



# Book The Post-Corporate World

## Life After Capitalism

David C. Korten  
Berrett-Koehler, 1999

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## Recommendation

This book was written as a call to arms. It builds on many themes developed in Korten's previous book, *When Corporations Rule the World* (1995). Many in the world of business and finance will not like this book because it posits the radical restructuring of economic systems, specifically suggesting the elimination of capitalism. This book was meant for CEOs who have the power to institute the changes Korten recommends. However, its radical perspective probably means that the book will be more widely read by CEOs of corporations which already have an environmental focus and by the leaders of environmental organizations. *BooksInShort* recommends it to any executive who is interested in a different point of view about the financial world's role in environmental concerns.

## Take-Aways

- The planet Earth is at a crisis point and now is the time to start taking responsibility.
- The two worlds of life and of money are engaged in a battle for the human spirit.
- Capitalism is a system that rewards the few and penalizes the masses.
- Life gives money its value.
- Corporations produce the profits that the financial system demands by continually passing the costs of doing business on to society.
- To ensure a positive future, we need to study and understand the lesson the living world has learned during the past 3.9 billion years.
- Human economies must nurture creativity and diversity at the social, cultural and economic levels.
- The necessary changes must begin at the level of the individual.
- Eventually these changes will have to occur at the community, national and international levels.
- Together we can create a positive and life-friendly future for the planet and for humanity.

# Summary

The planet Earth has reached a crisis point. The time has come to take responsibility. We each must take control of our destiny as a species. This is the time for a political and spiritual awakening based on "overcoming the temptation to sacrifice the spirit for a handful of silver."

## Song of Life Vs. The Song of Money

Two songs call to the human spirit. One comes from the world of life. This world consists of all life's essential building blocks: air, water, trees, people, insects, plants, etc. This world needs certain things to function effectively: balance, synergy and respect for the integrity of parts and wholes. This world's song is a plea to respect the values of life and to live life to its fullest.

“Unrestrained growth, as demonstrated by cancer cells and exploding populations, is a sign of malfunction.”

The second song comes from the world of money and its building blocks: corporations, financial institutions and the financial branches of government. This world exists only in the human mind. It, too, requires certain things to function effectively, particularly sustained growth in trade, stock prices, profits and tax receipts. The money world hungers for these things with endless appetite. This world puts a price on everything, including life. The money song promises ease, material possessions and personal power. Money becomes the mediator of all values. We dedicate our lives to its reproduction. These two songs are engaged in a fight to the death for the soul of humankind.

## The Myth of Capitalism

The word "capitalism" was first used in the mid-1800s to describe an economic and social system. In this system, "the few" own and benefit from capital. This excludes the majority, who labor to make capital productive. While this may describe current global capitalism, it does not resemble economist Adam Smith's model of a market economy. To rejoice about the triumph of capitalism today is to rejoice in the triumph of the few over the many. Like cancer cells that mask themselves as healthy cells to hide from the body's immune system, capitalism hides from society's immune system by masquerading as a simple agent of a healthy market economy. Adam Smith listed five conditions that define an ideal, democratic, self-organized economy:

1. Buyers and sellers must not be so large that they can individually influence market price.
2. Complete information must be made to all participants (no trade secrets).
3. Sellers must bear the full cost of products they sell and pass those costs on in the sales price.
4. Trade between countries must be balanced; investment capital must remain within national borders.
5. Savings must be invested toward the creation of productive capital.

## Revisiting the Curse of Midas

The familiar tale of King Midas carries a message that today's society largely ignores. Midas wished that all he touched would turn to gold. He got his wish; but when he turned his food, drink and daughter to gold, he realized that money carries no value without life. Keep this in mind as you consider present day capitalism. The stories in this book show how capitalist institutions aggravate current environmental and social crises as they pursue money over life.

## Extractive Development

The way the gross domestic product (GDP) is calculated, depreciation counts as a positive contribution to output. The faster the stuff we make turns to junk, the faster the GDP grows. This equation does not subtract the permanent loss of resources. When a nonrenewable supply of petroleum is drained, the extraction counts towards the GDP, but the depletion is not subtracted. Corporations can produce the profits demanded by the financial system because they pass the costs of doing business on to society.

“Those who rejoice at the triumph of capitalism are rejoicing at the triumph of the few over the many.”

## The Four Kinds of Depletion

1. Natural capital depletion includes strip-mining, over-fishing, unsustainable logging practices and hazardous waste dumping.
2. Human capital depletion happens when workers labor in substandard conditions until ailments caused by the job (eyesight, allergies, repetitive stress injuries) leave them unable to work.
3. Social capital depletion happens as businesses leave communities that depend upon them economically. This includes small manufacturers who go in search lower operating costs, union-breaking, and lower wages.
4. Institutional capital depletion occurs, for example, when millions of dollars are spent on campaigns to win public subsidies for businesses. Such corporate bailouts weaken the environmental, health and labor standards that are fundamental to the long-term health of society.

## Applying Nature’s Lessons to the Human Economy

With more than 3.9 billion years of experience, the natural world of life has learned a great deal. If we want to learn how to live, the natural world is the best teacher. Life favors self-organization. Each level of life has the freedom to choose, from individual cells and organisms to the collections of organisms that make up a human being. All living things exist only in relation to other living things. A human economy based on self-organization allows each individual, family, community or nation to exercise freedom of choice. Yet, each must respect the needs of the whole. No single entity should dominate.

“Like cancer cells that attempt to hide from the body’s immune system by masking themselves as healthy cells, capitalism’s agents attempt to conceal themselves from society’s immune system by masquerading as agents of a healthy market economy.”

Cells, organisms and species continually use and reuse energy and materials with minimal waste. They show that life is frugal and living entities share. Similarly, a human economy can contribute to the abundance of life by frugally using, equitably sharing and constantly recycling energy and resources. Human economies should adapt to their physical space and be largely self-reliant. They should be organized so that each member has a sustainable livelihood.

“Trading life for money is a bad bargain because it is life, and life alone, that gives money its value.”

Life rewards cooperation. Since Darwin, the Western world has focused mainly on the competitive nature of life’s evolution. However, cooperation can help counter evolution’s threat of extinction. A cooperative attitude towards the use of energy and resources enhances the productive capacities of our communities. These communities are shared pools of "living capital." Life depends upon learning, diversity and creative individuality. History’s most brilliant scientists, inventors and teachers were not driven by financial reward, but by an inner need to understand and to share their knowledge. Human economies must nurture creativity and diversity at the social, cultural and economic levels.

## What can you do?

Change must take place at all levels: personal, community, national and international. Change should begin with you. Consider the following specific suggestions:

“When we lay waste to a forest or fishery, we count the sale of timber and the fish as an addition to wealth but make no adjustment for the productive potentials and ecosystem services lost...”

### At the Personal and Family level

1. Simplify your life. It may seem like a revolutionary act in a capitalist society, but try reducing your consumption. Decide which expenses are truly necessary and cut out the fat. Figure out your real take-home pay by deducting taxes, transportation and tool or equipment costs. When you consider a new purchase calculate exactly how many hours of your life energy must be used to pay for it. Ask yourself if you would rather spend that energy in a different way.
2. Buy small, buy local. Shop at your local farmer’s market and encourage others to do the same. Find out what products are produced locally and adjust your consumption habits so you can meet your needs through the market economy, rather than the capitalist economy.
3. Do life-affirming work. Take a lower-paying job if the work has real meaning to you and contributes to the life of the community and the planet.

4. Stay informed. Go beyond the mainstream media to find reliable journals and books that document the corporate agenda.
5. Community banking. Ask your branch manager for the figures detailing how local deposits compare to total local lending. If the deposits are substantially greater, the bank is not supporting the local economy.
6. Vote with your dollars. Invest in socially responsible mutual funds. Support positive shareholder initiatives with your ownership vote. Avoid debt. People with high credit card balances mortgage their life to capitalism.
7. Financially support change. Nonprofit organizations that challenge the capitalist system need your support.

“Our current system is destined for social and environmental collapse.”

### **At the Community Level**

1. Create a directory of values-led local firms. One of the barriers to supporting a healthy market economy is that consumers have to figure out which products come from local, values-driven firms. If you have already developed a personal database of such firms, publish it and distribute it to your community.
2. Community currency. Support local currencies to reduce dependence on money controlled by capitalist banks. These currencies also build a sense of community, strengthen the identity of local business and their products, and ensures that the money stays in the community. If a local currency does not exist already, consider building a group to create one.
3. Support growth boundaries, affordable housing and public transportation. Get involved with your community's growth management plan. Urban growth boundaries limit sprawl, reverse decay, create pedestrian-friendly neighborhoods and help make public transportation viable.
4. Be political. Democracy cannot exist without active citizens. Bring your values to the political mainstream by running for office. Finance your campaign with small contributions.

“In truth, our experience is with a market economy in the terminal stages of a deadly, capitalist cancer.”

### **On the National Level**

1. Education. Use your vote to favor politicians that serve the public interest. Study the issues, track voting records and find out who finances your legislators' campaigns. Tell candidates that you support small and medium-sized business, strong unions and campaign finance reform. Tell them you oppose corporate subsidies and corporate intellectual property rights monopolies. Stand against funding for the International Monetary Fund, the World Bank and the World Trade Organization (issues that directly affect the balance of power between capitalism and democracy). If you cannot find candidates with your point of view, consider running for office.
2. Political movements and advocacy groups. Unlike major political parties who are captive to big-money interests, many political movements and advocacy groups are not. Get involved with one or two that are aligned with your interests and have a strong grassroots base.

“So long as we rely on indicators of money-world health and performance as the measures of our well-being rather than on indicators of living-world health and performance, we will surely continue to give preferences to policies beneficial to money over those beneficial to life.”

### **On the International Level**

1. Global networks. If your work at the community or national level has international ramifications, consider linking your efforts with a related international alliance.
2. Global institutions. The most powerful of international institutions were created to serve capitalism (i.e. the International Monetary Fund, the World Trade Organization). Worldwide, concerned citizens have responded with initiatives aimed at holding these institutions accountable to human and environmental interests. Join a relevant network of these citizens.
3. Foreign policy at the municipal level. Towns and cities in the United States, Canada, Britain and Australia have passed official resolutions in response to their national governments' involvement in negotiating the Multilateral Agreement on Investment (MAI). Since this agreement would eliminate the ability of national and local governments to regulate investors and speculators, these towns have declared themselves MAI-free zones. Get involved if your town has an active foreign policy. If not, find out what other local governments are doing and campaign to get yours on board.

“It is now our time to accept responsibility for our freedom or perish as a species that failed to find its place in the web of life.”

By starting from where you are and doing what’s right for you, we as a society can create a positive and life-friendly future for the planet and for humanity.

## About the Author

**David C. Korten**, Ph.D., is the co-founder and president of The People-Centered Development Forum. He received his M.B.A and Ph.D. at the Stanford University Graduate School of Business. Other books Korten has authored or edited include *When Corporations Rule the World*, *Getting to the 21st Century: Voluntary Action and the Global Agenda*, and *Community Management; People Centered Development*. He has more than 35 years experience in business, academic and international development institutions.

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