

COVID-19 Special Issue No.2**Stay ‘Woke’ or Go Broke – A New Awakening for Global Business**

Janek Ratnatunga¹

It is Time for Business Leaders to get ‘Woke’

President Obama in 2019 referred to the word ‘Woke’, which is now increasingly used as a byword for ‘social awareness’; but warned young people not to think they are woke just because they “call-out” things on *social media*. Such social media driven awareness has resulted in previously published literary and artistic works being either ‘censored’ on a piece-meal basis; or the entire works of that author, director or entertainer being ‘cancelled’. This has significant consequences for business. For example, a book published in an earlier generation might suddenly be ‘censored’ because of language, racial characterization, or depiction of drug use, social class, or sexual orientation of the characters, or other social differences that are viewed by today’s moralists as harmful to the readers. Such a posthumously censored book will not only cease accumulating royalties, but worse still be subject to costly litigations against the author’s estate. A body of work that is ‘cancelled’ entirely for whatever reason, loses all its value.

In June 2020, in the midst of the COVID-19 pandemic, the ‘Black Lives Matter’ movement, and the ‘Cancel Culture’ intertwined when the streaming service HBO Max temporarily removed the 1939 classic film ‘*Gone with the Wind*’ from its library; stating that it is a product of its time and depicts some of the ethnic and racial prejudices that have, unfortunately, been commonplace in American society. At the same time BBC TV’s streaming service removed a 1975 ‘*Fawlty Towers*’ episode titled “The Germans” because it contains “racial slurs”. This activated some 150 writers, academics and activists – including authors JK Rowling, Salman Rushdie and Margaret Atwood – to sign an open letter denouncing the “restriction of debate”. They argued that whilst they applaud the much “needed reckoning” on racial justice of recent times, that it has fuelled stifling of open debate. The letter denounced “a vogue for public shaming and ostracism” and “a blinding moral certainty”.²

The Black Lives Matter Movement Goes Global

During the COVID-19 pandemic, this trend of social awareness was supercharged when a white police officer, Derek Chauvin, knelt on African-American George Floyd’s neck for nearly eight minutes and choked him to death. This triggered global “*Black Lives Matter*” protest marches, some erupting to violence and looting. Many people protested whilst wearing face masks; not so much as protection against the virus, but so that they will not be recognised as many such marches were banned due to COVID-19 restrictions.

Whilst most of these marches were peaceful, some turned more violent. Many of the demonstrations were accompanied by looting in some cities in the USA. Some of the looting was due

¹ Institute of Certified Management Accountants.

² BBC (2020), “JK Rowling joins 150 public figures warning over free speech”, July 8, <https://www.bbc.com/news/world-us-canada-53330105>

to anger at what had happened to George Floyd. One looter told an LA Times reporter that, “*We’ve got no other way of showing people how angry we are.*” Despite this, the LA Times reported that law enforcement authorities believed that most of the thefts and vandalism came from people not directly connected to the protests who used the teeming crowds as cover to steal merchandise.³

Whilst clearly there have been sporadic acts of organised looting mostly by black youths; it was reported that much of the violent protests in the streets of USA were initiated by white supremacist extremists, who attacked any members of the community whom they perceived as threatening their belief of “*Caucasian superiority*”.⁴

Such violence was met with almost equal force by an anti-fascist protest movement known as “antifa” (short for “antifascist”); which gained new prominence in the United States after the white supremacist “Unite the Right” rally in Charlottesville, VA, in August 2017, was aggressively confronted by the antifa movement. While most counter-protestors tend to be peaceful, there have been several instances where encounters between antifa and the far-right extremists’ groups have turned violent.

The ‘antifa’ violent counter-protesters are a loose collection of groups, networks and individuals who believe in active, aggressive opposition to far right-wing movements. Their ideology is rooted in the assumption that the Nazi party would never have been able to come to power in Germany if people had more aggressively fought them in the streets in the 1920s and 30s.

All of this came to ahead at the end of the first debate of the 2020 USA presidential elections. President Donald Trump’s refusal to condemn white supremacists during the debate, and his suggestion that the far-right Proud Boys group “stand by” during the current 2020 election campaign sent shockwaves through American politics. At the time of writing this article, it is unsure of the political fallout of this call to arms for violence by a sitting US president.

All Lives Matter

A counter movement that “All Lives Matter” was launched by some political and activist groups in the USA; and to a lesser extent in Australia and other western countries. An Australia politician with strong views on Asian immigration, Ms. Pauline Hanson, put up an advertisement depicting herself and stating “*all lives matter or bugger off*”. Thankfully, this was removed from a digital billboard in Queensland within hours of being displayed following numerous complaints.⁵

Obviously, “all lives absolutely do matter”. However, such sentiments miss the vital point of the *Black Lives Matter* movement in that it is all about ‘privilege’, or lack of it, for black people’ even in Australia. Given the disproportionate impact state violence has on black citizens in the USA (and to a lesser extent in the Aboriginal community in Australia), the movement was for all people to be aware that in is only when black people get the benefits, privilege and respect that are implicitly

3 Maya Lau, Alejandra Reyes-Velarde & Matt Hamilton (2020), “Looters Who Hit L.A. Stores Explain What They Did”, *Los Angeles Times*, June 5 <https://www.latimes.com/california/story/2020-06-05/looting-protests-george-floyd>

4 Jason Wilson (2020) “Proud Boys are a Dangerous ‘White Supremacist’ Group say US Agencies”, *The Guardian*, Oct 1. <https://www.theguardian.com/world/2020/oct/01/proud-boys-white-supremacist-group-law-enforcement-agencies>

5 Inga Stunzner and Paul Culliver (2020), “‘All Lives Matter’ Sign Depicting Pauline Hanson Pulled Down After Outrage in Rockhampton”, ABC Capricornia, July 3. <https://www.abc.net.au/news/2020-07-03/pauline-hanson-sign-pulled-down-community-outrage-rockhampton/12419302>

given to white citizens will the changes be wide-reaching and transformative for society as a whole. Many large businesses have taken a very supportive stance to the black-live matter movement.

Defund the Police

The 'Black Lives Matter' movement has hived off to a "Defund the Police" movement that supports divesting funds from police departments and re-allocating them to non-policing forms of public safety and community support – such as social services, youth services, housing, education, healthcare and other community resources. The idea of radically scaling back police budgets and spending the money elsewhere – on crime prevention, rehabilitation and social outreach – has long been dismissed by most elected politicians as a fantasy of the far-left. But these are 'new normal' times. City mayors from New York to Los Angeles started talking about cutting police funding and the Minneapolis City Council went even further by pledging to dismantle the Minneapolis Police Department and create a new system of public safety.

Defunding the police is specifically targeted in the USA and its *1033 program*, which was created as part of 1997's *National Defense Authorization Act*; which allows the US Department of Defense to get rid of excess equipment by passing it off to local authorities, who only have to pay for the cost of shipping. (A precursor, the slightly more restrictive 1208 program, began in 1990.) According to the *Law Enforcement Support Office (LESO)*, which oversees the process, over \$7.4 billion of property has been transferred since the program's inception; and more than 8,000 law enforcement agencies have enrolled. Much of that inventory is perfectly ordinary: office equipment, clothing, tools, radios, and so on. But also included in the total are the so-called 'controlled equipment'—assault rifles, bayonets to grenade launchers, armoured vehicles, weaponized aircraft and so on—that have helped create a spectacle of disproportion of local law enforcement responding to even nonviolent protests looking more like the US Armed Forces.⁶

All around the world, news stories on TV, YouTube and Facebook showed us indelible images of peaceful protesters flooding the streets of cities across the United States, met by police forces equipped with full body armour, assault rifles and tactical vehicles that vaguely resemble tanks. Such a disproportionate show of force was on full display when President Donald Trump deployed an actual military police battalion against peaceably assembled US citizens in that nation's capital, when he wanted to walk from the White House to a nearby church to hold a Bible up in the air!

Such displays are not unique to the current 'Black Lives matter' protests against police brutality. The militarization of the American police, and the 1033 program specifically, began attracting wider scrutiny in 2014, after the Black Lives Matter protests in Ferguson, Missouri. A year after Ferguson, President Barack Obama signed an executive order that prohibited state and local law enforcement from receiving certain types of property, like grenade launchers and weaponized aircraft under the 1033 program; but these restrictions were short-lived as President Donald Trump lifted them in 2017.

Proponents of the 1033 program say that it keeps cities safer. Detractors say the distribution of controlled items actually increases police violence, hence the call to 'Defund the Police'.

⁶ Brian Barrett (2020), "The Pentagon's Hand-Me-Downs Helped Militarize Police. Here's How", WIRED Feb 6, <https://www.wired.com/story/pentagon-hand-me-downs-militarize-police-1033-program/>

Academic research conducted at the University of Tampa, Florida, suggests that officers with military hardware and mindsets will resort to violence more quickly and often.⁷ A more recent study at the University of Atlanta, argues that providing officers with military grade weapons encourages them 'to adopt the legalistic style' of policing, which puts police officers 'under some pressure to 'produce' more stops, searches, citations, and arrests. The paper notes that a surplus of military equipment to police increase the probability of an officer is killed by civilians or civilians are killed by police officers.⁸

Slavery - The Original Sin.

The “*Black Lives Matter*” movement has triggered a reevaluation of much of the history around slavery. During the protest marches many of the statues of those considered as slave traders and racists were attacked and either defaced or damaged. Some were torn down. In the USA monuments, around the country of confederate soldiers have fallen in recent years amid a contentious debate on whether they are proud monuments to Southern heritage or symbols of racism and slavery. This exacerbated amid protests over systemic racism, police violence and the killing of George Floyd.

In England, the statue of Winston Churchill had to be protected within a steel box. Churchill, considered a hero for his strong leadership in World-War 2; was nevertheless a racist, especially against the Indian people. He and his war cabinet were responsible for giving the executive orders to starve 3million people to death in the State of Bengal, when he shipped all its food out to British soldiers on the war front.⁹

Elsewhere, other controversial statues – such as that of Diamond magnate Cecil Rhodes, who was involved in Victorian British imperialism in southern Africa – came into the spotlight, with thousands of people gathering in Oxford to demand that Oriel College, which Rhodes attended and to which he left a large financial bequest, take his statue down.¹⁰

Rhodes founded the ‘Rhodes Scholarship’ to promote unity between English-speaking nations and instil a sense of civic-minded leadership and moral fortitude in future leaders irrespective of their chosen career paths. Three of Australian Prime Ministers, Bob Hawke, Tony Abbott and Malcolm Turnbull have held Rhodes scholarships; as have President Bill Clinton. Now that Cecil Rhodes is being censored, what happens to the scholarship?

As people had more time to study the issues whilst staying at home due to COVID-19, they have come to have a deeper understanding of the issues of slavery, racism and its impact on business in the British Empire. Britain had been involved in the transatlantic slave trade for more than 200 years by the time it abolished the trade in 1807; although the full abolition of slavery did not follow for another generation. It is estimated that approximately 12.5 million enslaved Africans were forcibly trafficked across the Atlantic between the 16th and 19th centuries. More than three million of those men, women and children were carried on British slaving ships. They were delivered to work on brutal plantations, where they cultivated crops such as sugar and cotton. During this period, slavery was introduced to the lands that formed the USA, while they were British colonies. Yet for decades

7 Casey Delehanty, Jack Mewhirter, Ryan Welch, Jason Wilks (2017), “Militarization and Police Violence: The Case of the 1033 Program”, *Research and Politics*, June 14, pp. 1-7.

8 Anna Gunderson, Elisha Cohen, Kaylyn Jackson, Tom S. Clark, Adam N. Glynn, Michael Leo Owens (2019), “Does Military Aid to Police Decrease Crime? Counterevidence from the Federal 1033 Program and Local Police Jurisdictions in the United States”, *University of Atlanta Working Paper*, pp.1-17.

9 Michael Safi (2019), “Churchill's policies contributed to 1943 Bengal famine – study”, *The Guardian*, March 29. <https://www.theguardian.com/world/2019/mar/29/winston-churchill-policies-contributed-to-1943-bengal-famine-study>.

10 Sophie Campbell (2020), “Statues are just the start – the UK is peppered with slavery heritage”, *The Conversation*, June 10, <https://theconversation.com/statues-are-just-the-start-the-uk-is-peppered-with-slavery-heritage-140308>

Britain has neglected, even celebrated, its own colonial history. Discussion of slavery itself has been subordinated beneath a focus on abolition, and particularly white abolitionists such as William Wilberforce. The British taxpayer paid out large sums in compensation to former slave owners, though none was handed to the people who had been enslaved. Many of them were even forced to work on for years without pay after slavery.

'Cancelling' the British Royal Family for its Role in the Slave Trade

The English slave trade was started and fully monopolised by the British royal family; it was one of its original sources of wealth and power. In 1603, King James I gave a monopoly licence to a private company to trade in slaves from Africa. By 1632, his son Charles I and his grandson Charles II continued the tradition of this monopoly power. The *Royal Gambia Company*, the *Royal Adventurers Company* and the *Royal African Company* were all owned by the British Royal Family. England became so rich through the exploitation of slaves, gold and ivory from the Guinea Coast that a coin called the "Guinea", in salute to the vast resources — human and physical — was ordered by the monarchy to be minted. The guinea was the largest denomination of English currency, valuing 21 shillings — a favourite of lawyers whose fees on average amounted to five guineas.¹¹

If any institution deserves to be 'cancelled' in this era of 'social awareness', it is no doubt the British Royal Family. Yet, such a cancellation, should it ever happen, will be a major blow to Britain. The Queen and her children are not only great brand ambassadors for Britain, but also been instrumental in marketing British products and know-how globally. Royal visits to foreign lands always net massive behind-the-scenes trade deals for the UK.

In Australia, Captain James Cook has become a very divisive figure, more so after the 'Black Lives Matter' movement. Whilst Captain Cook did shoot at Indigenous people when he arrived in Australia, much of the negativity around him appears to be related to being a symbol of colonisation. Whilst technically slavery was illegal in Australia in as much as people were not allowed to make a profit by buying and selling people, historians have documented many examples of Aboriginal people being given no rights and being forced into domestic or sexual slavery. They were chained by the neck and forced to march 300km and then work on cattle stations for non-Indigenous barons which is akin to the modern concept of slavery.¹²

Reparations

A recent article on 'Reparations Costing' flagged the area as an emerging role for management accountants.¹³ This has now become a more important and urgent issue to resolve in the light of the 'Black Lives Matter' movement and the spotlight on slavery.

Reparation is not a new word in the dictionary. It is the act or process of making amends for a wrong. Something done or money paid to make amends or compensate for a wrong. Reparations compensation is paid for damages or economic loss, required from a nation responsible for that

11 Shalman Scott (2018), "The British monarchy's involvement in slavery", *Jamaica Observer*, March 25, http://www.jamaicaobserver.com/news/the-british-monarchy-8217-s-involvement-in-slavery-the-british-monarchy-8217-s-involvement-in-slavery_128602?profile=1096

12 Charis Chang (2020) "Why Captain Cook came to be so hated in Australia", *News.com.au*, June 14, <https://www.news.com.au/national/why-captain-cook-came-to-be-so-hated-in-australia/news-story/c6dfea66f19db91d6abed8869638800b>

13 Janek Ratnatunga (2018), "Reparations Costing: An Emerging Role for Management Accountants", *Journal of Applied Management Accounting Research*, 16(2), pp.17-120

damage or loss. After World War II, both West Germany and East Germany were obliged to pay war reparations to the Allied governments, which they paid for by ceding land to Poland and the Soviet Union.

The theory of international law states that compliance comes about when there are rational, self-interested sovereign states. International law can affect state behaviour because states are concerned about the reputational and direct sanctions that follow its violation. A failure to honour an international law commitment hurts a state's reputation because it signals that it is prepared to breach its obligations.

The problem with the actual implementation of international law is that it is more likely to have an impact on events when the stakes are relatively modest. The implication is that many of the issues that receive the most attention in international law – i.e. the laws of war, territorial limits, arms agreements, and so on - are *unlikely* to be affected by the application of international law should such issues eventuate. On the other hand, issues such as international economic matters, environmental issues, and so on, can more easily be affected by international law (Guzman, 2002).¹⁴

'Reparations' are being demanded by countries for many reasons. Although many countries are demanding that the USA and England amongst others should pay heavily for profits earned via the slave trade; slavery is not the only issue. Today, with the Greek economy in shambles, Greece is asking Germany for World War 1 (WW1) reparations that could be close to €9 Billion. This will solve the Greek Debt problem!

In the light of this, particularly interesting are the points raised by *Dr Shashi Tharoor*, the Indian former Under-Secretary General of the UN, on this matter. He dramatically pointed out how being a colony affected the economy of India. India's share of the world economy before she became a colony of the British Empire was 23 %, and after the Independence it came out to be below 4%. He stated that the rise of the British Empire was built on the very foundation on which it suppressed India. The very concept of industrialisation in England came into reality when they "de-industrialised" their own colonies.

Before the British merchants became their rulers, India's weavers used to enjoy a very high reputation for quality; one never matched by anyone else. When the British came, they conquered and smashed the tools of those weavers, took away their livelihoods, and imposed cruel taxes on those still functioning. The reason was simple - the British did all that, so that, far across from India, the British Empire could prosper as the world's leading exporter of finished cloth. As a consequence, India was forced into becoming the biggest importer of the products from Britain. By the end of the 19th century, India became a "cash cow" for Britishers; who just kept on milking its resources. The result was that there was nothing left for India's own children. Meanwhile, even today, Britain continues to benefit from the financial capital it amassed from the natural resources of other countries when it had an Empire.

Although countries such as England, France and Holland provide some aid in developmental, educational and health issues; the view is that these countries can contribute a lot more. Dr. Tharoor says that the aid given by Britain to India is 0.04% of India's GDP. The nation itself invests more than the given aid on its fertilizer subsidies.

¹⁴ Andrew T. Guzman (2002), "A Compliance-Based Theory of International Law", *California Law Review*, December, Vol. 90, No. 6, pp. 1823-1887.

Have the rulers repaid in other ways? Former colonial powers have argued that if not for them, their colonies would never have enjoyed the emerging technologies. For example, the British built railways and roads, is an often-heard claim. But Dr Tharoor says the railways and roads developed were not meant for the people living in the colonized country, but for those rulers who just wanted a means to transport their goods from ports to the industries. After all, he says, *"Many countries have built railways and roads without having had to be colonized."*

Today, Americans say they are giving 'Democracy' (often in exchange for oil) to countries they occupy (with a UN mandate or not). The British also take credit for making India democratic. However, it is important to note that India's democracy was not given; it was snatched from the rulers. Dr Tharoor claims, *"It's a bit rich to enslave, maim and torture people for 200 years and celebrate that they're democratic at the end of it."*

Reparations Costing

Can we quantify the amount of damages to be repaid? Many countries and political groups such as the Caribbean Community (CARICOM) are of the view that they are not in a position to quantify damages in term of an overall monetary figure, and that this is for the Law Courts to determine. It is also important to note that reparations go far beyond cash payments. They also include recognising past injustices and redressing the moral imbalance brought on by colonisation.

Management accountants who are well versed in Environmental and Social Management Accounting (ESMA) have the tools and techniques of providing courts with such quantitative calculations. The approaches in undertaking 'stakeholder audits' and 'contingent valuations' are all familiar to management accountants. Today approaches to quantifying the extent of damage to both the environment and to society of a man made (Fukushima nuclear power plant) or natural (Nepal earthquake) disasters are available. These techniques could be utilised to value reparations.

For example, Dr Tharoor says that in WW1, a sixth of all British force were Indian; 54,000 Indians lost their lives; 65,000 were wounded; and there is no information on other 4,000 Indians. At that time, the Indians had to generate the tax amount of 100 million pounds to satisfy the war needs of their rulers. In fact, 1.3 million personnel served in the war which was not even their war. Now these are numbers that management accountants could work with in arriving at a value for reparation. In fact, some crude accounting calculations have already been done, including using concepts such as the time value of money. These calculations show that the amount that Britain owes India for both the World Wars comes to several billion pounds. Not a single cent has been repaid to date.

Lessons for Business

The lessons that the 'new normals' of the 'Black Lives Matter', 'Cancel Culture', 'Reparations' and other related movements can teach business leaders is that in today's CNN, Facebook and Google worlds, a company's actions today can come back to bite them many, many years later. Shell's human rights violations in Nigeria; Nike's use of child labour in sweatshops in Asia; HSBC's money laundering of drug money in Mexico; Volkswagens defeat device to beat emissions tests in their diesel engines; Rio Tinto's blowing up of a 46,000-year-old sacred indigenous site with dynamite to expand its Australian iron ore mine have resulted in significant litigation costs and loss of reputation for these companies. Companies need to be very aware that actions today may be viewed with a different lens by future societies.

