

CAPITALISM AND THE SOCIAL RELATIONSHIP

An Organizational Perspective



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Sustainable Development Capitalism

Changing Paradigms and Practices for a More Viable, Equitable, Bearable and Just Economic Future for All¹

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Abstract

This study critically reviews four paradigms associated with capitalism related to the value of freedom, development, inclusiveness and sustainability. It argues that there is a critical need to integrate access to capital with sustainable development through legal-institutional and entrepreneurship-organizational capacity. An integrated model called ‘sustainable development capitalism’ is introduced and critically analyzed through social, environmental, economic and systemic lenses.

Introduction

Albert Arnold "Al" Gore, Jr, recently introduced the notion of “sustainable capitalism” (Gore & Blood, 2011). In response to the latest economic crisis, persisting inequalities and growing climate threats, Al Gore has been arguing about the need for a sustainable paradigm in a global capital economy. Beyond ethical normatives and responsible green management, the sustainable

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capitalism paradigm is presented as a new and necessary solution to maximize long-term economic value creation (Gore & Blood, 2011). Although associated with a plan for market reforms to address real needs while considering all costs and stakeholders, the ‘sustainable capitalism’ paradigm alone does not sufficiently address legal and institutional hindrances in developing countries. Peruvian economist Hernando de Soto has been arguing for over a decade about the inadequate legal systems impeding poor people in developing countries to enter into the formal economy. He asserts that Western capitalism is explained by the conversion of ‘dead capitals’ into ‘live capitals’ but poor people in developing countries cannot ‘capitalize’ on their assets and resources due to a ‘legal apartheid’ system created by their governments. Although other economists have criticized his inclusive concepts of ‘capitals’, his economic message has relevance in sustainable development, particularly in the current carbon trade and carbon rights mechanisms. This study demonstrates the importance of integrating these ‘development’ and ‘legal’ notions into the sustainable capitalism paradigm. By integrating socio-economic with environmental-institutional values, we offer a theoretically based and practically relevant integrated model for a viable, equitable, bearable and just economic future for all. In the first part we explain the need for integrating the values added by the notion of capitalism, with those of development and sustainability. In the second part we explore how the combined paradigms of freedom, development, inclusiveness and sustainability form an integrated model, necessary to move forward for an economically attractive and inclusive sustainable development common future.

The model emerges from one of the fundamental questions of our global economic systems: How can we reconcile economically viable solutions with socially inclusive and environmentally friendly solutions? More specifically, how can we provide an integrated model that could be utilized in policy design, program evaluation and global reporting? The provision of an integrated model is necessary to address the often-disconnected priorities between public service and private interests, and between poverty urgencies and environmental limits. Obviously the call for sustainable and inclusive economic solution cannot stand simply as a moral imperative. It would need to be both multidisciplinary and practically relevant. Hence, the formulation of socially inclusive policies and sustainable development programs would need to be economically feasible and attractive solutions. The need to create a better-integrated model emerges from the observation of inadequate market-based and business solutions to global poverty that often overlook human capacity development.

So we are asking a fundamental question in development studies: How can we address poverty without resolving into solutions often associated with dysfunctions like dependency and corruption? How can we provide an integrated value based model beyond fragmented and divisive debates between economic, social or environmental solutions? Beyond ideological positions on various economic systems, how can we make the current model better working for everyone? The institutionally integrated model we present suggests the importance of reconciling the values of capitalism with the concerns for development and the necessary path of sustainable solutions. Responding to the urgency of providing economic, social, environmental and institutional sustainable development solutions, we recommend an integrated system-thinking framework to better understand ‘in theory’ what the United Nations and other international development organizations are already doing and suggesting ‘in practice.’

The Need For Integrated Systems Thinking

Socio-economic development in our current global systems is more complex than complicated. Peter Senge has extensively explained how the systems thinking approach is needed to enable corporations to manage “the interrelationships rather than linear cause-effect chains and seeing processes of change rather than snapshots” (Senge, 1990, p. 73). The proposed integrated system thinking creates a visual map for a multiple value model relevant to multiple stakeholders and sectors. In spite of the advancements of systems thinking, few leaders and companies actually practice it. This is due, in part, to the lack of a simple mapping and frameworks to guide the implementation of systems perspectives. The adoption of a system mapping approach would also require moving away from a linear-thinking (finding quick fixes to problems) to a systems-thinking in line with the integrated approach of sustainable-thinking (Meadows & Wright, 2008; Doppelt, 2008).

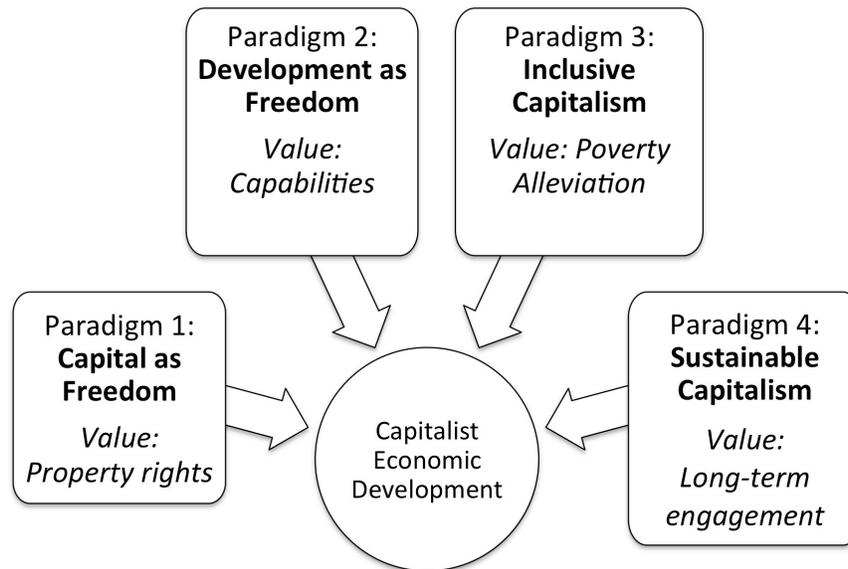
After the influential works *Capitalism and Freedom* by Milton Freedman (1962) and *Development as Freedom* by Amartya Sen (1999), we need to revisit and merge our notions of capitalism and development into an integrated paradigm called ‘sustainable development capitalism’. Beyond the environmental, social and governance (ESG) factors for the measurement of outputs and the assessment of both risks and opportunities, the ‘development’ paradigm reminds us of the systemic and legal hindrances for achieving a more inclusive and human capitalism (Hart, 2010). Indeed capitalism, in the way we know it, is at a crossroads. However, explorations on economic philosophy alone, even when accompanied by true systemic revolutions, will not do much good to poor people unless political regulations, institutional capacity and the legal environmental systems are developed to deliver more democratic and inclusive economies (Stiglitz, 2006). This study considers the international and institutional regulatory systems for the promotion of sustainable development and eco-capitalism.

Based on the institutional trends and challenges linked to carbon trade, the study shows how a ‘capital’ approach to sustainable development will determine changes in organizational management and leadership. Specifically, the consideration of inclusive notion of ‘capitals’ adapted to ESG framework will determine necessary adaptations in social business and base of the pyramid (BOP) approaches to international sustainable development. Indeed, the reforms in the regulatory and legal environment in developing and developed countries should strive to promote more capitalism for the poor (access to assets) and more socialism for the rich (access to benefits) (Reich, 2007). The sustainable development capitalism, in its economic, social, environmental and governance-integrated features, constitutes an alternative to the crony capitalism agenda of ‘privatizing profits’ while ‘socializing debts.’ Today’s economic crisis should not only bring more ‘responsibilities’ and ‘integrity’ upon individuals and organizations but also put an end to ‘crony’ and ‘mercenary’ capitalism which brought us into this economic crisis. The time has come to institutionally and organizationally embark on a new age of stakeholder-based, sustainable development capitalism.

Capitalist economic systems are diverse and in evolution. The awareness of the values added by diverse capitalist paradigms is also evolving. The way countries, companies and individuals perceive and protect property rights define not only the predominant economic systems in a specific context, but also the way we value people, profit, products, means of

production and financial capitals. In development terms, those value assumptions are important to determine economic development policies that are more or less linked to human, organizational and systemic capacity. For other more contemporary paradigms we are challenged to seek economic solutions that are socially inclusive and relevant to poverty alleviation. A long-term business model based on engagement, responsibility and sustainable management also drives the recent evolution of capitalist economic development.

The Spectrum of Paradigms and Value-added in Capitalist Economic Development



First Paradigm: Capitalism as Freedom

In 1962 Milton Friedman published *Capitalism and Freedom* arguing for the groundbreaking (and later controversial) thesis associated with the neoliberal agenda (Harvey, 2005). Besides the economic policies that emerged from this doctrine (i.e. Reaganomics), Friedman essentially argued that economic freedom is a precondition for political freedom (Friedman, 1962). The radical interpretations and applications of these notions of economic freedom generated an agenda for a deregulated political economy but also vulnerability and risks for economic crises (Arestis, Sobreira, & Oreiro, 2011). The wave of liberalization that characterized much of the political economies imposed to developing countries by the IMF and other international financial institutions (IFIs) during much of the 1980s and 1990s increased risks and volatility in those already fragile economies (Stiglitz & Ocampo, 2008).

Acknowledging the many negative effects of structural adjustments programs (SAPs), these policies promoting capital market liberalization have for the most part ended. However, the notion of linking capital with freedom remains a fundamental human value and essential for promoting business entrepreneurship. Individuals and small enterprises seeking better socio-economic conditions through the fruit of their labors is a good thing, but to succeed they require compatible socio-economic and legal institutions. Friedman's thesis that a more free market economy would induce more democracy and freedom has been challenged by numerous historical cases. Argentina under Augusto Pinochet is one of those authoritarian regimes that have been able to manage economic growth without making concessions to greater political freedom (Rueschemeyer, Huber, & Stephens, 1992). In spite of these contradictions, access to capital and trade remain essential elements for human development and freedom.

Adam Smith, who never argued for 'capitalism' or 'economics' per se, described his own preferred economic system as a system of natural liberty. Prior to his most famous (and often misquoted) "Wealth of Nations," published in 1776, Adam Smith published his treatise on ethics called the "Theory of Moral Sentiments," in 1759. In this work Adam Smith expresses his doctrine of a natural harmony of interests and the subsequent theory of natural liberty, according to which every man (as long as he does not violate the laws of justice) is naturally free to pursue his own welfare in his own way. Smith's invisible hand was driven by a moral version of liberalism emerging from a new moral system (beyond medieval Christianity) based on a system of justice and the ethic of virtue in this world. Symbolically, Adam Smith's *The Wealth of Nations* was published in the same year as the United States Declaration of Independence.

Freedom is the ultimate treasure, gift, and right for all humanity. But this does not necessarily indicate an anarchical view of freedom. The rules of the game need to be consensually established, transparently known and forcefully respected. For example, it is only when a basic system of property rights is established that freedom can stream through a capitalist market (Machan, 1993). Absolute freedom has its guidelines as well. For a capitalist society to be truly free the reigning principle must be the consent of the governed, without consent freedom is compromised in all aspects. Capitalism as freedom offers society dignity and the opportunity to aspire to moral excellence, through the access and ownership to private property, access to credits, bank loans, political influence, and economic security. One's access to capital allows self-determination, self-sufficiency, and self-respect to develop. Economic freedom is considered a pre-cursor to human dignity (Machan, 1993).

Although important for the encouragement and reward of human entrepreneurship, freedom cannot benefit only those privileged sectors of society. Freedom cannot be only about capitalism if it is not linked also to human development and the creation of socio-economic opportunities for all.

Second Paradigm: Development as Freedom

Many scholars believe that economic freedom allows for those on the bottom to rise and pull themselves out of their current situation; however this is untrue in many under-industrialized nations. Collectively, it is important to identify and remove the "unfreedoms," (a term coined by Amartya Sen), that hinder the world's most poor from realizing their full potential (Hart, 2005).

The poor in under-industrialized countries are unable to remove the chains of poverty alone. It is only by the alterations in the legal, political, and institutional realms that change toward a more equitable society can occur.

Development does not come from only altering one aspect of society. Development, as well as freedom, comes from involving the poor, markets, government, and non-governmental organizations (Stiglitz, 2006). A successful vision of development means sustainable, equitable, and democratic development that focuses on increasing living standards, not just on measured GDP (Stiglitz, 2006). Development as freedom focuses on more than the economic aspect of growth. There is importance in developing education for and knowledge through the millions that are overlooked (Stiglitz, 2006).

In his 1999 forward-looking book *Development as Freedom*, Nobel Prize in Economics Amartya Sen analyzed the nature of socio-economic development in relation to poverty considered as ‘capability deprivation’ and inability to achieve fundamental freedoms. In the attempt to expand the basic interpretation of freedom, Sen examined five elemental forms of instrumental freedoms encompassing political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security. For Sen these forms of freedom are complementary, interrelated and inextricable to the achievement of development. They constitute not only the means to development, but also the ends of the development process itself. Challenging the general belief amongst economists who view income as the “be all and end all”, Sen redefines poverty as “a deprivation of basic capabilities, rather than merely as low income” (Sen, 1999: 20). For the past 25 years, Dr. Sen has substantially influenced the field of development providing the underlying conceptual frameworks for development economics shifting the focus from national income accounting to people-centered policies.

Development as freedom is therefore a paradigm shift for re-centering capitalism into a peace-centered approach and development into an integrated framework considering economic (income) factors with health (life expectancy) and education (literacy and enrollment). These were the three dimensions included in the Human Development Index (HDI), elaborated with Pakistani economist Mahbub ul Haq in close collaboration with Amartya Sen and other influential economists. Such simple composite measures of human development has been instrumental in convincing the public, academics, and policy-makers that development should be evaluated not only by economic advances but also in the improvement of well-being. Although instrumental in these integrated measurements, Dr. Sen has recognized the complexity of human development and the limits of a measurement that although integrated, still simplifies the complexity of the phenomenon.

He also insisted on the simultaneous implementation of the freedoms connected to development as without them people cannot make the choices that allow them to help themselves and others. These freedoms are identified as 1) political freedom and civil rights, 2) economic freedom including opportunities to get credit, 3) social opportunities like health care, education, and other social services, 4) transparency guarantees mechanisms in dialogue with the government and 5) protective security, including unemployment benefits, famine and emergency relief, and general safety nets. These have been recognized as the essential ‘freedoms’ conducive to development.

But these freedoms and integrated measurements of development have insufficiently addressed the issues of inequality. Hence, the need for integrating an inclusive and less discriminating approach to development and capitalism.

Third Paradigm: Inclusive Capitalism

The growing inequalities in globalized and globalizing societies has raised the awareness for an urgent need of more inclusive forms of development. Too many people are still excluded from access to market and to a human socio-economic development because of their gender, ethnicity, age, sexual orientation, disability or poverty. This phenomenon of globalization with winners and losers has generated staggering situations of inequality across the globe with the richest ten percent of people owning 85 percent of all assets, while the poorest 50 percent own only one percent of the assets (Milanović, 2011; Held & Kaya, 2007; Collier, 2007). The growing inequality demanded even an adjustment in the measurement of human development. After 20 years from the originally published 1990 Human Development Report, the 2010 Report introduced the Inequality-adjusted HDI (IHDI), a measure of the level of human development of people at the economic, health and educational levels accounting for inequality (Rahi, 2011).

Bill Gates, one of the most influential capitalists, innovators and philanthropists, argued at the 2008 World Economic Forum that is time for an inclusive capitalism. This would go beyond traditional ‘aid’ approaches to development by building a twin mission of “making profits and also improving lives for those who don't fully benefit from market forces” (Gates, 2008). He said,

“The great advances in the world have often aggravated the inequities in the world. The least needy see the most improvement, and the most needy get the least -- in particular the billion people who live on less than a dollar a day. [...] Why do people benefit in inverse proportion to their need? Well, market incentives make that happen. In a system of capitalism, as people's wealth rises, the financial incentive to serve them rises. As their wealth falls, the financial incentive to serve them falls, until it becomes zero. We have to find a way to make the aspects of capitalism that serve wealthier people serve poorer people as well. The genius of capitalism lies in its ability to make self-interest serve the wider interest” (Gates, 2008).

Inclusive capitalism is a concept that has a two fold aspect: The first is linked to economic and marketing plans for the Base of the Pyramid (BOP) proposed by C. K. Prahalad while the second is tied to the legal systems that poor people and poor economies are often excluded from. This last approach is related to the analysis and solutions proposed by Peruvian economist Hernando de Soto.

C. K. Prahalad opens his 2005 book *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* suggesting the possibility (and necessity) to create an “inclusive capitalism” (Prahalad, 2005: xv). His notion of the “Bottom of the Pyramid” whereby the pyramid represents capitalism and those benefiting from it are the majority of people at the bottom who are all poor. The innovative approach to develop BOP-beneficial business opportunities is an attempt to bridge businesses and development through partnerships for poverty alleviation (Werhane, 2010). The overwhelming majority of poor individuals on the

BOP continue to be excluded from emerging markets. Some believe that the lack of cultural and ideal similarities is to blame; while others blame the lack of important institutions in the developing world, making operations extremely impossible (Hart, 2005). Some economists have argued that a way to promote more capitalism for the poor (access to assets) and more socialism for the rich (access to benefits) is to “connect the informal and formal economies in a productive and mutually beneficial partnership (Hart, 2005).”

The benefit of increased inclusive capitalism is that the access to assets discourages irrational behavior and encourages the opposite (Machan, 1993). Those who have access to these assets now equate the feeling of responsibility with moral behavior that will benefit them even further. The negative aspect of excluding nearly two-thirds of humanity is losing the intellectual capacity and potential market located at the bottom of the pyramid (Hart, 2005). But this systemic exclusion is not only driven by market factors. It is embedded into legal and economic systems that legitimize some while systematically excluding others forcing them to stay in the informal economy. The poverty and underdeveloped economies of countries at the BOP include legal and institutional laws that hinder access to the global market. An inclusive solution would need property rights and other forms of capital to be recognized and included in the market system. If millions of individuals lack this basic right to own property and possess the correct documentation for that property, inclusive capitalism will not exist.

Hernando de Soto wrote in his book *The Mystery of Capital*, that there are well over \$9 trillion unregistered assets in rural and urban slums around the world. That is a substantial amount of unaccounted capital that ought to be used in the emerging market (Soto, 2000). The poor in the world continue to be trapped by a lack of property and asset titles that should allow them to buy and trade in the market. Instead, the legal and political institutions that should be protecting them actually hinder them. In his analysis of why some countries succeed at capitalism while others fail, de Soto identifies the legal structure of property and property rights to be at the root of the problem. The ‘development’ process observed in Western developed nations went, as some point out, from a predominantly informal economy, to extralegal ownership and to a formal, unified legal property system. De Soto’s work has challenged our common understanding of development and capitalism by introducing the notion of legal capacity as the essential element for transforming systemic exclusion of the poor from legal economies.

The legal framework is linked not only to inclusive capitalism (and the development of less unequal societies) but also to the notion of sustainable development and sustainable capitalism.

Fourth Paradigm: Sustainable Capitalism

Generation Investment Management, a firm co-founded by Al Gore and David Blood, released a 2012 white paper arguing for the need of sustainable capitalism. In the aftermath of the 2008 economic crisis, the paper called for a more long-term and responsible form of capitalism – one that would maximize long-term economic value creation by integrating environmental, social, and governance (ESG) factors. Sustainable capitalism would therefore be

about maximizing long-term economic value creation and reforming markets to address the real needs of all stakeholders (Generation, 2012).

The current model of global capitalism centered on growth and profit maximization threatens the well being of society and the preservation or regeneration of available resources. A finite planet inhabited by fragile living beings cannot sustain infinite growth. We no longer have the luxury of only thinking about and preparing for the present, we are in a time where thinking about the future and future generations in terms of sustainable capitalism and development (Lambin, 2009).

Sustainable capitalism is a “framework that seeks to maximize long-term economic value by reforming markets to address real needs while integrating environmental, social, and governance (ESG) metrics through the decision-making process (Gore & Blood, 2011).” Sustainable development capitalism focuses on rewarding those for creating and remaining loyal to long-term goals and initiatives. Businesses should not be asked to do the jobs of governments in regards to mandated regulations and guidelines, but companies and investors have the capability to mobilize the capital needed to overcome the current challenges (Gore & Blood, 2011). Some of the benefits of sustainable development capitalism are increasing profits, enhancing companies’ brand, improving competitive positioning, helping save money, achieving higher standards and lowering costs of debt and capital restraints (Gore & Blood, 2011).

In order to move forward, Al Gore and David Blood suggest four alterations to the current state of capitalism. First, it is important to identify and incorporate risk from stranded assets (“those whose value would dramatically change when large externalities are taken into account – such as attributing a reasonable price to carbon or water”) (Gore & Blood, 2011). Second, both suggest mandating integrated reporting in corporations. Third, ending the default practice of issuing quarterly earnings guidance is highly important. Fourth, it is necessary to align compensation to structures with long-term sustainable performance (Gore & Blood, 2011).

If we reexamine the ethical and common good grounds foundation of capitalist economic theory (Tavanti, 2012), we may identify some compatible values with philosophical roots of sustainability (Ikerd, 2005). However, growth capitalism has deviated from its original social purpose into an amoral quest for economic growth at all costs, including depleting resources and creating new situations of inequality. Some scholars have been arguing about the need for alternative economic paradigms that would propose an integrated triple bottom line with economic, environmental and social benefits (Elkington, 1998; Savitz & Weber, 2006).

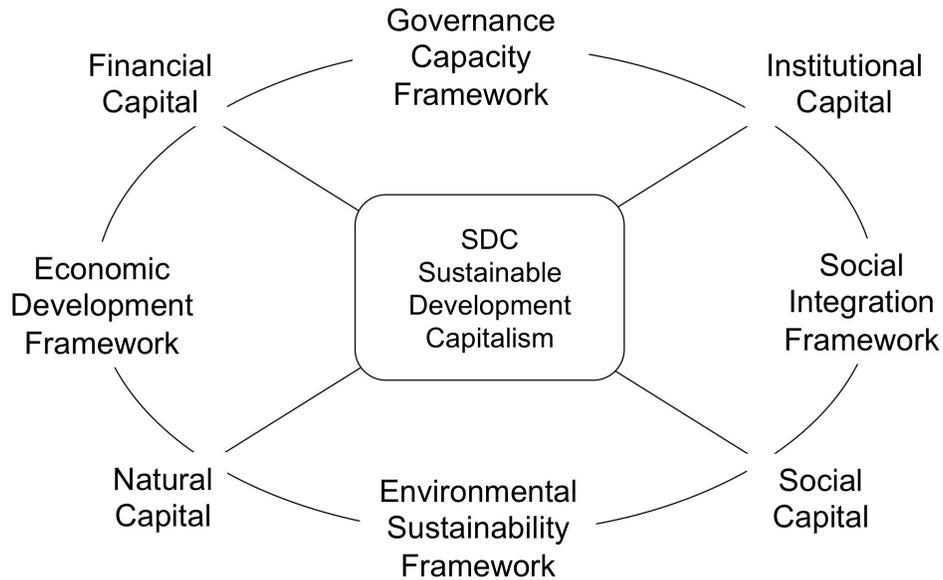
Sustainable capitalism will continue to challenge, influence and replace growth capitalism. Green economic solutions and policies will undoubtedly become a priority in the next 20 years. However, the emphasis on environmental sustainability will not automatically guarantee social inclusion and human development. We need an integrated model that provides a valid platform acceptable to both capitalist interests and development needs. Such a model would need to balance the opportunities and responsibilities for a world society with a vital market economy centered on human dignity, environmental sustainability, social development and institutional capacity.

Integrated Paradigm: Sustainable Development Capitalism

Sustainability is integral to human development and capital economies. The 2012 United Nations Conference on Sustainable Development (Rio+20) emphasized the concept of green economy focusing primarily on the intersection between environment and economy. But most of the conversation and outcomes of that important conference revolved around sustainable development presented as the necessary, holistic, equitable and far-sighted approach to decision-making at all levels. After 20 years of analysis and practices inspired by the Earth Summit (Rio 1992) and delineated in the Agenda 21, sustainable development has emerged as the paradigm not just for strong economic performance but also for intra-generational and inter-generational equity. Its strength rests on the integrative and balanced approach for social, economic, environmental and institutional capacity goals and objectives in both public and private decision-making. Although most economic decision makers still do not fully recognize sustainability as a core responsibility, numerous studies show that integrating environmental and social issues can be vital to the success of economic decisions (Greyson & Nelson, 2013).

There is a need to move forward on an integrated approach (even beyond a triple bottom line) equally valuing and measuring the economic, social and environmental pillars of sustainability. Integrating financial, environmental, and social costs and benefits into a unified measure of business activity would provide legitimacy for a new paradigm where economic growth is judged by their compatibility with biodiversity and ecological sustainability, socio-economic equity and well-being for a multiple stakeholders. The institutional capacity, and the legal frameworks legitimizing inclusive development are a central element to guarantee the successful and long-term integration of the pre-existing capitalism paradigms into a unified comprehensive model that includes financial freedom, with human development, inclusive approaches and sustainable values.

The Sustainable Development Capitalism (SDC) Integrated Model



The Sustainable Development Capitalism is an integrated model extending the notion of financial capital and merging it into a formula that equally considers the social, natural and institutional capitals. Bourdieu (2008) and others would argue the importance of considering additional forms of capitals like the produced capital (produced physical objects) and human capital (like a stock of capabilities, which can yield a flow of services), but for the sake of simplicity we consider these four frameworks as comprehensive of other forms of capitals. These four dimensions and forms of capital reflect also the four dimensions of sustainable development: economic appropriate development (including extreme poverty eradication), social inclusion (including peace, equality and human rights), environmental sustainability (including natural world and biodiversity conservancy) and governance capacity (including political and institutional capacity for good governance and policy decision making). Although the Rio+20 document, *The future We Want*, refers to the economic, social and environmental as the three pillars of sustainable development, most of the literature emerging from the international development community centers this model on the notion of good governance and institutional capacity.

Beyond sustainable and inclusive capitalism, the notion of ‘sustainable development capitalism’ refocuses the attention of development as capacity and freedom. Within the post-2015 agenda, the UN commissioned Leadership Council of the Sustainable Development Solutions Network (SDSN) produced a report entitled *The Action Agenda for Sustainable*

Development” which follows these four dimensions of sustainable development. These steps are important in the task of integrating these essential elements into a common agenda for a well formulated and accepted Sustainable Development Goals (SDGs). Rather than have future debates on one dimension versus another, an integrated model and common agenda should promote more cohesive thinking along the four dimensions and forms of capitals. With the formulation of the SDGs, the international community will engage in another important period of commitment integrating the economic, education, health and other aspects of the Millennium Development Goals (MDGs) into an business-development integrated agenda. The SDGs should fully integrate the governance framework for the promotion of legal capacity development and legitimacy for poor economies to move from informal to formal economic systems.

The Sustainable Development Capitalism (SDC) is a needed integrated model that would include the pre-existing economic, social, environmental and legal paradigms into a viable, equitable, bearable, and systemic trajectory. Such a model would allow more public-private integrative solutions and multi-sector collaborative enterprises.

Analytical Applications and Critical Discussions

One of the main outcomes of the Rio+20 Conference was the agreement to work on a common post 2015 global agenda and a set of achievable goals, the SDGs, which will build upon the MDGs. This process will require the establishment of inclusive and transparent intergovernmental processes open to all stakeholders but also operating on an inclusive economic development model that would respect the Rio+20 principles emerged in the final declaration *The Future We Want?* (United Nations, 2012). The SDC Model provides such a model by bridging correlated interests into a common agenda for a sustainable (economic, social, environmental, institutional) future. There are various emerging economic (capitalist and development) models that have successfully integrated public-private cooperation for socially beneficial business solutions serving humanity's most pressing needs (Yunus & Weber, 2010; Wankel, 2008; Pozuelo-Monfort, 2010).

Poverty alleviation including market based and business solutions still needs to be integrated with other sustainable and development approaches that bring in the knowledge and expertise of intergovernmental agencies and international organizations who best know the importance of implementing integrated approaches between economic capitals with cultural, social, environmental, institutional and other forms of capitals. The United Nations Development Programme for Inclusive Market Development (IMD) and the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (REDD+) are examples that attempt to integrate sustainable capitalism with sustainable development. Although in their infancy and not without shortcomings, programs like these represent the need for integrative approaches and integrated solutions as shown in the SDC model.

The establishment of a SDC model would require the creation of transparent, competent and authoritative mechanisms to promote, complement, monitor and evaluate sustainable economic development promoting capital access and business entrepreneurship but also social equality and environmentally bearable initiatives. Sustainable development is no longer an option. But we cannot fall into the error of diminishing the notion of “development that meets

the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, 1987) into a piecemeal approach that separates environmental concerns from social, economic and institutional capacity needs.

Applications and Expansions of the Model

There are many examples of for-profit enterprises inspired and guided by sustainable paradigms (Willard, 2012). They exemplify and recognize that reconciling capitalistic aspirations with societal and environmental benefit is possible and necessary. Some have argued that this represents a megatrend toward a conscious, responsible and sustainable capitalism (Mackey & Sisodia, 2013). Many other contemporary development programs also try to integrate economic growth with market-based solutions to poverty (Werhane, 2010). Other international and national initiatives aim at providing economic and development solutions integrating economic capital with social capital, natural capital and institutional capital. Do these growing number and typologies of integrated models exemplify a mere ‘cosmetic’ adjustment or are they a symptom of a paradigm shift? The answer to this fundamental question needs to come both from theory and practice. At the theoretical level, more studies need to recuperate the ‘common good’ foundation of economic values (Tavanti, 2012), as well as explore the values, implications, and consequences of a truly integrated multi-capital development model. This model would also need to be verified with more empirical research assessing how policies and programming requiring a sustainable and inclusive economic development produce and integrate economic, social, environmental and institutional positive impact.

For businesses, the integrated SDC model means adapting their business models into an integrated quadruple bottom line that equally values and evaluates performance at the economic, social, environmental and institutional levels. As indicated by the United Nations Global Compact (UNGC) model, the engagement of companies into the UN system is largely due to the new awareness that the private sector has in matter of human rights, environmental rights, labour rights and anti-corruption. Although self-regulatory, the legal and ethical responsibility of companies in developing countries is driven by the new awareness that private enterprises are important partners (not just donors) for a globally responsible and sustainability driven leadership. In addition, the responsibility to partner and cooperate in these integrated business and development models should be supported by the adoption of integrated CSR and Global Citizenship Reporting (Eccles & Krzur, 2010).

For investors, the adoption of the integrated SDC model must provide a value-based balanced portfolio of investments in line with the Global Reporting Initiative (GRI). Expanding on the GRI triple bottom line, the SDC model equally values economic returns with its social, environmental and institutional benefits. Hence, truly integrated Socially Responsible Investing (SRI) services need to provide types of funds that would promote good governance along environmental stewardship, human rights, and diversity inclusion.

For governments, the SDC integrated model means recognizing the importance of public-private partnerships with multiple stakeholders’ engagement along the provision of legal frameworks, public policies and solutions in line with international conventions and standards.

For Non-Governmental Organizations (NGOs), this model promotes the importance of going beyond ideological struggles and getting actively engaged in constructive dialogues and multi-sector partnerships to implement, monitor and evaluate the economic, social and environmental impacts of policies and projects, productions and services. It means developing a better understanding and more effective dialogue between companies and civil society to combine their capacities and encourage appropriate methods of impactful engagement.

For academic institutions, the adoption of this integrated SDC model has the potential of making universities true sustainable learning communities. Embedding these theories and values into the curricula will promote cross-disciplinary and cross-sector studies and careers which are needed to educate future sustainable development management and leaders (Blewitt & Cullingford, 2004). The Principles of Responsible Management Education (PRME) along the United Nations Academic Impact (UNAI), the Higher Education for Development (HED) and the USAID Higher Education Solutions Network (HESN) are just a few examples of academic social responsibility and higher education partnership solutions for sustainable capacity development. The application of this model into business ethics and leadership development could generate stimulating and innovative sustainable values, worldviews and awareness as human being in relations, in communities, with institutions and within environments (Rimanoczy, 2013). Beyond mere marketing solutions, the integration of a sustainable development paradigm into the new face of capitalism could pave the way for entrepreneurs and pioneers to direct their enterprises into development-relevant socially responsible sustainable solutions (Ellis, 2010).

Integrating the governance, institutional and political framework into a sustainable development educational and practical agenda instills the capacity to design, manage and evaluate programs with a multiple stakeholder perspective. As Political Economist Elinor Ostrom argued, a multidisciplinary and integrated approach for sustainable development would delineate a path to decipher the dilemma of governing the commons through institutional capacity development and through collective action, social and civic engagement (Ostrom, 1990).

Conclusion

We are at the threshold of a new era of sustainability. Our global economies and globalizing societies can no longer avoid the responsibility of world poverty and environmental degradation. The recent economic crisis should also induce more forceful questioning of unsustainable economic solutions and development paradigms (Harvey, 2010). The time has come for a new integrated form of capitalism “as if the world matters” (Porritt, 2005). The economic sphere of our lives is integral and interdependent from the benefit that it gives (or not) to society and individuals, to living and nonliving elements of our planet and to the institutions, norms and rule of law mechanisms that regulate our common future. The sustainable development capitalism (SDC) paradigm covers the diverse but interconnected values, interests and capitals affecting the quality of our lives and the well-being of future generations.

The economic, social, environmental and institutional four dimensions of sustainable development are represented and incorporated in this model. The integration has been presented

and explained in relation to the theoretical evolutions of various capitalists and development school of thoughts. They all provided a value added which is relevant to the implementation of a sustainable development future and a common agenda that goes beyond traditional development assistance or institutionally fragmented and socially divisive economic interventions.

Globalization cannot be seen only in its dimension of accelerated speed and intensity of economic, technology, cultural, societal, and institutional and other forms of interactions. Making globalization work requires a common agenda to reform and institutes those financial, trade, intellectual property regulations as effective responses to the growing disparity between the “have and have-nots” (Stiglitz, 2006). It would also require proving economic viable, bearable, equitable and sustainable solutions for our common future (Gore, 2013). The SDC is an integrated paradigm that would recognize and include economic aspirations associated with ‘free’ economic values with ‘fair’ principles for human development. It also attempts to integrate these with environmental concerns and resource limits to be balanced, regulated and collaboratively leveraged with inclusive legal and institutional mechanisms. Globalization is for and foremost a new perspective for a common future and a common agenda that would equally consider the shared responsibilities for a common good and a promising future for all.

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