
BAHÁ'Í PRINCIPLES

OF ORGANIZATION AND ECONOMICS

BY LAWRENCE M. MILLER

The principles of spirituality, community and world civilization enunciated by Bahá'u'llah, the founder of the Bahá'í Faith, are triumphing in the world of reality, not solely by the efforts of the members of the Bahá'í Faith, but because of their necessity and efficacy in practical application. The principles of unity and diversity, proclaimed more than one hundred years ago by Bahá'u'llah, are now seen everywhere and becoming widely adopted because of their obvious necessity in a shrinking and mingling world community. The principle of the absolute equality of men and women is marching forward because it is essential to progress in a world increasingly dependent on the utilization and development of human capital to achieve both social and economic progress. Similarly the Bahá'í principles of organization and economics are becoming accepted in the world of commerce as effective means of conducting business because they are proving their intrinsic benefit.

Yet the world is torn between the addictive pull of material progress and the longing of the soul for the Kingdom of God on earth. As the armies of McDonald's, Disney and Toyota march forward, the forces of traditional religion call for Jihad against the apparent demonic force of materialism eating at the roots of traditional cultures. The world will not stay as it is. Cultures will change. The great question facing the people of the planet is whether these two forces, the progress of technology and wealth and the renewal of spiritual community, both possessing potential for good, can be united in a harmonious symphony appealing to people of all cultures.

It is the mission of the members of the Bahá'í Faith to promote the movement of all institutions and cultures toward world citizenship, a universal spiritual civilization, the recognition of the oneness of mankind, the long awaited period of maturity of the human race. The most predominant mechanism of global integration today is not the United Nations, other governmental or non-governmental organizations or religion, but the institutions of commerce - small and large businesses.

Sometime ago I found myself in Malaysia at a mountain top resort where I was leading a strategy retreat with my client, the UMW Corporation. As an American consultant I was struck by the realities of global integration sitting with the senior managers of this Malaysian company that assemble and market Japanese Toyota cars and Komatsu heavy equipment. The primary strategic issue for this company is responding to the challenge of the removal of trade barriers among Southeast Asian nations, the formation of the Asian Free Trade Association (AFTA) and the new role they will have to play on this more united stage. The managers are half Chinese and half Malay by ethnic background. We were eating dinner in a Korean restaurant while the music pouring too loudly from the stereo was the *House of the Rising Sun* (a New Orleans blues) sung by the British group the Animals. Communication was not a problem because English is the common language of all business in Southeast Asia and we easily swapped data files from my laptop to theirs in the common format of Windows 95. The client managers were all familiar with the up and down trends of reengineering and total quality management and were all well versed in

the Toyota Production System, the globally accepted benchmark of effective manufacturing process. My Malaysian affiliate consultants share our Lotus Notes database and communication and are able to instantly communicate with our network of consultants in the U.S., Latin America and Malaysia to receive help solving a problem, access to case studies, surveys, agendas and other documents that are the tools of the consulting trade.

This is the reality of global integration and similar scenes are being repeated thousands of times every day. A common business culture is emerging, an integrated global economy is a fact, and English is the accepted universal auxiliary language of commerce. While a world economy is a long promoted principle of the Bahá'í Faith there is no need for its further promotion - only its recognition. Although not complete in breadth or depth of integration, its momentum and acceptance is tantamount to its accomplishment. While there are more than three times the number of nation states today since the founding of the United Nations (184 members versus 51 at its founding), and it appears that there is an emergence of nationalism, there is a paradoxical dominance of globalism. The electronic currency of VISA and American Express care no more for the artificial boundaries of nation states than does acid rain or global warming. The Internet and the massive distribution of every kind of information knows no national limitations. Capital moves from individuals to global mutual funds to corporations and back in seconds through fiber optic cable and satellite transmission with no concern for local currencies translated by computers within a few milli-seconds, an operation unnoticed among the thousands of operations handled by any one computer in one second. The satellite based transmissions of telephone, data and television signals looks down from the sky and recognize no borders. Royal Dutch Shell, Ford, Honda, General Electric and Sony not only are adept at leaping borders like seeds in the wind, but daily create standards of price, communication, knowledge and processes that are the linking mechanisms of commerce in not only things but ideas. These are the integrating mechanisms rushing forward to unite the world while governments run behind waving their flags in confusion, pretending to have influence. It matters not whether there are one hundred or one thousand nations.

What then is the role of the Bahá'ís? In my opinion the Bahá'ís have three agendas:

- first, and perhaps most important, to assure that their own businesses and personal conduct are exemplary of Bahá'í principles to be a light that others will follow;
- second, to contribute to the maturing and spiritualization of global commerce and unification through our understanding of Bahá'í Teachings; and
- third, to assure that the benefits of commerce and its unifying effect reach all of humanity without regard to race, religion, gender or nation.

The purpose of this article is to establish a framework for discussion and research, and present some initial observations, on the application of Bahá'í Teachings to the business enterprise, the productive cell that makes up the organism we call the economy. This is a very large subject deserving of several volumes and this paper should be considered a small contribution to a larger dialogue.

Bahá'í Writings and Bahá'í discourse often center on the topic of *economics* or *social and economic development*. However, the individual Bahá'í, and even the Bahá'í Institutions, can have little impact at this time on the economic system that even large nations fail to control in any significant way. Because economics, in the larger sense, is out of our reach, most of our discussion around social and economic development has focused on the social and tends to

ignore, or to deal very superficially, with the economic. However, we can impact the individual unit of enterprise, the business enterprise, that can reflect good or evil, that can be noteworthy for superior ethics and conduct, and which may carry out the principles instructed by the Central Figures of the Bahá'í Faith. Most of the Writings concerning economics are actually guidance for the conduct of the firm, the behavior and relationships within the firm, or the firm's relationship to the community at large. The larger economy is little more than the sum of the behavior of its component parts, the business enterprise. The business enterprise is the organ to the body, the cell to the organism. The enterprise then should be our focus of concern. It is the nature of the business enterprise, its norms, culture and behavior that are rapidly shaping the global economy and culture.

Any discussion of this sort must note that no individual Bahá'í is equipped to define how Bahá'í Teachings are to be applied and everyone is free to express their own opinions. There are very few specifics in the Bahá'í Writings concerning business or economics, only broad principles. Many of these principles, however, have never been taught by a formal religion before and have profound implications for how we conduct our businesses. It is for us to meditate and consult on the application of these principles and gradually, through application and experience, develop the practices that can truly be associated with Bahá'í enterprise.

Although the discussion in this paper will focus on the responsibility of the business and its managers to create a system consistent with Bahá'í principles there is another side to the development of a Bahá'í culture of work. There is responsibility on the individual, too. In order to achieve the ideals presented by our Writings we cannot expect a perfect system to be operated perfectly by imperfect individuals. The Writings call upon the individual to transform his or her own inner being to be a different creature in the work place as well as at home. The following quote has profound implications for the purpose of commerce, the role of the individual as a consumer, employee or employer.

“All people will have sooner or later to recover, for example, the *capacity for contentment*, the welcoming of moral *discipline*, and the *devotion to duty* that, until relatively recently, were considered essential aspects of being human.” *The Prosperity of Humankind*.¹ (Author's emphasis.)

Most work systems assume, not contentment, but a condition of deprivation and the dissatisfaction with one's present condition while constantly seeking more. Advertising skillfully seeks to stimulate the feelings of deprivation, the creation of need, the need for a new car, a flat belly or a cool drink, when absent the stimulus no such need would exist. Rather than a moral self-discipline, in too many work cultures the individual is doing only what is required and seeking a level of behavior calculated to avoid punishment rather than the higher standard of self-imposed morality. Devotion to duty has been relegated to the status of an out-of-date belief associated with military tradition. The individual, through training, prayer and meditation, must develop these spiritual qualities in order to achieve harmony with an organization operating on Bahá'í principles.

¹ *The Prosperity Of Humankind*, A Statement Prepared by the Bahá'í International Community's Office of Public Information, 1995.

THE PRINCIPLES

I have selected the following eight principles as those most important in considering the creation of the ideal business organization and culture. You may choose others as well. However, it is my opinion that these represent, in short form, the essence of guidance from the Bahá'í Writings that may be applied to work and the design of the business enterprise.

1. Honesty: the Foundation of All Virtues
2. The Spirit of Service
3. Justice: The Trainer of The World
4. Consultation: Decision Making in the Knowledge World
5. Unity: The Circle of Commitment
6. Abolish Extremes of Wealth and Poverty
7. World Citizenship: The Field of Action
8. Universal Education: Building Social Capital

HONESTY: THE FOUNDATION OF ALL VIRTUES

Honesty is not only the foundation of virtue, but of economic activity as well. There is no more obvious, yet intricately complicated, principle than that of honesty. The business environment is a great test to this capacity of the individual soul. The merchant is constantly communicating a perception of value - the history of the car, the condition and history of a house, the potential of a piece of land, or the likely appreciation of a stock. The communication is often between one who is expert and one who is not. It is often between one who stands to gain and one who stands to lose. To be dishonest is often very easy and often in one's apparent self interest. To overcome the temptations of dishonesty one must be detached from one's short term self interest and focused on the value of long term relationships.

“Beautify your tongues, O people, with truthfulness, and adorn your souls with the ornament of honesty. Beware, O people, that ye deal not treacherously with any one. Be ye the trustees of God amongst His creatures, and the emblems of His generosity amidst His people. They that follow their lusts and corrupt inclinations, have erred and dissipated their efforts. They, indeed, are of the lost.” Bahá'u'llah

The business environment is increasingly one in which long term customer and supplier relationships are essential and built on trust. The merchant trading in the bazaar of the Middle

East was skilled at tricking the customer into paying more than an item was worth. The negotiation between customer and supplier was a game played with subtle cultural rules that allowed for a level of dishonesty by both parties. In today's environment "guaranteed customer satisfaction" is offered by Wal-Mart and Sears and you can return the item, no questions asked. An Internet search will turn up the medical success rate of hospitals, pharmaceuticals, vitamins, the performance of cars, customer satisfaction of hotels and airlines. Companies focus on creating "brand-equity" the value inherent in a name, a name which can be trusted to represent value. The Toyota Production System model of manufacturing is built on the creation of long term and intricately close relationships through the supply chain. In this world class manufacturing model suppliers invest huge sums to build manufacturing plants next to their customer's plant to provide just-in-time flow of incoming materials. All of these realities of today's business environment require long term relationships built on trust.

A recent and popular book by Francis Fukuyama² presents a well thought out argument that *"one of the most important lessons we can learn from an examination of economic life is that a nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society."*³ Fukuyama presents a detailed argument for individual virtues which are the bedrock of social relationships, or the tendency toward fluent association, what he calls spontaneous sociability. *"Spontaneous sociability is critical to economic life because virtually all economic activity is carried out by groups rather than individuals. Before wealth can be created, human beings have to learn to work together, and if there is to be subsequent progress, new forms of organization have to be developed."*⁴ The idea of social capital as a measure of wealth, the intellectual competencies and abilities of the members of society, has been presented before. However, Fukuyama directly relates social capital to the prevalence of trust in a society. High trust societies are more successful at wealth creation, those which are low trust societies demonstrate less ability to generate both social and material wealth. Low trust societies, such as in the Middle East and China, extend trust within, but little beyond the family association. Economic relationships are often within the family and those relationships beyond are treated with distrust. This is a brake on economic activity. High trust societies such as the U.S., Japan and Great Britain develop multiple forms of association and ease of relationships beyond the family. These associations include the civic clubs, fraternities, political parties, trade and professional associations, as well as religious and other community organizations. This ability to "spontaneous sociability" is the foundation of economic activity.

This analysis of high trust society as a foundation of wealth presents a clear warning to cultures such as the United States in which the decline of sociability, the loss of trust, is rapid and visible.

This is essentially the same law stated in the Bahá'í Writings, that honesty, and the corresponding ability to trust others is a necessity of not only individual success, but that of the enterprise and society as a whole.

"Truthfulness is the foundation of all human virtues. Without truthfulness progress and success, in all the worlds of God, are impossible for any soul."

² Fukuyama, Francis: Trust: The Social Virtues & The Creation of Prosperity, New York, The Free Press, 1995.

³ Ibid, p. 7.

⁴ Ibid. p.47.

When this holy attribute is established in man, all the divine qualities will also be acquired.” Abdu’l Bahá, *Advent of Divine Justice*. P.26.

THE SPIRIT OF SERVICE

There is, of course, the admonition in the Writings to engage in work or a profession and to do so in the spirit of service. This has implication for how the individual pursues his or her daily work, however, it has broader implications for the nature of the work system.

“Every individual, no matter how handicapped and limited he may be, is under the obligation of engaging in some work or profession, for work, especially when performed in the spirit of service, is according to Baha'u'llah a form of worship. It has not only a utilitarian purpose, but has a value in itself, because it draws us nearer to God, and enables us to better grasp His purpose for us in this world.” (Kitab-i-Aqdas) Page 193.

If the tactics of the organization are exploitive, seeking to gain the most advantage available from customers and suppliers, without regard for their interests, the organization’s managers are in violation of this principle and it will be difficult for a member to behave in a contrary way. In many parts of the world and in many industries it may be hard to conceptualize acting in the spirit of service toward either customers or suppliers. It may be assumed that the game of business is to win-all-you-can and it is the customer’s challenge to negotiate the best price or conditions. But if you are serving your customers, you want them to have your product or service at a price and under conditions favorable to them. Business is then an entirely different game. Some authors have promoted the idea of the leadership as a form of service in a manner very consistent with Bahá’í ideals of leadership.⁵

The total quality movement has spawned a flood of books with titles such *The Service Advantage*⁶. Becoming customer focused has been a priority and challenge for most companies. These efforts have resulted in efforts to design products with customer needs in mind, guaranteed money back customer satisfaction at stores such as Wal-Mart and catalogue services of L.L. Bean and Land’s End, and mission statements such as “ladies and gentlemen serving ladies and gentlemen” at Ritz-Carlton hotels. Doing work in the spirit of service has become a common goal in those companies striving for total quality. These companies have also experienced the rewards. Customers do business with companies who serve well. One study of the financial performance of those companies who won the National Quality Award of the Commerce Department in the United States demonstrated that their stock price, or shareholder value, increased thirty percent more than the norm for Standard & Poors Five Hundred.

⁵ Greenleaf, Robert K. *Servant Leadership: A Journey Into the Nature of Legitimate Power and Greatness*. New York. Paulist Press, 1977.

⁶ Albrecht, Karl and Bradford, Lawrence J. *The Service Advantage: How to Identify and Fulfill Customer Needs*, New York, Dow Jones Irwin, 1990.

JUSTICE: THE TRAINER OF THE WORLD

“The best beloved of all things in My sight is Justice; turn not away therefrom if thou desirest.” Bahá’u’llah, *The Hidden Words*

Justice and honesty are linked in business. However, justice has more implications than simple judgments about right and wrong. Justice is an organizing principle upon which successful association and organization must be built. The term justice in popular culture is associated with crime and punishment, the maintenance of order. While this is certainly one of the implications of the principle of justice it is merely the outer-most peel of the onion. The Universal House of Justice in their message on the *Prosperity of Humankind* refers to justice as “that faculty of the human soul that enables each person to distinguish truth from falsehood.” “It calls for fair-mindedness in one's judgments, for equity in one's treatment of others, and is thus a constant if demanding companion in the daily occasions of life.” “At the group level, a concern for justice is the indispensable compass in collective decision making, because it is the only means by which unity of thought and action can be achieved.”

Justice requires a view of self-interest linked necessarily to the interest and good of others. It requires the consideration of fairness from a detached view in the consideration of every system, function, reward and distribution made by the organization. Ideally, the ability to perceive justice, the development of this quality of the soul, would be a first requirement of decision makers. This view is strikingly different from a prevailing view among many business people that the only social responsibility of business is to make money. This view holds that if business acts in the interest of shareholders a larger societal good, that of wealth creation through meeting customer needs, will be derived from the natural forces of competition described by Adam Smith.⁷

While there is a certain truth in this view, it is an incomplete and unbalanced truth. It fails to deal with the distribution of wealth within the corporation. The rising disparity between those at the bottom and those at the top of the corporation is justified by this Darwinian focus on self-interest as a social good. Self-interest is a social good, but not the only social good. Self-interest tends to be a short, rather than long term good. The demoralization of those below and the corruption of the excess of wealth is, ultimately, not in the stockholder's, customers, or societies interest. A faculty of justice provides wisdom in decision making, not simple calculation. The obsession with short term gain and the calculation of material things which dominates the culture of most enterprises denies the value of wisdom, the appreciation of the long and collective view of good.

“Justice is the one power that can translate the dawning consciousness of humanity's oneness into a collective will through which the necessary structures of global community life can be confidently erected. An age that sees the people of the world increasingly gaining access to information of every kind and to a diversity of ideas will find justice asserting itself as the ruling principle of successful social organization.” *The Prosperity of Humankind*

⁷ Smith, Adam. *The Wealth of Nations*. New York, Pelican Books, 1970. First published, 1776.

Justice must also be understood in light of the necessity of human development. It is one of the necessary functions of the business enterprise to develop human talents and abilities. All organizations administer justice through their systems of reward and punishment and thereby exert an extreme influence on the shaping of human character, talents and skills. The employee rewarded for rising above his peers in competition will develop a competitive and individualistic nature. The employee rewarded for successfully facilitating a team will develop the talents of listening, empathy and appreciation of diverse views. Viewed in this light this systems of the organization must be designed with a view, not merely of exploiting current abilities, but of developing those latent within the human personality.

“O people of God! That which traineth the world is Justice, for it is upheld by two pillars, reward and punishment. These two pillars are the sources of life to the world.” Bahá’u’llah

CONSULTATION: DECISION MAKING IN THE KNOWLEDGE WORLD

At the beginning of the twentieth century sixty percent of Americans worked on the farm or in agriculturally related jobs. Today the number is estimated at one and a half percent. In the early and middle portions of this century the majority of Americans were engaged in making things, in manufacturing. James Bryan Quinn⁸ has computed that sixty four percent of Americans are today engaged in knowledge-work, neither growing things or making things, but thinking, inventing, writing, computing, teaching or otherwise adding value through knowledge. While the rest of the world may not be at the same stage of development, the process is inevitable. All economies go through the same evolution, first gaining efficiency in agriculture, freeing resources for manufacturing, which then becomes efficient and frees resources for higher level work and for leisure. As this progression occurs there is an increasing dependence of the higher capacities of the individual. Work historically progress from manual labor to knowledge work with economic wealth increasing as the transition occurs.

Different types of organizations require different types of decision making. The military organization, geared to the crisis and chaos of combat requires the certain structure of command decision making in which speed and obedience leads to success and creativity is a subordinate virtue. On the family farm, small groups, the natural organization of families, provided the mechanism of shared interest and shared decision making and lacked the necessity of the instant response of battle. The factory organization of the early part of this century relied on the rigid organization and job definition of Frederick Taylor’s industrial engineering model and the work simplification of Henry Ford’s factory. This led to the return to hierarchical and individual decision making which now confronted the human needs of affiliation and intimacy that had been met on the family farm. In response the union organization rose to meet the needs of the individual.

Today the organizational imperative has again shifted. Conformity and obedience are not the most desired qualities of individual action. Rather, creativity, individual initiative and working in groups are the recognized qualities that lead to economic success. All of these are qualities that require the development of human potential and the ability to engage in work as a

⁸ Quinn, James Brian. *Intelligent Enterprise*. New York, Free Press, 1992.

collective experience. The process of consultation, or team decision making, as it is most commonly referred to in business, is rapidly becoming the accepted standard. The process of consultation is not only valued in its ability to bring forth the best decision, but in its inevitable secondary effect of developing the mind of the participants. And the human mind is increasingly the most valued asset of the corporation.

The principle of consultation is necessarily linked to the principles of justice and unity. They are inseparable.

“Central to the task of reconceptualising the system of human relationships is the process that Baha'u'llah refers to as consultation. ‘In all things it is necessary to consult,’ is His advice. ‘The maturity of the gift of understanding is made manifest through consultation.’” *The Prosperity of Humankind*.

UNITY: THE CIRCLE OF COMMITMENT

Systems of organization that promote or are built upon class distinction are the dinosaurs of our age. Corporations have preserved class structure in the distinctions between management and labor, between salaried and hourly, between thinker and doer. They are all increasingly false and useless baggage, carried forward into a new world from a dying civilization. All class distinctions create a barrier to human development, blocking the potential for both individual and institutional progress. Only through creating the mechanisms of unity within the enterprise, and recognizing the unity of the entire human race both in its internal and external relationship, can the business thrive in the modern world.

Equality of the races and gender is established in law in most Western countries although biases in judgments still exist and still require diligence. Much of the planet, particularly in Eastern and Oriental cultures, have barely begun to acknowledge the necessity of equal treatment and the value to be derived from both genders. It is a major cause for slow economic progress in many countries. However, even in the West, there are major areas of disunity to be conquered. Primary among them are the assumptions about those at the top and those at the bottom, workers and managers, owners and laborers, the false and man made distinctions of class.

Eight years ago Jack Stack, the plant manager of International Harvester’s Springfield Remanufacturing Center, along with other plant managers sought to purchase this unprofitable, low technology remanufacturer of diesel engines in the heart of the rust belt. For several years the company had tried to find a buyer to divest itself of this drain on profitability. Failing its efforts to find a buyer with money, International Harvester sold the plant to its managers on favorable terms.

Having invested their meager life savings and now in the possession of a money losing enterprise, Jack Stack and his compatriots knew they had to do something radically different than the traditional patterns of management. Jack decided that he had to get everyone in the plant playing the same game, what he came to call the “Great Game of Business.”⁹ He broke the plant

⁹ Stack, Jack. *The Great Game of Business*. New York, Doubleday, 1992.

down into work teams. He taught every hourly employee and manager to read the profit and loss statement and the balance sheet. Every employee was given the company P&L statement every month. Every week they were given a statement for their own department. There were no secrets. Everyone knew the truth about the business. They knew where the money came from and where it went. Everyone was involved in deciding how to improve ratios of income to expense and the variances between budgeted and actual numbers. Every employee was made an owner and given a share of potential profits. People changed. The business changed.

In eight years, this business that appeared doomed to failure, without any significant infusion of capital, technology or outside expertise, went from a per share value of ten cents to more than twenty five dollars per share. The employees started twenty new businesses, eighteen of which were profitable. Mercedes Benz ships diesel engines to the SRC for remanufacturing and many of the employees have become millionaires. Every employee is in touch with the reality of the financial well being of the enterprise and every employee took responsibility.

This story has been repeated dozens of times. It is the story of people given a system that recognizes their potential, that treats them as adults, as partners, as owners, and eliminates the destructive class distinctions that deny responsibility, deny information and ownership. First level employees, even in factories that are doing work as simple as boring out diesel engines, are more intellectually as capable as senior managers of earlier generations. They are fully capable of involvement in the real management of the enterprise.

“Baha’u’llah compared the world to the human body...Paradoxically, it is precisely the wholeness and complexity of the order constituting the human body--and the perfect integration..that permit the full realization of the distinctive capacities in each..” *The Prosperity of Humankind*

Dr. Edwards Deming, the late guru of the quality movement was fond of saying that ninety-five percent of the quality problems were caused by management and management is responsible for the system. We blame the person, but the problem is in the system. Until we understand how to change the system we will make little progress. Deming was right. The manager of the future is a system engineer, a designer of not only technical, but human systems. The system of the organization is the problem. It either creates synergy, integration and unity, or it promotes division and distinctions that cripple the inventiveness and energy of the individual. For the rest of our lifetime we will be exploring the challenge of creating institutional structure and process that unites people in common cause.

“Clearly, the advancement of the race has not occurred at the expense of human individuality. As social organization has increased, the scope for the expression of the capacities latent in each human being has correspondingly expanded. Because the relationships between the individual and society is a reciprocal one, the transformation now required must occur simultaneously within human consciousness and the structure of social institutions. ...the purpose must be to establish enduring foundations on which planetary civilization can gradually take shape.” *The Prosperity of Humankind*

ABOLISH THE EXTREMES OF WEALTH AND POVERTY

Poverty is bad for business. Henry Ford understood it. He was not the first to produce cars. He was however, the genius behind mass productions with both its good and bad qualities. Henry Ford was a bigot. He was bigoted against the wealthy, particularly bankers. Unfortunately, he had to rely on bankers to start up his company. All of the other car manufacturers were making cars for the wealthy, those who had the money to afford a car. One might say they were operating on the simple principle of the great bank robber, Willy Sutton, who when asked why he robbed banks frankly explained “that’s where the money is.” The bankers understood it too and wanted Ford to make cars for the wealthy. Ford had a different idea. He wanted to make cars for what he called “the common man.” When the bankers protested that the “common man” didn’t have the money to buy a car, Ford replied that that was OK because he would hire a lot of them and pay them enough so they could afford to go out and buy the car. Ford paid his workers five dollars a day, more than the going rate of three and half dollars paid by the Dodge brothers.

While the concept of building cars for people who didn’t have money while at the same time paying the workers more than was necessary was a bit hard for the bankers to grasp, Ford accomplished it. This was the *miracle of mass production*. With the improved efficiency of the system wealth was increased and you can now afford to buy a car, and the common men and women in industrialized countries, are many times more wealthy than before Ford’s system. While there were negative effects of his system, which we will discuss later, Ford had discovered a basic truth that is recognized by all business people and economists: poverty is bad for business, improvements in spending power or workers increases the market and improves business.

“But if conditions are such that some are happy and comfortable and some in misery; some are accumulating exorbitant wealth and others are in dire want--under such a system it is impossible for man to be happy and impossible for him to win the good pleasure of God. God is kind to all. The good pleasure of God consists in the welfare of all the individual members of mankind.” Abdu’l Bahá, *Foundations of World Unity*, p.42.

This understanding is the basis for trade treaties such as NAFTA, the North American Free Trade Association, which recognize that a poor neighbor is not only a poor market for goods and services, but a threat to stability. Henry Ford and the architects of trade treaties both understood that wealth is not a fixed sum to be divided among rich and poor. Rather it is highly elastic, and the function of economic systems must not simply be to divide wealth, but to create wealth. Business is the engine of wealth creation. While the individual enterprise should strive to reduce extremes in compensation as well as in class, its primary purpose in the society at large is to utilize resources, both material and human, in a manner that creates aggregate wealth. The failure of Communism was not only a spiritual failure, but a failure to promote the efficient utilization of resources to create wealth. It was a failure of the system.

Ford, NAFTA and communism all demonstrate the importance of the systems of organization. The Bahá’í Administration is a system of organization and management that will produce entirely different results from previous systems of government or religion. Our task as Bahá’ís is to apply our principles to the practical operation of our system of enterprise. This will be our primary focus in the next section of this paper.

If Bahá'ís are to be of genuine assistance in the field of economic development and help eliminate the extremes of wealth there are two essentials which must be understood. The first is the imperative to create rather than redistribute wealth. Many Bahá'ís are conditioned by the 1960s academic anti-capitalist sentiment that was grounded in the adversarial assumptions of Marxist thought. Redistributing wealth, although progressive taxation is certainly just and justified, has no potential to lift up the poor from poverty. Only the process of enabling the creation of new wealth among all segments of global society can eliminate the evils of poverty. Second, the Bahá'ís must understand the currency of development in today's world. Until the last ten or twenty years, and for the previous one hundred years, the critical currency of economic development was the control and productivity of capital and material resources. It was an age of *materialism* in the most literal sense of the word. However, we no longer live in age in which the primary mechanism of development is the productivity of natural resources, capital or labor. We are now engaged in the second miracle of production.

Peter Drucker explained it well: “The basic economic resource - ‘means of production,’ to use the economist’s term - is no longer capital, nor natural resources (the economist’s *land*), nor labor. It is and will be knowledge. The central wealth creating activities will be neither the allocation of capital to productive uses, nor labor - the two poles of nineteenth and twentieth century economic theory, whether classical, Marxist, Keynesian, or neo-classical. Value is now created by ‘productivity’ and ‘innovation,’ both applications of knowledge to work. The leading social groups of the knowledge society will be ‘knowledge-workers’ - knowledge executives who know how to allocate knowledge to productive use; knowledge professionals; knowledge employees. Practically all these knowledge people will be employed in organizations. Yet unlike the employees under Capitalism, they will own both the ‘means of production’ and the ‘tools of production’ - the former through their pension funds, which are rapidly emerging in all developed countries as the only real owners; the latter because knowledge workers own their knowledge and can take it with them wherever they go. The economic challenge of the post capitalist society will therefore be the productivity of knowledge work and the knowledge worker.”¹⁰

While it is obvious that not all societies have entered this post-capitalist era, it will not be necessary for economies in the earliest stages of development to go through the same stages of industrialization and mass production with all of their social consequences. With education and technology there is no reason why people in Samoa cannot participate in the knowledge work society, and with less disruption to their culture and ecology than the traditional route of development.

Malaysia is a good case in point. Malaysia defies many stereotypes held in the West of socio-economic. Malaysia is very aware of the information economy and the government is officially pursuing a strategy of becoming a leader in the information age. A multi-billion dollar “MultiMedia Corridor” is being constructed outside of Kuala Lumpur with a billion dollars of investment from Microsoft. There are eight fiber optic cable plants in Malaysia and this high capacity cable is being laid throughout the country. Recently in the paper there were pronouncements of official policies to reach the indigenous and under privileged people with Internet access, computers and education to bring them into the development process and to allow them to voice their views to the country and the world. On September 21, 1996 a headline in the New Straits Times proclaims “*Making known our concept of civil society through IT.*” The article states “Malaysia must make known its concept of civil society to the world through information technology to make sure it is not overwhelmed by the Western dominated global

¹⁰ Drucker, Peter. *Post-Capitalist Society*. New York, Harper Business, 1993. P. 8.

concept of civil society.” Virtually every day in the newspaper there are stories about government and industry efforts to promote information technology and one recent article proclaimed that companies must not move manufacturing to Malaysia to seek low skilled - low pay labor: there is no more. Only high value adding jobs will be allowed. One could make a case that Malaysia, recently considered a less developed country, may surpass many so-called developed nations in their entry into the information age.

If we are to assist in abolishing the extremes of wealth and poverty we must understand the vehicle, the currency of wealth and poverty. Increasing that currency is the ability to access and utilize information.

Also in the Writings of the Bahá'í Faith are provisions for progressive taxation: the assumption that those who are better off should contribute relatively more than those who are less fortunate. While there are those in the West arguing for a flat tax and arguing that it will be more fair, it would clearly not be more fair to tax the person earning thirty thousand a year the same as the person earning thirty million a year. Most millionaires agree with this proposition. Ross Perot, the billionaire, when asked how he felt about paying millions each year in taxes replied that it gave him great pleasure to look at his tax statement and realize how fortunate he was to have been able to earn so much income that he would have to pay so much in tax. While the debate about how much progressivity is fair and reasonable will most likely continue forever, there can be no doubt that we Bahá'ís agree with Ross Perot, at least on this issue - it is a blessing to be able to pay a higher tax rate.

“Then rules and laws should be established to regulate the excessive fortunes of certain private individuals and meet the needs of millions of the poor masses; thus a certain moderation would be obtained. However, absolute equality is just as impossible, for absolute equality in fortunes, honors, commerce, agriculture, industry would end in disorderliness, in chaos, in disorganization of the means of existence, and in universal disappointment: the order of the community would be quite destroyed. Thus difficulties will also arise when unjustified equality is imposed. It is, therefore, preferable for moderation to be established by means of laws and regulations to hinder the constitution of the excessive fortunes of certain individuals, and to protect the essential needs of the masses.” Abdu'l Bahá *Some Answered Questions*, p. 275

“As to the first, the tenths or tithes: we will consider a farmer, one of the peasants. We will look into his income. We will find out, for instance, what is his annual revenue and also what are his expenditures. Now, if his income be equal to his expenditures, from such a farmer nothing whatever will be taken. That is, he will not be subjected to taxation of any sort, needing as he does all his income. Another farmer may have expenses running up to one thousand dollars we will say, and his income is two thousand dollars. From such an one a tenth will be required, because he has a surplus. But if his income be ten thousand dollars and his expenses one thousand dollars or his income twenty thousand dollars, he will have to pay as taxes, one-fourth. If his income be one hundred thousand dollars and his expenses five thousand, one-third will he have to pay because he has still a surplus since his expenses are five thousand and his income one hundred thousand. If he pays, say, thirty-five thousand dollars, in addition to the expenditure of five thousand he still has sixty thousand left. But if his

expenses be ten thousand and his income two hundred thousand then he must give an even half because ninety thousand will be in that case the sum remaining. Such a scale as this will determine allotment of taxes. All the income from such revenues will go to this general storehouse.” Abdu’l Bahá, *Foundations of World Unity*, p. 41.

WORLD CITIZENSHIP: THE FIELD OF COMMERCE

In the previous era to be engaged in multinational business meant to be a large and powerful corporation. General Motors and ITT were multinational conglomerates with all of the connotations of excessive power and dominance. My firm has approximately twenty-five employees yet we do business with many of the major international corporations and we work in Canada, the U.S., Mexico and South America, Malaysia, Oman, Egypt and soon expect to be working in other Asian countries. We are neither large nor powerful, but we are multinational. More significantly, we will soon begin *virtual* consulting, a service which we will offer over the Internet whereby we will be able to consult regardless of place. Place, the predominant reality of the previous age and the material world, is becoming less and less relevant. Even large corporations like GE and ABB are preaching the gospel of thinking globally and small at the same time. The CEO of ABB, the world’s largest power-engineering group recently remarked that “We are not a global business. We are a collection of local businesses with intense global coordination.” Consistent with the trend toward dispersed power this company’s headquarters shrunk from 4,000 down to 200.”¹¹ So much for the fear of the large centrally controlled company.

Kenichi Ohmae, one of the most observant of management writers has declared the death of the nation state in the borderless world: “What we are witnessing is the cumulative effect of fundamental changes in the currents of economic activity around the globe. So powerful have these currents become that they have carved out entirely new channels for themselves - channels that owe nothing to the lines of demarcation on traditional political maps. Put simply, in terms of real flows of economic activity, nation states have *already* lost their role as meaningful units of participation in the global economy of today’s borderless world.”¹² The nation state no longer has much to contribute to the process of commerce, nor much practical ability to exert control. The national origin of goods and services is no longer clear, meaningful or recognized by consumers. Do you know where your car was produced or how much of it was produced in which country, and do you care? Most nations are comprised of diverse economic regions, not a homogeneous economy, and these regions are just as economically linked and interdependent with regions in other nations as within their own. The nation state is an anachronism.

“That one indeed is a man who, today, dedicateth himself to the service of the entire human race. The Great Being saith: Blessed and happy is he that ariseth to promote the best interests of the peoples and kindreds of the earth. In another passage He hath proclaimed: It is not for him to pride himself who loveth his own country, but rather for him who loveth the whole world. The earth is but

¹¹ Naisbitt, John. *Global Paradox*. New York, William Morrow, 1994. P. 14.

¹² Ohmae, Kenichi. *The End of The Nation State*. New York. Free Press. 1995.

one country, and mankind its citizens.” *Tablets Of Bahá’u’llah revealed after the Kitab-i-Aqdas*, p168.

You don’t have to be in New York, London or Paris to exert economic influence. One of the most powerful corporations in the world is Microsoft in Redmond, Washington. The most powerful retailer rapidly emerged from Bennetville, Arkansas (Wal-Mart) and India and countries of Southeast Asia are developing competitive strategies in computer programming operated from small cities. Just twenty or thirty years ago it was a cultural assumption among corporate executives that to be a significant corporation you had to locate your headquarters in one of the major cities. Today, location has diminished to insignificance.

Of course, much of the world is still confined to location. But, they are confined to location not due to the absence of cars, trains or planes, but due to the absence of electricity, telephones and modems. The business in the Andean village or the Mongolian steppes is still a local business entirely responsive to the local culture and economy. But even this will soon change. As the world becomes more integrated and the economy more global its component parts become smaller. The fear of the dominance of the large corporation is a fear of the past generation. When the important resources were oil and steel large amounts of capital and a large, centrally controlled corporation had a competitive advantage. Today, the most important resources are intellectual capital and the access to information transmission. With these two elements you are in business and access to knowledge is the great equalizer. Soon Motorola’s Iridium system of sixty six satellites will make cellular service a global reality and make telephone and data transmission services immediately available to every island and village on the planet. Price will come down due to impending competition with two similar services. The potential transformation in commerce and the implications for social and economic development are so significant that our minds, conditioned by the assumptions of the pre-information age, can barely begin to comprehend. Within a few years, there is no reason why a student, sitting on an island in the Pacific ocean or in a village in South America, will not be able to access all knowledge, presentations by the world’s best teachers, interact daily with other students, access experts and resources from all over the globe, gain every degree and engage in intellectual commerce, without physically leaving the village. Without appreciating this potential we demonstrate our own enslaved limitation to the material world.

The driving force toward globalization and world citizenship is the declining costs of computing power, enabling the interconnection of the masses, the democratization of information. The computing power now purchased with a unit of currency is five hundred times the power the same amount purchased when the IBM PC was first born. There are, right now, more than one million Internet *host* computers, each connecting hundreds if not thousands of users. In 1983 there were 2000 users on the Internet. Today there are more than 50 million. If the growth rate continues, which has been very steady, there will be one billion users by the year 2000 and two billion by the year 2003.¹³ In twenty years, an historical blink of the eye, this digital connection will have gone from a very elite privileged few in restricted research labs, to one third of the planet able to access most of the knowledge on the planet. Everyone will be able to purchase goods from anywhere on the planet, will be able to access virtually all of the world’s research, and can right now access most of the Bahá’í’ texts and download them at no charge. Not only is

¹³ Tapscott, Don. *The Digital Economy: Promise and Peril in the Age of Networked Intelligence*. New York, McGraw-Hill, 1996. P. 16.

hardware becoming cheaper, but software is similarly inexpensive. Today you can download Microsoft's latest web browser for free and there are literally thousand of software programs that you can access and download at no charge. Twenty years ago, none of this was imaginable, accept to the most wild visionaries. My fifteen year-old son does not remember *ever* not having a computer in the home, much like some of us old folks remember when we didn't have televisions.

In a few short years everyone will be connected to everyone, all knowledge will be available to all, and place will be irrelevant. This is the context of business in the twenty first century. The ability to compete and conduct business in the globally interconnected context is the challenge of the future. The village is the globe and it is now.

UNIVERSAL EDUCATION: BUILDING SOCIAL CAPITAL

Ignorance is poverty and knowledge is wealth, individually and collectively. Education is not the problem of educational institutions alone. Every institution is concerned with the development of human capacity. In the United States alone, corporations spend close to fifty billion dollars a year in training and development and the better corporations devote more than a week a year to training for each employee. Constant improvement in competence is an essential requirement of competition in today's business. Economies cannot develop without the increased capacity of its individual members.

“The tasks entailed in the development of a global society call for levels of capacity far beyond anything the human race has so far been able to muster. Reaching these levels will require an enormous expansion in access to knowledge, on the part of individuals and social organisations alike.” *The Prosperity of Humankind*.

Much training is required by the rapid evolution of technology. However, corporations are increasingly concerned about the development of social competencies, the skill of group decision making, the ability to share work and knowledge within the organization, and the ability to communicate, inform and persuade customers and suppliers. The work of my firm and dozens like mine are devoted largely to the development of social skills essential to the flat organization in which employees are empowered to make decisions and control their work processes.

Even senior executives are dedicating serious efforts to learning new forms of behavior. I worked with the senior team of a major oil company and watched the president literally perspire when asked to verbally reinforce the good work of another. He later told me that his wife had often told him that he needed to do more to recognize the good qualities in his children but, he found this enormously difficult. This simple competence of expressing appreciation for a job well done had never been developed, and perhaps more shocking, had never been required as he made his way to the highest level of the company. But, to his credit, he now recognized the importance of this simple skill and was willing to exert the effort to develop the habit.

This same team of executives reported that one of the most powerful development experiences they participated in was *action learning* in which they took on a community project, working together as a team. They rebuilt a home in a poverty stricken section of town. As a work team, these executives evaluated the house, bought paint and other materials and showed up on the weekends to do manual labor. It may seem somewhat odd that a very highly paid senior executive team of a large oil company would engage in such an effort. However, they reported that they gained new insight and appreciation of each others qualities and found that they worked together better as an executive team as a result of this experience. They considered this one of their most memorable experiences in their entire working career. This may say as much about their life outside the corporation as it does about their life within the corporation.

While corporations are devoting much effort to technical skill building, it is in the area of the social, inter-personal skills of problem solving and decision making that the most effort is being applied. It is ironic that this is the very area in which Bahá'ís are trained as children and in their first experiences in institutional life. The skills of consultative decision making, if learned within the Bahá'í community are a strong advantage in the modern work place. World-wide businesses are seeking managers who possess the qualities that allow for groups to reach unity and consensus and which draw out the unique contributions of diverse members.

International corporations are one of the most significant forces of human development in the world today. They are training the future leaders of society everywhere they operate. They are establishing patterns of institutional process that will inevitably be modeled by non-profit and government agencies. And these patterns are increasingly ones of group decision making, the minimizing of class distinctions, global citizenship, and building organizations on principles of trust. While collaborative efforts between business and educational institutions are increasingly common from elementary school through graduate programs in science, the massive requirement for increased competence, and the absolute requirement of business for skilled and knowledgeable employees requires independent action.

Bahá'ís understand that this is essentially a process leading toward global civilization and world unity. More than one hundred years ago Bahá'u'llah, from his prison confinement in Ákká proclaimed the unity of the planet, the emergence of a new world order based on world citizenship. Today, in ways mysterious to all, these principles are becoming reality and the invisible hand of the forces of markets and commerce are willingly working to institute the fabric of this new world order. However, much of the planet is held back by religious and cultural beliefs that were more suited to the age of craft shops and caravans.