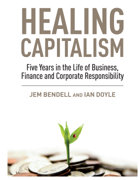

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Healing Capitalism
Five Years in the Life of Business, Finance and Corporate Responsibility

BY

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Introduction

Why do we need to heal capitalism?

Jem Bendell

Recurring financial crises and growing protests over economic policies now punctuate the headlines. Personal crises, over debt or job insecurity, punctuate our conversations with friends and family. Typical strategies for economic recovery delay an inevitable reckoning with the limits of our capacity to service debts and the limits of the natural world to service humanity. Capitalism seems sick, or at least this version of it. Even the traditionally conservative arena of management academia has noticed that all is not well. In 2013, the Academy of Management's Annual Meeting chose as its topic 'Capitalism in Question'. It was an ambitious choice of topic, given that revolution is not a research theme usually entertained by business schools. The convenors explained that 'the recent economic and financial crises, austerity, and unemployment, and the emergence of many economic, social, and environmental protest movements around the world have put back on the agenda some big questions . . .'[1] The well-known management academic Michael Porter warned that 'the capitalist system is under siege. In recent years business increasingly has been viewed as a major cause of social, environmental, and economic problems.'[2]

How does our practice, research and teaching in the fields of corporate social responsibility (CSR), sustainable business, social enterprise or responsible investment (RI) relate to these crises? If we think it is time to try to heal capitalism itself, are we acting as an anti-inflammatory, a placebo, or a potential cure? Some people in this space prefer not to address such issues and instead focus on the growing field of CSR practice and research, and the increasing (yet relatively limited) examples of social enterprise and 'shared value' partnerships. Many prefer to articulate the commercial reasons or 'business case' for voluntary action on social, environmental and governance problems, rather than express or explore their role as a participant in social change. However, others consider themselves to be working within a social movement to transform business and finance. It was to give voice to this movement-mentality, and explore what it might mean for future practice and research, that I wrote *The Corporate Responsibility Movement* in 2009, which compiled five years of analysis in World Reviews from the *Journal of Corporate Citizenship*. In the subsequent years of writing World Reviews, my co-author Ian Doyle and I looked for trends that we considered had potential for systemic change (for instance, see 'From bail-outs to better capitalism', page 194; 'The end of financial triumphalism', page 197; 'Beyond the Western financial crisis', page 202).

Despite the enthusiasm of many for CSR and RI, as they spread around the world, we did not see a major change in the outcomes of business practice during the five years we chronicle in our book, and this raises serious questions about the efficacy of voluntary business action in achieving needed changes in society. Initiatives on green consumption are insignificant in comparison to the growth of consumerism worldwide. Technical improvements in efficiency do little to address overall demands on the biosphere. Steps to improve factory conditions in one region or supply chain do little to address the downward pressure on prices and labour rights in international supply chains. The growing number of investors seeking to back enterprises that contribute to social and environmental progress is laudable, but does nothing to address the way the financial sector extracts vast wealth from the real economy, encourages short-termism and constrains the policy options of any government today. Voluntary action may achieve some progress but rarely leads to voluntary restrictions on the growth of one's business or the requirements of an economic system that only maintains sufficient job opportunities and investment if the economy is 'growing'. The social and economic benefits from being so connected online do not outweigh the fundamental risk of alliances between authorities and global corporations that monitor all our expressed thoughts and activities. To extend the metaphor of sickness and healing, the majority of activity within the CSR and RI fields is dealing with acute symptoms of a sick system in an allopathic medical way, rather than treating the chronic condition in a holistic way, which would reduce the causes of distress. As I noted in my book *Terms for Endearment* near the start of this contemporary era of CSR, 'the reality we need to remind ourselves of is one where not everything that is right to do pays, and not everything that pays is right to do'.[3]

Such doubts are now heard at the highest levels in business. The joint United Nations and Accenture study of chief executive officers (CEOs) of the 1,000 largest firms found a growing awareness of the need for, and inability to generate, systemic change. That 93% of CEOs agreed that sustainability is key to their business shows how awareness is now widespread. However, only 32% of CEOs believed the global economy is on track to meet the demands of a growing population, with only 33% agreeing that business is making sufficient efforts to address global sustainability challenges. Therefore, 83% said government needs to better create an enabling environment for future business action.[4] Simply put, CEOs are beginning to understand how their voluntary responsibility within the market is not fixing critical problems such as climate change.

Given the limitations of CSR in meeting global challenges, what should professionals, researchers and educators do? We must look deeper into our own sectors and how they contribute to systemic problems, and could contribute to systemic solutions. Some in this field are doing just that and creating new alliances that seek systemic change, which I chronicled in my last book, *Evolving Partnerships*.[5] Bold and practical initiatives for change can be helped by having unusual conversations with those outside our normal professional community, such as critics who are rarely heard by business or within business schools. Learning together openly, we may discover a more systemic agenda for our work, and begin the process of healing capitalism.

CSR and RI fields are full of 'positive thinkers', lauding achievements for a specific forest, community, group of employees or some charismatic entrepreneurs. Yet positivity can be wishful and dishonest. The scale of the predicament demands we be honest about what is working and what is not. Faced with limited progress, some have argued that we move beyond CSR, but have really been proposing nothing more than the continuation of voluntary business initiatives with new labels, such as 'shared value' or 'sustainable enterprise'. In my case, after 15 years working in this field as a practitioner and academic, a simple rebranding of my activity would not be enough to rekindle my enthusiasm! I had invested a lot of my passion, thinking and youth in front of a laptop. I had worked on CSR in over 20 countries, helped to form major international alliances like the Marine Stewardship Council, produced over 100 publications on the topic, and created Masters courses at five universities. So the possibility that this might have been a waste of time was a bit troubling. In 2009 I took time out to explore new ways of creating social change. I moved to India and rented a house on the fringe of a spiritual community called Auroville where we hosted volunteer programmers working on open-source software for supporting community trade. I learned about the nature and effect of monetary systems, and new ways of creating alternatives that can be more sustaining of useful economic activity.

That the monetary system is an aspect of capitalism that needs changing was something I had accepted and mentioned in previous work,[6] but had not explored. In the *Corporate Responsibility Movement*, I outlined a concept of 'capital democracy' to explain how many activities in the CSR field are hinting at a more accountable economic system. In that theory I addressed issues of private property, limited liability, taxation and other key components of our economic systems. Yet I did not address our monetary system. Like most people working in corporate responsibility or the broader field of sustainable development, I did not fully understand how our global challenges cannot be properly addressed while private banks create about 97% of our money as debt and charge interest on it. During my time out of the corporate responsibility field, I began to understand this form of monetary system as a malignancy at the heart of our economies, meaning that our real wealth, which is found in our environment and communities, is exploited to service compound interest on perpetual debt. At first I did not see how the CSR field could relate to this insight and so after ten years I stopped writing the World Reviews and focused much more on innovation in currency and exchange systems.

In the last few years the topic of currency innovation has become more widely understood, mostly due to the growing use of the Bitcoin cyber currency. This has led to many more organisations, companies, banks and venture capitalists looking at this area, so that now I'm invited to train and advise a variety of organisations on currency innovation. There are benefits and drawbacks from the rapid scaling of new currency and exchange systems. To enable a smooth transition away from our current monetary systems to ones that enable fair and sustainable economies, the ideas, practices, alliances and organisations in the CSR field may be of some use. Therefore I have returned to CSR and responsible investment 'movements' to invite engaged scholars and progressive leaders to explore what business and financial firms can do to help.

I completed this book because I believe now is a good time for more informed dialogue and innovation on the future of our economic system and that concerned business leaders and their educators have a key role to play. When the world's business community first articulated a commitment to work on global challenges, in the early 1990s, there was a widespread disinterest in dealing with fundamental economic issues, partly because the Cold War had just ended. The 1992 Earth Summit in Rio De Janeiro, which helped consolidate the concept of 'sustainable development,' framed the challenge as one of teaming up to add more social and environmental considerations to the capitalist system pioneered by the West. Since then we have had 20 more years of this global embrace of capitalism, and are more able to identify and discuss its limitations as a system of economic and social organisation.

Our exploration of what kind of changes are needed could be enhanced by insights from a range of intellectual traditions, including sociology, political science, international development studies, history and contrarian economics, rather than the narrower management and organisation studies that currently dominate the advice and training given to business leaders. Insights from these diverse disciplines may help reveal assumptions that limit our current analysis. For instance, many participants I met at a number of summits held by the World Economic Forum appeared to assume that the world's problems require better management applied to the mainstream economic system, rather than redesigning that system. Of those who did speak of a need to redesign the system, their proposals and activities did not address the basic elements of capitalism. Those working in the CSR field might be able to help in this deeper exploration but, until now, the framing of CSR and RI, and the jobs within it, have not provided a mandate to work on or influence deeper economic governance issues. In this book Ian Doyle and I have drawn upon a variety of intellectual disciplines to support your exploration of matters of corporate irresponsibility in ways that could inspire strategies that address the scale of the public problems, rather than simply address the way those problems manifest themselves as management challenges.

In the remainder of this introduction I will look briefly at the scale and urgency of persistent social and environmental problems, and the evidence for how these are connected to the dominant economic system in the world. I will summarise some of the efforts towards systemic change that have occurred in the years within the field of corporate responsibility and responsible investment, along with their mixed results in achieving significant change. As the conversation about the future of capitalism grows, it is important to be clear about what exactly is meant by capitalism, and what in particular within it may be at fault for driving some social and environmental problems. Once this sickness is diagnosed, the possible means of healing are discussed. In particular, I focus on the potential that innovation in monetary systems holds for turning the tide of social and environmental degradation. Then I explore how professionals working and researching in the corporate responsibility field can engage in these means of healing the system. In concluding, I place this economic healing within the context of a broader healing in society and our own lives.

I hope this book, and in particular this introduction, will encourage you to explore what role businesses can play in enabling systemic changes in economic systems, in ways that could work for your own organisation. I will invite you to move out of a paradigm of curbing the excesses of the current system into a paradigm that is explicitly transformative and quietly revolutionary. I will suggest the potential for business to disrupt current unsustainable patterns of economic governance via peer-to-peer systems for sharing, exchanging and financing, as well as currency innovation. You may even be able to integrate more of these activities in your work, without having to take time out in a spiritual community in India. Though I would never argue against that . . .

Or would I? The urgency of the purpose of our work can easily be forgotten amidst the day-to-day machinations of office politics and a demanding inbox. It is important to remember that the vital signs of our world call for us to redouble our efforts, to be courageous and challenging, both within and outside our organisations. The major problems we work on are daily tragedies. In the last 24 hours, 80,000 acres of tropical rainforest have been lost.[7] In a day, over a million tonnes of toxic waste have been released into our environment.[8] In just the last 24 hours, 98,000 people on our planet died of starvation, tens of thousands of them children.[99=] In just this last day, over 150 species have been driven into extinction.[10] These problems persist not because people have ignored them as many of us have been engaged for a long time, as have generations before us. There is a need for new approaches which strike at the root of the problems. In the five years chronicled in this book, there were many developments that sought to achieve a deeper and broader change in business and finance; but are they enough?

Struggling to grasp the system

To help you explore the issues chronicled in this book, we have prepared a thematic index, which is based on the set of topics identified by the ISO 26000 standard for organisational responsibility. A total of 97 book sections are categorised according to these topics, as well as by management functions and organisational sectors. A recurring theme in the analysis of my co-author Ian Doyle and I is the perception of professionals and academics of a need for more 'systemic' change in business practice (see sections numbered 31, 32, 54-58, 65, 68, 76, 84). Initiatives seeking to address root causes, or cause ripple effects to drive change beyond individual corporations appeared to grow worldwide during the five-year period we analysed. Given the global challenges we face, these steps forward were promising, but there has been a constant struggle with the limits of voluntary action and against a tide of 'financialisation' of the economy. In 2007, I was reflecting a more critical mood among some CSR professionals when suggesting that complex financial derivatives could lead to capitalism eating itself and rendering most CSR insignificant (see 'Capital cannibal', page 107).

The development of RI gave many of us working in the CSR field some hope that a more systemic approach would be possible. In the period 2001–2005 analysed in *The Corporate Responsibility Movement*, I noted that

> most work on finance and ethics had focused on questions of responsibility, not accountability, rights or democracy. Action on finance and ethics was limited to minority shareholders causing trouble for companies (shareholder activism), increasing the security of one's returns via expanded risk management assessments and corporate engagement (responsible investment), ethical venture capital (in environmental technologies, for example) or seeking moral cleanliness in one's own investments (screening out certain sectors from investment portfolios). Little had been done on the accountability of the people who invested, their demands for returns, and the people who managed their investments.

Since 2004 I had articulated the ideological limitations of the RI field as it had not explored matters of accountability of the investors themselves or the broader systemic issues.

In the five years chronicled in this book, the RI field did not evolve significantly, with the dominant trend being the industrialisation of the analysis and sale of data on environmental, social and governance (ESG) aspects of corporations. The limitations of this ESG industry to create meaningful change, and how responsible investors could be more active in driving change is a major focus in the final sections of this book (see the final quarter, pages 353ff.).

Beyond the CSR and RI fields, discussion about the future of capitalism has grown. Our review of CSR in 2009 was called 'Capitalism in Question' and chronicled the various books and articles that year which sought to revive capitalism through more public-mindedness from entrepreneurs and business leaders (see the introduction to 2009, pages 222ff.). Since then, others from management academia and consulting have rehearsed the same theme, most notably Joseph L. Bower, Herman Leonard and Lynn Sharp Paine,[11] Michael Porter and Mark Kramer[12] and Arun Maira.[13] These authors speak of fixing capitalism through an emphasis on the values of business leaders. They do not consider how a values-inspired approach to business could involve us seeking to reduce our own organisations' power and freedom through new regulations. No, the emphasis is once again on voluntary action, enhanced strategies and charismatic entrepreneurs. With such arguments, I cannot see how major achievements in economic ethics, such as the outlawing of slavery, would ever have been achieved. Bower *et al.* (2011) do recognise that corporate power could be channelled for changes in regulatory systems but then see no problem in an emergent world order where corporations would be deciding our fate. I am reminded of the sanity of some past politicians on this matter: 'The first truth is that the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself. That, in its essence, is Fascism—ownership of government by an individual, by a group, or by any other controlling private power' (Franklin D. Roosevelt, 29 April 1938).

Another side to this mainstream response to the crisis of capitalism is the emphasis on 'social enterprise', promoted by organisations like Ashoka, Acumen Fund, Schwab Foundation and LGT Venture Philanthropy. Often the argument is made that a new type of organisation is emerging that is neither governmental, for-profit or not-for-profit. Whereas there are many instances of entrepreneurs that successfully address social and environmental problems through their business activity, the current hype around them appears ideological and unhelpful. On the one hand, socially driven enterprise is as old as enterprise itself, with many of the most famous brands today being founded by people as expressions of their beliefs: for instance, the Quakers. That these companies have since been amalgamated into large, publically listed corporations and their social mission made secondary or invisible highlights the importance of organisational ownership in maintaining a social mission (see 'CSR and ownership', page 307). Yet the current hype around social enterprise denies the importance of organisational ownership, which not only ignores this recent corporate history but also centuries of scholarship and the experience of hundreds of millions of people worldwide who work with cooperatives and mutual associations today. Not to distinguish between organisations controlled by a few who decide what to do with a surplus, and those controlled by their workers and beneficiaries and reinvest that surplus is deceitful and ignores the critical importance of inequality in driving multiple social and environmental problems (see 'Corporate responsibility for economic inequality', page 301). Those that suggest social enterprises represent a new capitalism should read up on the history of cooperatives and mutualism, as well as the current global movement now called the 'social and solidarity economy'. We might not have time to read the original texts from theorists like Pierre-Joseph Proudhon but an hour on Wikipedia would be a start, and at least instil some useful doubts and questions.[14]

My search of all papers presented at the 'Capitalism in Question' conference revealed none that explored key issues such as limited liability companies, absent shareholders, or the monetary system or even the most famous theoretical critiques of capitalism, such as that by Karl Polanyi. One panel engaged senior management academics in 'how to rethink the basic pillars of the capitalist system given its strong emphasis on ever-increasing growth' yet the discussions were not informed by the vast tradition of political theory on the subject. Faced with a daily flood of forms and emails, we may find it difficult but academics are still meant to read. An analysis of the bibliographies of papers presented at the conference revealed hardly any references to political science, sociology or development studies, nor the critical work in management studies such as that in the World Review of the *Journal of Corporate Citizenship*, or publications from United Nations agencies on these issues.[15] Given that the Academy of Management conference was hosted in Disney World, we might forgive this Mickey Mouse treatment of the organiser's theme. Yet the complete absence of depth suggests this is not an anomaly but the result of a process. Operating within an organisational culture that is wedded to contemporary discourses of success, where captains of industry are reverently studied and their courtiers in management consulting widely admired, shapes the nature of research topics. Then those topics are now explored almost exclusively by using academic journal databases, so only the most bland and mono-disciplinary texts that involve popular keywords have a chance of a glance by a researcher. This process produces a structured stupidity, reflecting the world of management academe, rather than the world around us.

To heal capitalism we won't have use for physicians who avoid underlying causes or are untrained to see them, or just want to use a sickness to display their existing prowess. So where will our physicians come from? Key may be the work arising from self-assured peripheries to the dominant paradigm: not those peripheral organisations that seek to copy the mainstream delusion of management excellence, but those that have the conviction of their own intellectual traditions. Perhaps places like my current base in the Ambleside Campus of the University of Cumbria, in the Lake District, which is home to over a century-long tradition of critical sociology, environmentalism and progressive education, could play a role.[16] Such places will need to up their game, connect with others, and begin to articulate an approach to systemic change that can influence more people—a difficult task at a time of great disruption in higher education.

I'm not steeped in political theory or the history of ideas on political economy or related philosophy. However, even a cursory reading of these fields helps one ask some more fundamental questions. To begin with, it encourages us to be clear about what we mean by capitalism, rather than assume it means 'things as they are now'. The definition provided in Wikipedia gives us a sense of the mainstream view of the concept and it indicates that capitalism is considered to involve private ownership, which is deployed to extract a profit for property owners, usually operating in a market system. Is this triumvirate of characteristics an accurate definition of capitalism? Let us first look at private property and its use for the pursuit of private profit.

Although the term 'human capital' appears in *An Inquiry into the Nature and Causes of the Wealth of Nations* by Adam Smith in 1776, in recent decades it has become normal for social scientists to regard anything as 'capital', with at least five forms of capital now discussed: natural, social, human, manufactured and financial capital. When this occurs, it is important not to ignore that something is 'capital' because of a specific power relationship: 'capital' is anything physical or virtual that someone or group can control sufficiently in order to extract an income or benefit from. A forest can be conceived of as 'capital' when it is being controlled by someone or some group to extract an income or benefit from it. The forests that are not controlled by someone to generate a yield would not be accurately described as natural capital. Yes, such a forest's impact on the environment underpins other capital and economic activity, but if not controlled by someone or group for their own revenue or benefit then 'capital' is the wrong word to describe its value or worth. Forest dwellers may be harvesting materials from the forest, and completely dependent on it for their lives, but would not consider that they 'control' the forest. Yes, the forest is valuable even though it is not 'capital', and that is partly the point I am making here: not everything valuable can be called 'capital'. Grammatically, capital-ism should simply mean a belief in capital, and a system that creates and maintains capital. Therefore, capitalism should be understood as the belief that more and more resources should be managed by specific individuals or groups to generate incomes or yields, i.e. to be managed as capital. Therefore, to believe in capitalism is to believe that it is good to control bits of existence to extract revenues or yields from them, mostly through controlling how other people interact with that bit of existence. It is a belief in creating and using property. This does not mean that one particular type of owner is necessitated in a capitalist system, as some property could be owned by non-profits, cooperatives, local or national governments. Capitalism does not have to mean that private ownership by a few is the predominant form of ownership or that capital necessarily involves use to generate a private profit, rather than a yield of some sort.

Delving back into the past, to the mid-1800s when the rapid industrialisation of Europe was inspiring a debate about the role of capitalists and capitalism, we find the Lake District's John Ruskin elaborating on the meaning of the term. In 1852 he wrote that capital 'is material by which some derivative or secondary good is produced. It is only capital proper . . . when it is thus producing something different from itself.' Ruskin was seeking to emphasise that 'capital' should be useful in supporting life.

> The best and simplest general type of capital is a well-made ploughshare. Now, if that ploughshare did nothing but beget other ploughshares, in a polypous manner, -- however the great cluster of polypous plough might glitter in the sun, it would have lost its function of capital.[17]

This qualitative assessment of what can be called 'capital' seems a world away from today's equating of capital with financial capital. Yet it reminds us that, if financial capital exists to reproduce itself rather than enable activities that generate living wealth, then it is has lost its social utility—something I return to below.

The other aspect of capitalism that is often assumed to be key is a market system. The modern era of capitalism began with the forced privatisation of resources that had previously been held in common ownership by virtue of traditional rights, and whose benefits had been more or less fairly distributed. This enclosure of the commons encouraged people to leave their land and work in cities for industrialists.[18] This process continues around the world to this day and extends into new spheres of life, where airwaves, genetics and information are increasingly commoditised and controlled for profit. The systems that develop as a result of these processes are sometimes erroneously called 'free markets', as if there are not regulations on matters such as property, contract, monopoly and legal tender that control its functioning. The growth in markets as the way we interact is clearly connected to the growth of contemporary capitalism. However, a market can exist without private property, or for-profit companies, and has done at various times and locations in history, even before the enclosure of the commons. Therefore, the equating of capitalism with free markets is false, and a criticism of capitalism does not necessarily mean a rejection of markets.

One of the more famous analysts of capitalism, Karl Marx, focused on who or what owned the means of production, how they hired labour and generated profits. Marx was important for explaining the instability of a system where all owners pay workers less than the value of the products of their work, so that over time there would not be enough money for workers to afford the produce of their efforts. It was simple maths but ignored the role of credit creation. Marx analysed how we can come to appreciate money more than real wealth, as it is transferable for so many items of wealth. He did not go much further in his analysis of money, such as the role of banking and of credit money, and neither have the well-known Marxist economists since.[19] This emphasis on control of means of production, rather than means of exchange, was a key oversight—which perhaps made it easier for international bankers to lend to communists. The nature of money, and how it is issued, is not an essential feature of any capitalist system but is the fundamental feature of the capitalism we experience today and, as such, any attempt at healing capitalism must address what I call the money problem.

The money problem

The world can seem a bit aggressive: there is always war, always a sense of threat. Some would have us believe that this is fundamental to human nature. I have come to understand such a world-view as the most insidious effect of our current monetary system and the greatest barrier to healing capitalism, society and our planet. President Eisenhower warned the world about the military-industrial complex, where industrial and banking interests would encourage military escalation for their own economic interests. A century before that, John Ruskin explained the commercial drive for constant war and xenophobia:

> It is one very awful form of the operation of wealth in Europe that it is entirely capitalists' wealth which supports unjust wars. Just wars do not need so much money to support them; for most of the men who wage such, wage them gratis; but for an unjust war, men's bodies and souls have both to be bought; and the best tools of war for them besides; which makes such war costly to the maximum; not to speak of the cost of base fear, and angry suspicion, between nations . . . And all unjust war being supportable, if not by pillage of the enemy, only by loans from capitalists, these loans are repaid by subsequent taxation of the people, who appear to have no will in the matter, the capitalists' will being the primary root of the war . . .[20]

Why would he consider capitalists, and in particular international bankers, to be so salient in war-making? Why would Britain's Chancellor of the Exchequer in 1915 comment that 'those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people'?[21] Why would US President Andrew Jackson, tell the US senate in 1832 that 'controlling our currency, receiving our public moneys, and holding thousands of our citizens in dependence . . . would be more formidable and dangerous than a military power of the enemy'?[22] What precisely is the aspect of money and banking that they condemn?

From the crimes of rate-fixing to shock at the size of bonuses, modern banking is like salt water: good to float in if you know how but hard for us to swallow. Yet so few of us look closer at the nature of money itself, rather than the secondary questions of banker conduct. It is a fatal oversight. In most countries today, it is estimated that about 3% of our money originates from government-owned mints that make notes and coins. The rest is digital and is created by banks when they issue loans. Yes: *created*. When you or your government goes to a bank to take out a loan, the bank does not lend its own money or that of its depositors. Instead it creates that money by an electronic accounting entry in return for a contract that the borrower will pay back that amount plus interest. Nothing is being loaned; banks simply create the money on the basis of the 'borrower's' promise to pay.[23] This fact sounds unbelievable to those of us who have not thought about how modern money is issued, rather than earned. Consequently, it is often helpful to quote the central banks themselves: 'When banks make loans they create additional deposits for those that have borrowed the money,' explains the Bank of England. As Paul Tucker, the former Deputy Governor of the Bank of England, further explains: 'Banks extend credit by simply increasing the borrowing customer's current account . . . That is, banks extend credit by creating money.'[24]

Even the 'best' educational institutions are teaching their students a fictional account of how this system works today. In his best-selling *Ascent of Money*, Professor Niall Ferguson (2008) explains how students are instructed at his university:

> . . . first-year MBA students at Harvard Business School play a simplified money game. It begins with a notional central bank paying the professor $100 on behalf of the government, for which he has done some not very lucrative consulting. The professor takes the banknotes to a bank notionally operated by one of his students and deposits them there, receiving a deposit slip. Assuming, for the sake of simplicity, that this bank operates a 10 per cent reserve ratio . . . it deposits $10 with the central bank and lends the other $90 to one of its clients. While the client decides what to do with his loan, he deposits the money in another bank. This bank also has a 10 per cent reserve rule, so it deposits $9 at the central bank and lends out the remaining $81 to another of its clients . . . By the time money has been deposited at three different student banks, [the monetary base, 'M0'] . . . is equal to $100 but [the combined cash and demand deposits, 'M1'] . . . is equal to $271 ($100 + $90 + $81), neatly illustrating, albeit in a highly simplified way, how modern fractional reserve banking allows the creation of credit and hence of money.[25]

It might be neat but it is nonsense. That form of fractional reserve banking has not existed for many decades. Instead, 'changes in [a private bank's] reserves [with a Central Bank] are unrelated to changes in lending . . . the textbook treatment of money . . . can be rejected,' explained Seth B. Carpenter of the US Federal Reserve. Vitor Constâncio, Vice President of the European Central Bank, further explains that 'banks [are] taking first their credit decisions and then looking for the necessary funding and reserves of central bank money.' Simply put, this means that private banks create as much money as they determine is possible to be paid back, or that they can sell on to other institutions, given their assessment of prevailing market conditions.[26]

The key insight from a study of the history of money is that we have allowed the *credit commons* to be privatised so that it can be accessed only by appealing to some bank to grant a 'loan'.[27] By 'credit commons' we mean our ability, as free individuals and organisations, to issue credit to whomever we choose, in a form and volume that we decide, without paying interest to a bank in that process.

Today's monopoly on credit creation by private banks now drives a range of economic, social and environmental problems. If the system of capitalism is 'sick', then the current monetary system is a key cause of disease. One problem is that, as banks create the amount borrowed, but not the interest to be paid on that loan, there is more debt owed in the world than there is money to repay it.[28] Although individually we might pay off our debts, collectively the population is in debt forever and paying interest to the banks. That makes increasing inequality a mathematical certainty. Inequality is rising worldwide and 2% of the world's population controls about half the world's wealth.[29] Extreme inequality is correlated with major social problems, including crime and ill-health of all sorts, physical, mental and emotional.[30] Rich or poor, today's capitalism is literally making us sick (see 'Corporate responsibility for economic inequality', page 301).

This dynamic of bank-issued debt-based money means it exists to replicate itself, at all costs. John Ruskin's assertion that 'capital'—if of something of value—must be productive of something other than itself, makes us question whether we are deluded to consider this credit-issued money as capital at all. Therefore, might it not even be part of 'capitalism' but a mutation from it? By incessant self-replication this form of bank-money is acting like cancerous cells within the body of the economy. A metaphor of currency as blood circulating in the economy is often used, as blood helps nourish the body. With this bank-debt money, it is as if we have leukaemia, as cancerous blood cells serve themselves not the body.

A further problem arising from our money supply being bank-issued debt is that the availability of our money depends on the sentiments and intentions of bankers. If bankers lose confidence in our ability to pay, or our government's ability to pay, or simply choose to lend less in a coordinated way, then the whole economy has less money. That means less money for investment, wages and jobs. Which means we stop working for each other. That is one reason why there is mass unemployment while there remains so much that needs doing to enhance human existence. While professionals working on 'sustainability' continue to focus on initiatives and debates arising from their preoccupations with environmental protection or international development assistance, the Western financial crisis has been fundamentally restructuring the societies they exist within. Greece has suffered the greatest contraction in money supply during the recent crisis, with an annual contraction of about 20%.[31] Less money in circulation has meant cuts in wages and more unemployment. The leukaemia-like debt-money starves the socio-economic body of what it needs. The suicide rate in Greece increased by 40% in 2011.[32]

The role of banks in deciding where the newly issued money goes presents another problem as it shapes the economy and society in line with their interests, while undermining the free market, civil society and governments. Banks choose whom to issue money to in line with their aims of seeking the largest return with the lowest transaction cost and risk. So they lend to things such as consumption and property speculation, rather than to small businesses. For instance, about 80% of bank lending in the UK of late has been for property purchases. That has made house prices rise 8000% since 1950, far above the inflation in prices of other goods or assets.[33] The result of this inflation in real estate prices is that, if you are not fortunate enough to own a property, then the costs of rent, or of a mortgage, means that many people are forced to work in jobs that are destructive or demeaning and to live lives they are not happy with.[34] It is as if the leukaemia of bank-issued debt-money has metastasised, creating useless tumours around the body, which are then served by new blood vessels and drain the body of energy and resources.

The most destructive problem from this monetary system is that it requires continual economic growth to justify the necessary growth in the money supply. This stems from the fact that money is created on the basis of interest-bearing debt, so that the amount owed increases with the passage of time. Compound interest is an exponential growth function, which means that debt grows not at a constant steady pace, but at an accelerating rate. The global money system therefore requires the further continual expansion of debt in order to avoid financial collapse, as there is not enough money to service the ever-expanding debts. New loans require further economic activity which, despite a small amount of decoupling economic growth from resource consumption, means ever-greater consumption of natural resources and pollution of our biosphere.[35] Although in some countries increasing economic growth—the amount of money changing hands—may be what people desire to improve their lives, this monetary system imposes a growth imperative whatever the local context and does not allow a 'steady state' economy to emerge. Some Nobel laureates and politicians have noted the inappropriateness of growth in gross domestic product (GDP) as a goal for societies, and various initiatives are working on new metrics, such as the European Union.[36] Yet, with an interest-charging system of money creation, we have no choice but to grow the economy, otherwise there will be less new debt issued to service existing debts, so there are more defaults, foreclosures, bankruptcies, unemployment, depression and, as history shows us, crime, extremism and even war.[37]

The competition among borrowers for an insufficient supply of money also results in pressure to externalise costs onto society and environment: pollution, for instance. The interest rates charged on loans also leads to greater discounting of natural assets, as money in the bank today can be worth more than trees in a forest.[38]

The combined effects of these processes are that we experience life as difficult and requiring compromise, where we do not live the way our silenced hearts used to call us. Like the final stages of cancer where it reaches the nerves, we now experience life as pain and the ability for different parts of our social body to communicate with each other in truth begins to be lost. This requires a deeper level of healing, which I return to at the end of this introduction. Sadly, instead of addressing the needed psychological and cultural healing to keep the economic body alive, our society turns to 'fracking' for gas, nuclear power and further wars to control resources, like a form of chemotherapy when it is already too late. In summary, the current monetary system is not enabling life, but smothering it, as aptly shown by the cover of this book. The challenge is how to free ourselves and allow all forms of creativity to thrive—something we are beginning to discover.

Some have used cancer metaphors before when discussing the problems with capitalism. David Korten described the corporation as a form of cancer that will ultimately destroy the larger society upon which they actually depend for survival.[39] The entrepreneur John Mackey echoed this idea: 'the only thing in the human body that grows just for growth's sake is cancer . . . I think sometimes businesses do that because they get drunk off bigger market share or more power and bigger perks and bigger egos, and I don't think all of that scale growth is always healthy.'[40] In my exploration of how to heal capitalism, I no longer consider the corporation to be the prime issue, but the 'cancer' to be the bank-debt monetary system. The initial 'cancer' creates so many other ills, as I've described above, but they are not the prime cause.

The healing

Capitalism has become self-defeating due to over-reach into all aspects of life and is becoming unhinged from controlling frameworks and the production of real wealth: the current monetary system has driven this imbalance.

How can a process of healing begin? Having a vision of a healthy economy and society is key, to give us a sense of that for which we are aiming. Currently, the demands of the monetary system for perpetual economic growth means that politicians and economists are focused on 'healthy' numbers, rather than a healthy society. The Native American Indian Alanis Obomsawin said in 1972 that 'when the last tree is cut, the last fish is caught, and the last river is polluted; when to breathe the air is sickening, you will realize, too late, that wealth is not in bank accounts and that you can't eat money'.[41] Over a hundred years before, John Ruskin asserted a goal for economic activity. He wrote, 'the final outcome and consummation of all wealth is in the producing as many as possible full-breathed, bright-eyed, and happy-hearted human creatures'. He continued,

> There is no wealth but LIFE. Life, including all its powers of love, of joy, and of admiration. That country is the richest which nourishes the greatest number of noble and happy human beings; that man is richest who, having perfected the functions of his own life to the utmost, has also the widest helpful influence, both personal, and by means of his possessions, over the lives of others.[42]

One way to heal the rupture between finance and real wealth creation is to make capital more accountable to those affected by it. In the *Corporate Responsibility Movement* I developed a concept that connected together a variety of the approaches to increase responsibility and accountability of enterprise and finance; 'Capital democracy describes an economic system that moves towards the creation, allocation and management of capital according to the interests of everyone directly affected by that process, in order to support the self-actualisation of all.'[43] This principle implies enhanced systems to democratise ownership, trade, employment, and taxation, which I discuss in this book in the Introduction to 2009. There I describe Mahatma Gandhi's views on trusteeship, where he argued that we should not consider property owners as owners, but as trustees, who are entrusted stewardship of resources by those affected. In developing this concept of capital democracy, I reject as false the dichotomy of state ownership versus individual ownership which pervades much left-versus-right politics and economics today. Instead, more resources need to be co-produced and managed as 'commons' by active communities. Denigrated by the economics profession for years, the commons have for centuries been a successful way of managing economic life, and have experienced a renaissance in the digital sphere through open-source software and online communities.[44] Unlocking the treasury of the commons will be key to healing of capitalism and society at large.

The 'cancer' of the current monetary system must also be addressed. The restrictions on charging interest on loans within Islamic financial systems is one way to moderate the demands for growth (see 'Islamic finance', page 209). However, in most, if not all, predominantly Muslim countries, debt creation is the main origin of the money supply, with the various problems this generates explained earlier. To solve this bank-issued debt-money problem, at present there are two broad approaches. First, are the growing campaigns for monetary reform, such as the 'Positive Money' campaign in the UK. These call for government to pass legislation to end fractional or non-reserve banking and give government the role of spending and lending new money into circulation. In the last few years these campaigns have raised awareness of these issues, but have made little headway in influencing the agendas of political parties. Aside from whether it is likely that governments or politicians will soon act on this agenda, these national reform proposals do not address the need for our currency systems to be responsive to the needs of communities and businesses, and to be freely chosen by them, rather than imposed as a monopoly.

Therefore, the second approach, which has grown massively worldwide in the past few years, is to innovate one's own moneyless exchange and alternative currency systems. The best-known of the new currencies at present is Bitcoin, which is a distributed global database that maintains records of transactions between internet-enabled devices, and rewards those devices for processing the latest transactions by issuing them 'bitcoins'. Significant amounts of angel investment and venture capital are now supporting start-ups in Bitcoin-related businesses: for instance, Bitpay, which has received investment from the famous Founders' Fund. Bitcoin raises a variety of concerns about its issuance, security, governance and future economic effects, which remain to be studied and resolved. However, one thing is not in doubt: Bitcoin proves that people can create their own global currencies which do not require banks to intermediate between individuals and companies. This reminds us of the 1944 economist E.C. Riegel who wrote, 'we need not petition Congress and we need not waste time to denounce bankers, for they can neither help nor hinder our natural right to extend credit to each other, and this is the perfect basis for a money system'.[45]

Bitcoin is not yet, however, a system for extending credit to each other, and is therefore not a democratic response to the current bank-issued politically backed monetary system. The various cryptographic currencies such as Bitcoin provide a new arena for innovations in financial services. However, Bitcoin is a system where people regard the currency as wealth, and speculate on its value, rather than the currency being issued when work of useful social value is conducted. That one's computer processes some of a distributed ledger of transactions is not sufficiently useful 'work' to be an ideal means of currency issuance. Instead, the field of currency and exchange innovation can seek to reclaim the 'credit commons': that is, the ability we all have to trust and issue credit to each other, through systems that we decide and control ourselves. As Thomas Greco and I explained in our chapter on the future of money:

> It is possible to organize an entirely new structure of money, banking, and finance; one that is interest-free, decentralised, and controlled, not by banks or central governments, but by individuals and businesses that associate and organise themselves into moneyless trading networks. In brief, any group of people can organise to allocate their own collective credit amongst themselves, interest-free. This is merely an extension of the common business practice of selling on open account—'I'll ship you the goods now and you can pay me later', except it is organised, not on a bilateral basis, but within a community of many buyers and sellers. Done on a large enough scale that includes a sufficiently broad range of goods and services, such systems can avoid the dysfunctions inherent in conventional money and banking. They can open the way to more harmonious and mutually beneficial relationships that enable the emergence of true economic democracy.[46]

Known as mutual credit clearing, it is a process that is used by hundreds of thousands of businesses around the world that are members of scores of commercial 'barter' exchanges which provide the necessary accounting and other services for moneyless trading. In this process, the things you sell pay for the things you buy without using money as an intermediate exchange medium. Instead of chasing dollars, you use what you have to pay for what you need. Unlike traditional barter, which depends upon a coincidence of wants and needs between two traders who each have something the other wants, mutual credit clearing provides an accounting for trade credits, that allows traders to sell to some members and buy from others.

There are reportedly more than 400,000 companies worldwide who, in this way, trade more than $12 billion dollars' worth of goods and services annually without the use of any national currency.[47] Some systems are created with a specific focus on community development, and involve individuals rather than businesses. One of the most significant of these is the Community Exchange System (CES), which was founded in Cape Town, South Africa in 2003. Since then it has grown to around 700 systems in over 40 countries, with over 20,000 users. The core of the system is a web-based software that allows members to trade with each other using the clearing of positive and negative balances between members when they trade. The websites act as an online marketplace with all transactions being recorded. CES is one among many systems now supporting hundreds of community currencies around the world, with other notable examples being Swiss-based Community Forge and Dutch-based Qoin.[48]

The growth of mobile internet enables payment at point of sale, which means these moneyless systems can be made suitable for everyday transactions and scale rapidly. Innovation in payment technology has already scaled incredibly fast. Only five million Kenyans were banked before the creation of the Mpesa mobile payment systems just a few years ago. Now, over 17 million people in this country of 20 million adults use mobile phones for payment, accounting for over 30% of GDP. The new payment system has enabled many new start-ups, such as Mkasa and Mchanga, with services such as peer-to-peer funding of weddings or to aggregate rent payments for landlords. These systems thrive on the new payment technology, but still use national currency. The truly transformative moment arrives when they are deployed for alternative currencies, in particular mutual credit clearing. That is why my institute has worked closely with Koru Kenya, a tiny association in an informal settlement in Mombasa, to create a local mutual credit system called the Banglapesa. This project is already helping hundreds of Kenyans improve their lives, without official development assistance or government support.[49] It reminds us of E.C. Riegel's proclamation that 'you need no government aid. You need only cooperation with and from persons who, like you, have resolved to exert the money power inherent in us all. This power in each of us needs only the recognition and respect of our fellows to spring forth and exert its blessings.'[50]

Like Facebook, QQ, Twitter, LinkedIn and other networks that are purely social, I predict that some moneyless trading networks will grow exponentially and provide significant daily alternatives to bank-issued money. The vibrant field of innovation in cryptographic currencies is already enabling new experiments in self-issued credit systems, such as RipplePay, which can be used to transact personal promises of all manner of currencies without the money actually changing hands. Scaling of such innovations could be a quiet and peaceful revolution in our monetary systems, brought on not by street demonstrations or by petitioning politicians, but by working together to use the power that is already ours—to apply the resources we have to support each other's productivity and to give credit where credit is due. This approach to healing capitalism is like reprogramming cancer cells. Once a far-fetched idea, advances in gene therapy now suggest the future possibility of reprogramming the DNA of cancer cells in the body, to stop them from replicating. In the same way, different forms of money could support life rather than subjecting it to the demands of their own replication.

There will be many challenges and issues arising as this field of currency innovation grows, such as good governance, relations with national governments and tax systems, among others. There is also a likely backlash from those who misunderstand, or whose organisations consider this field of innovation to be disruptive to their core business. Our colleagues in Kenya experienced this, with the Kenyan Central Bank initially pushing for prosecution of the originators of the local Banglapesa currency, before the case was dropped. Limitations will also exist in what mutual credit systems can achieve, such as the function of large upfront financing of projects that pay returns over a long period of time. This field therefore requires more analysis, knowledge sharing and capacity building.[51]

Companies, and professionals in the CSR and RI fields, can engage usefully in these developments, as a way to contribute to this deeper healing of capitalism through transforming the bank-debt money system. All forms of business can begin to accept complementary currencies as payment, and offer to pay their employees partly in a complementary currency. They can be active in the cryptocurrency field, promoting applications that empower communities and small firms, rather than speculative activity. Mobile phone companies can help scale complementary currencies by collaborating on SMS payment systems. Retail banks can open accounts in complementary currencies. All firms can integrate complementary currencies into their philanthropy and community engagement. Firms can switch their accounts to financial institutions that practise full reserve banking, including building societies and mutual associations, such as the Cumberland Building Society, which I switched to in 2013 after moving to the Lake District, a part of the 'Move Your Money' campaign. Firms can encourage local governments to issue their own mutual credit systems, and for all governments to tax transactions in complementary currencies in those same currencies, not national money.

Firms can also back campaigns for ending fractional reserve banking, such as Positive Money in the UK. Institutional investors may have a particular rationale for supporting such campaigns. As investors in companies across the whole economy, in order to spread risk, pension funds are affected by systemic impacts on the overall value of the stock market. If one company they invest in is seeking higher returns in ways that reduce the returns of many other companies, or create instability in the system as a whole, that is not in the interests of the pension fund, and that company needs to be engaged to alter their activities (see section 98, 'An agenda for improving ESG analysis', page 348). Pension funds have an interest in a long-term thriving and diverse economy. The current fractional reserve banking system means that there is an under-funding of small and medium-sized enterprises and inflation in certain asset prices, such as housing. It also means that, due to interest payments on the very source of money, there is an ongoing extraction of wealth from the productive economy to the financial sector. This misallocation within and extraction of money from the 'real' economy of enterprises creating tangible value is not in the long-term interests of pension investors. The existing monetary system has been, and continues to be, influenced by the technical assistance and lobbying activity of banks. Therefore, institutional investors, including pension funds, could analyse the effects of fractional and non-reserve banking on long-term portfolio performance, and make relevant recommendations on the lobbying activities of the banks they invest in and the fund managers they hire.

Clearly, there is more to do to heal capitalism than change monetary systems. For instance, people active in responsible investment, either as practitioners or researchers, can no longer consider the realm of high-frequency trading and financial derivatives to be beyond their concern, as they have such a huge impact on economic systems. Reforming corporate governance, in both law and customary practice, is also important. To address a range of the most important economic governance issues, I offer the framework of 'capital democracy' (see the Introduction to 2009, pages 222ff.). Markets need unplugging from the bank-issued money system, restoring the independent countervailing power of communities and governments, and shrinking the amount of our lives that are mediated, or influenced, by for-profit firms and banks. Rather than a stronger role for the state in daily economic activity, it will involve more of our participation in co-managed commons.

Whereas there are major opportunities for entrepreneurship to forward this healing through innovative currency and moneyless exchange, this broader process is not something that can be achieved by companies working alone. It is the task of a mass social movement. Many people working within the fields of CSR and RI speak of themselves as participants in a movement, yet little insight from the history of social movements informs their strategies and tactics. Five years on from describing the emergence of the *Corporate Responsibility Movement*, it now is high time for a clearer movement mentality and activity-set to be developed, applied and researched in this field.[52] If it is not, then we would have to conclude that the best metaphor for understanding CSR and RI would be as attempts at what Herbert Marcuse called 'self-inoculation', whereby incumbent elites admit and address a little bit of evil in order to deflect attention from the greater evil.

Greater healing

Imprisoned in a concentration camp for helping shelter persecuted Jews, Corrie ten Boom once wrote that 'worry does not empty tomorrow of its sorrow, it empties today of its strength'.[53] Many of us in the corporate responsibility and sustainability fields, whether practitioners or educators, spend much time worrying. We worry that what we are doing is not enough, or is too little too late. Some of us deal with our worrying by seeking changes in things that we can control, such as reducing our own carbon footprint, or backing away from this field entirely and working instead on areas of social change where more tangible results can be obtained. A period of worry can be transformative, if we move through it into action where we accept what we think we know. To move from worry to action requires an acceptance of how bad things may be. It involves opening our minds and hearts to the deepest fears we may have about ourselves and our world. Only then can we begin a deeper healing, and move towards a greater well-being.

One of the reasons I stopped writing the World Reviews contained in this book was that I developed what's called a 'frozen shoulder'. This meant I couldn't move my right arm properly. At first, I took ibuprofen and went to the gym to work it off. In response, the condition worsened until it was painful even to move a computer mouse. I tried all manners of treatments, including cortisone injections, muscle relaxants, physiotherapy and osteopathy. I was told I would need an operation. Then one day in a café, as I was tapping on my laptop, a lady came over to my table and offered me a massage. Given the pain in my shoulder and neck, I accepted this unusual offer! After a conversation, we agreed I would come for a consultation with the lady, who was a practitioner of the Grinberg Method.[54]

Her advice, and the focus of the method, was for me to pay closer attention to my physical, mental and emotional reactions to the pain and suffering, and, by observing them, lessen any unhelpful automatic responses. It helped me realise the fear I felt with my condition—a fear of pain but also a fear of what it meant for my future capabilities. This fear led to tension in the muscles, and a negative attitude, which probably was not helping my own healing, through restricting blood flow and raising my levels of stress hormones. This process also helped me remember that, although an external intervention can help, it is in fact the body itself that performs the healing. So I focused on helping my body in general, going on a detoxification diet, working less, playing more, and taking some supplements. I began to enjoy life more, despite the painful and restricted shoulder, and at my birthday party I got drunk and punched a swinging punch bag at my friend's house—throwing punches that would, if I had not been drunk, cause me agony. I then went on holiday and did not touch a laptop for ten days. My shoulder unfroze, it stopped hurting, and I recovered normal movement.

I tell this story because it showed me how we can make our situation worse by living in denial or worrying about the pain, rather than accepting the possible implications and focusing on strengthening and enlivening the greater whole within which the specific pain is experienced. Fearing our disease, whether personal or collective, does not help the healing. Seeking to fight the disease can also be counter-productive, by creating a feeling of hate and stressful non-acceptance. Acceptance does not mean acquiescence, but a more realistic assessment of limitations and what is good that still remains. We can be more loving to ourselves, including more forgiving of the parts of us that are diseased.

In analysing the way society and medical professions describe diseases and processes of healing, Susan Sontag notes that military and capitalist concepts are often used in relation to cancer: for instance, the 'fight' against cancer.[55] In mobilising a metaphor of healing in this book, and the metaphor of cancer, I do not mean to mobilise those dominant medical metaphors of combat. Rather, more of us may stop living in denial of the limited significance of our activities, or simply worrying about capitalism and the planet, and instead we can adjust our own lives to focus on nurturing the aspects of economy and society that be healthy and remove underlying causes of disease.

'No attempt should be made to cure the body, without curing the soul,' wrote the philosopher Plato over 2,400 years ago. The 'soul' that needs healing is our separative consciousness. We need a deeper healing in our way of thinking—to help reconnect our concepts with realities. One powerful concept that needs re-embedding in the material world is our concept and measurement of 'money'.

To heal is to make whole. The Old English word *hælan* means to 'cure; save; make whole, sound and well' and is derived from the Proto-Germanic *hailjan* which means 'to make whole'.[56] As described above, capitalism involves a separating of some phenomena into an asset that is controlled for a yield. In that separation, there is potential for new interactions, new creations—new wholes. This process of separation and connection is a paradox within capitalism. Left unchecked, it has led to a damaging splitting of us from our inner selves, each other, nature, and the one consciousness that some call God. To heal these separations we could be aided by a sense of its origins. The philosopher Charles Eisenstein argues that the origins are found in the way the invention of agriculture and urban settlement required new levels of organisation that involved new levels of abstraction. That is, to organise complex interactions and specialised activities, we need to account.

The process of accounting requires categorisation of different phenomena into the same categories. Two apples are, in reality, two quite different things, that we categorise as the same thing—an apple—for the purpose of accounting. One plus one is not equal to two unless we reduce the true life of the things we categorise as the same 'one'. This process of abstraction means the uniqueness of life is overridden in calculations about how to manage society and economy. To succeed, more of us, and our organisations, seek surplus in these abstract units of account—the ultimate abstract unit being 'money'. Therefore, accumulating the abstract units can become our objective, rather than achieving something useful, and this creates the conditions whereby we can end up destroying nature and community. As Eisenstein eloquently warns:

> In the reduction of reality to number and name, in the program of owning and controlling the world, we have wrought a Tower of Babel, seeking with our finite tools to take the infinite by storm . . . The supreme irony in our Babelian quest of attaining the infinite through finite means is that we are actually enacting precisely the opposite. We are liquidating all that is infinite, sacred, and unique, converting it into the finite, the controlled, the generic, standard, and measurable . . . We are cashing in the earth, selling off our lives, reducing reality to data. Soon there will be nothing left to convert, as all social, cultural, natural, and spiritual capital is exhausted.[57]

The confusion of representation and reality is found in all aspects of life. In medicine, the approach of many specialists is to deal only with the parts of the body that have been grouped together as their specialism. A doctor specialising in dermatology will know a lot about the mechanics of the skin but far less about digestion, the nervous system, and allergies, which may be causing symptoms on the skin. Due to the economics associated with medical research, theories of knowledge and institutions of permission, specialists will also know far more about the drugs that might address the problem, than they do about other approaches to healing.[58] Therefore, medicine has become routinised, where specialists immediately look into how to put an individual through a process that uses the tools of their trade, rather than exploring ways to help the person with their own healing capacities.

When I was seven, I was suffering from a nasal allergy. Specialists in the medical domain 'Ear, Nose and Throat' had begun to accept there are such things as allergies, and so the specialist treating me proposed a series of skin pricks of different allergens to see what I was allergic to. My mother explained she did not think this was a safe idea, as my brother had eczema. 'Mother, I'm an expert,' said the specialist, before administering the pricks. Within a week the rash spread over my body and I had severe eczema for the next 12 years. Of course, a reaction to this routinised, atomised and arrogant approach to illness can go too far, by rejecting all medical approaches with the one label of 'Western', when many of the tools of such medicine are useful and life-saving. However, given the interconnectedness of living systems, I would have preferred my doctor to know a bit more outside his field of specialism than absolutely everything within that specialism. If you aren't a jack of all trades, you are a master of none.

Mainstream schooling suffers from some of the same effects of categorisation. There is utility in grouping students into year groups and ability, in turning topics into subjects with set curricula, and greater understanding into certificates for achievement. But there is also a downside, when the credentials of having 'done the time' in an official educational context seems more important for the student than one's ability to inquire and self-actualise.[59] This downside is institutionalised when the appearance of 'quality' educational processes, as represented by documents of procedures, becomes more important for university staff than challenging and inspiring students to be enthusiastic learners in their personal and professional lives. As Thomas Carlyle noted in 1829:

> . . . the mechanical genius of our time has diffused itself into quite other provinces. Not the external and physical alone is now managed by machinery, but the internal and spiritual also . . . Everything has its cunningly devised implements, its pre-established apparatus; it is not done by hand, but by machinery. Thus we have machines for Education . . . Instruction, that mysterious communing of Wisdom with Ignorance, is no longer an indefinable tentative process, requiring a study of individual aptitudes, and a perpetual variation of means and methods, to attain the same end; but a secure, universal, straightforward business, to be conducted in the gross, by proper mechanism, with such intellect as comes to hand.[60]

A focus on academic disciplines can increase this separation of 'knowledge' from the real world. In business schools, the dominance of one discipline, economics, has been particularly problematic, in promoting a false assumption of life, society and economy. It is not a new criticism. In paraphrasing John Ruskin, Mohandas K. Gandhi wrote that modern economics 'imagines that man has a body but no soul to be taken into account and frames its laws accordingly. How can such laws possibly apply to man in whom the soul is the predominant element?' He continued, 'We have seen how the ideas upon which political economy is based are misleading. Translated into action they can only make the individual and the nation unhappy. They make the poor poorer and the rich richer and none are any the happier for it.'[61] Sadly, most business schools do not explore these damaging assumptions, or the insights of wise leaders from history. Instead, most are merchants of ideology, status networks and training agencies.

Some governments are subsidising universities with millions of dollars to employ academics to publish in the highest-rated academic journals which no one reads due to their irrelevance (see 'Autistic academe', page 121). Meanwhile, many universities hire teaching-focused academics that are judged on how well they entertain and train students, rather than challenge and expand their world-views. Much harm is done by increasing confidence in the delusion that our abstractions such as ‘money’; concepts such as ‘the invisible hand’; and disciplines such as ‘economics’ are realities not stories. Within business schools there are often academics with a grounding in political science, sociology, anthropology or history, but their expertise is rarely expressed beyond the narrow confines of the business ethics class. It is time they came out of the closet and helped transform business schools into places of personal and collective transformation. To do so, leaving the corporate classroom and immersing students both in nature and in different work and living environments is essential.

Why have we been so captive to our categorisations in medicine, education, economics, organisations and beyond? Famous sociologists Michel Foucault, Max Weber, and Jacques Derrida have discussed various mechanics of social control. Yet is there something deeper at play? One explanation is that our fear of mortality means we seek to control our world, and to create a sense of permanence when transience is everywhere. Fear creates narrow-mindedness, separation and withholding one’s truth, whereas love creates a broadening of perspectives, unity with others, and telling one’s truth. Some of our fear comes from a belief that people are dangerous and that wealth is scarce. Many of us also assume that such ideals as ending hunger are not affordable. Yet there seems to be ample money for spending on weapons, lavish buildings or luxuries. We assume that this indicates something essential about human nature or the way we function in large groups, like nations. Many people assume that human nature is naturally competitive and selfish, and thus needs to be moderated or controlled by force for the common good. By analysing the monetary system, and seeing the energising effect of creating alternatives, we gain insight on a different perspective. We see evidence that some of the selfishness arises from a fear of scarcity that is based on the current monetary system. We see evidence that the reason why there is money for skyscrapers but not free schools is partly an outcome of how the issuing of credit is in the hands of bankers seeking high returns, low transaction costs and secure collateral. We begin to see people, in general, to be more like the people we know the best, our closest friends: that is, as people who care.

Many people working towards ‘sustainability’ with the corporate responsibility arena assume that it requires new checks and balances on personal behaviour, and calls for each other to be more responsible: pay more for this, don’t travel on that, switch off this, don’t buy that. Yet, by working on monetary issues, we begin to see that people and communities are being hampered in their ability to organise for mutual benefit. We begin to see that, through mutual credit clearing, communities can connect to their own abundance. We begin to see that people can be freed from the delusion that ‘money’ is wealth, and recognise, as Cumbria’s John Ruskin wrote, ‘there is no wealth but LIFE’. Although the past decade has seen a shift towards sustainability professionals couching their message in a positive way, about increasing personal well-being, in general the discourse is one of progress through limitation, rather than through reclaiming freedoms. Instead, by working on monetary issues, a liberatory environmentalism that seeks to unleash human nature not curb it is possible. From this a new approach to sustainability, CSR and RI can emerge where efforts are no longer directed to moderate the current system but peacefully create the new. In the words of monetary theorist E.C. Riegel:

> To desire freedom is an instinct. To secure it requires intelligence. It must be comprehended and self-asserted. To petition for it is to stultify oneself, for a petitioner is a confessed subject and lacks the spirit of a freeman. To rail and rant against tyranny is to manifest inferiority, for there is no tyranny but ignorance; to be conscious of one's powers is to lose consciousness of tyranny. Self-government is not a remote aim. It is an intimate and inescapable fact. To govern oneself is a natural imperative, and all tyranny is the miscarriage of self-government. The first requisite of freedom is to accept responsibility for the lack of it.[62]

These ideas on healing separation, delusion, fear and states of disempowerment are not new, and echo various ancient traditions. Sadly, our situation is new and unprecedented, in that we face an urgent challenge to evolve our consciousness to protect our species. In 2012, PricewaterhouseCoopers released a report that concluded it was too late to hold the future increase in global average temperatures to just 2°C. The same month the World Bank noted that, unless there is a major change in current trajectories of development, then a 4° average rise is likely by 2100. Not known as a doomsayer, the World Bank noted, 'There is . . . no certainty that adaptation to a 4°C world is possible.' Are we on course for the end of civilisation as we know it? What we know is there will be terrible disruption to the current way of life; people will suffer. How can we speak of healing when we face such a difficult future?

At an individual level, many find that suffering is a teacher, reminding us of what is important. We learn how to receive love and support, and can have a greater capacity to identify with those that are suffering. Suffering can burn away what is unnecessary and leave clarity about life, love and purpose. In his book of interviews with people who face great physical impairments, Mark Matousek describes how illness can inspire an important new consciousness. 'While hardship can certainly render us bitter, selfish, defensive, and miserable, it can also be used quite differently: as the artery of interconnection, a bridge to other people in pain . . .'[63] While not implying that we should invite or welcome suffering, we can all learn from this approach. Matousek even suggests:

> Terror can be a door to enlightenment. While traditional cultures have long understood the empowering aspects of fear and wounding, the double-edged force of passage rites to galvanize and deepen the spirit, we are too often shielded from this secret knowledge . . . Terror is fuel; wounding is power. Darkness carries the seeds of redemption. Authentic strength isn't found in our armour but at the very pit of the wounds each of us manages to survive.[64]

Could the same be true at a collective level? Could collective illness lead to a new collective consciousness? Matousek notes how 'crisis takes us to the brink of our limits and forces us to keep moving forward . . . there's vitality in facing life's extremes, including that of your own extinction'.[65] Huge suffering during the Second World War led to the creation of a welfare state in many European countries, to protect the less fortunate. Might the suffering that is likely due to climate change trigger an evolution in human consciousness? Might some of that suffering arise due to attachments to lifestyles that we could let go? Learning the lessons of the suffering created by our current extremes of capitalism may help in our psychological adaptation to climate change. Our objective must be more than healing, for wellness and well-being involves far more than being cured. New levels of freedom and vitality await us, as we free ourselves from the separations and delusions of our age and embrace whatever may emerge. From a village in Greece where we trained people in how to create and scale local currencies with open-source software, to the United Nations in Geneva where we co-organised their first conference on community currencies, the energy and joy people share in working on community currencies is palpable. The ecologist Arne Naess suggests we ask ourselves: 'In what situation do I experience the maximum satisfaction of my whole being?' To heal capitalism, we can let excitement be our compass.

Conclusion

We urgently need to heal, to make whole, our relationships to the planet and each other. To promote such healing, we must recognise that capitalism is a system that does not nor will not ever address everything or enable everything that is important. Rightly or wrongly, capitalism is understood by most to describe markets consisting of for-profit privately owned enterprise. That element of our society could be redesigned to achieve more social benefit, but also to be a smaller part of life, so that it does not encroach on all aspects of family, community, politics and the commons, in the way that it does now. Otherwise, the countervailing powers are not sufficient to moderate capitalism, and the aspects of life that are better arranged in less commercial ways are not then met.

We may need capitalism but we need less of it, and, of what remains, we must reprogramme its basic operating code, which is the monetary system, so we are no longer subject to the demands of financial capital, but rather supported by it.

Can those of us working in or on CSR and RI begin to help heal capitalism? Perhaps. The first step is to avoid wishful thinking and be more honest about the limitations of current voluntary initiatives. The second step is to learn about how massive social change has happened in the past and work together with that level of ambition. In so doing, we may not only be part of a corporate responsibility movement, but help to heal deeper malaise and so better prepare future generations for the likely difficulties presented by climate change.

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