

A Living Earth Economy for an Ecological Civilization

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***Abstract:** We humans are now a truly global species. Our common future depends on our successful transition to an Ecological Civilization that works in balanced and harmonious relationship with Earth's living systems to provide every person with a means of living consistent with their need for health and happiness. To achieve this future, we must navigate a successful species transition from transnational corporations to national governments as our primary institutions of governance, from competition to cooperation as our dominant mode of relating, and from growing GDP to meeting the spiritual and material needs of all the world's people within the limits of what living Earth can sustain as the economy's defining purpose. The governing institutions of an Ecological Civilization will support national and bio-regional self-reliance, the free sharing of information and technology, and balanced trade in goods for which one nation has a natural surplus and another is unable to produce for itself.*

For some 5,000 years, the dominant human societies have organized around institutions of empire that rest on a competitive foundation of human domination and exploitation of one another and nature. Its contributions to architecture and the arts and to extraordinary advances in medicine, knowledge, technology, and communications came at a great price. Whether we celebrate this past for its accomplishments or condemn it for its injustices, however, we now face the reality that the time of imperial civilization's viability has passed.

In the early 1970s, human exploitation of the living systems of our Earth mother for the first time exceeded what she can sustain. The values and institutional structures that drove the exploitation of the civilizational era of empire are no longer viable.

Our time has come to move on. The civilization of our future is an Ecological Civilization that rests on a foundation of cooperation, partnership, and sharing for the common good of all members of Earth's community of life to which we belong. The imperative to navigate a nearly instantaneous transition from an Imperial Civilization to an Ecological Civilization presents, by order of magnitude, the most daunting challenge our species has ever faced. The outcome depends on whether we embrace this challenge as opportunity or continue to cling to outdated ideas and institutions that no longer serve.

Social and Environmental System Failure

A global economy based on failed and badly outdated economic theories and institutions is driving human society toward social and environmental collapse. The failure of this system is summed up in two devastating indicators of environmental and social imbalance.

1. **Environmental Imbalance:** We humans currently consume at a rate [1.6 times](#) what our living Earth mother can sustain. The more we grow this already unsustainable human burden on living Earth's community life, the faster we degrade Earth's ability to sustain life—including human. Climate disruption is one of the most visible consequences. Other consequences include toxic contamination of the air we breathe and the water we drink, the erosion of soil fertility, and destruction of the pollinators on which the plants that feed us depend.
2. **Social Imbalance:** Globally, [62 people](#) own as much economic wealth as the poorest half of humanity—3.7 billion people who struggle to survive on US \$2.50 or less per day. This extreme social imbalance is tearing apart the social fabric of society and undermining the credibility of both national and global governing institutions. In the United State that imbalance has destroyed the credibility of the establishment wings of both our major political parties. As income and wealth inequality continue to grow in nearly all countries, this loss of credibility spreads as well.

These extreme, growing, and potentially fatal system imbalances are a direct consequence of our human embrace of economic theories and institutions that prioritize growing Gross Domestic Product (GDP) and financial asset bubbles over securing the health and well-being of living people and living Earth.

Globally, real economic output reached the limit in the early 1970s of what Earth can sustain. Continued GDP growth since then has been depleting Earth's natural living capital—the foundational capital on which life itself depends—and growing the phantom financial capital of the few at the top to increase their control of what remains of Earth's real wealth.

Natural living capital is real wealth. Financial capital is nothing more than numbers of no intrinsic value stored on computer hard drives. I call it phantom wealth.

Natural living capital—not financial capital—defines the true limit of sustainable economic output. We passed that limit nearly half a century ago. Beyond that point, continued GDP growth has come at the expense of real living capital and served mainly to concentrate control of what remains of Earth's real wealth in the hands of a tiny, ever richer, ever smaller, global oligarchy. These imbalances are further exacerbated by continued growth in the human population.

Gross domestic Product (GDP) is a financial indicator that measures the expansion of the financial economy. This expansion tracks closely with the growth and concentration of corporate power. GDP has little, if any, validity as an indicator of human well-being. If our goal is to secure and improve the health and well-being of people and living Earth, GDP is best thought of not as a measure of benefit, but rather as a measure of the economic cost of producing whatever real benefit is achieved.

Measuring actual benefit requires a dashboard of indicators of living system health. Are children healthy and happy? Are families strong? Do people feel their lives are meaningful? Are the air and water pure? Are soils stable and fertile? Are forests and fisheries thriving?

A living Earth economy for an Ecological Civilization properly seeks to grow real well-being as measured by living indicators while reducing the economic costs—shrinking GDP.

I call our current global economy a Suicide Economy, because it is systematically destroying the foundations of its own and human existence. Known also as capitalism, it is dedicated to what Pope Francis calls the idolatry, or worship, of money.

The suicide economy didn't happen by accident or force of nature. It is the result of a decades long campaign by the corporate interests that now dictate the economic priorities and policies of most of the world's governments.

Imperial Corporate Power Grab

My insights into the nature and origin of the suicide economy—and how we can put it behind us—are informed by the experiences of my 50-year professional career. For the first 30 years, I worked in international development in the nations of Africa, Latin America, and Asia that were recovering from the oppression of the classical imperial colonization that extended from the 15th century to the mid-20th century. I was on a personal mission to end global poverty by sharing with the newly decolonized nations the lessons of the economic success of the United States.

Eventually, I realized that the celebrated liberation from colonialism was temporary, partial, and illusionary. The international foreign aid establishment was in fact imposing a new colonialism under the rule of transnational corporations.

There is nothing new about corporations as instruments of empire and colonial rule. China experienced it in the 18th and 19th centuries with the Opium Wars when the British East India Company sought to profit by addicting China to opium.

The mid-20th century Third World experience with the West's international development assistance presents an interesting parallel. In the 1950s and 60s, most people still lived in villages and met most all their needs by growing and harvesting their food and other essentials directly from the land. An explicit objective of international development assistance programs funded by the World Bank and many national foreign assistance programs was to get people off the land and into paid employment where their labor would contribute to GDP.

In many instances, corporations took over the lands from which the people were driven. And the displaced farmers became dependent on money they could get only by working for corporations. In an interesting parallel to the Opium Wars, people became dependent on (addicted to) money.

National economies in turn became dependent on or addicted to imports, contractors, and technologies from foreign countries paid for with foreign debt repayable in foreign currency that borrowing nations could get only by selling their labor and assets to foreign corporations. This was subtler than opium as a means of control—and therefore more effective.

When it became evident that the borrowing countries could repay only with dire consequences for their own people, the World Bank and IMF stepped in as international debt collectors with a corporatist policy agenda. They forced indebted countries to:

1. Slash public expenditures for health and education to fund tax breaks and subsidies to foreign investors,
2. Eliminate restrictions on foreign ownership, imports, banks and financial institutions, cross-border financial flows, and the extraction and export of natural resources;

3. Put public assets and services—including natural resources and communications, power, and water services—up for sale to foreign corporations; and
4. Roll back protections for unions, workers, consumers, public health and safety, and the environment.

The foreign aid recipient countries thus lost control of their economies to transnational corporations that raped the land and paid workers a pittance for their labor.

Going Global

In the 1990s, the corporatists that had engineered this recolonization process extended their takeover agenda to high income countries through international agreements like the North American Free Trade Agreement (NAFTA) and international organizations like the World Trade Organization (WTO). Step by step the corporatists reduced the ability of national governments to protect and advance the well-being of their own people and made the profits of transnational corporations their implicit economic priority. These efforts were supported in the United States by the establishment wings of both the Democratic and Republican parties.

As the takeover of the United States by transnational corporations progressed, corporate profits soared, while working people became mired in unpayable mortgage, credit card, and student debt they have no means to repay. It became harder to find a meaningful and secure job at a living wage. Young people gave up expecting their lives would be better than their parents. Environmentally, we experienced increasingly violent weather events, contamination of water sources, and other environmental failures.

We the People of the United States never voted to yield our national sovereignty to transnational corporations. The world's wealthiest financiers and corporations used their wealth to buy our politicians, consolidate their control of our media, and assure the public that trade agreements, corporate mergers, and the privatization of public services will increase efficiency and bring peace and prosperity to all.

The public backlash against the proposed Trans Pacific Partnership (TPP) and the TransAtlantic Trade and Investment Partnership (TTIP) played an important role in the election of Donald Trump to the US presidency. Both proposed agreements are now presumed dead. Blocking these agreements could be a first step toward rewriting the rules of international commerce to support global cooperation among nations in strengthening national self-reliance and ownership consistent with the needs and values of an Ecological Civilization.

From Mutual Destruction to Mutual Benefit

The extreme dysfunction of the economic system the world must now move beyond is starkly demonstrated by how the China-US relationship unfolded as China embraced capitalism and the Western neoliberal economic model. The Chinese government took food from Chinese farmers in the countryside to feed low-paid factory workers in the cities. US capitalists jumped on the opportunity to have their goods produced by low paid Chinese labor, and moved production from the United States to China to produce goods for export back to the United States and other wealthy countries. This grew corporate profits as it eliminated once secure, well-paid US jobs

and drove growing inequality in both China—by raising the top—and in the United States—by lowering the bottom and wiping out much of the US middle class.

As China imported US jobs, it also imported the pollution that went with them. US air quality improved as the air in China's cities became life-threatening. To meet the resource demands of the products it exported, China colonized the resources of other countries—following in the footsteps of imperialist colonizers through the ages—including the United States—spreading increased global environmental burdens, inequality, and social instability throughout the world.

In the United States, we paid China for our imports with debt that we repaid in part by selling off our assets to wealthy Chinese. This in turn contributes to the skyrocketing price of housing in major US cities and fuels a global financial asset bubble that could collapse at any moment and bring down the entire global economy. The primary beneficiaries in both China and the United States have been the financial elites who reap the corporate profits generated at each step along the way.

Our two countries have a mutual interest in redefining this relationship. In the United States, we need to put our people to work meeting our needs with our own resources. China needs to do the same for its people so that its workers reap the rewards of their own labor. It makes no sense for Chinese people to work for a pittance generating life-threatening pollution and resource extraction to promote wasteful Western consumerism by producing goods for export that Chinese workers cannot themselves buy. If China and the United States could unwind this mutually destructive relationship and replace it with a relationship that works for people and the rest of nature in both countries, the resulting model could be a gift and inspiration for all the world.

For the Love of Money

We humans must choose between the love of life and the love of money. A choice for life would lead us to organize our national economies to maximize the health and well-being of people and natural living systems. We have instead chosen the love of money and organized national economies to maximize the profits of transnational corporations. The inevitable consequence is the destruction of life, the concentration of wealth, and widespread human suffering.

Much of what GDP counts as economic growth is simply the monetization of relationships and the related growth in corporate control of the means of living on which working people depend. On one side, these corporations control access to the essentials of living: from food and water to shelter, communications, education, and health care. Corporations then grant access to these essentials only to those who pay with money they can only get from corporations that control access to paid employment, loans, and investments. All except the very rich are reduced to lives of involuntary servitude.

This system works especially well for those corporations that control the creation and allocation of money, which is nothing but a number that banking systems can create in unlimited quantities with nothing more than computer key strokes. This control gives the institutions of the financial system potentially total control of the society. If democracy is to have meaning, [financial institutions must be wholly transparent, localized, and accountable to governments](#) that are in turn accountable to their citizens.

As wages are depressed relative to rising living costs, pressures mount for all able-bodied adult members of a family to increase their hours of paid employment to make ends meet. This means that more of everyone's time is devoted to paid relationships that grow GDP and less to family and community relationships that grow bonds of mutual caring. Instead of growing and cooking for our family, we buy food from corporate supermarkets chains and meals from corporate restaurant chains. Instead of caring for our own children and aging grandparents, we hire out their care to corporations.

GDP and corporate profits grow. Money becomes our ticket to means of living. Our love of life becomes a love of money and our life energy is consumed by a systemic demand to direct our life energy to making money for people we will never meet and who value us only as cheap labor and gullible consumers. Life itself loses meaning except for those precious and all too rare fleeting moments when we still experience authentic relationships.

Most of the corporations that now dominate daily life have shed any sense of national identity or obligation. They operate by rules of their own making and accept no responsibility for consequences for people and the rest of nature.

In the United States, as in many other countries, corporations buy politicians, avoid taxes, and take over the institutions of media and education to suppress independent voices. They pose an ever-growing threat to democracy, life and the future of humanity.

As a global species, we humans now have ample evidence that an economic system that prioritizes growing profits of transnational corporations does not work for people and Earth.

Managing the Household

The Neoliberal/Free market economics that currently guides global economic policy is an intellectually and morally flawed ideology posing as a science. Grounded in the logic of finance, it: 1) equates money with wealth, 2) values life only for its market price, and 3) assumes we each best serve society when we maximize personal financial return without regard for others. These three fundamental conceptual errors defy logic and moral sensibility. In practice, they lead humanity to celebrate the destruction of life to grow GDP as an act of wealth creation and the globalization of unaccountable corporate power as the advance of freedom and democracy.

Over the past nearly fifty years, the world has put the neoliberal ideology to the test. It failed and its credibility is fast fading.

We need a new economy—a living Earth economy—guided by a new economics grounded in a recognition of our essential nature as living beings born of and nurtured by a living Earth. These are basic truths affirmed by indigenous knowledge, Eastern philosophy, the mystical traditions of all major religions, the leading edge of modern science, and common sense.

We humans know how to make money; we must now learn how to live.

An authentic economics for an Ecological Civilization will be grounded in the scientific study of living systems and life's ability to create and maintain the conditions essential to its own existence. This economics will revive the quest of the much revered and generally misrepresented classical economists, including Adam Smith and David Ricardo.

The word ‘economics’ derives from the Greek ‘Oikonomia,’ which means ‘household management.’ In an earlier time, households were the primary units of production. We must now enlarge our vision to recognize Earth is our mother and her household as a meta-household to which we humans belong. We must learn to manage our relationship to her household with love and caring.

Neoliberal economists made placeless profit seeking transnational corporations the primary unit of economic organization. People, households, community, and Earth all disappeared.

In an Earth household frame, territorially defined nation states are the primary units of organization and national governments have an essential role giving voice to the interests of people and nature, setting priorities and market rules consistent with those interests.

A Living Earth (Green) Economy

We must rethink and recreate the global economy based on a recognition that we humans are living beings born of and nurtured by a living Earth. Life exists only in community. Real wealth is living wealth and money is just a number. Earth is a living organism—a community of life—our Earth mother’s living household.

The living Earth economy to which we must now transition must fulfill three essential conditions:

1. **Maintain a healthy balance and harmony between humans and the generative systems by which living Earth continuously renews herself.** Over billions of years, Earth has learned how to continuously renew her fresh air and water, fertile soils, forests, grasslands, and fisheries—constantly adjusting to maintain the chemical composition of her atmosphere and oceans and the stability of her climate and surface temperatures to meet the needs of ever more complex organisms. We must learn to meet our human needs in ways that simultaneously allow Earth to restore the full and sustained function of these essential systems.
2. **Secure for all people the essentials of human health and happiness.** No human created the generative systems of Earth’s biosphere and no human has the right to monopolize them. They must be equitably shared to the benefit of all. A healthy living Earth economy must assure every person access to a means of living a full and meaningful life consistent with their distinctive needs and abilities.
3. **Support a planetary system of self-organizing local bioregional community economies that meet conditions 1 and 2.** Life organizes locally. This is the key to the ability of living communities to quickly adapt to diverse and changing local conditions. Life’s extraordinary capacity for cooperative self-organization is exemplified by the human body—a community of living cells that self-organize as if every individual cell recognizes and accepts its responsibility to maintain its own health and vitality *and* to make its own distinctive contribution to maintaining the health and vitality of the whole.

The implications are daunting. We must reduce the global human consumption footprint from 1.6 times what Earth can sustain to 1.0 or less. That requires a reduction in total consumption and a reversal of GDP growth—exactly the opposite of what the existing money-centered, corporate-driven global suicide economy strives to do. We must also reallocate current consumption to

secure for each of Earth's 7.5 billion people the essential needs of a healthy and joyful life—exactly the opposite of the legal mandate of the current suicide economy's current dominant institutions.

To create and maintain essential system balance, our human decision making must mimic the localized decision processes of nonhuman living systems. These involve extremely complex interactive processes that the leading edge of science is barely beginning to understand. We do know, however, that localized decision making is a key to the ability of living communities to quickly adapt to diverse and continuously changing local conditions. This lessons of life's success must guide our human path to an Ecological Civilization.

New Rules

The rules of an Ecological Civilization are necessarily grounded in a recognition that without nature, there are no people, and without people, there are no corporations. This foundational truth has yet to receive more than passing recognition in the laws of any nation. Western law generally gives corporations more rights than people, and gives nature virtually no rights at all.

The laws of local, national, and global government must be rewritten to bring them into line with our fundamental human reality. Our laws tend to be organized around rights and responsibilities. Laws relating to humans and nature can be expressed according.

In an Ecological Civilization, nature will have rights. People—as self-aware, choice making beings— will have both rights and responsibilities. Corporations, which are purely creations of governments that themselves exist only to serve a public purpose, will have responsibilities for serving the common good. Each corporation must be accountable to the government that created it for serving a public purpose clearly stated in its charter.

The societal goals of an Ecological Civilization can be fulfilled only by a system in which corporations are accountable to democratically accountable governments. These goals are wholly incompatible with a system of global governance by transnational corporations accountable only to global financial markets for maximizing financial returns to the financial assets of absentee owners.

The system of global corporate governance must be dismantled as each nation moves to revise its own laws to secure the health and integrity of the natural systems within its territorial borders and assure the equitable allocation of the generative product of those systems to secure the health and happiness of all its citizens.

The Transition

The transition from a global suicide economy grounded in a failed neoliberal ideology to a living Earth economy grounded in ecological reality requires an ambitious cultural and institutional system transformation to:

1. Shift the **defining purpose of the economy** from growing consumption and financial assets to securing the health and happiness of all people for generations to come;

2. Shift **institutional power** from global corporations to the people of self-governing, self-reliant nations that self-organize to meet their needs within the limits of their own self-renewing resource base;
3. Shift **production-consumption systems** from global, linear, one time use-and-dispose resource flows to local circular resource flows that continuously renew and reuse materials, soils, water, nutrients, and energy; and
4. Shift the **ownership of productive assets** from global corporations and financiers to people who live in the communities in which the assets are located and who feel a responsibility for the wellbeing of future generations.

This transition depends on people of all nations mobilizing to demand that their national governments declare their independence from corporate rule. Once liberated, national governments can work together to dismantle the remaining institutions of global empire and replace them with institutions that support a global system of cooperating, self-governing, self-reliant bioregional communities.

National Self-governance, Self-reliance, and Global Cooperation

Let the wise words of John Maynard Keynes be our common guide:

Ideas, knowledge, art, hospitality, travel—these are things which should in their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and above all let finance be primarily national.

We need international exchange to advance mutual understanding, cooperation, and learning that speeds the transition to a global Ecological Civilization. And we need to freely share ideas, knowledge, art, and culture to enrich the lives of all. But the free international movement of physical resources, goods, and money is a different matter.

The people of sovereign nations best secure their well-being by maximizing their national self-reliance in meeting their own essential needs in perpetuity through the responsible management of their own resources. This potentially eliminates foreign debt, the use of military force to expropriate the resources of other nations, and dependence on stateless corporations to manage material and financial dependence and resource flows between nations.

National self-reliance increases overall system resilience. It reduces needless long distance transport of physical resources and manufactured goods and the related carbon burden on Earth's atmosphere. And it increases the incentives for each nation to manage its own resources sustainably. The result would likely be a blow to corporate profits. It would be a boon to people and nature.

Global Governance

We humans are now a truly interdependent global species. We must learn to manage that interdependence in ways that maintain essential system resilience while meeting the needs of all in harmonious balance and partnership with the whole of Earth's community of life. Life

organizes locally. To properly align the global economy with Earth's living systems, the living Earth economy must similarly organize as a system of cooperating local economies.

Global humanity currently has two competing systems of global governance: The UN system and the Bretton Woods system. The UN system was created to facilitate cooperation and the peaceful resolution of conflict among nations for the good of the whole of humanity. Its institutions are essential instruments of global governance. Unfortunately, they are generally weak and ineffectual.

The Bretton Woods institutions—the World Trade Organization, International Monetary Fund, and World Bank—have relentlessly championed economic growth as the primary measure of economic performance and advanced an agenda of rule by transnational corporations. They have led the creation of a world in which national governments compete in a race to the bottom for the favor of global corporations.

These two competing governance systems correspond to the essential choice I outlined earlier to organize the global economy either to maximize the well-being of living people and communities or to maximize the profits of transnational corporations.

A system of global governance devoted to the well-being of living people and communities will facilitate the sharing of information, knowledge, technology, and culture among countries. And it will minimize the dependence of individual countries on international trade and investment—especially trade and investment controlled by transnational corporations.

I see three top priorities for a system of global governance for an Ecological Civilization.

1. Dismantle the Bretton Woods institutions and revitalize, strengthen, and extend the UN system to support the sharing of information, knowledge, technology, and culture within and between national communities while minimizing dependence on international trade and investment.
2. Break up global, transnational and multinational corporations and restructure the pieces as national corporations accountable to the government and people of the national community that issued their respective charters. To secure the common interest, corporations must be subordinate and accountable to the governments that created them and each government must be accountable to the sovereign people whose interests it was created to secure.
3. Dismantle the global military establishment, rollback the production and international sale of arms, and advance the peaceful resolution of conflict between nations. The production and use of military weapons creates enormous social and environmental burdens while serving no beneficial purpose not better addressed in other ways.

Unwinding the excesses and structures of the suicide economy while navigating a transition to an Ecological Civilization—and doing it within the time that remains to us between now and environmental system collapse—presents the greatest challenge the human species has ever faced. It will require bold and intelligent leadership from all levels of society.

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David has earned MBA and Ph.D. degrees from the Stanford Business School. In his earlier career, he served as a captain in the US Air Force, a Harvard Business School professor, a Ford Foundation project specialist, and Asia regional adviser on development management to the US Agency for International Development.

His books include two international best sellers: *When Corporations Rule the World* (now out in a 20th anniversary edition) and *The Great Turning: From Empire to Earth Community*. He is also the author of *Change the Story*, *Change the Future: A Living Economy for a Living Earth*; *Agenda for a New Economy: From Phantom Wealth to Real Wealth*; and *The Post-Corporate World: Life After Capitalism*.

Thirty years working and living in Africa, Asia, and Latin America as an international development professional opened his eyes to the devastation of what he now calls the global suicide economy. His current work centers on defining a system frame for and path to a new economy in which life is the defining value and power resides with living people organized as living communities.

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