



**Munich Business School**

## **Master's Thesis**

**An Examination of the Ecological and Social Problems Caused  
by the Predominant Economic System and Possible Alternative  
Business Models for a More Sustainable and Equitable Future**

Thesis to Achieve the Degree of  
“Master of Business Administration”  
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# **1. Abstract**

Climate change and economic inequality are today manifesting into problems of enormous magnitude and if left unresolved may have serious ramifications for society. Unfortunately, initiatives to effectively address these issues from within our current economic and political system have not as yet been forthcoming. Thus, the aim of this thesis is to: recognise the severity of the problems; investigate the root causes and conditions; understand the obstacles currently preventing resolution; propose solutions to adequately resolve the problems, and discuss the practical feasibility of implementation.

The results indicated that our predominant neoliberal capitalist economic system with the core values of rational self-interest and competition leads to both climate change and economic inequality. Also, current system remedial efforts are ineffectual as they conflict with the fundamental corporate imperative of profitable growth. The results also inspired a proposed 'energy shift' that calls for the radical acceptance of our oneness and the embracing of binary opposite core values such as cooperation and service. The validity of this proposal is supported by numerous academic works and further grounded in case studies of emerging business models that demonstrate successful real world application of these ideals. The conclusion suggests a potential alternative framework for a future economy with more ecologically responsible and socially just outcomes for the benefit of all. To aid integration of these new ideas into mainstream business practice, a discussion of the change management challenges and an individual first-step action plan is also included, along with recommended areas for further exploration.



*"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."*

(Toro, 2012)

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## **2.2. Index of Abbreviations**

AA – Alcoholics Anonymous  
AIPAC – American-Israeli Public Affairs Committee  
BAU – Business as Usual  
CER – Continental European Region  
CO<sub>2</sub> – Carbon Dioxide  
CNAS – Centre for a New American Security  
CRC – Charter Revocation Clause  
CSR – Corporate Social Responsibility  
FDI – Foreign Direct Investment  
GNP – Gross National Product  
GNH – Gross National Happiness  
GSC – General Service Conference  
IEA – International Energy Agency  
IMF – International Monetary Fund  
IPCC – International Panel on Climate Change  
JFK – John F. Kennedy  
MBA – Master of Business Administration  
MBS – Munich Business School  
MIC – Military Industrial Complex  
MIT – Massachusetts Institute of Technology  
MNC – Multi-National Corporation  
PNAC – Project for a New American Century  
PR – Public Relations  
UK – United Kingdom  
UN – United Nations  
US – United States (of America)  
WTO – World Trade Organisation  
WWII – World War Two

### **3. Preface**

The task of writing a thesis as part of a Master of Business Administration (MBA) degree initially presented an exciting opportunity for career advancement through the development of economic and business understanding and expertise. By building on previous work experience in the more traditional business areas of design, engineering, and marketing, an MBA thesis could be a platform to research and propose a new innovative product, competitively priced, and positioned in a new market, resulting in sustained competitive advantage and profitable growth for the initial capital invested. An approach like this promised both interesting academic research and potentially financially rewarding outcomes.

However, over the last few years working in the corporate environment, I had become increasingly aware of many issues affecting our society, problems that seemed to be worsening despite all efforts to the contrary. A further look showed that these concerns, particularly climate change and economic inequality, are now at levels never before seen in history, and if allowed to progress further, may have major implications for the future welfare of humanity. If these issues are real, and as serious as claimed, then one would naturally assume that immediate resolution is required to avert this supposed catastrophe.

This awareness then brought up many questions; why hasn't our economic system, especially in a time of such enormous wealth generation, addressed these issues already? If we are doing something about it, why are these problems continuing to get worse? And if nothing is being done, what would it take to adequately address these issues? Having these questions remain unanswered at this crucial moment in time meant that any other economic endeavour may well be for nothing. It therefore seemed paramount that finding answers to these questions was more deserving of my attention, energy, and resources than any other 'business as usual' approach i.e. making as much money as possible and being rewarded with material success.

Being confronted with these urgent social and environmental challenges, and with no real and effective answers emanating from our corporate and political leaders as yet, my conscience was struggling to actively participate in the continued acceleration of our 'profitable growth' focused economic system, and instead yearned to embrace the



call to action required by all of us to challenge the current economic paradigm and seek alternatives that attempt to provide real solutions to our economic problems. It was comforting to know that I was not alone in this dilemma. Journalist and author Naomi Klein in her book *This Changes Everything: Capitalism versus the Climate*, says that “living with this kind of cognitive dissonance is simply part of being alive in this jarring moment in history, when a crisis we have been studiously ignoring is hitting us in the face” (Klein, 2014, p. 3).

Change champions such as Russell Brand, Buckminster Fuller, E.F. Schumacher, Naomi Klein, Bill McKibben, Charles Eisenstein, John Perkins, and many others, provided the inspiration to join the monumental economic revolution that aims to transition our future economy towards one that is more environmentally sustainable and socially just. As an MBA student at this time of my life with previous corporate work experience in a consumer society, I have the opportunity and privilege of sharing my thoughts and ideas on what I have observed from the world around me as it relates to my own particular set of circumstances.

This thesis is an attempt to understand our current dilemma, shine the light on some of the more troubling causes and conditions, then synthesise and communicate the potential requirements for transitioning to business models with the socially and environmentally just principles of sustainability and equality, all with the goal of helping to ensure our wonderfully beautiful natural world can be enjoyed by many generations to come.

During the course of the research it quickly became apparent that the more I researched this topic the more I found I had yet to study, and although my knowledge base has expanded considerably, there is still much to learn. While I have definitely broadened my understanding on matters of economics, ecology, society, culture, politics, history, and alternative business models, and how each contribute to current economic and business practices, there are many more talented people in these fields with far greater passion, knowledge, and expertise than I could ever hope to attain. I thus encourage the reader to explore further all the cited works for a more in-depth explanation and enlargement of the ideas presented.

I hope that by the end I will have made an academically robust presentation to be convincing for some, and perhaps even helped to ever so slightly shift the current

‘business as usual’ economic paradigm towards alternative business models for a sustainable future. Due to time and space constraints this will not by any means be a complete analysis, nor will it provide a concrete blueprint for the future. There will also likely be many opportunities ripe for counter argumentation, which I more than encourage. I am not sure how our economic evolution will play out, but I have a sense of hope for our common future and I am willing to add some new ideas to the discourse and hope to work on them further in collaboration with others. In the search for a more sustainable future it is comforting to know that this is not just my journey alone, but it is shared by many, and we really are ‘all in this together’. I intend to add my voice to the many voices calling for change that are explored throughout this thesis.

Over the course of research and writing I have come to believe that it is possible to change and engage in alternative economic systems if we nourish and celebrate a completely balanced spectrum of human experience, particularly the often overlooked aspects of service to others, cooperation, and non-violence, and allow our creativity to reach full potential. The research shows that there are alternatives, which challenges the dogmatic ‘there is no alternative’ belief.

A part of my own transition has required a ‘spiritual awakening’ – a deep transformation of core thoughts and attitudes, and the discarding of old ideas for new ones. I therefore believe that this shift in consciousness can also happen on the wider social scale, and as such, forms the basic premise of the following thesis.

## **4. Introduction**

### **4.1. General Setting**

Our economic system today provides us with a wealth of goods and services that meet many of society's daily requirements. Over the last century in particular, our economic progress has increased the overall standard of living for millions of people, especially in areas like sanitation, medicine, and housing. Our economy has facilitated the growth and maintenance of our largest ever global population. Advances in science and industry have also allowed us to realise incredible feats in mechanical engineering, energy utilisation, space travel, and global communications.

However, scientific and academic literature also documents that concurrent to our economic progress there are problems developing that affect both the internal composition of our society and the external environment in which we live. Two such problems are rising economic inequality with increasingly unequal distribution and wealth concentration, and the approaching limits of the earth's physical capacity to both provide natural resources and absorb our waste products.

These issues are now assuming such enormous global magnitude that no matter how one looks at it, they ultimately threaten everybody - not only the most disadvantaged, but also those currently benefiting the most. This situation presents new challenges to our current and future generations, and the urgency of which makes it increasingly impossible to ignore. It also forces us to question our prevailing economic paradigms, as to not address these issues immediately may well render the vast majority of other 'business as usual' economic endeavours futile.

While not every free-market economist and western business school will see the main issues presented here as requiring the need to challenge our present economic discourse and practice, it is meaningful to reflect on the following points:

- Our natural resources are finite, with many of the most crucial nearing depletion.
- The earth's capacity for waste absorption and regeneration is reaching limits, endangering our life support ecosystems.
- Wealth inequality is rising to extremes, leading to numerous social ills.

These points have been discussed in the scientific literature for some time. Recognition of social inequality is as old as history with more detailed quantification of economic inequality commencing after the industrial revolution once census income and tax data was collected from the 1800's onwards, and in academic works that deliberated wage and population relationships such as *An Essay on the Principle of Population* (Malhaus, 1798). The environmental issues have, however, only relatively recently been broadly discussed in academia. Ground-breaking books *Silent Spring* in 1962 and *Limits to Growth* in 1972 brought to the world's attention the damaging environmental effects of our economic industries, particularly pesticides (Carson, 1962), and the effects of exponential growth and subsequent exhaustion and pollution of our dynamic global ecosystem (Meadows, et al, 1972, p. 69).

Although ideas that challenge and offer alternatives to the established economic order have always existed, their reach and impact has been limited. However, with the advent of the information technology age that brought with it instant global communications on a never before seen scale, this dynamic has now changed. The explosion of social media and independent internet websites has disrupted the traditional media's control, and allowed critical alternative information to be circulated easily and freely, peer to peer. Thus, this moment in time presents us with exciting opportunities to work these new alternative ideas into the mainstream.

The rationale as to why these problems deserve prioritised attention at this time can also be found in the Munich Business School (MBS) MBA thesis brief; independent work on a problem within the discipline of business administration, using the scientific method for the "benefit of all of mankind" (Maráz, 2015, p. 19). As the previously stated problems, if left unresolved, could be considered detrimental to all of mankind, resolution of these problems through our future business administration activities thus becomes imperative.

Although it could be debated at length what the statement 'benefit of all of mankind' means exactly, for the purposes of this thesis the contextual meaning can be elaborated into a brief philosophical base that also defines the fundamentals of human purpose and provides the foundation upon which to build the subsequent thesis argumentation. Thus, the recognition of popular psychological life-purpose theories, such as Maslow's concept of self-actualisation and Jung's concept of individuation, as well as spiritual

author Eckhart Tolle's philosophy that we are all here "to enable the divine purpose of the universe to unfold" (Tolle, 2004, p. 143), provide a solid basis upon which to start.

To better understand the solutions proposed in the subsequent chapters, it will also be necessary to expand the theoretical foundation with the acknowledgement that the human life experience presents a multitude of contrasting opposites, a full spectrum of dualities, where each end of the binary complex is necessary to define and give meaning to the other, and where both sides are equally valid and exist simultaneously. For example, black and white, good and evil, Yin and Yang. Thus, life consists of the interactions between these dualities, where dynamic balance is the defining characteristic.

These insights implore that in order to administer business for the 'benefit of all' we strive to create the economic conditions for personal health and collective societal wellbeing, where everybody can flourish to their full potential all within our dynamic earthly equilibrium.

## **4.2. Objective**

It is within this limited context, and at this moment in time, that this thesis will firstly examine these issues and their severity, then analyse the deeper true nature and complexities of the problem, and finally offer up optimistic and empowering potential solutions that disrupt the status quo and better meet society's needs.

Although awareness of these problems and the subsequent critique of our economic system has received varied amounts of attention, the urgency of our current situation means that the counter argument, as supported and expressed in many different mediums and voices especially those of the counterculture, is gaining potent legitimacy. This thesis attempts to further advance science, and the truth, by expanding these countering voices into the traditional corporate and business school community's communication and educational channels, while still remaining true to the academic parameters defined by a master's degree.

The expectation of an MBA thesis is that students show a mastery of foundational theoretical economics coupled with current best business practice and a demonstrable ability to synthesise a forward looking vision and practical program of action. By

researching the commonly accepted traditional economic theories and juxtaposing them with the many disparate counterculture ideas all within an MBA thesis structure, it is hoped to get both issues and potential solutions in plain sight of our current and future generations of business leaders, key decision makers, influential stakeholders, and change-makers, and provide the necessary knowledge, inspiration, and guidance to alter the path of future economic developments towards economies that are more socially and environmentally just.

This thesis does not claim to have all the answers. It can only show a potential way forward and shine the light down the path, highlighting some of the obstacles we face and offering suggestions on how to overcome them. Some of the ideas presented here may not be applicable presently, so take from it now with an open mind what is useful and leave behind what isn't. If any one idea is found to be disagreeable do not let it prevent resonance with the concepts that are of interest.

To fully realise the desired end goal, it will require a concerted effort and the subsequent engagement, commitment, and cooperative creative action of the many other pioneering business leaders and aware change-makers who are inspired to move forward in the same direction. This thesis also welcomes and anticipates from others additional new business ideas and conceptual models that adapt, modify, detail and enlarge upon the introductory work contained herein.

### **4.3. Thesis Approach**

As with any problem solving endeavour, this thesis will start with an acknowledgment of the full extent of the problems at hand, as well as a diagnosis of their causes and conditions. No meaningful solutions can be expected if the originating problem is not understood truthfully and accurately. Therefore, the problem must be dealt with as it really is. Also, there can be no delusion that this exercise is going to be light and easy, with a standard feel good 'business as usual' approach. The research reveals that the reality is confronting, nonetheless, any negativity ought to be embraced as an indicator of what is wrong and therefore what needs to change. Thus, awareness and acceptance become paramount first steps if there is to be any chance of appreciating the relevance and merit of the potential solutions available.

Extreme economic inequality and ecological destruction, in particular climate change, thus provide both the starting place and impetus to embark on this journey. Although there are many other global problems worthy of our attention, due to time and space requirements, this argument will be limited to these two problems specifically. Following a linear progression through causal analysis, this thesis will then independently review the current situation, and also investigate our capitalist economic system with its contemporary school of neoliberalism as developed from historical western imperial consumer culture and how this influences today's political and corporate practices, with the goal of uncovering the core values and drivers. Past, current, and future attempts by our economic system to fix these issues, and whether or not they are likely to work, will also be discussed.

There are many complexities and nuances in our economic system, with libraries of literature deliberating these at length. Full disclosure of all positions and their historical development is outside the scope of this thesis, thus only a selection of key points will be briefly introduced in order to remain succinct and present a clearer argument. Again owing to the limited space available as well as the problem/solution objective, this thesis will focus on the more negative and darker aspects of our present economy, aspects which are not currently given adequate consideration in both mainstream debate and traditional business school curriculums yet are still desperately needed to provide a deeper comprehension of the inner workings and driving forces. Also, the presentation of the proposed solutions will concentrate more on the positive opportunities, thus leaving aside for a later date a more complete counter critique. This may appear unbalanced initially, however, this approach is required in order to both describe the enormity of the problem at hand and set up stronger engagement possibilities with the potential solutions. When the identified problematic features are linked together with the proposed matching solutions, the overall thesis will optimistically balance itself out.

Also, this thesis will focus more specifically on the western Anglo-American economy, in particular the US, as the Anglo-American experience can be considered the leading edge of the global economy and its influence and reach has current and future implications for the economies in other countries, for example Europe, Africa, and the Asia Pacific.

This is to be followed by a proposed energy shift within our core economic values that recognises the validity of both oneness and our binary opposite drivers, and then a presentation of academic research into alternatively incentivised business models as a workable part of the resultant potential solution. In particular, this thesis will explore and strengthen alternative ideas that are already springing up from grassroots reactions to the problems identified above and highlight their value for a sustainable and equitable future economy. For example; alternate currencies, social businesses, cooperatives, benefit corporations, localism, and organisational principles of decentralised service based groups that literally turn capitalism ‘upside down’.

At the conclusion a realistic and empowering vision for a just, sustainable, and equitable economic future will be presented, as well as a brief discussion of the key change management challenges and suggested immediate individual actions. Finally, limitations to the current research will be discussed, and new hypotheses for future opportunities will be proposed. Further exploration into additional innovative social and environmental economic ideas and their practical application into future business models is planned to continue post thesis.

#### **4.4. Structure of the Thesis**

The main body of the thesis will start in chapter 5 with a presentation of the critical problems that initiated the thesis as observed in economic outcomes; economic inequality and ecological irresponsibility. Following on will be: chapter 6 that examines the predominant economic model; then chapter 7 that identifies several of the deep drivers; while chapter 8 proposes an energy shift to a recognition of the whole and the binary opposite drivers; then chapter 9 explores possible alternate economic models, and finally chapter 10 presents the alternate outcomes of social equality and ecological responsibility. A discussion of the lessons learned and new hypothesis for further exploration will be proposed at the end.

The approach and structure of the thesis has been illustrated in the diagram below, where, starting at the top right, it displays the argument logic flowing around and through the three causal layers starting with Outcomes, which results from Economic Models, which results from the core Drivers. Each layer is also shown within the whole, and along with its applicable dialectic. The graphic shows the complete picture where the current situation is problematically out of balance and is too heavily



weighted to one side. It also indicates the proposed energy shift direction to re-balance the core drivers, which in turn re-balances the economic models, and radiates the desired environmental and social outcomes.

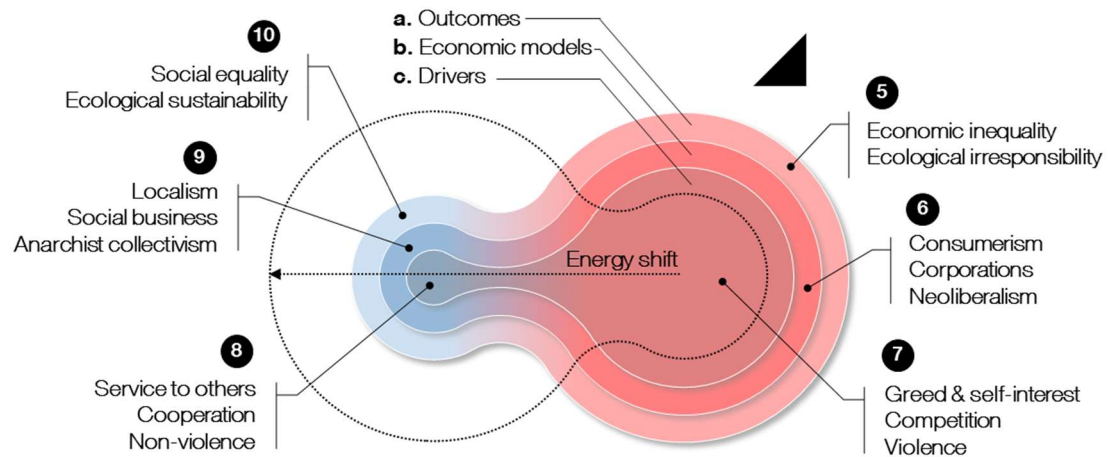


Figure 1: Diagrammatic overview of the thesis structure and logic.

#### 4.5. Research Methods

As this thesis is primarily theoretical in nature and requires a broad overview of many academic disciplines, it employs a mixed research methodology; a thorough literature review, secondary data analysis, and supporting case studies. To reliably and legitimately base the arguments, and to add a valid contribution to knowledge development, a detailed review of quantitative and qualitative literature by leading authorities and scholars in the fields of economics, environmental science, activism, philosophy, film, systems theory, spirituality, politics, history, and social sciences, was undertaken to provide comprehensive coverage of the subject area. This analysis required exhaustive reading to search for and bring to light the relevant philosophical themes, practical ideas, scientific evidence, and theoretical conclusions, and then forming the findings into a coherent synthesis.

By necessity, the entire body of research cannot be included, however the thesis will discuss the main themes from the literature to form a narrative that provides answers to the research problems. Initial reviews of seminal works by key theorists, who originated many of the ideas presented, sets the context for further analysis of contemporary scholars who have extended and adapted these ideas in their current works. Although many of the cited authors collected their data with other research

questions in mind, the works share both a common interest in the problem, and in engaging with potential solutions, and thus when brought together provide a compelling and optimistic composition. These ideas are further grounded in case studies that analyse existing examples of alternative business models that have applied in practice and demonstrated the success of the theoretical proposals.

## 5. Critical Problems Observed in Outcomes

### 5.1. Ecological Irresponsibility

Of all the serious environmental issues facing us today, including; population growth, toxic pollution, global nitrogen cycle, water/food security, ocean acidification, overfishing, and deforestation, climate change is one of the most critical. *Science* journal reports that we have crossed four out of nine planetary boundaries, of which climate change resulting from greenhouse gas emissions is one (Steffen et al., 2015).

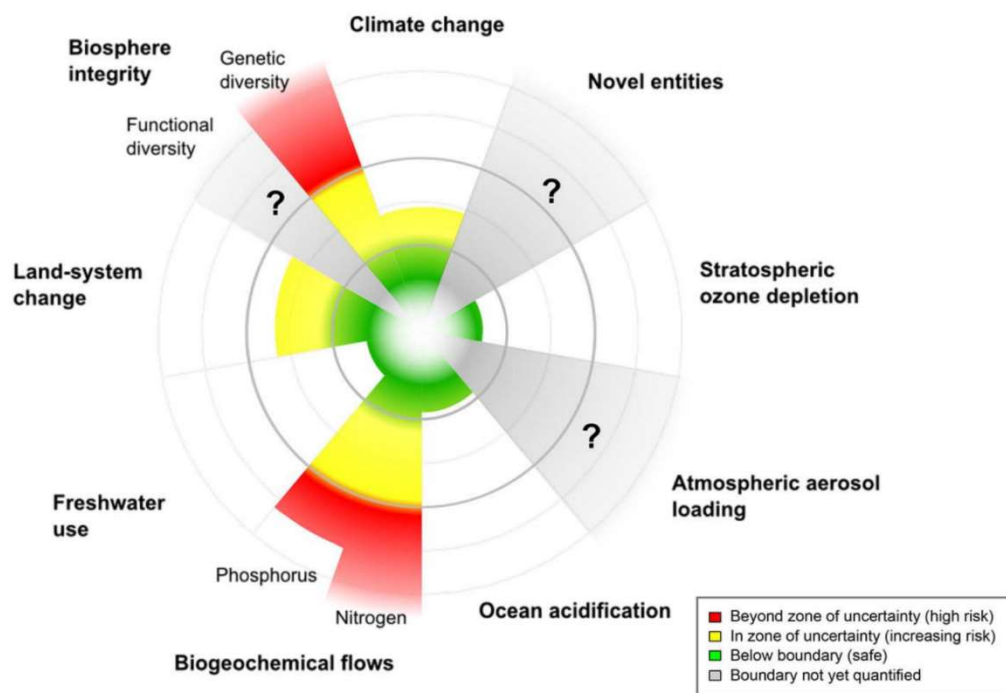


Figure 2: The current status of the control variables for seven of the nine planetary boundaries (Steffen et al., 2015)

Greenhouse gases trap heat from sunlight and warm the earth's atmosphere, and many of these gases, primarily carbon dioxide (CO<sub>2</sub>), are emitted as waste products from industrial processes and the burning of fossil fuels that provide the foundation and power for our economic system. The International Energy Agency (IEA) reports that

“greenhouse-gas emissions from the energy sector represent roughly two-thirds of all anthropogenic greenhouse-gas emissions” (IEA, 2015). In May 2015 concentrations of atmospheric CO<sub>2</sub> passed the 400 parts per million mark (Vaughan, 2015), and the International Panel on Climate Change (IPCC) reported that increasing manmade greenhouse gas emissions driven mainly from economic growth are now at levels “unprecedented in at least the last 800,000 years” (IPCC, 2014).

NASA has recently reported that 2015 global surface temperatures were the warmest on record (NASA, 2016), with these rising global temperatures clearly visible in Figure 3 below. The IPCC also states that to continue emitting greenhouse gases will lead to increased global warming, long-term climate change, and increasing “likelihood of severe, pervasive and irreversible impacts for people and ecosystems” (IPCC, 2014). This blunt message has resonated around the globe, even the UN secretary general, Ban Ki-moon, said upon the IPCC reports launch that “science has spoken. There is no ambiguity in the message” (Carrington, 2014). NASA scientist Erika Podest is quoted as saying “climate change is a threat to life on Earth and we can no longer afford to be spectators” (NASA, 2015). What’s truly alarming is that in order for us to bring about this grim future, “all we have to do is nothing” (Klein, 2014, p. 4), and continue with business as usual.

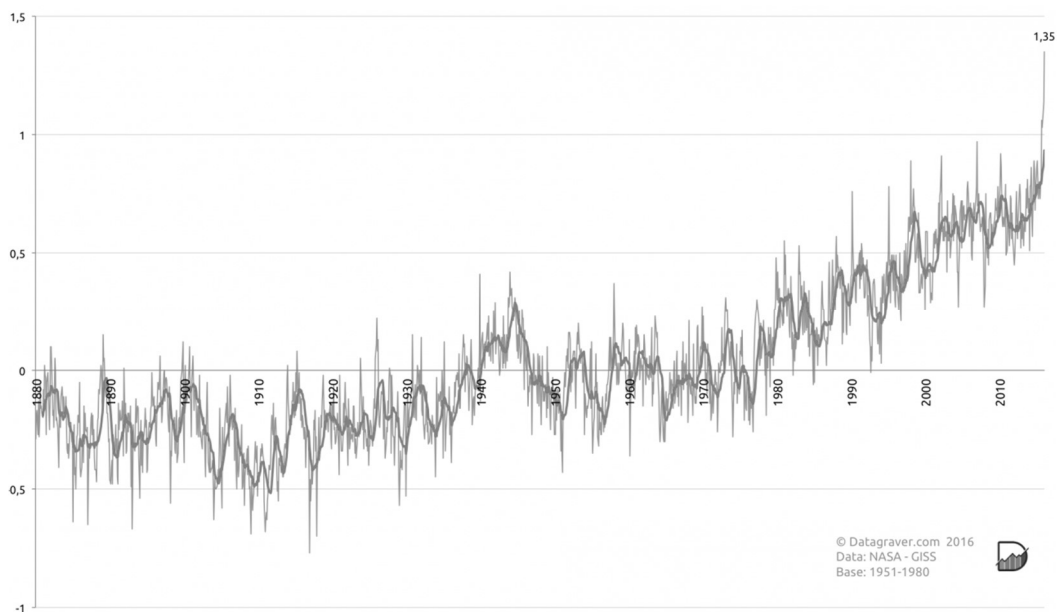


Figure 3: Monthly global temperature anomaly + 12 months moving average in °C (Datagraver, 2016)

Author Fawzi Ibrahim argues that as the more populated areas in the world emit lower levels of per capita greenhouse gas that more crucially “a high level of greenhouse gas

emission bears a robust correlation to commodity production” (Ibrahim, 2012, loc. 409). The two biggest national producers of CO<sub>2</sub> are also the two biggest economies, US and China “which increased its emissions by 45 per cent over the past decade” (Harvey, 2005, p. 173). Distinguished Professor David Harvey believes this climate irresponsibility stems from “the kind of consumerism that continues to encourage high-energy-consuming suburban and ex-urban sprawl and a culture that opts to purchase gas-guzzling SUVs” (Harvey, 2005, p. 173).

## 5.2. Economic Inequality

Wealth inequality today is at an all-time high, and the reality of growing extreme economic inequality is a global phenomenon and is well documented by a number of sources. In fact, the latest report from Oxfam calculates that “the richest 1% now have more wealth than the rest of the world [99%] combined” (Oxfam, 2016), and also shows that it is not just the rich getting richer, but the poor are getting poorer. The 2012 infographic in Figure 4 below taken from Politzane’s YouTube video, which has been viewed over 18 million times, displays the actual wealth inequality in the US alone versus the ideal and what people think it actually is – “the reality is not what we think it is” (Politzane, 2012). In 2016 it has only increased, and is even more severe when considered on a global scale.

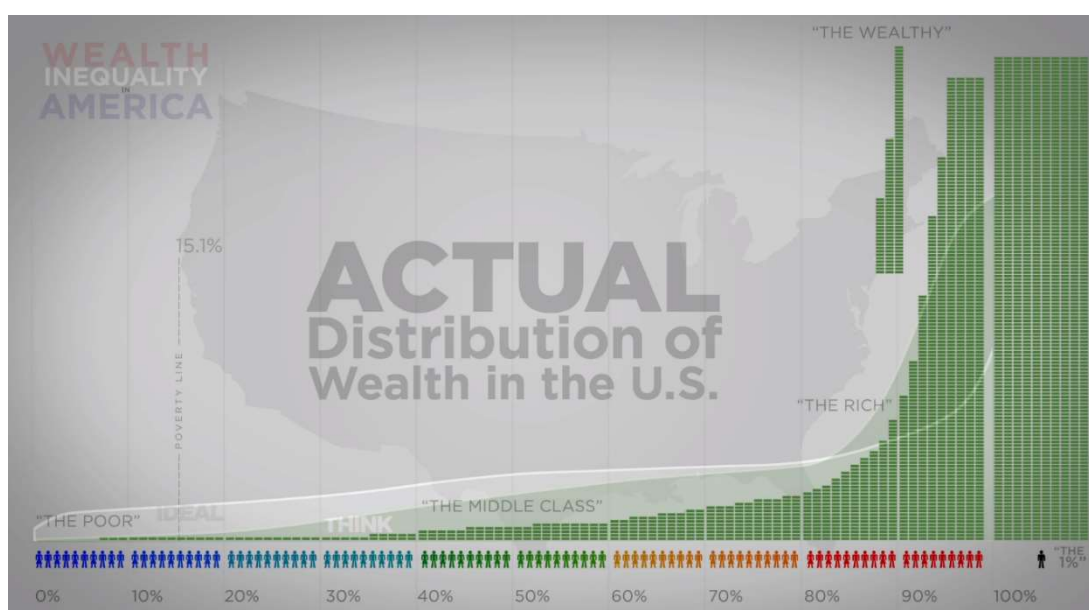


Figure 4; Actual distribution of wealth in the US (Politzane, 2012).

High economic inequality has major ramifications for society. The International Monetary Fund (IMF) acknowledges that growing inequality has serious implications for economic and political stability, and it can “concentrate political and decision making power in the hands of a few” (Dabla-Norris, Kochhar, Suphaphiphat, Ricka, & Tsounta, 2015). Economic inequality has a direct relationship with social inequality as economist Paul Krugman states “the fact is that vast income inequality inevitably brings vast social inequality in its train”, and that this has genuine “negative consequences for the way people live” (Krugman, 2007, p. 126).

Inequality has been correlated with worse health and social problems and general social dysfunction (Wilkinson & Pickett, 2009). Wilkinson further elaborates in his 2011 TED talk stating “the more unequal countries are doing worse on all these kinds of social problems. It's an extraordinarily close correlation” (Wilkinson, 2011). Inequality has also been shown to conflict with our human universal biological ‘sense of fairness’. Professor Robert Reich is “absolutely convinced that in the American public there is a deep seated sense of fairness” (Reich, 2005), and in 2003 an experiment with capuchin monkeys shows perceived inequality produces negative reactions and thus supports an early evolutionary origin of the social inequity aversion theory (Brosnan & de Waal, 2003). Even the wisdom of the Dalai Lama acknowledges that as large inequality leads to jealousy, frustration, resentment, and social violence, inequality is not only “morally wrong” but is also practically the “source of [the] problem” (Lama, 2008).

A measure of income inequality is the Gini coefficient, and the two ‘richest’ economies, the US (0.48) and China (0.49) have high levels of inequality themselves and are both above the warning level of 0.40 set by the UN (Statista, 2016). This implies that it is not necessarily nations as such that get richer, but that mostly elite individuals within them do.

Wealth is created as a result of economic activity. Therefore, it is reasonable to state that the unequal distribution of this wealth is also an outcome of this activity. Professor and economist Thomas Piketty says that this growing inequality can be attributed to the fundamentals of our predominant economic system itself and there are central divergent market forces designed in that result in the unequal distribution and concentrations of wealth to those with the capital. Piketty equates this as  $r > g$ , where

$r$  stands for the average annual rate of return on capital, and  $g$  stands for the rate of growth of the economy (Piketty, 2014).

Some inequality may be considered acceptable, so as to incentivise innovation and entrepreneurship. However, Piketty argues that even with this justification the fact that the economic system leads to perpetual concentrations of extreme wealth negates “any possible rational justification in terms of social utility” (Piketty, 2014, p. 312).

In a University of California lecture, Reich contends that much of this inequality is propelled by two big forces; globalisation and technology (Reich, 2005). British economist Anthony Atkinson describes four more contributing factors; growth of financial services; changing pay norms; reduced role of trade unions; and the scaling back of redistributive taxation policies (Atkinson, 2015).

Reich also proposes that at current levels there will inevitably be a “snap” soon, either back into a more equal society, or a breaking into two societies (Reich, 2005); the haves and the have nots, much like the dystopian vision portrayed in the 2013 movie *Elysium*. Professor and economist Paul Krugman posits that we already have two different societies and has described the self-contained world the rich have built with everything from their own healthcare systems to travel networks, which can be considered an “economy within an economy” (Krugman, 2007, p. 126). Piketty says our current system creates and favours elite financial oligarchies and family dynasties as it inevitably gives “disproportionate importance to inequalities created in the past, and therefore to inheritance” (Piketty, 2014, p. 267). Public speaker and degrowth activist Charles Eisenstein puts it in simple terms “those who have money can increase their wealth simply by virtue of having money” (Eisenstein, 2011, p. 109).

The global inequality level has been observed to have increased significantly from post WWII levels between 1980 and 2002 (Milanovic, 2009) and can also be seen in Figure 5 below, which shows the change in percentage of national yearly income that went to the richest top decile.

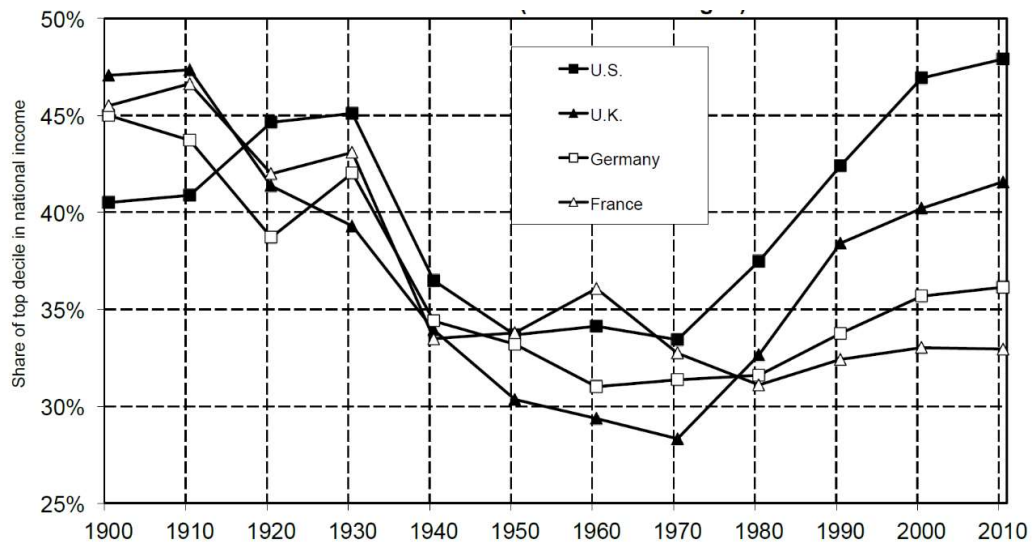


Figure 5: Top decile share in national income in Europe and the USA, 1900-2010 (Piketty, 2014)

Politics has played an integral role in these developments. Krugman also acknowledges that after a relatively equal period post war a “great divergence” begun in the 1980’s, and the timing “strongly suggests that polarizing political change came first, and that rising economic inequality followed” (Krugman, 2007, p. 11). Refer to Appendix 14.3 for more details on this divergence. The factors that Krugman says exacerbated inequality align with the findings of Reich and Atkinson, and include the reduction of top decile income tax rates, the erosion of the ‘outrage’ factor, and “the rollback of unions, which were once a powerful constraint on inequality”, and that all of this was “political in the broadest sense” (Krugman, 2007, p. 79).

Professor of Sociology David Hess posits that as the poor encounter the brunt of the environmental problems, it’s apparent that economic inequality and climate change “are deeply intertwined” (2009, p. 4). As both climate change and economic inequality are outcomes of our economic activity, and that these problems are undesirable for the majority, then why isn’t our current economic system responding appropriately and addressing these issues? Author and activist Russell Brand argues that there must be resistance coming from somewhere, and therefore our economic system as it currently is must be “benefiting somebody” (2014, p. 97). The next section will investigate the economic ‘status quo’ in more detail.

## **6. Examination of the Predominant Economic Model**

### **6.1. Capitalism & Profitable Growth**

The organisation and allocation of our limited resources to meet our survival needs, i.e. deciding what to produce, how to produce it, and for who, has concerned humanity since the formation of small family groups many thousands of years ago. Various systems of trade and money have emerged and developed over time from antiquity, the industrial revolution, and now into the 21<sup>st</sup> century. The current predominant system that accounts for the majority of today's global commerce can be described as capitalism.

The tenets of capitalism are well known to the majority of people. It requires scarce resources, capital, land, and labour for the production of goods and services for a financial profit and “under private ownership every bit of wealth, as it arises, is immediately and automatically privately appropriated” (Schumacher, 1973, p. 230). Thus essential elements include private property, wage labour, and capital accumulation. Also central is the market economy with voluntary exchange, rational choice (the idea that separate individuals tend to pursue what is in their best self-interests), price systems, and competition. Supply and demand determine what goods and services to produce, and along with competition, at what price. The owners of capital determine where to invest and Adam Smith's ‘invisible hand’ of self-interested market transactions is theorised to guide greater social benefits. The theory concludes that “the optimal result for society will occur when each individual's search for selfish benefit is given free reign” (Yunus, 2010, p. xv). Capitalism is often associated with economist Milton Friedman's ideals of ‘freedom’ and ‘democracy’; individual freedom of choice and the freedom of capitalists to seek profits.

Capitalism has provided us with an enormous amount of material goods, most of which are derived from the extraction of earth's resources, manufacture of products, distribution and selling to consumers, consumption, and then finally disposal, in a process which may be called ‘extractivism’. This results in an equation of converting commonwealth in the land, forests, rivers, oceans, and all the other essentials necessary for human living into ‘deficits’, plus a brief moment of material utility and the abstract financial concept of monetary wealth, or ‘profits’. Capitalism intrinsically works hand-



in-hand with cultural consumerism, materialism, and the marketing society individualism of “people who attempt to give meaning to their lives through their consumption behaviour” (Hamilton, 2003, p. 159).

The capitalist profit motive posits that scarce resources are used most efficiently thus theoretically ensuring resources are not wasted. High returns signify high value use and excess profits will lead to an expansion of investment in that use until profits are normalised (Roberts, 2013, p. 481). For capitalism to prosper, “it seeks increasing investment in the pursuit of not just profits, but ever higher profits” (Ibrahim, 2012, loc. 646). Friedman explains the primary responsibility of business is “to use its resources and engage in activities designed to increase its profits” (1962, p. 112).

This focus on profits has the added advantage of reducing the complex nature of social economics to one simple denominator, profits. By viewing human beings solely as rational separate individuals pursuing their self-interest, and not as multifaceted beings or members of a community, allows businesses to streamline their commercial activities as “you know what to do – whatever produces profits; you know what to avoid – whatever reduces them or makes a loss” (Schumacher, 1973, p. 215).

Post WWII, the Keynesian school of thought led the economic expansion, allowing capitalism to prosper yet still provided counteracting fiscal and social safety nets applied by the government that redistributed wealth and ensured social order. In the western countries, with their strong labour unions, redistributive taxation, and government regulations, the proceeding years saw both economic progress and social benefits such as free education, affordable housing, free healthcare, and relative global peace. For many ‘baby boomers’, the economy was working well and the prosperity seemed to benefit all. It was believed that the negatives created by any inequality could be offset by producing an even larger pie to divide. JFK said in 1963 that economic growth is like a “rising tide that lifts all boats”. However, in the end it seems that the “tide ended up lifting the yachts more than the rafts” (Hess, 2009, p. 26).

Central to capitalism is this idea of economic growth; the combined product of population and consumption per person growth. Growth generates more economic activity resulting in new infrastructure, increased work, more energy and resources consumed, more pollution (e.g. greenhouse gases) generated, and larger profits accrued. If the world is seen as an inexhaustible resource, as it understandably once

was, infinite growth makes sense. The quest of capitalism is to advance towards a better, more prosperous future for all, and “the engine of this advancement is economic growth” (Hamilton, 2003, p. 98). The importance of growth has been acknowledged by various sources including Professor of Public Ethics, Clive Hamilton, who calls our obsession with growth a “fetish”, and Ibrahim who goes further to say that growth is as vital to capitalism as water is to a fish, in that capitalism would “drown without growth” (Ibrahim, 2012, Loc. 1994).

A statistic used to financially measure and compare growth is the Gross National Product (GNP), an index of the annual market value of all economic activity, and thus theoretically our wellbeing, as produced by labour and capital by ownership country location. Activities not included “are the depletion of natural capital, such as oil and mineral resources and fisheries, and the pollution of air, water and land resources” (Roberts, 2013, p. 889) and it also omits the “contributions to wellbeing of family and community and the contribution of the natural environment” (Hamilton, 2003, p. 54).

Also fundamental to capitalism is the energy obtained from the burning of fossil fuels, particularly oil. A barrel of oil contains an immense amount of energy, commonly estimated at over 20,000 hours of human labour, yet the market price is relatively cheap. Oil is the cheap energy that powers both economic growth and profit generation.

## **6.2. Corporations**

The dominant institutions in today’s capitalist economy are corporations; bodies of people or companies established by charter as legal entities and owned by shareholders. Corporations are a human concept created by governments who pass laws that give a corporation the right to exist. Despite the well-crafted outward appearance of corporations as benevolent and socially responsible organisations, and the appreciation that many of them do perform great services to society, their true modern purpose is to, in the words of corporate lawyer and author Robert Hinkley, “make money for investors” (Hinkley, 2011, loc. 744).

That being said, corporations are still obliged to balance their commercial behaviour within the confines of the law. However, many new laws created during the corporate evolution have sharpened the focus exclusively on profits, including laws that limit the

liability to the owners if a corporation causes any harm yet still allow for unlimited financial gains, as well as laws that provide all the rights of a ‘legal person’ i.e. corporations can own property, pay taxes, etc. but with none of the moral and ethical responsibilities of an environmentally and socially bound person. The profit seeking corporation and the principle of limited liability “caused capitalism to flourish” (Hinkley, 2011, p. 362) and the corporation became “no more than an aggregation of capital managed for the proportional benefit of those who supply it” (Hinkley, 2011, p. 862).

Hinkley says that as the actions of modern day corporations are governed by law, it makes them strong citizens “but not necessarily good citizens” (2011, p. 103). When operating on a spectrum of corporate behaviour (refer to the diagram below), profit seeking, competition and “dispersed personal accountability” (Hinkley, 2011, p. 808) drives corporate behaviour towards ‘self-interest’, and the law drives their behaviour towards the ‘public interest’.

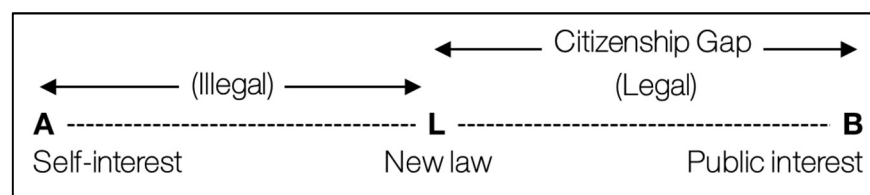


Figure 6: Spectrum of corporate behaviour (Hinkley, 2011)

The organisational structure within corporations resembles a top down pyramid, where its imperatives direct the actions of the people within it. Even though numerous corporations are staffed with many fine and ethical people, philosopher and political activist Noam Chomsky says the structure is “an unaccountable tyranny which internally is as close to totalitarian as any institution that humans have created” (Bakan, 2004, p. 168). There are two main separate groups of people involved; the managers and directors, and the owners or shareholders, often in absentia. The explicit and implicit directive of everyone who works for the company is issued from the directors whose duty is to “enhance and preserve shareholder wealth” (Hinkley, 2011, loc. 747). This duty of directors is “legally enforceable” (Hinkley, 2011, loc. 739) by the shareholders.

Corporations are primarily valued on the stock market by their rate of profits growth, and the pressure is on management to maximise shareholder value, through quarterly

earnings calls, which has become entrenched as the new ideology for corporate governance (Lazonick & O'Sullivan, 2000). Former Harvard Business School Professor David Korten has a more polemic view of corporations in that they behave “like a money-seeking robot systematically expropriating and destroying the real wealth of living communities to make money” (Korten, 2015, loc. 473) and “the body of a corporation is its corporate charter, a legal document, and money is its blood” (Korten, 2015, loc. 1679).

An important consideration is the role of the shareholder and their impact on an organisation's activity. Professor of Corporate and Business Law, Lynn A. Stout, argues that the shareholder value philosophy is problematic in that it prioritises the short-term interest of a small group of shareholders who are often the “most short-sighted, opportunistic, willing to impose external costs, and indifferent to ethics and others' welfare” (Stout, 2012). This places pressure on directors and managers to concentrate on short-term profits at the expense of the environment and society, and may even “lure companies into reckless and socially irresponsible behaviors” (Stout, 2012).

One of the main strategies for firms to create sustained competitive advantage and generate higher profits is to drive their prices higher and costs lower. A common way to reduce costs is to avoid liabilities free of charge and remove their costs from the business operations and force them onto others, such as the environment or the community, as ‘negative externalities’. For example, an energy firm may externalise the cost of the air pollution generated, CO<sub>2</sub>, when using its product, where “productive ecosystems may be degraded or destroyed as a result” (Harvey, 2005, p. 67). As a consequence, the impact of a business's practices onto the environment or society becomes separated from their internal accounts, thus also conveniently removing responsibility as well. However, it is clearly irresponsible and illogical for corporations to think that their economic activities can be isolated from the environment from which it is a fundamental part. Korten also adds that “externalizing some part of a product's cost to others not a party to the transaction is a form of subsidy that encourages excessive production and use of the product at the expense of others” (2015, loc. 1836).

It could be argued that products with significant externalities, such as oil and coal, are inefficiently priced currently as they do not factor in the true environmental and social costs associated with their use. Economist Paul Roberts states that “the term ‘lowest cost production’ is production that imposes very large costs on third parties, costs that are not reflected in the prices of the products” (Roberts, 2013, loc. 771). The ‘cheapening’ of products may also increase negligent consumption as their worth is devalued in the minds of consumers (Eisenstein, 2011, p. 28).

Another favoured cost reduction strategy is ‘tax optimisation’, where companies engage their resources to seek out the lowest amount of tax payable through elaborate global financing structures, which can include transfer pricing and royalty payments passing through certain countries with low or non-existent tax laws. This results in minimal corporate tax being paid in the countries where revenues are generated, and the profits being diverted through more favourable jurisdictions which leads to nation states competing with each other in a “race to the bottom” (Hinkley, 2011, loc. 433). However, these un-taxed profits often end up residing in huge concentrations in corporate ‘offshore tax havens’. Oxfam describes this as a clear example of an economic system that is arranged to work in the interests of the powerful, and has even provided figures in their *Broken at the Top* report, which shows that Apple has US\$181 billion and General Electric US\$119 billion held offshore (Oxfam, 2016). The recent ‘Panama Papers’ revelations offer us further insights into the shadowy world of the elite’s offshore tax havens.

Although this practice could be defended as ‘legal’, it is highly questionable when considered against the public interest. Capitalists may even justify this behaviour and lay claim that the profits generated are solely from their own efforts. However, this can be considered dishonest as “a large part of the costs of private enterprise has been borne by the public authorities” (Schumacher, 1973, p. 232) as governments have paid for essential inputs like staff education and public utility infrastructure. Another claim is that less business tax actually benefits those at the bottom. This supply-side economics ‘trickle-down’ theory posits that a lower tax burden on businesses creates more jobs and therefore more income tax from new employees. However, the Oxfam report shows that “far from trickling down, income and wealth are instead being sucked upwards at an alarming rate” (Oxfam, 2016).

Growth is highly valued as another strategy to maximise profits, and thus growing the market and/or market share is a primary goal within corporations. As per the capitalist ideal, by growing the firm economies of scale are realised and monopolistic profits can be exploited. The idea of growth thus becomes central to the corporate ethic and is a key success factor that is measured and scrutinised by investors. If questioned how much profitable growth is desired, the answer is always “more”. Growth is also paramount if the firm is to remain competitive in the free market place, otherwise it may risk acquisition by another company.

Planned and perceived obsolescence are other marketing strategies designed to increase consumption, and thus growth, by intentionally creating the conditions that lead to the early replacement of in-use products or services and manifests in products typically being cheaper to replace than to fix. Although obsolescence may not be explicitly championed due to the ethical and reputational issues, its effects can be observed in the constant release of product updates with newer models and styles, as well as the premature failure of existing products. These replacements ultimately increase sales, and thus profits, although it is difficult to discern these strategies in a materialistic and consumer society, especially with the powerful advertising forces that saturate every communication medium with reasons why we need to consume more.

Award winning BBC documentary series *The Century of Self*, shows how Edward Bernays in the 1950's used Sigmund Freud's psychological theories to create the new concept of 'PR', or Public Relations (the term propaganda had too many negative connotations), and drive mass consumerism (Curtis, 2002). Corporations have since embraced both PR and consumerism, and Korten even argues that “the consumer culture emerged largely as a consequence of concerted efforts by the retailing giants of the late nineteenth and early twentieth centuries to create an ever-growing demand for the goods they offered for sale” (Korten, 2015, loc. 3078). Corporations spend billions of dollars on advertising and PR each year with the aim of producing the “desired consumer response” (Korten, 2015, loc. 3209). The mainstream media, organisations which are themselves corporations, play an active and integral role and “serve, and propagandize on behalf of, the powerful societal interests that control and finance them” (Herman & Chomsky, 1988, p. xi).

Due to the competitive nature inherent in capitalism, the ethic to ‘win’ at all costs prevails amongst leading businesses. Boston Consulting Group describes this tactic as playing ‘hardball’. The Hardball Manifesto article in the Harvard Business Review (HBR) encourages businesses to: focus relentlessly on competitive advantage; strive for ‘extreme’ competitive advantage; avoid attacking directly; exploit people’s will to win; know the caution zone. (Stalk & Lachenauer, 2004).

These insights portray a business environment where any personal ethical and moral constraints could be considered a hindrance to corporate success. Joel Bakan, author of *The Corporation: The Pathological Pursuit of Profit and Power*, and professor of law at the University of British Columbia, explores this further and analysed the corporation’s institutional character as a ‘legal person’. He observed that corporations generally exhibit similar traits to that of a person diagnosed as lacking a sense of moral responsibility or social conscience (Bakan, 2004, p. 56).

Most of the largest corporations have grown beyond their original national geographical boundaries and are now termed Multi-National Corporations (MNC). MNCs now also have a major controlling influence over the global economy. In fact, a 2011 study into the network of global economic control through ownership found “that a large portion of control flows to a small tightly-knit core of financial institutions” (Vitali, Glattfelder, & Battiston, 2011), including Barclays Bank and Goldman Sachs of Wall St, and provides compelling evidence that is “the first to go beyond ideology to empirically identify such a network of power” (Coghlan & MacKenzie, 2011).

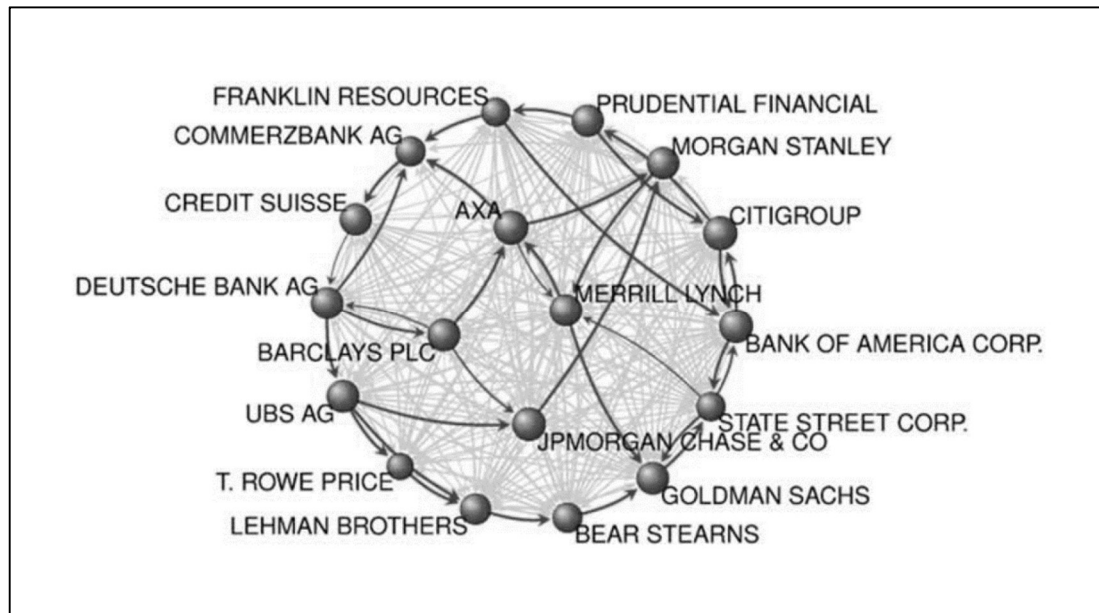


Figure 7: Some of the major MNCs identified as global economic powers (Vitali, Glattfelder, & Battiston, 2011)

These financial institutions are at the core of the economy, and at the core of these institutions is the US Federal Reserve monetary system. The world's reserve currency is the US dollar and it strongly influences all other national currencies with its linked private central banking systems. US dollars, like other fiat currencies, are a universal and abstract means of exchange and store of value represented by symbols on pieces of paper or virtual bits in a computer. This currency is mainly brought into existence when a fractional reserve bank issues a loan, for example a home loan, which also creates an equal but opposite amount of negative money or debt. However, as usury is charged on that debt it places “endless pressure for perpetual economic growth” (Eisenstein, 2011, p. 97) right from the start, as there is always more money owing than already exists i.e. “without the growth, you can't pay off the interest” (McKibben, 2007, p. 162). As the creation of money thus requires the creation of more money, there can never be ‘enough’, and to service these ‘debts’ one has to either “take existing wealth from someone else (hence, competition) or you create “new” wealth by drawing from the commons” (Eisenstein, 2011, p. 102).

As the central banks exercise enormous authority over financial policies and can literally ‘print money’, their economic power and influence is enormous, which gives rise to the Rothschild banking family maxim, “permit me to issue and control the money of a nation, and I care not who makes its laws” (Coogan, 1935).



### **6.3. The Oil Age & Peak Oil**

The importance of oil to our global economy cannot be overlooked as it is one of the main natural resources extracted to provide energy for the capitalist system. During the 18<sup>th</sup> century, the huge increase in energy obtained from fossil fuels powered the rapid industrialisation of the economy, and has become so essential that it is reasonable to state that our current economy is now in fact dependent on oil. US President George W. Bush even proclaimed that we were “addicted to oil” (McKibben, 2007, p. 228). It is also of no surprise that four of the top five largest MNCs are in the oil & gas industries; Sinopec Group, Royal Dutch Shell, China National Petroleum, and Exxon (Fortune, 2016), which shows just how vital oil is to our modern economy and how concentrated control of these resources are.

Oil, along with other fossil fuels, is used in practically everything we do and use in our daily activities. It is the raw material for plastics and the main fuel for machinery, transport, refrigeration and heating. It is also a major ingredient for food crop fertilisers and pesticides and it is commonly understood that with modern day agriculture methods, for every unit of food energy around ten units of fossil fuel energy were expended in the production, transport, and storage. Our society has moved from food production deriving energy from the sun, to that of oil, and with our current growth trends, our insatiable demand for oil is only projected to increase.

Environmentalist and author Bill McKibben succinctly sums up the energy industry when he states “as long as you don’t worry about the side effects, such as carbon emissions, and as long as you have abundant fuel to run it on, then you can provide relatively cheap electricity, and the few people who own the plants can make a great deal of money” (McKibben, 2007, p. 144). This statement could also be further equated to represent most other capitalist enterprises; negative externalities plus unlimited resources, equals low costs and high profits.

Although plenty of money can be made today, the production and consumption of a non-renewable fuel source is unsustainable and cannot last forever. Indeed, a peak in oil production has already been flagged indicating that nearly half the oil reserves have already been consumed. In the graph by Hubbert below, we see that in 2016 we are now near the top of the peak, and from now on oil will become more difficult to obtain,

although unconventional oil reserves such as shale oil or tar sands may temporarily postpone the decline. Refer also to Appendix 14.2 for more information on ‘peak oil’.

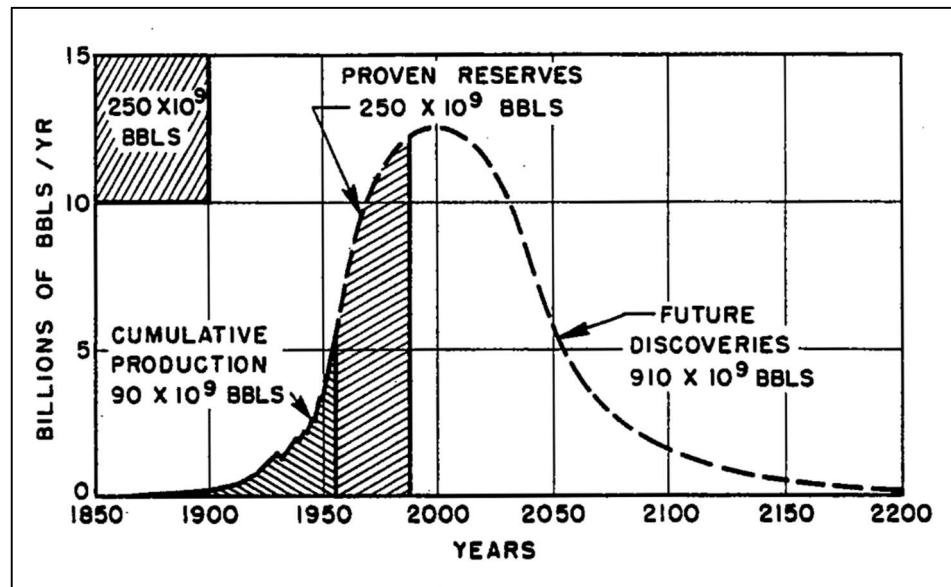


Figure 8: Ultimate world crude-oil production based upon initial reserves of 1250 billion barrels (Hubbert, 1956).

Oil production has already peaked in many countries including the US (1971) and UK (1999) thereby making these countries increasingly dependent on oil imports, particularly from Middle East producers. Future supply will no longer be limited by the number of operational wells, but by the last remaining reserves. This ‘peak’ concept can also be used to describe any other non-renewable energy source such as gas, uranium, or coal, where the resource draw-down is greater than the resource replaced.

As the use of oil and the burning of other fossil fuels is having a dramatic impact on the world’s atmosphere, it thus becomes obvious that a simple solution to reducing greenhouse gas emissions is to halt or reduce the burning of fossil fuels. It is argued that if we are to avert catastrophic climate change and limit global temperature rise to 2°C, “a third of oil reserves, half of gas reserves and over 80 per cent of current coal reserves should remain unused” (McGlade & Ekins, 2015). Therefore, the planned reduction or a bringing in of the peak earlier and commencing our decline in oil production and use is required. However, this proposed decline will have major implications to the functioning of day to day society and will by necessity require huge fundamental changes in our cheap oil dependent economy, especially in the areas of

food production and the luxurious high-energy consumer lifestyles which many of us have become accustomed too.

The climate change dilemma now presents additional facets; the threat of anthropogenic warming that necessitates reducing our oil consumption, and the stark reality that our non-renewable oil reserves will be exhausted and our oil use will be forcibly reduced. Either way, we need to prepare ourselves for the effects of oil (and other non-renewable energy sources) withdrawal immediately.

To summarise, this section has shown that capitalism is an economic system of environmental exploitation, with the key mandate of short-term profitable growth. The dominant business organisations or MNCs, whose internal structures hinder moral and social integrity, strategically prioritise competitive profit maximisation, market growth, and increased consumerism. MNCs extract the earth's resources, particularly oil, to produce consumer goods and services that raise the material 'standard of living', generate wealth for a small elite, and externalise costs, e.g. CO<sub>2</sub> emissions, onto the environment and community. The largest MNCs are fossil fuel energy corporations, which in turn are controlled by a network of MNC banks. The continued expansion of the money supply and accompanying interest bearing debt obligations also necessitates constant economic growth. In addition, it is now clear that our dependence on oil needs to, and will, come to an end. The next section will investigate the broader geopolitical intricacies of capitalism as the dominant global economic model, as this is where our principal future economic planning and policies emanate.

## **6.1. Neoliberalism**

There are many detailed accounts of the development of neoliberalism, which is also known as globalisation, as the major economic philosophy driving modern politics. See for example: Harvey (2005), Korten (2015), Reich (2011), Klein (2007), Hamilton (2003), Chomsky (2003), as well as publications from the IMF, and the World Bank and neoliberal think tanks such as The Heritage Foundation (US) and the Institute for Economic Affairs (UK). For the purposes of this thesis, a summary of the key developments and core ideas will be presented and discussed.

The central guiding principles of neoliberalism are well known; the invisible hand of the market would harness the instinctual human pursuit for wealth and power for social

good and ‘the benefit of all’. Benefits include higher standard of living, more efficient use of resources, and cheaper commodities with lower costs, all derived from policies of; economic liberalisation; international competitive innovation, foreign direct investment (FDI), privatisation of the public sphere, market deregulation, free trade agreements, and lower corporate taxation. The philosophy requires minimal state interference in economic activity and minimum state funded enterprises, especially welfare services such as free (or affordable) health and education (Harvey, 2005; Lipton, 2016; Ostry, Loungani, & Furceri, 2016). Neoliberalism also involves dismantling the barriers or ‘checks and balances’ to business such as environmental regulations and social protections e.g. worker’s unions and welfare benefits. Eisenstein notes that this dismantling eases the conversion of both life-sustaining ecosystems and social capital into money that feeds the money machine’s insatiable need to grow (Eisenstein, 2011, pp. 106, 126). These neoliberal tenets draw striking parallels to the causes of economic inequality identified by Atkinson, Reich, and Krugman in the previous sections.

Neoliberalism originated in the economic theories of Friedman and Hayek, and gained currency in the University of Chicago in the mid 1970’s. It was then introduced into western governmental politics in 1979-1980 during Margaret Thatcher’s UK prime-ministership and Ronald Reagan’s US presidency. This moment in time also aligns with the beginning of Krugman’s ‘great divergence’ and a “momentous shift towards greater social inequality and the restoration of economic power to the upper class” (Harvey, 2005, p. 26). We also start to see increased disastrous consequences on the environment due to “the imposition of short-term contractual logic” (Harvey, 2005, p. 172). By the early 1990’s “neoliberalism had become an economic orthodoxy” (Bakan, 2004, p. 20).

Consensus was built through the works of “the Council on Foreign Relations, the Bilderberg Group, and the Trilateral Commission” (Korten, 2015, loc. 2774) and as a result neoliberalism is now well established in the media, academia, government, and business institutions, including the “International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO)” (Harvey, 2005, p. 3). When the WTO was formed in 1993, “the deregulatory logic of economic globalization was deepened” (Bakan, 2004, p. 20), and consolidation is continuing to this day with the highly ‘secret’ negotiation of corporate trade deals such as the Trans-Pacific and

Trans-Atlantic pacts that create new corporate laws favourable to making more profits. The director of the IMF says “the IMF was established to promote international monetary and financial stability and growth. It is here to promote globalization for the common good” (Lipton, 2016).

Embracing capitalist economic growth, neoliberalism holds that the “answer to almost every problem is more economic growth” (Hamilton, 2003, p. 92). It is readily apparent that ‘economic growth’ dominates modern economic and political discourse to such an extent that “perhaps no single idea is more deeply embedded in modern political culture” because it is seen as the solution to meeting the “most important human needs, including alleviating poverty and protecting the environment” (Korten, 2015, loc. 1122), despite obvious evidence to the contrary.

Neoliberal policy advocates the expansion of corporations into global markets, treating “corporations the same as individual people” thus presuming that “maximizing the freedom of corporations is the same as maximizing the freedom of real people” (Korten, 2015, loc. 1767). This creates a global framework that allows MNCs to seek out new markets, cheaper sources of labour, cheaper raw materials, and escape government regulation (Klein, 2014; Roberts, 2013). Hamilton adds that globalisation also “represents the export of a culture and a psychological disposition, one based on growth fetishism, compulsive consumption, and thoughtless exploitation of the natural world” (Hamilton, 2003, p. 119).

Bain & Company consultants have concisely captured the prevailing worldview that appeals to neoliberals with their choice of graphic on their 2015 global private equity report; a picture of Earth, ripped open, and all of its insides converted into money. It is hard to see how humanity could survive on a planet like that, even if we did have ‘all the money in the world’.

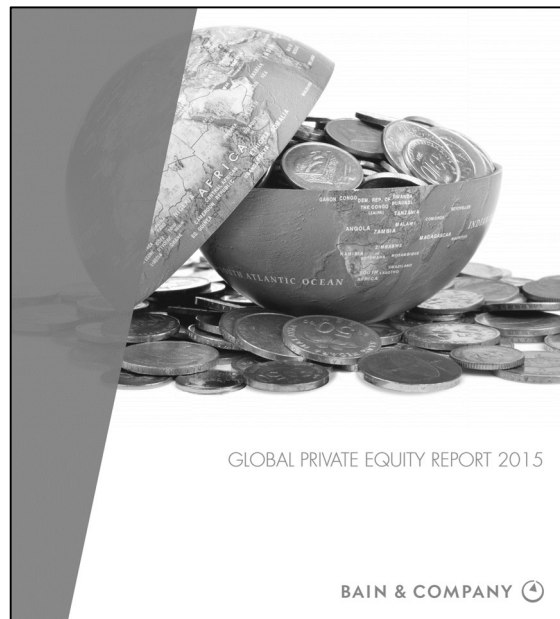


Figure 9: Bain & Company Global Private Equity Report 2015 front cover (Bain & Company, 2015)

Harvey theorises that due to the overwhelming evidence of the disparity between the stated social goals of neoliberalism, ‘the wellbeing of all’ and the actual delivered results, the ‘restoration of class power’, and that increasing social inequality is such a persistent outcome, it can be “regarded as structural to the whole project” (Harvey, 2005, p. 16). This idea of ‘class warfare’ between the various strata of capitalist society i.e. the owners and the workers (refer to the *Pyramid of Capitalist System* in Appendix 14.1), is when “the short-term interests of the holders of wealth oppose the interests of the debtor class” (Eisenstein, 2011, p. 113). Contemporary class warfare has been acknowledged by the elites themselves, as Warren Buffet, one of the richest men in the US, was quoted in Oxfam’s *Even it Up* report as saying “there’s been class warfare going on for the last 20 years and my class has won” (Seery & Arendar, 2014). Class struggle has defined most of human history and this battle has been fought over and over. As Pulitzer Prize recipient Chris Hedges says in his book *Wages of Rebellion: The Moral Imperative of Revolt*, our current circumstances are presenting us with two choices, “either submission or revolt” (Hedges, 2015, p. 66).

### 6.1.1. Neoconservatism

The following section summarises the leading political forces that are shaping our current and future economic structure, in particular neoconservatism, which as a political movement is aligned with the neoliberalist philosophy of market freedom,

corporate power, and elite governance (Harvey, 2005, p. 82), and has “moral values centred on cultural nationalism, [and] moral righteousness” (Harvey, 2005, p. 84). Indispensable to neoconservatism is the role of the military, which has become so deeply entrenched with the US economy it has formed what is commonly known as the ‘military industrial complex’ (MIC) and is now considered to be “the dynamism of the U.S. economy” (CNAS, 2016, p. 2). Since WWII the MIC, which has a “vested interest in permanent militarization” (Harvey, 2005, p. 83), has favoured neoconservatism. And in return, neoliberalism could only have “existed under the umbrella protection of US military power” (Harvey, 2005, p. 10).

John Perkins, in his book *Confessions of an Economic Hitman*, documents how, as part of globalisation, highly paid professionals are initially deployed by MNCs to convince leaders of ‘underdeveloped’ countries to accept large loans from institutions like the World Bank, with the resultant debt obligations providing the subsequent leverage for advancing corporate interests. However, Perkins also writes that if these ‘Economic Hitmen’ are unsuccessful, the pressure is intensified and the task is then escalated through “to the military” (Perkins, 2004, p. xiii).

For both neoconservatism and the MIC to justify its function, the threat of an external enemy is required. Post WWII that enemy was in the form of soviet style communism, but since the end of the cold war has now morphed into generic ‘terrorism’. Neoconservatives tend to “highlight threats, real or imagined, both at home and abroad, to the integrity and stability of the nation” (Harvey, 2005, p. 82) and advocate hawkish pre-emptive warfare, especially to “prevent any ideology that opposes corporate dominance emerging” (Brand, 2014, p. 289). A recent report from the Center for a New American Security (CNAS) advises the US government to “extend American power and U.S. leadership in Asia, Europe, and the Greater Middle East”, with a first step to “significantly increase U.S. national security and defense spending” and with a view to playing “the leading role in protecting a stable rules-based international order” (CNAS, 2016, p. 3). This fierce military backing and political attitude is considered so dangerous that the US is now the country that polls ‘the greatest threat to peace in the world today’ (WIN/Gallup, 2013).

### **6.1.2. Corporatocracy**

It is well documented in many sources that the US government now is no longer a ‘democracy’, and has slowly transformed from a ‘government of the people, by the people, and for the people’, into a “government of the corporations, by the corporations and for the corporations” (Hinkley, 2011, loc. 994). This arrangement can be termed a ‘corporatocracy’, and is built on the three pillars of “major corporations, international banks, and colluding governments” (Perkins, 2004, p. 143), where the ‘iron triangle’ boundaries and its ‘revolving door’ between state and corporate power are now so enmeshed that the last vestiges of representative democracy have been “corrupted by money power” (Harvey, 2005, p. 78).

The elite few wealthy beneficiaries of the capitalist system have obtained “immense economic power to influence political processes” (Harvey, 2005, p. 34), and are now also “rich enough to buy themselves a party” (Krugman, 2007, p. 88). Due to their enormous financial lobbying and campaign contributions “they decide on the results of both the presidential and the congressional elections” (Roberts, 2013, loc. 202). Noam Chomsky says that there is “ample evidence that securing state power from the domestic population and securing concentrated private power are driving forces in policy formation” (Brand, 2014, p. 315). Oxfam claims that the current political system is not an accident, but is “the result of deliberate policy choices, of our leaders listening to the 1% and their supporters rather than acting in the interests of the majority” (2016). Harvey believes that there are elements within our society that “exercise immense influence over global affairs and possess a freedom of action that no ordinary citizen possesses” (2005, p. 36). These statements support the general consensus that “the democratic process has become an elaborate charade” (Hamilton, 2003, p. 20).

Scientific research shows that economic elites and interest groups, such as Wall St, the MIC, MNCs, and the American-Israeli Public Affairs Committee (AIPAC), “have substantial independent impacts on U.S. government policy, while mass-based interest groups and average citizens have little or no independent influence” (Gilens & Page, 2014). This implies our governments are not accountable to the general populace, instead they are accountable to MNCs as “when a majority of citizens disagree with economic elites or with organized interests, they generally lose” (Gilens & Page, 2014). The conclusion warns “that if policymaking is dominated by powerful business



organizations and a small number of affluent Americans, then America's claims to being a democratic society are seriously threatened" (Gilens & Page, 2014). The legalisation of corporate political funding can be argued to have started in 1976 with the US Supreme Court's ruling that "the right of a corporation to make unlimited money contributions to political parties and political action committees was protected under the First Amendment" (Harvey, 2005, p. 49).

These revelations bring up the question of whether or not there is a 'conspiracy' at work, even though a conspiracy is not necessary when interests converge. Perkins describes the corporatocracy as "a loose association by common beliefs and shared self-interest" (Perkins, 2004, p. 56) and one of its most important functions is to "perpetuate and continually expand and strengthen the [global economic] system" (Perkins, 2004, p. xiii). This association is described by Noam Chomsky as "a force that can be felt not seen" as "power remains strong when it remains in the dark" (Brand, 2014, p. 313). Julian Assange of WikiLeaks says that they don't necessarily conspire as a class, and that he saw the status quo more as a "marauding Mongol horde of capitalists with shared interests charging ferociously in the same direction" (Brand, 2014, p. 84) i.e. make as much money as possible.

It now becomes quite clear that capitalism is not the idealised 'free and democratic society', instead it is a hierarchical top down control structure that ensures the continued financial exploitation of the masses for the benefit of a few. Perkins says that the success of capitalism requires "hierarchies with rigid chains of command, including a handful at the very top who control descending orders of subordinates, and a massive army of workers at the bottom" (2004, p. 57), with many workers at the bottom living and working under appalling conditions. Brand defines it as a system of "the manifestation of the greed of a few and the manipulation of the many" which results in an establishment that aims "to ensure the continuation of the current hegemony" (2014, p. 80). Hedges argues that the most important element in the control structure is the control of ideas, and that the dominant ideology of neoliberalism and globalisation as championed by the ruling elites "conveniently justifies their greed" (2015, p. 63).

The preceding observations paint a general picture of the global corporate architecture of wealth extraction, domination, and control through the monetary system, and is well

illustrated in Figure 10 below. Ken Wilber in his book *A Theory of Everything* describes these rigid social order hierarchies as a “means of oppression” and that these industrial corporate states are characteristic of the “mythic order” stage of human development (Wilber, 2000, loc. 572).



Figure 10: Follow the Money Pyramid (The Thrive Movement, 2016)

### 6.1.3. Empire

The current corporatocracy did not just appear overnight. It can be thought of as the present incarnation of humanities historical domination order that has developed over thousands of years. Its modern embodiment shares many similarities with historical empires, religions, and feudal tyrannies, and the long line of kings and queens that have controlled economic activities and natural resources for over 5,000 years. In an almost unbroken lineage, the early imperial power structures are still operating within the modern conceptual framework and can be seen impacting contemporary society and economic practices today.

The recent unchallenged expansion of US corporate globalisation has now given rise to “the most subtle and effective form of imperialism the world has ever known” (Perkins, 2004, p. 139). Chomsky describes the US empire’s strategy as “the declared intention of the most powerful state in history to maintain its hegemony through the threat or use of military force, the dimension of power in which it reigns supreme”

(2003, p. 8). According to Korten, the imperialist mentality embraces “material excess for the ruling classes, honors the dominator power of death and violence, denies the feminine principle, and suppresses realization of the potentials of human maturity” (2006, p. 20) and Perkins adds that it “continues to be the cause of most wars, pollution, starvation, species extinctions, and genocides” (2004, p. 57). Eisenstein proposes that forces driving violent empire radiate from our monetary system, in that in order to maintain the growth of the money supply, either the volume of goods and services must grow accordingly, or “imperialism and war must be able to escalate indefinitely” (Eisenstein, 2011, p. 130).

A report by the neoconservatist Project for a New American Century, published in the year 2000, helped define present US foreign ‘Pax Americana’ policy and communicates the US’s empire ambitions. The report advocated massive modernisation of the military, increased defense spending, establishment of military bases worldwide, and the forced removal of hostile regimes (PNAC, 2000). The report also stated that this “process of transformation, even if it brings revolutionary change, is likely to be a long one, absent some catastrophic and catalyzing event – like a new Pearl Harbor” (PNAC, 2000, p. 51).

To help realise their goals, neoconservatives support the use of crises to push through controversial policies while people are emotionally distracted, as has been documented by Klein in her book *The Shock Doctrine* (2007). The major corporate media conglomerations also play an important role, and as they are dependent on government licenses and corporate advertising sales, they also become entangled with the corporatocracy’s interests. As described in the book *The Manufacturing of Consent*, the corporate media “carry out a system-supportive propaganda function by reliance on market forces, internalized assumptions and self-censorship, and without significant overt coercion” (Herman & Chomsky, 1988, p. 306). Mainstream media thus becomes an important and powerful partner frequently used to advance corporate interests.

Propaganda has been employed successfully to control the minds of the masses and can work in any country to coerce people to follow the will of its leaders. Herman Goering understood this and even said that it’s easy, “all you have to do is tell them they are being attacked and denounce the pacifists for lack of patriotism and exposing

the country to danger” (Gilbert, 1947, pp. 278-279). PR pioneer Bernays, in his book *Propaganda*, stated that deceptive manipulation of public opinion is important for a democratic society and that those who understood and practiced this “constitute an invisible government which is the true ruling power of our country” (Bernays, 1928, p. 9).

A pivotal moment in neoliberal global expansion, were the terrorist attacks in the US on the 11<sup>th</sup> of September 2001. This event occurred one year after the PNAC report was released and provided the corporatocracy with the sought after ‘new Pearl Harbor’. Shock and sympathy resonated around the world and the usual resistance to US corporate domination was “briefly stunned into silence” (Korten, 2006, p. 19). Within days of the attack, and televised globally through mainstream media, the US military launched in response a perpetual ‘war on terror’, invaded oil and resource rich countries, began the removal of civil liberties, and vilified dissent as unpatriotic. US ‘CEO’ George Bush famously said “either you are with us, or you are with the terrorists”.

As more and more people are waking up to the deceptive control mechanisms of the ruling financial elite, and when considered against the wider context of peak oil and the corporate ‘profitable growth’ imperative, it raises questions over whether or not many of these types of events “have been secretly engineered for corporate advantage” (Harvey, 2005, p. 38). In fact, many members and groups of civil society have genuine doubts about “the official explanation of 9/11” (Roberts, 2013, loc. 1214), including over 2,500 concerned professional architects and engineers who are raising awareness and demanding “a truly independent investigation” (AE911Truth, 2013) into the controlled demolition of all three World Trade Center skyscrapers, including the now infamous ‘Building 7’.

Regardless whether one accepts that 9/11 was an ‘inside job’ or not, what is indisputable is that the US military has a long history of deceptively engaging in overt and covert wars that benefit the corporatocracy. There are plentiful examples in Latin America (Perkins, 2004), and more recently in Iraq where the reasons that morally justified an invasion “have all since been proved untrue” (Brand, 2014, p. 312). In fact, evidence contained within the recent 2016 Chilcot Iraq Inquiry states the UK legal community concluded without a doubt “that the war was unlawful” (Sands, 2010). Due

to its deep rooted and historical precedents, it is likely that concealed criminal corporate behaviour is taking place today, and if unchallenged will continue into the future. Unfortunately, as the corporatocracy further cements its totalitarian control, and as the recent sentencing of whistleblower Chelsea Manning shows, anyone who exposes the corporatocracy's crimes will likely "become political prisoners or will be forced, like Snowden, to flee into exile" (Hedges, 2015, p. 183).

The extent of our highly problematic structural system, despite its unpleasant implications, needs to be acknowledged first if we are to have any chance of participating in a more just and sustainable future. Hedges suggests that a major obstacle to creating any meaningful and effective change is firstly the general public's inability, or unwillingness, to comprehend the inner workings "of our oligarchic corporate elite" (Hedges, 2015, p. 61), therefore any continued delusion at this critical juncture prevents us from moving forward.

Korten concisely summarises the findings; "this capitalism is grounded in an elitist ideology of individualism supported by an institutional system devoted to the concentration and abuse of wealth for the exclusive benefit of a private ruling oligarchy" (Korten, 2015, loc. 459). The next sections explore the deeper drivers underlying our economic system.

## **7. Identification of Deep Drivers**

The previous sections have revealed that the underlying values that are encouraged and celebrated in our mainstream capitalist consumer society are; people are motivated primarily by greed and self-interest; the competitive pursuit to consume more is the highest human aspiration; the power of death, and patriarchal violence. These drivers flourish and are rewarded in a system that requires more profits and growth, and are so deeply embedded within our institutions and popular culture that they can be considered ideological doctrine and are accepted "without question" (Korten, 2015, loc. 1735). Quoting Gordon Gecko from the 1987 movie *Wall Street* illustrates this point, "the point is, ladies and gentleman, that greed, for lack of a better word, is good". It is this intense thirst for more that appears to be decimating both the earth and our society "to feed a greed that knows no end" (Eisenstein, 2011, p. Intro.).

However, many authors are not content with stopping the causal analysis at ‘greed’. Eisenstein thinks greed is but a symptom of our perception of scarcity that stems from the idea of ‘separation’ which he believes is the root cause of all our problems. This separate self “in a universe governed by hostile or indifferent forces is always at the edge of extinction, and secure only to the extent that it can control these forces” (Eisenstein, 2011, p. 22). Hamilton says this value of ‘separation’ is reflected in the abusive extraction and consumption attitude towards nature “whose genesis lies deep in the cultural roots of Western society, stretching back at least as far as the foundation of Christianity” (Hamilton, 2003, p. 120). Klein, Brand, and Eisenstein all recognise that this time in our Judea-Christian history is when ‘God’ supposedly gave man ‘dominion’ over the earth and every living thing, and thus created the story that we are separate from nature and can overpower it to our sole benefit (Brand, 2014; Klein, 2014; Eisenstein, 2011). This idea of separation, from others and the environment, also keeps us divided, so much so that a “comparable elite are able to enforce an exploitative system that benefits them to the detriment of everyone else and the planet” (Brand, 2014, p. 262).

Can a system that has these values at its very core deal with the real world challenges we now face? British economist and author of *Small Is Beautiful*, E.F. Schumacher thinks the answer is clearly no, as “greed and envy demand continuous limitless economic growth of a material kind... and this type of growth cannot possibly fit into a finite environment” (Schumacher, 1973, p. 222). A point in case is the capitalist necessitated continued consumption of non-renewable resources, for example oil, as we are fast approaching the physical limits of our finite world.

## **7.1. Limits to Growth**

Although growth is an essential feature of the natural life cycle, unlimited economic growth at constant or growing rates is unnatural and leads to what is known as ‘exponential growth’. This type of growth can initially seem unassuming as it commences slowly, however it can then generate very large numbers very quickly. In the book *Limits to Growth*, Meadows et al. explain exponential growth in terms of doubling time, and warn of the “suddenness with which it approaches a fixed limit” (1972, p. 29). Meadows et al, also argued as early as 1972 that our increased

consumption of natural resources will rapidly “bring us close to the limits to growth of those activities surprisingly soon” (1972, p. 88).

Despite this obvious physical reality, neoliberal justifications for unlimited economic growth are that it leads to “socially optimal outcomes” (Korten, 2015, loc. 1732) and “is the path to happiness” (Hamilton, 2003, p. 120). Korten argues that the belief in this erroneous concept is compulsory, because “to accept the reality of physical limits is to accept the need to limit greed and acquisition” (Korten, 2015, loc. 1944), thereby calling into question the whole capitalist consumer ideal. However, despite years of GNP economic growth, these justifications are no longer valid as “our societies are no happier than they were” (Hamilton, 2003, p. 93). More growth no longer leads to more socially optimal outcomes, instead “fosters empty consumerism, degrades the natural environment, weakens social cohesion and corrodes character” (Hamilton, 2003, p. 93). Schumacher argues that “an attitude to life which seeks fulfilment in the single-minded pursuit of wealth – in short, materialism – does not fit into this world, because it contains within itself no limiting principle, while the environment in which it is place is strictly limited” (Schumacher, 1973, p. 17). Finding new ways to grow the economy becomes even more problematic as the closer we get to resource exhaustion, “the more painful their extraction becomes” as we “consume what remains of our wealth” (Eisenstein, 2011, pp. 126, 139). Thus the notion of ‘peak oil’, now transforms into ‘peak everything’.

Hamilton also raises the irony of capitalist economic growth, in that a favoured corporate advertising strategy is the nurturing of societal unhappiness in order to stimulate increased consumption of products to satisfy unmet wants and be ‘happy’. This means that “in reality economic growth can be sustained only as long as people remain discontented” and that “economic growth does not create happiness: unhappiness sustains economic growth” (Hamilton, 2003, p. 80).

Another argument against more economic growth is that evidence suggests we have enough now. Studies indicate that there is an income threshold of around US\$10,000 per year, in that any further income increase does not correspondingly further increase “reported life satisfaction” (Hamilton, 2003, p. 26). Although income growth may be desirable for those below the threshold in order to provide the basic necessities of life, the idea that the whole world needs to develop their economies to consumption levels

equivalent to the west is illogical, as not only “above a certain level of national income people in richer countries are no happier than people in poorer countries” and “as people become richer they do not become happier” (Hamilton, 2003, p. 33), but also “the notion that the entire world can live at a 20th century American consumption level seems farfetched and unobtainable” (Roberts, 2013, loc. 394). Raising the living standards of underdeveloped nations through increased materialism will also at the same time raise the resource and energy consumption per capita. If our energy needs are currently being met predominantly by non-renewable carbon based fossil fuels, then increased global consumerism is completely detrimental for the planet. It is physically impossible for the whole world to live the same current high energy lifestyles of the western countries, in fact “we’d need extra planets, several of them” (McKibben, 2007, p. 184).

If we are to reduce our greenhouse gas emissions and mitigate catastrophic climate change, then we need to “immediately begin reducing combustion of fossil fuels and keep reducing it until fossil fuels are largely phased out” (Hamilton, 2003, p. 181). This cannot be done with our current technology without limiting growth and moving towards a steady-state or no-growth economy (as measured by the GNP). Schumacher warns us of this survival reality when he said “what is quite clear is that a way of life that bases itself on materialism, i.e. on permanent, limitless expansionisms in a finite environment, cannot last long, and its life expectation is the shorter the more successfully it pursues its expansionist objectives” (Schumacher, 1973, p. 121).

The graph below shows a scenario analysis of growth and climate change, with three future growth scenarios presented. It is important to note that the ‘business as usual’ (BAU) growth blue line indicates increasing greenhouse gas emissions (Victor, 2011).



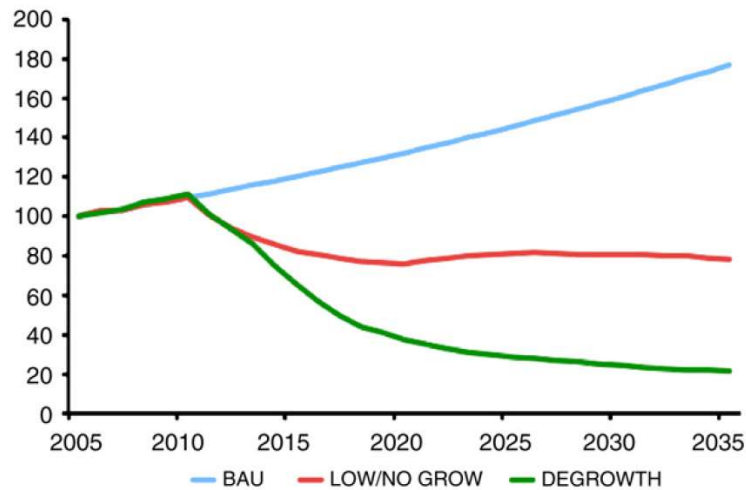


Figure 11: Three growth scenarios with their associated greenhouse gas emissions (Victor, 2011)

However, this necessity to limit growth conflicts “with the fundamental imperative at the heart of our economic model” (Klein, 2014, p. 21). As the CEO of the US Chamber of Commerce said about ambitious carbon emission reduction schemes “there is no way this can be done without fundamentally changing the American way of life, choking off economic development, and putting large segments of our economy out of business” (Donohue, 2008). Nevertheless, to continue with BAU may be suicidal, as when the earth’s resources are finite, “growth for growth’s sake is the logic of a cancer cell” (Abbey, 1977, p. 183).

## 7.2. Inability of the System to Adequately Address these Problems

The previous sections have indicated economic inequality and climate change are direct outcomes of our economic system. Why then hasn’t the system simply done the about face, halting growth and distributing wealth more equitably? Our social and environmental crisis thus becomes all the more urgent when the reigning establishment cannot, or will not, address these problems nor fix the system internally.

One of the reasons that rich western countries are reluctant to change their business models and thereby reduce their carbon emissions is the perceived negative effect on “the rate of economic growth and especially the growth of a handful of powerful industries” (Hamilton, 2003, p. 182). Even politicians are powerless as though they may want to take counteractive action, “far more powerful [than the nation state] is the economic logic of the capitalist system of production” (Ibrahim, 2012, loc. 3222). This

reluctance is further increased by the lobbying influences of MNCs who trade in non-renewable resources and are legally obligated to protect and maximise their huge profits. Also, as shown in previous sections, these problems are unlikely to be addressed by the corporatocracy as they do not even appear on an ethically compromised corporation's account book, and any responsibility for them has been 'externalised', i.e. it's not their problem at all.

Klein argues another reason in that the establishment has not done the things required to lower emissions is because those things fundamentally conflict with deregulated capitalism, and "the actions that would give us the best chance of averting catastrophe – and would benefit the vast majority – are extremely threatening to an elite minority that has a stranglehold over our economy, our political process, and most of our major media outlets" (Klein, 2014, p. 18). Korten adds that these remedial actions "require a fundamental reorientation of economic priorities to focus on equity rather than growth" (Korten, 2015, loc. 1946) which is again contrary to current system directives.

The real test of the corporate systems priorities can be observed in its actions once a corporation becomes aware it is violating the public interest; either they try to stop the behaviour, or they try to manipulate the public and intentionally continue unabated. Hinkley states that "recent history has shown that when large amounts of money are at stake, the vast majority of companies choose the latter" (2011, loc. 195). He argues further that when corporations are faced with the prospect of modifying harmful business practices at the cost of reduced profits, they become "readily inclined to put pursuit of their company's interests before protection of the public interest" (2011, loc. 752).

In addition to profit seeking (at all costs) we can identify another barrier to systemic change. That is the aversion to even acknowledge the crisis, and the subsequent causes, as it threatens the very justifications that neoliberalists have built their economic system on. To accept that their exulted system existentially threatens humanity would mean "then their entire crusade to morally redeem capitalism has been for naught" and "with stakes like these, clearly greed is not so very good after all" (Klein, 2014, p. 40).

It is not surprising, therefore, that there are many people who prefer to deny the economic and political system's reality and the harmful effects of unfettered capital growth, particularly its impact on climate change, and just continue on with business

as usual. This denial manifests in “cultural cognition” which filters out any information that contradicts a particular worldview. Dan Kahan, Yale law professor, says “people find it disconcerting to believe that behaviour that they find noble is nevertheless detrimental to society” so “they have a strong emotional predisposition to reject it” (Kahan, 2010). This denial is likely to persist because “as soon as they admit that climate change is real, they will lose the central ideological battle of our time – whether we need to plan and manage our societies to reflect our goals and values, or whether that task can be left to the magic of the market” (Klein, 2014, p. 40).

In view of all this, there are still advocates that internal system change to address these critical problems is possible. Initiatives such as Corporate Social Responsibility (CSR), Philanthrocapitalism, Conscience Business, and others, have all been proposed as potential solutions. The next sections will provide a brief overview.

### **7.2.1. Corporate Social Responsibility**

Most modern corporations now voluntarily pledge a firm commitment to CSR with initiatives to mitigate their negative environmental and community impacts proudly displayed in their annual reports and on their websites. Although many are well-intentioned, hopeful, and may even slow down or reduce the impact of their externalities, the evidence has shown that we cannot expect much more from CSR as a “corporation can do good only to help itself do well, a profound limit on just how much good it can do” (Bakan, 2004, p. 50). For example, a 2012 study found environmental management strategies “delays the environmental damage but it doesn’t prevent it” (Mingle, 2012), and Henry Mintzberg concludes in his case study that CSR cannot and does not work (Mintzberg, 1983).

For companies to implement CSR they must “pursue profit first and then add the social features – provided the social features don’t interfere with maximizing profit” (Yunus, 2010, p. 11). Friedman believes that there is but one ‘social responsibility’ for a business, that is “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (Friedman, 1962, p. 112). CSR therefore could never be pursued as an end in itself as it is ultimately against the best interest of the corporation and also illegal (Bakan, 2004; Hinkley, 2011). Both Bakan and Hinkley cite numerous examples of corporate hypocrisy with stated CSR aims and actual commercial realities (refer to BP and Enron, as well as the corporate ‘tax

optimisation' activities previously discussed). CSR is only valued when it serves the self-interest of the corporation, i.e. competitive advantage gained through favourable public perception (Yunus, 2010) in a dishonest strategy known as 'greenwashing', or through increased "growth, return on capital, risk management, and quality of management" (McKinsey & Company, 2009). CSR is thus vulnerable to misuse and does not have the required force to bring about any significant and lasting systemic change as it is subservient to the growth and profit motive.

A classic example of a flawed CSR initiative is claimed "environmentally friendly" products that use less resources or are more fuel efficient. This strategy is faulty because of the Jevons Paradox; creating efficiencies in the use of a resource only results in increased demand, and thus more resource use. Quoting Jevons, "it is wholly a confusion of ideas to suppose that the economical use of fuel is equivalent to a diminished consumption" (Jevons, 1865, p. VII.3). Still corporations promote environmental efficiency as "increased sales of their products (motor car or energy supply) is a business priority and they will do whatever it takes to promote their product" (Ibrahim, 2012, p. 2213). Some may argue that neoliberal technical efficiencies have resulted in improved environmental benefits, however due to the increased growth generated and resources consumed "the general balance sheet on the environmental consequences of neoliberalization is almost certainly negative" (Harvey, 2005, p. 172). Although to dismiss CSR entirely at this time is not advisable, as it may lead to corporate behaviour dropping to the "lowest common denominator" (Mintzberg, 1983, p. 13).

### **7.2.2. Philanthrocapitalism**

The idea that rich capitalists with good intentions can save the world with solutions to societies most pressing problems, i.e. inequality, climate change, and terrorism, by investing or giving away some of their fortune is also advocated. This is known as philanthro-capitalism (Bishop & Green, 2009) or the theory that rich people can use the profits from the capitalist system to solve the problems generated by capitalism.

No doubt there are people and institutions that do good work and some benefits have been achieved, but these efforts do not address the root cause of the issues, the capitalist system itself. It can at best alleviate some of the systemic side effects but it still allows the system to exploit people and the environment. Philanthrocapitalism

doesn't question the way money was obtained in the first place, i.e. through exploitation, war, theft, rent seeking monopoly, tax avoidance, etc. and can be compared to CSR in that "some corporate philanthropy isn't really corporate philanthropy at all. It's public relations or marketing" (Hinkley, 2011, loc. 1428) and that it is vulnerable to corruption and lacks the needed power.

For example, one famous capitalist's attempts to address climate change and war have so far proven fruitless. Richard Branson's climate initiatives have not worked as the concurrent "temptation to profit from practices worsening the crisis proved too great to resist" (Klein, 2014, p. 251) as have attempts to prevent war in Iraq "but the instantly recognizable bearded boss of Virgin certainly tried" (Bishop & Green, 2009, p. 109).

### **7.2.3. Conscious Business**

Fred Kofman, a professor at MIT, advocates "Conscious Business" which aims to bring spiritual aspects into the business world by instilling qualities such as unconditional responsibility, integrity, humility, authenticity, and emotional mastery into an organisations personal to help them realise fulfillment and success. Kofman understands the key drivers of capitalism and their negative consequences, and he aims to inspire the people working within the system to aim higher and turn "self-interest into service" and "greed into the desire to satisfy other's needs" (Kofman, 2006, p. 286). He also acknowledges the compromising influence of the market in that "there are many temptations to take the unethical detours that promise a competitive advantage" (Kofman, 2006, p. 286) and the result being that those who "betray fundamental human values for self-gratification end up in psychological hell" (Kofman, 2006, p. 286).

The concept itself as presented does not question the underlying profit maximising competitive system itself, as although Kofman also advises us to think big, he limits us to the remain obedient to the overarching organisation's agenda, which is "to make as much money as it can, within legal and ethical boundaries, in the present and in the future" and then try to "win the game as a team" (Kofman, 2006, p. 78). The root cause of our problems is not addressed, and thus does not threaten the economic hegemony. This may help to explain its acceptance by established educational institutions, such as MIT and MBS, whose goal is to educate and prepare students for conventional corporate executive careers.

However, Conscious Business does require the personal awakening of the mind, and as such provides a vital and encouraging move in the right direction. To conduct business consciously means to “honor our needs, values, and goals” (Kofman, 2006, p. 3) and have a “total commitment to essential values such as respect, honesty, freedom, and love” (Kofman, 2006, p. 74). Therefore, new practitioners once started within an organisation, will then hopefully become further aware of the broader corporate complications, thus permitting deeper analysis and the start of more extensive remedial engagement with the actual root causes of our problems.

To summarise, CSR, Philanthrocapitalism, and Conscious Business are in principle virtuous ideals, and their continued presence and contributions are positively welcomed. However, many companies that implement them voluntarily are in direct competition with companies that don't. Also, these initiatives, as hopeful as they are, do not have the necessary power to challenge the primacy of, nor adequately address long term the environmental and social problems caused by, the growth and profit maximising economic system. They will not “result in all corporations protecting the public interest all the time” (Hinkley, 2011, loc. 1455). Therefore, we cannot look to them for the answer to our problems.

### **7.3. The Turning Point**

This then brings us to a turning point, where either we “save the planet and ditch capitalism, or save capitalism and ditch the planet” (Ibrahim, 2012, loc. 3109). However, it seems our political and corporate leaders have decided to continue unabated and save capitalism, as evidenced both by the government's neoliberal response post 2007-08 financial crisis (Harvey, 2005) by prioritising financial institutions with bank bail outs as opposed to helping the people (which can be likened to socialism for the rich and capitalism for the poor) and by the repeated inability to establish compulsory reductions to greenhouse gases such as the “failure of the 2011 Durban Conference” (Ibrahim, 2012, loc. 440).

Furthermore, and despite all the alarm bells from the scientific community and the best efforts of various system initiatives to address the negative effects of capitalism, most major corporations are continuing on full steam ahead. This is evidenced by the dominant MNC's continued advancement of huge fossil fuel projects such as the Alberta Oil Sands and the Keystone XL pipeline to the US, the externalised costs of

which will likely bring such devastation to the environment that it basically amounts to “ecological suicide” (Hedges, 2015, p. 208). Defense contractor Raytheon even foresees financial opportunities in the coming disasters with growing future demand for their military products “as security concerns may arise” (Raytheon, 2012).

The financial elite ruling class are also unlikely to voluntarily “surrender any of their power” (Harvey, 2005, p. 153) and unfortunately the system controllers are not going to do anything to avert environmental or social collapse, as to do so “contravenes their ideology” (Brand, 2014, p. 16). Left to its own devices our current capitalist economic system will carry on with business as usual, “only with more brutality and barbarism, because that is what our system is designed to do” (Klein, 2014, p. 49), and will strive for the “militaristic maintenance of a comparable tyranny” (Brand, 2014, p. 97). Korten is understandably concerned with what our future society would be like if we were to be enslaved by corporations, “fictitious persons that don’t need to (i) breathe the air, (ii) feed their children or (iii) live in our communities” (Korten, 2015, loc. 2208).

## **8. Proposed Energy Shift**

The preceding chapters have uncovered the underlying drivers of the current system and its detrimental social and environmental outcomes. It is also apparent that irrespective of the issue presented, no real lasting change will come from a system that is structured to maximise profits for a few at the expense of the majority and the environment.

There may be voices that say change is impossible or that ‘there is no alternative’ but remember these usually stem from “the people who benefit from things staying the way they are” (Brand, 2014, p. 243). More and more people are starting to question the wisdom of letting corporations run their lives and according to Hinkley many now “understand it is a delusion to think that increasing corporate profits will solve all humankind’s problems” (Hinkley, 2011, loc. 2252).

We have now arrived at a pivotal moment in human history, where it is apparent that the imperatives of our unsustainable economic system are in direct conflict with the rules of nature, and where one inevitably has to yield “and it’s not the laws of nature” (Klein, 2014, p. 21). Our predominant driving economic ideals have gotten us this far

but, as they are no longer serving us, they now need to evolve. Standing at this transition point we have, as Chomsky says, one trajectory towards corporate hegemony “acting within a lunatic doctrinal framework” and another toward a world that challenges “the reigning ideological system” and seeks to “create constructive alternatives of thought, action, and institutions” (Chomsky, 2003, p. 128). This necessity to reconsider our core values also aligns with Scientist Jared Diamond’s societal survival recommendations that were made in his book *Collapse: How Societies Choose to Fail or Survive* (Diamond, 2005, p. 522).

This present position is also a great cause for optimism. Ideas are abstractions and that as a society we have the power to change them, although we need to look at alternatives from outside of the capitalist narrative for the inspiration and potential elements for a new economic paradigm. Klein acknowledges that this moment in time is “a civilization wake up call... telling us we need to evolve” (2014, p. 25) and Wilber believes that we are destined to evolve from the ‘egocentric’ self to a holistic, worldcentric self (2000, loc. 506).

The observed features of our economic system can be argued to represent immature ecosystems, and those that continue to survive to maturity evolve into systems that feature “complex interdependency, symbiosis, cooperation, and the cycling of resources” (Eisenstein, 2011, p. 17). Korten sees our social evolution as being from empire to ‘Earth Community’ that seeks “a balance of feminine and masculine principles, and nurtures a realization of the mature potential of our human nature” (2006, p. 451).

To begin this economic evolution, we need to first personally evolve ourselves. Noble Peace Prize laureate Muhammad Yunus says that it is just a matter of firstly changing our mindsets, and then “we can reconfigure our world” (Yunus, 2006). Brand says that “global change requires social change, and social change requires personal change” (Brand, 2014, p. 297). The biggest change we could make to our world view is to see that we are not separated, but that we are all in fact one, unified with each other and our planet Earth. This realisation was stated by distinguished scientist Albert Einstein when he said “a human being is a part of the whole” (Calaprice, 2005, p. 206). Fuller also recognises that there will be no equity until we realise that we are all “the one family of humans aboard Spaceship Earth” (Fuller, 1981, p. 202) and Brand says that



our revolution starts with “the realisation of our shared responsibility for the future of the earth, and our inherent unity with each other and with all life” (Brand, 2014, p. 196). These sentiments are echoed by Hedges when he says that we need to “see each other and the earth not as objects to exploit but as living beings to be revered and protected” (Hedges, 2015, p. 220) and also by Eisenstein who proposes that the truth is in “participating in something greater than oneself, yet which also is oneself” (Eisenstein, 2011, p. Intro.). Schumacher further elaborates and proposes that “one has to first liberate oneself from such masters as greed and envy” (Schumacher, 1973, p. 24).

This thesis proposes that in order to advance any possibility of realistic change, it is necessary to first realise our ‘oneness’, then shift our collective energy towards the binary opposite drivers, which in turn relegates the economy to be subservient to us, and then nurture the ensuing alternate economic systems that deliver the desired just social and environmental outcomes. This energy shift has been graphically presented earlier in Figure 1, which also shows the potential space for completely valid opposite values and their beneficial economic realisation.

Shifting consciousness to a new economic paradigm will not only radically alter the established power structures and social institutions, but also redefine our relationship with each other and our ecological environment. Hamilton says that to protect the natural world “requires not only far-reaching changes in the way we use the natural environment: it calls for a radical transformation of ourselves” (Hamilton, 2003, p. 97). This transformation is expressed by Korten when he says that once we awaken to this reality, “we may achieve the creative balance between market and community, science and religion, and money and spirit that is essential to the creation and maintenance of healthy human societies” (Korten, 2015, loc. 400).

It is easy to see why this simple concept and many of the subsequent alternate ideas are not part of the mainstream narrative, and why they will not resonate nor gain favour within the current established hierarchal control systems. Nevertheless, “in the face of an absolutely unprecedented emergency, society has no choice but to take dramatic action to avert a collapse of civilization. Either we will change our ways and build an entirely new kind of global society, or they will be changed for us” (Blue Planet Laureates, 2012).

## 8.1. People Before Profit

This proposed radical revolution of core economic values is not an entirely new concept, and has been continuously expressed throughout the ages by many different academics, philosophers, religious leaders, global activists and politicians around the world calling for our economy to be rightly asserted in its proper place. Martin Luther King called for a monumental “shift from a ‘thing oriented society’ to a ‘person oriented society’” as when profits are placed before people “the giant triplets of racism, extreme materialism, and militarism are incapable of being conquered.” (Martin Luther King, 1967).

Schumacher urges “above all else, the development of a life-style which accords to material things their proper, legitimate place, which is secondary not primary” (Schumacher, 1973, p. 249) and English economic historian Richard Tawney in his book *The Acquisitive Society* highlights that most importantly we must reassign our economic activity to “its proper place as the servant, not the master, of society” (Tawney, 1920, p. 183). These sentiments still actively reverberate today, and can be observed in contemporary ‘creative direct action’; that is “resistance taken from outside the dominant culture, via protests, blockades, and sabotage by indigenous peoples, workers, anarchists and other activist groups” (Klein, 2014, p. 450). The recent Occupy Wall St movement also demanded ‘people before profit’ during the 2011 protests against corporate greed and economic inequality.



*Figure 12: People before Profit sign held high at Occupy Philly (Heriza, 2011)*

Yunus recognises that we also need to replace the flawed “one-dimensional person in economic theory with a multidimensional person” as well as appreciate the binary complexities of each and every person “who has both selfish and selfless interests at the same time” (2010, p. xvi).

## **8.2. Binary Opposite Drivers**

Complimentary binary relationships are an important and necessary concept as both opposites are required for their own definition, and therefore are “both good for the Universe” (Fuller, 1981, p. ix). However, to focus solely on one comes at the neglect of the other. To assume that humans are only rational, greedy, selfish beings maximising value through consumption is thus incorrect, and also contradicts the evident expression of their opposite values in “other aspects of life – political, social, emotional, spiritual, environmental, and so on” (Yunus, 2010, p. xv). Humans are multidimensional beings, both selfish and selfless at the same time, thus “their happiness comes from many sources, not just from making money” (Yunus, 2010, p. xv). Eisenstein also confirms this, in that “gratitude and the generosity flowing from it coexist with other, less savory, aspects of human nature” (2011, p. 5) such as greed. The challenge of our economic life then becomes finding a “living solution achieved day by day on a basis of clear recognition that both opposites are valid” (Schumacher, 1973, p. 218). Bill McKibben suggests we start this challenge with “a patient

rebalancing of the scales” (2007, p. 120), which again is illustrated in Figure 1: Diagrammatic overview of the thesis structure and logic.

According to Schumacher, many pairs of opposites can be aligned with the basic pair of order and freedom; “centralisation is mainly an idea of order; decentralisation, one of freedom” (1973, p. 204). The shift involves moving from the ideal of “competition and domination to one of symbiosis and cooperation, [and] from greed to altruism” (Brand, 2014, p. 196), as well as “from corporations and towards communities” (Klein, 2014, p. 25). The main system drivers identified, along with their polar opposite are listed in the table below.

<b>Binary opposite</b>	<b>System driver</b>
Oneness	Separation
Generosity	Greed
Altruism (service)	Self-interest
Co-operation	Competition
Non-violence	Violence
Local	Global
Decentralised	Centralised
Abundance	Scarcity
Autonomy	Hierarchy
Community	Corporatocracy

*Table 1: Economic system drivers and their binary opposite*

As humans are complex beings with dueling intentions, means that for our economic wellbeing “systems are more important than individuals and the ideals we promote more important still” (Brand, 2014, p. 123). Eisenstein proposes awakening these latent tendencies by recognising that we live in a world of ‘abundance’, and then constructing institutions that embody and encourage this spirit by rewarding generosity instead (2011, p. 5).

It thus makes sense to replace the idea that we live in a world of adversarial scarcity to one of abundance, as when something is abundant, greed becomes obsolete and “no one hesitates to share it” (Eisenstein, 2011, p. 32). This reality of abundance has been recognised by the Prime Minister of Bhutan as he believes we now have the capability “to feed everyone on earth healthily and sustainably” (Royal Government of Bhutan, 2012) and also by Mahatma Gandhi who reminds us that “Earth provides enough to satisfy every man's needs, but not every man's greed” (Nayyar, 1958, p. 552). System theorist and designer Buckminster Fuller also believes that technology is now

advanced enough to provide for all our needs, it is just “a matter of converting the high technology from weaponry to livingry” (Fuller, 1981, p. xxv).

By changing our economic ideals to cooperation and service, the creative energy flow will allow “the blossoming of those qualities” (Yunus, 2006) and help move us from the simplicity of ‘maximising profits’ to “a comprehensive and broad humanity in the conduct of economic affairs” (Schumacher, 1973, p. 218). McKibben observes that humanity successfully survived 99 percent of its history in small, cooperative, egalitarian communities, and although not advocating a return to hunter-gatherer lifestyles, he suggests “we may be able to re-create at least some of the institutions that marked, say, Adam Smith’s Britain, and hence create some of that moderating sense of responsibility” (2007, p. 125).

We can also be guided by the core universal truths for a happy life as uncovered by philosophers and sages and endorsed by most religions and traditions of our time. Succinctly summarised by Kofman, they include “wisdom, courage, love, justice, temperance, and transcendence” (2006, p. 82). The Buddhist inspired concept of *Wabi-Sabi*, which “nurtures all that is authentic by acknowledging three simple realities: nothing lasts, nothing is finished, and nothing is perfect” (Powell, 2004, p. 19) provides an interesting anti-thesis to traditional western values.

Greed and ‘separate’ self-interest driven capitalist consumerism has been allowed its moment in the spotlight. The advertised free market dream with its unfulfilled promises inflicts unbalanced damage on society and the environment. It is now proposed to shift our energy into the opposite core values and drive new alternate economic business models, ones that embody steady-state growth and small, decentralised, local, organic, nonextractive, renewable energy powered, communities that prioritise life over profit – shifting energy from the old elite power structures to ones “where we all collectively have power” (Brand, 2014, p. 348).

## **9. Possible Alternate Economic Models**

*“To make the world work for 100% of humanity in the shortest possible time through spontaneous cooperation, without ecological offense or the disadvantage of anyone” (Fuller, World Game, 1961).*

Buckminster Fuller's theorem as shown above provides an admirable mission statement for the next steps. The following section will discuss a range of potentially useful ideas for building our new economic paradigm of non-violent ecological responsibility and economic equality. Fortunately, many of the necessary ingredients required for our post capitalist economy are already "present within the capitalist system itself" (Ibrahim, 2012, loc. 2845). Therefore, it is these alternative options that now need highlighting. Schumacher also advises that we do not have to create things from scratch, but that we can place our "sympathy and support with minority groups which have already started" (Schumacher, 1973, p. 130).

The first idea, and perhaps the most immediately understandable, is to reign in the power of corporate capital, by; challenging neoliberalism, changing our measures of progress, changing currencies, and reforming corporate charters, all concepts that will be further discussed later on.

The second idea is investing in the development of small, localised community economies. As Korten says "there is an alternative: to localize economies, disperse economic power, and bring democracy closer to the people" (Korten, 2015, loc. 2911). McKibben also foresees that this is where the change will emanate from; "small and voluntary schemes like those that have begun to change the food market" (2007, p. 116) i.e. localised and organic food production. Schumacher posits that "production from local resources for local needs is the most rational way of economic life" (Schumacher, 1973, p. 43), and Klein tells us what it means to live non-extractively; use of regenerative resources, sustainable food production, and power from energies "that harness the ever-renewing strength of the sun, wind, and waves" (Klein, 2014, p. 447). Ibrahim tells us that social ownership of the means of production is "a prerequisite for a non-commodity mode of production" (Ibrahim, 2012, p. 2897), and finally, Wilber sees that 'value communities' and 'integral commons' are the next phase of our human evolution (Wilber, 2000, loc. 859). To illustrate proven business models that express these core ideals, the Localist Movement and cooperatives such as in Marinaleda will be presented later as examples.

A third idea is to create business models that prioritise people over profit, with the examples of the Social Business concept and an Alcoholics Anonymous case study

used to demonstrate the realistic possibilities of organisations performing social good and not being motivated by profit.

However, as we live in an increasingly interconnected global world, and the realisation that we are all in fact one, there will also need to be a new system that balances both freedom and order, with “lots and lots of small autonomous units, and, at the same time, the orderliness of large scale, possibly global, unity, and co-ordination.” (Schumacher, 1973, p. 49). Brand envisages this could be done through “mass volunteerism, orchestrated through social technologies that allow everyone to participate directly in a planetary democracy” (Brand, 2014, p. 202).

Whatever the structure we create, it won’t stop humans naturally being greedy, violent, and competitive. However, what the new system can do is “create an environment in which those are not the qualities which are encouraged” and instead build a “social order upon principles to which, if they please, they can live up and not live down” (Tawney, 1920, p. 180). While a world free from violence may be unrealistic, “there is nonetheless an ineluctable duty on man to aim at the ideal of non-violence in all he does” (Schumacher, 1973, p. 44) and that highly efficient local communities are “less likely to get involved in large-scale violence than people whose existence depends on worldwide systems of trade” (Schumacher, 1973, p. 43).

Whatever new direction is taken, there will be hurdles along the way. Humans are imperfect creatures and mistakes will be made, but “however imperfect the product would be, the result would be better” (Roberts, 2013, loc. 1010). And despite the protestations, we are not going to be able to revert back to ‘the good old days’, instead “we are being born into a new normal: a new kind of society, a new relationship to the earth, a new experience of being human” (Eisenstein, 2011, p. Intro.). Always keep in mind too that we are not countering a perfect and just system “we are intervening in a gallingly unequal and corrupt system on the brink of Armageddon” (Brand, 2014, p. 307).

### **9.1. Challenge International Neoliberalism**

If our problems are perpetuated by the mainstream political and economic activity, then a direct political countering makes sense. Opposition to neoliberalism has always been present during its expansion, and although a cohesive and compelling alternate

narrative has not yet been generally accepted, the argument against further neoliberal embrace is now gaining the necessary legitimacy.

Bakan calls on nations to unite and work together to “shift the ideologies and practices of international institutions, such as the WTO, IMF, and World Bank, away from market fundamentalism and its facilitation of deregulation and privatization” (Bakan, 2004, p. 164) and reinstate the dismantled safeguards of environmental regulations, social services, public ownership, trade unions, etc., as “further embrace of the neoliberal ethic and of neoliberalizing practices will surely prove nothing short of deadly” (Harvey, 2005, p. 173). Eisenstein states that as the planet’s riches (soil, water, minerals, the genome) were not created by man, then they should not be the property of any man or corporation for exclusive exploitation, instead our earthly resources ought to be held in common stewardship for all beings (Eisenstein, 2011, p. 185). In an open letter to German Chancellor Merkel, Piketty and others have already challenged Germany’s policies and said that “now is the time for a humane rethink of the punitive and failed program of austerity of recent years” (Piketty, Sachs, Flassbeck, Rodrik, & Wren-Lewis, 2015).

Getting money out of neoliberal politics is a commonly proposed remedy. Bakan, Brand and others state that “elections should be publicly financed, corporate political donations phased out, and tighter restrictions imposed on lobbying and the “revolving door” flow of personnel between government and business” (Bakan, 2004, p. 162) and in fact if we don’t do this “we are not going to create change within those old obsolete and decaying governmental systems” (Brand, 2014, p. 161).

A recent IMF research group’s report has even begun to question neoliberal ideology as “instead of delivering growth, some neoliberal policies have increased inequality” (Ostry, Loungani, & Furceri, 2016). The report also advises that “policymakers should be more open to redistribution than they are” and that they “must be guided not by faith, but by evidence of what has worked” (Ostry, Loungani, & Furceri, 2016). However, globalisation is still the preferred policy at the top. IMF deputy director David Lipton says that we just “need to work harder to convey to politicians and electorates the benefits of globalization and to help manage, as best we can, the spillovers and vulnerabilities that accompany it” (Lipton, 2016). If political change is



not immediately forthcoming, then are there other economic initiatives that can be engaged with.

#### **9.1.1. Alternate Measure of Progress**

The previous sections mentioned the GNP as the preferred measure of economic progress. However, GNP fails to include all the social and environmental costs and also prioritises short-term objectionable quality of life activity. The GNP based system was created “prior to any knowledge of climate change or the finite limits of the earth’s resources” (Royal Government of Bhutan, 2012), and can be interpreted to mean that “the most “economically productive” citizen is a cancer patient who totals his car on his way to meet with his divorce lawyer” (McKibben, 2007). Also, evidence shows that continued GNP growth, past the early stages of development, the less it “adds to the population’s happiness” (Wilkinson & Pickett, 2009, loc. 239) and when compared with social health “there's nothing there, no correlation anymore” (Wilkinson, 2011).

In response to this, the country of Bhutan has replaced the GNP as its main measure of progress with the Gross National Happiness (GNH) index. Appreciating that material wellbeing is only one component to economic life and that materialism doesn’t “ensure that you’re at peace with your environment and in harmony with one another” (McKibben, 2007, p. 217), Bhutan’s GNH initiative has gained worldwide interest and attention. In 2012 a discussion on happiness and wellbeing was convened at the UN, with the resultant recommendations including that national governments “should measure the happiness and wellbeing of their people, and use the determinants of happiness and wellbeing to guide public policy” and that the GNH index and others “should be examined as models” (Royal Government of Bhutan, 2012). Clearly the benefit, and necessity of, has been recognised and ought to be further considered as a part of any future economy.

#### **9.1.2. Alternate Currencies**

Alternative currencies provide a possible solution for society to conduct business and exchange value free from the financial domination of the current elite establishments, such as the Federal Reserve banking system. Making the change, for example to local currencies, removes transactions from the global financial market giving preference to

local producers. McKibben says “if you really wanted to make a local economy soar, the most important step might be to create a local currency” (McKibben, 2007, p. 162).

Another alternative is called Bitcoin. Created in 2008 by Satoshi Nakamoto, Bitcoin is a revolutionary new and disruptive digital cryptocurrency which has the potential to become a globally accepted medium of exchange. Bitcoin uses a “purely peer-to-peer version of electronic cash [that] would allow online payments to be sent directly from one party to another without going through a financial institution” (Nakamoto, 2008). Designed to be anonymous, yet completely transparent with all transactions recorded in the public ledger called the ‘blockchain’, Bitcoin’s decentralised open source software is run by volunteers. Bitcoin is considered deflationary as supply is limited to 21 million bitcoins, thus “there is no central entity able to apply monetary policy” (Zohar, 2015) i.e. no one can ‘print’ more bitcoins.

This exciting new technology has the power to radically transform our economy as now anyone, anywhere, can bypass financial institutions and trade peer to peer, storing their value in personal virtual wallets – all that is required is a smart phone and an internet connection. This development is very troubling for the financial elite as now people can cut-out the middle men credit/debit banking systems with their excessive fees and international remittance business models.

As Patrick Murck, General Counsel of the Bitcoin Foundation, says “Bitcoin can provide a safe store of wealth and a global transaction network that cannot be corrupted or abused by those who would seek to exploit or harm vulnerable populations” (Duskon, 2014, p. 35). Bitcoin has the potential to take banking away from bankers and money away from governments, and restore personal liberty and privacy, which makes it a very interesting financial and political concept for any future sustainable and just business model integration. The IMF is also following closely with interest as Bitcoin “could allow what many see as radical rewiring of the financial sector” and that the “blockchain game is only beginning” (Adriano & Monroe, 2016).

Another interesting currency concept is called decaying money, or ‘Freigeld’. In contrast to the current usury based money that never dies and grows infinitely, properties which are very unnatural, decaying money is a radical idea, and one that is central to the book *Sacred Economics: Money, Gift and Society in the Age of Transition*. It involves the use of money that is subject to a negative interest rate, or a

storage charge, and thus becomes a more realistic representation of the wealth in our physical world which is subject to the natural law of entropy and the Wabi Sabi ideals of birth, aging and death. It also decouples money as a store of value from a medium of exchange. The resultant effect of the decay is that money loses its value over time, discouraging hoarding and wealth accumulation, and encouraging circulation, investment, and gifts. These known dynamics have occasionally prompted central banks, albeit with other motives, to adopt temporary negative interest rate monetary policy to stimulate the economy, and as such is a worthy candidate for further experimentation due to the inherent possibilities.

### **9.1.3. Change Corporations**

The dominance and expansion of corporations has been acknowledged by many sources to be “at the heart of the current human dilemma” (Korten, 2015, loc. 395). Hinkley in his book *Time to Change Corporations* argues that “we need to curtail, or eliminate, the modern corporation’s inclination to continue harming the public interest” (Hinkley, 2011, loc. 1050) which would also allow us to “revive the values and practices it contradicts: democracy, social justice, equality, and compassion” (Bakan, 2004, p. 166). Relegated corporate power would alter the whole political, cultural and economic landscape, and the large MNCs would start to “serve us instead of dominating us” (Brand, 2014, p. 235). The challenge then becomes how can we direct corporate power so that it benefits the people. Fortunately, it may be possible to change the laws that validate corporations, as they “have no lives, no powers, and no capacities beyond what we, through our governments, give them” (Bakan, 2004, p. 164).

#### ***9.1.3.1. Code for Corporate Citizenship & Benefit Corporations***

Hinkley proposes a new “Code for Corporate Citizenship”, as he argues that as the corporate imperatives stem from corporate law, then the solution becomes one of amending corporate law to make the “profit motive compatible with protecting the public interest” (Hinkley, 2011, loc. 1692). The Code for Corporate Citizenship is as follows: “Directors must act in the corporation’s best interests (existing law), *“but not at the expense of the environment, human rights, the public health and safety, dignity of employees or welfare of the communities in which the corporation operates”* (Hinkley, 2011, loc. 1701).

This Code has the potential to radically change the behaviour of those corporations harming the public interest, and Hinkley believes the result will be that all corporations become ethically and socially responsible “all of the time” (Hinkley, 2011, loc. 103). The Code also leads to the internalising and taking responsibility for previously externalised costs, and Hinkley is hopeful that it will spark innovation and creativity as corporate employees work out how best to minimise these new costs.

This idea has begun to take hold and is now becoming a reality with the introduction of ‘B Corporation Certification’ and the creation of a new legal entity called ‘Benefit Corporations’. ‘B Corporation Certification’ is granted by B Lab, a non-profit organisation, once a company voluntarily applies and demonstrates compliance with B Lab’s rigorous social and environmental performance standards. To meet the legal requirement, and although not compulsory for certification, companies need to amend their governing documents or change to ‘Benefit Corporation’ status.

‘Benefit Corporations’ differ from traditional corporations in that their corporate charter expands the fiduciary duty of directors to also consider all stakeholders i.e. workers, the community, the environment, etc., and not just the financial interests of shareholders. The new law, first passed in 2010 in Maryland US, provides “legal protection to directors and officers” so that they can “consider the interests of all stakeholders, not just shareholders, when making decisions” (B Lab, 2016). To help with the transition, B Lab’s legal road map for corporations desiring to make the change is already very detailed and available now on their website for immediate use, also the Benefit Corporation Gateway from DePaul University has numerous resources available (DePaul University, 2016).

These initiatives help corporate executives balance short-term responsibility to shareholders with long-term commitments to society and the environment, and are an encouraging sign for the future in that the legal corporate framework has already begun to be put in place. However, as these initiatives are still ‘voluntary’, and the current level of both certification and benefit status amongst MNCs is small, this concept remains to be fully realised.

### ***9.1.3.2. Revocation of the Corporate Charter***

Other corporate remediation strategies propose a return to earlier corporate legal structures where they had limited functions and life span, and where their charter can be revoked if they deviate from their original purpose. For example, legal requirements would be changed to state that if a corporation continues to harm the public interest then they must “turn in their charter” (Hinkley, 2011, loc. 1582). Brand also acknowledges the power of this new mandate in that those corporations that intentionally produce products with planned obsolescence “should be shut down” (Brand, 2014, p. 321).

Kalle Lasn, activist and Adbusters co-founder, proposes adding a “Charter Revocation Clause (CRC) at the end of every charter warning the corporation that if it breaks the public trust... then that corporation will be sentenced to death, its existence ended, its charter revoked” (Lasn, 2015) which would “send a chill down the corporate spine and change the ugly face of megacorporate capitalism forever” (Lasn, 2015). Adbusters, instigator of the ‘Occupy Wall St’ campaign, has also launched the viral #killcap campaign where the public gets to vote for their most hated corporations harming the public interest. It is interesting to note that Dow Chemical, Monsanto and Goldman Sachs lead the way (Adbusters, 2014), and their identification here makes them ideal test cases to ascertain the potential of both the Code and CRC.

## **9.2. The Localist Movement**

There are many examples of local communities and businesses already active and working together against the negative ramifications of corporate consolidation. These initiatives, often described as ‘localism’, are forging alternate pathways for global social and economic change that contribute to solving our current environmental and equality problems, and will undoubtedly be an integral component for our new economic model. McKibben believes they provide the most hope for our future as they: “would demand fewer resources and cause less ecological disruption; they would be better able to weather coming shocks; they would allow us to find a better balance between the individual and the community, and hence find extra satisfaction” (McKibben, 2007, p. 105). Schumacher acknowledges that “small-scale operations, no matter how numerous, are always less likely to be harmful to the natural environment than large-scale ones” (Schumacher, 1973, p. 22).

Due to the accompanying political and social aspects, these economic endeavours can also be called the 'Localist Movement'. An authority on this subject is David Hess, and in his book *Localist Movements in a Global Economy* he describes localism as "the movement in support of government policies and economic practices oriented toward enhancing local democracy and local ownership of the economy in a historical context of corporate-led globalisation" (Hess, 2009, p. 7). Its ideals are generally anti-corporate and anti-globalisation and the "loss of democracy to corporatocracy is a common theme for the localist and anti-globalisation movements" (Hess, 2009, p. 11). Hess describes four specific forms of localism: 'buy local' campaigns; urban agriculture; local ownership of electricity and transportation; and alternative and community media, all of which contribute to "a promise of better and more meaningful jobs, not to mention greater sovereignty of communities over their future" (Hess, 2009, p. 93). McKibben is not concerned about defining localism precisely, but instead "what we need is a new trajectory, toward the smaller and more local" (2007, p. 141).

In 2013, the United Nations announced that the world's agricultural needs can be met with localised organic farms (UNCTAD, 2013), which implies that giant conventional fossil fuel, fertiliser, and pesticide dependent industrialised corporate agriculture, with their genetically modified patented terminator seeds, is not the only way to feed the world.

Hess is doubtful, however, that "localism alone can provide complete solutions", but instead the ideals and principles contained within the movement can help direct global economic development down more sustainable and just paths and could potentially be more effective in solving our problems than "a global economy dominated by large multinational corporations" (Hess, 2009, p. 15). McKibben also realises the need for some global trade, but the vast majority should wherever it can "take place closer to home, where it saves more energy and builds tighter bonds" (2007, p. 175). Hess adds the proviso that "much of that potential rests on building connections with other reform movements that seek to build an alternative economy" (Hess, 2009, p. 22) such as the examples that follow.

### **9.3. Cooperatives**

Cooperatives are alternate forms of business organisation that are already widespread and have successfully functioned for many years. Cooperatives fall under the term

“social economy” and considered to be a third sector between the private and public sectors. The UN reports that the current combined cooperative economy is “larger than France’s economy” (Dave Grace and Associates, 2014).

A cooperative is defined as "a jointly owned enterprise engaging in the production or distribution of goods or the supplying of services, operated by its members for their mutual benefit, typically organized by consumers or farmers" (Dictionary.com, 2016) and are “based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity” (Brand, 2014, p. 245). The key tenets, formalised in 1987 and which emphasise ‘people before profits’ and solidarity over individualism, are; voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives, and concern for community (Brand, 2014, pp. 246-248).

### **9.3.1. Marinaleda**

A wonderfully interesting case study of a cooperative in action, particularly within the current political climate, is in the town of Marinaleda, a small village in the Andalusian region of Spain. This small village calls itself a social-democratic and cooperative municipality, and is now world famous for its 30-year non-violent struggle against the forces of capitalism and empire. Their victory realised their ideals of individual freedom, mutual aid with autonomy, food sovereignty, abolition of private property, and social justice.

Starting with grassroots, non-violent creative direct action of strikes, occupations, and demonstrations, the village demanded a transformation of “agricultural structures that generate wealth for a minority of landowners, and poverty, unemployment and hopelessness for the vast numbers of peasant labourers” (Hancox, 2014, pp. 90-91) and was awarded with a 1,200-hectare farm from the government. The revolution removed centuries old oppression from centralist ruling elite; catholic church; the aristocracy; fascist dictators, or its modern incarnation ‘big business’, turning the farm into a cooperative and Marinaleda into a dynamic *tierra utopia*.

Leadership is provided through direct democracy with a ‘hands up’ voting general assembly open to “all workers, regardless of political affinity” (Hancox, 2014, p. 76),

a concept which turns the traditional hierarchy upside down. The cooperative is the “symbolic and actual cornerstone of Marinaleda’s utopian achievement” (Hancox, 2014, p. 64) and the wealth generated is reinvested and distributed to the collective welfare of the workers themselves.

Marinaleda differs from soviet-style communist ideology in that their ideals stem from anarchism; absolute equality with a federated network of equal but autonomous communities, operating with no desire for profit, and without interference from centralised power. It thus also differs from socialism, a term that after enduring decades of capitalist propaganda is now “so misrepresented and abused that it has almost lost all of its original meaning” (Ibrahim, 2012, loc. 2864).

Starting from a position of abject poverty, Hancox reports that the cooperative’s economic benefits to its residents has been almost full employment, affordable housing (15€ per month), provision of community services, and a low crime rate (the community does not have nor need a police force). It also runs its own radio and television station in response to corporate dominated main stream media.

Marinaleda has recently made headlines as its example may spark revolution in response to the capitalist crises across southern Europe, particular with respect to the IMF and World Bank enforced economic austerity measures of cuts to social services to aid the bank sector (Tayler, 2012).

When compared to the capitalist crisis, Marinaleda presents an alternative to neoliberalism and its “resigned submission to TINA – There Is No Alternative” (Hancox, 2014, p. 31). The cooperative alternative has also been recognised by other academics including Hansmann who states in capitalist lexicon “the conventional investor-owned business corporations is nothing more than a special type of producer cooperative – namely, a lenders’ cooperative, or capital cooperative” (Hansmann, 1999). Lans goes on to say that Hansmann’s definition of a firm “is a boon to those who have to debate the point with stubborn others” (Lans, 2013).

The overall success of Marinaleda in today’s world, proves that economies can “work for reasons other than money’ (Hancox, 2014, p. 121). Marinaleda presents a living breathing example of a viable economic alternative in defiance of capitalism. Town Mayor Sanchez Gordillo’s continuing creative direct action has ambitions to take



Marinaleda's local solution global – “We won. Now we are protesting to solve the crisis, which is a global problem” (Hancox, 2014, p. 101).

#### **9.4. Social Business**

2006 Nobel peace prize winner and founder of Grameen community development Bank in Bangladesh, Muhammad Yunus, is a leading advocate of a different economic model, called Social Business. Created in response to flawed economic theory, social business is constructed on the selfless part of human nature and is thus different from conventional subsystem not-for-profits, social enterprises/entrepreneurships, and CSR models. Able to function in the current capitalist system, social business has one major difference; its purpose is to solve a social problem, not to maximise profits. In fact, as the business is completely devoted to its social goal, “the whole idea of making personal profit is removed from this business” (Yunus, 2010, p. xvii).

Social businesses can provide the full realisation of the CSR promise, as a “social business devotes 100 percent of its resources to making the world a better place” (Yunus, 2010, p. 9), and once the benefits are understood, Yunus believes it will flourish and that society “will be delighted to create businesses for selfless purposes” (Yunus, 2010, p. xvii).

The first type of social business is a non-loss, non-dividend company devoted to solving a social problem and owned by investors who reinvest all profits in expanding and improving the business. Yunus' book *Building Social Business – The New Kind of Capitalism that Serves Humanity's Most Pressing Needs* provides guidance on how to launch a social business, including legal and financial frameworks, and on pages 1-3 describes the *Seven Principles* at the core of every social business:

1. The business objective is to overcome poverty, or one or more problems (such as education, health, technology access, and environment) that threaten people and society – not to maximize profit.
2. The company will attain financial and economic sustainability.
3. Investors get back only their investment amount. No dividend is given beyond the return of initial investment.
4. When the investment is paid back, profit stays with the company for expansion and improvement.

5. The company will be environmentally conscious.
6. The workforce gets market wage with better-than-standard working conditions.
7. Do it with joy!!

Social business is about “totally declining from the old framework of business – not accommodating new objectives within the existing framework” (Yunus, 2010, p. 16) and giving “a clear, unambiguous mandate to management... What will enable us to provide the greatest possible benefit to society?” (Yunus, 2010, p. 15).

The early successes, grassroots accessibility, and future experimentation possibilities make social business an interesting concept for mass adoption. Also, it will allow people to easily transition from conventional business models, as their executive management education, training, skills, and experience can be utilised as social businesses will still “expect to face many of the same kinds of problems: financing, talent recruitment, management, expansion and so on” (Yunus, 2010, p. 25). All that has to change is the profit maximising mindset.

Many companies, including Danone, BASF, and Intel, have already begun to explore the social business opportunities. French dairy company Danone embarked on a joint venture in 2005 with the social aim of reducing malnutrition among the children of Bangladesh. Grameen Danone now produces micronutrient fortified yoghurt for children at an affordable price for the poor. The project measured their success factor by the number of children who escape malnutrition every year, not by the profit made (Yunus, 2010, pp. 33-56).

### **9.5. Alcoholics Anonymous**

Alcoholics Anonymous, or AA, is a worldwide altruistic fellowship founded in 1935 with a current estimated membership of over two million and is regarded as “one of the great success stories of our century” (Makela, 1996, p. 3). AA’s primary purpose is to “stay sober and help other alcoholics to achieve sobriety” (Alcoholics Anonymous, 2016). Highly regarded for its *Twelve Steps* recovery program, which has been adapted and used by countless other ‘anonymous’ programs, AA has been described as a “successful, worldwide, leaderless, anarchist collective with millions of members” (Brand, 2014, p. 327).

AA has through its own experience developed both unconventional organisational principles and a unique structure, the success of which demonstrates that “empirically, an alternative to bureaucracy not only exists but persists” (Borkman, 2006). The AA service structure, as defined by their *Twelve Traditions* and *Twelve Concepts*, has been specifically designed to allow alcoholic members, whose root problem is actually “selfishness—self-centeredness” (Alcoholics Anonymous, 2001, p. 62) and not alcohol per se, to work together in unity and meet their present and future operating responsibilities and financial obligations.

Thus by necessity, AA’s system encourages the desirable opposite core values to their member’s core problem, for example; service to others and democratic representation. It also discourages the undesirable core values such as greed and self-interest as can be exemplified in the pursuit of money, power, and prestige. For example, AA recognises the destructive potential of concentrated wealth as it inevitably creates “the temptation for the exercise of too much executive authority, an undesirable condition for us”, therefore they try to avoid “placing too much money or too much authority in any one service entity” (Alcoholics Anonymous, 2013, p. 43).

Appreciating that “egalitarian and democratic rather than hierarchical relationships were vital to the group’s effectiveness and survival” (Borkman, 2006), AA also understands, perhaps more than others, the negative effects of the human urge for power and prestige. Therefore, their structure insures “A.A. against government, while insulating it against anarchy”, and protects “A.A. against disintegration while preventing over integration” (AA, 2012-2013, p. S20).

AA’s core tenets of local autonomy, being financially self-supporting, public relations policy of attraction rather than promotion, no opinion on outside issues, non-professionalism, owning no property, and financially holding no more than a prudent operating reserve, turn upside down “virtually every convention of organizational structure in a capitalist society” (Gross, 2010).

The management structure is called the General Service Conference (GSC) and was officially implemented in 1950. The ultimate authority and responsibility resides with the ‘group conscience’ of decentralised autonomous groups at the top, with each successive supporting service layer and position underneath forming an upside down triangle structure. AA is confident they can “rely upon Tradition Two, our group

conscience and its trusted servants” (Alcoholics Anonymous, 2013, p. 25). Each year, policy ‘Questions’ that affect AA as a whole are asked with the collective group conscience being expressed as ‘Recommendations’, thus allowing AA to function effectively “without dilution or diversion from its primary purpose and its principles” (Gross, 2010). The infographic below shows the collective group conscience of AA at work, and could be considered the anti-thesis to our current economic structure as shown in Figure 10.

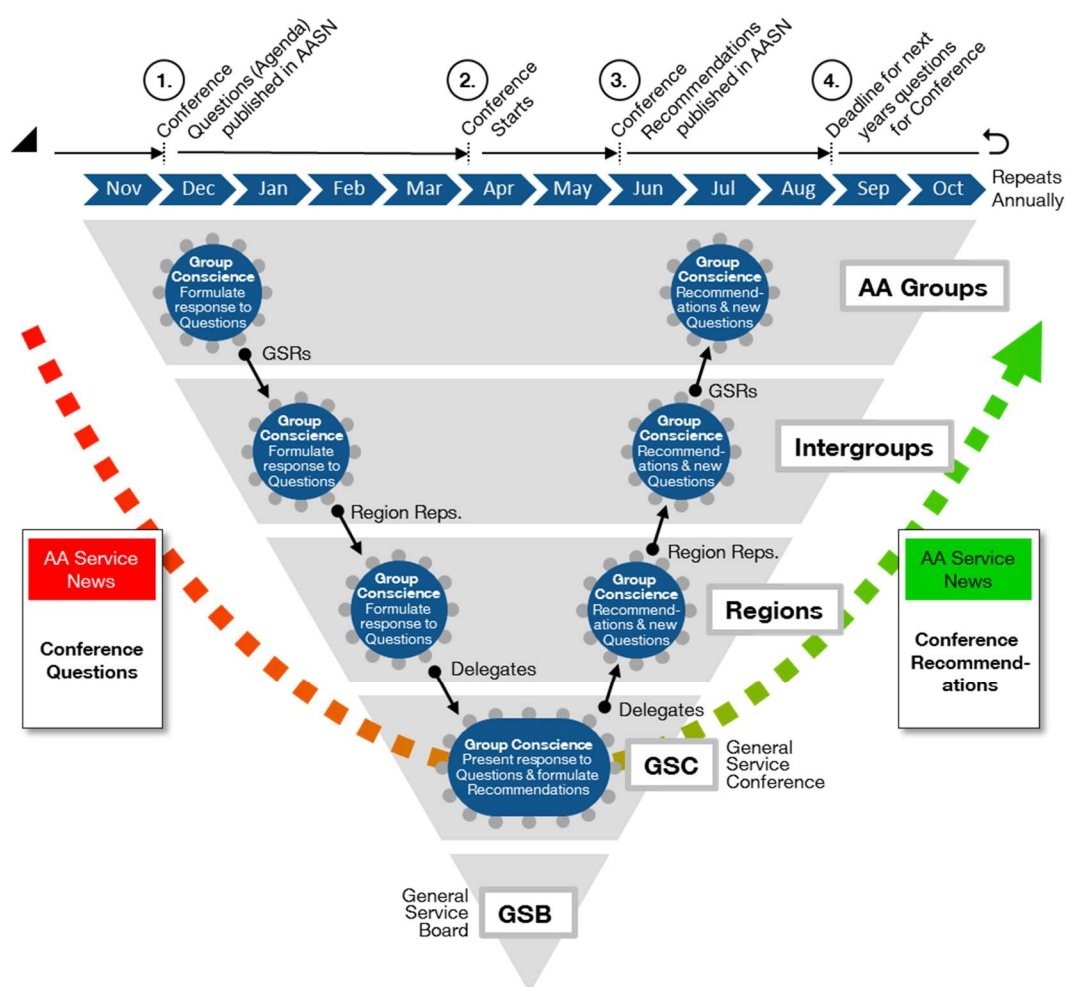


Figure 13: AA's Annual GSC Process (CER AA, 2016)

In the words of the eighteen authors who studied AA internationally in eight societies, “AA provides a model of how an organization can grow to a very large size, reaching millions of people, yet retain its decentralized, egalitarian, cell-like organizational structure. It illustrates the power and efficacy of a democratic group process that supports human dignity and equality” (Borkman, 2006).

The AA story shares many similarities with our current human economic system dilemma. Russell Brand, in his book *Revolution*, suggests we adapt AA's traditions to our current requirements for a new economic paradigm. For example, our primary purpose could be "the preservation of our environment and the creation of a harmonious and inclusive democracy" (Brand, 2014, p.330). This new structure also aligns with Wilber's proposed next stage of our social evolution called 'actualization hierarchies', which provides the means for people to grow to their fullest potential and integrates together previously isolated fragments into a greater whole (Wilber, 2000, loc. 548). Many of AA's principles can also be adapted to Eisenstein's proposed future government structures whose purpose would be to "serve as the trustee of the commons" (Eisenstein, 2011, p. 187).

The Harvard Business Review in their article, *Managing Change, One Day at a Time* also sees potential in various aspects of AA for changing the way we do business, and recognises that "people don't change a minute before they're ready" (Ferrazzi, 2014). The article acknowledges that the readiness for AA members to change usually comes after complete failure, however, for businesses "change readiness doesn't require failure" and that "sometimes a leader's admission of vulnerability helps others recognize and address their failings" (Ferrazzi, 2014). It is not unreasonable to suggest that widespread admission of our impending system failure amongst our society's leaders could well provide that readiness to begin the required transition.

## **10.Resultant Alternate Outcomes**

As shown in the previous examples, when transitioning to the binary opposite ideals of unselfishness and cooperation, and making the adjustment to put people and the environment before profits, then outcomes that are more economically egalitarian and ecologically sustainable will naturally follow. The more specific outcomes of the resultant alternative business models include: corporations with modified charters that are now legally mandated and ethically bound to not operate at the expense of the environment or welfare of the communities; local steady-state business activities flourish ensuring people take care of their immediate environment; economic progress is measured in terms of happiness and the health of both communities and the environment; interest free and alternate currencies are used returning economic power to the people; people cooperate and collectively own the means of production and

democratically decide how the profits are used (affordable housing, healthcare, community services, employment for all, etc.); organisations adapt AA concepts and are structured in ways that prevent legacies of concentrated power and wealth as well as discouraging greed and selfishness; and finally, benefit corporations and social businesses that employ talented entrepreneurs to tackle the big social and environmental problems without being corrupted by the profit motive.

## **11. Discussion & Lessons Learned**

The major lessons learned during the course of this thesis are:

- Exponential economic growth is impossible in a finite world
- Our economy will ultimately reduce its consumption of fossil fuels
- Continued corporate profit maximisation only exacerbates economic inequality

It has also been shown that the current economic system is highly problematic and is no longer working in the best interests of the majority of humanity. It is also incapable of changing itself from the inside.

The advent and the power of the free internet has allowed the full-scale of the problem to be understood by everyone around the world. It also facilitates communication of the need to change and the expression of possible alternatives to the status quo from outside of the traditional imperial communication channels. It is now up to us when we start and how we manage the transition towards local autonomous renewable-energy powered economies. As Eisenstein says in *Sacred Economics*, the more our current system unravels and the problems worsen, “the more attractive the proposals of this book will become” (Eisenstein, 2011, p. 136). However, to delay the inevitable any further and to continue complying with ‘business as usual’ will only increase the severity and likelihood of future climate violence and mass social inequality.

### **11.1. Change Management Challenges**

Even though the urgency of our situation requires an immediate societal response, there will likely be many challenges that need to be overcome before we all move forward in the process of changing our economic ways. Therefore, it is useful to add

context around the complexities of both personal and societal transformation, to help us understand and manage what is to come.

A useful psychological model for personal change that can be applied is the Kübler-Ross model, which originated from observations of patients diagnosed with a terminal illness. The model describes the various emotional stages that can be experienced once a major life change is suddenly and expectantly forced upon us, such as death of a loved one or loss of a job, and includes denial, anger, bargaining, depression and acceptance (Kübler-Ross, 1969). Another family therapy model useful at both the social and personal level is the five stage Satir Change Model that describes the psychological and emotional effect at each stage of change; namely; 1. Late status quo; 2. Resistance; 3. Chaos; 4. Integration; and 5. New Status Quo (Satir, Banmen, Gerber, & Gomori, 1991).

Change management experts have embraced these models and further adapted them. One such example that consolidates the earlier ideas is John Fisher's Personal Transition Curve (see appendix 14.4). Fisher identifies many stages, and the ones that prevent 'moving forward', and are thus to be negotiated, include; denial, disillusionment, and hostility. It is interesting to note that change can be difficult and painful, and that both anger and depression, despite their unappealing state, are still necessary and to be expected parts of the transition.

In terms of social change, there are again many useful models. For example, the well-known 'diffusion of innovations' model that attempts to explain how and why new ideas are adopted into the mainstream (see appendix 0). The theory posits that once the type of people known as 'innovators' and 'early adopters' (key opinion leaders and change-makers are often in this group) have accepted the idea, then the other types will follow. However, the most difficult step in the process is the crossing of the 'chasm' that separates the 'visionaries' from the 'pragmatists'. This chasm may also be known as the critical mass, or 'tipping point'.

The tipping point is the moment when separate events unite and synthesise together into a significant trend and change suddenly becomes contagious and 'epidemic'. Gladwell suggests that there are rules at play in any epidemic, which include 'infection' by influential people, how 'sticky' the message is in people's minds, and the environmental and historical timing of ideas as "epidemics are sensitive to the

conditions and circumstances of the times and places in which they occur” (Gladwell, 2000, p. 139).

These models can be used to understand the personal and social challenges ahead, as well as to aid effective communication and interpersonal relationships whilst working together through the evolution. For the purposes of this thesis, the ‘innovators’ and ‘early adopters’ ought to be the focus of communication efforts with a sticky message that resonates within the current social and environmental circumstances, and little attention ought to be paid to the ‘laggards’ who, being the most invested in keeping things the way they are, will understandably make the most noise and resist until the end. It is also worthwhile remembering Pareto’s principle, in that 80 percent of the work will likely be done by 20 percent of the people.

We have also learned, and this is the good news, that we do not have to begin the transition from nothing. There is already a global awareness of the true nature and seriousness of our problems, coupled with an abundance of existing ideas, stable structures, and inspiring business models that we can look to for inspiration as potential solutions that best meet our common needs. All we have to do is refocus our energy, as Daniel Taylor says, “change happens because of how we invest our human energy” and “if you can get a whole community to start focusing their energy together, building on success just as a business builds on successful products, then you get social change” (McKibben, 2007, p. 211). In fact, we can see that the necessary elements for our new economy are already being energised and thus beginning to emerge.

### **11.1. Individual First-Step Action Plan**

To actually implement the ideas and solutions presented here into functional economic models may at first seem like an enormous and difficult task, especially if it requires all of us to ‘change our mindsets’. However, it is worth considering that we can all start this process of change at a much smaller level. To lead by example and help build the momentum to reach the tipping point, here are a few suggested actions in response to the problems identified that can be implemented here and now. As Gandhi says, “be the change that you wish to see in the world”.

- a. Switch off the corporate mainstream media and seek a balance of information from alternative and independent media. Question everything. There are many



sources, especially online, that are actively championing the issues described in this thesis as well as being proponents of the solutions presented (refer to Appendix 14.6 for more information). Speak up and share these ideas freely, and introduce these new opinion leaders (such as the ones cited here) into your social network, at work and university.

- b. Divest your money from the corporate system, especially fossil fuel and weapons corporations, and any bank or financial body that supports them. Boycott companies that contribute to the problem and are not part of the solution.
- c. Go solar and make the switch from fossil fuels to renewable energies. Try to minimise use of fossil fuels where possible.
- d. Buy local and organic. Become informed about where your food comes from and how it is grown. Better yet, plant your own vegetable garden. Volunteer and learn sustainable farming techniques at your nearest community garden.
- e. Meditate. Starting with only a few minutes each day.

The next change avenue is through sustained education. Nelson Mandela is quoted as saying that “education is the most powerful weapon which you can use to change the world”. There may be opportunities for change leaders to develop courses within their current corporate and academic environments that deal specifically with the topics and ideas presented in this thesis. Particularly recommended is ‘Sacred Economics’ and ‘Benefit Corporations’. Once more of our current and future talented business leaders take hold of the ideas and concepts, then they will be able to constructively participate in further defining and creating our new economic paradigm.

## **12.Outlook: Consequences, Possible Further Research, Findings**

Consumer neoliberal capitalism, driven by greed, violence, and selfishness has resulted in catastrophic environment destruction and extreme economic inequality. The free-market obsession with consumer growth is hitting physical limits endangering the very survival of humanity. Corporate legal and accounting structures have absolved any ethical responsibility and will only ensure continued negative externalisation in their legally mandated pursuit of profitable growth. All efforts to

address these issues from within the system have been compromised and are ineffectual because they fundamentally conflict with the core system imperatives.

When ideas no longer serve us, we are at perfect liberty to replace them with new ideas that do. Therefore, it is with ideas from outside the established narrative that the required economic change needs to embrace. Starting with a recognition of our ‘oneness’, and a shift of our collective energy to the core binary tenets of cooperation, service, and non-violence, the focus then turns towards challenging neoliberalism and reigning in corporate power with creative direct action, and at the same time, increasing the investment and development of alternative economic models that turn traditional capitalism ‘upside down’. There is an alternative. By investing our creative energy into the full spectrum of humanities potential, the economic rebalancing and transition will give birth to a life of its own and humanity’s creative spirit will undoubtedly deliver astounding achievements.

### **12.1. Limitations to both the Examination and the Proposal**

Many of the research findings and solutions presented here are by no means exhaustive, and may seem subjective and idealistic at first especially when compared alongside the full force and legacy of the capitalist behemoth. All the proposals, including those that turn capitalism upside down, still require a good deal of testing and experimentation as, even in 2016, “no perfect models are available anywhere” (Schumacher, 1973, p. 228). The preliminary nature of this analysis may also come across as only a partial presentation of a much broader argument, in that the selected research and ensuing discussion focuses substantially on the negatives of the current economic system, and embraces mainly the positive aspects of the proposed alternatives. As such, and when time and space allow, additional research and academic critique is recommended, in order to consider all positions in detail and provide a more tempered balance to the argumentation.

Also, the vision portrayed here may not be perfect, and that whatever future economic systems we create, as humans we are fallible, will make mistakes, and will always struggle with opposing drivers. However, it is worth reminiscing that we are not in competition with perfectly ordered and working economic conditions, “we’re competing with corruption, inequality, and destruction” (Brand, 2014, p. 98). Thus circumstances are forcing us to reconsider continued tacit compliance with the status

quo, and acquire “the courage to dream if we want to survive and give our children a chance of survival” (Schumacher, 1973, pp. 125-126).

### **12.1. New Hypotheses for Further Exploration**

This thesis’ attempt to synthesise the change possibilities embodied within a small selection of innovative and interesting ideas and practical working examples is just the beginning – the work does not finish here. Future research will continue as the change movement progresses, with the creativity, love, solidarity, and hope of humanity providing new opportunities and wonderful possibilities as things evolve. In fact, it is hard to imagine why anyone wouldn’t want to be a part of this transition. As McKibben says “this is a far more interesting intellectual adventure than merely trying to keep the present system accelerating a little longer” (2007, p. 232).

During the course of research, countless more interesting avenues were discovered, however due to time and space limitations they could not be adequately explored. The list below highlights some of the areas that naturally follow on from the introductory work contained here and, when time and space allows, are recommended to be further researched and evaluated in the future.

- Taking these ideas further into the mainstream and overcoming the social and psychological barriers to broader acceptance
- Further in-depth critique of the proposed solutions, and subsequent testing of academic robustness
- Managing the transition, from a fossil fuel economy to local resilience
- Renewable energy solutions, including wind, solar, geothermal, etc.
- Local Exchange Trading Systems (LETS), and their legal and financial requirements
- Local and organic food production methods
- Products design without “planned obsolescence”
- Cradle-to-cradle design practices
- Crowd funding seed investment
- Liquid democracy
- Negative-interest economics
- The European/Scandinavian political social model

The road ahead is both terrifying and exciting. The successful experience of the Marinaleda community, despite the enormity of their challenges, provides encouragement. They persevered with their struggle in solidarity, “it fired their synapses, it was thrilling – a release of that unique kind of energy you can only get from knowing you are fighting for a just cause. And that maybe – just maybe – you might win” (Hancox, 2014, p. 67).

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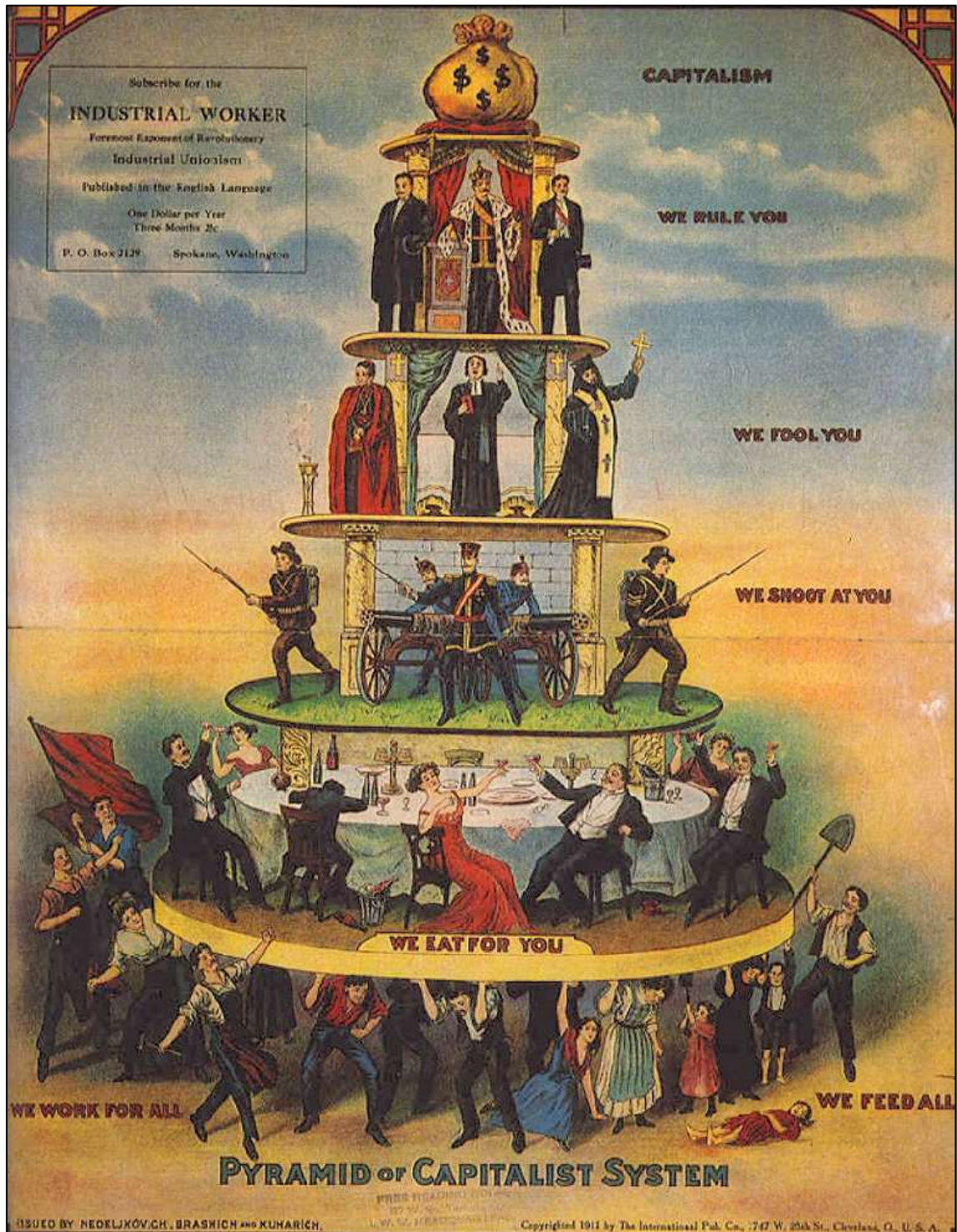
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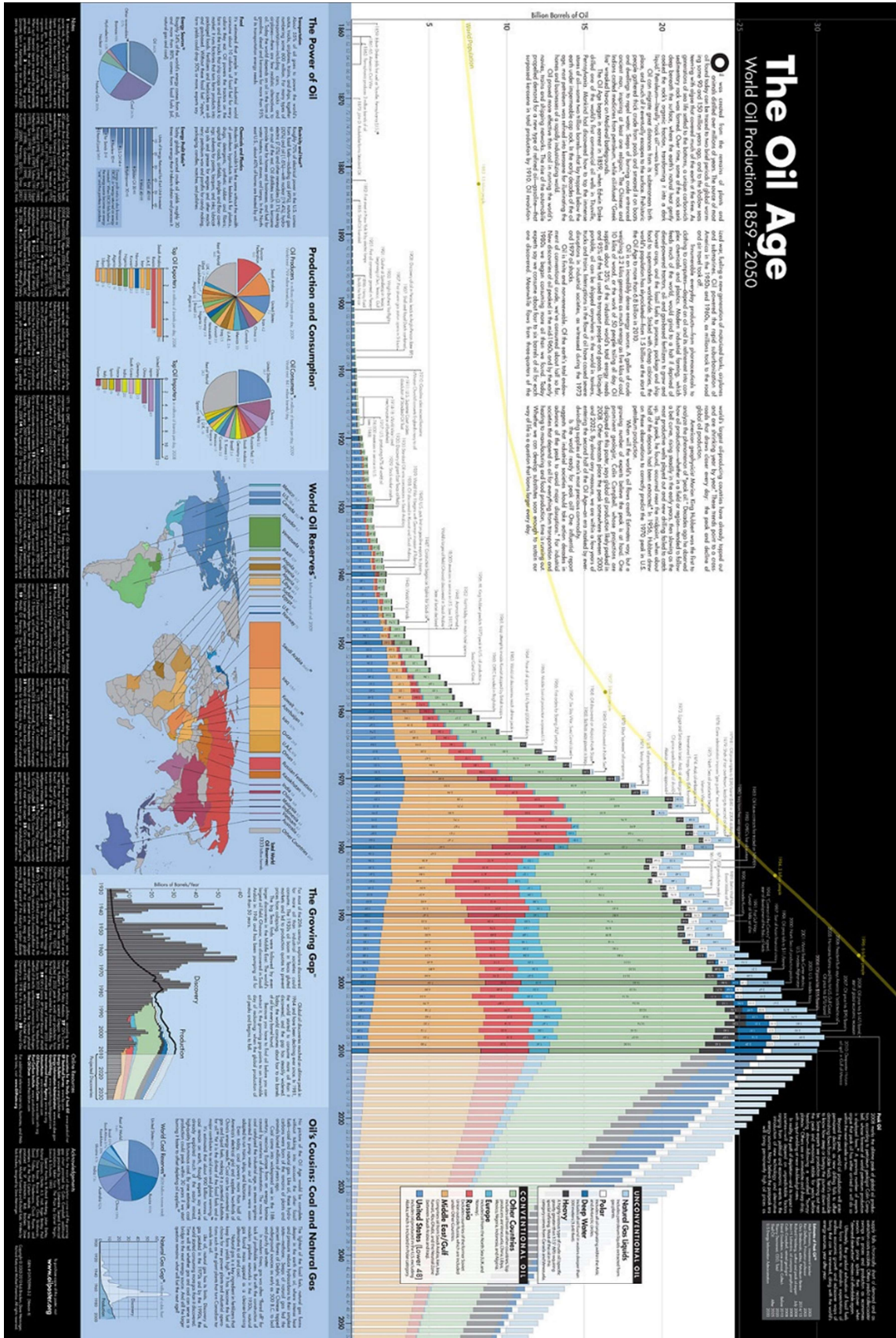
## 14. Appendices

### 14.1. Pyramid of Capitalist System (Nedeljkovich, 1911)

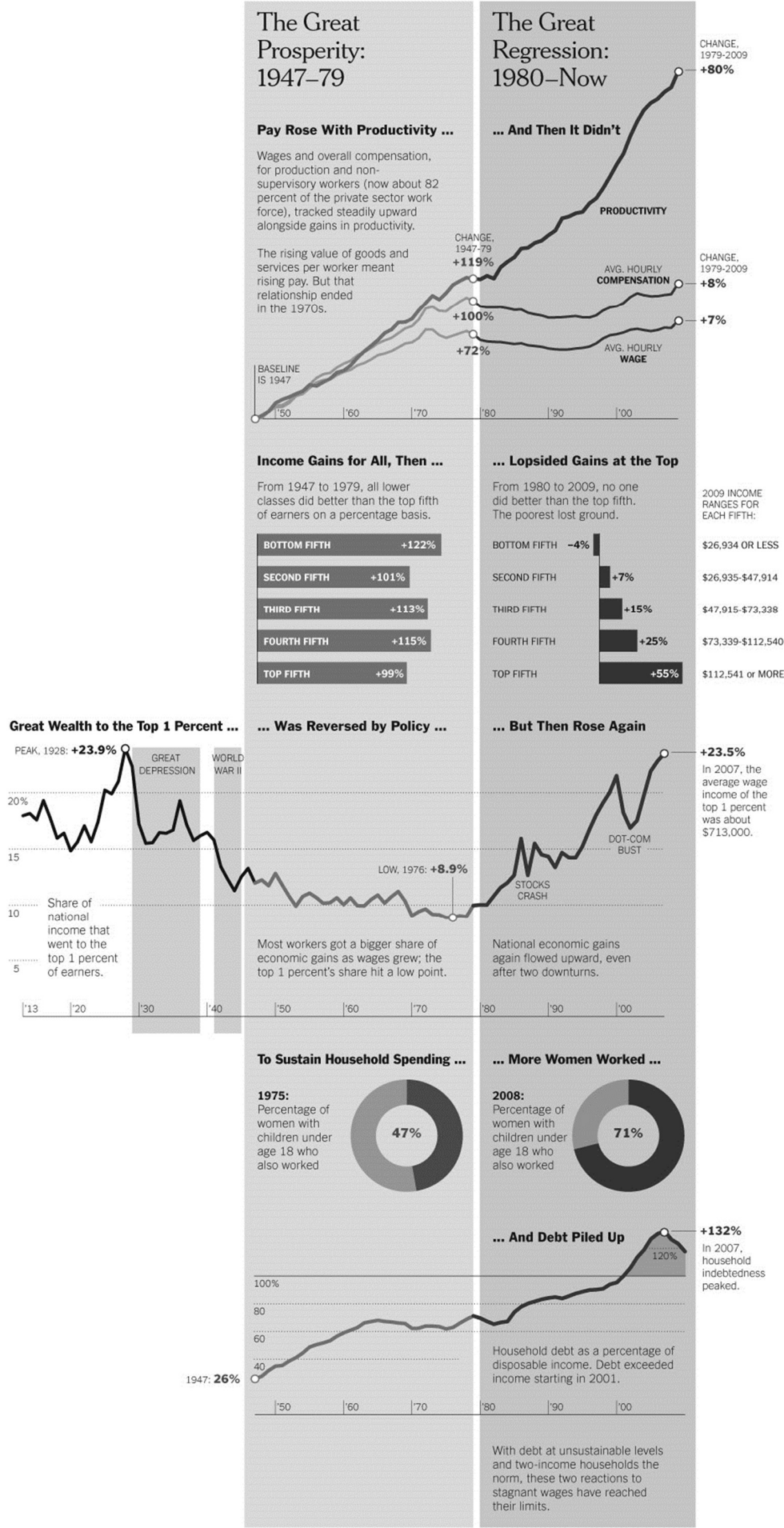




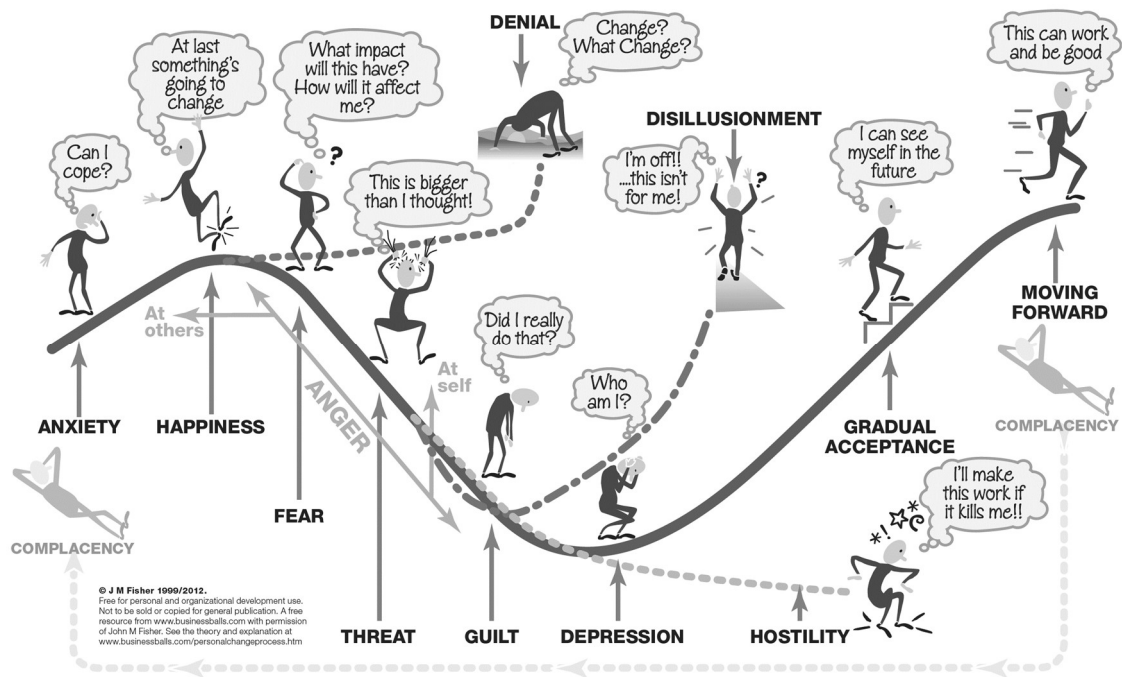
## 14.2. The Oil Poster ([www.oilposter.org](http://www.oilposter.org))



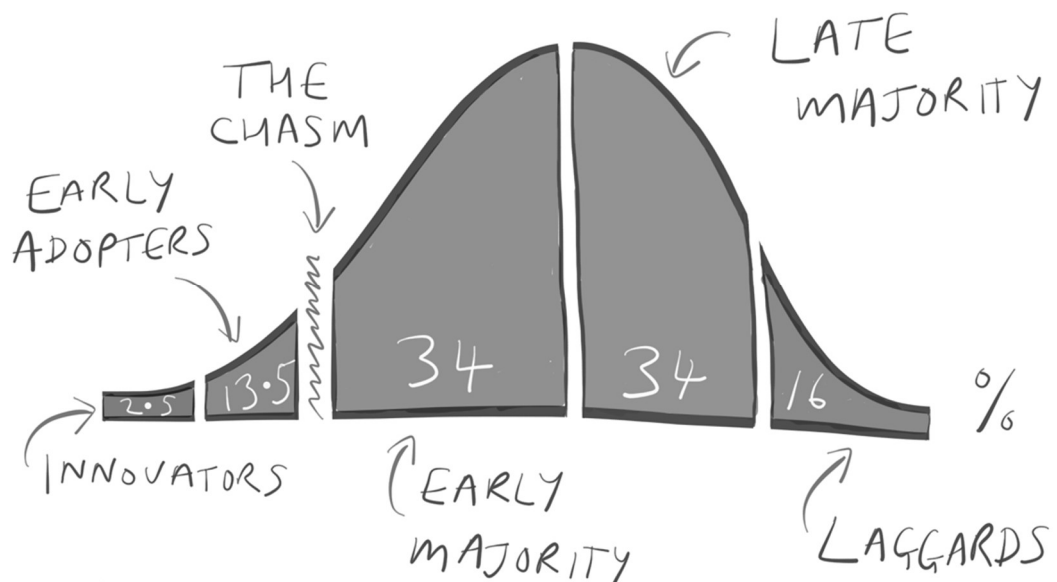
14.3. The Limping Middle Class Infographic (Reich, 2011)



#### 14.4. Fisher's Personal Transition Curve (Fisher, 2012)



#### 14.5. Diffusion of Innovation (Mathers, 2014)





## 14.6. A Selection of Alternative Media and Social Change Movements

Adbusters - <http://www.adbusters.org/>

Architects & Engineers for 9/11 Truth - <http://www.ae911truth.org/>

Films for Action - <http://www.filmsforaction.org/>

The Empire Files - <http://theempirefiles.tv/>

Breaking the Set - <https://www.rt.com/shows/breaking-set-summary/>

We Are Change - <http://wearechange.org/>

Occupy Wall Street - <http://occupywallst.org/>

The Other 98% - <http://other98.com/>

The Keiser Report - <http://www.maxkeiser.com/>

Democracy Now! - <http://www.democracynow.org/>

World Social Forum - <https://fsm2016.org/en/>

Truthdig - <http://www.truthdig.com/>

WikiLeaks - <https://wikileaks.org/>

Common Dreams - <http://commondreams.org/>

Yes! Magazine - <http://www.yesmagazine.org/>

Anonymous - <http://www.anonews.co/>

## 15. Statutory Declaration

I declare on oath that I completed this work on my own and that information which has been directly or indirectly taken from other sources has been noted as such.

Neither this, nor a similar work, has been published or presented to an examination committee.

Munich, Date: \_\_\_\_\_

\_\_\_\_\_

First Name, Last Name

\_\_\_\_\_

Signature