

Capitalism on the Eve of Disruption?

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A History To Both Esteem and Eschew

In a penetrating Jan. 2019 [Forbes](#) article, [B Lab](#) Co-Founder, Jay Coen Gilbert, traces the capitalism narrative back to the founding of one of the very first corporations, The British East India Company, around 1600. Since ships set sail with spices and textiles, the lure of profit maximization and the compulsion to grow, have motivated humans to achieve the unimaginable and participate in the unthinkable. An unvarnished accounting of capitalist activity over the last four centuries paints a Jekyll-Hyde balance sheet of both estimable accomplishments and inglorious misdeeds: from the steep and dramatic reduction of [worldwide poverty](#), to a shameful legacy of colonialism, land expropriation and [slavery](#). Over the last 400 years capitalist commerce has fueled an engine of hope and prosperity for billions, while also trafficking in darker trades of despair and death for millions.

How do we assess the impact of present-day capitalism, and more importantly, how do we discern where is it headed...and **how fast**?

Tectonic Plate Shift

According to the NOAA [website](#), earth's tectonic plates move toward and away from each other at an average rate of about 0.6 inch/year, the rate that human toenails grow. That is also the approximate rate at which the winner-take-all American Capitalist system is evolving toward a more enlightened and socially, ecologically and ethically sustainable version of itself - despite the robust efforts of organizations like [B Lab](#). B Lab's mission is attracting

and certifying **Benefit Corporations** dedicated to balancing Purpose and Profit. The following graphic and *Declaration* come directly from their website.



THE B CORP DECLARATION OF INTERDEPENDENCE

"We envision a global economy that uses business as a force for good. This economy is comprised of a new type of corporation - the B Corporation - Which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

- That we must be the change we seek in the world.
- That all business ought to be conducted as if people and place mattered.
- That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.
- To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations."

The **Conscious Capitalism** movement espouses values and principles (graphic below) similar to **B Lab**, promoting the idea of "*Profit for Purpose*". With over 50 Chapters and dozens more Communities worldwide, the **Conscious Capitalism** organization has been providing guidance to US corporations for over a decade.



But as we touched upon above, the capitalist institutional imperatives of profit maximization, shareholder enrichment and unfettered growth, impede the overwhelming majority of corporations from moving toward a more "conscious" approach to business. If the lofty and admirable goals of **B Lab** and **Conscious Capitalism** are to be achieved in our lifetime, something big needs to happen. There needs to be a catalyst, a precipitous event, a highly kinetic influence on the pace of progress.

Is it possible such a perfect storm of events and influences is upon us?

Kuhn, Gladwell, and Rapid, Disruptive Change

If you are familiar with the work of Thomas Kuhn (**Paradigm Shift**) or Malcolm Gladwell (**Tipping Point**), you probably have an appreciation for the transformative power of "*critical mass*" or a sudden change in the "*dominant underlying assumptions*" of a system. Whether that system be a social media phenomenon, a scientific theory, or a widely-held social or political belief, these gentlemen present compelling evidence that rapid, disruptive change can indeed take place where change was previously thought unlikely or impossible.

Take a few minutes to consider the list of *Issues* and *Influencers* below. Could we be witnessing the accumulation of "critical mass" and/or the sudden change in "dominant underlying assumptions" about how capitalism ought to work?

A Confluence of Issues and Influencers - Disruptive?

Pay Disparity - While there is no question that capitalism has raised billions from poverty all over the world, neither can there can be a question about the obscene multiples of CEO compensation versus average earnings of company workers. Pay disparity has even raised [concerns among some of the billionaires](#) for whom the system has worked so well. The expectation of most Americans is for capitalism to grow the middle class, create opportunities for wealth and provide a decent living for the many. Instead it has become the brass ring for the CEO-multimillionaire class, and the platinum ring for the high tech nouveau riche.

Millennial Ascendancy, Social and Financial - In his 2019 [letter to CEOs](#), Blackrock CEO, Larry Fink mentions the \$24 trillion shift of wealth that will take place from Baby Boomers to Millennials, the largest transfer of wealth in history. These are the same millennials who overwhelmingly (63%) believe that the primary *Purpose of Business* is to *Improve Society*, rather than Generating Profit. When you couple the imminent conveyance of financial leverage with the penchant for *Purpose*, the implications for disruptive change in capitalism should be clear.

2020 Presidential Politics - There is a growing call from 2020 Presidential candidates for a ["new kind" of Capitalism](#). Mayor Pete is calling for *Democratic Capitalism*. Elizabeth Warren has introduced legislation called the [Accountable Capitalism Act](#). AOC and Bernie are unabashed Socialists and they don't mind saying so. The Democratic party has moved [decidedly to the left](#) on the subject of capitalism vs socialism, and as the campaign heats up this call will likely gain momentum among the electorate. This [one](#) political phenomenon could push the "disruption" button and slide the entire capitalism discussion over the precipice.

The Dis-Engaged Workforce - According to Gallup's latest survey the American workforce is only 31% engaged at work. The other two thirds are either passive or actively disengaged. This means fully 2/3 of the potential for creativity and problem-solving is completely wasted and walks out the door every day. These are forms of "discretionary effort", which cannot be bought, coerced or demanded. The only way this vast treasure trove of potential strategic advantage can be opened is through inspirational, [conscious leadership](#), and that requires widespread, disruptive change. "Old" capitalism has no idea how this is done.

Climate Science - Much to the collective dismay of climate-change-deniers, it seems the body politic is moving decisively toward climate-change-acceptance. With deserts and semi-arid regions growing at alarming pace, hyper-storms and deluge rainfall events inundating huge swaths of geography, ice-caps melting, sea-levels rising, warm oceans killing off sea life, and worldwide crop-growing conditions deteriorating, there is an increasing awakening to the stark facts of climate change - and - Big Business is increasingly seen as a malign contributor to these events.

Poisoning our Oceans - It would be difficult indeed for any sentient being to ignore the garbage dump we continue to make of our oceans. Plastic waste is contaminating our seafood supply and killing off huge quantities of fish and sea mammals. There is growing awareness that

when our oceans die, we die. People are paying more attention to sustainability and recyclability in packaging. The loss of Chinese recycling options has set off a loud alarm in communities large and small across the county, as their local recyclers no longer accept glass or plastics. This issue will likely rise to crisis level in the foreseeable future.

Healthcare That Doesn't - Although many of the failures of the American healthcare system might fairly be laid at the feet of government, the American public is growing increasingly aware of the \$ Billions of **middle-man** profit flowing to the Insurance and Pharmaceutical industries. Anger and resentment are festering. People are tired of paying more, getting less and waiting longer. For-Profit Healthcare is on a count-down clock.

Concerned Billionaires Urge Reform - In a recent [article](#), NY Times columnist, Andrew Ross Sorkin wrote the following: "With democratic socialism ascendant and presidential candidates talking about raising taxes on the rich, [Ray Dalio of Bridgewater Associates](#) and [Jamie Dimon of JPMorgan Chase](#) have both recently said they believed capitalism needs to be reformed if it is to survive." In his 2018 and 2019 letter to CEOs, Blackrock CEO, Larry Fink, continues to emphasize the link between [Purpose and Profit](#), saying, "*Purpose is not the sole pursuit of profits but the animating force for achieving them.*" A recent Bloomberg article quoted Alan Schwartz, a managing partner at investment firm Guggenheim Partners as saying, "If you look at the right wing and the left wing, *what's really coming is class warfare,*" The last thing billionaires want to see is torches and pitchforks at their ivy-covered gates.

Disruption, Reformation, Revolution, & Apologies to "Flip" Sloan

In 1964 with the VietNam War raging, songwriter and member of the legendary "Wrecking Crew" studio musician group, P. F. ["Flip" Sloan](#), penned the iconic protest song, "[Eve of Destruction](#)". After being rejected by "The Byrds", the song was famously recorded by Barry McGuire. The song rose to #1 on Billboard - and the rest, as they say, is history.

The song makes reference to a *confluence* of a number of social and political *Issues* and *Influencers* in the mid-sixties, and it suggests a gathering moment of rapid, violent change. Radical change did indeed come. In 1964, the "Bloody Sunday" march took place in Selma, Alabama; within three years, Martin Luther King, and two Kennedys had been assassinated; the Democratic National Convention in Chicago ended in bloody, lethal protests; US Olympic athlete, Tommie Smith raised a black-gloved fist at the Summer Olympics; and the VietNam war was exposed as a collection of lies and was ended - after 58,000 American soldiers had died. Within a few more years, a President was impeached and then resigned.

Capitalism (complete with 400 years of warts and beauty marks) is under a social, [political](#) and ethical microscope. Critical mass is accumulating; dominant underlying

assumptions are changing; and the **New Theses** of Capitalist Reformation are being nailed to the Church Door.

Will American business heed, or wait for the torches and pitchforks to march down the street?

Please feel free to **reach out to me** on [LinkedIn](#) or at Altrupreneur@gmail.com if you would like to learn more. My blog can be found at [Altrupreneur.com](#). Click this link to learn more about **Conscious Capitalism in NE Ohio**, or **HERE** if you want to connect to **Conscious Capitalism International**. Original art, above, is the work product of **Debra Sue Solecki**, one tremendously talented artist! #leadership #altrupreneur #B Lab #consciouscapitalism #purpose #sustainability #profitforpurpose #greennewdeal #disruption