

Moving from the casino culture to an equitable society

Can businesses accomplish what governments have failed to achieve?

*Dr Madhav Mehra

Ever heard of a 10 day old prime minister charging the country with 23 bills? In a break with tradition, Gordon Brown, UK's newly appointed prime minister, has announced 23 bills on diverse areas such as climate change, constitutional reform, energy security, counter terrorism and pensions without waiting till November when a joint session of Parliament is addressed by the Queen. The legislation aims to empower people and enhance the role of local authorities. The announcement is intended to allow public debate on vital issues before they become law, a departure from the style of his predecessor, Tony Blair. By seeking the involvement of people in his many faceted reform agenda, immediately after taking over, prime minister Gordon Brown has taken a high ground that his peers will find difficult to match.

A significant change is the move away from the casino culture where prosperity was supposed to be gained by the spin of roulette. The super casino that was announced by his predecessor with so much fanfare to give 3,000 jobs to the poor of Manchester is now supposed to be 'dead in the water'. This has killed the spread of Las Vegas type style casino culture in Britain. The initial decision to set up super casinos was an attack on family values, morality and equity. This must be bad news for commercial organisations taken in by Tony Blair's flamboyant projection of these casinos as wealth creators. This was no sustainable way to regenerate poor areas and therefore should serve a lesson to those who use such quick rich tactics.

Mr Brown has adopted open government, power to people and affordable housing as the key planks of his reform agenda. The prime minister plans to increase the number of housing starts and build 3 million homes for first time buyers. Two consultation papers have already been launched 'delivering housing and regeneration' and 'tenant empowerment'. Legislative proposals are being published to create a new regime for covered bonds to help mortgage lenders finance more affordable 20-25 years fixed rate mortgages.

Under the climate change bill statutory targets will be imposed to reduce UK CO2 emission by at least 60% by 2050 and 26% to 32% by 2020. It will also introduce 5 year carbon budgets requiring the government to set through secondary legislation binding limits on CO2 emissions with effect from 2008. A new statutory advisory body, the Committee on Climate Change will be set up to advise how to achieve targets. The bill would establish regular reporting mechanism to Parliament to enable Parliament to monitor the effectiveness of the policies under the constitutional reform bill. Parliament would have a statutory role in the process of ratifying international Treaties.

Another innovative bill is unclaimed assets bill which aims to tap money lying in dormant bank and building society accounts for the public benefit. The bill provides for assets to be distributed to the community particularly for purposes related to youth services, financial capability and inclusion.

Britain has become a country of two worlds. Mr Brown's steering of the treasury during the ten years of his Chancellorship has made the economy one of the strongest ever backed equally by consumer spending triggered by booming house prices. Rich have never had it so good. But it is the poor who are facing the brunt with prices for homes to food, transport and higher education shooting up phenomenally. 1.6 million families are on the social housing waiting list. Half the people in social housing have no jobs to go to. Child poverty has been on the increase despite tax credits. Loan sharks are exploiting the poor and pushing them into debt trap by baiting them with loans at usurious interest rates of 177% knowing fully well they will never be able to repay the principal.

Law enforcement and justice system is the key to any just society. Britain still has an archaic system where justice is administered by your ability to pay. With its two tier legal system you not only pay to solicitors but also counsels who represent you in the court. With legal aid disappearing, an unrepresented, under resourced litigant has little chance of getting justice. The Constitution Reform Bill is facing opposition from judges themselves. Inequalities can be insidious. People can live in poverty but cannot stand injustice. Inequalities breed discontent and result in crime-ridden societies where better off languish in walls of security.

Mr Brown has to be commended for his vigorous pursuit of an equitable society and social inclusion. In his Oxfam's Gilbert Murray Memorial lecture as the Chancellor of the Exchequer, Mr Brown said: "Prosperity to be sustained has to be shared. Prosperity and morality go hand in hand. And as we embark on a technological revolution, we must resolve to include in the new opportunities the people and places that the world has too long forgotten. We must strive for a more global social inclusion."

Charity must begin at home. Proof of the pudding lies in eating. Politicians are to be judged not by what they say but what they do. Strategy to pull out from Iraq will be the key to finding money for reforms and establish Brown's credibility. One cannot forget the telling remark made by the longest surviving combatant of the second world war on the British TV recently: "all wars are calculated condoning of slaughter". Foreign policy is the key to the vision of shared prosperity because wars guzzle funds that can be used for development. The nasty diplomatic spat with Russia over the grisly killing of one man is an overreaction. Proactive cooperation with Russia can save millions of lives by preventing unjust wars in Africa, alleviating poverty, anti AIDS and HIV measures, expediting middle east peace process, exit strategy in Iraq and counter terrorism efforts.

This year's corporate governance conference being held in London on 20-21 September focuses on the theme of "creating a better world through corporate governance". Last year has shown that while governments are rolling back regulation, businesses are exceeding government expectations in engaging with social, environmental, ethical and climate change issues. Transparency is increasingly becoming a competitive advantage. Recent pall of gloom over the markets is nothing but market adjustment triggered by the excessive opacity of hedge funds and LBOs. Participants at the Palampur conference on climate change, last June, felt that climate change is the business of all businesses. With green stocks occupying the hottest spots, combating climate change has become both a value enhancer and an equaliser. Renewable technologies would not only reduce the dependency of the world on fossil fuel but will also transfer power to the poorer regions thus reducing the urban rural and north south divide.

The conference will debate whether pursuit of best practices in corporate governance can create a more equitable, transparent, inclusive, ethical, socially and environmentally responsible low-carbon world and whether businesses can accomplish what the successive governments have failed to achieve.

***Dr Madhav Mehra is President of World Council for Corporate Governance and of World Environment Foundation in UK.**