

YES! A Journal of Positive Futures

Over the nearly 600 years since the onset of the Commercial Revolution, we have as a species learned a great deal about the making of money and we have created powerful institutions and technologies dedicated to its accumulation.

But in our quest for money, we forgot how to live.

Now, on the threshold of the third millennium we find our planet beset by growing climatic instability, disappearing species, collapsing fisheries, shrinking forests, and eroding soils, while the institutions of family, community, and the nation-state disintegrate around us and the gap between rich and poor becomes more unconscionable by the day.

Our obsession with money has led us to create an economic system that values life only for its contribution to making money. With the survival of civilization and perhaps even our species now at risk, we have begun to awaken to the fact that our living planet is the source of all real wealth and the foundation of our own existence. We must now look to living systems as our teacher, for our survival depends on discovering new ways of living and making our living - that embody life's wisdom.

Living Economies

Since the dawn of the scientific revolution, we have been so busy subduing nature that we have given little thought to the possibility that living systems might embody wisdom essential to our own lives.

This is beginning to change. Industrial ecology, for example, draws on life as a model for the design of closed-loop production processes in which all products and by-products are eventually used and reused, just as they are in nature. Likewise, a number of organizations are drawing from living systems models to enhance the creativity and effectiveness of employees. However, aside from social Darwinists who use only a narrow spectrum of natural processes to justify an ideology of unrestrained economic competition, there have been few serious efforts to distill principles from nature's economies for the design of human economies as a whole. Since the economy's incentive systems and feedback loops are so central in determining how we produce and for whose benefit, and who pays the costs, this area clearly holds enormous promise.

All living systems, from individual cells to biological communities, are complex self-organizing economies in which many individual entities cooperate to sustain themselves and the life of the whole - as when plants produce food and oxygen needed by animals, which in turn produce fertilizers and carbon dioxide that feed plant life. As Willis Harman and Elisabet Sahtouris write in *Biology Revisioned*, "Trees shelter birds and insects, bees pollinate flowers, mammals package seeds in fertilizer and distribute them, fungi and plants exchange materials, saprotrophs, whether microbes or vultures, recycle, birds warn of predators, etc." The species that survive and prosper are those that find a niche in which they meet their own needs in ways that simultaneously serve others.

Life, then, consists of countless individuals self-organized into "holarchies" - nested sets of cells, multi-celled organisms, and multi-species communities or ecosystems with ever greater complexity and capacity. Each individual functions both as a whole and a part of a greater whole.

Take our own bodies as an example. Each of us is a composite of more than 30 trillion individual living cells. Yet even these cells constitute less than half of our dry weight. The remainder consists of microorganisms, such as the enteric bacteria and yeasts of our gut that manufacture vitamins and help metabolize our food. These symbiotic creatures are as

necessary to our survival and healthful function as our own cells. Each cell and microorganism in our body is an individual, self-directing entity, yet by joining together they are able as well to function as a single being with abilities far beyond those of its parts.

Throughout its life span, each organism constantly renews its physical structures through cell death and replacement. Ninety-eight percent of the atoms in our bodies are replaced each year. Yet the identity, function, and coherence of the body and its individual organs are self-maintained - suggesting that each cell, organ, and body possesses some degree of inner knowledge and awareness of both self and the larger whole of which it is a part.

Life's Lessons

Life creates economies for living. We, in contrast, have created an economy for making money at life's expense. What if we were to retool our economy according to the principles of a living economy? What might be its major features? From our observations of living systems, we may distill a number of principles helpful both in understanding why our existing economy is destroying life and how we might redesign it to serve life. Living systems are, for example:

- **Self-Organizing and Cooperative** - Though we once assumed that cells are centrally controlled by their DNA and the body by the brain through the nervous system, science is discovering that the body's control processes are actually highly decentralized and involve a substantial element of self-regulation at the cellular level.

The regulatory processes of biological communities are even more radically self-organizing, with no functional equivalent of a centralized planning or control system.

Yet living economies do have mechanisms to control or eliminate rogue elements that do not serve the whole. For example, our immune system is comprised of cells that specialize in identifying and immobilizing or destroying harmful cells and viruses that pose a threat to the whole. In a cancer, when a genetic malfunction causes cells to forget they are a part of the larger whole of the body and unleashes the pursuit of their unlimited growth, the healthy cells attempt to destroy the defective cells by cutting off their blood supply.

This has potential implications for how we think about our human economies. The global corporation, which is programmed by its internal structures to respond to the incessant demand of financial markets to seek its own unlimited growth, behaves much like a cancerous tumor. Furthermore, the economy internal to a corporation is centrally planned and directed by top management, not to serve the whole of the society on which its existence depends, but rather to maximize the capture and flow of money to its top managers and shareholders. These characteristics - growth at the expense of the whole and centralized planning - represent serious violations of the principle of cooperative self-organization in the service of life. Given that the economies internal to the largest corporations are larger than the economies of most states, this is cause for serious concern.

Many large corporations do organize their operations around smaller operating units and worker teams. But because the rights and powers of ownership flow downward from absentee shareholders whose only interests in the firm are financial, the corporation's singular goal remains profit, and any authority delegated to subordinate units can be withdrawn at any time.

A good first step in creating self-organizing economies that honor the freedom and responsibility of the individual in economic as well as in political life would be to sell off those decentralized units to their stakeholders - people such as workers, customers, suppliers, and community members. Doing so would make managers accountable to those who have a living interest in the firm and the health of the community and natural setting in which it is

located.

- **Localized and Adapted to Place** - Each bio-community creates its home on a particular place on Earth. Its members organize themselves into numerous, multi-species sub-communities where, through a process of progressive experimentation and adaptation, they learn to optimize the capture, sharing, use, and storage of the resources available. As each living community adapts itself to the most intricate details of its particular physical locale, it, in turn, modifies the physical landscape, creating soil and holding it in place, holding and releasing water, creating micro-climates - creating the conditions for the further evolution of the eco-system.

The global human economy likewise could be comprised of a holarchy of self-reliant, place-based economies that each adapt to the conditions of its physical place by becoming proficient at the collection and conservation of energy and the recycling of materials. Each could be organized to offer all who reside within its borders a means of livelihood consistent with their full and free development.

We have begun to awaken to the fact that our living planet is the source of all real wealth.

Our existing global economy, by contrast, is dominated by financial markets and corporations programmed to reorient the purpose of local economies from meeting local needs to meeting the financial interests of distant institutions. They do this by imposing cultural and genetic monocultures and by extracting as much wealth as possible while contributing as little as possible in return. As corporate control over markets, technology, land, and other resources becomes more pervasive, people and communities become less able to adapt their local economies to local needs and conditions.

Humanity has a long history of achieving sustainable, long-term relationship to place. A small farmer who knows the land and its characteristics learns to adapt her crops and methods to local micro environments to get high yields without chemicals, energy subsidies, and wastage. So too an economy comprised of many decision makers can adapt efficiently to the opportunities of a locality, and to the needs and preferences of each of its members, in a way that is impossible when critical decisions are made by distant corporate managers.

Furthermore, the need to manage the business firm in service to more than purely financial values becomes self-evident to decision makers who must live with the social and environmental consequences of their decisions. They are unlikely to sacrifice schools, the environment, product safety, suppliers, employment security, wages, worker health, and other aspects of a healthy community for short-term, shareholder gain when they *are* the workers, customers, suppliers and community members as well as the owners.

- **Bounded by Managed, Permeable Borders** - To sustain itself, life must be open to exchange with its environment. Yet to maintain its internal coherence, it must be able to manage these exchanges. It thus depends on boundaries that are both managed and permeable - neither totally open nor totally closed. If the cell had no wall, its matter and energy would mix with the matter and energy of its environment and it would die. Multi-celled organisms must have a skin or other protective covering. Bio-communities are bounded by oceans, mountains, and climatic zones. Even our planet isolates itself from the rest of the universe - its gravitational field holds in place an atmosphere and ozone layer that control the exchange of radiation with the larger universe.

Human economies similarly require permeable - but managed - borders at each level of organization from the household and community to the region and nation that allow them to maintain the integrity, coherence, and resource efficiency of their internal processes and to protect themselves from predators.

Political and economic borders define a community of shared interests, identity, and trust - what we call social capital, which is a form of embodied energy that makes a

community far more than a collection of individuals and physical structures. Without borders, this energy dissipates, much as the cell's energy dissipates if its cell wall is removed. On the other hand, impermeable boundaries result in stagnation and a loss of opportunity for the exchange of useful information, knowledge, and culture essential to continuing innovation. As with all living beings, living economies need permeable and managed boundaries.

The institutions of money have been using international trade and investment agreements to remove the political borders essential to maintaining the economic integrity of communities and nations. [See article on the [MAI on page 52.](#)] This process leaves economic resources exposed to predatory extraction, leading to a breakdown of the trust and cooperation essential to any community. [See Jonathan Rowe, page 34.]

The economy Adam Smith envisioned is nearly the mirror opposite of our existing global economy

The real agenda of those promoting these trade agreements is not to eliminate borders, but rather to redraw them so as to establish that what once belonged to the community to be shared among its members now belongs to private corporations for the benefit of their managers and shareholders. Thus, in the name of property rights, corporations draw heavily defended borders around *their* lands, factories, offices, shopping centers, broadcast facilities, publications, technologies, and intellectual property. With the protection of private guards and lawyers backed by the public's police and military forces, they thus assure that all uses of these assets benefit their private corporate interest and they silence voices of protest.

● **Frugal and Sharing** - Biological communities are highly efficient in energy capture and recycling, living exemplars of the motto, "Waste not, want not." Energy and materials are continuously recycled for use and reuse within and between cells, organisms, and species with a minimum of loss, as the wastes of one become the resources of another. Frugality and sharing are the secret of life's rich abundance, a product of its ability to capture, use, store, and share available material and energy with extraordinary efficiency.

Human economies can be similarly organized to contribute to life's abundance through the conservation, frugal use, equitable sharing, and continuous recycling of available energy, information, and material resources to the end of meeting the needs of all that lives within their borders.

Our existing global economy creates islands of power and privilege in a large sea of poverty. The fortunate hoard and squander resources on frivolous consumption, while others are denied a basic means of living. Furthermore, those who control the creation and allocation of money use this power to generate speculative profits. These profits increase the claims of the speculators to the wealth created through the labor and creative effort of others - while contributing nothing in return to the wealth creation process. [For elaboration of this argument see David C. Korten, [Money versus Wealth YES! Spring 1997.](#)]

In our present economy unemployment, hoarding, and speculation are endemic, resulting in a grossly inefficient use of life's resources. In nature, unemployment and hoarding beyond one's own need are rare, and there is no equivalent to financial speculation.

● **Diverse and Creative** - Life exhibits an extraordinary drive to learn, innovate, and freely share knowledge toward the realization of new potentials. The result is a rich diversity of species and cultures that give the bio-community resilience in times of crisis and provide the building blocks for future innovation.

History provides ample evidence that the same drive is inherent in humans as well. Our most brilliant scientists, innovators, and teachers have been those driven not by the promise of financial rewards, but by an inner compulsion to learn, to know, and to share their

knowledge.

In our present global economy, corporate controlled mass media create monocultures of the mind that portray greed and exclusion as the dominant human characteristics. Intellectual property rights are used to preclude the free sharing of information, technology, and culture essential to creative innovation in the community interest.

We live at a time when our very survival depends on rapid innovation toward the creation of living economies and societies. Such innovation depends on vigorous community level experimentation supported by the creative energies of individuals everywhere. It is far more likely to come from diverse self-directed democratic communities that control their economic resources and freely share information and technology than from communities whose material and knowledge resources are controlled by distant corporate bureaucracies intent on appropriating wealth to enrich their shareholders.

	CAPITALISM	MINDFUL MARKETS
	Money	Life
Dominant Attractor	Use money to make money for those who have money	Employ available resources to meet basic needs of everyone
Defining Purpose Firm Size	Very Large	Small and medium
Costs	Externalized to the public	Internalized by the user
Ownership	Absentee owners	Stakeholder owners
Financial Capital	Footloose with no borders	Rooted with national borders
Purpose of Investment	Maximize private financial profit	Increase beneficial output
The Role of Profit	An end to be maximized	Incentive to invest productively
Efficiency Measure	Returns to financial capital	Returns to living capital
Coordinating Mechanisms	Centrally planned by mega-corporations	Self-organizing markets and networks
Cooperation Competition	Among competitors to escape the discipline of competition	Among people and communities to advance the common good
Government Role	Eliminates the unfit	Stimulates efficiency & innovation
Trade	Protect the interests of property	Advance the human interest
Political Orientation	Free	Fair and balanced
	Elitist/democracy of dollars	Populist/democracy of persons

from *The Post-Corporate World*, by David C. Korten, p.41

From Global Capitalism to Mindful Markets

In my newly released book, *The Post-Corporate World: Life After Capitalism*, I call economies with these life-affirming characteristics "mindful market economies," because they combine mindful ethical cultures with self-organizing economic relationships that bear a remarkable resemblance to the market economy described more than 200 years ago by British moral philosopher Adam Smith in *The Wealth of Nations*. Smith wrote about place-based economies comprised of small, locally owned enterprises that function within a community-supported ethical culture to engage people in producing for the needs of the community and its members. The economy Smith envisioned is nearly the mirror opposite of our existing global economy, which is best described by the term capitalism.

The term capitalism was coined by European philosophers of the mid-1800s to describe an economic regime in which the benefits of productive assets are monopolized by the few to the exclusion of the many who through their labor make those assets productive.

The relationship of capitalism to a market economy is that of a cancer to a healthy body. Much as the cancer kills its host - and itself - by expropriating and consuming the host's energy, the institutions of capitalism are expropriating and consuming the living energies of people, communities, and the planet. And like a cancer, the institutions of capitalism lack the foresight to anticipate and avoid the inevitable deathly outcome.

We have a collective cancer, and our survival depends on depriving it of its power by restructuring our economic rules and institutions to end absentee ownership, rights without accountability, corporate welfare, and financial speculation. Specific measures to these ends are elaborated in *The Post-Corporate World*.

At the same time, we can direct the energy we reclaim from the institutions of capitalism toward the institutions of the mindful market. These institutions exist today, quite likely in your community. They include values-based family, community, and worker-owned businesses, consumer cooperatives, community banks and credit unions, organic farmers, independent health food shops, print shops specializing in recycled papers and soy-based inks, farmers markets, local restaurants featuring local organic produce, local water and power utilities, holistic health practitioners, fair traded coffee shops, and organic wineries.

Once we become clear that the task centers on reclaiming our life energies to live fully and well, this cure might actually be fun.

Mindful businesses are being matched by the mindful consumption choices fostered by the rapidly growing voluntary simplicity movement. Tens of thousands of socially responsible investors are making mindful investment choices.

These and countless other positive initiatives are creating the outlines for self-organizing, life-sustaining economies that are:

- radically democratic
- rooted in place
- comprised of human-scale firms, owned by and accountable to people with a stake in their function and impacts
- frugal with energy and resources, allocating them efficiently to meet needs, recycling the "wastes"
- culturally, socially, and economically diverse, supportive of innovation and the free sharing of knowledge
- mindful of responsibility to self and community

- bounded by permeable borders, that allow democratic self-regulation.

In such an economy, enterprises would be owned by community members who work in them, depend on their products, and supply their inputs - with each entitled to a fair return to their labor and their investment. [See [Ted Howard page 24](#) and [Gar Alperovitz page 29](#).]

Community economies would be self-organized by community members according to their self-determined priorities and mutually agreed rules. They would have their own speculation-proof currencies to facilitate local exchange. [See [Richard Douthwaite page 35](#).]

The Earth and its resources would be managed as the common property of posterity, a sacred trust whose principal is to be maintained as its product is equitably shared. [See [Peter Barns, page 38](#).]

The design of production-consumption processes would give high priority to working in balance with the natural productive processes of the ecosystem, using local renewable material and energy resources, and generating zero waste. Each community economy would have its distinctive features and culture reflecting its history, the circumstances of its place, and the preferences of its members. [See [Appalachian Kitchens](#), page 29 and [Indigenous Voices](#), page 19.] All would engage in mutually beneficial trade with their neighbors on their own terms, while freely sharing useful information and technology.

If enough of us decide we value life more than money, we have the means and the right to create an economy that nurtures life and restores money to its proper role as life's servant. Moreover, the actions involved are familiar and give expression to principles that underlie millions of years of evolution, along with more recent human values of democracy, community, and freedom. Curing a cancer is rarely easy, but once we become clear that the task centers on reclaiming our life energies to live fully and well, this cure might actually be fun.

[This issue](#) of **YES!** is filled with examples of positive initiatives and ideas for what you can do to cure the cancer and nurture the mindful market.

David C. Korten is board chair of the Positive Futures Network, president of the People-Centered Development Forum, and author of *When Corporations Rule the World*. This article is based on his newly released book [The Post-Corporate World: Life After Capitalism](#), co-published by Kumarian Press and Berrett-Koehler Publishers. The author gratefully acknowledges Dr. Mae-Wan Ho and [Elisabet Sahtouris](#) for their insights into living systems on which this article draws.