

Media Release

World Future Council: Parliamentary hearings for new corporate charter legislation

Hamburg, 31.03.09. The World Future Council promotes a radical shift in national and international economics far beyond the proposals to be expected from the G20 meetings currently being held in London. As part of this effort, the WFC will prepare parliamentary hearings for new corporate charter legislation in co-operation with key business, labour and civil society organisations. The new legislation would force corporations to take responsibility for the environmental and social damage they cause. In addition, it will increase accountability of the board and limit the compensation range between the highest and lowest paid employees to a ratio of 25:1. “No company’s success depends on the CEO alone”, said WFC founder Jakob von Uexküll at the close of a meeting of the organisation’s Councillors and high level international economics experts on March 27th – 31st in Egypt.

“Even though major agreements do exist in the protection of labels and patents, in the WTO and the International Labor Organization, there is no such thing as a business right globally known and acknowledged”, says Olivier Giscard d’Estaing, WFC Councillor and Chairman of Insead. “We need a new living economy serving people and planet”, says Ibrahim Abouleish, WFC Councillor and founder of the sustainable Egyptian company SEKEM. He hosted the meeting “Saving People and Planet: Developing Policies for Future Finance and Economics” with attendees including WFC Councillor Frances More-Lappé, author and founder of the Small Planet Institute and the German monetary architect Professor Margrit Kennedy, member of the WFC’s Board of Advisors.

The current financial crisis is, according to the WFC, also a unique opportunity for an ambitious green shift towards a world economy that combats poverty and climate change, and creates millions of new jobs. Money created by central banks should be used to foster this change rather than being pumped into troubled banks. Instead of taxing labour the focus should shift to taxing the depletion of natural resources. This would create new jobs and mitigate climate change at the same time.

To transform our economies, the WFC proposes that governments must introduce at least one non-GDP indicator of human well-being and progress, and give it at least equal weight in determining policy priorities.

State guarantees for companies, especially in the automotive industry, should be conditional on these firms developing sustainable technologies. Bailed out banks should be mandated to finance viable green projects, says von Uexküll. “New organizations set up to supervise the financial sector and manage assets taken over by taxpayers must have a majority representation from civil society, business and parliaments.” To revive economies from the bottom up, the use of local and regional currencies should be encouraged and the operations of co-operative and employee-owned enterprises should be facilitated.

To curb excessive financial speculation, contractual obligations based on speculative financial products not approved by the regulatory authorities should no longer be legally enforceable. This principle of negative legal enforcement tends to be more effective than regulation and shifts the burden of proof, says von Uexküll. “In addition, smaller, less profit-oriented banks should be freed from regulatory overload”, says Stefan Biskamp, WFC financial expert. “In turn these banks should be mandated towards complete transparency of their lending business and refinancing.”

Councillors, members of the Board of Advisors and experts from the WFC will contribute these proposals to the G20 process in the following weeks.

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