

Edited by  
**Patrick U. Petit**

# Earth Capitalism

**Creating a New Civilization  
through a Responsible Market Economy**



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*Companies are meant to serve society, not the other way around;  
and companies that do not – and are not seen to – serve society will fail*

Stephan Schmidheiny  
Businessman and Philanthropist



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## **FOREWORD**

### **Innovating for a Better World**

**Bill Gates**

When some people look at the world today, they see disease, poverty, and ignorance. It is not hard to understand why. There is too much suffering. There is too little peace. Modern communication including the Internet makes it easier to see the suffering that still exists. But I believe that these observers are missing the key trend.

The fact is, any way you look at it – in terms of millennia, centuries, or decades – the world is getting better. Healthier. Wealthier. More educated. More peaceful.

Archaeologists have shown that in ancient societies where tribal warfare was the norm, the chances that a man would die at the hand of another man were often above 25 percent, and sometimes as high as 50 percent. In the 20th century in Europe and the United States, however, the chances are somewhere close to one percent. And that's despite two World Wars.

Not quite 50 years ago, in 1960, 70 million babies were born, and 20 million children died. In 2007, 130 million babies were born, and 10 million children died. In short, even though the number of births has almost doubled, the number of children's deaths has been cut in half.

That is surely humanity's greatest achievement in the past 50 years. Saving lives needs no justification, of course. It justifies itself. But better health has a multiplier effect. As health improves, life improves in every way. Income goes up. Literacy goes up. Ultimately, good health is the cornerstone of a peaceful society.

Now, 10 million children dying is still 10 million too many. The goal is zero. But if the world already saved 10 million children, it can save 10 million more.

I think it's important to recognize the progress that we've made, because it puts the future in a slightly different perspective. The context for the work we must do is not a string of failures. It is a long-term trend of success. And innovation is the main

reason for that success. As the world contends with an economic crisis, innovation will continue to spur success, as long as we don't forget the people whose lives are difficult even in the best of times.

Innovations in communications technology have shrunk the world dramatically. Computers connect us all in an ever-tightening network. We can now text message, e-mail, and videoconference with people in an instant, and all over the world. On the Internet, we can see photos and video minutes after they're taken.

The old saying that we are all in this together has never seemed so real. People have always believed in bonds of mutual responsibility. That's just human nature, to help others. But now we can see how far those bonds extend. They tie us not just to the people on our block or in our city, but also to people in countries we'll never set foot in.

So technology has brought new people and new problems to our attention. And it is also helping us solve those very problems. Every day, advances in science and technology are making it possible to save lives in entirely new ways. To diagnose and cure disease. To prevent disease in the first place.

Innovation doesn't have to be high-tech. It can be a better way to deliver medicine to hard-to-reach places. A smarter way to help small farmers get their crops to market. A more strategic way to encourage financial institutions to work with poor clients.

All these innovations are ongoing. We will continue to learn more about what needs to be done. We will continue to be able to do more.

Our task is to see to it that innovation is pointed in the right direction. To make sure that the best minds apply themselves to solving the most important problems. Because it doesn't happen automatically.

Let's take the example of malaria, which we all know is one of the world's worst diseases, especially for small children.

Yet the world spends substantially more on curing baldness than on curing malaria. That's a market failure. Nobody dies from baldness, but a lot of people are both willing and able to pay for any improvement there. There are hundreds of millions of people who would be willing to pay for life-saving malaria treatments, if only

they could afford to. I am certain that we all agree that malaria should be far, far ahead of baldness on the world's list of priorities.

So what can we do to make sure that we're innovating on challenges like malaria in proportion to the need? Philanthropy has an important role to play, and at the Gates Foundation we're working with many partners on solutions. But we realize that we can only be part of the answer.

First, governments must lead the effort. They are the primary source of the world's money to face the challenges of the developing world. Japan has made a good start through the G8 process. In 2000, it helped create the Global Fund for AIDS, Tuberculosis, and Malaria. The Global Fund is a major innovation in global health financing. It is already the biggest funder of malaria programs in the world.

Second, research institutions must encourage their smartest scientists to focus on the most important problems. These institutions are the primary source of the world's ideas. At the Gates Foundation, we started an initiative called Grand Challenges Explorations, which gives small grants to help scientists test radical new ideas with the potential to revolutionize global health. We're placing bets on untested but provocative theories because real progress comes from path-breaking thinking. We announced our first round of winners in October 2008, and three of them are Japanese scientists.

One of the grantees is Hiroyuki Matsuoka of Jichi Medical University. Professor Matsuoka's idea is simply breathtaking. The way people get malaria is from a mosquito bite. But Professor Matsuoka envisions a mosquito that, when it bites you, delivers a vaccine against malaria, instead of the disease itself. Essentially, he hopes to turn the mosquito into a flying syringe.

Another winner is Hiroshi Kiyono of the University of Tokyo. Professor Kiyono is trying to create a new kind of vaccine that people can administer all by themselves. All you have to do is swallow a dose. It doesn't have to be refrigerated. It doesn't have to be injected by a health professional with a syringe. These breakthrough innovations are still in the very earliest stages of discovery, but they have the potential to change the lives of hundreds of millions of people.

Third, businesses must provide the entrepreneurial talent to get things done.

Businesses are the primary source of the world's expertise. And that expertise can be used to develop and deliver products for global health. For example, one of the best tools we have for preventing malaria is insecticide treated bed nets. And experts at Sumitomo Chemical are building a better bed net.

Sumitomo's net has insecticide infused in its fibers. Nobody has to spray insecticide on the net, and the insecticide can't wash off. That means the net can last for five years, which is much longer than most other nets. Sumitomo has licensed its technology to a local manufacturer in Tanzania, and it's working closely with African governments to make sure that these nets are delivered to the families that need them. These are just a few examples of the important work that researchers and companies are doing. We all need to do more.

I know that, as I ask for more, the world is in the midst of an economic crisis. It may be tempting for governments to concentrate exclusively on domestic concerns. It may seem appealing to businesses to limit expenses that aren't deemed essential.

But this is a global economic crisis, and the fact that it's global ought to reinforce the message that it is not wise to turn inward.

In our world, governments, businesses, and philanthropists in every country are inextricably tied to each other. The only long-term strategy for economic health is more cooperation and more innovation. Indeed, the combination of cooperation and innovation is the path to peace.

Governments, especially rich governments, must be more generous. Universities must devote more resources to cutting-edge research, not less. Philanthropists need to provide more for the needs of the poorest. Business must be more creative. Especially now.

If everybody plays their part, then the world will keep getting better. And we will be able to look back in 50 years and say that we saved hundreds of millions of lives. We will be able to say that ours was truly a century of peace.





## **PREFACE**

**Patrick U. Petit**

The world faces the gravest financial and economic crisis since the Great Depression. The deepening global recession is dragging down all kinds of businesses with no bottom in sight. Inappropriate macroeconomic policies and excessive expansion of financial institutions in the blind pursuit of profit, the lack of self-discipline among financial institutions and the failure of supervision and regulation to keep up with financial innovations – these are some factors cited as the main causes of the current global economic malaise. However, they are rather the symptoms. The root causes lie within capitalism itself – its dogma and ideology incorporated into societies by its various players such as producers and consumers, entrepreneurs and managers, investors and shareholders, debtors and creditors.

Trying to regulate capitalism and its institutions or turning to national protectionism are superficial policies and inefficient attempts to fix the global financial and economic slump.

This crisis should rather be considered an invitation to reassess our role in upholding capitalism, and a chance to recreate the global market economy, which we have lost control of. What is the state of our personal greed and insatiability for wealth, money, goods and power? How deep are we identifying ourselves with them as the source of our self-esteem and self-love? How much more are we still yearning for to compensate a feeling of emptiness within ourselves? And how far are those values the core of our happiness? Isn't the 'pursuit of happiness' more than the accumulation of wealth and power? Or perhaps the state of happiness has nothing to do with money and power ... These are very pertinent questions we should sincerely ask ourselves in these times of economic instability.

I truly believe that greed and insatiability are a human malady and the true source of disparities around the world. They have created violent conflicts and poverty over more than a century. Greed is the reason why we are depleting the Earth's natural resources and destroying its ecosystems. By doing so, we have lost the awareness that we sacrifice human relationships and threaten the survival of the Earth's living species and systems, not to mention our own species. We are so much consumed to

satisfy our hunger for more with the hope of finding happiness and peace of mind.

However, happiness does not cost the Earth. People can live happy lives without consuming large amounts of the Earth's resources. The New Economics Foundation in London has released a 178-nations "Happy Planet Index" (HPI) study that shows that "we should not sacrifice human relationships, which are the main source of happiness, for the sake of economic growth." The index is based on consumption levels, life expectancy and happiness, rather than national economic wealth measurements such as GDP, which is "outdated, destructive and doesn't deliver a better quality of life." According to this study, nations which score well show that it is possible to produce high levels of well-being without excessive consumption of the planet's resources. It is interesting to note that, while many small island nations perform very well, the G8 countries perform badly on the HPI.

The Happy Planet Index suggests to us that we have to readjust our lifestyles. A good life is based on a balanced give-and-take principle. When we take something from society or the Earth, we have to maintain a balance by giving something equivalent back to them. Happiness is founded on gratitude and an overall appraisal of life. Giving back is an expression of gratitude and respect for life. It is legitimate to make profits and accumulate wealth through economic activities, but in order to create balance and harmony we have to give a share of those profits and wealth for the benefit of society. Important is that we do it on a voluntary basis. The same principle applies for the management of the Earth's natural resources and goods. Indigenous peoples have always upheld this wisdom and basic principle, which keep all life in balance and harmony. They know well how to manage the Earth's economy and wisely harmonize with the Earth's ecological systems. Unfortunately, most of us have separated ourselves from our natural environment and from our true nature. The way we deal with our environment is indeed the reflection of how we perceive ourselves.

The current global crisis urges us to create a responsible capitalism, which benefits all living beings on this planet. It reminds us to live a simpler life based on true well-being and life-satisfaction. Simple living is not about living in poverty or self-inflicted deprivation. It is about – in the words of Duane Elgin, author of *Voluntary Simplicity* – "living in a way that is outwardly simple and inwardly rich."

This book, *Earth Capitalism: Creating a New Civilization through a Responsible Market Economy*, presents some of the leading edge economic concepts, business

models and best practices toward the creation of responsible capitalism – a viable scenario to emerge from the current severe global economic and financial crisis.

The Goi Peace Foundation would like to extend its heartfelt gratitude to the distinguished authors and organizations, which have contributed to this book. These exemplary leaders are but a few of the hundreds of business organizations and networks around the world that are contributing to the evolution of our economic system and civilization at large. Their innovative ideas and creative initiatives are an invaluable source of inspiration and motivation for humanity as it seeks to find a way forward and achieve a sustainable and prosperous world for all. Now is the time for the global community to come together as one and co-create an all inclusive, dynamic Earth Capitalism.

Munich, Summer 2009



## INTRODUCTION

Hiroo Saionji

The Goi Peace Foundation is pleased to present this publication as a part of its Initiative for Creating a New Civilization.

The Creating a New Civilization Initiative, which our foundation launched together with our partners in 2005, brings together organizations and individuals who see the pressing need to respond to the environmental, social and economic crises confronting us today. Our aim is to network various innovative activities and people creating positive impact on the world, and build a critical mass of humans that could facilitate the transformation of our cultures and co-create a sustainable and harmonious planetary civilization based on reverence for all life, respect for our diversity, gratitude for nature, and emphasis on spiritual values.

As a way to synthesize fresh approaches toward creating a new civilization, the Goi Peace Foundation proposes the “4-S Concept” – an integrated platform with four foundational pillars: Sustainability, Systems, Science and Spirituality.

The first “S” – Sustainability – concerns the survival of the Earth itself, with its nature and ecological systems. Environmental, social and economic problems – such as global warming, resource depletion, wealth disparity and cross-cultural conflicts – are all interconnected global issues caused by human activities that are threatening our very survival. We are at a bifurcation point where we either continue on the present path toward destruction or choose the path to a sustainable future.

The second “S” – Systems – refers to the various systems we human beings have established, including our economic and political systems. Humanity is a part of the larger natural living systems of Earth. How can we harmonize our human systems with the principles of nature and the ecosystems? Our current institutions and various sociocultural systems are unsustainable and need to be transformed to operate as a whole system on a planetary scale.

The third “S” – Science – is an important component in creating a new civilization. At the cutting edge of the sciences – including physics, cosmology, the life sciences,

and consciousness research – new worldviews are emerging together with a deeper understanding of life. These new sciences could bring about a paradigm shift that could be the key inspiration and foundation for building a new civilization.

The forth and final “S” – Spirituality – includes personal experience, but also has a more universal implication. The inner awakening and the empowered creativity of individuals are the real forces that will shape our collective future. Our behaviors and priorities will drastically change if we evolve our consciousness to a higher level and experience the interconnectedness of all life. We must ensure that all human activities in our future global society, whether politics, economics or business, are founded on spiritual values.

These four components are obviously interdependent. Our immediate task is to transform our systems in order to move beyond the imminent crises and ensure sustainability of our planet. At the same time, we must broaden our perspective to see the larger story of who we are and where the next stage of human evolution will lead us.

In 2008, The Goi Peace Foundation published a book entitled *Earthrise: The Dawning of a New Civilization in the 21st Century*, highlighting pioneer organizations in diverse fields that are paving the path for the emerging new civilization.

To further the initiative, we present our latest publications under the following titles:

– *EARTH CAPITALISM:*

*Creating a New Civilization through a Responsible Market Economy*

– *THE PEOPLE’S NEW DEAL:*

*Creating a New Civilization through Social Entrepreneurship*

These volumes offer some concrete strategies and practices for creating a new civilization. They come out at a particularly appropriate time, when the current global financial and economic crises are causing widespread anxiety, and at the same time affirming our conviction that this is the unprecedented opportunity for change.

*EARTH CAPITALISM* compiles articles by forward-thinking scientists, economists, business leaders and social activists with strategic visions for a more just and sustainable world. It introduces concepts for a new economic paradigm supported by concrete ideas for alternative models of economy and innovative ways in which future business may be conducted.

*THE PEOPLE'S NEW DEAL* highlights the global movement of social entrepreneurship and some of the leading organizations that are advancing this citizen sector movement. While looking at this social trend in the context of a larger global transition we are currently going through, the volume also presents examples of innovative individuals that are tackling major social problems and triggering systemic change.

The core message repeated throughout both books is that in order to solve the complex global problems of today, it is not enough to simply patch up the existing civilization founded on an old paradigm. If we are to construct a better and promising future for all, we need to change our thinking and acting, adopting new values, priorities and deep wisdom.

Throughout the past century, we human beings mostly valued material things, and strove to create materially affluent lives for ourselves. We focused our efforts and energy into development and production, promoting lifestyles governed by speed, greed, and consumerism. While this materially oriented preoccupation fostered a great expansion of material civilization, we now know we can no longer continue on this way. We must shift our focus on the outer and material world to the development of our inner spiritual world. It is time we stop and rethink what is truly valuable and what real happiness is for humanity.

The articles you will read in these two volumes tell us that there are a growing number of people around the world who have awakened to altruistic values and planetary consciousness and are actively carrying out their mission as a responsible member of the global community. As social entrepreneurs and business leaders, they are optimizing their innovative minds and creative power to serve society, giving new meaning to capitalism and democracy.

We hope that the reading will ignite the love, courage and compassion and the entrepreneurial spirit in you, so that you may play your unique role in creating a new civilization. Now more than ever, each one of us is called upon to become an agent for positive change.

Tokyo, Summer 2009