

# Highly Leveraged Social Change

By Josh Mailman

## Introduction

Archimedes is popularly reputed to have said that if he had a lever long enough and a place to stand, he could move the world. The idea of finding the right lever and a place to stand so that we, as activists for positive social change, can have the maximum impact is the central theme of this essay. I will examine three trends that social activists can exploit, if we are prepared to cross some of the boundaries that we ourselves have created— out of fear or anger— that may prevent us from being as effective as we could be. I strongly believe that we can exploit some of the concentrations of wealth and power in our current economic system to leverage positive social change.

My first theme is the potential role of business in creating a more ethical form of globalization. Business is such a driving force in our global system that if one wants to think creatively about the future of social change from a macro-perspective, it is necessary to consider how business itself could become a vehicle for social change, rather than viewing it as the primary offender. Indeed, given the power of business today, and the scale of resources that it can generate and to which it has access, business can play a unique and powerful role as a catalyst for positive social change. I believe that business can be a lever that moves the world in a positive direction.

My second theme is “asynchronous philanthropy,” the use of limited philanthropic funds to leverage the tremendous resources of commercial organizations, governments and international bodies. Finally, I will briefly look at the role of the “wild card,” the single person of tremendous influence who can act on his or her own to be a catalyst for great social change.

My own activities in this area have been quite varied. I was involved in the creation of the Social Venture Network and Business for Social Responsibility, two organizations that convene business people and others to think about how business can support efforts to build a more just and sustainable world.

I have also been quite active as a philanthropist since inheriting money in my 20's from my late father, Joseph Mailman, who tried early on to teach me humility through his example of simplicity and generosity and through his level of commitment to giving in the Jewish community and beyond. In my late 20's, I was instrumental in starting the Threshold Foundation and helped inspire the Network for Social Change in the U.K. These foundations have together given away perhaps \$40 million to grassroots groups internationally. Moreover, they

have served as a catalyst for a generation of individuals who came from wealthy backgrounds and shared an interest in social change.

### **Globalization of Corporate Accountability**

The growth of the American consumer movement in the last 40 years is a justified source of pride to the people who created it. But this sense of pride has to be tempered by the realization that the worst excesses of multinational actors, American or otherwise, have far from disappeared. Many of them have simply gone underground, into countries that have no functioning legal systems with the ability to regularly and severely punish corporate behavior that brings about the loss of life or health. One example is the theft by private interests of public assets, as documented by the former chief economist of the world bank Joseph Stiglitz, now a Nobel Prize winner. Other examples might include the global toxics trade, as documented in this country by Bill Moyers in *Toxic Deception*, in February 2002. This documentary showed that a whole industry was found to be lying and concealing information for 30 years that was directly affecting the lives of hundreds of thousands, if not millions of people. It is shocking to me that we as a society have accepted standards of business and corporate behavior that reflect an appalling level of ethical conduct.

Yet, globalization has tremendous potential to move business to become a force for positive social change. Today we are seeing the globalization of corporate accountability along with the spread of international social change movements which involve local groups organizing against the dumping of toxic materials, dams, the destruction of forests for commercial purposes, and for human rights and worker rights, among others.

Two of the most positive developments are: the increased use of US courts to hear cases involving the actions of multinational corporations in developing countries; and, the growth of worldwide monitoring of corporate actions by Western NGOs. There are currently at least three Alien Tort Claim Act lawsuits involving multinationals which were brought by activist legal players like EarthJustice, Earthrights and the International Center for Constitutional Rights. These suits raise the possibility that a non U.S. based multinational can be held liable for major damages in U.S. courts under a law that is about 200 years old. The claims— which range from slave labor in Myanmar, to massive oil spills and public health devastation in the Amazon, to the complicity of Shell in the murder of Ogoni activists in Nigeria— if successful, will begin to create the possibility of a new global standard. This would suggest that it is becoming less possible to get away with murder, wherever it is committed.

This aspect of corporate accountability work is critical. It will create deterrents on the international front similar to those that have been created within the United

States by the damages that companies like Shoney's, I.H.O.P., Texaco and the cigarette companies have been forced to pay for their racism, sexism and deceptive marketing and cover-ups. Without the ability to inflict real monetary pain, it will be much more difficult to change things.

Another aspect that is beginning to be addressed is the independent monitoring of working conditions in factories in the developing world. This work is currently being done by a relatively small group, albeit one with a multi-million dollar budget, called Verité. Many companies who hire them do so because they have become sensitive to their responsibility to have ethical suppliers and to avoid slave labor conditions in their factories. Verité is also being supported by the largest pension fund in America. The fund's members are interested not only in their own welfare, but also in that of the working people who are making the products overseas that are being purchased by the companies in which their pension fund is investing.

A more pro-active response to the globalization of corporate accountability and social change movements is the growing group of public-private partnerships that address social and environmental issues in a cooperative fashion. These were begun by the Rainforest Alliance in their Smartwood program, which became a model for what has become a major global initiative called the Forest Stewardship Council. This has global industry involvement in sustainable forestry, which is a holistic concept that refers not only to trees, but to the people and communities that depend on the forests as well. Public-private partnerships have played a critical role in advancing similar standards for *Eco-O.K.* coffee and bananas. We can also now see the emergence of a Marine Stewardship Council, that will perhaps begin to have a similar impact on the global seafood market by getting major chains like Wholefoods to agree to sell only ecologically farmed salmon.

Beyond these partnerships, we are also starting to see a conversation about the idea of "Fair Trade." This idea emerged in Europe and has come to America through Transfair, a coffee and tea labeling organization. It is now moving to increase the number of major retailers who are willing and interested in having a label and paying ten cents a pound, to make "just a cup" into "a just cup." They are willing to do so perhaps because they want to demonstrate to their present and future customers that understand that consumers are becoming more concerned with ethical issues. So now we have programs organized by non-profit intermediaries to create ethical standards for coffee, wood, seafood, factory farming and sweatshops at home and abroad, among others.

Along with the emerging shareholder activism movement which seeks to change corporate policies by mobilizing shareholders, these developments indicate the beginning, perhaps inchoate, of a concerted interest in "ethical globalization." This term was introduced to me by David Green, the executive director of *Project Impact* which aims to bring low-cost health products to people in the developing

world (see below). And we have a few companies that will serve as the vanguard and who may give us some idea of what it will look like.

Danone, the French multinational food company, recently purchased Stonyfield Farms, a dairy products company which is “the fastest growing company with culture in America.” I was a founding grantor to Stonyfield before there was a company, and then became a shareholder when there was something to be a shareholder in. Gary Hirshberg grew the company to \$80 million in annual sales, while establishing a superb record of community involvement and an ongoing commitment to give away 10% of the profits “to the planet” by supporting environmental projects. This will continue under the new owners, who now control 40% of the company. They have also become committed to the organic market. Organic food, which is environmentally beneficial but often more expensive than conventionally grown food, is of such interest to Danone that they now break out in their annual report the percentage of their production that is organic. So, here we have a major multinational that is saying that organic is not an incidental fad or a market segment to be overlooked.

Ben and Jerry’s is also a model for the ethical corporations of the future. About three years ago, before Ben and Jerry’s was sold to Unilever, there was an article in the *Wall Street Journal* about the most respected companies in America. The article listed giants like Walmart (clearly their global sweatshop and part time worker policies are not widely known) I.B.M., G.E., Johnson & Johnson, and Ben and Jerry’s. Reading this, I was struck by the fact that Ben and Jerry’s was an ice cream company whose sales were about 1% or less of those of virtually all other contenders. What is the value of a good reputation and how will that be quantified in the future? Is this perhaps the beginning of a reassessment of the limits of a free market system that does not allow social and environmental costs to show when drawing up the bottom line. Might we see in 15 years a whole range of multinationals that have added the concept of a triple bottom line, which includes social and environmental costs as well as earnings, into their idea of what a great company is all about? I think so.

I believe that in the future we will see visionary companies create visionary alliances, most likely with nonprofits that one might never imagine. Maybe we will see a global luxury goods company decide to create a global alliance with a human rights organization that allows them to say – “We, as a global company, share global values” – and at the same time they can remind their high end customers of the fact that they have no sweat shops. We might also see a transformation in the idea of branding wherein the concept of quality includes sustainability, and the conditions under which things are produced.

## **Asynchronous Philanthropy**

So what are the obstacles to the emergence of an ethical globalization in which corporations play a leadership role? I believe that the basic component ideas are well established. There is also a growing movement of global activism for corporate accountability. But, in order to succeed, I think serious and ongoing financial support will be needed to sustain a serious dialogue to organize and influence the global commons. The Commons, or the public good or however we describe it, is being championed by thousands of actors, in so many ways. How can we strengthen their hand vis à vis private interests that are motivated only by profit? How can private interests be inspired to champion the public good as a key strategy in their global agenda?

I do not believe that powerful support for the agenda of ethical globalization will emerge from many of the most prominent foundations. Their boards often include members of the corporate community. Might other players emerge on the scene, with fewer constraints and major resources ready to commit to the cause?

This brings me to the next piece of this musing. We should remember that, as social activists interested in the future of social change, it is often necessary to seek the straw that breaks the camel's back, the most effective way to leverage our small resources to make major change. This is what I call asynchronous philanthropy. The term echoes the description of the September 11 attacks as an example of asynchronous warfare. Asynchronous philanthropy means coming up with ideas that allow relatively small amounts of money to help bring about significant positive change.

For example, about 8 years ago, I met with the brother of a younger friend of mine, who like myself, had attended Middlebury College. His brother, Iqbal Quadir, was from Bangladesh and, after working as a venture capitalist here and making a little money, had decided to go back and do something good for his country. I was already involved in a Russian telecommunications company and suggested that we look into the possibility of getting a cellular license in Bangladesh. I also knew a bit about the Grameen Bank, which is celebrated for its micro-credit programs that enable poor women to become economically self-sufficient, and thought they would be a great partner. So, we started a company and approached the founder of the bank, Mohammed Yunus. At first, he was not that interested in participating, but Iqbal convinced them that in a country of 130 million people where there were only 400,000 phones that often did not work, a phone could provide income for a village woman just as a cow might.

Around the same time, we were able to bring in the national Norwegian company, Telenor, as our partner along with Grameen. We bid successfully for one of three licenses being awarded in Bangladesh. As the network was built and grew, it became obvious that telephones that worked were needed everywhere, not only in villages.

Now, 5 years after the official launch of Grameen Telecom, there is nation-wide coverage. The system is the largest in south Asia, with more than 700,000 subscribers. To my knowledge, this is the first telecommunication venture of its kind. A bank for the poor owns 35% of a company that will generate \$80 million of pre-tax cash flow tax this year, with \$40 million in after-tax profits. I believe that if one applies international standards of valuation to Grameen Telecom, it is close to being a billion dollar company. It will probably hit that point within 2 years. By that time, there should be at least one million subscribers on the system, with very significant possibilities for growth to perhaps two or three million customers. The value of what will ultimately be public equity interest in Grameen Bank is currently at least \$200 million dollars. Through a miracle of luck, timing and some visionary thinking, an asset was created that equals all the grants that Grameen Bank received for 30 years. And it's still growing 40% a year. The biggest question I have is: How can we replicate this?

Another project which aims to practice asynchronous philanthropy involves compiling a list of the 100 industrial sites that most threaten public health in the developing world. I am involved, both through a U.K. trust which I am co-managing, and through convening various possible participants to debate and plan. We are not doing this simply in order to point a finger at the perpetrators, especially since it will be nearly impossible to get compensation. The real aim is to make a serious piece of substantive information available to the World Bank, so that – as they have done in other situations on an individual basis – they might allocate \$200 million or \$500 million for a major global superfund clean-up. It might not work. But, if it does, we will probably get at least a 25 to one and maybe a 100 to one leverage on our philanthropic expenditure.

A third example I would like to cite is called *Project Impact*. The founder is Dr. David Green, who created a non-profit in India that became the biggest manufacturer of intra-ocular lenses in the country, with the profits going to provide cataract surgery for those who could not afford it. When we first met, he talked to me about his newest initiative, which involves the creation, sourcing and global marketing through non-profits of a \$50 digital hearing aid. The problem is that there are perhaps 100 million people in the southern hemisphere who could be helped by a state of the art hearing aid but they can't pay \$1,500 or \$500 to get one. So, David, whose passion is affordable technologies, decided to take this on. Beyond this, he is also starting to investigate the possibility of producing an AIDS cocktail off-patent, through a non-profit, which, according to some costing that has already been done, would reduce the price from the current \$300 a year (from the Indian pharmaceutical company Cipro) to perhaps \$30. Now, if such a drug were produced and were to be distributed by Oxfam or Doctors Without Borders, what could the multinational companies do? Could they really sue Oxfam for lost profits? Where else might this kind of thinking be applied?

I think our level of creativity and *chutzpah* has to be out of the box because there is not currently a level playing field for those people and groups trying working toward “ethical globalization.” For example, smart lawyers representing their corporate clients have already subverted the global public interest. They have, for example, used the terms of free trade agreements such as NAFTA either to challenge environmental and social regulations that they claim are impediments to free trade or to sue for damages resulting from the enforcement of such regulations.

## **The Wild Card**

Finally, I’d like to touch on what I’ll call the role of the wild card. George Soros is perhaps the best and most familiar example. A man who began as a Hungarian refugee went on to become perhaps the most important global philanthropist in at least a generation, if not ever. Nobody predicted or can measure the effect of his generosity. I think that there are other “wild cards” out there. We as activists, will have a chance to help create and nurture them. It may be someone who was your best friend in kindergarten, who turns out to be the founder of a major corporation.

We, as proponents of positive social change, are incredibly committed to our work. But we are often scared to take the steps or risk the conversation that might have the biggest impact on this work. In two different situations over the last five years, I decided to risk the possibility of crossing the sensitive boundaries between personal and financial matters with friends of mine from wealthy families. I was successful in communicating to them that they had a chance to use their wealth to have a historic impact in the world. I had to learn, over many years, not to objectify these people because they had great wealth. Social change is not about isolating ourselves from people who have power. It’s about being in solidarity with them as fellow human beings, most of whom share a commitment to building a more just and sustainable society. And so, ultimately, I just spoke to my friends from the heart.

Perhaps being able to cross boundaries like this will be the most important factor as we try to advance social change. We need to ask ourselves who can we reach and we need to assess who will join us in our efforts if only we present our case whole-heartedly to them? The most positive results, I am sure, will come when we speak from our passion and our love without being intimidated by the wealth and power that may be the key to our success.