



Common Good Investing Community[®]

our priority is always the common good

**Terry Mollner's Presentation
at the October 2012 SRI Conference of
Socially Responsible Financial Planners**

The Next Layer of Maturity of Socially Responsible Investing:

Common Good Investing

In the late 1970s, I was one of the pioneers of the socially responsible investment movement. Robert Swan and I gathered fifteen social leaders from around the country to meet once a month for eighteen months during which we wrote one of the first comprehensive social screens for investment. In 1982, Wayne Silby, a member of the group, took the lead and invited others and me to join him in creating the Calvert Family of Socially Responsible Mutual Funds, the first family of such funds. What Amy Domini, Joan Bavaria, Jerry Dodson, others, and we did was a very good thing and the right action for those times. We established socially responsible investing as a movement that has become a multi-trillion dollar global industry.

It is now time to take this movement, in fact all investing, to the next layer in its evolution.

Since the 1970s we have focused on the secondary priorities of companies. We have asked companies to care more about their employees, the community, the environment, and other social issues. Secondary priorities always compromise in favor of the highest priority. ***We are now ready to focus on the highest priority of companies.*** Common good investing does this.

Common Good Investing asks companies to publicly declare that their highest priority is the common good and their second priority is profit or anything else.

This request should not be necessary, but today it is necessary. An ethic has emerged that finds it fully acceptable to give priority to self-interest. This is immoral. Acting in one's self-interest is essential. ***This is a priority issue, not an either-or issue.*** Allow me to explain.

Whenever two or more people come together, fundamentally there are two ways we can relate: compete or cooperate. If we primarily choose to compete, we have returned to our abilities in the forest before we created languages and developed the skill of self-consciousness. If we primarily choose to cooperate, we have chosen to use our skills of language and self-consciousness to agree to give priority to the common good of the group.

In other words, “a human society” is fundamentally an agreement to cooperate by giving priority to the common good of the society, usually called “moral behavior.” Therefore, any person or sub-group that chooses to give priority to anything else has chosen to leave the group and now compete with it.

Cooperation is when all the parts give priority to the whole; when healthy it is the way the parts of our bodies relate with each other. Competition is when the parts give priority to their self-interest; cancer cells are cells that have stopped giving priority to the common good of the body. They have begun to give priority to their self-interest.

Before we mastered the skills of an elaborate language and, in turn, self-consciousness, like other animals our priority was competition, the lowest form of cooperation. Edward O. Wilson, the 83-year old, two-time Pulitzer Prize-winning biology professor at Harvard University who is considered “the second Charles Darwin,” recently published an article in *Nature* with two others (August, 2010) where they declared they have discovered that cooperation, not competition, is the fundamental process in nature. Allow me to explain.

Competition is the lowest form of cooperation. ***Compromise, agreement, and love*** are the other three main layers of human maturity of cooperation. For instance, if no one cares who gets the last piece of apple pie, there is not the possibility of competition over it. However, if two of us want it, then we could compete over it. In other words, competition is not possible without an agreement that what is being competed over is important to both people. ***That agreement is the cooperative context.*** Cooperation cannot be escaped; it is the fundamental process in nature. Competition is a lower ***form*** of cooperation.

Self-consciousness is knowing what we are doing while we are doing it and, therefore, able to create an agreement and give it priority. ***It is our skill of self-consciousness that makes the agreement to be a human society possible.***

Love, the universal kind, is when people choose to self-consciously give priority to the good of all that exists. The ***experience*** of this highest layer of human maturity is often called “happiness” in the West and “enlightenment” in the East. The ***behavior*** is often defined as “moral behavior.” Fundamentally, ***agreement*** is when two or more people make a self-conscious choice to give priority to the common good of the group, to behave morally with each other, to become a society. ***Compromise*** is when we are still giving priority to our self-interests but we are willing to create a cooperative context sufficient to get along safely. And ***competition*** is when we are still giving priority to our self-interests.

Sports and free markets are at the level of compromise: there is a minimal cooperative container and the priority is the competition and who is achieving his or her self-interests the most. ***They can all four be occurring at the same time; it is the priority that determines the layer of maturity.*** For instance, we can give priority to love while playing a game of competition.

We are now one global human society. We are also ready to move beyond “compromise” to the next level of potential social maturity called “agreement.” The most fundamental freely chosen agreement of a human society is that our highest priority is the common good of the group, moral behavior.

As stated earlier, if anyone’s highest priority is anything other than the common good, such as profits for a few or a particular mission, they have chosen to leave the society, the ***agreement***, and to compete with the society with the highest priority being his, her, or their organization’s self-interest.

It is important to note that giving priority to the common good is not polarized with self-interest. ***In fact, it enhances the potential for the fulfillment of one’s self-interests. Everyone is now primarily supportive of what we each are doing rather than primarily competing with each other.*** Sports and free markets will still be present, but the ***freely chosen priority*** is now the common good, not self-interest. This set of priorities enhances the potential for everyone to mature and be fulfilled in life. There is less crime and terrorism and everyone can feel valued. It also builds on individual freedom rather than in anyway qualifies it. ***It moves beyond both capitalism and socialism and into common good capitalism: free markets where all agree to give priority to the common good and second priority to profits.***

So, the common good movement, and by extension common good investing, ***declares that giving priority to one’s self-interest is immoral.*** This is not an either-or issue. We are each fully responsible for achieving our personal goals. This

is a priority issue. While fully doing both, mature human beings give priority to the common good.

It is now time to focus on the highest priority of companies. Common good investing does this.

It seeks to invest in companies that understand the above, publicly declare that their highest priority is the common good, and continually reveal how they are getting better at doing it. Most important, it asks all businesses and non-profits to publicly declare that they are giving priority to the common good.

We want everyone in the world to be aware of which enterprises have joined the common good movement and which one's have not so the public can use this knowledge when making their purchases. We are confident that eventually everyone will join because it is self-evident that this is a more mature set of priorities and the other set, particularly in our care of the environment and the ever-increasing sophistication of weapons, can lead to self-destruction of life on our planet.

Some may protest and say, "According to corporate law and legal cases, the highest priority of a company is the financial interests of the shareholders." All laws are secondary to HOW we obey them and the CONTAINER within which they exist. The above laws exist within the fundamental social agreement to give priority to the common good; it is this cooperative agreement that makes it possible to create additional laws. In addition, the intention of all laws is to encourage moral behavior. The creation in a number of states of L3C and benefit corporate laws now makes it easy to clearly indicate in an enterprise's founding documents that their highest priority is the common good. This is technically not necessary; legally a board of directors can give priority to a social issue. However, rather than gamble that a judge will support the common good priority of a board of directors it is wise to use these new common good corporate laws.

This is the heart of common good investing and it is part of the broader common good movement. The investment community is also one of the best places from which to launch this broader movement. Now allow me to describe how we understand a movement to develop.

All movements have three phases:

**Outrage
Unilateral actions, and
Legislation**

During the *outrage* phase, a group declares that *an acceptable social tradition is now declared to be immoral, not best for the common good*, such as in the Civil Rights and Women's Movements which declared that treating African-Americans and women different from everyone else in terms of equal rights was immoral. People then take *unilateral actions*, such as allowing African-Americans to sit anywhere in a restaurant during the Civil Rights Movement. As these multiply, and the world does not fall apart, more and more people change to agree that the acceptable social tradition is immoral. Only when there is widespread support for the change will there be *legislation* supporting it, such as the Civil Rights Legislation of 1964.

The primary purpose of a movement, therefore, is to change the thinking of us all, some of the contents of our fundamental agreement to be a human society.

The outrage phase of the broader common good movement has begun. The Environment Movement and Occupy Movement are some of the first screams of outrage. There will be more. Launching the common good investing movement is one of the best ways to take this broader movement to the general public, *our strong step into the unilateral action phase*. The only addition to what the socially responsible, and now the impact, investing movement has been doing is to *request that all companies publicly declare that their highest priority is the common good and take on the leadership in doing so rather than only responding to pressure from others*. In addition, to gain additional respect and support from their customers, they will then proudly arrange for a common good audit by a third party.

We want the public to know who has joined this movement and who has chosen to not join it so they can participate in it through their purchases and investments. Without all of us understanding the difference between where we are and where we are going, this change in our thinking will not occur.

We want Charlie Rose and every interviewer of corporate leaders to ask the following four questions and continue to do so until they get accurate answers: "Is the priority of your company the common good or profits to your shareholders? And, secondly, if it is the former how are you living and breathing that priority in your company every day? Have you commissioned a common good third party audit? Finally, have you taken action with your competitors to raise the labor, environmental, and social level playing field upon which you are continuing to compete as a secondary activity?"

There are large numbers of firms, especially local businesses, which already give priority to the common good. It can be the priority of any enterprise. Our socially responsible mutual funds have made it their business to identify companies moving in this direction. I am currently thinking of Jonathan Rose's Smart Growth Fund to revitalize neighborhoods; EcoTrust Forest Management that reveals its

priority in its name; and community development financial institutions (CDFIs) that focus on the development of low-income housing, microloans, and social enterprises in low-income communities. Howard Shultz, the CEO of Starbucks, announced at their March 2012 annual meeting that he wanted Starbucks to be a “moral company.” We all know many local and larger businesses that are living the common good priority. What is missing is they are not being recognized and respected for doing so, and if this becomes a movement others will see the wisdom of joining them in making this commitment. ***This is primarily about changing the way we all think by building a movement.***

Do not underestimate the significant changes that will occur once companies commit to this ordering of priorities. Competitors, supported in doing so by governments, will form associations to cooperate in raising their labor, environmental, and social standards so the competitive playing field remains the same. Companies, especially duopolies where two companies dominate a product market, will provide financial guarantees to the World Bank so it can loan the capital to a new company that is created, loan a cross-section of their employees to it, and have it build modern, environmentally wise towns in developing countries. This will not only help in the development of modern communities, and markets for products, around the world but also provide jobs for American college graduates, local people, and a tax base to eventually release the company from its guarantee by issuing bonds and repaying the World Bank. These and many similar activities will emerge.

A group of financial planners and others have joined forces to create an association called the ***Common Good Investing Community***. They are Andrew Bellak, Ben Bingham, Susan Davis, Hazel Henderson, Terry Mollner, Brad Stonberg, Stuart Valentine, Mark Watson, and Greg Wendt. Anyone can join it. Together we will identify ways to build support for the common good movement and common good investing. If you are interested in joining our Common Good Investing Community (CGIC), or just being kept informed, give your card to one of the above people and write “CGIC” on it. You can always sign up, keep informed, and share your thoughts at our website: www.commongoodmovement.com

It is time for us as a now global society to graduate from the compromise layer of human social maturity to the agreement layer.

Common Good Investing Community
www.commongoodmovement.com
Stakeholders Capital, Inc.
321 Main Street
Amherst, MA 01002
413-306-3244

Any views expressed in this article are my own and do not necessarily reflect those of Calvert Funds, Calvert Investments, Inc., or my fellow Trustees/Directors of the Calvert Funds Board.