

THE LAURA FLANDERS SHOW

CATASTROPHIC CAPITALISM: MARJORIE KELLY & EDGAR VILLANUEVA ON “WEALTH SUPREMACY”

LAURA FLANDERS: There are certain moments when what today's guest calls wealth supremacy comes clearly into view. Like 15 years ago this week when the collapse of the investment firm Lehman Brothers triggered a global market selloff and ultimately a financial crash in the wake of which millions of people lost their homes. What happened after that? Well, governments mostly rushed to the rescue of the very banks and financial institutions whose recklessness had caused the problem in the first place. Trillions for finance, austerity for people. In moments like that, we get a glimpse of the power and precariousness of our system. Mostly it's invisible, but our system is biased. And capital bias says our guest is as cruel and deadly as any other kind. To change it, we have to see it. And that's what Marjorie Kelly's project is in her new book "Wealth Supremacy: How the Extractive Economy and The Biased Rules of Capitalism Drive Today's Crises." The book is out now from Berrett-Koehler Press. The book's forward, is written by Edgar Villanueva author of "Decolonizing Wealth" which we interviewed him about right here five years ago. We have a decolonizing project on our hands, these two guests say, and it needs to happen quickly. Kelly is a Distinguished Senior Fellow at the Democracy Collaborative and a longtime business observer, a member of the Lumbee people Villanueva is CEO of the Decolonizing Wealth Project and Liberated Capital. I'm very happy to welcome you both to the program. Well, let's start at the very top, Marjorie, what is wealth supremacy?

MARJORIE KELLY: Well, wealth supremacy is this cultural and structural bias toward wealth and saying the economy exists to create more wealth for the wealthy. That drives what economists call financialization, that there's too much financial extraction going on in the world. I mean, the Federal Reserve says financial assets are now five times GDP, and that's a burden on the world.

LAURA FLANDERS: Well, so let's talk a bit about that. First, I need you to contrast financialized capital, wealth, with the other kind, the kind that you are seeing, in projects and experiments around the world where things are more shared.

MARJORIE KELLY: Yeah, so what I mean is that economic activity exists to maximize returns to capital. That leads to financialization. And by the way, that is taught in business schools, it's embraced in corporations, it's embraced in financial asset management, it's really pretty much the norm of the system. You're supposed to maximize returns to capital. So what if we remove that capital bias from the system, then we can build an economy on what we care about. You can have community land trust, for example that says, "Being able to have an

affordable home is more important than extracting as much wealth as you can from it." You can have employee ownership trusts, which say, "Workers are going to own this firm. It's not going to be sold over and over and over again. It's going to be placed in in trust." And all of these things have models and they can begin to work together. And you can start to see what a different economy looks like at the local level. And it's beginning all over the world.

LAURA FLANDERS: You've used the language of colonialism and Edgar I want to come to you. Do you think that's a useful frame for this idea?

EDGAR VILLANUEVA: Absolutely. I think that's exactly what is happening. Historically that's how we got here. And those dynamics of colonization, which are all about extracting wealth from people through exploitation and the planet are the dynamics that continue to hold us in this paradigm of us versus them and poor versus rich. And it is the dynamic and the force at play that continue to make the wealthy, wealthier and continue to exacerbate the conditions that people in poverty are facing.

LAURA FLANDERS: But as you in your book Marjorie lay out, we don't talk about us versus them and some kind of cost conflict. We have all sorts of friendly language about materialization and fiduciary responsibility and value. You know, talk a bit about some of these myths these sorts of calming devices I think you might say.

MARJORIE KELLY: Yeah, so I look at a series of myths of capital bias of myths of wealth, supremacy that tell us, the way the system is functioning is entirely normal. It's necessary, it's benign. For example, the income statement, every corporation, every company views its activity through an income statement. And you have money coming in, money going out. And what the income statement tells us is that income to capital is called property. That's a wonderful term. We should have as much of it as possible. Income to labor is called expense, that's a terrible term. We should have as little of it as possible. And so designed into the very lens by which we view economic activity it says, "Pay wealth holders as much as you can pay labor as little as you can." And we see that played out every day. If it destroys the planet, if it damages workers or communities, it doesn't matter unless it impacts capital.

LAURA FLANDERS: Is it actually required legally for the shareholders or the governors of a corporation to create ever greater profits for the shareholders? You hear it talked about a lot fiduciary responsibility. 'We're really sorry if it does damage, but we are required to increase the profits of the company.'

MARJORIE KELLY: Yeah, well this is why I call it a myth, Laura because the myth is that companies are required to maximize returns to shareholders. There are law professors who I quote in the book who will say, "No, there is no such legally binding requirement on companies."

What it is is that there is a structural power of capital. They vote for the board, the board sets the CEO pay, the CEO is paid mostly through stock options. You know, probably 95, 98% of their income is stock options. So if they make shareholders wealthy, they become wealthy. If they don't, they're fired. That's not a legal requirement. That's a structural issue of power.

LAURA FLANDERS: As I read Marjorie's book I was just repeatedly struck Edgar, as I'm sure you were as you prepared to write the introduction by the kind of world turned upside down that it describes when it comes to values, human values, ecological values. As you see the problem, how do you describe it?

EDGAR VILLANUEVA: I think a big part of it is that folks don't know the truth about all of this. And what I really appreciate about Marjorie's book is that it is truth telling. It is adding to a chorus of voices that are really trying to enlighten us all on what's going on and what's been going on, and how these ideas and practices have been so socialized. The way that we dehumanize people, that we extract from the planet, that we exploit labor. These are processes and ways of being that have been in place for so long and none of us have ever lived in a world where this was not happening. And so to really begin to imagine a different type of economy or a different way of being or a different sort of orientation around money and wealth is really challenging for a lot of people. But I think that is the thing that's going to get us out of this mess is that we have to begin to imagine that there is another way possible.

LAURA FLANDERS: We can turn this around. There have been people talking about our need for new metrics for many years. I'm reminded of Robert F. Kennedy back in the '60s speaking about what we don't count and value when we don't think about really what makes our lives worthwhile. Here's such a snippet of that speech.

ROBERT F. KENNEDY: Too much and for too long we seem to have surrendered personal excellence and community value in the mere accumulation of material things. Our gross national product now is over \$800 billion a year. But that gross national product, if we judge the United States of America by that, that gross national product counts air pollution and cigarette advertising and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts for the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and it counts nuclear warheads and armored cars for the police to fight the riots in our cities. Whitman's rifle and Speck's knife and the television programs which glorify violence in order to sell toys to our children. Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything in short except

that which makes life worthwhile and it can tell us everything about America except why we are proud that we are Americans.

LAURA FLANDERS: Beautiful video courtesy of Glaser Progress and the Children's Defense Fund, it's been a long time 60 years Marjorie since Robert F. Kennedy made that address. Why is it so hard to make this kind of change?

MARJORIE KELLY: We're not measuring and counting the right things, Laura. I mean, for example, if wage income creeps up a little bit, we say that's inflation. We need to tamp it down. Well, financial assets are now five times GDP they have inflated over decades. They used to be equal to GDP. That is the very definition of inflation. But we don't even count that as inflation. We need to reign in financial asset inflation. And it starts by measuring it.

LAURA FLANDERS: Edgar I'm also thinking of what Indigenous nations, tribal governments and others are doing to try to enshrine in some kind of law the rights of nature and what they're up against. Are you involved in any of that, Edgar? Can you talk a little bit about the challenge there?

EDGAR VILLANUEVA: We at Decolonized Wealth Project are involved in a number of efforts. We have funds that are supporting tribes to establish their own land trust so that they can maintain sovereignty and ownership of land. And we all know that that land is wealth. We are supporting a movement for reparations that both in the Black community and Indigenous communities to support movement building and organizing around holding the government accountable, local governments as well as federal government accountable for the injustices of the past. We do need to address a history of white supremacy that has led to a lot of these economic issues that our communities face. And to prioritize and to specifically name and identify communities like Black farmers who have suffered the most and to privilege resources to help them is an act of repair. And that's what our work is all about is really lifting up reparative types of actions and policies that can address this wealth and inequality that we're talking about today.

LAURA FLANDERS: When it comes to things like water, we're in a situation where we have to make some very serious choices. And you lay some of those out Marjorie in the book "Wealth Supremacy." What are you thinking of?

MARJORIE KELLY: This is a frightening story. Natural Asset Companies, these were formed a couple years ago on Wall Street and they want to go out, big capital wants to own ecosystem services if you can believe such a thing. So we're talking about forests we're talking about, sea grasses. We're talking about all kinds of ecosystem services that capital wants to own and they say they're going to create conservation. What they're really going to do is create wealth in the

hands of the few and charge exorbitant amounts for water, for example, in order to increase the wealth of the few by extracting from the rest of us.

LAURA FLANDERS: And the alternative?

MARJORIE KELLY: Well, the alternative is community ownership and control of water. And the good news is that 85% of Americans now have community controlled water. And we want to keep it that way.

LAURA FLANDERS: I mean, to me that story really drives home as do the stories of Indigenous nations talking about the rights of nature. How big the culture shift needs to be? You worked for years with good business people. Business people trying to do business better and differently and capitalism more kindly and carefully. What were your conclusions from that? Can we make capitalism gentler?

MARJORIE KELLY: I was at Business Ethics as the president there for 20 years, and while I saw two things happening and one was more socially responsible business rising, we had Corporate Social Responsibility Departments, you had business ethics vice presidents in corporations, you had socially responsible investing. So all of this was growing, but at the same time, corporate behavior was getting worse. Layoffs were becoming massive, plastics were filling the ocean, so everything was getting worse. And even though, all of these people were saying they're making companies better and what I realized is that we hadn't yet reached into the DNA of the beast. We hadn't affected the core driver which is to maximize returns to capital. That's what we need to get to. That's still taught in business schools that's enforced in the courts. It's assumed in investment management. We need to challenge that core norm. And that's what it means to get beyond capitalism.

EDGAR VILLANUEVA: It's hard. I do think there are things that can happen right now within this system to make us kind of begin to move things forward. But ultimately we do have to shift this entire system and recreate and rebuild because the economic system that we have which is capitalism, was completely founded upon the enslavement of Black people in this country. That is our, the blueprint for our economy. And I don't know how to take racism and harm out of that existing system without completely imagining a new system that is not created and commodifies the labor, unpaid labor of folks and actually the bodies of people historically.

MARJORIE KELLY: There's a sentence that people like to quote which is that, "It's easier to imagine the end of the world than the end of capitalism." And I think that we need to start there. That if we really believe that is true, we're in trouble because that is, the system relies on us to believe that, 'oh, don't really try to change it, you can't change it, it's just human nature.' No, that simply isn't true. It's not the only way to design an economy. We democratized government,

we've never democratized economics, we haven't democratized property. We're learning how to do that and I think that's where the future lies.

LAURA FLANDERS: We've done some reporting, Edgar on collaborative asset management in Indigenous hands whether it's in The Dakotas or in the Yellowstone Park. What do you see out there that's giving you a sense of optimism that we can do these things differently and what can perhaps we learn from the decolonized minds of the Indigenous people out there?

EDGAR VILLANUEVA: What we're seeing in our work at Decolonizing Wealth Project that is really inspiring that relates to all of this one is our work around reparations and folks understanding that just good economic policy is not enough to begin to address this issue. Policy got us in this mess and we do need intentional policy to get us out of this mess. But we also have to consider redistribution because poverty is the product of policy, but it's also the product of theft where wealth has been taken from our communities. When people of color have participated and follow the rules of capitalism and have built wealth like in Tulsa. Even then because of racism that wealth has been obliterated. And so to begin to address closing and addressing the inequality we have to also think about redistribution. We're working with a number of foundations and donors who are doing more than just kind of making nice grants and prioritizing communities of color in their grant making but also are looking at redistribution like actually handing over sort of in the spirit of repair funds and trust and assets back to communities, trusting us to use those resources in a very self-determined way.

LAURA FLANDERS: We are all, many of us in institutions, financial institutions that invest us, whether we like it or not, in harmful economic enterprises. If they're investing their money in fossil fuel corporations or in funds that are invested in the kind of financial structure that you're talking about that's not making anything but just gambling on the stock market. So how do you tell somebody to give up on that, to look a different look to a different place for their sense of return and value and self worth?

MARJORIE KELLY: What I'm pointing to in this book with "Wealth Supremacy" and with financialization, that is a problem as large as climate change. Let's not kid ourselves how big this is. We're talking about a major civilization shift. And so I think it has to begin with recognizing the scale of the problem, the nature of the problem that there's too much extraction going on by finance. I don't think that's recognized very widely and we need to start by recognizing that in the same way that we recognize climate change and are we're all complicit in climate change, right? We drive our cars, we set our thermostats, we're all complicit. And it's very frightening when you recognize that and you begin to think, well, what do we do about this? It's the same with finance. I'm invested in a stock market and probably everyone here is, you know, you can't get away from it. But we can take steps and I think waking up is where it starts. And then we need thousands of brilliant minds working on this. That's how big the problem is.

LAURA FLANDERS: If you're not invested in the stock market the bank you use probably is. Edgar, what are you prioritizing right now?

EDGAR VILLANUEVA: The work that we try to focus on at Decolonizing Wealth is really around healing. And so a big part of our work is naming the truth, grieving the truth of what it is and working on ourselves as human beings to take the steps that we can using our power to heal from the the legacy of trauma connected to all of this that has led to these issues. What we need here in addition to good policy, good ideas, we need a spiritual revolution of healing that is going to change us and shift us in imagining how we treat each other. And that's grounded in people and relationship with people and the planet. And to move away from a western worldview of hoarding resources and scarcity mindsets and fear to one of abundance and knowing that we all have more than enough to share. And if we can begin to do that in some small way, my hope is that we can have a multiplier effect and get to a different place where we're at least doing less harm to each other in the planet.

MARJORIE KELLY: I'm just so gratified by what you just said, Edgar. I think it's so powerful. This is a spiritual revolution. I think it's where it starts.

LAURA FLANDERS: I like to end these conversations by asking my guests about the story they think the future will tell of now. And maybe I'll start with you Edgar. What do you think is the story the future will tell or maybe is already telling of now?

EDGAR VILLANUEVA: I'm just reminded this week of you know hottest summer in history and the direction that we're all moving and all of the research and that has come out around that we only have like 10 years left. So I hope the story of the future is that we're still here, that we're thriving, that we have found some way to survive this apocalypse of climate change and that we find new ways to use wealth and money that is in service to our own survivability and sustainability. And I know that the path there is that folks are going to begin to listen to and follow the leadership of Indigenous folks who have been here before and have survived for a long long time through our ways of being and seeing the world. And so I think that story is that we're going to center that worldview and perspective as the path forward for all of us.

LAURA FLANDERS: And what about you? What do you think Marjorie?

MARJORIE KELLY: Well, I think the story that we'll tell is of a tremendous period of breakdown of the rise of authoritarian government as people are frightened and they're searching for strong leaders. Through this period of breakdown, my hope is that the story will be one a breakthrough and we will breakthrough. There will be a movement that comes together of Indigenous people and people of color and women and impact investors and working class

people. And we will form the kind of movement that can demand and create the democratic economy and so that we can begin to build this different civilization and survive and hopefully thrive on this very different world we're going to find ourselves in.

LAURA FLANDERS: Thank you so much both of you for being with us.

EDGAR VILLANUEVA: Thank you so much.

MARJORIE KELLY: Laura, thanks for having me.

LAURA FLANDERS: It's a great book. I encourage people to check it out, "Wealth Supremacy: How the Extractive Economy and the Biased Rules of Capitalism Drive Today's Crises," Yay to Berrett-Koehler for publishing it. We will have much more information about this subject and our stories related to it in our archives at our website. Thanks for joining us. At work in extractive capitalism, writes Marjorie Kelly. is a whole lot more than just personal greed. It's an entire worldview, a habit of mind so pervasive as to be invisible, she writes. We can see procapital bias as akin to sex or race bias, but it's not just an attitude, she explains. It's a whole way of organizing our society to privilege capital and wealth creation and extract value from all the other aspects of life to channel it towards that kind of value without values. What's made invisible is human life, natural life, our needs, wants and desires. The pain of all of that and the cost of it is growing. But the good news is there is a major rethink underway. In cities from the UK to Scotland and Amsterdam and Chicago to New South Wales in Australia, communities are considering what it would be to put the social, put the human, put the natural world at the center of their decision making and we're going to be covering those stories in a collaboration with the Bioneers Podcast and Radio program. "The Laura Flanders Show" is producing a series on a next systems model called Community Wealth Building. You can find out more about that right here and we'll make available a new handbook for community wealth building advocates through our website. So don't forget to sign up to our free podcast and join with us in these programs in the weeks and months ahead. For "The Laura Flanders Show," I'm Laura. Thanks for joining me. Until the next time, stay kind and stay curious.

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