



THREE CHEERS FOR THE FOURTH-SECTOR ECONOMY

THE HIGHEST PRIORITY OF CORPORATIONS SHOULD

BE THE COMMON GOOD – JUST AS IT USED TO BE

by **Terry Mollner**

Last year, Google's directors took a step that did not get much attention but could take our social/political/economic world to the next level of maturity. They decided that the most important thing to do with the firm's philanthropic dollars was not to set up a

charitable foundation (although they did that also), but to establish another for-profit company dedicated to the good of humanity and nature. They put a billion dollars into Google.org, the firm's philanthropic arm, to be invested in companies that can either make

or lose money as long as the common good is advanced. Any profits remain in the company to do more for the common good.

Recharg IT.org is one of the projects supported by Google.org. It produces plug-in electric vehicles that reduce the need for gasoline because they recharge themselves overnight through the domestic electricity grid. All Google company cars are now RechargeIT cars.

Common good corporations

The first corporations founded in America were what I call “common good corporations”. To build a bridge, for example, a town meeting established a separate organisation called a “corporation”. The minimum amount that could be loaned to it was very small, so each person in town could buy at least one “share”. The by-laws stated that decisions would be made by a majority of shareholders. In this way, the democratic process of the town meeting was sustained in the corporation. The wealthy bought more shares; the poor bought one share. The corporation was managed by a board of “trustees” responsible for managing the bridge-building corporation for “the common good”. When the tolls paid off all the loans, the corporation ceased to exist.

Today, the highest priority of corporations is the financial interests of a few; decisions are made by one vote per share, not shareholder; and these corporations stay in existence as long as they choose. This is a nearly complete reversal of the priority and structure of the original corporation, contributing no benefit to the social structure.

A mature fourth sector

I believe Google.org could supply a visible return on the moral values of the corporate world, and help define what I call a mature fourth sector in society. Currently, the three main sectors are government, for-profit companies and non-profit organizations. The fourth sector consists of businesses that have social agendas. A mature fourth sector would be one in which the highest

priority is the common good without limits on how to express it. Mature fourth-sector firms would impose reasonable limits on equity returns, with all excess profits permanently set aside and managed for the common good.

Financial planners tell their clients the goal should be an 8 to 11 per cent return on their investments. Companies could cap their returns at 12 per cent.

One of the initial priorities could be to put any excess capital into common-good investment funds that buy successful companies and convert them into common-good corporations. These firms could establish joint ventures, eventually making it possible to buy multinational corporations. Once one multinational in a market sector is bought by a common-good fund, it will be in the financial interests of shareholders in the remaining firms to sell quickly to the common-good funds, since the last companies in the market sector to sell would receive less for their shares. In this way, all multinationals could eventually become common-good corporations.

Will this be one of the peaceful paths to a global moral order that builds on individual freedom and a free market economy? I hope so. Every time I see companies like Google.org come into existence, I am going to step outside my front door and give out a big cheer. I invite you to join me. I look forward to the day when people often hear their neighbours stepping out their front doors and cheering, like I am sure those early American townspeople did when they finished their bridges.

Dr. Mollner is the Founder and President of Trusteeship Institute, Inc., a think tank and consulting firm in economic and social development, focused on the development of “common good corporations.”

Reproduced from the December 2007 of *Ode* magazine issue www.ode-magazine.com

We welcome your comments and suggestions on this article.
Mail us at editor@lifepositive.net