda. Meanwhile, the transnational capitalist class (TCC)—the 1% owning the wealth of global capitalism—tries to use global communications media to convince everyone that the situation is under control, that the tipping points are an illusion, and that sustainability is possible to achieve. Meanwhile we have become what Truthout c (2007) calls a ‘planet of slums’ alienated from the wealth of globalizing economy, excluded from food, shelter and quality of life.[[10]](#endnote-10) TCC uses the militarized mechanism to continue accumulation, within the cycles of destruction and reconstruction, in the military-prison-industrial-security-energy-financial complex (Truthout, 2007). TCC uses financial speculation power and influence to impose austerity on the working poor and world’s poor. Global capitalism is the biggest casino in the world—with speculation in the trillions of dollars—that collapse the global financial system into cycles of crisis and recovery, which are escalating out of cycles into spirals of downward momentum into the abyss. Instead of upward mobility, for the 99% there is only downward mobility, social violence, military service and the global police state. Resistance is futile. In the 21st century, fascism by the 1% TCC is riding on the backs of everyone who has been alienated in global capitalism. Global capitalism is a system that needs the police state to sustain transnational capital and maintain its representatives’ continued political elections. Criminalization of drug use so that private prisons can stay populated is the new concentration camp of our time, perpetuated under the siege of global capitalism. Global capitalism invests in warfare, social violence and private prisons, as well as surveillance technologies to achieve wealth objective, evermore.[[11]](#endnote-11)

Wars make money for transnational corporations. The flurry of wars (Vietnam, Afghanistan, Iraq, Gazam Lebanon, and so on) by the military-industrial-global complex serves to expand the geographical reach of markets for cheap products made from cheap raw materials and wage slave labor. This expansion involves spending funds on weapons, preserving nations’ economies by making weapons for global capitalism while the elite concentrate their wealth at the expense of everyone else who lives amid crisis after crisis and war after war, to sustain the 1% standing on the shoulders of the 99%.

We are in a downward spiral, with speculative capitalism, made worse by the Trump election. By achieving deregulation, capital has broken free of its national boundaries, and is increasing its speculation capitalism at greater and greater risk of economic collapse. The 1% do not need or want a welfare state. The 1% (e.g. Koch brothers) use their ownership of the media to resocialize the masses to hate health care, fair wages, and protection of shirking environmental resources. With the Trump election the 1% are having their way. America is now a two-party system in which most American’s would rather not vote for either of the current candidates (Clinton or Trump). Transnational oil companies have made the Middle East the site of war and global conflict, after Vietnam. Global capitalism is relaxing one social-welfare capitalism territory after another in the new form of global imperialism. Social-welfare capitalism cannot sustain military production activities and military service recruitment without scuttling higher education, public schools and health care.

The fourth epoch of global capitalism is no longer grounded in the logic of Fredrick Jameson’s or David Harvey’s cultural logic of spatial identities. Rather, the spaces of localities, cities, nations and communities are not subsumed by the logic of warfare and ‘multiple forms of state and transnational violence; and surveillance in what Hardt and Negri call the ‘technologization of death’ —what the WTO, World Bank and so on were supposed to use Deleuzian rhizomatics to counteract. Hardt and Negri’s ‘Empire Thesis’, how transnational networks of corporations and regulatory organizations WTO, World Bank, and so on) would contain exploitation and war, has not worked out. Now global war accompanies global capitalism, which Hardt and Negri, predicted were supposed to use transnational organizational and corporate governance mechanism to counteract. Despite locality, global war is the parent in the new global marketplace. Hobbes’s prediction has come to pass, “Continual fear and danger of violent death, and [where] the life of man [is] solitary, poor, nasty, brutish, and short”. As global capitalism marries global war in the new fulfillment of Hobbes’s *Leviathan*, what happened to postmodernity? It has displaced the permanent state of global war and economic cycles of crisis and recovery.

Part II: Various Socially Responsible Capitalism (SRC) Approaches Will Not Come Close to Resolving the Sustainability Gap Created by Global Capitalism

Various SRC approaches have been suggested. I would like to review them briefly to show why they will not close the sustainability gap’s mega-problems of overpopulation, Earth’s resource depletion, and the CO2 driven climate change crisis created by the human diet and transportation in the fourth epoch of global capitalism.

*Is SRC possible? Given the downsides of global capitalism, is SRC possible?*

My short answer is ‘no’. The SRC movement has been unable to combine its social focus with an economic approach that achieves sustainability that can get global capitalism unstuck from its fourth epoch of recurring recessionary crises.

Part III: How a Socioeconomically Sustainable, Responsible Capitalism (SESRC) Can Succeed Where Global Capitalism Has Failed

SESRC is an approach developed by Henri Savall in collaboration with Véronique Zardet, Michel Péron and Marc Bonnet. It began with Savall’s education in accounting and economics. He did not study just any kind of economics, but the work of Spanish economist Germán Bernácer. Bernácer’s reforms of Spain’s economic system focused on regulating ‘speculative financial systems’, particularly in banking, and stimulating productive economics. Savall assumes that the reason for the 2008 world financial crisis was runaway, unregulated speculations markets that drained productive markets of resources to invest in building entrepreneurial and intrapreneurial activities in companies. As we explored in Part I of this preface, global capitalism is stuck in its fourth epoch—the endless cycles of recession and attempts at recovery. It is stuck in the sense that there is not a successor to global capitalism that can actually resolve the sustainability problems created by explosions in the world population that will lead to 11.3 billion people on this planet by 2100 and the CO2-related climate changes brought on from the human diet and transportation choices.

How do Savall, Zardet, Péron and Bonnet plan to implement their approach to SESRC as the fifth-epoch, the successor to global capitalism?

Part IV: Ways Socioeconomic Sustainable Responsible Capitalism (SESRC) Can Move Global Capitalism into the Fifth Epoch

If we are to have a fifth epoch of global capitalism, we must get unstuck from the fourth epoch—that is, the recurring cycles of recession and attempts at recovery that have the world economies unable to address the major problems of global capitalism’s rampant unsustainability. Savall, Zardet, Péron and Bonnet propose, in this book, ways that their SESRC can address the problems of unsustainability that escape the grasp of typical SRC models. I believe that SESRC can succeed where the SRC models fall short because the authors start with fundamental socioeconomic reform of companies, government agencies and non-profit organizations. They assume that a new form of organization is possible, one that builds the human potential of workers and incentivizes workers to achieve innovation and efficiency, while developing sustainable strategies.

Savall et al. propose both a bottom-up corporate reform strategy and a top-down transnational reform of company financing that move away from the speculative market (gambling of JP Morgan, Lehman Brothers, Enron, World Com and so on) and can take worldwide governance and control back from the WTO, IMF, and World Bank hegemony over nation state sovereignty. If people listen to Adam Smith’s maxim, ‘look out for No. 1’, then the global public good is to take back the wealth that the 1% have amassed at the expense of the 99% and all other life on earth. Wealth redistribution must, in my opinion, be part of the socioeconomic strategy.

Savall, Zardet, Péron and Bonnet’s SESRC cannot be just another ideological approach, but rather must develop a socioeconomic approach that is global in scale and sustainable in ways that address problems identified in Part I of this preface. This means it must develop an ethical action in part of the citizens of the world to close the gap between the 1% and the 99% living on what is left over. In the authors’ SESRC, corporate decisions are made under democratic governance, and in negotiation with labor and community stakeholders; investments are made for building sustainability and entrepreneurial (and intrapreneurial) production rather than for speculators’ gambling addictions in speculation markets and the greed to have it all, no matter if people do not have enough money for food, shelter, health or dignity worldwide. People are going hungry and the transnational governance network is rigging the game for the speculators, while giving nothing but junk goods and services to the populace. Regulation of banks is constantly under attack by the speculators and gamblers of the self-interested 1% who own and run global capitalism. Global capitalism is responsible for ocean acidification, global warming, deforestation, biodiversity destruction, world famine and war.

*What is socioeconomically sustainable responsible capitalism* *(SESRC)?* It is not the same as *SRC*, because the latter is without sustainability and is destructive of environments and human potential, or it’s a philanthropic capitalism of the good-hearted ‘super capitalism’ billionaires (Gates, Buffet, Sores, Koch brothers, Ma and Guangbiao) who make sociopolitical-legitimacy investments. Savall, Zardet, Péron and Bonnet, by contrast, are focused on socially and economically sustainable, responsible capital, as both a theoretical and practical framework of socioeconomic development of a democratic project—a way to contain destructive technology and excessive regulation, in a framework of socioenvironmental value.

We must now ask the big question: *what kind of global capitalism are Henri Savall, Véronique Zardet, Michel Péron and Marc Bonnet professing?* It cannot be a repeat of SRC models or we might as well stop reading. Typical SRC cannot reverse the perverted global capitalism of speculation markets or unchecked corporate and government corruption, nor the widening of the gap between the 1% and the 90%.

The reason we think their eco-socioeconomic alternative to the crisis of global capitalism is possible is that it is rooted in the works of Spanish economist, Germán Bernácer’s work (see [Boje, 2016](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_75%22%20%5Co%20%22Goto%20error%20report) for a review). It will take a mass uprising against today’s kind of global capitalism (*Capitalism and the Destruction of Life on Earth: Six Theses on Saving the Humans*, Richard Smith [Institute for Policy Research & Development, London], 2013).[[12]](#endnote-12) It is time to bring back Bernácer’s project of regulating speculative capitalism, in order to give productive capitalism and Savall and Zardet’s socioeconomic tetranormalization a chance at world-making.

SESRC is not the same as social capitalism: a means to get social management under state control and supervision to protect market functioning, while instituting programs to help the poor or building quality-of-life perks into organizations. Social capitalism is an ally of close state collaboration with regulation, while optimizing economic growth. SESRC, on the other hand, takes into account SEAM’s well-being improvement interventions and programs that accomplish both human potential and sustainable overall performance of the company, while transforming dysfunction that results in hidden costs and untapped revenue potential. The SESRC investment in human potential is a negotiation of hidden-cost reduction by taking care of the collaborators in bringing about human and social performances. The expectation of SEAM is that there is a negotiation of shared rewards for negotiated commitment to creating economic value. Therefore, to create social and economic performance, the company must sustain cooperation of all its members.

What can we do about the collapse of global capitalism? How can we reduce the damages of global capitalism? When the state is the servant of the global corporation and the global owners of wealth, the 1%, then it is obligatory for states to intervene and to regulate speculator’s gambling habits. But how can a bottom-up movement of sustainable socioeconomic intrapreneurship counter the collapsing global capitalism and its governance structure—that is, World Bank, WTO, United Nations and so on?

SESRC is not a Marxist historical materialism of opposition of capital and labor; rather, in SESRC, the only genuine wealth is the development of human potential, which the speculative market cannot accomplish. It is rather accomplished by socioeconomic intervention to bring about new corporate practice and by a move away from global speculative markets by the financial gamblers. Savall is a fan of the Spanish economist Germán Bernácer.

Bernácer confronted speculative capitalism in order to develop the ‘real’ economy. Speculators on Wall Street brought down the economies of nations in 2008, resulting in bailouts for banks and the destruction of pensions. Perhaps we need a world without Wall Street’s financial values, with speculators gambling on stock prices, and the financial instruments of the money lords of short-term speculation (hedge funds, subprimes, mortgage bundling and so on). Savall et al. follow Bernácer in focusing on socioeconomic performance and markets that make investments in production—the ‘real’ economy. At the heart of SESRC is the entrepreneur doing start-ups and building industry after industry, even when immediate profit is not guaranteed in the short run, but is rather the product of long-run success and value from developing human potential of the entire enterprise. Human potential investment is a prime mover of economic value creation. This is not the Schumpeterian entrepreneur of creative destruction, but rather a purveyor of the continuous improvement of human potential that adds value to materials.

SESRC is a specific intervention in a place, and each territory/place is a socioeconomic space of an organization, transorganization, and a metaorganization. Speculative capitalism, by contrast, is without place and without accepting the risks of activities that realize profit from real activities of the Schumpeterian entrepreneur. SESRC is also in a time (or temporality of a socioeconomic history and future). SESRC is a mattering of production, economic activities, exchanges and social practices. As we know from quantum physics, you cannot separate space (s), time (t) and (m) mattering, so we can follow [Karen Barad (2007](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_73%22%20%5Co%20%22Goto%20error%20report)) in using the construct of *spacetimemattering* (*STM*) of actual activities of work, not just speculation ([Boje & Henderson, 2014](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_303%22%20%5Co%20%22Goto%20error%20report); [Henderson &](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_304%22%20%5Co%20%22Goto%20error%20report) [Boje, 2015](15032-0243-Ref%20Mismatch%20Report.docx%22%20%5Cl%20%22LStERROR_304%22%20%5Co%20%22Goto%20error%20report)). Savall contends that Bernácer eliminates (deletes) the “time preference, and that interest is not treated as the price of time”. The downward spiral from excessive speculator construction of speculative markets has created worldwide economic crises again and again. This means that each organization interfaces with other organizations within its environment (transorganization), and with metaorganizations (industry, market, profession) within a socioeconomic *spacetimemattering* of globalization where communities need companies to preserve jobs, create wealth and do so in a supportive environment. History gives warning signs that ‘speculative’ capitalism is not sustainable or responsible. Domestic economies shifted to become market economies and created strange and dangerous financial instruments for hyper-speculation markets, which in turned trained productive markets. Then, to make matters worse, today an *ultraliberalism* promulgates a maze of standards to control company activities. These historical practices have undermined SRC.

A SESRC is not entangled in the perverted practices of speculative financial markets, which only keep short-term focus on quarterly returns and are disconnected from the ‘real’ economy.

SESRC in its *spacetimemattering* is a forerunner to Michael Porter’s ‘creating shared value’ by promoting human happiness and well-being, but SESRC is more than intention. On the other hand, it is directly opposed to Milton Friedman’ s self-sufficient enterprise in the autonomy of markets with lots of financial speculation and Jeremy Rifkin’s Internet of things in collaborative commons, which does not address ways to develop human potential within organizations.

—Preface, August 10, 2016, David M. Boje, PhD

1. ‘11 Facts about Global-Poverty’ <https://www.dosomething.org/us/facts/11-facts-about-global-poverty>, accessed April 14, 2017; Income is not the only measure of poverty. White (2013: 60), for example, argues for a multidimensional assessment of poverty, where such factors as education, having a dwelling separate from animals, and well-being are important. White, Howard (2013). The measurement of poverty. Pp. 60-67 in Desai, V., & Potter, R. B. (2013). *The companion to development studies*. NY/London: Routledge. [↑](#endnote-ref-1)
2. See for example, Robinson, William I. (2014) Global Capitalism: Crisis of Humanity and the Specter of 21st Century Fascism, online at http://www.worldfinancialreview.com/?p=1799 [↑](#endnote-ref-2)
3. Systemicity is a word I use in my writing to define the common situation of organizaitons, where most systems are partially implemented, and preceding systems are only partially discontinued. This results in a myriad of partially implmentated, unfinalized, and disintegrating state of organizational systemicity. See Boje, D. M. (2014). *Storytelling organizational practices: Managing in the quantum age*. Routledge. [↑](#endnote-ref-3)
4. These statistics and assessments come from my April 2016 presentation to my University (NMSU) on the impact of population, CO2 footprints on the world situation of sustainability. [↑](#endnote-ref-4)
5. Mentan, T. (2016). *Neoliberalism and Imperialism: Dissecting the Dynamics of Global Oppression*. Langaa RPCIG. [↑](#endnote-ref-5)
6. Source of this statistic is the Guardian, ‘Oxfam: 85 richest people as wealthy as poorest half of the world’

<https://www.theguardian.com/business/2014/jan/20/oxfam-85-richest-people-half-of-the-world>, accessed April 14, 2017 [↑](#endnote-ref-6)
7. Source of Bernie Sanders remarks at (http://www.politifact.com/wisconsin/statements/2015/jul/29/bernie-s/bernie-sanders-madison-claims-top-01-americans-hav/, accessed August 5, 2016. [↑](#endnote-ref-7)
8. Hardt, M., & Negri, A. (2001). *Empire*. Boston, MA: Harvard University Press. [↑](#endnote-ref-8)
9. Source of these statistics, Voelcker, John (2014). 1.2 Billion Vehicles On World's Roads Now, 2 Billion By 2035. Greencarreports.com

<http://www.greencarreports.com/news/1093560_1-2-billion-vehicles-on-worlds-roads-now-2-billion-by-2035-report> accessed April 14, 2017 [↑](#endnote-ref-9)
10. Truthout re-published this article titled ‘Baghdad 2025: The Pentagon Solution to a Planet of Slums’ By Nick Turse TomDispatch.com Monday 08 January 2007

 <http://truth-out.org/archive/component/k2/item/67959-nick-turse--baghdad-2025-the-pentagon-solution-to-a-planet-of-slums> accessed April 14, 2017 [↑](#endnote-ref-10)
11. The above section relies on work done by Robinson, William I. (2013) in Truth Out, online at http://www.truth-out.org/news/item/18280-global-capitalism-and-the-crisis-of-humanity Crisis of Humanity: Global Capitalism Breeds 21st Century Fascism. [↑](#endnote-ref-11)
12. See more on this point http://www.paecon.net/PAEReview/issue64/Smith64.pdf accessed August 5, 2016. [↑](#endnote-ref-12)