

Creating a World that Works for All: Living Economies for a Living Earth

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Thank you Matthew. Note that there are complementary copies of YES! Magazine on the table to take home. You will also find fliers for my forthcoming book *Change the Story, Change the Future: A Living Economy for a Living Earth*, which will launch in February. And there is a signup sheet for the YES! Magazine e-mail newsletter and for my Living Economies Forum newsletter.

It is easy to forget what a significant and distinctive institutional innovation the United Nations represented as the first forum in human history that brought together the world's nations to resolve their differences through negotiation rather than war.

The primary global conflict in our contemporary global society, however, is not between nations. Unacknowledged within UN circles, it is a struggle between people power and corporate power to determine whether life or money will be humanity's defining value.

The United Nations association is uniquely positioned to engage a campaign to align the United Nations on the side of people power.

With this in mind, I was delighted to accept the invitation to join you in this critical look at the UN Sustainable Development Goals initiative. I will suggest that while the goals initiative may appear to align the nations of the world on the side of people and life, it unfortunately diverts attention away from the global consolidation of corporate power bears major responsibility for the persistence of poverty and environmental devastation and takes the side of trade and aid policies that exacerbate the damage.

Our discussion today is for me an opportunity to revisit basic insights born of thirty years working in international development, including the ways development programs and policies reproduce and extend in a new guise the exploitative relationships of classical colonialism.

Let me put my experience in context. I grew up deeply conservative in Longview, just a bit more than a hundred miles from here. As an undergraduate at Stanford in the late 1950s, I was active in the campus Young Republicans and very concerned about the threat of Communist revolutions to our American way of life.

This concern led me to take a seminar in my senior year on modern revolutions. I learned that Communist revolutions were born of the frustrations of poverty. That drew me to a decision to be part of the effort of that day to end poverty by bringing the lessons

of capitalist business success to the world—thereby ending this revolution nonsense. That was 55 years ago. We are in many respects further away from

Gradually, I came to realize that economic development was falling far short of its promise to bring universal prosperity. It was creating a few great fortunes and a visible middle class. This, however, seemed to mask a deeper reality. The more GDP grew, the more brutal life became for the vast majority of people, the faster environmental devastation spread, and the faster Western media-driven cultures of individualistic violence, greed, and consumer excess displaced once-rich living cultures.

Development brought a few individuals more money and more life. Most individuals, however, got a bit more money and a lot less life. The consequences were most visible for people at the bottom. They might now have an income of—say \$1.25 a day—but for those dependent on money for their sustenance, the net consequence was less food, less access to clean water, shelter, basic security, joy, and sense of community and identity.

Eventually I realized to my horror that a similar destructive dynamic was playing out here in the United States—and in all the other countries we look to as models of development achievement. Economies were growing financially at the expense of life.

There is a key lesson in a simple story you've probably heard before. A man was standing by a river and saw a baby struggling in the current. Instinctively he jumped in and pulled it out. Then he saw another and jumped in again. Consumed with pulling babies out of the river, he never looked upstream to see who was throwing them in.

Nothing I read in the discussion and presentation of UN Development goals suggests any assessment of the nature and source of the cultural and institutional forces driving human deprivation, environmental stress, and political failure. No mention of inequality and wealth concentration, Only passing mention of spreading environmental failure. Nothing on population growth. No mention of global corporations and financial markets.

Documents produced by the UN Development goals initiatives implicitly suggest that we are dealing with a basically sound system in need of a bit of adjustment, rather than a failing system guaranteed to lead us to social, environmental, and governance collapse unless fundamentally restructured.

Without a theory of the failure and a plan to restructure, we will continue treating the symptoms rather than the causes of system failure.

Choice-making beings of many possibilities, we humans live by the shared cultural stories that allow us to organize into villages, tribes, nations, and global societies. They embody our shared beliefs and values and are the lens through which we view reality. They in turn shape our institutions of power.

When we get our story wrong, we get our future wrong. We are in terminal crisis because we have our defining story badly wrong.

We organize as a global society around a familiar Sacred Money and Markets story. These are some of its key elements.

Time is money. Money is wealth. Making money creates wealth and is the primary measure of the worth of the individual, business, and the economy. Those who make money are society's wealth creators. Affluent lifestyles are their fair and just reward for their effort and contribution.

Material consumption is the path to happiness. Poverty is a consequence of laziness.

We humans are by nature individualistic competitors. This is a blessing, because the invisible hand of the free market channels our individual and corporate competitive drive for financial gain to choices that maximize economic growth and thereby maximize the wealth and well-being of all.

Corporations aggregate the talents and interests of people working together to provide the essential jobs, goods, and services that create a better life for all. A corporation's profits are the measure of its social contribution.

As corporations create wealth, governments consume it. The functions of government are properly limited to assuring the common defense, securing property rights, and enforcing contracts.

Economic inequality and environmental damage are a regrettable but necessary and unavoidable cost of the economic growth that eliminates poverty and drives the technological innovation that will free us from dependence on nature.

I assume you are all familiar with this story. Have you noticed that its every assertion is false or seriously misleading? It is taught in economics courses in our most prestigious universities as objective science, is constantly repeated by corporate media as the frame for every news report and political debate, and is a foundation of prevailing development theory and policy. It is, however, bad ethics, bad science, and bad economics. It doesn't work.

Guided by the Sacred Money and Markets story we have created a global system of economic institutions that value money more than life and empower global financial markets and corporations rather than people and living communities. We get a predictable outcome—a few people are awash in money and our health and well-being are placed at ever-greater risk by a system that destroys families and communities, devastates the essential life sustaining services of nature, and concentrates wealth and power detached from the needs and interests of people and communities.

I recall my introduction to development economics in 1959. Economists were explicit. Subsistence farming contributes nothing to the economy—even though it may provide billions with basis sustenance, shelter, and other essentials of living.

An essential first step on the path to development, they asserted, is to convert subsistence producers to wage labor—migrant agricultural laborers, industrial sweatshop workers, and household help. This “liberates” lands and labor for more “efficient,”

“higher economic value” use, meaning use that generates profits for those of greater financial means—commonly foreign corporations.

These economists failed to mention that alienation of people from control of the basic means by which they produce their livelihoods also secures the power of the banks and corporations that control the creation and allocation of money.

Over time, I came to realize that the preferred development projects frequently support mining, agricultural plantations, factories, dams, roads, shopping malls, golf courses, and vacation resorts—all of which drive the displacement process.

Furthermore, many mining, agricultural, and industrial projects produce materials for export. Infrastructure projects commonly cater to foreign investors, and resort facilities to foreign tourists. It began to seem a bit odd. Don't the people in these countries need food and materials to supply their own industries producing goods they themselves need? Shouldn't their first priority be the production of food, shoes, and other essentials for their own consumption?

It turns out that a major reason for the emphasis on exports is to generate foreign exchange to repay the foreign loans that finance the development projects that drive the displacement. They also finance the import of luxury goods for the wealthy and military arms to repress dissent. Life improves for the few and worsens for the many.

Economists and development agencies point to growth in GDP and incomes of more than \$1.25 a day as proof of development success. I suspect none of them has ever tried to survive on \$1.25 a day. Mostly the “success” has reduced previously self-reliant peoples to conditions of involuntary servitude and the recolonization of their lands and waters for the benefit of foreign interests.

The dynamic is not confined to countries labeled developing. It plays out on a global scale as the human burden on Earth erodes Earth's capacity to support human life. Growth in human population and individual consumption intensifies competition for what remains of Earth's declining real wealth. The corporations with excess financial assets buy up rights to land and water to extract monopoly profits from the humans whose lives depend on them.

The greater the financial returns to global corporations and the few to whom these returns flow, the greater their ability to expand their monopoly control of resources, markets, technology, money, and the political process to extract yet more profits and further increase their relative share of economic and political power. Earth dies. Human suffering spreads. Public and private institutions lose their credibility, the social fabric frays, and the global system becomes increasingly unstable.

The real issue is not poverty. It is the grossly unequal distribution of economic and political power—an issue carefully avoided in UN Development Goals documents.

The essential goal must be to create an economic system that self-organizes toward a balanced human relationship between people and nature; equitably meets the material needs of all; and is deeply democratic.

Progress toward this goal begins with a new story. I call it a Sacred Life and Living Earth story. If embraced, it changes everything. These are some of its critical elements:

We humans are living beings born of and nurtured by a Living Earth, born of a Living Universe. Time is life. Real wealth is living wealth. Money is just a number that has meaning only to the human mind. It is useful as a medium of exchange in well-regulated markets. It has no intrinsic value and is easily created by any central bank in whatever amount is desired and should never in itself be a constraint to meeting a society's essential needs.

Life exists only in community. We humans survive and prosper only as responsible, contributing members of a Living Earth community.

The prime task of any living community is to maintain the conditions essential to the life of its members. We all do best when we all do well in a world that works for all.

Because the human brain is wired for life in community, it is our human nature to care and share for the benefit of all. Individualistic greed, ruthless competition, and violence against life indicate serious mental health issues. The economy's assault against Earth's capacity to support life and its drive to grow the gap between rich and poor indicate fatal flaws in system's culture and structure.

The purpose of human institutions—whether business, government, or civil society—is to provide all people with the opportunity to make a healthy, meaningful living in a balanced co-productive relationship with Earth's community of life.

Corporations that seek monopoly control of the natural systems by which Living Earth maintains the conditions essential to all Earth in order to abuse and exploit them for purely financial ends have no place in a healthy society. They are human creations. If they do not serve us, it is our right and responsibility to replace them with institutions that do.

Environmental sustainability, economic justice, and living democracy are inseparable and essential to a prosperous human future.

This Sacred Life and Living Earth story provides a framing vision for a Living Economy that is rooted in community, works with nature to meet the needs of all, and gives every person a voice in the decisions on which their well-being and that of the whole depend.

Generally, the shared sacred story of a people aligns with the underlying cosmology or creation story in which they find answers to the most basic of questions. From where have we come and why? What is the nature of the universe that gave birth to Earth that in turn gave birth to us?

The Sacred Life and Living Earth story that frames a new economy for a healthy Living Earth builds on the foundation of an emerging Living Universe cosmology.

Combining the findings of science with the insights of indigenous peoples, religion, and the mystics, the Living Universe cosmology embraces the view that all of creation is the manifestation of a conscious spiritual intelligence seeking to know itself through a creative journey of self-discovery.

By this reckoning, all beings—stars, energy particles, star systems, planets, humans, animals, plants, rocks, and rivers—are both expression and agent of the spirit; each with its place and purpose in a process that demonstrates an extraordinary capacity for intelligent, purposeful self-organization at all system levels.

Earth represents an especially wondrous expression of this capacity. By some miracle, The Universe birthed Earth with exactly the right conditions for the emergence of simple microscopic organisms with an ability to co-evolve into ever more complex organisms.

For the first few billion years of Earth life's evolutionary journey, these organisms worked with the forces of Earth's geological processes to transform every aspect of Earth's crust, waters, and atmosphere to create and maintain conditions essential to life—including humans—and distinctive to planet Earth. This required and included concentrating and sequestering vast amounts of excess carbon and deadly toxins deep underground.

These self-organizing living systems now continuously regenerate Earth's soils, rivers, aquifers, fisheries, forests, grasslands, and much more to sustain the life of the whole. All the while, this living community maintains a climatic balance, temperature, and chemical composition of Earth's oceans, landmass, and atmosphere wholly unlike conditions on any of Earth's planetary neighbors. Decision making within this system is everywhere local—the outcome of countless trillions of individual choice making living organisms.

For all our scientific advances, we humans still have pitifully little understanding of how it all works. In our ignorance, we have created an economy that aggressively extracts and releases sequestered carbons and toxins back into Earth's atmosphere, waters, and soils to suppress the natural processes by which Living Earth maintains the conditions essential to our existence. The work of our time is to learn to live, with appropriate humility, in co-productive partnership with the structures and processes of Living Earth.

The only valid purpose of an economy is to serve life. To align the human economy with this purpose, we must learn to live as nature lives, organize as nature organizes, and learn as nature learns guided by a reality-based, life-centered, intellectually sound story.

Life's decision-making processes are everywhere local and radically self-organizing. Living organisms self-organize in diversified, locally self-reliant, cooperative communities working with Earth's physical processes to maintain the conditions essential to life's existence, vitality, and continuing creative evolution. We must learn to do the same.

To create economies that self-organize toward a balanced human relationship between people and nature; equitably meet the material needs of all; and are deeply

democratic we properly embrace the system design principles worked out by life over billions of years of evolution. These principles point to a focus on diversified, self-reliant, local economies comprised of locally owned human-scale enterprises through which people meet their livelihood needs providing goods and services in response to community needs.

It is a little noted fact that these principles align with the underlying principles of market economics and trade theory as postulated by Adam Smith and David Ricardo.

Adam Smith's theory of the invisible hand of the market was based on the premise of local markets comprised of local businesses owned by local residents who had a natural concern for the well-being of their neighbor. He was a fierce opponent of corporate monopolies.

David Ricardo's thesis that trade is mutually beneficial to the trading partners assumes that each nation is largely self-reliant in meeting its own essential needs with its own labor and resources and trades only its surplus. Ownership is domestic, labor is fully employed, and trade between nations is balanced—with no international debt.

All of these conditions are ignored by international development programs and policies—including policies advocated in UN Development Goals documents.

To apply the organizing principles of nature and true market economies is to transform the institutional structure of the global economy. It calls for a shift:

- From expanding global trade dependence, to strengthening local self-reliance to reduce trade dependence.
- From evaluating the economy's performance against financial indicators like GDP and stock share prices to using indicators of the health of people, families, communities, and nature.
- From treating money as the purpose of economic activity to treating it as an accounting system useful in allocating real resources in the service of life.
- From a system of placeless global banks engaged in financing financial games to a system of local cooperative banks engaged in financing local businesses and home ownership.
- From control of local resources by a few hundred global corporations, to broad participation in the local ownership of local productive resources.
- From legal protections of the rights of corporations to legal protections for the rights of Living Earth, people, and communities.
- From mechanism to organism as our defining metaphor.
- From knowledge and education broken into siloed disciplines to knowledge and education that enhance our ability to think and act as members of living systems.

These are among the foundational system variables that must be the focus of any valid UN effort to define goals for a just and sustainable human future.

The institutions of the global economy that drive us toward system collapse have never seemed stronger. Yet in many ways, they have never been more vulnerable. The foundation of their power is rapidly eroding.

The seductive promises of the Sacred Money and Markets story are losing their credibility and appeal. People everywhere are choosing to relearn the arts of living in co-productive community with one another and nature. A growing number of voices are pointing out the absurdity of an economic ideology posing as science that would have us believe there are no limits to consumption growth on a finite planet and that the ruthless pursuit of individualistic greed will result ultimately in prosperity for all.

I believe the Sacred Life and Living Earth story lives in the human heart and that this is a moment of readiness to bring it to the fore of public consciousness.

Our future is ours to choose. Change the story. Change the future. We are the ones we've been waiting for.

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David has MBA and Ph.D. degrees from the Stanford Business School. His earlier included service as a captain in the US Air Force, a Harvard Business School professor, a Ford Foundation project specialist, and Asia regional adviser on development management to the U.S. Agency for International Development. He lived and worked for 21 years as a development professional in Ethiopia, Nicaragua, Philippines, and Indonesia.

His previous books include [Agenda for a New Economy: From Phantom Wealth to Real Wealth](#), [The Great Turning: From Empire to Earth Community](#), and the international best seller [When Corporations Rule the World](#).