An apology for capitalism?

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Bill Durodié

Senior Research Fellow, King's College, London

A s we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know.'

That was US Defense Secretary Donald Rumsfeld getting his knowns and unknowns in a twist at a Defense Department press briefing on 12 February 2002. By doing so, he was, albeit inadvertently, announcing the return of the language of precaution to where it came from, which, it may surprise you to hear, was the political right – its natural home in the first place.

Interestingly, and even more confusingly, the concept of 'unknown unknowns' started off life in a paper written by the chair of Greenpeace UK, Robin Grove-White, a year before Donald Rumsfeld made use of it.

The language of precaution imbued more of Rumsfeld's press conference that day. He went on to conclude that 'the absence of evidence is not evidence of absence' – another common mantra of the environmentalist movement.

As others have indicated elsewhere, nobody has yet found a

way of providing evidence of absence except as a consequence of an accumulation of absence of evidence. I sometimes wonder whether the so-called 'hawks' in the White House realise quite how much they have in common with the environmental lobby in these regards.

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I would suggest that the language of precaution is the language of paranoia and misanthropy. It is based on constantly deferring the potential of humanity in order to sort out some perceived, more immediate social problem in the here and now. The White House is beset with many of those paranoid problems at the moment.

There is no agreed definition of the precautionary principle. One of the more authoritative versions comes from the 1992 Rio 'Earth' Summit. It contains a rather famous triple negative, which is that: '*Not* having evidence is *not* a justification for *not* taking action', a phrase that may now be familiar to many from the fiasco over the weapons of mass destruction argument in support of the recent war in Iraq.

Let me try to undo a couple of the knots in the triplenegative phrase above for you. As you know, two negatives make a positive, so if I remove two of the negatives from that statement, it should mean the same thing, and we are left with: 'Action without evidence is justified'.

That is it, in a nutshell. The precautionary principle is, above all else, an invitation to those without evidence, expertise or authority, to shape and influence political debates. It achieves that by introducing supposedly ethical or environmental elements into the process of scientific, corporate and governmental decision-making.

It relies largely on a single assumption. That is that prevention

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is better than cure. This is also known as 'better safe than sorry'. While this may seem obvious to many, there is in fact precious little evidence for it. The problem with preventative measures is that they are of necessity general and long lasting, whereas cures tend to be targeted and discrete.

What is more, it is possible to cure somebody, or something, without forming a moral judgement about that activity or person. But if your primary focus is on precaution, then it is morally wrong not to take preventative measures. Therefore, the whole language of precaution is imbued with excessively moralistic tones.

In actual fact, prevention is only better than cure if the probability of the particular problem you have got in mind occurring is rather high and the proposed preventative measures are largely accurate or effective.

But in the majority of risk debates that we encounter today, neither of these cases is actually met. Probabilities on the whole are pretty low, otherwise society would divert large amounts of resources and concern towards dealing with them, and there is little evidence that the precautionary measures taken actually work.

Take a typical health-screening programme, for example. Let's assume a problem that affects 10 per cent of a certain population. The headline figure for breast cancer among women is of this order, although there are some problems relating to that, as it inflates the statistics by including those who die of other causes. In any case, you should note that 10 per cent for such a problem is already a fairly high percentage of occurrence compared to most.

Now, say you develop a screening technique that is 80

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per cent accurate, which itself is also a very high degree of accuracy – certainly higher than in many current healthscreening programmes. In a population of 1,000 people, if 10 per cent of them are affected with the problem, there are 100 people affected. Your screening, which is 80 per cent accurate, will correctly detect 80 of these, but also misses out twenty altogether. Worse, it falsely assumes that 20 per cent of the remaining 900 are also suffering from the same problem. In total then, 180 people will have to be subjected to unnecessary, intrusive, further precautionary investigations.

So, we had 80 correctly identified, but 180 false positives and 20 misdiagnosed. In other words, two-and-a-half times as many as are correctly assessed do not have the problem that you are trying to identify, but suffer further disruption. This is not just a made-up academic debate. It is an ongoing debate that has been exercising the medical authorities for quite some time, as can be evidenced by any cursory look through the pages of the *British Medical Journal*, the *Lancet* and many other publications.

It affects issues like whether we continue to have a breastscreening programme or, indeed, a screening programme for any other form of cancer or health problem because, invariably, the probabilities of having the condition are far less than 10 per cent and the accuracy in detecting and treating it are far less than 80 per cent. Indeed, screening, as you may realise, is actually a form of early cure. It is not really prevention. Real prevention is even more intrusive, more inaccurate, more longlasting and more all-encompassing – a case, I would suggest, of society making itself far more sorry than safe.

Ben Hunt in his book The Timid Corporation points to a

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very similar problem in relation to business. It is particularly pertinent in relation to the ongoing Enron case. Was the probability a high probability? In other words, was Enron typical of all business today? That is the first question you need to ask yourself. And is corporate social responsibility screening an effective cure? Or will the measures society has been pressured into taking work?

Now, interestingly, politicians, industrialists and scientists who come from what would once have been called the right of the political spectrum like to think that all of this precautionary, regulatory claptrap is a left-wing plot, stemming from radical environmentalists. I am sorry to have to disappoint you. The roots of precaution and corporate social responsibility, as Hunt correctly identifies, lie in the disillusionment of the elite and their loss of faith in their own system. The precautionary principle and anti-capitalism are a social reflection of elite fears.

Despite the old left's vulgar prejudices, business was always about more than merely making a profit. Commodities have to be useful. But, above all, as we know, through the discipline of competition, capitalists were forced to innovate, and through that they pushed society forwards. It was this that provided them with moral purpose and authority.

However, in a period when profits become harder to come by, or the notion of social change appears to be more problematic, it rather begs the question as to where capitalists derive their moral authority from. Indeed, in the aftermath of the post-war boom we can see an early period when the elite experienced a period of self-doubt coinciding with the supposedly radical 60s. It is not by any accident that the Club of Rome was formed by Aurelio Peccei, a director of the Fiat Motor company, together with Alexander King, scientific affairs director for the Organisation of Economic Co-operation and Development (OECD). These were not your usual environmentalist campaigners, but a leading businessman and a leading scientist. In 1968 they convened 30 world leaders, as they called them, together in Rome.

Failing to reach agreement amongst themselves, they simply ditched those they did not agree with, and subsequently produced the famously influential report *Limits to Growth* shortly afterwards. This contained, in essence, all of the key elements to a precautionary outlook.

In 1970 it was the millionaire Sir James Goldsmith who founded the *Ecologist* magazine, edited by his brother, Edward. Friends of the Earth was founded in the same year. And in 1971 it was a Republican senator, Paul Ehrlich, who wrote the misanthropic classic *The Population Bomb*.

Meanwhile, the left, which had traditionally seen science and technology as a means to challenging vested interests, tradition and power, had gradually lost its own faith in the possibility of achieving social change. This was, in part, due to its association of post-war American science, like the Manhattan Project or the Apollo Programme, with Cold War militarism. Sadly, it ended up throwing out the scientific baby with the military bath water. Then, following a long series of political defeats throughout the 80s, it chose to pick up the baton of environmentalism to give it a bit more clout and to enhance their numbers.

At about this time, the right was enjoying its last brief flurry of free-market capitalism under the supposedly deregulatory

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politics of Margaret Thatcher and Ronald Reagan. But already, by the late 1980s, Sir Crispin Tickell, who sought to remotivate Western influence over the developing world as being necessary to prevent an impending environmental disaster, persuaded Margaret Thatcher to go green on climate change.

It is the convergence of the aristocratic right's traditional fear of change with the left's disillusionment, born from its own intellectual and political failures, along with the political right's lack of discipline in the absence of any threat from organised labour in the post-Cold War period, and the business right's loss of a sense of moral purpose in more difficult economic times, that has shaped the precautionary climate we now find ourselves in.

Precaution institutionalises this sense of limits. It allows politicians to seek to re-legitimise themselves as risk managers in a period when there are fewer political debates. According to this model, they are here to protect all of us from bad things out there and from each other. Precaution also allows business to reposition itself as socially responsible by prioritising issues like health and safety and, finally, it allows activists to fantasise about their power in changing things.

Precaution towards the environment may briefly have been symbolised by the likes of 'Swampy', who dug himself in under a planned new runway at Manchester airport, but such activists were not media savvy and could not communicate the message of restraint required by business.

Accordingly, today it is Stowe School- and Brasenose Collegeeducated George Monbiot who leads the charge, alongside the likes of Eton-educated Lord Peter Melchett and Zac Goldsmith, as well as Prince Charles's old school friend Jonathon Porritt. It is important to understand that this is not simply an image change by business. This is not simply something that they do to keep governments and Greens off their backs. SustainAbility's client list reads like a Who's Who of the modern corporate world. Today it is McDonald's, Rio Tinto, Nike, Nestlé and British American Tobacco that lead the way in developing corporate social responsibility reports and sustainability reviews.

These are not token gestures. They are the core beliefs of the leading chief executive officers of our times. They coincide with broader social fears, representing a profoundly anti-human outlook and end up reflecting them, but also re-enforcing them. In fact there is a very interesting symbiotic relationship between the nervousness of the corporate elite and people's fears in the outside world. Thus, every world economic summit has its alternative summit for NGOs adjacent to it and largely funded by industry.

Of course, there is a limit to these things. This is because if you simply adapt to popular perceptions about the risks that you face, while it may appear temporarily to provide business with an opportunity to somehow stabilise the regulatory environment, in fact, it opens business up to a rollercoaster of emotion, paranoia and fear, because people's mood swings move from one place one minute to another the next. Companies like BP and Shell have already discovered that, if you give the precautionary sustainable agenda one inch, it goes on to demand a mile.

There is also a very interesting, and possibly wilful, confusion of cause and effect going on. It is not clear to me that good corporate social responsibility and the adoption of the precautionary principle is what allows a company to become

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successful. It rather strikes me that it is the other way round. It is successful companies that can afford to indulge themselves in producing corporate social responsibility reports and adopting a precautionary agenda in order to make themselves look responsible and, thereby, to revitalise their sense of moral purpose which, as I pointed out, is the real crisis that faces capitalism today.

Meanwhile, failing businesses, of which there are always many, get accused of failing to have the necessary socially responsible agendas in place to guarantee the kind of success that allowed The Body Shop to repackage itself as saving Amazonian Indians. Whether business is best served through this approach remains a moot point.

The final twist is that while the right had railed for quite some time against the concept of precaution, it failed completely to understand its fundamentally anti-human root. Accordingly, as soon as 11 September 2001 had occurred, it adopted a precautionary agenda of its own, shamelessly re-labelling it pre-emption.

In his book, Ben Hunt identifies the contemporary obsession with branding as quite revealing. Branding in the past was necessary in order to differentiate your product from that of the competition. Today it is a much more risk-averse concept. It is about holding on to your customers by meeting their presumed needs and trying to establish a sense of loyalty. Ironically, of course, none of the branded goods that we know and love today started off life that way. People at some point had to innovate and take a few risks. But the consequence of our cautionary climate is that, taking the pharmaceutical sector as an example, you now find that it employs more people in marketing than

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in research and development. Thus the whole obsession with branding, re-branding and achieving customer loyalty will, I suspect, be bad news for customers in the long run.

In conclusion, I do not think precaution can ever be a spur to innovation because, fundamentally, it goes against the very spirit of exploration and experimentation that drives humancentred progress and development. Ultimately, that is the real war that some of us will have to fight in the future – a war against people who, like Al Qa'ida, oppose social change, science and modernity. It is a war where we will find, as is often the case, that the enemy is far closer to home than we may like to think.

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