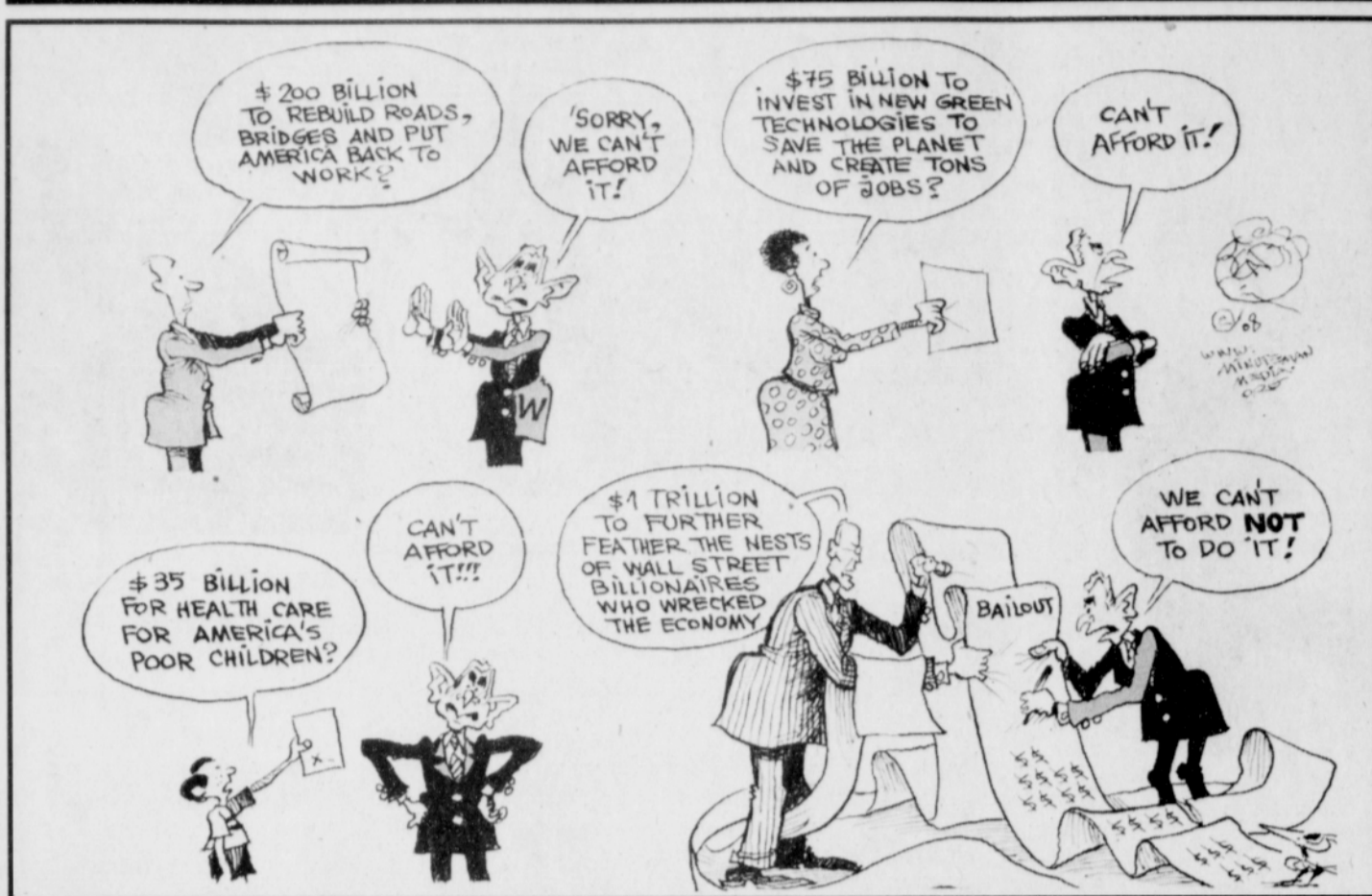


OPINION

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Capitalism without Ethics CEOs fail in every category

BY JOHN BERNARD

The world's most powerful economy is in peril thanks to another bout of deception, denial, greed and collusion.

Two powerful forces -- the pressure to continually grow earnings coupled with wildly competitive markets supercharged by the internet -- have revealed a fissure a mile wide in CEO morality, leadership and management skills.

What happened at Washington Mutual that caused its collapse? And, what was going on at Chase that has allowed them to prosper in the mortgage loan crisis? The price of those who failed will affect every American, so I believe we must understand the root cause.

Pressure to grow quarterly earnings demands organizations continually improve performance -- and one of a CEO's most important jobs is to put in place an engine to drive that performance.

If the CEO's expectation is that everyone works harder as opposed to smarter, the top has set the tone. When the organization honors and rewards the top performer based purely on numbers -- without regard to how they were achieved -- the real moral expectations are revealed. Competitive pressures are great at revealing every ethically grey twist and turn, and after awhile, normally ethically people begin to question their own sense of right or wrong. When we set our moral compass by looking at what our competitors are doing we're in trouble.

The internet has done nothing but heighten the competitive pressure, but it also has added another dynamic. The web has created the era of mass customization; today as buyers we have many more sellers to choose from and so to compete, the sellers customize their solutions to meet our needs. Competing in this environment demands flexibility -- and that flexibility comes in many forms.

I believe that in the mortgage crises, the competitive pressures

were so great that mortgage loan professionals began to "look the other way" with regards to financial qualifications of their buyers -- after all, everyone else was doing it.

So, how does the pressure to make earnings combined with the mass customization realities of the internet point to a failure in CEO morality, leadership and management? It's pretty simple: it's their job to understand these sophisticated dynamics and to lead their companies through the maze.

I believe the pressure to grow earnings each quarter, combined with a mass customization marketplace, demands a new kind of organizational thinking on the part of the CEO -- not only to succeed competitively, but also to do so while living up to a decent set of moral standards. The failing, I believe, is rooted deeply in outdated leadership and managerial practices.

Leaders are obligated today to create a healthy "being" environment for their organizations. Well-crafted values won't suffice -- the key is the environment the leader creates through his or her own behavior. Contradictory behavior by the CEO -- or tolerance of it -- reverberates as truth through the organization. Additionally, leaders must manage the "doing" environment. To ensure ethical behavior is in place in their managerial capacity leaders must create a managerial system where appropriate controls establish the boundaries of actions to ensure business effectiveness and ethical responsibility.

In the end, the credit crisis is the direct result of leadership not effectively creating a culture of ethical action and system of management that demands accountability. While the words are there, the look-the-other way ethic that lives up and down the corporation's layers is the direct responsibility of its leader. The credit crisis was caused by a leadership lapse of epic proportions.

John Bernard is a founding partner of 10x Incorporated, a Portland-based organization.

The Truths about Class Warfare

Spare us the offensive rhetoric

BY BOB KEENER

Why do right-wing commentators get to say it's class warfare to suggest that wealthy people should pay more in taxes?

I'll tell you what's class warfare.

It's class warfare to pass two sets of massive tax cuts that benefit mostly the wealthy as President Bush did during his first term.

These two frontal assaults on working folks, transferred almost \$100 billion to the top 1 percent, while helping to turn a \$5.1 trillion 10-year federal budget surplus into a \$3.7 trillion deficit. This devastating debt is already a crushing burden on future generations of average taxpayers.

It's class warfare for presidential candidate Sen. John McCain to propose making the Bush tax cuts permanent -- a coup de grace for struggling Americans who already saw the median household income go down from 2000 to 2007. This proposal would give raises next year of 4.4 percent in after-tax income to the top 0.1

percent and 3.4 percent for the top 1 percent. Combat pay, we assume?

It's class warfare to spend years deregulating the financial services industry as Bush and McCain have done and then be "shocked" when a speculative zepplin-sized balloon, fueled by outlandish greed, bursts like an atomic bomb, putting the entire global economy at major risk.

It's class warfare to prop up a few irresponsible Wall Street gi-

business executives taxpayer subsidies totaling more than \$20 billion per year that in truth encourage unlimited pay packages.

It's class warfare to oppose the Employee Free Choice Act as both Bush and McCain do. This law would begin to bring a small amount of power balance back into the workplace by making it a bit easier than it is now to form a labor union. Further, it would compel mediation and arbitration if management and the union don't agree on a contract in 90 days.

is no state in the nation where a family or even an individual can cover the basic cost of living on a full-time minimum wage.

So let's put the suggestion that wealthy people should pay more in taxes in perspective. It's a tactic to address economic inequities. It was employed after the robber baron days of the early 20th century and served us well as a society until it was repealed bit by bit, starting in the 1970s and increasingly in recent times.

What's good about it is that it's embedded in how we pay for government -- a benefit we all share. It's based on the understanding that we're all in this together and that extreme inequity is bad for a democratic society.

Disagree with the idea if you want to, but spare us the offensive rhetoric. Average Americans are on the front lines of the real class war and have been losing long enough.

Bob Keener is communications director for United for a Fair Economy, an independent organization raising awareness about the dangers of growing economic inequality.

Let's put the suggestion that wealthy people should pay more in taxes in perspective.

ants with \$200 billion in aid packages in the form of brand new taxpayer-supplied loans, while the American Housing Rescue & Foreclosure Prevention Act, designed to assist hundreds of thousands of homeowners suffering under subprime loans is blocked.

It's class warfare to give big

increasing the federal minimum wage as both Bush and McCain have done.

By 2006, when a proposed increase was last voted down, the value of the minimum wage had fallen to its lowest level in over 50 years. Even today, after increases put in place in 2007, there

Palin Around with Terrorists Check out your own pals, Sarah

BY TOM H. HASTINGS

Sarah Palin is right to criticize Barack Obama for 'palling around with terrorists,' as she puts it.

A smart politician would not hang around with people who have been connected to bombs that might have hurt civilians,

even though the Weather Underground that Obama's buddy Bill Ayres helped found never targeted civilians. The only person they ever killed was one of their own in a fatal bombmaking blunder in a Greenwich Village townhouse.

Of course, those bombs of the Weather Underground back in the late 1960s and early 1970s were a stupid but understandable response to the infinitely larger numbers of bombs that were dropped on purpose by John McCain and others into civilian neighborhoods and workplaces in Vietnam.

Indeed, McCain was shot down as he was bombing Hanoi, a city, not a military base nor a military supply line such as the Ho Chi Minh Trail. This was patently illegal then and it's illegal now. It's a war crime. It was a war crime when it was done by Japanese and Mongolians, when it was done by Germans to the British, and in turn when we targeted civilians in Dresden, Hamburg, Cologne, Frankfurt, Tokyo, Hiroshima, and Nagasaki.

At least, however, there was a justification for being at war with Germany and Japan. There was none for our war on Vietnam just as there is none now in Iraq.

We pretend that the rest of the world cannot tell that our bombs are just as terroristic as anyone else's. We pretend that they misinterpret any civilian deaths as somehow America's intent to kill people who are not armed. We pretend that John McCain wasn't a terrorist.

He was.

There was absolutely nothing noble about what McCain did to Vietnamese. He was one of the least likely to pay any price for his actions, bombing them into fireball oblivion from thousands of feet in the air. Were they not in possession of anti-aircraft rockets they would have had no

chance to defend themselves against the bombings of hospitals, civilian neighborhoods, and the infrastructure that kept their people alive.

Were the Vietnamese a threat to the U.S.? No. Were they a threat to a neighboring country? No. Did the UN decide that a military invasion was necessary to stop a genocide or other major human rights violation? No. The U.S. unilaterally decided to step in to seize a colony the French lost in 1954.

So let's not be quite so fast, Sarah. Check out the character and history of your pals. Your running mate murdered Vietnamese civilians. Neither Barack Obama nor even Bill Ayres, his pathetic 'pal,' did.

Tom H. Hastings teaches conflict resolution at Portland State University.

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