

## Sambell Oration 16<sup>th</sup> October 2003

### DISCOVERING SOUL WORK: MY PERSONAL JOURNEY

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Firstly, may I sincerely thank the Brotherhood of St Laurence for inviting me here. It is a deep honour to be with you and I am thrilled to be making my first trip to Australia. As this is just enough to whet my appetite for more, I've already decided that a second, much longer visit is needed soon!

I thought I would try to share with you this evening some thoughts on a subject which is quite difficult to talk about in public. It's what I call 'soul work', which is a way of working, whether in business or in any kind of career activity, that involves using the whole soul as opposed to just the intellectual part of oneself. I'd like to give you my own story – how I discovered it and practiced it, as well as the many lessons I learned – not because it will necessarily teach you anything new ( - in fact, I know there are plenty of people in this room who already personify everything I'm going to talk about), but because I believe the subject deserves to be given public recognition and our individual learning experiences shared openly with others.

#### **I UNDERGRADUATE YEARS AT OXFORD**

##### **a. Eliminating academic disciplinary barriers**

I'm going to start with my undergraduate degree at Oxford, in a subject called Human Sciences. It was a very exciting course because it gave an overall understanding of man, not from a *multi-disciplinary* perspective with separate courses in socio-biology, genetics, evolution, ecology, demography, psychology, sociology, and all the other 'ologies', but from an *inter-disciplinary* perspective – the first such approach that had been attempted in Britain. I sat where you are, witnessing on the stage six professors – one, let's say, a geneticist, one a demographer, one an urban geographer, taking a subject like crime amongst teenagers in depressed inner cities, and each arguing from his own disciplinary perspective about the causes and solutions, and all really working hard towards building a whole picture.

Why it was such an important experience for me? Because it reminded me that God never divided History from Geography or Arts from Maths, or not according to the Bible! They are all parts of one whole. And what happens when we separate them? The pieces become artificial boxes which constrain our thinking. So the opportunity to study with a group of people that were just blowing away all the boundaries of those boxes in an incredibly rigorous way was really stimulating.

##### **b. Understanding humans as animals and angels**

The course also focused our thinking about the human being at one and the same time as an animal with 95% the same genetic base as chimpanzees and other primates, and therefore genetically programmed to maximize its own self interest, and as a human with a soul, trying to pursue altruism for reasons beyond rational explanation. In the sociobiology course, for example, we looked at the conditions under which animals fought

each other vs. the conditions under which they co-operated. The more you looked at this and thought how similar our genetic make-up was to the other animals', the more you couldn't understand half of the conflicts and wars that human beings had created - there seemed to be so many situations in which co-operation would have led them each individually into a better situation.

I came out of that course feeling that if one could at one and the same time design one's work to respond to both the selfish and the altruistic instincts, and create tools that appealed to people for their own self-interest whilst, by virtue of their design, also encouraging cooperation, then you had recognized the true nature of the whole human being.

### **c. Starting with first principles from nature**

The third lesson I think, I took away from that course was how important it is to start by focusing on 'natural fundamentals' rather than anything that is constructed by man. What I mean by that is that I had thought about, for example, studying economics, but something in me resisted that because it was only a man-made invention of theories. To study sciences or arts felt closer to the source of creation and that's where I felt I needed to be. Very often the greatest teachers in this area are children because children question adults all the time, asking "Why?", "Why does it have to be like that?" and push us back to first principles. This is where I felt I needed to start - at the place where it all begins.

As an aside, one of my great pin-ups and mentors who is actually English but lives in the States, Hazel Henderson, invented the title of New Economics for the following concept: She said to herself, imagine two housewives: one who educates her children at home, feeds them from home grown vegetables and fruit, stays at home and looks after them there; while the other goes out to work, takes the car to work, and hires a nanny who takes the children to eat out at McDonalds. Now imagine one country full of mother A types and another country full of mother B types.

According to current economic measurement practice, you would think that the B country was many times wealthier than the A country, because you're adding up the salary of the mother, the salary of the nanny, the transport costs to get the children to wherever they go and the eating out costs, all of which go into the national income accounts. But if you think about the differences in upbringing for the children, their nutrition, and the pollution from the transport, none of which are taken into account in these measures, it calls seriously into question the basis on which important government policy decisions are being made.

As another example, pulling oil out of the ground, claiming it as your own resource and selling it, will show a very wealthy country in the national income accounts. But where ought that activity to be registered? It should be shown as a depreciation of the assets of the natural earth. We are using them up, not increasing our wealth. I think it was because Hazel wasn't an economist, but simply a housewife who was just asking basic questions, that she was able to understand these fundamentals.

## II INTRODUCTION TO COMMERCIAL BANKING

After my degree I thought, what would I like to be when I grow up? (I still haven't worked it out by the way!). I went to Citibank because I needed a trade. You will laugh when I tell you that, at the time when I was thinking about banking, I remember asking myself, what are the chances that by the time I retire, people are not going to be using money anymore as we know it? All I was looking for was a trade that would last me through my career and I thought the probability was that it would take a couple of hundred more years. I still believe that we will stop using money at some point but probably not before I retire.

Actually, it didn't much matter to me which field I worked in. I just felt that I needed a good trade. With hindsight, if I hadn't been a banker, if I'd been a chef for example, I would have loved to have worked in the area of one of the famous British chefs who has recently designed menus for the National Health Service for £2 per meal, for people in hospitals. If I'd been a lawyer, I would probably have been trying to see what I could do in human rights law. So actually I didn't feel it mattered which profession I chose. I just wanted to try to approach my contribution to life through acquiring some solid skills.

### a. Disconnection to real life

At Citibank, I joined the oil and mining department which was financing the extraction of oil and gas from the North Sea. The lowest transaction I was involved in was about US\$2 billion and for the next 2½ years I must have spent 75% of my waking hours in front of a computer screen, churning through cashflow projections until midnight, 5am, whatever, hating every moment of it. I never saw a single thing we financed - women weren't allowed on the oil rigs anyway - and I never touched or felt or had any idea of the impact, good or bad, of anything I financed. But it was solid financial training. At the same time, there were other things that were beginning to disturb me. These were everyday concepts that are mostly taken for granted. To question them even today would still be regarded as controversial.

### b. Amoral of project finance and limited liability companies

The kind of financing we did was called Project Financing. If a big oil company like Mobil or Exxon wanted a loan to develop an oilfield it had discovered within its 'concession territory', it involved working out what you thought the value of the oil in the ground would be once it was extracted, vs. the cost of extraction. If you were wrong, i.e., if the oil didn't turn out to sell for as much as the cost of pulling it out, even if Mobil or Exxon or whoever the borrower was, had plenty of money to repay that loan, they would not be obliged to pay the bank back at all. That's the whole point of project finance. But from a moral perspective, it was totally incomprehensible to me how somebody that's borrowed money and has plenty of funds to pay it back can just walk away from that debt. And who pays the price for the shortfall? The shareholders of the lender, of course. And what's the rationale of that? I was very troubled by what I was doing.

Another thing that we're all extremely used to now and maybe don't even think about because it's such a part of normal life is the limited liability company. What is it, anyway? A legal entity that people can walk away from after making disaster decisions. And how much extra risk do you think exists in the world because those people who make the decisions don't have to pay the price? What do we think about that? Does it serve a useful purpose? I couldn't relate it back to anything that was solid. So I think I had already started to feel very uncomfortable with the whole system back then.

### c. Reversal of original definitions

When I started thinking about what had happened to the banking industry, it seemed to be so far removed from its original purpose. If you just take the Latin origins of three words:

1) Education. 'E' or 'ex'- means 'out of' or 'from'; and 'ducation' comes from 'dux', 'ducat' - a leader, to lead or draw. So the meaning of education when it was originally named must have been to draw out of people what is the potential inside them, not to stuff facts into people and force them to regurgitate them back, which is what often happens in schools now, certainly in Britain. It's reversed itself on its head.

2) Take another word like Manufacturing. From 'manu' meaning 'hand', and 'factoring' from 'making things'. Making things directly with your hands. And what comes to mind when we think of the word manufacturing? Machines - the opposite!

3) And take a third word: Credit. Where does credit come from? Credo. Probably the only word worth knowing if you only can know one word. To believe, to trust, to have faith in. And what have I just told you about project finance? It had absolutely nothing to do with trust whatsoever.

I suppose I felt totally disconnected to the roots of creation, because everything was turning itself away from its original purpose.

### III THE FINAL CLINCHERS TO LEAVE COMMERCIAL BANKING

#### **The power of people, compassion and common sense in the privatization of Polam Pila**

I then went to work in emerging markets in South America and in Eastern Europe, thinking I should be able to get closer to the needs of people whose lives I would really like to help. But all the time I was working for commercial banks and earning a nice salary. To give you an example of the sort of thing I found when I was working for J. P. Morgan in Poland, which was in the early '90s: The Berlin wall had come down and people were petrified because the Communist system, for all its faults, had supported them with education and jobs and given them a security blanket. There were many problems with Communism, but also many safety nets that were highly valued.

The first deal I was asked to work on, which absolutely changed my life because it was on the basis of that 4 day trip that I decided to dedicate the next 10 years of my life to Poland (even though I have no Polish background or family), was the privatization of a lightbulb factory in a town called Pila in former Prussia. It used to be part of Germany before the war, in the western part of Poland, and it employed 35,000 people. The town had 100,000 population so it was virtually the only employer.

At the base of a lightbulb is mercury which is radio-active and extremely dangerous and this lightbulb factory had been going for 50 years with no protective materials for any of the employees. As I was shown around, it was very embarrassing because I was treated as foreign VIP and given a mask, gloves and everything to protect me. But when I walked into the factory floor and saw that not one single person had any themselves, I just had to take mine off. The man who showed me around, Mr Kozlowski, said, "Have you noticed anything about these people?" I said "Well, they're all quite young". And he said "Yes, because after that, they die".

Mr Kozlowski was an extraordinary man who had single-handedly kept that company alive and retained employment for all those people, by an unbelievable series of actions. He had had this idea that there was something called Corporate Finance that he needed to know in order to work out how to save the company, but the only books about it were written in English and he didn't speak any English. So he took a bus and train and any other transportation available to get to England - in the 1970s, this was - and found a second hand text book written in the 1950s about corporate finance. He then worked in a coal mine in South Wales for the next three years, trying to learn English from the Welsh coalminers and study this textbook until he thought he understood it. He then went back to Poland and tried to explain to everybody else, his 35,000 employees, what he thought they needed to do.

When I arrived there, I found an extraordinary set of accounts. I was supposed to be valuing the company and telling the Polish Government how much it should be sold for and to whom. There had been four sets of devaluations of the Polish Zloty, so the accounts were a series of figures which had been crossed out and more noughts added, and crossed out again and yet more noughts added. It was impossible to work out what was going on. I said to Mr Kozlowski, "Why all these extra crossings out?" He said, "Well you see this machine over here: it said in the (corporate finance) book that we have to depreciate it over 10 years, but after 10 years it was still working and we couldn't believe it wasn't worth anything. So we unwound all the accounting entries and thought, how many years is this going to last for? Maybe 20, so we then depreciated it at half the amount.

But at the end of 20 years, and lots more sticky plaster, it was still going and couldn't be worth nothing! So again, we unwound and wound up the depreciation amounts." When there was hardly any money in the till, Mr Kozlowski got everybody to agree to a quarter wages just so that nobody had to go hungry. And there was such incredible unity and loyalty in that company. The management was so committed to supporting the community.

That night, when I went back to my hotel (I would just about call it one, but it was definitely one of the seediest places I've ever stayed!), there was a letter from GE, the big US multinational and one of the top 500 companies in the world, saying "If you dare recommend that Polam Pila is sold to (our rival) Phillips of Eindhoven, you will lose your job". It was followed by a series of unpleasant phone calls. I was really shocked at the way this was all being done. (The Phillips people had asked for the exclusive right to buy the company).

In the end, I thought if the Phillips people agreed to keep the local management and didn't put their own people in charge, that was worth more than all the money in the world from GE, because I knew what would if GE bought it. They would just say, Right, bought the company. Chuck out 33,000 out of the 35,000 people straight away. Have a management consultant say it only needed 2,000, and the whole of the rest of the town would fall apart. So despite the GE threats, I recommended that Phillips buy the company. They were very angry too, at having to keep the local management. But that local management turned the whole company around to such an extent that Phillips made a huge profit and they went on to buy another four Polish lightbulb factories, without any prompting, keeping all of the local management in place.

In the meantime by the way, GE settled for a company called Tungsram in Hungary, fired the local management and put their own (American) people in. It incurred huge losses and the factory went bust. It was entirely predictable to me, but the process still had to play itself out. What did it teach me? That at the end of the day, the only thing that really counts is not the amount of money, nor the legal entities. It's the people and who they are and what they are trying to achieve that really matter. These Poles who had no money nevertheless achieved miracles. So I thought, I'd love to try to capture that concept and apply it to other contexts, if I possibly could.

## **IV JUMPING INTO THE DEEP END OF THE NON-PROFIT WORLD: FUNDUSZ MIKRO YEARS**

### **Sifting the wheat from the chaff of relevant banking knowledge**

As I didn't think there was much chance of being allowed to keep putting people over capital and technology within a big bank, I decided in 1994 - huge decision! - to jump off that corporate rat race and work truly in the voluntary sector. By great good fortune, I then met the representatives of the US government-funded Polish-American Enterprise Fund and they offered me \$24 million to set up a micro-finance institution in Poland. This was a non-profit financial institution to help self-employed people and very small businesses that were unable to access any form of capital.

As I say, I didn't speak very good Polish as I'd been working around people with excellent English in Poland for too long and been lazy about learning the language. Also, I'd certainly never imagined myself as an entrepreneur, capable of setting up a company. Up to that point, all my employers had had at least 10,000 employees and I'd just been a stooge, a cog in the middle levels. Neither did I know anything about the micro-business market. Even talking to Polish people, they all said "You're absolutely crazy to do this! Don't you understand? Even Poles don't trust each other, so how can you as a foreigner...?" But you know, I had had a dozen experiences like the lightbulb episode and I just saw in Poland this extraordinary spirit of striving and hoping and believing. I thought, it can't be dead! It just can't be that people have totally lost the ability to trust each other. Look at all that yearning to believe that's lurking in the air! I can't quantify it; I can't measure it; I can't put it in a box; but I know it's there.

In the end, I thought, I just need to have a go, and if it fails, very little will have been lost. In terms of the banking skills I'd acquired, as George Bernard Shaw once said; "Education is what is left after you've forgotten everything that you learned." And this was my first task: to put aside most of the technology I'd learned during my banking career, and only let through the bits that made sense to me. There were some really important principles in the knowledge I'd acquired, but probably only amounting to about 5-10% of everything that I had learned.

#### **a. Client sticks vs. carrots**

As I tried to draw in that relevant knowledge, one of the first things that I thought about was what happens if somebody can't pay a loan back. They're threatened either with the security that they've offered being taken away, or with being taken to court or going to prison. But actually, if you really think about the human psyche, it's only people at the top of the ladder for whom the threats are a sharp-ended instrument. If you're very rich and famous and you land up in prison, that is a serious public humiliation. But if you've spent all your life having absolutely nothing and been in and out of gaol as a political prisoner (as so many good people had in Poland), there's nothing you can be threatened with that you haven't already gone through. Threats simply become a blunt-ended instrument. But if, for the first time in your life, you are offered concrete support when nobody else ever stretched out an arm to help you, that is an extraordinarily sharp-edged experience. Conversely, if you're rich, you can't be incentivised with carrots, because you're already got it all.

This led me to think about the need for differently designed financial instruments for people in society, and explained why the poorest don't necessarily repay their loans as well to banks as to other lenders. (I did not believe the banks had thought about the different psychology of people for whom threats didn't mean as much). And so it was, with absolute joy, that I was able to work from that psychology and be 'the helping hand'. We were sure that people would respond, and they did. We had no problem in getting the 98% repayment rates that in fact are not limited to Poland but occur all over the world where micro-finance institutions have taken a trust-based philosophy. All I was doing was simply restoring the original meaning of credit back to its origins.

## **b. Staff recruitment criteria**

In terms of staffing, how could we use this soul approach? Well, of course when I went out to Poland, there were no recruitment agencies, nobody advertised for people in the newspapers and I didn't know many people personally, because I was a foreigner. So where to start? I thought about how, in Communist times you really had two kinds of people: those who kept their heads down, tried not to be noticed and conformed to everything, and those who stuck their heads above the parapet and rebelled and fought for what they believed in. What we needed was the latter group, the people who were not afraid to do what was in their heart. We had to find people who would not be trying to find out what was the official right answer, but people who would respond to my saying, "Lend to the people that you believe in." Those who were totally inculcated with Communist thinking couldn't cope with that. And so I started looking for the children and grandchildren of those who had fought in the Resistance during the war and the people who had not been prepared to accept the party line during Communist times. This resulted in the top management of Fundusz Mikro, when I started, being 80% children and grandchildren of those people.

## **c. Loan products terms**

### **(i) Incentivised group lending**

With regard to the products we offered, I thought the group-lending approach normally used by micro-finance organizations, whereby people are invited to get into groups and guarantee each other's loans (to ensure cooperation), was going to be a very tough one to sell in a country with such disillusionment and distrust. But we might succeed if we could find a way of incentivising people to become interested in exploring it. And so what we did was drop the interest rate for every additional person that they brought into their group. We told them, "You can borrow by yourself. You don't have to be in a group, but that's the most expensive option. If you want a cheaper rate, as it's more economic for us to serve two of you at the same time, work with each other and we'll offer you a discount. Three of you will get a bigger discount. Four of you, a bigger discount still!..."

I just kept widening the interest rate differential until we had a minimum of 80% of the people preferring to be in the maximum-sized group, because they wanted the cheapest rate. But that was not enough. What was really important was to try to make this kind of cooperation stick. And the single biggest result that made me feel we were on the right track was the fact that, when they came to the end of those loans and they wanted to borrow more money, they could have always said, "We didn't like that group experience as we had to pay for a group member who ran off. So we now want to get another loan on an individual basis." But 99% of all those people who'd had a group loan took another group loan and yet another group loan.

Some of them even said, “You know, I never thought I would find myself saying this, but actually I was really grateful. I had these problems and one of my group members helped me. It was even quite nice to be able to help them too, because I never actually thought that I had any expertise or knowledge of value to someone else.” Just restoring those linkages between people and slowly patchworking together the fabric of society was wonderful work. The impact was very fast because on average our loans were 6 months, so people were really changing their lives rapidly.

## **(ii) Emergency flood loans**

In 1997, we had the worst floods in the history of Poland - it was quite horrendous. About a fifth of the entire country was submerged. I remember going down to Silesia which was the flooded area, and fields and fields of cows were straining their necks, struggling to breathe, immersed in water, slowly drowning. 2,000 of our clients' businesses or homes were wiped out. It was the end of July / beginning of August and by October, we knew that the temperatures were going to be so cold that we wouldn't be able to help people after the snows came. So we literally had about 8 weeks to do something for 2,000 people. It was obvious that we were not going to be able to make 2000 regular loan assessments in 8 weeks. We were too short-handed for that. Instead, we asked the local councils to map for us every single street which was flooded in their area. That way, we knew by asking people their address whether they were a legitimate case, or not.

Then we asked people to form themselves into groups of five. All of them had to go and check out each others' situation and satisfy themselves that there was a real hardship case there. They each had to work out not how much money they needed to restore their losses but what was the minimum amount they needed, just to be back in an income-generating situation. For example, a baker would certainly not have known whether she was ultimately going to have to replace her ovens, because it would take 3 months for them to dry out before she could test them. But to rent temporary ovens to keep going until she found out whether she'd have to replace the original ones or not, was the sort of thing we were talking about.

We then announced that there was \$2 million worth of emergency money (even though I'd actually been given \$3½ million by my sponsors), which would be available on a reverse auction basis. In other words, the top priority group was the group that asked for the least. We would then rank all the requests in reverse order of requested amount. All five people in the group had to sign their signatures to confirm that they were satisfied with each others' requests. It was then left entirely to them to work out how much they dared ask for without missing the \$2 million mark. Once all the requests had come in, we then announced that, due to the fact that we received \$3½ million of requests, and our sponsors very kindly put in another \$1½ million, everybody would get funded.

Why am I even talking about this? Because it was one of my first experiences of combining features of self-interest and group interest to create mechanisms whereby people would want to cooperate with each other. If we think about two traditional models of the economy, Communism and Capitalism, capitalism is based on the premise that people will always maximize their self-interest, whereas Communism incorporates altruism for the sake of the common goal. My approach was the Human Scientist's approach, that of taking the two together.

**d. Fundusz Mikro's organization structure**

If I were to try to describe the organization structure that I believe we created, I would use words like a spider's web or a tree or an unbroken eggshell: something that supports and gives shape to natural life; that does not act as an obstruction to whatever else is in its environment. When you think about a spider's web, it's got a beautiful shape in itself. It has integrity in its own design. It has elasticity in the wind. It bends before it breaks. It allows the air to flow through. A tree is exactly the same: very strong roots, but with all the flexibility in the branches. When the leaves fall off, new leaves form, giving the capacity to adapt and respond to the seasons. Think about how incredibly strong an egg is, despite the fact that it's so delicate. Yes, you can break it by punching it, but if you just hold it hard, it doesn't crack despite its transparency. That's what I think we wanted Fundusz Mikro to be: the strongest, thinnest membrane we could create between the service we were providing and our clients, almost an invisible osmosis mechanism between funding, products and clients.

One of Peter Thomson (Chaplain to Brotherhood of St Laurence)'s and my favourite philosophers, Martin Buber, said in his work "I and Thou": "To produce is to draw forth. To invent is to find. To shape is to discover." I think it was when I was doing this work that I suddenly realised what that meant. If you think about what is pure and fits with humanity, it's not going to be something you invent: it's something that you find, that you can draw out, that is already there. The experience of the extraction process is an extraordinary revelation. But to find the right starting point is not easy. You have to be in a very still mental space to do it. I will tell you in a minute what happened (in the UK) when I didn't go into a still enough space, and made mistakes because I didn't find that fundamental truth from which to start.

## **V STREET (UK): RE-LEARNING LESSONS AND UNDERSTANDING “DEVELOPED” COUNTRIES**

When I returned to the UK to start an organization called Street (UK), it was with the idea that I could try to re-create something similar to Fundusz Mikro. It's very addictive work, micro-finance! Anyone here who's in it will tell you. You get the bug and then that's it, I'm afraid! You're a slave for life! The only issue for me was, where next?

### **a. The necessity of at least 10 years commitment**

With hindsight, I was on the one hand extremely fortunate to work in Poland during an economic boom and the most favourable environment that you could have. On the other hand, to make a long-standing organization that you hope will still be there in 100 or 200 years time, you really have to have seen it through difficult economic times, too. Otherwise you can't know that you've built strong enough foundations. With Poland now in a very difficult economic situation, with much higher unemployment than when I was there and struggles with European Union membership issues, Fundusz Mikro is now struggling. It was left with local management and I felt I should have been there longer to support them. But I was homesick and wanted to return to the UK. At least I realised that wherever I go next, I must be sure to stay there for a minimum of 10 years, because I'm not going to make that mistake again.

When I thought about all the countries I might go to next, the only place where I was sure I would be prepared to stay for that long was the UK. So I came back in '99 on a half-time basis, gradually handing over to my successor whilst trying to interest the Blair Administration in the whole field of community finance and social investment. In their election campaigning, they'd been talking about the Third Way and I thought, this is it... this is meant... excellent!.. and probably the best chance we will have since the Welfare State was first introduced in 1944 to try to re-create a cohesive society. Again I felt that even if it didn't work, this was the right time to have a go.

### **b. Knowing what you do not know**

However, in 'going home' I failed to realise an absolutely critical fact: that is, I didn't actually know anything about my own country. It never dawned on me that, because I'd been in and out of England all the time since I was tiny, I'd never really thought about what the rest of England was like, outside the big banks and the community of people with Oxford and Cambridge degrees, living in middle class society. I'd never been to Sheffield, Newcastle or Liverpool or any of the industrial heartlands of Britain. I had only enjoyed holidays in Scotland and known the best parts of London. It never occurred to me that I needed to start by learning about Britain in exactly the same way as I'd done in Poland. It would have helped me a lot if I hadn't spoken English, or if I hadn't had a British passport, because it would have made me more aware of my ignorance, more prepared to go through the same learning process that I went through in Poland, not taking anything for granted.

### **c. Defining charity to empower people**

So what did I actually learn in those first years? I learned that although everything I found about the soul was still universally true, in terms of the context, i.e. the legislation, regulation, the way companies work and make decisions, there are in the UK powerful forces that suppress the validity of these truths. If you just take one example, I was told

this story the other day: A father and his young son were walking through the Russian forest, deep up to the son's knees in snow, trudging many miles home. The son said, "Daddy I'm so tired. Please carry me." And the father replied, "Come on son, you can go a bit further. When you absolutely can't manage anymore then will I carry you, but first you must go on as far as you can without my help."

Now we all nod wisely and say, yes that's right and just what parents should do. But actually, when you think about how our charity laws are designed, if that little boy walks more than a few steps unaided, he is proving that he doesn't need charity because he's walking by himself. It seems that there are only two possibilities within charity law: a person who can't walk at all or, a person who can walk all the way. If you are actually trying to help people to go as far as they can because only that will truly empower them, you can't reach them within the charity laws we have because, to make them walk all the way is more than they can manage, but to force them not to walk at all, which is actually what a lot of community organisations have to do, means in practice disempowering them.

So one of the first things I had to do was talk to the Charity Commission about re-defining charity . And after 1.5 years, we were eventually successful. Now the Prevention of Poverty has been added to the Alleviation of Poverty as a legitimate charitable goal. But the law is still nowhere near where it should be, because those authorities still don't really understand the full implications of that story.

#### **d. Distortions in the welfare system**

Welfare payments are still designed both here in Australia and in Britain around people who don't earn more than a certain amount of income, instead of around incentivising people to earn as much as they possibly can and only helping them with the difference if they can't make ends meet. It's such a simple concept but so difficult to get the infrastructure of our respective countries to think about ways of making it work in practice. As a result, I believe I was naïve in not appreciating the huge significance and influence of these contextual distortions.

#### **e. Poor financial literacy, heavy culture of over-indebtedness and vested interests of big corporations**

Another contextual issue is the influence of the moneylenders and the debt culture. It makes such normal sense for us to help people to build up their savings, but we have no idea how powerful are the huge organizations with a vested interest in preventing their businesses from being threatened. When it comes to the voluntary sector vs. big corporations, well you know who's going to win that battle, unless we can do something about it. Everywhere we started working in Britain, I found extraordinary hostility to what I was trying to do, because I had failed to think about who would be threatened by our approach, who was doing something in the old ('hand-out') way and might go out of business if we proved that the new ('hand-up') way of supporting people worked. It was a big lesson for me.

## **VI PSYCHOLOGICAL SICKNESS AND DISINTEGRATION OF OUR “DEVELOPED” SOCIETY**

Having gone through most of that learning process, I can now stand back and ask, what does it really amount to? I think it is about recognizing that the starting point for helping people in the so-called “Developed” world has to be an understanding of the fractures in the fabric of society that have arisen from the massive growth in inequality of income between rich and poor and of the destruction of important linkages between people in a community; people that would have supported each other in a developing country. Some of you may think that the worst poverty is in the Third World but in some respects it is worse in rich countries - not in terms of finance, but in terms of being trapped, isolated and incapable of fulfilling your potential. If you know about Maslow's Basic Hierarchy of Needs, the need to have the opportunity of fulfilling your potential is one of those which is perhaps even more basic than having food every day because, if there's no hope, if there's nothing worth trying for, then what is life about?

Yesterday, I was just looking at the newspapers and I saw two headlines that symbolised for me exactly the same phenomenon in Australia as that which I've seen in England. One said "Social Responsibility a Threat to Society", and the other, "Judges who seek sainthood by placing compassion before the law must be challenged." How do we sum up the problem that we have to address? It is a deep, deep sickness that needs to be healed. It needs the purification of the soul of the whole population, before we can really make progress. If you ask somebody who's Jewish what do they understand to be the purpose of life, there is a Hebrew expression 'Tikkun Olam', which means the Repair or the Healing of the World. It's really that concept that I think people need to have in their minds for whatever kind of work they're doing, before we're going to make any real progress.

## **VII ELEMENTS OF TIKKUN OLAM**

### **a. Holistic decision-making process**

For all of us working in this field, what might the ingredients of Tikkun Olam look like? Firstly, I think they involve needing to make all decisions that are important on the basis of three factors: i) what their head tells them, ii) what their heart tells them and iii) what their stomach tells them: what the intellect says is right, what the intuition says is right and what physically resonates for them. If they find any conflict between these three approaches, the decision clearly needs further regurgitating inside them until they reach a unified, triply endorsed answer.

### **b. Product and service design: appealing to self-interest whilst promoting group benefit**

Next is the process of designing products and services. In Street (UK), we divide financial services into two types: “chocolate” and “meat-and-two-veg”. Chocolate is meant to symbolize all the financial services such as credit card debt, money lender debt and installment credit, for anything you want to buy in the shops. It is easy to get and looks attractive from the surface but it's got no nutrition in it and it may be extremely dangerous if you have too much of it. Meat-and-two-veg, on the other hand, is boring and stodgy, good for you because it provides a balanced diet, but without any attractive packaging. It may be the right thing to have, but in today's consumer environment, who's going to buy it?

The area which I think community organizations have got to advance, is in realising that unless they wrap up their ‘meat-and-two-veg’ products with a degree of ‘chocolate’ to tempt people to try them, then they're not going to reach enough people to make a significant difference in society. This presents a very big challenge. For example, although I was able to reduce the interest rate on group loans in Poland, I haven't yet found a method of providing ‘chocolate wrapping’ for our loan product in the UK. It's not easy, but I know we've got to do it because otherwise we're not going to convert enough people to what is good for them. It's terribly hard saving money, for example, when everybody else is spending theirs on a nice holiday.

### **c. Sub-servience of the organization to the mission**

In terms of organizational goals, whilst we each work in a different organization where what we're trying to do is maximize the goals of that organization and the achievements of it, we are going to fail to contribute the piece that's needed to maximize the benefit for all society. A certain level of what I would call ‘organisational humility’ is needed to create partnerships and collages of individual organizations that contribute their piece but suppress the maximum possible result they could have individually, for the good of the whole.

This morning, in the conference that we had on Banking on the Margins, it was very exciting to see the beginnings of discussion between the Government, the bank sector and community organizations, each thinking outside of the box of their own goals, to ways in which they could make, on the one hand, their own organization retain its integrity, like the spider's web, but on the other hand, fit their work into a collage with the others’, that would achieve the highest possible result for society at large.

**d. Benefiting society vs. maximising profit: eliminating the schism**

We've also seen in the last 100 years a widening gap between groups of people who are trying to benefit society ( - mainly charities) and groups of people who are trying to maximize economic benefit ( - mostly businesses). With so much work needed to build bridges between these two worlds, ultimately I wouldn't be surprised if, in 100 years' time, 50% of the organizations around the world cannot really be classified as either a charity or a business, because they are an amalgam of each, taking a holistic approach to the joint pursuit of strong community-building and maximizing of economic benefit.

**e. Servant leadership**

Lastly, I think that the nature of leadership needs to change from a more authoritarian style, to more servant-driven leadership, where the ultimate goal is not for making yourself the great hero, but for inspiring as many people as possible to change themselves and take on responsibility. The Chinese philosopher Lao Tsu once said, "The wicked leader is he whom the people despise. The good leader is he whom the people revere. But the great leader is he whose people say, 'We did it ourselves'".

Why that's so important is because unless you've got everyone involved in this endeavor you haven't really shifted society. Everybody needs to participate, somehow, and it isn't easy. Neither is it cheap. In Street (UK), for example, we might know that the simplest, easiest way of raising funds is to try and find a single Sugar Daddy. One investor, £10 million. Solve all our problems in one fell swoop! But we're not going to do that. Even if I were lucky enough to find such a person, what is important is for us to try to reach the wider public, say, via a share issue with a very low minimum subscription level. It would be a communication mechanism, an invitation to participate, and a threshold set low enough for all to be inspired and the majority to be able to contribute. Goodness knows what that would lead to, but whatever it might be, I'm sure it would be more than if we just had the one Sugar Daddy.

So those are my five thoughts about what Soul Work in this field might comprise and hopefully we will see more and more people in the private, public and voluntary sectors adopting aspects of this approach over the course of the 21<sup>st</sup> century.

Thank you very much.