

**DAVID C. KORTEN**

Author of the bestselling *When Corporations Rule the World*

**The  
Post-  
Corporate  
World**

**LIFE  
AFTER  
CAPITALISM**

An Excerpt From

***The Post-Corporate World:  
Life After Capitalism***

by David Korten

Published by Berrett-Koehler Publishers

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**Part I**

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# The Deadly Tale

## Chapter 1

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# The Sirens' Song

*Economic self-interest has always been central to the organization of societies and the advancement of individuals. But the defining characteristic of the postmodern political era is the absolute domination of money as the organizing principle of human and international relations. Some days there seems to be nothing else.*

— JIM HOAGLAND<sup>1</sup>

*The world of material mechanics, which still holds sway over most minds and is the official science “story” of the mass media, is a world of scarcity (because matter is finite, because it has a limited capacity to fulfill us). It spawns violence by telling us that we are separate: “I can hurt you without hurting the larger whole that includes myself—and since there isn’t enough for both of us, we have a reason to fight each other.”*

— MICHAEL NAGLER<sup>2</sup>

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IN THE EPIC GREEK POEM *The Odyssey*, Circe warns Odysseus about the dangers that lie ahead on his journey home from Troy:

First thou shalt arrive where the enchanter Sirens dwell, they who seduce men. The imprudent man who draws near them never returns, for the Sirens, lying in the flower-strewn fields, will charm him with sweet song; but around them the bodies of their victims lie in heaps. Therefore pass these Sirens by, and stop your men’s ears with wax that none of them may hear; but if you like you can listen yourself, for you may get the men to

bind you as you stand upright on a crosspiece halfway up the mast. If you beg and pray the men to unloose you, then they must bind you faster.

Overcome by desire, but having heeded Circe's instructions, Odysseus is saved only by the ropes that bind him to his ship.

Greek mythology goes on to tell us that Orpheus later vanquished the Sirens—not through physical force or restraint, but with a more beautiful and compelling song. Orpheus was sailing with Jason and the Argonauts on their quest for the Golden Fleece. When their ship passed by the infamous island, the Sirens sang their deadly song. Butes, son of Zelion, fell under their spell, leapt overboard, and was lost. Before the others could join him, however, Orpheus tuned his lyre and began to sing so divinely that their attention was turned to him. Vanquished by that song, the Sirens lost their power and turned to stone.

Two competing songs. One a call to death disguised as an alluring promise. The other a call to life. Although centuries old, it is an allegory for our times. Only in our case, the Sirens are not strange creatures of the sea but familiar institutions of the world of money, while Orpheus's song comes from life itself.

## **Competing Songs, Competing Worlds**

As we are called by competing attractors to two very different futures, our present experience might be likened to that of the science fiction character who is pulled back and forth between parallel universes operating by entirely different rules and values. In our case, one of these realities, the living world, consists of all the things that are essential to life—air, water, soil, trees, people, communities, places, animals, insects, plants, sunlight, and so on. It also includes our material artifacts such as tools, buildings, and machinery that are useful in meeting our various needs and enhancing our quality of life. The living world is a creation of the life spirit that quickens all beings and has long-established imperatives for healthy function—balance, sufficiency, synergy, regenerative vitality, and respect for the integrity of parts and wholes. Although it includes our human artifacts, for the most part it transcends value as measured by price or other financial considerations, and its appetites are moderated in relation to the physical limits of its habitats. Unrestrained growth, as demonstrated by cancer cells and exploding populations, is a sign of malfunction. Life's song calls with a message of love and beauty, an entreaty to respect life's

values, to live fully, and to participate in the actualization of its creative powers.

The second reality, the money world, consists of money and the institutions of money—primarily corporations, financial institutions, and those aspects of government that deal with the regulation, budgeting, and expenditure of money. This world is purely a creation of the human mind and has no meaningful existence beyond the confines of our consciousness. Yet it too has its own logic, values, and imperatives for healthy function. Its institutions are designed to collapse unless there is sustained growth in profits, stock prices, output, consumption, trade, investment, and tax receipts. Its appetites are insatiable and it acknowledges no physical limits. Whatever exists today, more is required tomorrow. Everything—even life—has its price. An absence of growth is a sign of stagnation and even decline. Its song calls us with promises of ease, personal power, and material prosperity; in return we must accept money as the mediator of all values and dedicate our lives to its reproduction.

The two songs call us to honor their values and serve their imperatives. Yet the values and imperatives of the one stand in stark conflict with those of the other. The two, it seems, are engaged in a mortal struggle for the soul of humankind.

The natural and institutional manifestations of this struggle are very real. Yet its origins lie within ourselves—a modern version of the eternal struggle between good and evil that has been a central theme of human experience since our earliest myths. From the dawn of human consciousness we have known the tension between the call to nurture our capacities for love and transcendence and the call to indulge our capacities for greed and the pursuit of personal power in disregard of the whole.

That the struggle is a product of our own psyche is evident in the fact that money itself has no volition or power of its own. Although it has been one of the most useful of human inventions and contributed greatly to our progress, money is nothing more than a simple number on a piece of paper or some form of electronic medium that offers a convenient means to facilitate economic exchange.

With time, however, we have come to imbue money with almost mystical significance. Some speak of the soul of money. Others speak of it as a form of energy. We accept it as a storehouse of wealth. Yet this is all illusion. Money has none of the attributes of real wealth. Although we can

use it to buy many useful things, it will not itself nourish our bodies, protect us from the elements, educate us, transport us, entertain us, or enrich our spirits. Money is created out of nothing when a government prints a number on a piece of paper or a bank issues a loan and credits the amount to an account in its computer. It has no substance or inherent utility, and since President Richard Nixon took the U.S. dollar off the gold standard in 1971, the governments and banks that create it no longer back it with anything of real value.

Money's importance and utility depends entirely on our collective agreement to accept it in exchange for things of real worth, such as our land, labor, ideas, and the products created therefrom. To make this point abundantly clear, picture yourself alone on a desert island with nothing to sustain you but a large trunk filled with bundles of hundred-dollar bills. You might find them a poor substitute for tissues, or perhaps choose to burn them to keep warm on a cold night—if you have a match.

What has made us so vulnerable to money's song? How has a mere abstraction gained such power over us? Although the problem did not originate with Newtonian science, the assumptions underlying the scientific paradigm inspired by his work have contributed in substantial measure to the creation of a culture predisposed to accept as valid the false promises of the money world's siren song.

## **From Dead Universe to Materialistic Hedonism**

The mechanistic worldview that became the underpinning of modern science, and ultimately of modernism and its values, grew out of the work of the sixteenth- and seventeenth-century scientists and philosophers who gave birth to the age of science and reason. It began with Polish astronomer and mathematician Nicholas Copernicus (1473–1543), who developed the argument in his treatise *On the Revolution of the Heavenly Spheres*, published in 1543, that the earth makes one rotation on its axis each day and one rotation around the sun each year. His challenge to the prevailing faith that the earth is the stationary center of the universe gained compelling support from the astronomical observations of Italian scientist Galileo Galilei (1546–1642), which ultimately convinced the majority of scientists that Copernicus's main conclusions were true.

Building from these findings, French philosopher René Descartes (1596–1650), an influential advocate of rationalism, taught that the



various bodies that make up the universe move in predictable mechanical relationship to one another as they play out forces originally set in motion by God. Sir Isaac Newton's (1642–1727) mathematical description of the law of gravity and the extension of its application to the bodies of the solar system provided confirmation of Descartes' teaching and led to broad acceptance of the view that every event in nature is governed by universal laws that can be described in mathematical notation.

Backed by the theory of English philosopher John Locke (1632–1704) that the human mind is at birth a blank slate with nothing written on it—not even the idea of God or of right and wrong—science came to accept the idea that all knowledge originates from sense perception and that observation and reason are the only valid sources of truth. Together these ideas freed science from the obligation to pay homage to revelation as a source of knowledge.

Gone was the medieval conception of a universe guided by a benevolent purpose; men now dwelt in a world in which the procession of events was as automatic as the ticking of a watch. Newton's philosophy did not rule out the idea of a God, but it deprived Him of His power to guide the stars in their courses or to command the sun to stand still.<sup>3</sup>

In the earlier stages of the scientific revolution many scientists made an accommodation to religious teaching in their effort to explain how this extraordinary machinery came into being. Lacking any better explanation, many accepted Descartes's basic position that it was all created and set into motion by a master inventor—God. In the eyes of science, if there ever was a God, however, he had long ago left the scene, leaving only mechanism behind.

Thus it was that science came over time to see the universe as a gigantic clockwork driven by a spring that is gradually running down to a state of exhaustion—a mere collection of material parts that interact according to fixed physical laws knowable through observation, measurement, and mathematical calculation. That which cannot be observed and measured, such as spirit and consciousness, came to be excluded from consideration by science—and therefore from the scientist's perspective does not exist. Although science could scarcely deny life, it worked from the premise that life is purely the accidental result of mechanical, chemical,

and electrical processes and can ultimately be understood solely in terms of its component physical parts.

As it dismissed spirit, so too did science dismiss consciousness—an illusory artifact of material complexity. As astronomer Carl Sagan put it, “My fundamental premise about the brain is that its workings—what we sometimes call *mind*—are a consequence of its anatomy and physiology, and nothing more.”<sup>4</sup>

Throughout the scientific-industrial era, this view of reality served effectively to focus our collective attention on understanding and mastering our material world. We unlocked countless secrets of matter, traveled beyond our own world, dramatically extended the average human life span, created vast organizations able to function simultaneously around the world, and installed a global system of communication that—if we choose to do so—could link every person on the planet in instantaneous communication with every other.

However, these accomplishments have come with a heavy price. The scientific premise that life is an accident and consciousness an illusion stripped our lives of any purpose or meaning. It was seventeenth-century philosopher Thomas Hobbes (1588–1679) who made the link between this premise and the moral philosophy of competitive self-interest and materialistic hedonism subsequently embraced by modernist culture, current mainstream economic thought, and contemporary capitalism.

Much like his modern counterpart Carl Sagan, Hobbes maintained that absolutely nothing exists except body, matter, and motion: “Every part of the Universe, is Body; and that which is not Body, is no part of the Universe: and because the Universe is All, that which is no part of it is Nothing.”<sup>5</sup> Therefore, Hobbes maintained, mind is nothing more than motion in the brain. Even God, if God exists, must have a physical body.

Hobbes also argued that what we humans do is determined by our appetites (primarily a desire for power) and our aversions (primarily a fear of others). Without rule by an all-powerful king to restrain and channel these animalistic impulses, our lives would be “poor, nasty, brutish, and short.” This Hobbesian theory of governance is now known as *Hobbesism*, defined by *Webster’s New Collegiate Dictionary* as “the Hobbesian theory that absolutism in government is necessary to prevent the war of each against all to which natural selfishness inevitably leads mankind.”<sup>6</sup> The Hobbesian logic that leads from mechanism to a belief in a world

without moral purpose in which pursuing material gratification is life's only source of meaning and the brutish impulses of man must be restrained by authoritarian rulers is summarized by historian Edward McNall Burns as follows:

Hobbes contended that not only the universe but man himself can be explained mechanically. All that man does is determined by appetites or aversions, and these in turn are either inherited or acquired through experience. In similar fashion, Hobbes maintained that there are no absolute standards of good and evil. Good is merely that which gives pleasure; evil, that which brings pain. Thus did Hobbes combine with materialism and mechanism a thoroughgoing philosophy of hedonism.<sup>7</sup>

Modern economics turned the Hobbesian ideology of rational materialism into an applied science of human behavior and social organization that embraces hedonism as the goal and measure of human progress, assumes human behavior is motivated solely by material self-interest, and absolves the individual of responsibility for moral choice. Indeed, one might argue that the influence of Hobbes is more strongly revealed in the thinking and prescriptions of mainstream economics than that of Adam Smith, a man of deep ethical conviction and an intellectual crusader against any concentration of unaccountable power.

The moral detachment of rational materialism is also reflected in the argument that scientists properly bring to their work a single-minded commitment to scientific objectivity and a search for knowledge and bear no responsibility for the uses made of their discoveries. Thus, whatever their personal moral reservations, physicists lend their knowledge to the design of life-destroying nuclear weapons systems, chemists participate in the production and release of toxic chemicals, and biologists rearrange genetic structures and release new organisms into the environment with unpredictable consequences.

When the modern corporation brings together the power of modern technology with the power of massed capital, it also brings together the scientist whose self-perceived moral responsibility is limited to advancing objective instrumental knowledge and the corporate executive whose self-perceived moral responsibility is limited to maximizing corporate profits. The result is a system in which power and expertise are delinked from moral accountability, instrumental and financial values

override life values, and what is expedient and profitable takes precedence over what is nurturing and responsible.

As Hobbes aptly demonstrated, it all follows logically from the premise that life is accidental and meaningless—a story that denies life meaning, denies life respect, and absolves us of responsibility for the harm our actions may cause. Yet this is not our natural predisposition, which leads to the stressful and morally disorienting psychological conflict Richard Tarnas describes in *The Passion of the Western Mind*:

Our psychological and spiritual predispositions are absurdly at variance with the world revealed by our scientific method. We seem to receive two messages from our existential situation: on the one hand, strive, give oneself to the quest for meaning and spiritual fulfillment; but on the other hand, know that the universe, of whose substance we are derived, is entirely indifferent to that quest, soulless in character, and nullifying in its effects. We are at once aroused and crushed. For inexplicably, absurdly, the cosmos is inhuman, yet we are not. The situation is profoundly unintelligible.<sup>8</sup>

The issue is not with scientists or with scientific inquiry. It is with a culture of science that limits the boundaries of acceptable inquiry and interpretation and places both scientists and the rest of us in this troubling intellectual and psychological bind. We are caught between the belief system of our scientific culture and the conflicting data of our daily experience.

## **The Rise of Money and Materialism**

Until some 150 years ago, the worldview of rational materialism was confined to the intellectual elites of Western science and academia. It remained at odds with the spiritual teachings of the religious establishment and the values of the popular culture. In the beginning, the advantage lay with the church, which reached deeply into the daily lives of ordinary people through an active institutional establishment with local congregations and controlled the rituals surrounding birth, marriage, and death.

The institutions and ideas of science were more distant and less persuasive. Similarly, money and the attention it tends to direct to more instrumental and materialistic values played a relatively incidental role in the economic affairs of those who owned the tools of their production, produced for their own needs, and engaged in barter with their neighbors.

Under such conditions money functioned in the role of servant for most people, a facilitator of those limited aspects of the community's life that involved exchanges outside of the household and beyond the traditional norms of reciprocity and barter.

Step-by-step, however, as money came to be an increasingly defining force in political and economic affairs, the ideas and values of rational materialism also grew in acceptance, eventually finding a central place in the popular consciousness. The shift came about through the convergence of a number of forces. Among the earliest was the rise of *mercantilism*, which reached its high point in the period from 1600 to 1700 and brought great power to those princes and merchants who successfully accumulated vast quantities of gold and other precious metals.

Mercantilism has been defined as “a system of government intervention to promote national prosperity and increase the power of the state . . . to bring more money into the treasury of the king, which would enable him to build fleets, equip armies, and make his government feared and respected throughout the world.”<sup>9</sup> The doctrine of *bullionism*, the idea that the prosperity of a nation is determined by the quantity of gold and silver contained within its borders, was central in mercantilist theory. This belief drove a great quest for gold and silver through both conquest and trade on the theory that the more of these metals a country holds, “the more money the government can collect in taxes, and the richer and more powerful the state will become.”<sup>10</sup>

When viewed objectively, it seems illogical that a country becomes prosperous and powerful in proportion to the quantities of particular metals it has locked away in great vaults. Yet Spain's power and prosperity at the time were well known and they seemed to be the result of a vast flow of precious metals pouring into its coffers from its American colonies. Thus the idea became established among persons of ambition that great power comes to those skilled in accumulating large quantities of the coin of the realm. This in turn led to the rise in power and prestige of those in the economics profession, who claimed knowledge of the ways of money and the arts of its accumulation—and who became carriers of the Hobbesian moral philosophy. As the use of money spread, so too did the moral philosophy of materialism.

Money has such obvious benefits over barter for enabling trade that the expansion of its use was entirely natural. Yet the greater the extent to

which human transactions are mediated by money, the greater the power of those who create and allocate these privileged numbers. This fact was not lost on the empire builders who colonized the lands of Africa, Asia, and Latin America. Finding it difficult to control and extract the economic surplus from people whose economic relations were defined by tribal and kinship ties rather than by money, the colonizers quite consciously set about creating dependence on money.

Their method was to impose taxes that could be paid only with money that they issued and controlled. That simple requirement forced the colonized to sell their labor and produce to the colonizers on whatever terms the colonizers chose to set. The village heads had to collect the taxes, thus undermining their legitimacy. The men of the village had to seek cash income on the estates of the colonizers, breaking down family and community ties, substituting market relations for affective ties, and increasing the dependence on those who controlled the creation and allocation of money.

Colonialism is an apt metaphor for our current situation. We have all become the colonized in a modern society in which virtually every transaction for food, shelter, transportation, child care, and security in old age is mediated by money. With time, the institutions of money have come to hold the power of life and death over virtually everyone. The power and prestige of money and of the economics profession has risen in tandem.

The spread of secular public education and the study of science during the late 1800s and early 1900s also strengthened rational materialism's hold. It provided an outreach capability for the scientific worldview and made it a more significant competitor in the popular consciousness with the religious worldview. Furthermore, science's increasingly visible accomplishments—radio, television, air and space travel, and the computer, for example—brought prestige, stature, and credibility to science and, by association, the values of rational materialism.

The increasing power and prestige of the large corporation driven by the logic of finance was yet another contributor to rational materialism's rise to prominence. As corporations provided each new technological wonder to the masses, their names became synonymous with progress and prosperity. Less visibly, they came to have substantial influence over research funding, ownership of intellectual property, and the choice of

which technologies would be advanced and which would not. Thus in ways both subtle and overt, they shaped the decisions that were reconstructing society. Would our cities be built around sidewalks, bicycle paths, and mass transit aimed at facilitating the flow of people, or around systems of flyovers and turnpikes to facilitate the flow of automobiles? Would we give priority to nuclear energy that leaves the earth burdened with deadly radioactive materials for thousands of years to come, or to environmentally friendly solar energy? Would our food be produced by small farms using organic methods that enhance the soil, or by global agribusiness corporations that use chemical and energy-intensive methods to subdue the soil and its natural processes? In each case, it seems the institutions of money stacked the deck in favor of those choices that used the technologies they controlled and made the largest contribution to their power and profit. The more power that corporations acquired, the more our lives seemed to depend on their money and technology—and the less they seemed to depend on the living earth.

### **Colonization of the Popular Culture**

Perhaps the most overt and conscious of the processes by which the values of rational materialism found their way into the popular culture was the rise of marketing, which involved an intentional reshaping of the culture. The culture of a human society is much like what physical scientists call a *field*, a concept they developed to explain the coherence with which physical matter organizes itself. A field is a universal force that permeates space and exerts influence over matter, such as an electromagnetic or a gravitational field. Fields are by definition invisible and may be detected and measured only by their material effects.<sup>11</sup>

Similarly, cultures are the invisible organizing fields of societies. Though cultures permeate our social spaces, they are visible only in the observed behavior of the individuals who share their values and prescriptions. They are as essential to any explanation of the coherent function of a society as electromagnetic and gravitational fields are to explaining the organization of matter.

As social beings we have a strong impulse to respond to cultural fields—and for a good reason. Cultural fields enable human societies to function coherently without the coercive centralized institutional authority that Hobbesian philosophy maintains is necessary to contain our baser

instincts. When a cultural field emerges as a consensual expression of the shared experience, values, and aspirations of the members of a society, it serves as a deeply democratic mechanism for achieving social coherence. But when a small group is able to manipulate the society's cultural symbols and values to serve its own narrow ends, the processes of cultural reproduction can become deeply undemocratic and destructive.

As extensively documented by historian William Leach, the U.S. retailing giants of the late nineteenth and early twentieth centuries decided that to increase their profits they must create a greater demand for their merchandise and set about to replace the popular culture of frugality that had prevailed since America's founding with a culture of self-indulgence.<sup>12</sup> They became increasingly skilled in the use of color, glass, and light to convey a sense of a this-world paradise. They put elegant models on display in fashion shows, sponsored museum exhibits depicting the excitement of the new culture, and used the media to surround the individual with messages reinforcing the culture of desire. Consumer credit made it all seem within the reach of everyone. Through such means retailers virtually invented the culture of consumerism, described by Leach as "the most nonconsensual public culture ever created."<sup>13</sup>

Corporations remain hard at work today converting the world's popular cultures to Hobbesian hedonism. In the United States advertising expenditure equals 2.3 percent of the national product, nearly half the level of educational spending, and is growing by more than 6.0 percent a year.<sup>14</sup> Indeed, a major portion of corporate advertising is now aimed specifically at indoctrinating children in the values of consumerism and corporate rule—even to the point of bringing the corporate message into the public schools through the enforced viewing of television commercials through made-for-school TV broadcasts and exclusive marketing agreements. Channel One, a commercial venture, now brings televised advertising messages to eight million children directly in their school classrooms in the name of education.<sup>15</sup> In Evans, Georgia, high school student Mike Cameron was suspended for a day for wearing a Pepsi T-shirt on Coke Day and spoiling a school picture in which students spelled out the word *Coke*. During their most vulnerable formative years our children are exposed to the constantly repeated message that their personal worth is defined by the toys they own, the corporate logos on their clothing, and the brands of junk food they consume.



Global corporations are now reaching out to establish the hegemony of a culture of greed and excess in virtually every country in the world in their relentless search for more customers. Global spending on advertising—expected to reach as high as \$437 billion in 1998<sup>16</sup>—is rapidly coming to rival even global military spending expenditures—\$778 billion in 1994.<sup>17</sup> Indeed, we might well consider what corporations are doing in as yet unconverted cultures to be a form of values warfare, devaluing their cultures as backward, boring, and poor, and offering in their stead promises of a material paradise of excitement, ease, and prosperity for all.

Television, which now reaches more than 60 percent of the world's people, serves as the money world's most powerful tool of global cultural and ideological indoctrination. Duane Elgin, author of *Voluntary Simplicity*, warns:

By programming television for commercial success, we are programming the mindset of entire civilizations—perhaps even the species-civilization—for evolutionary stagnation and ecological failure. The use of television to promote exclusively materialistic values has become a massive mental health and public health problem for the United States and the world.<sup>18</sup>

Elgin isn't exaggerating. A thirty-year values study of nine million freshmen on fifteen hundred U.S. campuses found a radical shift from 1966 to 1996 in student views of why college is important to them. In listing what was essential or very important to their decision to attend college, 83 percent of entering freshmen in 1968 chose "Develop a meaningful philosophy of life" as essential or very important; only 43 percent chose "Be very well off financially." By 1996, the desire to be financially well off had become essential or very important for 74 percent, and developing a meaningful philosophy of life was down to 42 percent. The statistical variable that seemed best to explain the switch was the number of hours of television viewed before arriving at college: those who reported having watched the most television were least likely to believe that values other than money matter.<sup>19</sup> From a money-world perspective, television has been a brilliant success. Indeed, we saw not only a shift in the values of college freshmen during this period of rapidly increasing television viewing but also a shift in the values of a nation from the significant social

commitment of the sixties to the cynicism, materialism, and greed of the eighties and nineties. Although television was not the sole cause, it was most surely a contributor.

## **Scarcity in the Guise of Plenty**

False promises are the money world's stock in trade. Most often its Sirens sing not of greed but of a universal material paradise—a world in which modern technology will banish poverty, war, and violence by providing everyone with a life of material comfort and luxury. Yet behind the promise lies a disturbing paradox. Although money-world institutions profit from the mass production and distribution of goods and services and are leading proponents of growth in production and consumption, scarcity plays a central role in their global quest for profit.

Any economist will happily tell us that scarcity creates value. Intelligent people pay money only for goods that are scarce. Which has the greater real value: air or diamonds? Air is free, diamonds are pricey. *Life* says air, because we must have it to live, and provides it in abundance. *Money* says diamonds, because they are scarce, and its institutions limit supply to inflate the price.

That's the money world's little secret. Though it promises abundance, its preference is for scarcity—the source of its profits. If wastes contaminate our municipal water supplies and create a scarcity of potable water, the money world profits from the sale of bottled drinks. Where there is a scarcity of good public transit, it profits from cars, gasoline, and road building. When soil fertility declines, it sells us more fertilizer. Where jobs are scarce, it finds labor cheap. The money world thrives on scarcity, not abundance, and its greatest prize is a monopoly that allows it to restrict supply.

Even the system by which money is created is itself designed to create scarcity. Most of us casually assume our money is created and issued by government. In fact, most of it is created by banks lending it into existence. Herein lies a seldom-noted problem.

Say a bank provides me with a \$100,000 mortgage. It opens an account in my name and credits it with the amount of my loan. In so doing it creates \$100,000 that I then spend into circulation. So far, so good. The catch is this: the bank expects to be repaid with interest, which on a long-term mortgage might require total repayments of \$200,000 or

more. Because all the other money in circulation was also created through lending by banks that also expect to be paid back with interest, there simply isn't enough money in circulation to pay the banks their due—unless the economy grows fast enough to expand borrowing at a rate sufficient to create the money required to repay the principal and interest on previous loans. Bernard Lietaer, international money manager and a designer of the single European currency, explains the implications:

The bank expects you to pay back \$200,000 over the next twenty years, but it doesn't create the second \$100,000—the interest. Instead, the bank sends you out into the tough world to battle against everybody else to bring back the second \$100,000. . . . So when the bank verifies your “creditworthiness,” it is really checking whether you are capable of competing and winning against other players—able to extract the second \$100,000 that was never created. And if you fail in that game, you lose your house or whatever other collateral you had to put up.<sup>20</sup>

In a debt-based money system bankruptcies and bank failures can be avoided only by continuous economic expansion. This is an important source of the money world's growth imperative. The system is designed to create winners and losers, with a bias in favor of the banks that make the money and against the working people and entrepreneurs who produce the real wealth. It is also a system designed to be unstable, because it must either grow or collapse.

For most people, the resulting life-and-death struggle for a means of living creates a pervasive fear of scarcity that triggers a mass impulse, even among the very rich, to acquire and hoard beyond real need. The hoarding of money in turn increases the scarcity of money in circulation and further escalates the fear. It becomes a vicious cycle of escalating fear and scarcity.

There is another way in which money creates scarcity, which we will visit more fully in Chapter 3. The insatiable demand it makes on corporations to produce ever greater profits creates a powerful pressure on corporate management to destroy real productive capital, the source of all real wealth, to generate quick profits. In contrast to the scarcity of money, which is to a large extent artificial, the loss of real capital creates real scarcity.

As a species, we face a fateful choice between the song of life and the song of money. Both promise life, but only one can deliver.

Life's song calls us to engage fully the wonder, joy, and love of life inherent within our being. It makes life the measure of value and progress and calls us to fulfill the prophecy of a story in which life itself is the defining reality.

The song of money calls us to experience life through the pursuit of material diversions—all so real, so attractive, and so immediate. Why not give it a try? Life will always be there.

But to follow money's song we must make money our measure of value and progress. Once we yield to its temptation, its imperatives become our imperatives. We find ourselves fulfilling the prophecy of death. But the Siren soothes our fears: "My way is natural, right, inevitable. The pain will soon be over—and from here there is no return."

We yearn to believe the promises, even to give ourselves completely to her service, in an effort to banish from awareness the glimmerings of a terrible truth: the Siren who hides her true nature behind a false cloak of democracy and market freedom has laid claim to our soul and is feeding on our flesh. Her name is capitalism.

this material has been excerpted from

***The Post-Corporate World:  
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Published by Berrett-Koehler Publishers

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