

Create Life-Centered Corporations

— Commentary on Corporations in the Crosshairs: From Reform to Redesign

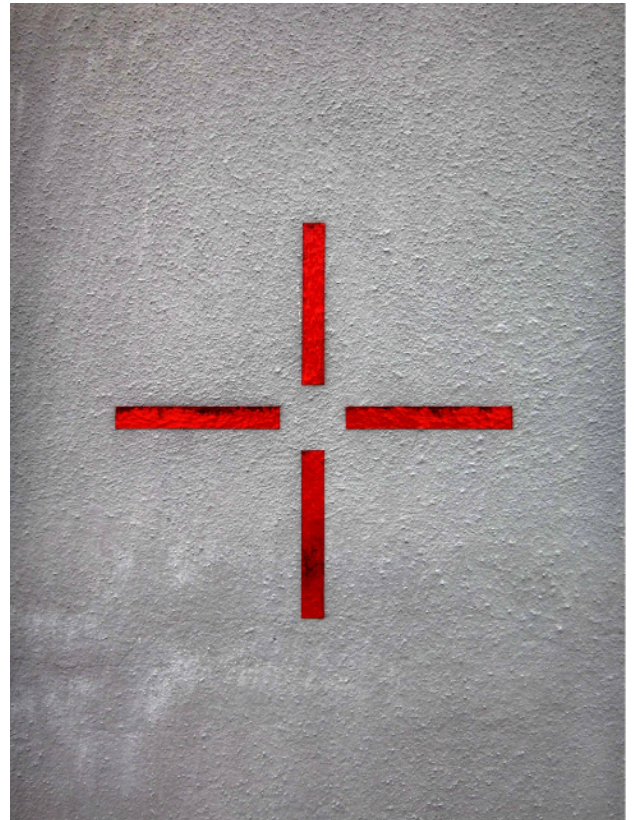
David Korten

Allen White's [paper](#) has started a much needed and long overdue discussion on the growing power of corporations and the essential need to deal with their abuse of that power.

We live in a world in extreme crisis. By the estimates of the Global Footprint Network, the human species currently [consumes at a rate 1.7 times](#) what Earth's regenerative systems can sustain. Yet billions of people face a daily struggle for survival that strips them of happiness and fulfillment of their human potential.

A growing concentration of financial wealth puts ever more political power in the hands of fewer and fewer people. According to Oxfam, [twenty-six billionaires](#) now hold personal financial assets greater than those of the poorest half of humanity (3.9 billion people).

This rapidly accelerating environmental and social crisis is a direct and predictable consequence of global rules that facilitate a concentration of economic and political power in corporations—rules that provide minimum accountability for the consequences of how they use that power to monopolize markets, evade taxes, and operate in whatever place offers the cheapest labor and least environmental protections.



As White correctly notes, appeals to corporations to exercise conscientious self-regulation do not work. The reason is simple. Mentally healthy living humans have a conscience. Corporations are constructs of law. They have no conscience beyond whatever responsibilities the law may require of them—backed by strict enforcement.

Corporations that are under the control of individual humans—rather than the financial markets—may act responsibly when those individuals possess a deep concern for the common good. Such corporations, however, are rare—at least among those of any consequential size.

Most large corporations are captives of financial markets that drive the pursuit of short-term financial gain with no concern for the social or environmental consequences. Not only do they fail to serve the common good, but they are also driving us all toward civilizational collapse. Indeed, they are driving us toward human self-extinction.

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These conditions create an imperative for urgent structural change. Fortunately, corporations are entirely human creations. Indeed, there is no equivalent in nature. If they do not serve our needs, humans have both the right and the means to change—even eliminate—them.

Corporate Purpose

White notes there was a time in the early United States when corporations were chartered only for a specific length of time to fulfill a designated public purpose, such as to build a bridge or a canal. The former colonies had fought a brutal war to gain their freedom from the abuses of imperial rule, including the state-sanctioned monopoly power of the British East India Company. They were acutely aware of the potentials for abuse of corporate power, and they wanted none of it.

Despite that early public awareness, corporate interests have been able to mount a relentless drive for power that has, over time, reduced US democracy to little more than an aspiration. Indeed, the United States has become a global driver of the processes by which global corporations pursue with impunity the destruction of Earth's capacity to support life. And ironically, they do so for the primary purpose of growing the fortunes of billionaires.

It is worth remembering that a corporation exists only when a government has issued a charter. There is no legitimate reason for any democratically accountable government to issue a corporate charter other than to serve a public purpose. Similarly, there is no legitimate reason why a corporation chartered by one government jurisdiction has any inherent right thereby to do business in any other jurisdiction unless granted that privilege by the people of that jurisdiction through their government.

That current law contradicts these simple truths is a consequence of corporate interests' ability to manipulate the legal system.

Current rules governing corporate conduct encourage and reward what should be treated as criminal behavior. Consider the following examples:

1. They allow corporations to reap the rewards of their decisions without bearing the full costs. For example, when they evade paying taxes, they evade paying their fair share of the costs of infrastructure, education, or other essentials of doing business.
2. They allow the corporation to assess value only in terms of financial costs and returns, thus ignoring the need to secure the health of Earth's regenerative systems on which all life depends.
3. They allow corporations to use their enormous financial resources and centralized decision-making to shape public opinion and pressure politicians to assure that laws favor corporate interests instead of public interests.

Calls for corporate responsibility generally assume that those who work for corporations, especially top management, are free to exercise moral responsibility on behalf of the corporation should they choose to do so. This ignores an

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important reality. Unless they own the corporation, those who lead a corporation only appear to be in charge. They serve only at the pleasure of financiers who compete

for control of any corporation that is not taking full advantage of opportunities to maximize profits—which often means externalizing costs.

Business in Service to Community

Science is coming to recognize what many indigenous people have long understood: life exists—can only exist—in diverse communities of living beings that self-organize to create and maintain the conditions of their own existence. The concept is captured by the South African term *ubuntu*, which translates to “I am because we are.”

This basic frame of how life organizes is demonstrated in a very personal way by the human body. For each of us, our body consists of tens of trillions of cells and micro-organisms that self-organize beyond our conscious awareness to create and maintain the vessel of our consciousness and the vehicle of our agency. On a far grander scale, the countless living organisms that comprise Earth's community of life similarly self-organize to create the conditions on this planet essential to life's existence.

The purpose of all human institutions—including corporations—must be to serve human well-being and the health of the planet on which we all depend.

Trying to set and enforce rules at a global level to force transnational corporations to serve the people and planet they were created and designed to exploit would be an exercise as futile as a call for voluntary responsibility. Any global institution created to implement such rules will be subject to nearly instant co-option by the very corporations it is created to control.

A better solution is to break up transnational corporations and restructure them in ways that assure community accountability. How this might be done to best serve the well-being of people and Earth is a topic worthy of serious discussion, with implications well beyond the corporation.

With few exceptions, humans have fallen into a pattern of organizing around hierarchical institutions that centralize power. Capitalism vs. socialism is a false choice specifically because both, as currently understood and practiced, centralize rather than distribute power. Thus, they diminish local control and responsibility and suppress essential local adaptation to changing local conditions. Electing the leaders who head those institutions is only a partial corrective.

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Our challenge in learning to function as a global society dependent on the health of a living Earth is to learn to organize as life organizes—within holonic structures that self-organize from the bottom up in response to constantly changing local conditions, with the support of higher system levels. It is a frame for which we barely have the language needed for a coherent discussion. Yet it is the way that life has organized since life first emerged. And it is the way we must now learn to organize.

The closest human approximations would probably be the organizational forms common to most indigenous societies. In the business sector of contemporary societies, they might be the varied forms of cooperative organization based on cooperative ownership.

The work of developing creative options would be a fitting challenge for schools of management interested in creating organizational models for the new human civilization we must now create together.

Useful links:

- The Jus Semper Global Alliance

Other selected contributions to GTI's "Corporations in the Crosshairs: From Reform to Redesign":

- Allen White: "Corporations in the Crosshairs: From Reform to Redesign" — Opening Reflections
- Álvaro J. de Regil: Why "Corporate Social Responsibility" Is a Hoax
- Jackie Smith: Human Rights, Not Corporate Rights
- Sandra Waddock: Time for a New Economic Narrative
- Allen White: Response to Comments
- For more contributions to this paper, [visit the GTI Forum](#):

- ❖ **About Jus Semper:** The Jus Semper Global Alliance aims to contribute to achieving a sustainable ethos of social justice in the world, where all communities live in truly democratic environments that provide full enjoyment of human rights and sustainable living standards in accordance with human dignity. To accomplish this, it contributes to the liberalisation of the democratic institutions of society that have been captured by the owners of the market. With that purpose, it is devoted to research and analysis to provoke the awareness and critical thinking to generate ideas for a transformative vision to materialise the truly democratic and sustainable paradigm of People and Planet and NOT of the market.
- ❖ **About the author:** David Korten is a political activist, prominent critic of corporate globalization, and former professor at the Harvard Business School. He is president of the Living Economies Forum, board chair of YES! Magazine, co-chair of the New Economy Working Group, and the author of several influential books, including *When Corporations Rule the World* and *The Great Turning: From Empire to Earth Community*. His work centers on defining a system frame for and path to a new economy in which life is valued more than money and power resides with ordinary people who care about one another, their community, and their natural environment. He earned an MBA and PhD from the Stanford Graduate School of Business and worked for thirty years in international development in Africa, Asia, and Latin America.
- ❖ **About this brief:** Originally published by the Great Transition Initiative (GTI) as a contribution to the forum: *Corporations in the Crosshairs: From Reform to Redesign*, on corporate redesign as part of the effort to envision a truly Sustainable World . Visit [Great Transition Initiative](#).
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