

## **Is Greed Still Good?**

***By Wayne Visser***

If CSR isn't working, could it be because it pales into insignificance in the face of a much more pervasive force at work in business and society, namely greed? After all, "greed is good!" So declared the fictional character Gordon Gekko in Oliver Stone's 1987 film, *Wall Street*. "Greed is right, greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms – greed for life, for money, for love, knowledge – has marked the upward surge of mankind." I wonder if today, nearly 25 years and a 7 trillion dollar global financial meltdown later, we are finally ready to lay this powerful myth to rest?

We have lived through an Age of Greed and come out the other side bruised and battered, disillusioned and angry. But are we any wiser? Ever since the first financial derivatives were traded on the Chicago Mercantile Exchange in 1972 and the casino economy really got going, it seems like 'greed is good' and 'bigger is better' became the dual-mottos underpinning (at least one popular version of) the American Dream. The 'invisible hand' of the market went largely unquestioned, despite its self-pleasuring habit. Incentives – like Wall Street profits, traders' bonuses and CEO pay – became perverse, leading not only to unbelievable wealth in the hands of a few, but ultimately to global financial catastrophe.

With the world still reeling from the ensuing global recession, and threatening to slip into the 'double-dip' doldrums, I find myself compelled to ask many difficult questions: Was this, as Lehman Brothers trader Larry McDonald suggests in his book of the same name, just 'a colossal failure of common sense'? Was it the greed of 'bad apples' like Lehman's CEO Dick Fuld, or the banks and their insatiable bonus-driven traders? Or was it the pervasive culture of greed in Wall Street as a whole? What about the greed of politicians and governments who were happy to benefit from growth-on-steroids? And what about Main Street? Wasn't the public – we, the people – more than happy to greedily lap up those subprime loans?

All this begs the larger question: Is capitalism itself fundamentally flawed? Are we really talking about endemic greed, built into the free-market system – a system which not only allowed, but encouraged the fantasy of double-digit profit growth and an endless bull market? Will capitalism, with its short term, cost-externalization, shareholder-value focus always tend towards greed, at the expense of people and the planet? Will the scenario of 'overshoot and collapse' that was computer modelled in the 1972 'Limits to Growth' report (and reaffirmed in revisions 20 and 30 years later) still come to pass? Has Karl Marx been vindicated in his critique (albeit not in his solution) that, by design, capitalism causes wealth and power to accumulate in fewer and fewer hands?

Perhaps the trillion-dollar question for me is not whether capitalism per se acts like a cancer gene of greed in society, but whether there are different types of capitalism, some of which are more benign than others. To date, the world has by and large been following the Western, Anglo-Saxon model of shareholder-driven capitalism, and perhaps this is the version that is morally bankrupt and systemically flawed.

Interestingly, a 2010 Pew poll of the American 'millennial generation' (currently aged between 18 and 30) showed that just 43% still describe capitalism as positive, while the same percentage now describe socialism as positive. Management guru Charles Handy seems to agree. Speaking to me, he confessed:

I've always had my doubts about shareholder capitalism, because we keep talking about the shareholders as being owners of the business, but most of them haven't a clue what business they're in. They are basically punters with no particular interest in the horse that they're backing, as long as it wins.

If we can learn one thing from the Age of Greed, it is that we have immense power to make change happen on a monumental scale, and with lightning speed. Greed has proved to be a high octane fuel in the rocket engine of globalization. But ultimately, it was an economic missile without a moral guidance system. I am under no illusions that the Age of Responsibility will vanquish greed. No doubt, the selfish gene will continue to spark our evolution. And yet, if we are successful, the Age of Responsibility will provide capitalism with that much-needed moral compass and Transformative CSR (more about that later in this series) will provide business with a mission-critical social purpose. So what do you think, can we collectively give up our greed addiction?

*Part 2 of 13 in Wayne Visser's Quest for CSR 2.0 Series for CSRwire*

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