Reimagining Capitalism in a World on Fire

What’s in it for me? Discover how capitalism can be reformed for good.

Imagine you’re walking through a forest of quiet oak trees. You can smell the bark and their deep green foliage. Their huge canopies sway gently above you. You’re fully at peace. Now, imagine those ancient trees withering, their leaves turning black, and the great trunks dying in front of you. This apocalyptic vision is similar to the one that struck the author when she first found out about climate change. As someone who had not only benefited from our capitalist system but had taught its merits as an academic, she began to wonder if she was complicit in this impending disaster. She wondered what could be done differently. How might capitalism be reformed? How could her beloved trees, and Earth, be saved? In these blinks, we’ll consider how business can help combat these crises. We’ll look at how businesses can become purposeful and sustainable rather than go after destructive short-term goals. And crucially, we’ll discover how capitalism can give value back to our communities, rather than simply profiting from them. In these blinks, you’ll learn

how a waste collection company from Norway made radical change; why Nike formed a coalition with other businesses; and that Unilever revolutionized the production of tea.

Prioritizing shareholder returns is damaging to both the planet and to business.

The plight of shareholders has long been discussed in the boardrooms of big businesses. Everything else – from innovation and the environment to workers’ wages – has come after the interests of the shareholder. But how did we reach this point? To find out, we have to turn to the ideas of the American economist Milton Friedman, who was popular with business thinkers in the late twentieth century. He claimed that the only moral responsibility of business was to increase profits – businesses that only sought profit would become more efficient and innovative, and bring broader prosperity. Essentially, the market would take care of everything. And as shareholders are the people who stand to gain from a business’s profits, Friedman believed that they should be a corporation’s main priority. That’s why, today, many businesses believe that they answer only to their shareholders. The key message here is: Prioritizing shareholder returns is damaging to both the planet and to business. The result of prioritizing shareholder returns can be linked to most of the problems that we face today. Let’s start with the climate. As big fossil fuel companies prioritize their shareholder returns over the planet, they too are driving devastating climate change. Then, there’s widespread inequality. This is partly as a result of big business successfully lobbying against legislation that would make things more equal. Legislation that they believe would affect their shareholder returns. And then, partly because of this inequality, we see the election of authoritarian populist leaders across the world. In short, we’re in a mess, and businesses seeking short-term goals are largely to blame. The thing is, this kind of business model doesn’t actually hold any long-term benefit for businesses either. Take the fossil fuel companies. By pursuing a business strategy of short-term profits but long-term destruction of the natural world, they’re destroying the very foundations of their business model. Not only will reputational damage hit them hard in the future, it's rather tricky doing business in a world on fire. One illustration of just how short-sighted this model is comes from the American coal firm, Peabody Energy. Even though we face a climate crisis, Peabody continues to prioritize coal. In 2018, their total revenues were $5.6 billion for shipping 187.7 million tons of coal. However, the climate and health costs of burning 186.7 million tons of coal are around $30 billion. Peabody is destroying about five times the value that it's generating. Rather than creating shared 'prosperity', as Milton Friedman claimed, profit-hungry businesses like this are threatening the very prospect of life on Earth.

It's possible for a business to be successful and do the right thing.

Business gets a bad rap. And as we learned in the previous blink, it can often be well deserved. There are just too many companies in the world that neglect their responsibility to the environment, their employees, and the wider community. However, not all businesses are driven purely by short-term interests. Some have been changing the world for the better. The key message here is: It's possible for a business to be successful and do the right thing. The story of Norsk Gjenvinning (or NG), a Norwegian waste disposal company, shows us how capitalism can be both ethical and profitable. When the current CEO, Erik Osmundsen, took over, he wanted to create a company that was a force for good in the world. As a hands-on leader, he traveled with the waste trucks and hung around the depots to see how everything functioned. What he saw appalled him. He discovered that his company and the industry at large were engaged in corrupt practices. Osmundsen witnessed how NG disposed of waste illegally and mislabelled hazardous refuse as ordinary. That was enough to motivate the forward-looking CEO to do things differently. First, he introduced a zero-tolerance policy on corruption. If anyone broke this policy through illegal dumping or mislabelling, they were fired immediately. These tough measures were initially unpopular. And some line managers, used to the old way of doing things, resigned before they could be fired. Second, he made new hires from outside the waste disposal industry. These were people with fresh ideas unrelated to waste disposal. He brought in professionals from companies like Coca-Cola, Norsk Hydro, and NorgesGruppen, the largest grocery chain in Norway. Third, he introduced new technology, which recycled waste more effectively. This new machine used optical technology to sort metals, and made it possible to recycle up to 96 percent of an old car. Not only were these developments good for the world at large, they also presented profitable opportunities. Because they could salvage lots of valuable metals with the new technology, the company was able to sell them to an ever-growing market. Soon, NG's ethical mission attracted lots of world-class talent who shared Erik Osmundsen's way of doing business. These talented people helped the company unite ethical purpose with profitability. As a result, NG is now one of the most profitable waste disposal companies in Scandinavia.

Business can avoid short-term investor demands by reforming their accounting, relying on impact

investors, and limiting investor power.

We’ve already learned how shareholders can exert too much influence on the way businesses work. As companies strain every muscle to meet investors’ demands, they tend to think only in the short-term. That means, they often neglect pressing issues, like climate change and poverty. However, there are things that can be done to improve business-investor relations. Things that will allow businesses to focus on what matters, rather than be limited to short-term demands. But, how do we do this? The key message here is: Business can avoid short-term investor demands by reforming their accounting, relying on impact investors, and limiting investor power. First, let’s look at accounting reform. This requires companies to report transparently on their own environmental, social, and governance issues, as well as financial data. By reporting on these issues, firms attract investors looking to support companies that put sustainability and fairness at the heart of everything they do. This type of investor is less inclined to demand short-term returns. In fact, they’re more likely to understand the long-term choices a company might make to improve its impact on the environment and community. The second way to improve how investors work with businesses is to rely on impact investors. These are, very simply, powerful people and institutions seeking to invest in companies that want to make a difference. They seek returns, but they want to affect things positively. The Bill & Melinda Gates Foundation is an example of an impact investor. Among its many strategic decisions, it invests in companies developing vaccines and those looking to alleviate poverty in the global south. If companies are driven by purpose, they’re more likely to attract these impact investors. The third way is to limit investor power entirely. There are Silicon Valley firms which have managed to achieve this, by issuing two classes of shares: Class A and Class B. When it went public, Facebook issued Class A shares to everyday investors. These came with one vote per share. But Mark Zuckerberg and the other founders got Class B shares, which came with ten votes per share. Essentially, this means that the founders, and Zuckerberg especially, hold the reins at the company and can never be outvoted. But, without changes in legislation and cooperation between companies, it’s still very difficult to reform the worst parts of corporate finance and the short-term perspective it encourages. To do that, businesses need to work together.

Through working together, businesses can help drive progressive change and legislation.

If you’ve ever been the only person arguing for a point of view, you know how hard it can be. Even if it’s just being outnumbered at the family dinner table, it’s tough when you’re alone. But, when you’ve built consensus, nothing can stop you. The same is true in the business world. When businesses seek to make progressive change alone, they’re often ineffective. But when they work together, great progress can be made. The key message here is: Through working together, businesses can help drive progressive change and legislation. Take the example of Nike. Increasingly troubled by the use of child labor in its supply chain, it sought to stamp it out. At first, it was able to reform labor practices in some factories. But then found that its suppliers also supplied its competitors, some of which had no interest in reforming child labor practices. This meant that there would be no real pressure for those suppliers to reform. In response, Nike, along with other big firms, formed the Sustainable Apparel Coalition. The central idea behind this coalition was simple: if everyone agreed not to use child labor, then this immoral practice would end, and no business would be able to undercut its competitors through exploitation. The Sustainable Apparel Coalition ended up bringing many large firms together. However, without full collaboration, these efforts can falter. Not everyone will get on board. Think about the analogy of a potluck dinner where everyone's required to bring a dish to share. If people continuously fail to pitch in, the lack of effort can be contagious. If someone turns up with a packet of stale cookies, then why should you bother with a homemade lasagna? Similarly, if one business flouts the rules, why should others obey them, especially if it's to their economic disadvantage? That's why we need legislation in place to push for lasting change. The good news is that businesses have helped force legislation before. There've been some dramatic examples. For instance, during the English Civil War between 1642 and 1651, a coalition of merchants and other businessmen helped depose the King and write the rules of parliamentary democracy! More recently, in 2015, when the governor of Indiana signed a bill that legitimized discrimination against gay people, the business community responded aggressively. Within a week, they'd forced the Indiana legislature to back down. Proof, then, that businesses can force lasting change, when they think and act as one.

Unilever provides an example of how sustainability can be profitable.

If you're a tea drinker, then it's likely that you've come across some of the brands owned by the multinational company, Unilever. Perhaps you enjoy Lipton, PG Tips? After all, tea drinking is serious business – it's the second most popular drink on Earth after water! As popular as it is, producing tea can be damaging to the environment and local communities. This was a fact that hadn't escaped Unilever, even after it acquired these big tea brands. It wanted its business model to be both sustainable and fair, so something had to be done. The key message here is: Unilever provides an example of how sustainability can be profitable. Sadly, tea farming often means turning tropical rainforests into tea plantations, while the pesticides and herbicides used degrade the soil and harm biodiversity. It contributes to climate change and eradicates species. To make things worse, tea pickers can be paid as little as $1 per day for their labor, while access to health care, decent housing, and education for their children is often out of reach. This all troubled Michiel Leijnse, the new head of brand development at Unilever's Lipton Tea. In 2006, very shortly after joining, he committed to purchasing 100 percent sustainably grown tea. It was an extremely ambitious target. It would involve training lots of farmers, as well as raising the cost of tea for the company. But Leijnse was committed to it. It wasn't only the right thing to do for a sustainable planet; it also made economic sense. Simply put, tea farming is very vulnerable to the effects of global warming. Bad droughts and floods can diminish harvests so much as to make the business unviable. So, without action to counter climate change, there simply wouldn't be enough tea harvested for the business to work. Leijnse also wanted to make sure that tea suppliers treated their laborers well. So, the farms he sourced from paid their employees good wages and provided housing, health care, and education for the tea pickers' children. They were able to provide all of this because their sustainable farming practices resulted in some of the highest yields. By protecting soil health and limiting agrochemicals, they produced a better crop. By doing all of this, Unilever also avoided damaging exposés of its suppliers' practices. The long-term benefit was a consumer base secure in the knowledge that the tea it was drinking wasn't destroying the planet. And guess what? Happy customers are loyal customers.

The health-care company Aetna demonstrates how important shared purpose can be.

It was 2015. And inside a hotel ballroom in Jacksonville, Florida, the CEO of a health insurance company had just announced that he would be paying a minimum wage of $16 per hour. The room erupted in cheers and applause. That CEO was Mark Bertolini, the head of Aetna. Why exactly was he being so generous? Well, firstly, he thought it was the right thing to do in a country where inequality was soaring. Secondly, he wanted to instill a sense of shared purpose in his employees, a kind of company mission. He wanted to make sure that they'd be happy to sign up for that mission in the long-term. The key message here is: The health-care company Aetna demonstrates how important shared purpose can be. What was that shared purpose? It was simple. Improve health care in the US, which was, and still remains, in a bad state. In fact, according to the World Health Organization, the US is placed thirty-seventh out of 191 countries when it comes to health-care performance. Bertolini had noticed a particular problem with American health care. This was the impersonal way patients were treated. Rather than human beings with particular needs, US health care often looks at patients as generic cases. Bertolini had learned this in a painful way when his own son was diagnosed with terminal cancer. Rather than give in to this prognosis, Bertolini begged the doctors to try a treatment he thought might work for his son. At first, they were reluctant to try anything outside of the usual course of treatment. But they eventually relented and a miracle occurred: Bertolini's son was cured. Following this near-tragedy, Bertolini resolved that Aetna's purpose would be to help US patients access the exact care they needed. To do this required a whole shift in mindset at the company. Rather than simply selling health insurance, Aetna's mission was now to actively support patients. It was to make sure that they got the right treatment at the right time, in a way that would suit them personally. By making sure patients were treated before they got too ill, costs were kept much lower for Aetna. So, as well as ensuring much improved health-care outcomes for patients, Aetna's business was profitable. And remember the wage rise? That was all part of the strategy, too. Mark Bertolini figured that financially secure people tended to be able to take better care of their own health. And healthier people would be more focused on providing the best care for Aetna's clients.

Businesses can be powerful advocates for minority rights.

We don't usually associate businesses with the fight against oppression. Aren't businesses the bad guys? Well no, not always. In actual fact, some businesses have been powerful allies in the fight against the oppression of minorities. The American multinational AT&T, for instance, adopted an anti-discrimination policy way back in 1975. It was the first major American corporation to do so. Then, in 1984, the technology giant IBM included sexual orientation within its global anti-discrimination policy. Both businesses were way ahead of their time. The key message here is: Businesses can be powerful advocates for minority rights. Today, many corporations have followed suit and have embedded anti-discrimination policies into the way they do things. And there's a way to measure this. When the Corporate Equality Index, an equity index that rates big corporations on their pro-LGBTQ+ policies, was introduced in 2002, only 13 companies achieved perfect scores. Today, 366 out of 781 businesses score 100 percent. There's still a way to go, but that's some improvement. In recent years, businesses have also actively challenged discriminatory legislation by reactionary governments. One recent example comes from North Carolina, in the United States. In 2016, the North Carolina government passed something called the Public Facilities and Security Act, more commonly known as the bathroom bill. This piece of legislation forced transgender people to use the public restroom corresponding to the gender on their birth certificates. The day after the bill passed, a group of companies, including American Airlines, Facebook, Apple, and Google issued statements opposing it. With pressure mounting from the business world and the wider community, North Carolina partially revoked the bill. Another example of principled corporate action comes from Ken Frazier, the CEO of the pharmaceutical giant, Merck. When Donald Trump claimed that there was "blame on both sides" in the aftermath of the 2017 white supremacist rally in Charlottesville, Frazier resigned from his post on the president's Manufacturing Council. Within a week, all of the other CEOs on the council had resigned too. While these might seem like small things, the private sector's support of minorities and LGBTQ+ people is crucial in a time when vulnerable groups can seem besieged. If, the US moves toward a more inclusive stance on race, gender, and ethnicity, business will have a vital role to play.

Real change is gradual and the work of many. This applies to the business world, too.

Picture the scene, years from now. A series of superstorms crash into the American Atlantic coast. A drought causes millions of Africans to migrate northwards into Europe. And spurred into action by these events, the world finally tackles climate change. In this scenario, credit would probably only go to a few visible figures – the president or prime minister who introduced a policy for change, or the leading campaigners of the time. But the fight against climate change would have been a long one. And it would've involved many, many people, some known to history, but countless others forgotten. This is true of any great historical change. The key message here is: Real change is gradual and the work of many. This applies to the business world, too. The groundwork for any progressive change will have been laid down long before the change happens. And often, those who've contributed a great deal will remain anonymous. It might be a meeting of CEOs thrashing out an emissions target that's the crucial step in the fight against climate change. But it's often those quietly and thanklessly doing the boring work that makes change possible. Consider the Civil Rights Movement. When we look back on it, we think first of its most charismatic figure, Martin Luther King Jr. But he was just one person, albeit an important one, in a movement of many. Without the work of thousands and thousands of others, it wouldn't have had the success and strength that it did. Without those distributing flyers, writing up campaign strategies, or simply cooking the meals and cleaning up at meetings, the movement wouldn't have been successful. In the business world, those who want to create purposeful, conscientious companies are reliant on the work of many others. Think back to the Erik Osmundsen. He turned his corrupt waste disposal firm into something to be proud of. But, when he's called to speak about his great work, he always reiterates that it's not just about him. It's about the teams of people who do the dreary, day-to-day work, who deserve most of the credit. They're the ones that shoulder the heavy work of change. The lesson here is this: no matter how small your role seems, you can contribute to progressive change. In a world threatened by serious crises, you can be one of those that put it right.

Final summary

The key message in these blinks: The business world is currently too focused on short-term goals. This means that dealing with the great problems of the twenty-first century can seem like an impossible task – especially when the boardroom is fixated on investor returns, rather than harmful emissions and inequality. However, several businesses are already leading the way. Companies like Unilever and Norsk Gjenvinning demonstrate how capitalism can be both value-driven and profitable. After all, if capitalism is to survive, that's exactly what it must do. Got feedback? We'd love to hear what you think about our content! Just drop an email to with Reimagining Capitalism in a World on Fire as the subject line and share your thoughts! What to read next: PostCapitalism, by Paul Mason You've just learned how capitalism is in serious trouble. Blinded by short-termism and an inability to recognize the threats posed by environmental catastrophe and inequality, many businesses are not future fit. Capitalism, without reform, could simply fall to pieces. In PostCapitalism, Paul Mason argues that it's already coming apart at the seams. But what comes after capitalism can be more sustainable and socially just, if we want it to be. Even now, technology provides us with glimpses of what an alternative future can look like, in things like alternative currencies and self-managed online spaces. To find out more, head over to the blinks to PostCapitalism.