

THE  
PRACTICE  
OF  
PURPOSE

*Exploring Elements of Life,  
Meaning, and Impact*

BONNY MOELLENBROCK  
AND JED EMERSON

*A Companion to*

THE PURPOSE OF CAPITAL: ELEMENTS OF IMPACT, FINANCIAL FLOWS, AND NATURAL BEING

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THE PRACTICE OF PURPOSE:  
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## FOREWORD

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# THE GREAT PAUSE

**W**E HAD INTENDED TO RELEASE *THE PRACTICE OF PURPOSE: EXPLORING ELEMENTS OF LIFE, MEANING AND IMPACT* IN MARCH OF 2020, BUT AS WE FINALIZED THE TEXT OUR WORLD WAS LITERALLY TURNED UPSIDE DOWN.

A virus that started in one part of the planet spread around the world. The rolling wave of infection forced us to shelter in our homes, bringing the economy to a screeching halt and breaking us all out of the rut of routine.

The experience of watching the virus extend across the vastness of the globe while our personal worlds became smaller and smaller pushed many of us to reflect upon how we have been living our lives, calling into question:

- The perceived urgency and importance of our work.
- Our understanding of what is “essential”—financially, economically, and interpersonally.
- The assumptions we held concerning material wealth and personal identity.
- The idea we might pursue our goals and ambitions separate and apart from those of neighbors and ecosystems.
- The way we had thought about economics, community, family, and, in many ways, not simply our daily, economic lives, but of life itself.

Some have responded as they did in the last financial crisis, with a doubling down, a renewed commitment to the path they were already taking. We must first defend us! Raise the drawbridge, as it is only our nation, state or community that matters!

Some companies and politicians<sup>1</sup> have taken the crisis as an opportunity to promote and lock in their agenda of exploitation and environmental destruction to their own benefit, as others were dazed and confused with regard to the order of the day.<sup>2</sup>

And if one listens to the mainstream press, one might think that all that matters is how we get back to where we were - how do we return to “normal”?

Yet others have realized the disruption brought by the virus—even with its profound pain and confusion—may be something of a gift to us. COVID-19, by stopping all that was, gives us a unique moment to reassess our direction, and chart a new path forward—away from the destruction of the planet and our selves, toward a renewal, a reengagement with first principles, a reconnection of our lives with what we each might believe is what truly matters, regardless of the specific words and practices with which we describe it.

There is certainly no shortage of ideas for what this moment may mean for the future of our world.<sup>3</sup> For some it is an opportunity to do capitalism differently,<sup>4</sup> while for others it is an opportunity to completely redesign our economic and social systems.<sup>5</sup> Daniel Christian Wahl describes it as an opportunity for a “phase shift” in our thinking and action.<sup>6</sup> Others see in the breakdown of the current, global economic system opportunities to build greater local resilience in our food and energy systems.<sup>7</sup> And still others have offered visions of how that world will be different<sup>8</sup> or proposed the central principles by which we might embrace its reconstitution.<sup>9</sup>

But before moving forward to rebuild our world there is an opportunity we need to avail ourselves of:

### *The opportunity to simply stop*

For those of us not on the front lines working to address the immediate crisis of the virus or deemed essential workers, our response to the pandemic has placed us in a position between action and inaction, between thought and deed, between being and becoming. In the face of the pandemic we must, of course, act—there are people who are ill, people in need of food, people in need of income with which they survive and without which they may end up financially destroyed and homeless—and yet we are also called to be still, to stay home, to do nothing in order to later be well enough to do something, to rebuild, to help heal our collective break, to renew not only our own selves, but our families, communities and world.

How many of us will truly take the opportunity to do just that? To reassess our understanding of who we are and how we connect? To reengage with the reality of inter-connectedness and reflect upon the many and profound links between Self and Other, to appreciate yet again there is no separation, but rather we are one not simply in a metaphysical or spiritual sense but in reality, in the very real terms

of how we are in the world, physically. As Robert Gilman said in a recent conversation, *From the point of view of the virus, we are all one body*. There is no private salvation, and wealth offers only temporary respite from the reality of our interconnection.

Out of this pause, may there come a new appreciation for how we might use our money, our capital and our resources to attain new ends in new ways more consistent with that about which we truly care; our health, to be sure, but also our relations with family and friends and neighbors, our connections with all animals and Earth, our connection with our own Self, for, after all, it is most likely this virus was birthed in a market, a place of traditional trade where we exercise humanity's presumed dominion over nature.

While this moment has been described as The Great Shut Down, as I and others have observed, perhaps it may come to best be described as The Great Pause; in our context, the pause point at which millions of people the world over were forced to stop their lives as they knew them, step back to sit and reflect upon the nature of those lives, the structure of our economic order, and the relation of our selves with each other and the natural world. As some have asked, what if the virus “is the medicine” we seek to heal our planet?<sup>10</sup> What if all this silence could help us live a better life?<sup>11</sup>

This is a moment of pause that is truly pregnant with possibility. As the Buddhist Economist, Ernest Ng, writes:

These risks [of COVID-19] can perhaps be best understood from a Buddhist perspective: are we brave and wise enough to rebuild trust, conquer the fear inside us, and reprioritize what is most valuable to us? Hence, instead of giving up our freedom and social and moral capital for protection, could we be truly fearless and free. Instead of needing to worry about survival, we can spend quality time with one another—united together in the pursuit of something uniquely precious to humankind and the ecosystem?<sup>12</sup>

Yet we must also acknowledge that it does not require a global pandemic to take the opportunity to pause. This guidebook is offered as a tool to assist you in making the most of your own pause, however and whenever you experience it.

Perhaps it is how you come out of The Great Pause offered by this global pandemic.

Perhaps it is the pause created by your receipt of an inheritance or new position of fiduciary duty which forces you to step back to reassess what is possible and what your own role might be in advancing that possibility into reality.

Or perhaps it is simply where your own life has brought you at this time; looking, questioning and searching for more than what you may have understood to this point.

And while we do not know the ultimate impact of his death, as we complete this project comes word of George Floyd's death at the hands of local police and the rise of community voice demanding justice for not only him, but for hundreds of others. As thousands around the globe mobilize to create a more just world, the need for personal reflection and change comes in concert with the need for social, political and economic change as well. At the same time we step up to act, we must step back to reflect upon how we must now remake our world and our very selves.

However you came to this moment, we wish you the very best in your reflection. This guidebook is offered as a tool, a set of questions to assist you in gaining a deeper understanding of what matters most to you. We hope it is helpful in your process of reconnecting, of going deeper, of taking a break from your life in order to more clearly see what you seek and how best to pursue your goals for your self, your community and our world.

J E D E M E R S O N

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## INTRODUCTION

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# BEGINNINGS

**M**ANY OF US ARE CHALLENGED BY THE ROLE MONEY PLAYS IN OUR LIVES TODAY AND THE IMPACT OF THE GLOBAL, CAPITALIST FINANCIAL SYSTEM ON SOCIETY AND ENVIRONMENT. FROM WEALTH DISPARITY, TO ECONOMIC UPHEAVAL ASSOCIATED WITH ACCELERATING TECHNOLOGICAL CHANGE, TO THE CLIMATE CRISIS AND POLITICAL POLARIZATION AND INSTABILITY AROUND THE WORLD, WE ARE CONFRONTED DAILY WITH SIGNIFICANT AND GROWING CHALLENGES; FINANCIAL CAPITAL PLAYS A CRITICAL, IF NOT CENTRAL, ROLE IN ADVANCING, SUSTAINING OR ADDRESSING THEM ALL. AS A RESULT, OUR INDIVIDUAL AND COLLECTIVE UNDERSTANDING OF THE PURPOSE OF CAPITAL, AND THE CAPITALIST SYSTEM ITSELF, IS BEING QUESTIONED FROM MULTIPLE PERSPECTIVES.

Jed Emerson, a pioneer in the theory and practice of the field now known as impact investing, has spent decades exploring how money may be used to generate more than financial returns. In 2000, Jed introduced his concept of “Blended Value,” which is the idea that value is fundamentally whole and non-divisible, consisting of component parts of what is social, economic and financial; and that this value is present in both organizations and capital. This vision has inspired many to pursue a more holistic approach to the use of capital and management of organizations.

In 2016, as impact investing gained increasing traction in the financial mainstream, Jed took a step back, embarking on a 3-year journey of reading, exploration, and reflection to dig even deeper on the role of capital in our lives. The concept of blended value acknowledges the fundamental wholeness of value, but how did we get divided in the first place? How was it that we came to think we might

advance economic value in the absence of consideration of social and environmental value? Where did the dualistic idea that one had to choose between nonprofit and for-profit, grantmaking and investing or, quite simply, doing well or doing good, originate? His book, *The Purpose of Capital*, shares this experience and reflection, with the goal of inspiring others to undertake a similar journey.

This guidebook, *The Practice of Purpose: Exploring Elements of Life, Meaning and Impact*, is offered as a companion to *The Purpose of Capital*, distilling the ideas discussed and helping readers step back and reflect on the role capital has played—and continues to play—in our own lives and society, and the role capital might play, if integrated with purpose, to create deeper meaning and positive, mutual impact.

Each section in this guide identifies key concepts in the text and provides questions to reflect upon individually and/or discuss with a friend or group engaging in this process together. While in general this document mirrors the chapters of the original book, we have opted to consolidate some chapters into single sections we feel allows for better flow in exploring the concepts presented in the book. This guide includes extensive quotes from the original book, *The Purpose of Capital*, and these quotes are followed by page number references to the hard copy version of the book. If you are working from the digital version of the book, please simply enter a few key words from the passage into the search field of the ebook to find the citation, since the ebook copy of *The Purpose of Capital* does not include page numbers. Quotes in the guidebook which may be from non-*Purpose of Capital* sources will have a footnote citation for the reader's reference.

We encourage you to use this guidebook to help you dive in and wrestle with these concepts and ideas, coming to your own understanding of capital's purpose in your life and our society. While we aim for this guide to be helpful in understanding the larger text, it is not meant as a replacement for the original book. Indeed, we hope it will inspire you to dig more deeply into *The Purpose of Capital* as well as the many original sources and references included in the book (and those discovered on your own!), especially where the ideas particularly intrigue or challenge you.

We also hope you will be inspired to discuss these ideas and your reflections with others, whether a friend(s), colleagues, a book group, a church group or an impact investing study group, casually or with deliberate process. We sincerely believe these conversations and resulting actions are necessary to shift from a society in the service of capital to one that realizes financial capital's potential as a tool for attaining our broad goals of life and meaning.

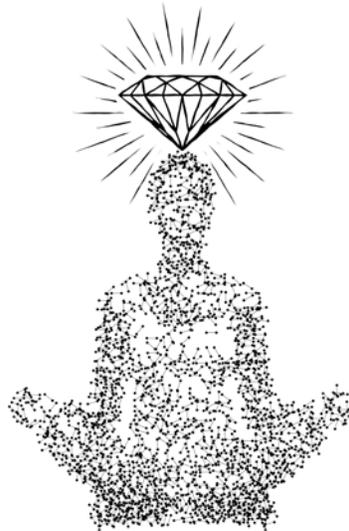


# *Opening Questions for Reflection*

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AS YOU BEGIN THIS JOURNEY, TAKE SOME TIME TO CONSIDER:

- ∞ What brings you here—what makes you want to explore the purpose of capital?
- ∞ How would you describe your financial status in the context of mainstream expectations and measures? How is the current system “working” for you – or not?
- ∞ How would you describe your relationship with money? What feelings arise when you think about it—stress, satisfaction, frustration, accomplishment, guilt, pride, other emotions?
- ∞ What key questions or hopes come to mind for you as you start this process?

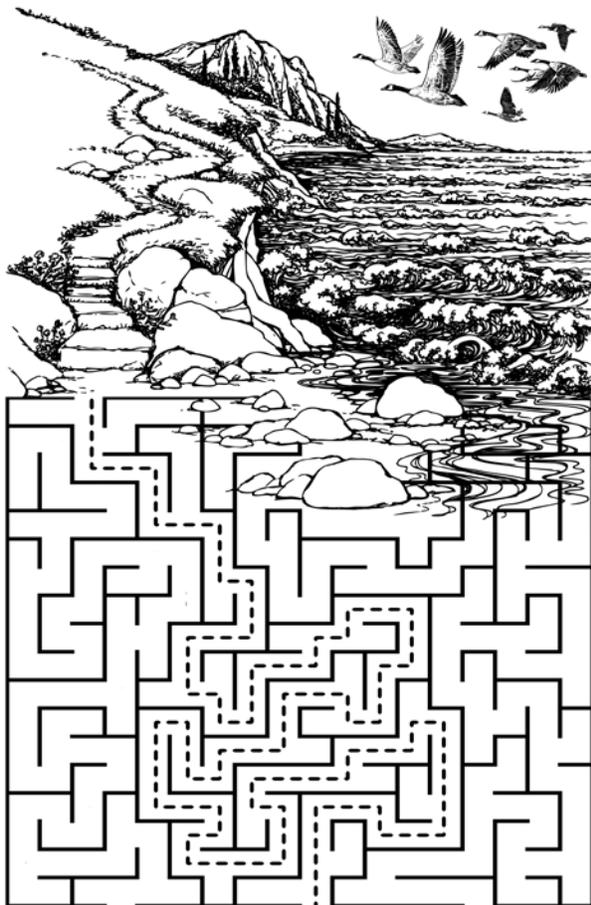




## SECTION ONE

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# IS THIS WHAT WE WANTED?



**W**E HAVE BECOME SEPARATED FROM CAPITAL AND ARE NOW AT ITS SERVICE, AS OPPOSED TO IT SERVING US, WHEREIN OUR RELATION WITH CAPITAL COMES TO DEFINE OUR UNDERSTANDING OF SELF, OUR VALUE RELATIVE TO OTHERS, OUR HAPPINESS AND PERSONAL SATISFACTION, OUR PROSPECTS WITHIN THIS SOCIETY, AND THE FUTURE PROSPECTS OF OUR CHILDREN. (P. 1)

# OVERVIEW

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In Chapter 1, *Why Care About the Purpose of Capital?*, Jed makes the case for an exploration of capital's purpose and introduces concepts that will be explored further in following chapters. He recognizes how “human societies are now dominated by financial capitalism” and the implications of that dominance, reminds us that financial capital is a social construct, discusses his evolving understanding of purpose through his life and pursuits, and reflects on the value found in questions and exploration, rather than in the answers.

## GOALS FOR THE READER

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- ∞ Understand why this inquiry is relevant
- ∞ Become aware of mainstream America's cultural (and your own culture's) assumptions and values around financial capital and ways of knowing
- ∞ Reflect on the role that capital plays in your own life, especially how it can create or detract from meaning

*At its core, the notion of capital is itself a social construct and not an objective, economic rule of law operating beyond our societal bounds. It is a phenomenon that over scores of centuries has been spun out of our consciousness and collective experience, to become its being and force, acting upon each of us as individuals and all of us as a global village. Over the course of those centuries, many of us have lost sight of the fact that our approach to the nature and purpose of capital may be changed, expanded, refined, and applied in new ways not only in our own lives but within those of our families, communities, nations, and world. (p. 2)*

In many ways, capitalism, and our assumptions around it, have become an invisible frame for how we view and value the world. Within this invisible frame, we have allowed capital to turn the table and become the driver and measure of human endeavors. The result is an unsustainable economy that is operating at the service of capital, generating human and environmental harm. It seems many have forgotten, or perhaps never even considered, that the concept of capital is actually a social construct, created by humans as a tool for economic activity, meant to be our servant rather than our master.

#### *Questions for Reflection*

-  What financial assumptions, concepts or beliefs have you absorbed from your family or upbringing? What experiences or situations shaped those attitudes?
-  What assumptions about economic or financial concepts have you been explicitly taught, for example in economics, civics, or business classes?
-  How have your experiences influenced your attitudes towards financial concepts? Did they support or challenge your absorbed or learned assumptions?
-  Have you ever questioned the primacy or dominance of the financial capitalist system? If so, when and why? If not, what is your reaction to Jed's questioning of this dominance in this chapter? Is it challenging and/or does it resonate with you? Why or why not?

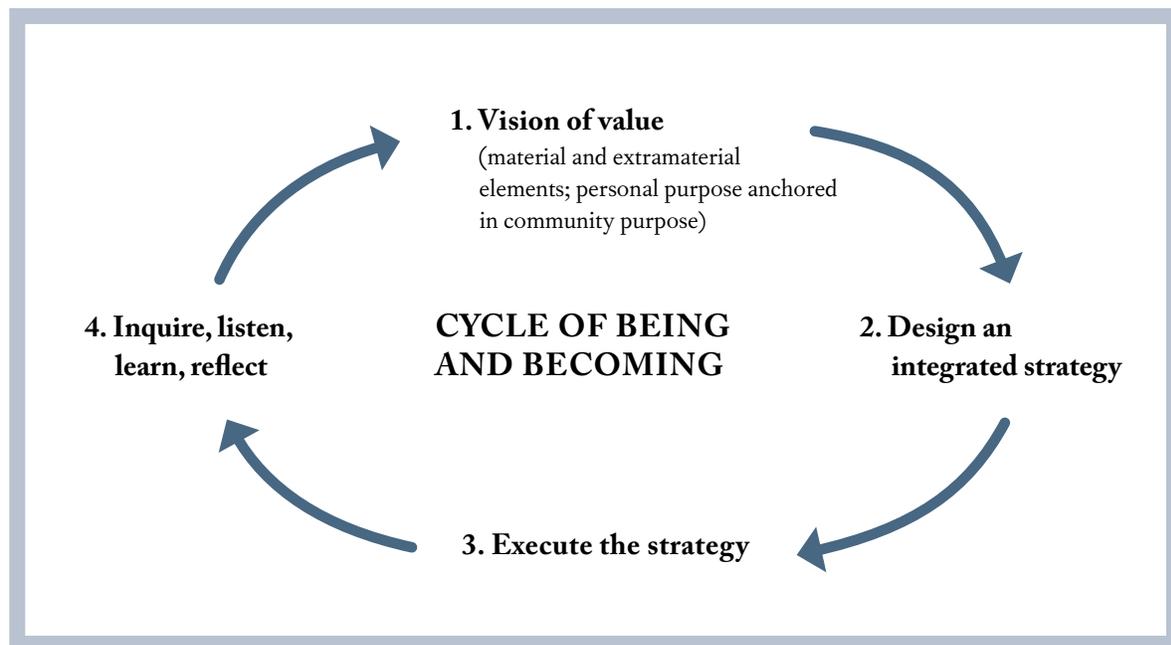
## KEY CONCEPT

### THE PROCESS OF PURPOSE: PATH AND PRESENCE *(Pages 3 – 16)*

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*We do not have to accept the definition of capital's purpose as developed in the last four centuries and which we have enthusiastically bought from Wall Street's firms of finance. The purpose of capital is about more than monetizing the economic opportunity represented by the mainstreaming of interest in sustainable, responsible and impact investing. The quest to discern the real purpose of capital is about each of us going deeper. That is, to seek to explore what capital is, the elements which make up its constitution and how we may work together to realize financial capital's potential as a tool for attaining our broad goals of life and meaning (p. 2)*

Jed argues that the way forward will not be found by blindly following experts or waiting for academia to determine the answer, but by first learning about the ideas and practices of those who have gone before (these ideas are not new!) and taking time to identify our own vision of impact to guide our efforts. With that awareness, we can move forward, engaging thoughtfully in the practice, and adjusting as we go and learn. Jed calls this a (continuous) Cycle of Being and Becoming:



Such an ongoing, cyclical process takes effort and commitment, as it is contrary to much of Western culture's linear perspective on time and progress. We have been acculturated to focus on the future, assuming everything is moving on an upward trajectory, driven forward in time by our own efforts, toward a new and better answer. Western culture in general, and the business world in particular, tends

to value youth, innovation, action, material evidence, and answers over wisdom, reflection, personal experience, intuition, and deep inquiry into the fundamental questions of our lives. In doing so, we lose important sources of knowledge and inherently discount the perspectives of those not versed in the logical, numbers-focused language of business.

### *Questions for Reflection*

🧩 Pause for a moment and think about Jed's suggestion to reflect and develop a vision of value before acting. How does that make you feel? Anxious? Impatient? Relieved? Other? Why?

🧩 In your experience, which does your workplace or community value more (or does it value both equally?):

- Innovation or tradition?
- Expertise or inquiry?
- Youth or wisdom?
- Logic or intuition?
- Action or reflection?
- Theory or experience?

How have these preferences been helpful to your goals or efforts? How have they not been helpful to your goals or efforts? Can you think of examples or imagine how balanced use of these qualities would enhance your efforts?



## KEY CONCEPT

### THE IMPACT PARADOX (Pages 16 – 35)

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*There is a central challenge in this effort to “do well and do good” in that at its core is a commitment to making use of the very financial tools that have failed to create a just, equitable and sustainable world in the pursuit of creating a more just, equitable and sustainable world. (p. 16)*

The oft-cited Albert Einstein quote, “We can’t solve problems by using the same kind of thinking we used when we created them,” is quite relevant here. Yet the use of financial tools to address non-financial goals is the very premise of impact investing. How do we manage this paradox? This process of inquiry on the purpose of capital and its use as a tool, and ongoing reflection and course-correction, is critical if we are to have true impact, and not simply engage in “impact-washing” while perpetuating the financial system’s existing inequalities and abuses.

#### Questions for Reflection

-  Think of a situation when your work or time has been in service of financial capital or the goal was financial capital alone. What did this look like? Who and what did it involve? What did this feel like? How did this impact you, your family, your community? Be as descriptive as possible.
-  How have you used or benefited from the use of financial capital as a tool for creating meaning in your life? What did this look like? Who and what did it involve? What did this feel like? How did this impact you, your family, your community? Be as descriptive as possible.
-  How would you like to change your notions of capital’s place in your life?



## SECTION TWO

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# FROM IGNORANT TO MUTUAL IMPACT



AT ITS CORE IMPACT INVESTING IS NOT ABOUT LOOKING FROM THE INSIDE OUT—FROM YOUR OWN PERSPECTIVE, PRIORITIES AND PLANS FOR YOUR FINANCIAL GOALS AND OBJECTIVES, AND THEN TO THE TIME WORN AND PREDICTABLE INVESTMENT STRATEGIES, TACTICS AND PRACTICES YOU USED TO BELIEVE IN. IMPACT INVESTING IS ABOUT STEPPING BEYOND WHAT YOU TODAY BELIEVE TO BE TRUE OF YOUR WORLD AND OUR SOCIETY TO EMBRACE A HOLISTIC, HISTORICALLY AWARE, CATHOLIC, CATALYTIC PERSPECTIVE OF OUR FUTURE LIFE AND ITS MEANING...IMPACT

INVESTING IS ABOUT THE FUTURE POTENTIAL FOR CHANGE IN THE WORLD, IN COMMUNITY IN CAPITAL AND, FINALLY—IF YOU ARE LUCKY—IN YOU. (P. 41)

# OVERVIEW

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In Chapter 2, *On Impact: From Ignorant to Mutual*, Jed discusses Ignorant Impact—the good or bad impacts of our capital that happens without intent, or with misguided intent, and the resulting importance of humility in impact investing efforts. He explains Other Impact—our efforts to invest in ways that positively benefit others, and the types of Other Impact—Broad, Deep, and Mutual—that reflect our level of personal engagement and transformation in our impact investing efforts.

## GOALS FOR THE READER

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- ∞ Appreciate that all capital has impact
- ∞ Understand the different types of impact: Ignorant, Broad, Deep, and Mutual
- ∞ Understand that Mutual Impact creates a link of the Self with the Other, benefitting both, creating a new relationship and understanding of our connectivity

*We act with passion and conviction and believe what we do is right, correct and moving us collectively forward in the proper direction, yet most often we act with no meaningful consciousness of the lives and realities lived by those we profess to care about, those about whose lives we claim to be committed. Sometimes it is only after the fact when we look back and cringe—it is only after our actions that we can see how incredibly misguided we were—if we are lucky and that is all it was. (p. 40)*

Jed asserts that all capital has impact, whether we are intending it to or not, and that negative impact, and even much positive impact of our capital “results as a function of this ignorance—not because of our deliberate and insightful strategy” (p. 39). Even our good intentions and best efforts for positive impact may be misguided and ignorant of their actual impact. Thus, a key component of the impact investing journey is to operate from a position of greater humility, realizing there is a limit to what we can know and understand. In this humble stance, we may also be more open to learning from others, and allowing these experiences to change our own views and understanding of our connection to the world.

A critical relationship to be considered is the relationship between Self and Other. Other may be understood as residing beyond or outside our Self, family, community or circle of concern or influence. The impact investing journey involves a change in ourselves and our understanding of our relationship with the Other, as much as a change in our money management strategies.

#### *Questions for Reflection*

-  Humility is not a trait associated with mainstream business, political, or social media culture. How do you react to Jed’s counter-cultural assertion of the need for humility? How would greater humility change your goals, efforts, or approaches?
-  Mainstream business and economics tenets place clear boundaries on spheres of concern or responsibility. Jed’s focus on expanding our notion of Self in relation to the Other challenges these tenets. What is your reaction to this challenge?
-  Can you think of a situation when you or others acted with all the best intentions and then saw in hindsight those efforts were misguided or had unanticipated negative ramifications? How did your perspectives, beliefs, experiences (or lack thereof)

contribute to this outcome? Did you change your strategy or approach as a result? Why or why not? Did this experience change your perspective and understanding of your relationships? How?

#### KEY CONCEPT

### OTHER IMPACT: BROAD, DEEP AND MUTUAL *(Pages 42 – 51)*

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*Broad Impact is the impact a vaccine initiative has, while Deep Impact is a community program housed within that overall health and wellness public policy and infrastructure initiative. Mutual Impact combines the two with your meaningful engagement in the process, both at a strategic and service delivery level, so that you open yourself up to becoming transformed as much as those you seek to have impact upon. (p. 46)*

Jed introduces three ways we can think about impact in the context of our relationship with the Other and how we relate to the subjects of our impact interests. Broad Impact affects many for the better, like supporting vaccination efforts in the example above, but does not involve a personal relationship with the beneficiaries. Impact investing efforts in the public markets are of Broad Impact, as are incidental benefits generated by businesses without specific intent.

Deep Impact is more focused, such as support of a particular health clinic that is distributing those vaccines and also providing additional, on-going care to a community. Deep Impact is “a strategic effort to raise up, nurture and cultivate” (p. 49) value creation that benefits communities of interest. Yet while creating “deeper” impact than Broad Impact, it still does not necessarily require greater engagement or relationship building on your part.

Mutual Impact occurs when you become meaningfully involved in the process, such as engaging on a long-term basis with a health clinic, so that you create relationships with those previously perceived as separate from your Self and therefore viewed as the Other. Over time, these relationships open yourself up to transformation as well. As Jed asserts, “Mutual Impact is attained when the separation between Self and other dissolves and one sees the integral nature of our relationships with each other and the planet, our resources and our ultimate outcome.” (p. 51) In Mutual Impact, we are beneficiaries as well, and experience a broadening of our boundaries of Self. We realize that by investing in the Other, we profit our Self, as well.

## *Questions for Reflection*

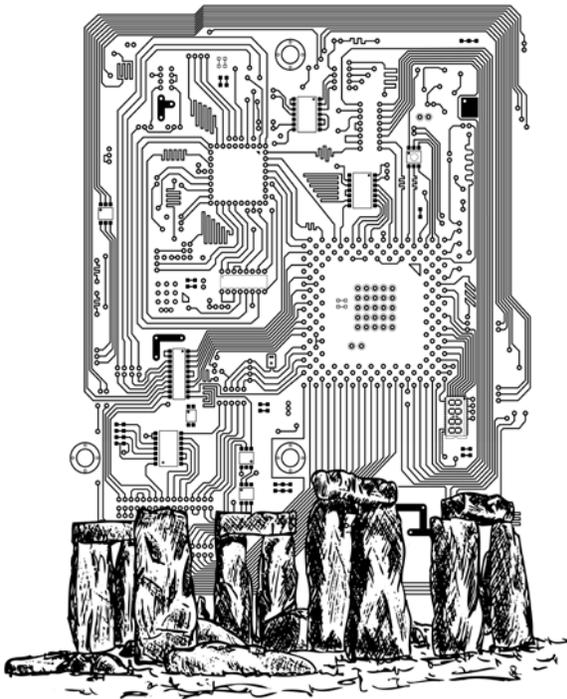
- ❏ What types of Broad Impact efforts are you/have you been passionate about or contributed to?
- ❏ What types of Deep Impact efforts are you/have you been passionate about or contributed to?
- ❏ Have you experienced Mutual Impact efforts? What was that like? What did you learn? How did you change? Did your perspective or understanding of the situation change? Were there impacts beyond what you hoped for or anticipated?
- ❏ When you reflect upon your life and transitions, can you see periods where you were more engaged in Broad, than Deep or Mutual Impact? Are these exclusive or can one move between various types of impact at various points in a day or in a life?



## SECTION THREE

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# HUMANITY AND SELF



A CENTRAL QUESTION IN MY INQUIRY HAS REVOLVED IN ONE FORM OR ANOTHER AROUND SEPARATION AND DUALISM; NAMELY, HOW IS IT THAT WE HAVE COME TO VIEW OURSELVES AS SEPARATE FROM EACH OTHER, THE OTHER, NATURE AND IN SOME WAYS, SEPARATE FROM OUR EXPERIENCE OF LIFE ITSELF?...

...This is key in that within our understanding of this question lies our future ability to think more holistically, to work collaboratively, to make more compelling decisions regarding our relationship with the Earth, to manage organizations and capital with an eye toward the creation of economic, social and environmental

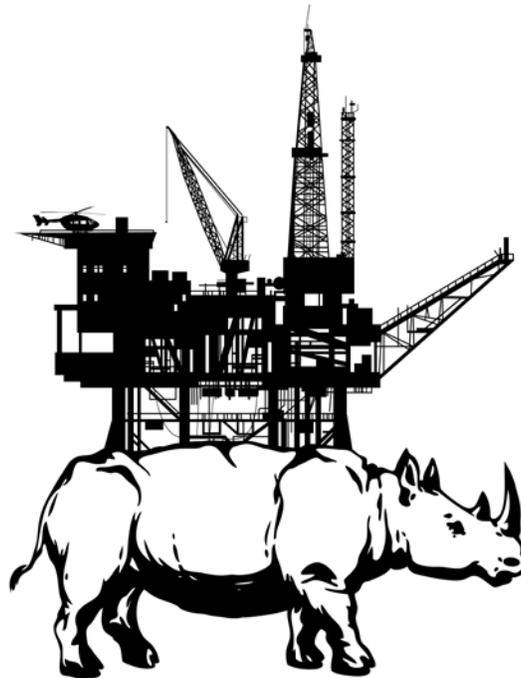
value, and, again, to advance what I've referred to as Blended value. If we do not understand how we came to operate in a world of parts, how might we ever come to live in the world on a more sustainable, holistic basis? An inner reflection, then, becomes an external inquiry seeking to comprehend something of how we first came to think of ourselves as being separated from all else in our world. (pp. 71-72)

# OVERVIEW

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In Chapter 3, *Humanity in Context of Self: Key Stages of Our Journey*, Jed reviews the historic eras of human social and intellectual development and how they have influenced worldviews and perspectives on the purpose of capital. He insists that we must understand this past and the need for vision and purpose to guide our use of technology if we are to achieve our impact goals.

In Chapter 4, *Bookends of History: The Axial Age, The Anthropocene, and Art*, Jed dives deeper into two critical eras, the emergence of our concept of a separate self, and the implications of that consciousness. He also discusses the importance of both experiential and intellectual knowing, and how all of us, not just “experts,” need to be engaged to successfully address our challenges. He proposes that an integrated inquiry—including learning about past approaches, acting and reflecting on our own experiences, as well as intellectual analysis—is needed to create a new capital paradigm. He asserts the importance of humility in our efforts, and the insight and solace to be found in art as we continue on this journey.



# GOALS FOR THE READER

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- ∞ Appreciate how our current perspectives are a result of social, economic, political, and intellectual developments through history
- ∞ Understand how we came to operate in a world of parts, and how this understanding is important to understanding the purpose of capital and a more sustainable way of life
- ∞ Recognize the need to put vision and purpose in the lead of impact investing, rather than current norms and accepted practices
- ∞ Understand the role of experience and integrated inquiry in creating a new capital paradigm
- ∞ Appreciate how we can gain humility, perspective, and wisdom from an understanding of our place in glacial time and from art

## KEY CONCEPT

### KEY STAGES OF OUR JOURNEY AND THE EMERGENCE OF A SEPARATE SELF (Pages 53 – 56, 71 – 77)

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*We need to study the broad social history of economics—not simply the history of capitalism and modern financial, Chicago-school economics—if we are to understand the place in which we now find ourselves and, more importantly, see the direction and course we must now set with an evolved appreciation of the social construct we call capital and the practices we now brand impact investing. (p. 58)*

Jed finds Karen Armstrong’s six stages of human history particularly helpful in considering how we have developed the meaning of capital:

The Paleolithic Period (20,000 to 8,000 BCE)	The Axial Age (800 to 200 BCE)
The Neolithic Period (8,000 to 4,000 BCE)	The Post-Axial Period (200 BCE to 1,500 CE)
The Early Civilizations (4,000 to 800 BCE)	The Great Western Transformation (1,500 to 2,000 CE)

Notably, intensive agriculture emerged in the Neolithic Period, creating food surpluses that enabled the emergence of social strata and ruling classes that controlled that surplus, amassing wealth and influence.

The Axial Age (800 to 200 BCE), emerged out of a period of increasing urbanization, new social orders and spiritual insecurity, and saw the rise of the merchant class, market economies, and four influential religious/philosophical systems: Confucianism and Taoism in China, Buddhism and Hinduism in India, Monotheism in the Middle East, and Greek rationalism in southern Europe. In this context, the concept of the Self, as separate and apart from either the gods or tribe or the natural world, emerged across multiple cultures and contexts.

With this concept of Self “our understanding of personal responsibility and the potential for salvation went from something our tribe advanced collectively to something we were each accountable for and in control of” (p. 76). While the Axial Age religions then stressed the Self’s responsibility to Other and the importance of compassion and care, this concept still separated us from our fellow human beings and the natural world, allowing for “the idea that an individual could possess parts of the planet or its resources.”



The notion of separation took a significant step forward during the Enlightenment of the 18<sup>th</sup> century, which came after Descartes' mind/body and material/spiritual dualism, and remains the basis of "current thinking regarding the nature of reality and, therefore economics" (p. 75), and the notion that financial and social impacts of investments can and should be considered separately—a concept now considered a given.

### *Questions for Reflection*

-  We usually learn about these social and philosophical developments as given historical fact and advancements. Have you ever questioned how these social and philosophical developments influenced how we now perceive the world and our place in it? If so, what inspired that questioning? Did you share these questions with others? Why or why not? If so, what answers or reactions did you receive?
-  How do you react to Jed's discussion? Are you resistant? Intrigued?
-  Can you think of other ways that our understanding of how the world works then filters what we perceive and believe?

#### KEY CONCEPT

### EFFECTING CHANGE: PHYSICAL TECHNOLOGY, SOCIAL TECHNOLOGY AND VISION *(Pages 56 – 58)*

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*Physical technologies and social technologies] must coevolve...there is a constant interplay between what we may be able to do and what we understand as the meaning and purpose of the tools we control. It is we who choose how to apply the means" (p. 57)*

Richard Nelson, an evolutionary economist at Columbia University, explains that two types of technology are needed for developmental change: physical technologies, such as steam engines and micro-chips, and social technologies—the "soft" tools we use to mobilize people to act and to influence how the physical technologies are used. To generate the best outcomes, Jed stresses that our values and beliefs must lead our use of technologies. The Protestant Reformation provides a relevant example:

“The state of the church could not be changed through faith and a new vision alone but required new legal norms and practices and laws by which the Reformation could be managed and take root. However, it was not the attorneys, the functionaries of the new rules, who were in charge. They were directed and held accountable in their work by Martin Luther who held clear on his purpose and vision. In the same way, asset owners and financial activists must see clearly the purpose of capital lest we default to our traditional, extractive practices of investing and see our work taken hostage by institutions of finance seeking their own benefit.” (p. 57)

Strategies and methods are important, but it is the vision and understanding of being able to structure and use capital in a different, holistic manner that is the critical innovation. Without this inquiry, we will always be led and limited by existing norms and practices.

### *Questions for Reflection*

-  Consider how your culture adopts technology. Is it assessed according to values or purpose? Have you experienced or can you think of cultures that have a different approach to technological adoption?
-  Think about how you react to new technologies. Are you an “early adopter” or more of a “laggard”? How do social technologies influence your own adoption of physical technology?
-  What directs your understanding of the purpose of capital now? Are you led by a clear purpose or vision or by current norms? If you are led by a vision, what inspired that? How are you held accountable to it?

In addition to the dualistic concept of self that separated us from the Other and the natural world, the Enlightenment and the initial framing of philosophy introduced another paradigm change. Prior to modernity, teleology—the concept that “processes tend to develop toward ends or purposes,”<sup>1</sup> usually divinely ordained—was the predominant view.

With the Enlightenment this shifted to a view of material and efficient causation, with the human mind and its perception the sole source of understanding of purpose and cause. While the move away from divine predestination has its benefits, Jed submits that the notion of material causation has had several important implications for our understanding of reality and our purpose:

1. It formalized the movement toward separating our understanding of Self from Other, asserting that anything we cannot understand or define does not indeed exist or is outside the realm of demonstrated reality. This makes it possible for us to have concepts such as ‘externalities’ wherein we can think aspects of corporate or financial performance which do not appear within our calculus of relevant costs do not exist, or are for the government or vague “others” to bear.
2. It makes it possible for us to think of economic value as objective, measurable, and rational, while social value is a subjective good, not measurable or rational.
3. It leaves unanswered a host of questions concerning deeper meaning purpose and self—we focus on the measurable mechanics of investing, but leave questions of purpose to individual faith, taste, or perspective and thereby not in the corporate equation.

The problematic nature of these implications is now evident, as even science itself is demonstrating that we are intricately connected with all things, physically as well as socially.

Thus, in moving forward, we need to bring a thoughtful reflection of purpose actively into our consideration; we must normalize it as a relevant question to our discussion of capital. What is the purpose of capital in our lives? What is the purpose of our lives in relation to those we aim to help? Fortunately, we are beginning to see these questions being considered; most recently with the Business Roundtable’s August 2019 Statement on the Purpose of a Corporation, which states that companies should be managed for the benefit of all stakeholders—customers, employees, suppliers, communities and shareholders—not just shareholders alone.

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1. Maxwell, Grant, *The Dynamics of Transformation: Tracing An Emerging World View*. Persistent Press: Nashville, TN, 2017. P. 21

## Questions for Reflection

- ❏ How have you considered the purpose of your life to-date? What influences or informs your understanding of your own purpose? Religion or spirituality? Other influences?
- ❏ Have you thought of money and capital as outside of those concerns? In what ways has your understanding of purpose influenced your engagement with capital to-date? How is this understanding changing?

### KEY CONCEPT

## ANTHROPOCENE AND A “DEEP TIME” PERSPECTIVE (Pages 77 – 85)

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*I've long felt that what has been lacking in so much of our current discussion regarding impact investing and our approach to understanding the nature and purpose of capital has been an informed critique of capitalism itself—and by informed, I mean informed by a perspective not grounded within capitalism and all its inherent assumptions, but rather something that sought to look from the outside in as opposed to beginning with our cultural framework regarding capital and capitalism as its jumping off point. What is needed is a new way of understanding economics, earth and our global human community—a new paradigm. (p. 85)*

Jed also discusses a proposed description of our current age—the Anthropocene, which reflects the unprecedented influence of human beings on the physical world. While the specific date of its beginning is debated, our influence certainly became more profound with the Industrial Revolution of the 18<sup>th</sup> century, and has only accelerated since the rise of modern, financial capitalism in the 20<sup>th</sup> century.

Thinking about our place in geologic ages, or “deep time,” as opposed to our more typical 24-hour news cycle, is an important part of gaining a new, non-human-centric perspective. Taking a longer view helps us step back to see how our human-created systems influence our beliefs and ways of living, and reminds us that these systems and beliefs aren't natural law. They are just the latest,



and changeable, way some humans are operating in and influencing the world. It helps us realize we can choose to reassess our assumptions, question the status quo, reflect on our purpose and place, and propose and embody new ways of being in the world.

### *Questions for reflection*

- ❏ How does thinking about our place in a continuum of deep time make you feel? Does it inspire you to engage in creating the systems for a new era? Does it make you feel insignificant? Both?
- ❏ In what ways do you think our current lifestyle and approach to economics contributes to the climate crisis? If we embraced and expanded a more holistic understanding of the purpose of capital, what elements would it have to include in order to alter future impacts on the Earth?
- ❏ In what ways are social justice issues linked to the climate crisis? How do these links influence potential solutions we might advance?

#### KEY CONCEPT

### HUMILITY AND PRESENCE IN THE CREATION OF A NEW CAPITAL PARADIGM *(Pages 85 – 93)*

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*One must consider whether, in fact, we are not due for a New Axial Age, to move us forward in a transformative manner and better position us to address the profound challenges now before us. Some of that is already underway across the world, in multiple cultural contexts, as new technologies connect ever higher numbers of the world's citizens to share analysis, tell stories and join together in the face of the global social and environmental destruction we have ourselves created... Today's communities, coming together in person and virtually, hold the potential to integrate our scientific knowledge with our shared wisdom to position us to take the great leap across the chasm dividing us from each other and a more promising future. (pp. 92- 93)*

Jed closes Chapter 4 with important points regarding the nature of our engagement, humility, and the importance of art to give us both solace and perspective. He insists that “all members of our

community be present and engaged” in creating a new economic future, “not simply leading academics, foundation executives and impact investors, but those stakeholders we seek to benefit from these deliberations and economic innovations.” (p. 88) If everyone is not engaged, we are continuing to operate in the bifurcated status quo that created, and is most likely to perpetuate, these problems.

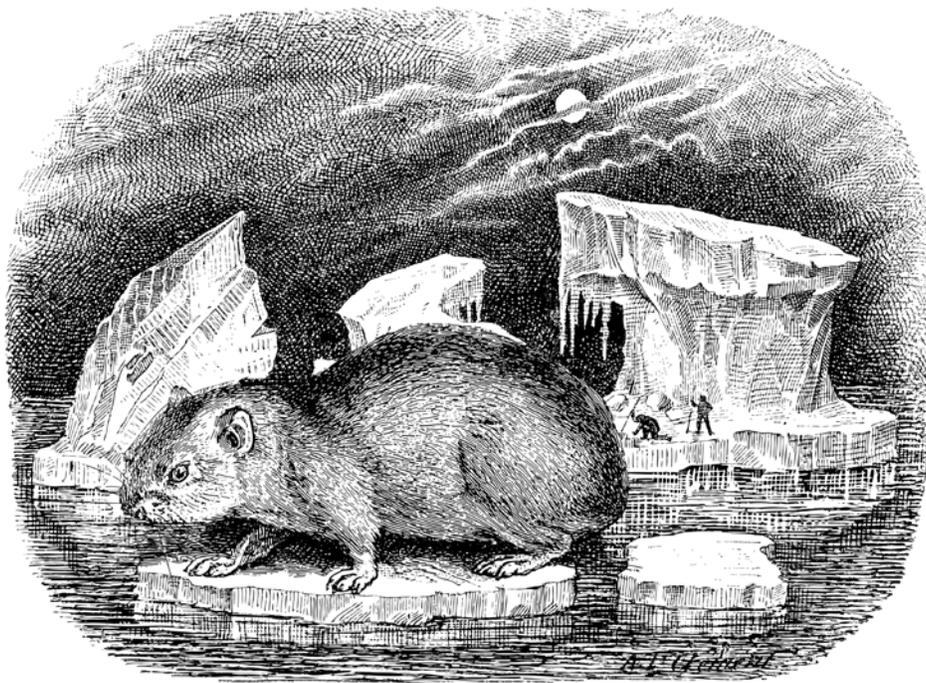
As we participate in this effort, we must engage in an integrated inquiry, appreciating the value of vision, action, humility, reflection, and collaboration. Those focused on the creation of a new theoretical paradigm should also get involved in the trenches so their work and new perspectives may inform their vision. Those inclined to jump directly into strategies and action should also pause to consider the vision they are working toward, and reflect to integrate learnings as they act. Those with resources who are inclined to focus on extensive research or insist on evidential proof before acting should step in and actually invest in some new innovations to learn from experience as well as research. And all need to realize these efforts are not new; they should learn about the work of those who have gone before, and engage with humility as they proceed, sharing both failures and successes to move our common goals forward.

Finally, Jed shares examples of artist collaborations in which he found both solace and perspective. Through creating and experiencing art, we express our hopes and fears, joys and laments. Art helps us transcend the dualistic status quo, experience other perspectives, and reminds us of our place in the broader scheme of things—all of which can inspire new ideas and alternatives. As Jed stresses in the quote above, art reminds us that we are not the end of history, but living in the midst of another Axial age, driving another paradigm change.

### *Questions for Reflection*

-  Think of a social cause or issue that you care about. Is it common for the subjects or beneficiaries of efforts to address the issue to be involved in the strategy development or leadership of philanthropic or impact investment efforts? Why or why not?
-  Do you tend to act primarily on your own volition or defer to experts? Can you think of examples when over-reliance on experts has been a problem in your life or work? Or when the experience or contribution of “non-experts” has been helpful and/or invaluable?
-  Can you think of times when inexperience and lack of expertise damaged the process or outcome of work in which you were engaged? Should we seek a balance here or is the role of valued expertise appropriate?

- ❦ Are you more inclined to focus on theory, act before reflecting, succumb to “analysis paralysis,” or something in between?
- ❦ Did your exploration into impact investing start with theory, research, an investment, or a mix? How was your approach helpful? How was your approach problematic?
- ❦ What have you learned from your impact investing inquiry to date? Have you learned from others’ experiences? What experiences have been most helpful in your own process? Have you shared insights, success, or failures with others? Why or why not?
- ❦ Explore some of the artistic initiatives Jed mentioned—the [Dark Mountain Project](#), [Living Earth](#)—how does their work make you feel? Does it change your perspective? Inspire you? Depress you? Give you new ideas?

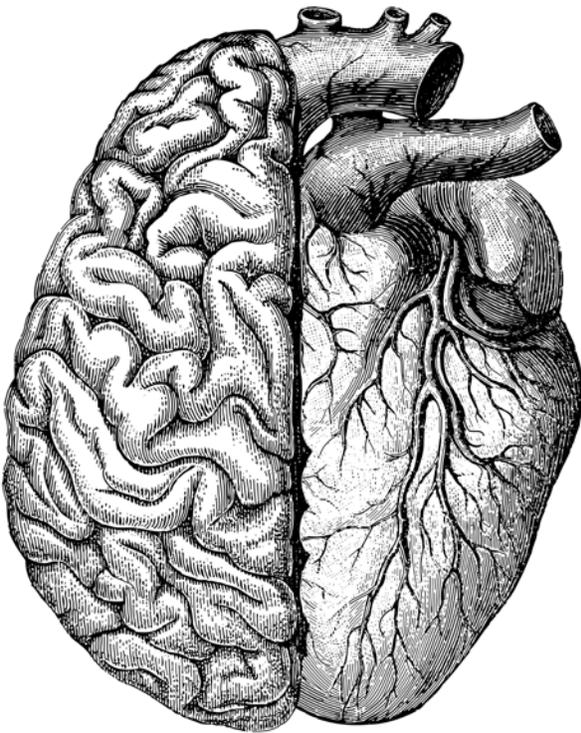




## SECTION FOUR

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# FROM DUALISM TO CONNECTION



**W**E MUST PAUSE IN OUR SEEM-  
INGLY ENDLESS EFFORTS TO  
MEASURE, DEFINE, FRAME NEW STRAT-  
EGIES AND EMBRACE NEW DEFINI-  
TIONS TO LET GO, STEP BACK AND  
RE-CONCEPTUALIZE THE TASK BEFORE  
US WITHIN A BROAD, NEW FRAMEWORK  
OF COMPREHENSION, KNOWLEDGE,  
WISDOM, AND AWARENESS. WE MUST  
SEEK TO GO EITHER DEEPER BELOW  
OR RISE HIGHER ABOVE OUR DUALISM  
AS PRESENTED IF WE ARE TO BE STILL,  
FULLY PRESENT AND WITH THAT  
WHICH IS THE COMPLEX AND NATURAL  
SUBSTANCE OF OUR LIFE AND LIVING.

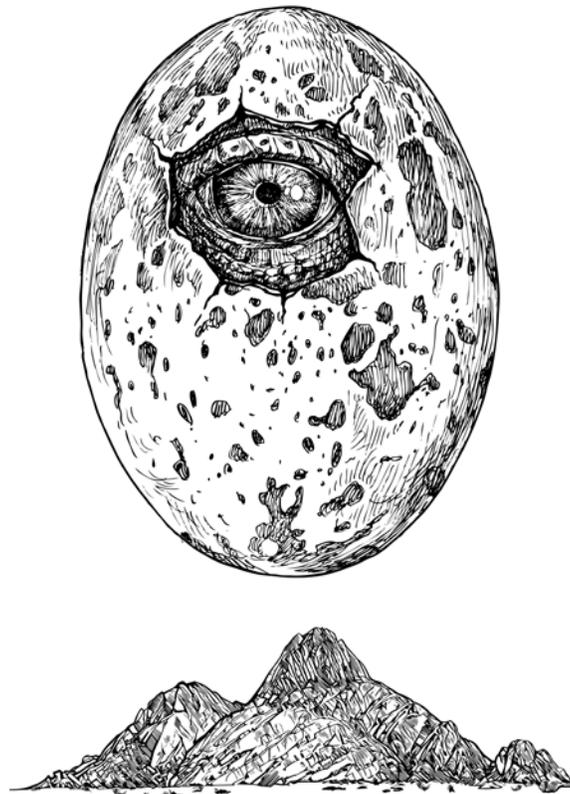
IT IS OUT OF THIS SUBSTANCE WE WILL FIND THE TRUE NATURE OF VALUE, BEING, AND  
THE PURPOSE OF CAPITAL IN OUR LIVES AND WORLD. (P. 115)

# OVERVIEW

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In Chapter 5, Value Liberation from the Trap of Dualism, Jed describes the emergence of dualism despite the historic predominance, and ongoing recognition of, a non-dualistic worldview. He discusses the integration of values and value into socio-political agendas and how economic value is linked with political goals. He also considers the inherent dualistic tendencies of words and specializations and how they further reinforce a dualistic worldview.

In Chapter 6, Nature is Not the Other, Jed focuses on our dualistic view of Nature, reviewing the history, drivers, and implications of our perceived separation from Nature, despite our actual interdependence. He stresses we cannot rely solely on technological and process fixes for environmental abuses; impact investing requires us to change our relationship with Nature to one that acknowledges our interdependence.



# GOALS FOR THE READER

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- ∞ Understand the emergence of dualism and the social and political drivers of this worldview
- ∞ Recognize the historic predominance and ongoing recognition in the East and West of an integrated worldview, despite its suppression
- ∞ Recognize the reality of connection, regardless of worldview, and the growing awareness of this reality, both socially and scientifically
- ∞ Understand the limitations and inherent dualistic tendencies of words and specializations and the resulting importance of focusing on the “why” rather than the “how”
- ∞ Understand the history and drivers of our perceived separation of humans from Nature
- ∞ Consider how we must not just search for technological and process fixes for our environmental abuses, but acknowledge our interdependent relationship with nature

## KEY CONCEPT

### DUALISM, VALUES AND VALUE (Pages 95 – 108)

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*“This dualistic outlook is not so much the product of the rational as the abuse of the rational—due to a mechanism of abstract separation imposed on reality—and reason itself may be called upon to question and correct it.” —Giles Hutchins, *The Illusion of Separation*, p. 35*

For most of human history, humans did not separate sacred and profane, humans from Nature, or economic and social components of value. As discussed in the previous chapter, one period of separation of Self from God and Other emerged in the Axial Age. Thales, the “first philosopher,” delineated Being from Becoming around 600 BCE. This separation continued to advance with the emergence of Christianity, the Reformation, and the Enlightenment, with Descartes’ conception of a mechanistic worldview that separated humans from Nature and mind from body.

The simultaneous emergence and growth of shareholder capitalism further established this dualistic mindset in Western society. Jed reminds us that our values “weave into, through, and define our understanding of economic value,” so from the beginning of capitalism “we see the integration of economic with political (an extension of social) interests.” With economic interests perceived as equivalent to state interests, political power was used, in policy and warfare, to advance economic interests. Given the dualistic view that separates economic from social and environmental value, government has often acted to “support private gain and commerce over action to advance the broader, social interest of the majority.” (p. 101)

The dualistic mindset also influenced the conception of capitalism’s responsibility to society. While perceptions of businesses’ social responsibility have changed over time, Milton Friedman’s dualistic declaration—that maximizing shareholder value is the only social responsibility of business—has been considered nearly sacrosanct by the business community for the past fifty years, driving the separation of social and environmental value from consideration in economic value.

Despite the dominance of a dualistic worldview, an integrated view has been present and persistent all along. Descartes’ peer philosopher Baruch Spinoza insisted that “Man [sic] is a part of Nature and must follow its laws, and this alone is true worship.” Even Adam Smith, the founder of capitalism, had a broader view of business responsibility than today’s Friedman adherents. Today, advances in scientific understanding, interest in impact investing, and the pressures of climate change and socio-economic inequality have all helped to bring a more non-dualistic perspective back to the fore. As Jed states:

*Fiduciaries, whether corporate or financial, in fulfillment of their duties, must act to optimize value on an integrated, holistic basis even if those managing the firms in which they invest might plead ignorance or an inability to control aspects of firm performance traditionally believed to be external to the firm's interests. Those who do not advance over this hill will run the risk of leaving value on the table as well as under appreciating a host of factors standing outside our traditional calculus of risk and return which does not consider off balance sheet components of social and environmental risk and opportunity. Over the long term, such factors have shown themselves to be material to the firm, effecting the company's potential for market performance and the generation of financial return. Increasingly, we see how firms not moving to take such off-balance sheet risk into account carry legal, operational, and market liabilities that will, in time, affect their ability to thrive within fully global and hyper competitive markets across the world. (p. 106)*



### Questions for Reflection

- ❏ Milton Friedman insisted the only social responsibility of business is maximizing shareholder value, and that considering the concerns of other stakeholders (the community, workers, the environment) would be an inappropriate use of a firm's resources. Have you been an adherent to this widely accepted assertion? Why or why not? If your opinion has changed over time, when and why did it change? Has this inquiry impacted your opinion? If so, how?
- ❏ In August 2019, The Business Roundtable, an influential association of CEOs of the largest companies in the United States, released a statement “modernizing its principles on the role of the corporation,” with signatories stating they “share a fundamental commitment to all of our stakeholders.” Read the statement here: <https://opportunity.businessroundtable.org/ourcommitment/>. What motivated this statement? How are the motivations related to current social and political issues and interests? How does it, or does it not, address the issues Jed raises?

## KEY CONCEPT

### THE LIMITATION OF WORDS AND SILOS *(Pages 108 – 117)*

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*How we describe and promote values (or at another level, value) is the real challenge in that once one puts metrics and words around any effort to describe and define value(s), one is immediately aware of the limitations of language to explain what is in many ways ephemeral and intangible yet still extant. (pp. 108-109)*

As Jed states, “the long-term impact of dualism has been to underscore and place a bold mark beneath those elements of identity and consciousness that serve to separate us from the Other as opposed to those that move us toward a deeper appreciation of our connections.” (p. 109) As noted in the quote above, words are part of this challenge. The language of business and finance assumes a bifurcation of value—the accepted notion of “economic value” does not include social and environmental considerations.

With the values separated in words, our culture and political environment then tends to turn them against each other, assuming they are inherently in conflict or assigning virtue to one or the other. Depending on one’s place and perspective, the financially-oriented capitalist may either be a greedy thief or a “selfless servant of the common good.” This dualistic rhetoric makes the integration of values an even greater challenge.

*The silo allows us to focus and attain expertise yet then becomes the well shaft that traps us below the surface of the earth. Well shafts allow us to see a portion of the sky but not its complete horizon or possibilities beyond the limited diameter from which we peer upward. (p. 113)*

Just as language is necessary but has limitations, the dualistic development of boundaries is, at the same time, invaluable and problematic. “Operating within walls and silos allows focus, specialization and development of unique skill sets...this functions well in the short run as one seeks to focus and create but is limiting in the long-run as one ultimately must evolve to transcend the wall and its definition, its frame of reality” (p. 113). Operating within our own silos of expertise, with our own language and perspective, it becomes harder to find common ground and easier to accept separation as reality.



“The trick,” Jed asserts, “is to manage ourselves and our processes in a manner that first balances and then integrates these seemingly separate aspects of the self and society in a consistent and considered manner” (p. 110). This requires us to “rediscover our peripheral vision, recapturing our original ability to live not just outside the box, but simultaneously see, think, and feel beyond the box of our current circumstance” (pp. 113-114). And from there we must focus more on the “Why?,” which links us to the greater whole and helps us find common ground.

### *Questions for Reflection*

- ❏ Jed quotes Korzybski: “The map is not the territory; the word is not the thing.” Describe a time(s) when words limited your ability to describe an experience, feeling, or thing.
- ❏ How has language effected your ability to learn about or engage in impact investing? Have you been frustrated or confused by financial terminology or by impact language? Are you daunted or intrigued by this “foreign language?”
- ❏ Do you have, or are you developing, a particular area of expertise? How does this enable you to provide value to society? How does it shape your perspective? How has it changed your broader views, if at all?
- ❏ What can your area of expertise contribute to the impact investing conversation? In what areas of expertise do you need to rely on others?
- ❏ Think of a situation where you have had to work with someone outside your area of expertise or experience—someone who “spoke a different language,” either literally or figuratively. How did it go? Were you able to find common ground? If so, how?



## KEY CONCEPT

### NATURE IS NOT THE OTHER *(Pages 119 – 128)*

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*“Separation is not an ultimate reality, but a human projection, an ideology, a story...It is a story of the separation of the human realm from the natural, in which the former expends and the latter is turned progressively into resources, goods, property, and ultimately, money.” —Charles Eisenstein, Sacred Economics, p. 2*

Jed discusses humans’ relationship with Nature at two levels. First, as a profound case of dualistic “Other-ing,” as we consider ourselves separate from Nature and view the natural world as a source of resources for our use, regardless of impact and in denial of our actual interdependence. “We enter our relationship with the Earth as the ultimate Other upon which we walk and move to deconstruct according to our will. In this way, we express our separation from self and Other through the destruction of the Earth from which we feel ourselves to be distinct despite our being integral with it, our rising from and being shaped by its forces and resources, our interior landscape connected with exterior landscape” (p. 121).

Second, Jed considers our relationship with Nature as a metaphor for businesses’ relationship with communities, markets, and societies—the ecosystems that give it life. “The firm does not create its value solely as a function of its management and operations but rather as an outcome of how it operates in the world, takes resources out of the world and is advanced through the policies, values, and energy offered it from that world” (p. 123). Just as our own health and survival is dependent on the natural world, “the fundamental health and wellness of the firm is interwoven with the long-term health and wellness of its employees, communities and various non-financial stakeholders” (p. 125).

In the United States, the experience and perception of Nature’s abundance and role as fuel for progress has been central to cultural, political and economic development. The concept of an expansive, “wild frontier” allowing people to move on to new land when the current place was fully utilized or despoiled, allowed our economy to be framed with minimal consideration for long-term consequences.<sup>2</sup> With the closing of the “frontier,” conservation became a greater concern at the turn of the 20<sup>th</sup> century, and when we could not move to escape the effects of pollution, environmental protection and regulations arose. Yet the original notion of Nature as abundant resource for human needs, with limited regard for our interdependence, remains at the core of our political and economic culture.

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2. The concepts of private property and ownership based on productive use, discussed in Section 6, were also an integral part of this framing.

- ❦ How do you personally perceive or experience your relationship with Nature?
- ❦ Jed suggests that as long as we fail to acknowledge the interdependent nature of humans with the natural world that supports us, we will also struggle to acknowledge the business corporation's interdependence with its ecosystem of communities, workers and other stakeholders. Do you agree? Why or why not? How do these paradigms influence each other in your mind?
- ❦ Read the Business Roundtable's August 2019 statement on the purpose of the corporation: <https://opportunity.businessroundtable.org/ourcommitment/>. How does this statement frame the relationship of the corporation with the natural environment? Which historical view on the human relationship with nature does it seem to espouse—is nature an interdependent stakeholder or a resource?

KEY CONCEPT

NATURAL AWARENESS IN OUR JOURNEY (Pages 119-128)

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*It is less through new applications of technology or capital that we will discern our path forward, than by reengagement with our true nature as humans, a reconnection with our place as beings capable of linking our consciousness with our understanding of place, self, and Nature. (p. 136)*

Just as non-dualistic critiques have been present all along, so have critiques of our dominance of Nature. From St Francis of Assisi's critique of mainstream Christianity's anthropocentrism to Jean-Jacques Rousseau's challenge to technological optimism, to the rise of the environmental movement in the 20<sup>th</sup> century and climate activism today, an alternative narrative insists we recognize our interdependence with the natural world. This interdependent narrative is increasingly supported by scientific advances that reveal profound connections at all levels of life.



As our once agrarian-dominated economy shifts to a predominantly urban one, with fewer opportunities for people to engage in regular, direct experience with natural processes, it becomes increasingly important for us to cultivate this connection with nature. To shift to a non-dualistic paradigm, “we must pursue a unified approach that finds a place for our grand technologies but at the same time repositions us within a set of newly reconstituted relations within the larger ecosystems of which we are a part” (p. 136).

### *Questions for Reflection*

-  Consider and describe your relationship with Nature and natural processes. How do you experience the natural world on a daily basis? What role does Nature play in your life right now? Are there particular experiences that connect you to Nature or remind you of your reliance on natural processes?
-  Jed asserts we must not solely rely on technological fixes for environmental challenges, but also change our fundamental relationship with Nature to one that acknowledges our interdependence. What is your reaction to this assertion? What would this look like in your life?



## SECTION FIVE

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# TRUTH AND TIME



**H**AD THESE COMMUNITY-BASED ENTREPRENEURS OF THE 80S AND EARLY 90S LISTENED TO THE TRUTHS OF THE EXPERTS WITHIN EITHER BUSINESS OR THE NONPROFIT SECTOR, THEY WOULD NOT HAVE ACHIEVED THE TREMENDOUS INITIAL FAILURES NOR FUTURE SUCCESS THAT CAME WITH PERSEVERANCE AND EXPERIMENTATION. THEY DISCOVERED NEW TRUTHS AND BUILT NEW KNOWLEDGE, A POOL OF SHARED LEARNING AND EXPERIENCE THAT ROLLED INTO WHAT LATER HAPPENED TO BE CALLED SOCIAL ENTREPRENEURSHIP, MISSION DRIVEN COMPANIES, PURPOSE DRIVEN VENTURES, IMPACT INVESTING, AND MORE . . .

...And at some future point yet another generation of financial and entrepreneurial activists will come along, a new crew of community capital collaborators, who will look over the boundary of the high rock walls dividing what will then be our current practice from their generation's future prospects. This

new generation will peer up that wall built by their elders with their salaryman experts and fund managers. This new generation will scramble up to play on a high line, balancing between what is accepted as reality and what is viewed as financial folly. They will balance on the line between two possibilities, traipsing along the top, scaring their elders and bringing new practices to bear upon old challenges elders like me have given up on. (pp. 158, 164)

## OVERVIEW

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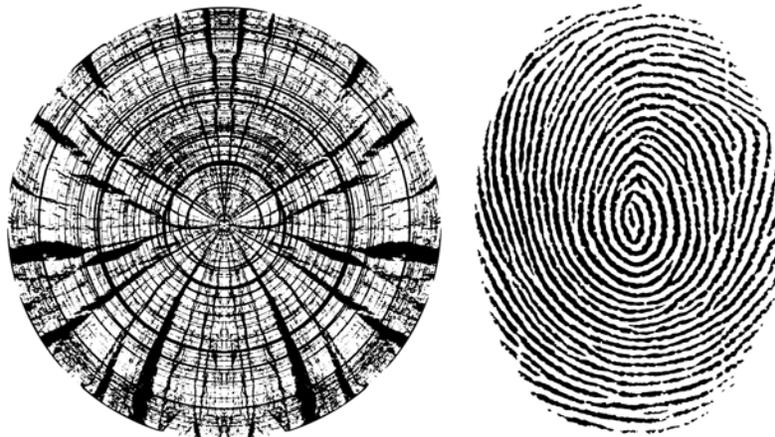
In Chapter 7, *Truth: Experience as Evidence*, Jed discusses how we perceive truth and the ways culture, experience and evidence influence this perception. He considers how hierarchical notions of authority influence truth and suggests that the individual and corporate capitalism have replaced the community and God as arbiters of truth in mainstream culture. He also reviews the history of the impact investing approach, stressing how our perception of truth is an ongoing evolution.

In Chapter 8, *Demystifying Time and Money*, Jed discusses another social construct with implications for the purpose of capital—our perception of time. In particular, he notes how the linear perception of time creates the concept of returns, and how these concepts are questionable when we have a broader, cyclical notion of time.

# GOALS FOR THE READER

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- ∞ Appreciate the role that experience and stage of development play in our understanding of truth
- ∞ Understand that the “truths” of the marketplace are informed by modern-day myths that are supported by its institutions and beneficiaries
- ∞ Realize the need for us to use the wisdom of the past and our own experiences to evaluate these modern myths and determine our own understanding of a dynamic, not static, truth
- ∞ Understand how Western notions of linear time and progress impact our experiences and perception of value
- ∞ Appreciate how the past and future are connected, and how we are a part of both, a cyclical continuum



*The deepest parts of the universe, life on earth, and our selves are not created as much as discovered. They exist, in point of fact, and it is only we who are playing a form of cosmic catch up to understand what truth is and how the truth comes to be manifest for us. Our sense of truth differs in various ways, at multiple times. This is so not only within the course of our human history but in our individual development. (p. 140)*

Jed begins Chapter 7 with the quote above, considering truth as “an intrinsic nature of reality” that is present and “waiting to be found.” He reflects on the way his life experiences have caused his perceptions of truth to change and evolve, and how his own evolution is linked to broader, shared perceptions. He then notes how the understanding of truth changed as a result of the Age of Enlightenment, when its inherent interactive nature shifted to a focus on evidence:

*“...truth was no longer a dynamic unfolding found through a participatory experiential embodiment of Nature, it became a static truth defined by dissecting an object from its lived-in context and analyzing it through experiments supported by mathematical logic; this is referred to as the ‘objectification’ of science. By its nature, this objectification is abstract because things are taken out of their lived-in context, defined through abstract logic and examined through repeatable experiments in controlled abstract environments.” —Giles Hutchins, *The Illusion of Separation*, p. 22*

Despite the predominance of evidenced-based approaches to truth-finding, human cultures still rely on people pushing such boundaries or taking a leap of faith on a new approach to move us forward. As Yuval Noah Harari states:

*“Such contradictions are an inseparable part of every human culture. In fact, they are culture’s engines, responsible for the creativity and dynamism of our species. Just as when two clashing musical notes are played together to force a piece of music forward, so discord in our thought, ideas and values compel us to think, re-evaluate and criticize.”<sup>3</sup>*

Impact investing itself lives in such tensions. As a relatively new approach, its “evidence-base” for financial returns was nonexistent, requiring pioneers over the past few decades to take a leap of faith and create new paths that over time became evidence. Impact investing also operates in the margins between traditional concepts of business and philanthropy and social science—a rich mix of values, truths, and approaches whose interplay is moving us forward to a more integrated concept of capital.

<sup>3</sup> Harari, Yuval Noah, *Sapiens: A Brief History of Humankind*. Vintage Books: London, 2011, p. 184.

## Questions for Reflection

- ❏ Think about your life and experiences—can you think of ways your perception of truth has evolved as a result of your experiences? Why did your perception change? How did your perception change—was it drastic? More of an evolution? Did it become simpler or more complex? When you look back, do you empathize with yourself and your prior beliefs? How do you respond to others who hold beliefs similar to your prior self?
- ❏ Jed notes how the Age of Enlightenment changed how we perceive truth, removing objects from their contexts and relying on abstract logic and controlled experiments to define what is true. This scientific method has resulted in significant advances for humankind. Yet it has had other implications as well. How did that evidence-based shift effect the perception of the value of experience? How did it influence who is able to participate in truth-finding? How did it change society’s perspective on the relative value of different peoples’ experiences and input?
- ❏ How do you rely on external sources—history, experts, peers, leaders, writers, etc.—to inform your perception of truth? How do you rely on internal sources—your own experiences or intuition—to inform your perception of truth? Do you tend to rely on one more than the other or are they balanced? Have these tendencies been steady, or have they changed over time?
- ❏ How do you tend to react to the different perspectives of someone in a different field or from a very different life experience? Are you intrigued? Annoyed? Frustrated? Curious to learn more? Have your beliefs changed as a result of being open to learning about a very different perspective? If so, how?

### KEY CONCEPT

## HIERARCHIES OF TRUTH AND THE CORPORATIZATION OF MYTH *(Pages 147 – 156)*

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*The truth, it would seem, is malleable, taking shape out of the pressures we apply to it during our personal and collective exploration of the questions put before us in the period of our particular life and time. (p. 149)*

While the Age of Enlightenment brought forward the focus on evidence-based truth, social and political constructs and hierarchies continue to influence the perception of truth. For example, while the preamble of the Declaration of Independence states, “We hold these truths to be self-evident, that all men are created equal...”, the social hierarchies of the time ensured that this was understood to apply only to a subset of men, and definitely not to women. While the perception of this “self-evident truth” has expanded since, hierarchical notions of authority still influence our perception of truth, as current disagreements over what constitutes “fake news” attest.

Jed connects this tendency to the medieval concept of the “Great Chain of Being,” a “hierarchy of perfection” with God at the top, followed by kings and priests, then common men, then women, animals, plants, and so on. Ultimate truth and purity were at the top, and declined down the hierarchy. Jed suggests we still operate with this notion of an ultimate authority above us, but have replaced God with the Individual and Free Market at the top—Adam Smith’s “invisible hand” of the market now seems to be an unquestionable truth, and the corporate message of capital and wealth accumulation is the guiding myth.

*It is within that reality where we surrender our agency and individual sovereignty...to a global Wall Street of operators and insiders who direct the flows of wealth from here to there, invisibly wrapping the earth and our own understanding of the purpose of capital within multiple layers of opaque wealth transfers, in the process smothering the planet and our knowledge of the meaning and ultimate goal of our lives. (p. 154)*

### Questions for Reflection

- 🧩 Think about the authorities that influence your perception of what is true—perhaps scientists, activists, scholars, business leaders, religious leaders, political leaders, community leaders, or others. Were you aware of all of these influences and how you are swayed by them? Is there a hierarchy of influence? How have culture, family or other experiences influenced who holds such authority in your life?
- 🧩 Do you agree with Jed that corporate capitalism is a guiding myth of mainstream Western culture? Why or why not? Are there other, unacknowledged myths that influence culture and the perception of value?

## KEY CONCEPT

### EXPERIENCE AS EVIDENCE *(Pages 156 – 165)*

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*Impact investing grew, in part, due to its ability to identify and interest in exploring areas of market failure, stagnation and turmoil; the known and unknown—places mainstream investors viewed as too risky, uncertain or dangerous to invest; places where “the market” as traditionally understood had failed...doing this first began with someone seeing a new truth and believing it might be realized. This belief represented a leap of faith which had to be taken by those at the tip of the fiscal spear...willing to see beyond what traditional, mainstream investors misunderstood and wrongly perceived as unimaginable risk. (pp. 163-164)*

Jed closes the chapter with a discussion of the origins of impact investing in the decades and century before the term was even coined. These efforts began with individuals who first believed in a new truth, and had “a vision of something else, of an alternative route beyond the understood truths of traditional financial capitalism” (p. 157), and then acted accordingly. Some came from community-building efforts, some from social work and philanthropy, others from mission-driven businesses. In this rich intersection they “lived that different truth,” learned by doing, and developed the evidence-base that brought the practice to the mainstream.

In doing so, these pioneering actors questioned the assumptions of the existing orthodoxy and forced conversations on the purposes and possibilities of capital. Over time, this has resulted in enough of a shift in the accepted truth to bring the impact investing concept to the mainstream financial world. Thus, our “truth” evolves. Neither hierarchical authority, evidence, or experience alone is the best arbiter of truth—rather, truth is best sought by all three interacting:

*We should seek truth through evidence informed by experience and the wisdom of prior generations who we must keep with us, alive and advancing, in the form of their writings, reflections, and cultures which we make live as we bring them into our world today... It is in only this way the circle of progress has ever turned and it is in only this way the spiral of knowledge will rotate into the future as it has rotated out of the past. A new truth will slowly emerge, rooted in that past and flowing to our future; a truth to be accepted, embraced, rejected and ultimately itself renewed yet again... (pp. 147, 165)*

## Questions for Reflection

- 🧩 In this chapter, Jed presents truth as an evolving concept, influenced by tradition and social norms, experience and evidence. Are you comfortable with this assertion? Why or why not?
- 🧩 Were you aware of or surprised by the prior, pioneering impact investing activities Jed discussed? How does learning about the extensive history of the field change your perspective, if at all?

### KEY CONCEPT

### DEMYSTIFYING TIME AND MONEY *(Pages 168 – 180)*

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*Without that shift in our Western understanding of the nature of time, we would have had no development of our present knowledge of the notion of “time value of money” around which we now structure our lives and loves. (p. 171)*

Jed begins Chapter 8 with examples of how we experience time differently at various stages of our life, with time seeming slow when we are young and seeming to move faster as we age. At his midlife stage, Jed notes how his perspectives and his priorities have changed, along with the world’s perception of his own value and role. Thus, he stresses that, like truth, time is not absolute. “It is true: your life negates those that have gone before, just as those to come will, in essence, be the negation of your own...With the right perspective, this process of rolling time, the passages from youth to elder to child, may be viewed as continuous and never-ending.” (pp. 168-169)

Many, indigenous and traditional cultures, in keeping with this reality, viewed time as cyclical. The Age of Enlightenment, however, “advanced a linear and segmented understanding of time and progress where the future is disconnected from the past or may be considered as mostly separate from it, when in fact history is embedded in our experience of the present” (p. 179).

It is this linear understanding of time that made the concept of finance and financial return possible—the Time Value of Money



concept states that money is more valuable today than tomorrow, and so we set interest rates that reflect the financial value of money today relative to its potential future earnings and the risk that they will materialize. “With this connection of time to money, with this valuation of our ideas and energies, with this measure of our real worth, life itself begins to change.” (p. 172) This made it possible for financial return to become an end in itself, the measure of value.

Jed discusses the actual relativity of time—from the perspective of physics to spiritual views—and how understanding this non-linear wisdom of time is liberating:

*Your understanding of your life, time and presence is real for you—but it is merely a particle or pulse in a more significant flow of energy, experience and perspective which when taken together make up the broad arc of history and human experience that simultaneously connects you with past and future and so, as has been said, one should merely seek to find one’s place within that flow and be here now, peacefully present and thoroughly grounded in what, for you and in this time, is. (pp. 177-178)*

### *Questions for Reflection*

- ❏ Do Jed’s observations about age’s influence on the perception of time resonate with you? Where are you in your life span and how does that influence your priorities right now? Looking back, can you observe how your priorities have changed with age?
- ❏ Have you ever thought of yourself with the perspective that Jed described—as existing in a place in time that is part of a bigger, greater cycle of time? How does that make you feel? How does it influence your priorities?





## SECTION SIX

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# FAITH IN FINANCE, SCALE, AND PROPERTY



**T**HIS TRUTH IS IN SOME WAYS BEST SEEN FROM THE PERSPECTIVE OF THOSE HOLDING ON TO THE FAITH OF THE OLD CHURCH, SINCE THEIR REJECTION OF ESG MATERIALITY AND IMPACT ANALYSIS COMES FROM THEIR SEEING US FOR WHO WE ARE: AN EMERGENT SECT PRONOUNCING THE MARRIAGE OF A NARRATIVE NUMERACY WITH CAPITAL PERFORMANCE, A CHURCH OF THE NEW CAPITAL, SEEKING MULTIPLE RETURNS AND DEEP, SUSTAINED VALUE CREATION THAT IS PART FINANCIAL AND IN GREATER PARTS JUST, EQUITABLE AND REGENERATIVE. (P. 195)

Remember: Impact investing is not regular investing gussied up with an impact patina; it is focused upon transformation and change as opposed to the simple economics of growth and market dominance. Being mindful within a Buddhist practice requires being present and being present requires being with, engaged and connected to the Other. Compassion in Latin means “to suffer with”—not to engage in “drive by” investing or modified acts of charitable giving and philanthropy. In the context of impact investing, the relationship we should strive to create together with our investees is not one of a traditional investor/investee relationship, much less one of distance and disengagement; it is one of true presence, connection and “suffering with” one’s entrepreneurs (for God knows, they do sometimes suffer!) in the course of being fully engaged in the process of blended value creation, of creativity and of bringing transformative ideas to reality, in the form of impact within community and in support of Planet. (p. 201)

## OVERVIEW

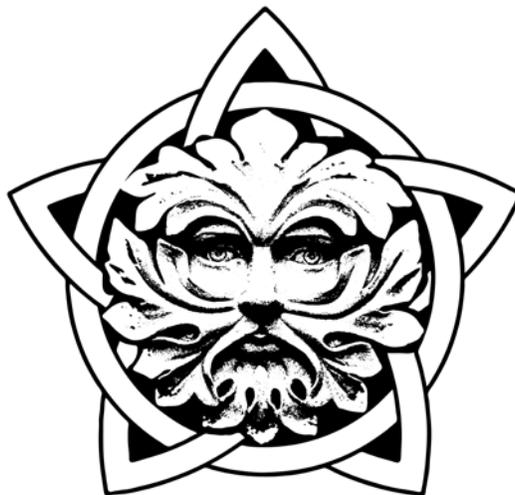
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In Chapters 9 and 10, Jed challenges the fundamental beliefs of traditional, financial capitalism. In Chapter 9, *Our Faith in Finance*, Jed asserts our relationship to finance is like an unconscious religious faith, with dogma we are not to question and beliefs that guide our behavior and values. In Chapter 10, *On Scale and the Impact Commons*, Jed describes the limitations and problematic issues associated with scale and private property. In all cases, Jed reminds us, these are not universal laws but social constructs that influence our beliefs regarding the purpose of capital.

# GOALS FOR THE READER

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- ∞ Understand the extent to which financial capitalism is a faith-based social construct, not an objective reality
- ∞ Understand the implications of this unquestionable faith and how it limits our understanding of value
- ∞ Appreciate the importance of “reforming” this “faith” to include perceptions of value beyond the quantitative
- ∞ Understand the inherent limitations and potential conflict of scale and impact
- ∞ Appreciate the importance of intention, relationships, and multiple layers of impact efforts
- ∞ Understand the nature of private property as a social construct, the role it plays in the challenges we are trying to address, and the need to consider control, as well as use, of property in our impact investing efforts



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*Financial capitalism is founded upon an intellectual assent that the ‘numbers don’t lie’ as well as trust in what the numbers profess to tell us. Beyond such agreement and trust, our faith in finance calls us to the promotion of the true religion of financial capitalism, to seeking the conversion of others to embrace not only the practices of the church but the foundational tenets, values, and confessions of our faith in finance. (pp. 183–184)*

Jed opens the chapter by establishing the analogy between religious faith and our faith in finance. He explains that “faith” involves intellectual assent (belief that something is true), as well as trust (relying on the fact that something is true). We believe that “numbers don’t lie,” and we trust in the meaning they imply even if other, non-quantitative data do not agree. More money or wealth is believed to be better, regardless of other data regarding well-being. For example, in the United States, a growing GDP renders declining levels of health or happiness irrelevant.

Like religious faith, the “church of finance” has dogmas—more profit is inherently good, privatization is always better, and the free market should be unconstrained. If one questions these dogmas, one is labeled a heretic, e.g. a socialist or communist. Yet unlike a religious church, where faith is an acknowledged choice, faith in finance is relatively unconscious. Despite the fact that money and finance are social constructs, “we tell ourselves this faith in numeracy is not faith at all, but the rational way of the universe” (p. 186).

Another justification of this rational faith in finance is the belief that markets, if not benevolent, are at least amoral; that pursuing one’s own financial self-interest is inherently a neutral behavior. Jed asserts that this belief is faulty: “...they are operating with reference to their own code of morality, just not one cloaked in social mores or assumptions that one should take anything other than financial advancement into account” (p. 191). Yet this system carries its own inherent biases and abuses, and those of its actors, just as we now know the algorithms influencing our online life carry the inherent biases of the designers.

The 2008 financial crisis provides a compelling case for the concept of the religious-like faith in finance. The market crashed when the numbers we believed in were revealed to be false. Trust broken, people pulled their money from the market, banks stopped lending, and institutions failed. Yet even in this dire situation that displayed the free market’s limitations (and capacity for immorality), some of the “high priests” in the Treasury Department insisted that considering new regulations or structures would itself threaten the market:

“This argument exposed the faith-based mechanism undergirding the whole situation without acknowledgment: we cannot even afford to critique the market without turning it against us. The slightest insinuation of lack of faith in the free market would be a mistake—a mistake that would almost be as bad as the lack of faith that manifests itself in calling for economic regulations” —Joerg Rieger, *No Rising Tide: Theology, Economics, and the Future*, p. 74

### *Questions for Reflection*

- ❦ How do you react to Jed’s assertion of our “faith in finance”? Do you agree with or resist this characterization? Why?
- ❦ Can you think of other contexts or examples where an unquestionable “faith in finance” was evident but unacknowledged?
- ❦ Are you, or have you been, a believer in this faith in finance and/or its tenets? Why or why not? Where did this faith (or lack thereof) originate for you?

#### KEY CONCEPT

#### A REFORMATION *(Pages 188 – 189, 194 – 195)*

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Jed asserts that “this worship of rational analysis and free, lightly regulated financial markets as a collective expression of that analysis has several implications,” as follows:

1. **It blinds us to the real wonder and miracle of numeracy and data...** there is a narrative quality to numbers, which allows one to see flows of time and activity... actually see the story of how organizations operated, how decisions were made, and to what end...when combined with qualitative analysis and reflection, this allows one to see with greater comprehension than either words or numbers might allow on their own.
2. **We see only half the analysis possible and we are then blind to the rest of the theorem we should apply to our situation...** we surrender our life to financial algorithms and economic calculation as opposed to living on the basis of instructive, quantitative analysis informed by wisdom, culture and human history (pp. 188-189).

By becoming aware of this unacknowledged, and problematic, faith in finance, we can shift our focus to faith in value—value that incorporates the significant contributions of quantitative analysis and narrative numeracy, as well as social and environmental considerations that are no less valid despite their qualitative, rather than quantitative, nature.

*[We are] called to the true faith, to use quantitative, rational and grounded analysis to challenges, inform and infuse our professional insights with a sounder, more fully informed perspective which integrates evidence and quantitative analysis with—dare I say—thoughtful, intelligent, insightful wisdom. To do otherwise is to live with financial data as dictate, not input. (p. 187)*

Jed calls upon impact investors to “recognize ourselves as members of a new Reformation...a happy heretical tribe advancing fundamental aspects of our central faith and creating new metrics to explore its implications and pronouncing a renewed liturgy to celebrate our Eucharist” (p. 195).

*We know value is something other than can be described with econometrics or biological measures or philosophical constructs alone...actual value is something more, something more profound, a thing or phenomenon, just there, yet not within our grasp. This is a value we may only take on faith—despite what the high priests may describe within current doctrine and celebrate in their Eucharist and related rituals of Wall Street. (p. 195)*

### Questions for Reflection

-  Think about the faiths that influence your life, such as religious or spiritual faith, or other influential beliefs, including your financial beliefs. How do they influence your decision-making? In what ways are these influences conscious? Unconscious?
-  Think of a particularly important decision in your personal life. How did you consider and weigh qualitative factors? How did you consider and weigh quantitative factors? How did those factors influence each other? How did consideration of qualitative factors improve the decision (or not)? How did consideration of quantitative factors improve the decision (or not)? Would the decision have been different if you had only one or the other?
-  How are qualitative and quantitative factors, respectively, considered in the decision-making process of your profession, workplace, religious or community organizations? How does this differ from your personal decision-making?

## KEY CONCEPT

### THE LIMITATIONS OF SCALE *(Pages 199 – 205)*

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*Before the early 1800's, "there were true economic impulses present in the whole system of loan and investment. Then, through the instrumentality of the banking system, these economic impulses began to change into purely financial ones; and in this process the whole thing became not only impersonal, but also unnatural. Everything was drawn into the stream of money, as it moved itself along. Our money business, without any natural or personal subject—that is the end toward which, as the nineteenth century drew to a close, everything which had originally been upheld by a personal and natural subject was gravitating." —Rudolf Steiner, Economics: The World as One Economy, p. 122*

Another tenet of the faith in finance is the belief in scale as an inherent good—bigger is always better, more efficient, and therefore more effective and profit-maximizing. Scale is even considered to be the holy grail of many whose primary goal is social impact. After all, poverty and other challenges are significant, so our efforts must be at commensurate scale to address them. Yet Jed asserts that “scale as a function of grand size may work at odds to attaining quality impact and the creation of sustained value,” and that one can scale for “either breadth or depth—working to touch millions of lives lightly or thousands of lives with a greater degree of sustained transformation”—but not both. (p. 200).

Jed discusses two issues associated with scale and impact:

The first is that as organizations “take on higher amounts of capital they then need to begin to make decisions based not upon what was best for a given enterprise, set of investors or fund but upon the need to deploy and service the capital they raised...if you take in hundreds of millions of dollars of investment capital and tell your investors you’re going to generate many multiples of financial return for them, you then have to manage your relationships with your companies on that same basis” (p. 201). This results in greater distance between the players, and an inability to develop the close connections that enable the most productive investment relationships.

The second challenge is related:

“It is not that the large funds or wealth management firms are necessarily “bad”... the challenge for these firms is one of culture, incentive and vision, which are hard to alter once established and understood by advisors, managers, and clients. This refers to how the firm and its various stakeholders understand issues of the scale and depth of potential impact as well as the degree and nature of financial and other returns generated” (p. 202).

The necessary intentionality of impact “will be more complex and require all the more focus and discipline on the part of those managing the fund and invested ventures” (pp. 202-203). Since such complexity is much harder to manage, Jed’s concern is that impact efforts will be “watered down”—“some may be tempted to respond to the need to soften the terms of what impact comes to mean, how deep we care to go in its pursuit and the degree to which we will need to accommodate the existing economic order to advance our investment agenda as opposed to our working to challenge the base assumptions and practices of that agenda, the economic order within which it operates and its economic much less broader philosophical concepts” (p. 204). As that happens, impact investing becomes just another tool of traditional financial capitalism itself.

### *Questions for Reflection*

- ❏ Do you agree with Jed’s critiques of scale? Why or why not? Think of examples to support your views.
- ❏ In what circumstances do you believe bigger is more effective? In what circumstances do you think that scale hinders effectiveness?



## KEY CONCEPT

### THE IMPACT COMMONS *(Pages 205 – 213)*

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*“For partisans of capitalism, it is often convenient to pretend that property is some naturally occurring fact, but it is really a social construction that must be delineated and enforced by the power of the state. And the very idea that all of the physical and social worlds can be divided up into discrete parts, each tagged with the name of an owner, is a part of capitalism’s ideological infrastructure that had to be painstakingly constructed over many years.” —Peter Frase, *Four Futures: Life After Capitalism*, p. 75*

Another foundational tenet of capitalism and financial faith is the notion of private property. Despite the assumption for many in the West that it is an inherent given, it is also a social construct.

*The earth belongs to itself and to all the component members of the community. The entire earth is a gorgeous celebration of existence in all its forms. Each living thing participated in that celebration as the proper fulfillment of its powers of expression. The reduction of the earth to an object simply for human possession and use is unthinkable in most traditional cultures.” —Thomas Berry, *Deep Ecology for the 21<sup>st</sup> Century*, p. 13*

This is not only foreign to most traditional cultures, but considered by many, from Saint Ambrose in the 4th century to Thomas Berry in this century, to be counter to Western Christian tradition. Nevertheless, by the mid-1800s, the belief that land not in productive use was not owned by anyone, and therefore available for others to claim and develop became the basis for empirical displacement and genocide around the world.

As we consider the purpose of capital, it is necessary to reflect on these issues. As Jed asks, “who truly does own nature and must ownership be viewed solely as it relates to use?... Whose capital is it to begin with and what economic and political order made it possible for one to amass wealth at the level upon which it is aggregated well beyond the living requirements of a single family? Before we can discuss responsible wealth stewardship or the end toward which we make investment decisions, before we consider questions of use, we must first consider questions of source, control, and economic dominance within a financial system unconcerned with advancing a sustainable world” (pp. 211-212).

Jed suggests “we must rethink our understanding of the concept of ownership and explore various new (and in some cases, traditional) approaches to structuring capital and understanding who may lay claim to the variety of returns generated therefrom, revisiting our understanding of the Impact Commons, how we think about the nature of returns and what is owned by the investor, the investee and the Commonweal” (p. 213).

*“Every farmer knows that the hard part is getting the field prepared. Inserting seeds and watching them grow is easy. In the case of science and industry, the community prepares the field, yet society tends to give all the credit to the individual who happens to plant a successful seed. Planting a seed does not necessarily require overwhelming intelligence; creating an environment that allows seeds to prosper does. We need to give more credit to the community in science, politics, business and daily life.”*  
—Steven Sloman and Philip Fernback, *The Knowledge Illusion*, p. 213–214

### Questions for Reflection

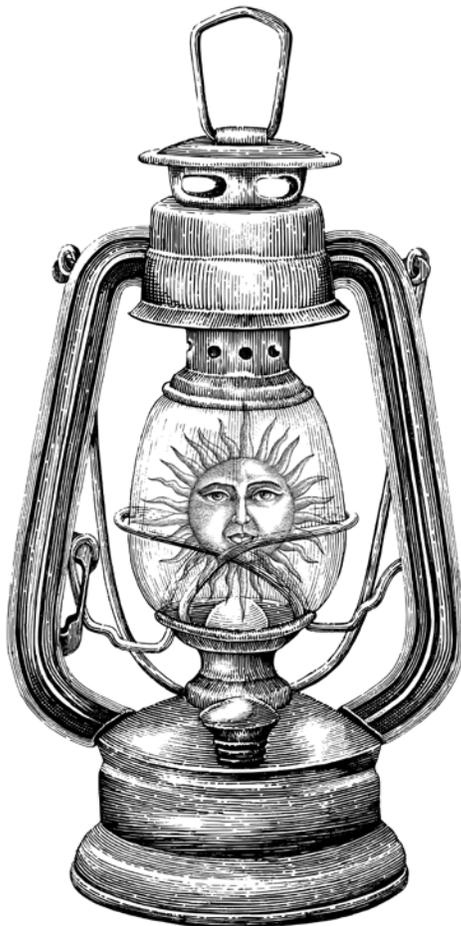
- ❏ Jed’s critique of capitalism’s foundational private property concepts may be the most challenging of all. Had you previously been exposed to alternative concepts of property—such as a traditional culture’s alternative understanding, or the model of cooperative organizations that Jed describes? If so, what was your reaction then? How do you react now to Jed’s discussion in the context of the purpose of capital? Why?
- ❏ In thinking about different concepts of common ownership, what elements are appealing to you? Why? What elements are challenging?
- ❏ Spend a moment thinking about and listing the gifts of nature that you do not pay for that make your existence possible, and also pleasurable. Could you begin to put a price on these gifts? Why or why not?
- ❏ Spend a moment thinking about and listing the ways that you benefit from being a citizen and/or part of a community. Can you put a price on the difference this makes in your life? Why or why not?



## SECTION SEVEN

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# THE PURPOSE OF CAPITAL AS FREEDOM



**T**HE IDEA OF CAPITAL NATURALLY SEEKING ITS HIGHEST USE IS STILL VALID, SAVE FOR THE REALITY THAT OUR TRADITIONAL UNDERSTANDING OF “USE” IS ONLY PARTIALLY CORRECT. IT IS NOT MERELY HIGHEST AND BEST USE OF ECONOMIC VALUE CREATION POTENTIAL BUT RATHER ITS TOTAL VALUE CREATION POTENTIAL. IT MUST BE PUT TO USE BUT APPLIED IN THE FULLNESS OF ITS POTENTIAL—NOT MERELY TOWARD ECONOMIC VALUE CREATION. IN THE END, CAPITAL SEEKS TO BE DEPLOYED IN PURSUIT OF ITS HIGHEST POTENTIAL OPTIMIZATION; AND IN THE THAT WAY TO BE FREE, TO ENERGIZE FREEDOM. (P. 231)

# OVERVIEW

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In Chapter 11, *The Gift of Fire: The Purpose of Capital as Freedom*, Jed discusses the character of capital and its social foundations, describing a more comprehensive notion of “highest and best use” and stressing the importance of our own motivations. He then challenges us with his own definition of the purpose of capital as freedom, and its connections to politics and justice.

## GOALS FOR THE READER

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- ∞ Understand how our motivations and goals drive the character of our capital
- ∞ Gain a more comprehensive understanding of “highest and best use,” that includes economic, social and environmental components, as well as advancement of freedom of self and Other
- ∞ Appreciate the centrality of structural change in impact investing

## KEY CONCEPT

### HIGHEST AND BEST USE *(Pages 215 – 221)*

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*As taught in business schools the world over, ‘the purpose of capital is to seek its highest and best use.’ (p. 215)*

Jed opens the chapter by reminding us of the standard definition of the purpose of capital. In traditional terms, seeking its “highest and best use” means “that combination of highest financial return and lowest assumption of risk possible to optimize financial returns” (p. 215).

*Within this frame, capital is viewed as a vehicle, or again, more accurately, a transparent social construct we’ve created as a proxy for a reality we have built in our world; a fact based upon materialism expressed in economic terms to the exclusion of social or environmental considerations... it is a reality understood to be rational, quantitative and objective, while review of social and ecological aspects of our world have traditionally been interpreted as subjective, qualitative and fleeting—and therefore existing outside a logical framework of economics and finance—in some ways, outside of reason itself. (p. 216)*

As previously discussed, this frame depends on the assertion that markets are amoral—they are not inherently good or bad, “they just are.” Yet “the irony in all this is that of the well-known phrase, ‘Markets function in response to one of two things: fear and greed.’” By and large, the business community accepts that concept as an unavoidable human inclination and the markets then take on that character. In this context, “the purpose of money is to be applied to its preservation and growth; any other outcome is a shame and a disgraced result of our entrepreneurial inabilities or fiduciary failures. Within this mindset, the purpose of capital is to make more capital” (p. 218). And to complete the circular argument, if one questions the notion of an “amoral” market that’s actually being driven by fear and greed, the defenders will insist acting in one’s individual greedy interest is actually ensuring the “highest and best use,” and overall public good.

*However, if one accepts the idea that capital is itself a neutral substance, void of moral or social considerations, and if we take as valid the idea that capital only assumes the measure of social attention we are willing to assign it, then the phrase, “the asset owner is the market” is, in fact, correct and each investor is free to define the character, financial terms and any other parameters of capital as she sees fit... Each age is also then free to define the purpose of capital, its highest and best use, as it prefers. (p. 219)*

Thus, it is consistent with the notion of an “amoral” market for market actors to define “highest and best use” to include social and environmental considerations, as well. To include additional human emotions and concerns in one’s assessment is no less rational than letting the human emotions of fear and greed be the only viable drivers.

As we now consider how we are aiming to redefine the purpose of capital in our own time, Jed reminds us that the broader concerns of impact investors are not new—“the aberration rests not with the past, but the present. For in the past the purpose of capital was in points of history and within certain communities broadly understood to be that of service to society, to family, and lastly, to self.” (p. 219). Judeo-Christian, Muslim, and Buddhist traditions alike emphasize the community and common good over that of “possessive individualism.” Religion aside, plenty of businesspeople around the world would agree with the example Jed provides of the businessman who stood up at Davos and insisted that the tenets of impact investing are “simply the structure and practices of the traditionally privately held German family firm.”

### *Questions for Reflection*

-  Were you familiar with the concept of “highest and best use”? If so, what criteria did you include in its determination? If this is a new concept for you, what is your reaction?
-  What is your reaction to Jed’s insistence that incorporating other human emotions or concerns into financial assessment is as legitimate as allowing fear and greed to be the primary drivers? Does that seem obvious, or do you reject that notion? Why?
-  Think of examples in history, popular culture, or your own experience where business leaders understood their role to be supportive of the broader community, not just their own wealth or that of their shareholders. How do these examples influence your impression of impact investing and its potential?

## KEY CONCEPT

### MOTIVATION AND THE CHARACTER OF CAPITAL *(Pages 221 – 229)*

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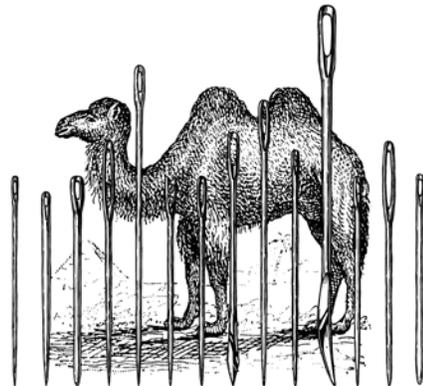
*Our stated intent of “doing well and doing good” is the place where many now enter the conversation of impact investing. When it was simply a practice of doing well and then doing good, it was an issue of charity and philanthropic giving where the questions were “How much do I need to have before I have enough to give away? What exactly do I need to give up in order to do something of true value in the world?” (p. 221)*

Impact investors are inspired by the idea that we can “do well” while “doing good,” rather than follow the path of first maximizing our wealth so we can later “do good” by giving some of it away. Yet in this new frame, Jed cautions us to examine our motivations:

*Those of us who claim a commitment to advancing impact investing—to creating various levels of financial return together with the generation of diverse social and environmental impacts—need be quite cautious regarding our base motivations for engaging in this work. We need to understand whether our motives are genuinely grounded in an interest in generating Mutual Impact on behalf of the Other or is our concern really what Richard Rohr calls ‘disguised narcissism’ wherein we cloak our real intent within the garments of concerned impact upon the world when we are only willing to pursue impact as long as there is no requirement we alter our expectations, behaviors, or life in our pursuit of Bonhoeffer’s Cheap Grace or my own notion of Cheap Impact. (p. 222)*

On an individual level, is our interest in impact investing merely alleviating our guilt and building our ego, or are we willing to “embrace the opportunity before us to develop a more meaningful engagement with the wisdom of the world which promises to open us up, to show us what is more real than either our capital or our present understanding of truth”? (p. 223).

At the institutional level, can the organizations we serve “come to be managed as vehicles of impact, advancing greater justice in the world and not merely acting as receptacles of capital until we have no option but to engage in change as a result of some personal or institutional crisis of meaning”? (p. 223). In both cases, will we and our organizations work to “reshape the very character of capital as we know it,” or will we be another version of charity that avoids the structural change necessary to achieve justice?



Our motivations matter, because capital, as Jed stresses, “is always in motion, even we think it is not.” The money we deposit into our bank account is not actually sitting at the bank—it’s always moving, always in action, going in and out of loans and deals and fueling action in the world, for better or worse. And as it does so, it is carrying our motivations, intentions and values.

*Under our management, capital seeks to grow in the form of collective acquisition, contribution or construction of something new, a newly constituted mass of capital potential now realized, of objects directed to move, of buildings consisting of various parts previously at rest but now in new locales. Capital may also act to release humanity to move in new ways, creating yet more experiences of life on multiple levels, some seemingly at rest and others visibly moving toward the creation of new realities and forms of being. All this is the result of deliberated, intentional movements of wealth in pursuit of impact and blended value creation, in contrast with our traditional financial pursuit of the static goals of gold or capital’s simple replication and cancerous growth. This mindset is an understanding of the purpose of capital as community and impact as opposed to capital as economic growth and traditional, financially driven commerce alone. If, indeed, money reflects merely the nature of those who own, manage and deploy it, let us default to this vision of living capital as opposed to one of its own replications, expansion, storage and financial decay on economic terms alone. (p. 225)*

### Questions for Reflection

-  Think honestly about your impact investing motivations. What inspired you to learn more about and/or engage in impact investing? What are your goals? Are you open to a more profound change in how you think about capital and your relation to the Other?
-  What is your reaction to Jed’s description of how capital is always in motion, energizing and fueling new things and experiences, and carrying the motivations, intentions and values of its owners? Think about the capital you own—where is it circulating? What is it fueling?

## KEY CONCEPT

### CAPITAL AS FREEDOM *(Pages 229 – 231)*

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*The Purpose of Capital is to support, augment and energize our freedom to engage in a shared process of continual becoming (p. 229)*

In his own statement of the purpose of capital, Jed includes several key elements. The first is the support of our freedom—“a state of liberation, self-determination and human agency.” Jed adds that this state is not individualistic. Rather, it includes “a centering of self within the Other as our awareness of deep relationship—how we are defined by and come to define the Other—puts us in meaningful context of Life.” (p. 229) Thus, it is a shared process. And finally, it is not a conclusive destination, but an ongoing process where we engage with the Other and continually learn and change, always striving for mutual freedom. What does this look like?

*Specifically, the use of wealth is to advance the liberty of those entities through which it courses and the freedom of those individuals with whom it comes in contact:*

- *At an individual level, it is the freedom of an entrepreneur to create a firm to capture a perceived community and market opportunity.*
- *At the organizational level, it is the freedom of a group of individuals to gather and resource themselves to advance a common goal or objective, to capture a shared vision of value.*
- *At a more profound level, the purpose of capital is to enable humanity to move toward the realization of its potential on this planet; to be free of poverty, to function in the present experience of living to support and sustain not only human existence, but to place that existence within the context of shared systems of optimized human and non-human life. (p. 233)*

The goal of impact investing then, is to energize our freedom “to achieve our full potential as individuals and as a community of beings intertwined with the forces of life on this planet.” (p. 230) It is never an individual striving at the expense of the Other or Nature, but a mutual, ongoing striving that acknowledges and honors our interdependence.

## Questions for Reflection

- ❦ Does Jed's assertion of "capital as freedom" resonate with you? Why or why not?
- ❦ It is a "big" idea—is it specific enough to be a helpful guidepost for you?
- ❦ How would you edit or adjust his statement to better express your ideas of the purpose of capital in your life?

### KEY CONCEPT

#### THE POLITICS OF IMPACT *(Pages 232 – 237)*

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*Capital investment is a political act endorsing, supporting, and fueling our present system of financial capitalism as it exists and as it has evolved over past decades...You should not only know what you own, but own what you know to be the power of your presence as an investor, as an agent of your actions and as a force in the world. (p. 234)*

While some argue investing and politics can and should be kept separate, Jed stresses that taking no position is to endorse the status quo, a status quo that impact investors are specifically trying to change. Impact investors "believe the current state of the world is not what we want it to be and we are acting to resist forces promoting and seeking to protect traditional financial capitalism and the social and environmental injustices upon which it is built and our traditional investing practices advance" (p. 235).

It's critical to note that impact investors are not inherently of any particular political party. "The politics of impact are those of challenge and transformation, of working to attain our true potential to advance a just and sustainable planet to the greatest benefit of human and non-human beings"—an agenda neither party owns. Jed essentially provides an impact investor manifesto, as follows:

Impact investors seek:

- To promote a change agenda - not one of conserving, defending, or maintaining the status quo, much less freeing financial institutions to have yet greater advantage over consumers or liberating companies from regulation of the amount and form of pollution they can generate to the detriment of our communities and ecosystems.

- To structure our capital to advance greater individual choice within our communities – not support policies restricting the choice of individuals to live their lives and manage their health decisions as they see fit.
- To expand our understanding of justice to include not simply those who are citizens of our nation, but those with whom we share our citizenship of the Earth.
- To defend not the unlimited free speech of corporations as “people” but rather the promotion of truth, scientific and experiential evidence and the real facts upon which we must base the words we seek to speak freely and use to promote our agenda of justice.
- To protect those not able to stand to protect themselves, whether they are a refugee family, a line worker in a manufacturing facility or voiceless animals being processed through factories, wandering in the woods or moving through the world’s rivers and oceans. (pp. 235-236)

*In the end, the politics of impact investing is that of putting your assets on the line to finance a new order, a new world and a new reality...We are called to envision and advance an approach that in some ways will take us back to our historic fundamentals and in others will require we transcend the dualism of our current political order in the same way we are transcending the dualism of financial capitalism as we’ve known it these past centuries. (p. 237)*

### Questions for Reflection

- 🧩 What is your reaction to Jed’s manifesto? What elements do you readily agree with? Why? What do you struggle with or reject? Why? What would you add?
- 🧩 Consider your own political allegiances. How do the tenets or platform of your affiliation relate to Jed’s manifesto? In what ways does it align? In what ways does it conflict? What issues does it not acknowledge or consider?
- 🧩 Despite Jed’s assertion that investing cannot be apolitical, the impact investing field has, until recently, not been focused on public policy or taking a political stance. How has this been helpful to the progress of impact investing and/or its goals? How has this been problematic to the progress of impact investing and/or its goals?

## KEY CONCEPT

### IMPACT INVESTING AS CHANGE (Pages 237 – 239)

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*Capital may also be a tool that can turn on itself and destroy our traditional understanding of what wealth is for and how it is to be deployed. The German historian and philosopher, Karl Jaspers, reflected upon the idea that history is a process of annihilation in that to advance each age had to be built upon the destruction of previous thinking and practice. (p. 234)*

If one accepts Jed’s assertion that impact investing is at its core a change agenda, we must also consider how impact investing “builds upon but deconstructs and then transcends traditional investment thinking and practice” (p. 238). To do so involves learning how to engage in “constructive social change,” defined by John Paul Lederach as “moving relationships from those defined by fear, mutual recrimination, and violence toward those characterized by love, mutual respect, and proactive engagement...That is the challenge: how to move from that which destroys toward that which builds.”<sup>4</sup>

To do so, Lederach outlines five stages of capacity building, applicable to our development as impact investors (as well as a human beings in general!):

- The capacity to envision oneself in relationship to another;
- A willingness to embrace complexity;
- An ability to operate within a non-dualistic/non-polarizing understanding of the world;
- The capacity to be open to a process of creativity;
- A willingness to take meaningful and real risks<sup>5</sup>

*Capital has the potential to catalyze movements in the world in the same way a pebble dropped into water has the force of its impact upon the surface yet is measured and assessed on the basis of the concentric circles emanating out from the place of its initial entry into the water...The effort of impact investors to unleash capital as freedom places that capital within a given point in time—where it is—yet simultaneously connects it with its past and possible alternative futures. (p. 239)*

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4 Lederach, John Paul. *The Moral Imagination: The Art and Soul of Building Peace*. Oxford University Press: Oxford, England, 2005, p. 42.

5 *Ibid*, p. 40.

## Questions for Reflection

- 🧩 What is your reaction to Jed's assertion that impact investing is a change agenda? Are you comfortable with that? Do you identify as a change agent, or is that a new role for you? How does that make you feel?
- 🧩 Think about each of Lederach's five stages of capacity building, above. Which are new and challenging for you? Which do you feel fairly competent in?
- 🧩 Can you think of ways that developing the five stages of capacity building will change your relationship to capital? Ways that they would influence other aspects of your life?

### KEY CONCEPT

## JUSTICE AS IMPACT *(Pages 239 – 243)*

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*With the recognition of the potential purpose of capital as freedom, we may then turn to reflect on our history and the place of injustice within that history as a precursor to our attaining sustained freedom within our communities and society...over the centuries we've seen time and again wherein the action of those controlling capital has been to seek more and more significant ways to consolidate, maintain and grow their wealth, at the cost of the poor and the expense of community...[and] a progressive limiting of freedom for the majority of the world's population...These events are not the natural course of human history, but are the logical outcome of power, control, and wealth consolidation; it is structural and it is systemic. (pp. 240-241)*

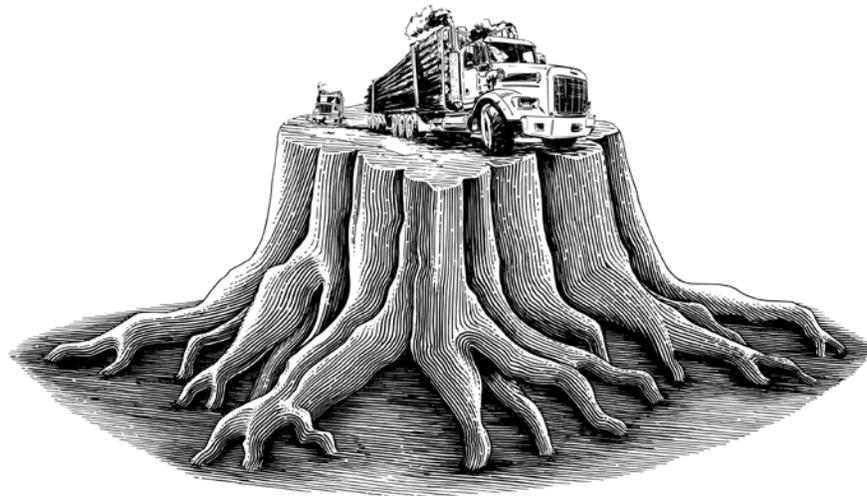
Jed closes the chapter with a reflection on justice as it relates to capital - how the consolidation of wealth by the few results in the limiting of freedom for many. From the shift from common interest to private land ownership that facilitated the worldwide displacement of indigenous people while consolidating wealth in empirical countries, to today's climate crisis that is largely driven by wealthy powers but will ultimately have greater implications on the lives of the poor, capital accumulation has been a powerful driver of injustice.

*Much as we might care to decry this reality, in truth, the vast majority of us, of those most likely to be reading these words—regardless of the absolute size of our net worth—are complicit in this historic consolidation of wealth...The question for those engaged in the management and deployment*

*of capital must begin with this reflection on the purpose of capital and from there we may be positioned to explore its implications for a life, for a community and for a planet. (p. 243)*

### *Questions for Reflection*

- ❏ Jed's connection of wealth accumulation to injustice is counter to the common "to the victor go the spoils" ethic that is pervasive in many cultures. What is your reaction? Does this view inspire you? Discourage you? A mix?
- ❏ The reaction of some to this connection of wealth accumulation to injustice is to fault capitalism as a whole. Do you think our reassessment of the purpose of capital can play a significant role in "fixing" a capitalistic system? As Jed described in a previous section, can it be like a stone that creates ripples and influences broader change? Why or why not? What else has to change?
- ❏ How do you react to Jed's assertion of the complicity of most readers of this work in the injustices driven by wealth accumulation? Why?

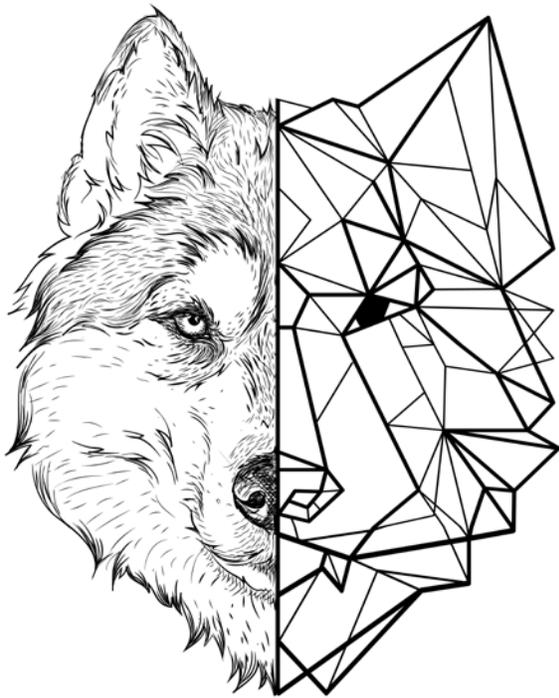




## SECTION EIGHT

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# PURPOSE AS PROGRESS, PRESENCE AS VALUE



**I**N THE END IT IS ABOUT ADVANCING A CONNECTED FRAMEWORK OF UNDERSTANDING EARTH, OUR SENTIENT COMMUNITY, ECONOMICS, AND SELF THROUGH THE PRACTICE OF A REDISCOVERED PERSONAL AND SOCIAL ALCHEMY. THIS ALCHEMY INCLUDES CONSIDERATIONS OF ECONOMICS AND ITS TOOL OF FINANCE, BUT IS NOT ITSELF DEFINED BY THEM. THIS TRANSFORMATION BLENDS DIVERSE COMPONENTS OF BEING AND MATERIALITY TO OPTIMIZE OUR EXPERIENCE OF LIFE WITHIN THE PURSUIT OF SELF-REAL-

IZATION, SOCIAL FREEDOM AND VERDANT ECOLOGIES INCLUSIVE OF YET NOT DOMINATED BY HUMANITY. IN THIS NEW ECONOMIC ORDER WHICH WE MAY ALREADY SEE MANIFEST AROUND US IN DIVERSE WAYS AND FORMS ACROSS THE WORLD, CAPITAL FUNCTIONS AS BUT ONE FUEL FOR THE VIBRANT ALCHEMY OF LIFE. (P. 253)

# OVERVIEW

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In Chapter 12, *Living Impact: Purpose as New Progress, Presence as Our Value Manifest*, Jed shares the fallacies of progress and growth, two more key tenets of capitalism. He then provides an alternative to the traditional, scarcity-mindset driven notion of progress—an abundance mindset and Deep Economy that places humanity in the context of a greater whole. He closes with a discussion of the role of presence and restorative justice in impact investing, and a call to act with “humility, openness and quiet reflection.”

## GOALS FOR THE READER

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- ∞ Consider and question our culture’s assumptions of “progress” and its implications
- ∞ Ground awareness in the context of community with obligations and connections to the Other
- ∞ Commit to reflect on the grounding questions with humility, to actively listen, and to engage with our investments with intention and presence.

*This unbridled faith in technology as progress to solve problems together with our belief the Earth exists to be exploited for human desires and ambition combine to create a dangerous blind spot in our modern world view and perspective with regard to the planet, our relation to it and the future, destructive reality we are creating. (p. 248)*

Jed opens the chapter by revisiting the notion of “progress” that emerged in the 18<sup>th</sup> century. The linear concept came to be associated with the development of new technologies and human capabilities, regardless of their consequences on our well-being. This is exemplified by the typical response to any variation of Joni Mitchell’s apt phrase, “They paved paradise and put up a parking lot”: “[Sigh] You can’t stop progress.” We are so blind to this capitulation to economic growth that we will even surrender paradise, what we are supposedly striving for, in the name of abstract wealth creation.

Rather than allowing culture to determine what technology we adopt (the idea of doing so seems to be beyond the pale), we allow technology to drive then adapt our culture to technology, for better or worse. Yet this notion of unquestionable progress seems to only apply to technological or quantitative economic development. There seems to be an assumption that actual qualitative social or cultural progress is inherently impossible. For example, commercial space flight is an achievable wonder, while elimination of homelessness is an expensive impossibility.

Another fallacy of this notion of technological progress in regard to resource use is “Jevons Paradox,” the concept that “increasing efficiency does not lead to less consumption since consumers...simply use more of the cheaper energy [or other resource] made available by the increased efficiency of production.”<sup>6</sup> For example, washing machines and dishwashers didn’t ultimately reduce the amount of time we spend washing things; we just increased the amount of items to wash. And any good economist would agree that the availability of more efficient, and presumably then cheaper, energy actually increases the overall consumption of energy.

The final fallacy that Jed notes is the equivalence of quantitative growth and progress. For example, the hosting of an Olympic games and a devastating hurricane may have the same quantitative impact on a region’s economy, just as a wedding and a divorce may generate equivalent quantitative economic activity. Yet all would agree that these are not qualitatively equivalent in societal value or human well-being. Nevertheless, Gross National Product, the sum of all of these economic transactions, is our primary measure of the health of our economy and country.

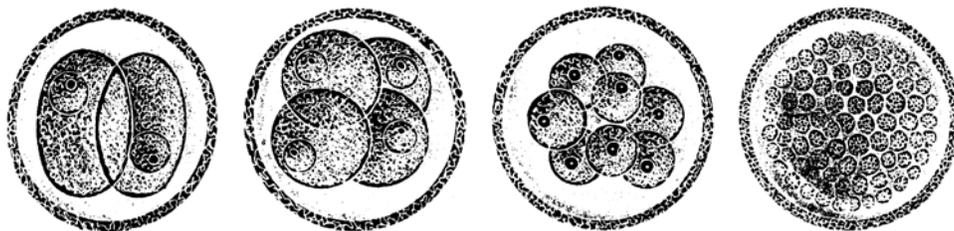
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<sup>6</sup> Frase, Peter, *Four Futures: Life After Capitalism*. Verso press: London, 2016. P. 95

*Growth is not value creation, despite our tendency as a society to conflate the two. And so we will seek continued growth cloaked as progress, unrestrained and ill-considered until we can grow no more; and the growth we promote will be such that we ill, in the end choke to death, both metaphorically and literally. As Edward Abbey said, ‘Growth for the sake of growth is the ideology of the cancer cell.’ (p. 249)*

### Questions for Reflection

- ❏ Do you relate to the traditional notion, “you can’t stop progress?” Do you believe that “progress” of the type Jed describes is indeed inevitable?
- ❏ Think of a time when you, another person, or a community resisted “progress” of the type Jed describes. Why the resistance? How did you or they resist? How did the broader culture react? What was the outcome? Why?
- ❏ Can you think of examples of cultures or communities that question new technologies, or choose not to adopt them? Why do they do so? How do they do it?
- ❏ What is your reaction to the “Jevons Paradox?” How have new technologies or “labor-saving devices” improved the quality of your life? How have they reduced the quality of your life?
- ❏ Have you ever questioned the validity of GNP as a measure of economic health? Why or why not? Are you aware of other measures of economic well-being that incorporate qualitative elements as well as quantitative ones? What do they measure?



*A better future may not lie in growth at all, but rather in the opposite direction, in progress defined as smaller size and deeper relationship with each Other and Planet; in progress as measured in a variety of forms of presence (p. 249)*

What is the alternative to this blind adherence to technological and quantitative economic ‘progress’? “We must reframe our understanding of what sustained growth means as well as our measures of progress. We will only do this via a reconceptualization of our knowledge of economics itself and evolution above and beyond the current practices of traditional financial capitalism and—by extension—our knowledge of current impact investing practice” (p. 250).

This begins with an awareness of the dualistic “scarcity” mindset inherent in the current financial capitalist system. “Within a scarcity mindset we are asked to live in fear,” assuming that life is a zero-sum game. “This ‘either-or’ decision, in this case between scarcity and abundance, but also reflected in the notion of doing well or doing good, making a grant or an investment, working for a nonprofit or a for-profit, and so on are each logical outcomes of the ancient tension between material and spiritual purpose, which we carry into today’s modern life and economy.” (p. 250)

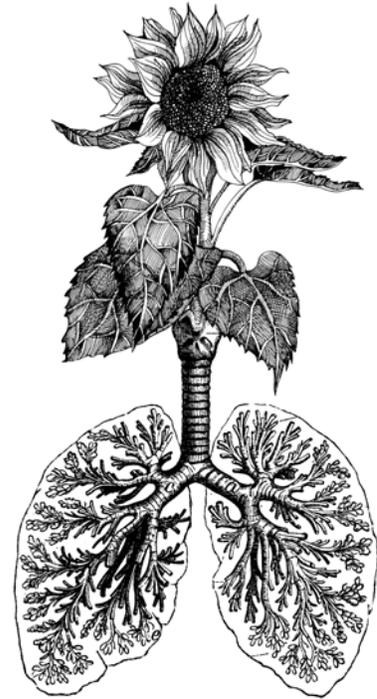
Jed suggests that this new, non-dualistic and abundance mindset will be grounded within two principles:

1. **The concept that we have obligations to others**—beyond our selves, to families, community, and nation to be sure, but also to Planet and all sentient beings living upon it.
2. **The idea we must value not merely human life, but the diversity and richness of humanity in the context of a Living Planet.** The purpose of our capital cannot be our purchasing of freedom for Self and not Other, for Self cannot be made free in absence of the Other’s liberation. (p. 251)

*In this context, the purpose of capital is revealed in our exploration of community, humanity, culture and ecosystem, each and all woven within an understanding there is no single answer. This is not a matter of cultural or ethical relativism; instead, we must—with others—explore how various responses fit within our time, place and comprehension of the value we are called to create in this world. (p. 251)*

Jed describes concepts of Deep Ecology and Deep Economy, where humanity is not separate, nor the center or dominator, but part of a greater whole. “To be successful in all this, we must place the Earth and other species on at least equal footing with our own good selves if we are to operate within an evolved understanding of our world and life. Only then will we have the possibility of bringing the proper conceptual and scientific frameworks to bear upon our current and future problems” (p. 252). In this Deep Economy, capital is not the driver, but “one fuel for the vibrant alchemy of life.”

*Within this understanding of its true essence, capital is simply a form of blood continually moving through an emergent, regenerative Deep Economy, converting from one form to another, flowing through various and diverse organizations, stewarded by various and diverse temporary asset owners who view themselves as stewards of capital in a continual process of deployment, use, renewal and endless regeneration. (pp. 253-254)*



### *Questions for Reflection*

- 🧩 Have you ever had or witnessed “Deep Economy” in action, where an investment or economic activity resulted in a comprehensive win-win for all stakeholders? What was the community’s reaction? Did some still resist or dismiss this experience? Why?
- 🧩 What do you think it will take for our culture to shift to one that is more accepting of an abundance mindset and Deep Economy?

## KEY CONCEPT

### THE PURPOSE OF CAPITAL AS A JOURNEY TO JUSTICE AND FREEDOM *(Pages 254 – 260)*

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*As my inquiry has evolved, I've realized we must redefine our understanding of the next step for impact investing and the evolution of our own understanding of the purpose of capital. Instead of basing our sense of progress upon notions of the big investment ideas, ongoing refinement of strategies for building upon bifurcated notions of doing well and doing good, the organizing of yet additional impact initiatives and raising yet more massive impact investment funds, I would submit what we as individuals and as a community that professes to care about the purpose of capital must first do is stop and reflect upon one very basic question:*

*How are we each called to act to remove injustice and its related barriers to each member of our human and non-human community and ecosystems attaining sustained freedom in our world? (p. 255)*

Jed suggests that there is no one answer to this question. “Rather, the answer is that there are multiple answers and that, first, we must each commit ourselves to a deeper, more humble practice of living, while affirming that ‘The best criticism of the bad is the practice of the better’... we must accept that we are each called to play many and diverse roles over the course of our lives, and in this way debates and discussions regarding the ‘best’ approach to impact or the relative place and role of social enterprise versus mission drive, for profit, versus state-sponsored enterprise is that, well, it depends—upon context, actors, resources, capacity and a host of related factors we many not even see until we’re in the midst of the new becoming” (pp. 255-256).

Thus, Jed offers “a way of thinking as opposed to a prescriptive outline of what to do” (p. 256). Rather than continuing our dualistic weighing of doing good versus doing well, or waiting for a concrete, proven strategy before we engage, he advocates that we move forward with John Paul Lederach’s *paradoxical curiosity*, seeking “something beyond what is visible, something that holds apparently contradictory and even violently opposed social energies together.”

Key to this approach is understanding that we must bring both our heads and our hearts to our efforts, rather than continue to separate our material and spiritual lives. In doing so, we can identify “a potential source of personal energy and empowerment that may be of benefit simultaneously to self and Other...This is less a call to voluntary simplicity than one of clarity of purpose and first principles by which we might better value our worth beyond measures of financial wealth and against those of personal aspiration and vibrant meaning” (p. 258).

*In the end, however we understand it, we each in our own way might benefit from the intentional integration of theology and spiritualism with science and finance and social liberation with community empowerment as the guard rails for moving us toward a new place of blended value realized... We do all this since our goal is not merely to create impact upon and within the lives of others, but in a genuine sense to save our selves. Justice is a two-way street, a relationship of connection and engagement rather than a charitable act we perform upon the Other... In doing so we come to be liberated from boundaries; we come to be free. (pp. 259-260)*

### Questions for Reflection

- 🧩 In the quote directly above, Jed refers to freedom as being liberated from boundaries between the Self and the Other—freedom includes a profound connection with the Other. Have you ever thought of freedom this way? What is your reaction to that idea? Why?
- 🧩 Jed advocates acting, even when we aren't certain of the strategy, and learning as we go as a crucial element of impact investing practice. Is it easy for you to embrace this notion? Why or why not?
- 🧩 As noted, Jed is offering a “way of thinking as opposed to a prescriptive outline of what to do.” Is that what you expected or hoped for when you picked up the book? Why or why not?

## KEY CONCEPT

### VALUE MANIFEST: PRESENCE AND RESTORATIVE JUSTICE *(Pages 260 – 267)*

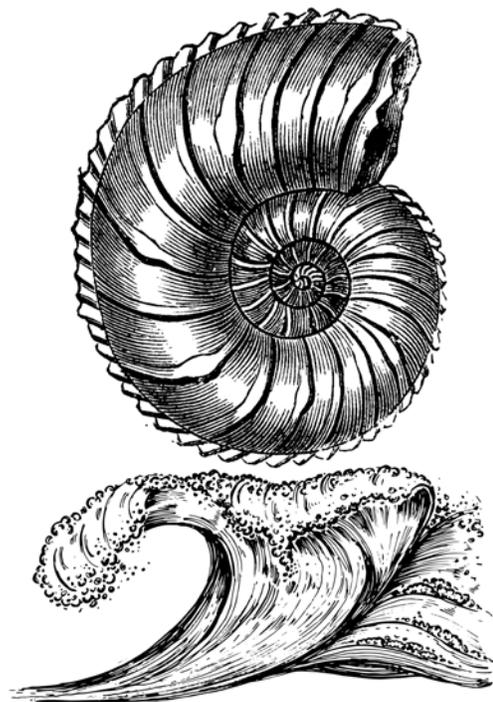
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*Restorative justice places us in a position of exploring our healing and growth simultaneously with the healing, growth, and opportunity we hope to bring our collaborators and stakeholders. We do this by leveraging capital for more than the generation of only financial returns to us. In this way, our wealth is regenerative not only of environmental or social value but of the personal value we may accrue to the benefit of our journey or that of our family, community and the greater whole of which we are each a part and through which we may only then come to sit in the presence of transcendent wisdom. (pp. 261-262)*

Beyond our own freedom that is connected with the freedom of the Other, “we must also keep in mind the concept of restorative justice—justice that speaks to our condition and prospects for being made whole through the process of advancing greater equity in the world and challenging the very systems which may benefit us, in our role of relative wealth and privilege” (p. 260).

Being an impact investor means going beyond a legalistic approach to impact goals and returns—after all, “even if we fulfill the terms of our investment contract, injustice is still resident within the current financial capitalist system within which we operate, a system that allows us to extract economic value from low-income communities in the name of the bifurcated construct of doing well and good.” (p. 261) It means engaging in true dialogue with the Other, being fully present and listening, and being open to the transformative change that may result. It also means being willing to challenge structural issues that are perpetuating injustice.

Thus, impact investing is ultimately “a question of the nature and level of our intentionality, awareness, and ability to be present within an investment process as opposed to being detached managers of one” (p. 263). Jed stresses that one’s level of assets doesn’t matter—whether your financial capital is large or small, the path of impact investing is to “seek to be deeply embedded in the relationships and networks of both our own and the Other’s life and communities” (p. 265).



Jed closes with an acknowledgement of our limits, and the reality that “we will never be able to assess the full, integrated value of our investments for we can never know what forms of sustained impact we may generate.” Thus, we must move forward with paradoxical curiosity, engaging in impact investing with our full presence and “from a place of humility, openness and quiet reflection” (p. 266).

*We will never know what wave of energy we convert to a particle that is received as a pulse, many communities away, many lives down the road. We must sit quietly with the reality of our shortcomings while we open our eyes and minds to take in the full potential of what may be generated by way of our diverse and many efforts, and through the application of our countless resources and energies...*

*Our personal purpose must be that of our capital: To create deep blended value through the extension of living freedom to all beings and elements of the Earth. (pp. 266-267)*

### *Questions for Reflection*

-  In what ways, and with what kind of investments, are you fully present and aware of your capital, how it flows, and the impact it is having?
-  How are you currently in relationship with the stakeholders or beneficiaries of investments (whether for-profit or philanthropic investments)? If you do have an experience of being in deeper relationship with stakeholders or beneficiaries, how has that changed your experience? Your perspective on the investment? Your Self? If you don't have such relationships, can you think of an opportunity to do so?

# *Closing Questions for Reflection*

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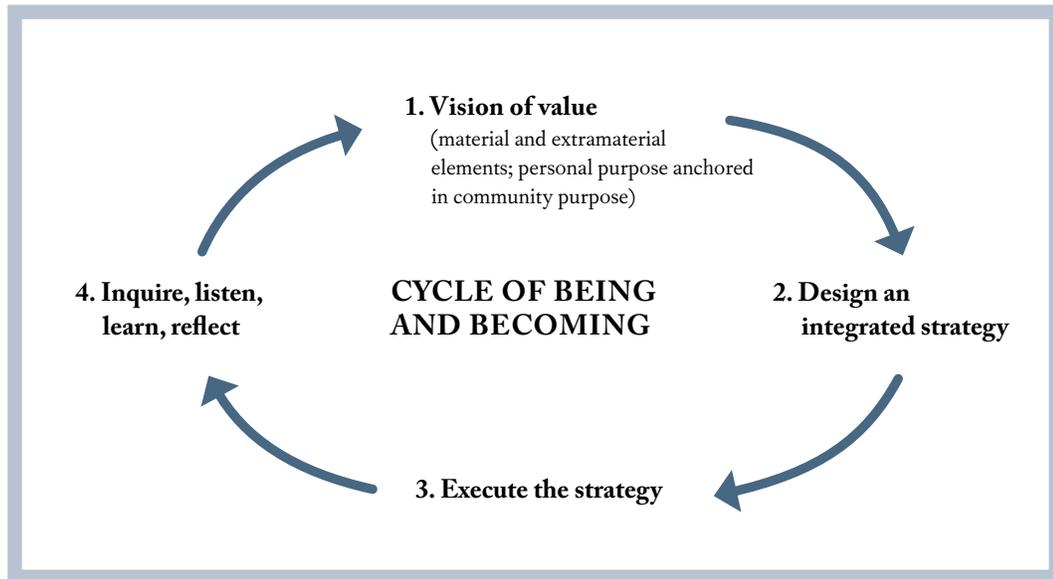
- ∞ **Take time to look back over your question responses and think about all of the ideas discussed in *The Purpose of Capital*.**
  - What were the 3 most significant “a-has”, new ideas, or connections for you? Why?
  - What idea(s) were most inspiring or encouraging? Why?
  - What idea(s) were most discouraging? Why?
  - What idea(s) do you most enthusiastically embrace? Why?
  - What idea(s) do you resist or find most challenging? Why?

- ∞ **Jed provided several “Purpose of Capital Statements”:**

- The purpose of capital is to support, augment and energize our freedom to engage in a shared process of continual becoming.
- The purpose of capital is to create deep blended value through the extension of living freedom to all beings and elements of the Earth.

**What is your purpose of capital? Select or edit one of Jed’s or draft your own.**

∞ In the opening chapter, Jed introduced the Cycle of Being and Becoming:



What is your vision of value to guide your own impact investing efforts? Take time to consider what is important to you—material/quantitative things as well as extramaterial/qualitative things, and to articulate your personal purpose and how it is connected to community purpose.

After you have developed your vision of value, consider taking time over the coming weeks and months to design an integrated impact investing strategy—specific steps you can take to embody your purpose of capital and work toward your vision of value.