NSP REPORT 1

THE NEXT SYSTEM PROJECT:

NEW POLITICAL-ECONOMIC POSSIBILITIES FOR THE 21ST CENTURY

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New Political-Economic Possibilities for the Twenty-First Century

March 2015

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The Next System Project is an ambitious multi-year initiative aimed at thinking boldly about what is required to deal with the systemic challenges the United States faces now and in coming decades. Responding to real hunger for a new way forward, and building on innovative thinking and practical experience with new economic institutions and approaches being developed in communities across the country and around the world, the goal is to put the central idea of system change, and that there can be a "next system," on the map. Working with a broad group of researchers, theorists, and activists, we seek to launch a national debate on the nature of "the next system" using the best research, understanding, and strategic thinking, on the one hand, and on-the-ground organizing and development experience, on the other, to refine and publicize comprehensive alternative political-economic system models that are different in fundamental ways from the failed systems of the past and capable of delivering superior social, economic, and ecological outcomes. By defining issues systemically, we believe we can begin to move the political conversation beyond current limits with the aim of catalyzing a substantive debate about the need for a radically different system and how we might go about its construction. Despite the scale of the difficulties, a cautious and paradoxical optimism is warranted. There are real alternatives. Arising from the unforgiving logic of dead ends, the steadily building array of promising new proposals and alternative institutions and experiments, together with an explosion of ideas and new activism, offer a powerful basis for hope.

The following report reflects the views of the authors alone. Any opinions expressed should not be attributed to others associated with the project, which seeks to incorporate a diversity of viewpoints.

Towards the Next System

Confronted with mounting social, economic, and ecological crises, growing numbers of Americans have begun to realize that traditional strategies and reformist approaches no longer work. Simply put, many understand that addressing the problems of the twenty-first century requires going beyond business as usual. It requires "changing the system." But what does this mean? And what would it entail?

The social pain arising from the economic crisis and the steady unfolding of the climate calamity have made it possible—for the first time in modern history—to pose these questions in a serious fashion in the United States. Yet, despite new space for a thoughtful debate about fundamental change, political challenges to the system have thus far been contained by the continuing lack of viable alternatives. For decades, the only choices to many have seemed to be state socialism, on the one hand, or corporate capitalism, on the other. But if corporate capitalism—to say nothing of the traditional state socialist model—appears unable to sustain equality, liberty, and democracy, or to avert planetary disaster, is there any alternative?

The following paper sets out the rationale for a concerted effort to break through the national media silence and to radically shift the national dialogue about the future away from narrow debates about policies that do not alter any significant decaying trends, and towards awareness that what must be changed is the nature of the political economic system itself. We believe that it is now imperative to stimulate a broad national debate about how best to conceive possible alternative models of a very different system capable of delivering genuine democracy and economic equality, individual liberty, ecological sustainability, a peaceful global foreign policy, and a thoroughgoing culture of cooperative community based on non-violence and respect for differences of race, gender, and sexual preference.

Thomas Jefferson believed that constitutions should be designed anew by successive generations in order to keep pace with the needs and concerns of the citizens of the day. Our own time in history is such a "constitutional moment." Unless a plausible alternative system can be developed, fleshed out via research and debate, and ultimately embraced and implemented by theorists, practitioners, policymakers, activists, and citizens at all levels, the current downward trajectory of pain and decay will likely continue.

Fortunately, a steadily building array of alternative institutions and experiments in communities across the country and around the world, together with an explosion of new ideas and activism, have begun to suggest real possibilities for fundamental change.

It is time to think boldly about what is required to deal with the systemic difficulties facing the United States. It is time to explore genuine alternatives and new models—"the next system." It is time to debate what it will take to move to a very different place, one where outcomes that are truly sustainable, equitable, and democratic are commonplace.

The System Question

The United States faces a systemic crisis, not simply political and economic difficulties. The economy is stagnating. The political system is stalemated. Communities are in decay. The lives of millions are compromised by economic and social pain. Violence is endemic among individuals, communities, and nations. Civil liberties are eroding. Near-record numbers of citizens remain incarcerated. Underemployment, inequality, and ecological despoliation deepen day by day. The planet itself is threatened by climate change. A generation of young people expects to be worse off than their parents. The very idea of building a cooperative community of caring responsibility has faded from common understanding.

Traditional strategies to achieve equitable and sustainable social, economic, and ecological outcomes simply no longer work. Income and wealth disparities have become severe. The government no longer has much capacity to use progressive taxation to achieve equity goals or to regulate corporations effectively. Corporate power dominates decision-making through lobbying, uncontrolled political contributions, and political advertising. Publicly listed, large-scale corporations are subject to Wall Street's first commandment—grow or die!—and increasing carbon emissions come with the territory of ever-expanding growth, both as an economic matter and as a political matter, where opposition to anything that adds costs is part and parcel of the basic corporate dynamic.

Real wages for eighty percent of American workers have been virtually flat for at least three decades. Meanwhile, income for the top one percent has jumped from ten percent of all income to more than twenty percent. Over the course of forty years the proportion of the population in federal and state prisons has more than quintupled—from 93 to almost 500 per hundred thousand. We now criminalize more conduct than most other countries in the world. Across a range of socio-economic indicators, the data make for grim reading.

A growing number of Americans have begun to ask ever more penetrating questions about the direction our country is headed. Washington is broken—serious decisions capable of dealing with our problems cannot be made. Gestures and posturing fill the airwaves. Politics no longer even attempts to confront the issues that matter most.

When long, long trends get steadily worse, year in and year out, it is clear that something profound is at work. When big problems emerge across the entire spectrum of national life, it is not for small reasons. A political economy is a system, and today's system is programmed not to meet basic needs but to prioritize the generation of corporate profits, the growth of GDP, and the projection of national power. It follows that if we are serious about addressing the challenges we face, we need to think through and then build a new system of political economy, however difficult the task, and however long it may take. Systemic problems require systemic solutions.

The time has come to think boldly about what is required to deal with the systemic difficulties facing the United States. It is time to begin a real conversation—locally, nationally, and at all levels—about genuine alternatives. It is time to develop thoughtful, system-building answers to system-threatening challenges. It is time to debate what it will really take to move in a new direction capable of producing sustainable, lasting, and more democratic social, economic, and ecological outcomes.

Rarely do important ideas matter in politics. What usually matters is the momentum of entrenched power. But not always. Sometimes—when the old ideas no longer explain the world, when it is obvious that something is wrong—new ideas can matter, and matter a great deal. Today, there is a need for—and hunger for—new understanding, new clarity, and a new way forward.

We believe that the time is ripe for a major strategic intervention in public life aimed at putting "the system question" on the map and catalyzing a wide-ranging public debate about real systemic alternatives.

The good news is that the inability of traditional politics and policies to address fundamental challenges has fueled an extraordinary amount of experimentation in communities across the United States and around the world. It has also generated increasing numbers of sophisticated and thoughtful proposals that build from the bottom and begin to suggest new systemic possibilities beyond both corporate capitalism and state socialism.

It is, in fact, becoming possible to bring together, project, and extend elements of innovative thinking and real-world practice in key areas to define the underlying structural building blocks of a range of new political-economic system models capable of rebuilding the basis for democracy, liberty, equality, sustainability, and community in the United States in the twenty-first century.

Unbeknownst to many, literally thousands of on-the-ground efforts have been developing. There are thousands of cooperatives, worker-owned companies, neighborhood corporations, and many little-known municipal, state, and regional efforts. Even experts working on such matters rarely appreciate the sheer range of activity. Practical and policy foundations have been established that offer a solid basis for future expansion. A body of hard-won expertise is now available in each area, along with support organizations, and technical and other experts who have accumulated a great deal of direct problem-solving knowledge.

The mainstream press, of course, covers very little of this. Most of the projects, ideas, and research efforts have gained traction slowly and with little national attention. But in the wake of the financial crisis, they have proliferated and earned a surprising amount of support—and not only among advocates on the left. The various institutional efforts have begun to develop new strategies that point to broader possibilities for change.

New terms have also begun to gain currency in diverse areas with activist groups and constituencies—an indication that the domination of traditional thinking may be starting to weaken. Thus we encounter the sharing economy, the caring economy, the provisioning economy, the restorative economy, the regenerative economy,

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the sustaining economy, the collaborative economy, the solidarity economy, the gift economy, the resilient economy, the steady state economy, the new economy, and many more. Several of these approaches already have significant constituencies and work underway. Creative strategic thinking by researchers and engaged scholars is also contributing to the ferment, and policies at the state and local level can help move projects into much more powerful scale and community-wide impact. Larger scale strategic options that build on what is being learned locally are beginning to be sketched for longer-term national strategies.

Such approaches cannot claim to provide all the answers. But a number of exploratory models have already

been put forward that emphasize fundamental changes in underlying political-economic institutions. Important work has also been done in related arenas: on political and constitutional political structure and the future of parliamentary and non-parliamentary systems; on the impact of regional models of different scale on democratic institutions and practice; on new voting arrangements that better safeguard the rights and interests of minority communities; and many others. Developing detailed and sophisticated alternatives that can be refined over time is a prerequisite if we are to stimulate a serious and wide-ranging debate around a broader menu of institutional possibilities for future development than the limited choices commonly discussed.

The need for a major intervention in the national debate is increasingly obvious. Even in a time of economic crisis there has been little willingness among traditional progressive organizations to discuss system-changing strategies. Many organizations spend most of their time trying to put out fires in Washington and have little capacity to stand back and consider deeper strategic issues—particularly if they involve movement building and challenges to the current orthodoxy. Efforts to cobble together "solutions" to today's challenges commonly draw upon the very same institutional arrangements and practices that gave rise to the problems in the first place. What is required is a self-conscious effort to face the fact that the system itself has to be changed and a different kind of political economy created.

We emphatically do not agree with former British Prime Minister Margaret Thatcher's famous declaration that "there is no alternative" to capitalism. Our judgment, of course, runs directly counter to the American creed that capitalism as we know it is the best, and only possible, option. Although precisely what "changing the system" means is obviously a matter of debate, certain key points are clear. The new movements seek a cooperative, caring, and community-nurturing economy that is ecologically sustainable, equitable, and socially responsible—one that is based on rethinking and democratizing the nature of ownership at every level and, along with this, challenging the growth paradigm that is the underlying assumption of all conventional policies. In short, these movements seek an economy that gives true priority to people, place, and planet. Such an economy, so different from our own, requires a radical redefinition of terms beyond a narrow choice between "capitalism" and "socialism."

Of course, it's easy to overestimate the possibilities. Emerging ideas and institutional explorations are limited compared with the power of Wall Street banks and the other corporate giants of the American economy. On the other hand, precisely because the existing structures of power have created enormous economic problems and fueled public anger, the opportunity for a more profound shift exists. Unexpectedly rapid change is not out of the question. We have already seen how, in moments of crisis, the nationalization of auto giants like General Motors and Chrysler can suddenly become a reality.

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Such crises are likely to be repeated in the future, possibly with more far reaching outcomes over time. When the next financial breakdown occurs, huge injections of public money may well lead to the breakup or de facto takeover of major financial institutions. At the same time, various forms of larger institutional experimentation—and pressure for further experimentation—are also clearly in the cards. Twenty states have seen legislation introduced to establish a public

bank like the one that has been operating successfully in North Dakota for almost a century. In Boulder, Colorado, the city council has pressed forward with efforts to form a publicly-owned utility in order to increase environmental sustainability and the use of renewable energy, with repeated support from local residents at the ballot box in the teeth of tremendous opposition from corporate interests.

In a nation in which a tiny group of elites controls the lion's share of productive wealth, new approaches are already showing considerable appeal to the young—the people who will shape the next political era. Polls show that they are clearly open to something new, whatever it may be called. "Socialism," once a banned term, is now slightly more favorably received among young people than the word "capitalism." Non-statist, community-building, institution-changing, democratizing strategies could very well capture the imaginations of younger generations and channel their desire to heal the world. Such strategies could open the way to a great era of renewal, even of step-by-step evolutionary systemic change—a time of ferment and explosion that could expand upon the periods of major unrest that have repeatedly occurred in the United States from the time of the Revolution onwards.

The attempt to place "the system question" firmly back on the table can build upon a number of past precedents for an ambitious opening of public debate. The Civil Rights movement, the environmental movement, the feminist movement, and the LGBTQ rights movement, all radically shifted both activist and academic directions—developing new strategies and action as the change agendas began to impact academic, organizational, and other decision-making.

Our goal is not to answer all the questions, a project that is indeed impossible. Rather, we seek to define sufficiently clear options for "the next system" so that we can radically expand the boundaries of political debate in the United States and help give greater clarity of long term direction to activists, researchers, and practitioners—and to millions of others, young and old, who are increasingly angered by the immorality and insecurity of the existing system and want to somehow realize America's long unfulfilled promises of freedom and democracy.

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We seek a far-ranging debate, out of which even more developed ideas and proposals may come. Ultimately, alternative system models will only have an impact if they are given a major public airing. Partial precedents for stirring such far-ranging public discussion include the Club of Rome's 1972 report, *Limits to Growth*, as well as the 1987 Brundtland Commission Report defining sustainable development. Through a communications and media effort, including publications, conferences, webinars, study groups, film, and social media, we aim to bring the system debate to a wide audience and challenge directly the deadly notion that nothing can be done. Through engagement with community activists, and in collaboration with labor unions and other groups, the hope is to help equip a new generation of activists and public intellectuals with the means to open up a much broader debate on America's future—and begin putting change into action.

There is also inspiration to be found in unexpected quarters. Most people forget how marginal conservative thinkers and activists were in the 1940s and 1950s—and even after the Goldwater debacle of 1964. The ideas and beliefs that currently dominate

American politics were once regarded as antique and ridiculous by the mainstream press, political leadership, and most of serious academic thought. Committed conservatives worked in very difficult circumstances to self-consciously develop and propagate their ideas and practices and politics for the long haul, demonstrating what can be done against once seemingly long odds by those prepared to roll up their sleeves, get organized, and get serious.

There are no exact precedents for the national conversation that is urgently needed. In some ways, the deep discussion that occurred through the "Committees of Correspondence" prior to the American Revolution offers a partial precedent. The more thorough Federalist vs. Anti-Federalist debate around the ratification of the United States Constitution offers another. Both represented profound public dialogues on systemic issues. In more recent years, a number of scholars have also begun to set out visions for an alternative political economy, and related work has been done by sociologists and political theorists. In each sector, much additional groundwork has been laid.

Alternative Systemic Models and Approaches

The conversation on system change will be able to build upon an impressive body of existing work and work that is currently underway. Individual researchers have begun to set down, sometimes in considerable detail, the outlines of comprehensive models or partial models of systemic alternatives. A non-exhaustive list would include David Schweickart, Juliet Schor, Richard Wolff, David Korten, Michael Albert, Marta Harnecker, Roberto Mangabeira Unger, Robin Hahnel, Jessica Gordon Nembhard, Erik Olin Wright, and Herman Daly—along with many, many others (including the Co-Chairs of this project). Additional approaches are being developed at the Tellus Institute in Boston, at the Institute for Policy Studies, at York University in Canada, at the New Economics Foundation in the United Kingdom, and elsewhere.

Although each has its own special features, these alternative systemic models may be understood as falling within a number of broad categories or "ideal types."

Worker Ownership and Self-Management

Several thinkers have posited models in which the worker-owned and/or self-managed enterprise becomes the dominant economic unit, replacing the privately owned firm and the publicly traded corporation in capitalism and state owned industry in socialism. In place of hierarchical modes of production these visions build on existing experience with worker-owned cooperatives to institutionalize democracy at work as the economy's central principle and society's new foundation. (Already today in the United States nearly 7,000 employee stock ownership plans, or ESOPs, cover some 13.5 million participants, of which over 10 million are active workers, while several hundred worker co-ops involve around five thousand employee-owners.)

In *After Capitalism* (2011) David Schweickart sets out his latest iteration of a detailed system model he calls Economic Democracy. This model would preserve a role for markets in goods and services while extending democracy into the workplace and the linked spheres of finance and investment. In place of private ownership of the means of production with markets in capital, labor, goods, and services under capitalism, or state ownership and planning under socialism, Economic Democracy has a basic economic structure of socially-owned, worker-controlled firms in a competitive market. The model has neither capital markets nor labor markets in the usual sense. Although workers control their own jobs and workplaces, productive resources would become the collective property of society and there would be social control over investment.

In *Democracy at Work: A Cure for Capitalism* (2012) economist Richard Wolff develops a related model based on worker self-directed enterprises (WSDEs),

focusing on the capacity for current forms of capitalist enterprise to incubate a more egalitarian and participatory alternative through the generalization of "democracy at work."

Localism

Given pressing ecological limits and the need to restore "human scale" to the economy, a number of writers and organizations have argued for an economic model based around a small-scale, decentralized, ecologically-oriented sector of entrepreneurial individuals, small businesses, and households. These approaches also emphasize trading off consumption against increased free time and sociability, and are rooted in healthy, resilient local communities that are capable of sustaining high degrees of trust, reciprocity, and mutualism. This approach has a lineage going back to E.F. Schumacher's 1973 classic *Small is Beautiful* and connects with modern bioregional strategies.

In *Plenitude* (2010) Juliet Schor posits a shift to a locally-oriented economic model based on new sources of wealth, green technologies, and different ways of living, including downshifting out of the "work-and-spend" cycle and diversifying sources of household income. The four pillars of Plenitude include time, with citizens using their newfound time affluence to invest in other sources of wealth; high-tech self-provisioning, meeting basic needs (income, food, housing, consumer goods, energy) through creative, smart, high productivity technologies; consuming differently, giving people more time, more creativity, and more social connection, while also lowering ecological footprints and avoiding consumer debt; and connection, a rebirth of community through local economic interdependence through the trading of services and sharing of assets.

Meanwhile, David Korten proposes a model predicated on organizing to meet human needs as members of Earth's community of life. The current dominant system fails, he argues, because it takes money rather than life as its defining value and is designed to maximize financial returns. For Korten, the proper system design goal is an economy that maintains ecological balance between aggregate human consumption and the regenerative capacity of the biosphere while maintaining an equitable distribution of real wealth and supporting deep democracy. Guided by living system principles, the global human economy should thus be restructured around largely self-reliant bioregional economies in which decision-making is predominantly local and each bioregional economy seeks to live within the means of the bioregional ecosystem. Higher system levels will be structured around the principle of subsidiary and be supportive of predominantly local decision-making.

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Korten views the publicly-traded, limited-liability corporation as an extractive enterprise form antithetical to these values and principles, and seeks to replace it with "living enterprise" forms as the basic business unit of the new economy. The latter include consumer cooperatives, worker-owned companies, community corporations, partnerships, nonprofits, family businesses, and simple sole proprietorships that embrace service to their community, and it is critical to rebuilding community that all are locally anchored and involve "rooted, engaged ownership." He envisions a nation-wide network of community-based and -accountable financial institutions, with public "partnership banks" in every state. At higher levels, national

reforms would limit and control the power of the Federal Reserve, requiring that new money enter the economy via investment in public goods and infrastructure. The overall role of government would be to provide "an appropriate framework of rules within which people, communities, entrepreneurs, and responsible investors self-organize in predominantly local markets to meet their economic needs in socially and environmentally responsible ways." In such a vision, the system is constrained and regulated in ways both nurtured by and nurturing of restructured local community economies and cultures.

Other important modern day proponents of localism include Michael Shuman, Judy Wicks, Michelle Long, and many participants in the work of the Business Alliance for Local Living Economies (BALLE).

Reinvigorated Social Democracy

A number of proposals being put forward by liberals and left liberals, if pursued, would effectively amount to a reinvigorated social democracy. Such a model would retain many of the features of current capitalism, especially concerning ownership of productive wealth, but envisions a far more active role for the state in the economy, including—*inter alia*—strengthened regulation, the institution of a guaranteed jobs program of some kind to ensure a full employment economy, and elements of industrial policy and national economic planning. (Related to—though not always included in—such models are post-Keynesian approaches like Modern Monetary Theory, or MMT, which open the door to an array of different policy options regarding public-benefitting credit, debt, and money creation.) To address ecological problems, some have linked job guarantees to a "Green New Deal" and a restorative economics approach that would seek to rebuild natural capital and ecosystems while also increasing employment.

In *Back to Full Employment* (2012) Robert Pollin argues that full employment as a policy was abandoned in the United States in the 1970s for the wrong reasons, and argues that it can be achieved again despite the serious political and economic challenges it now faces. Pollin believes the biggest obstacle to creating a full-employment economy is politics. Putting an end to the prevailing neoliberal opposition to full employment, he argues, will require an epoch-defining reallocation of political power away from the interests of big business and Wall Street and toward the middle class, working people, and the poor, while mounting a strong defense of the environment. In the end, achieving full employment will be a matter of political will around the creation and institutionalization of a fundamental right to a decent job.

Participatory Economic Planning

Several thinkers—most notably Michael Albert and Robin Hahnel, but also British academic Pat Devine and Latin American theorist Marta Harnecker—have argued that an alternative to market forces is necessary as a means of coordinating decentralized economic decisions while avoiding the pitfalls of authoritarian command economies. Under such participatory planning models, consumption and investment decisions would be made consensually by citizens through iterative democratic processes—"participatory planning" for Albert and Hahnel, or what Devine calls "negotiated coordination." Proponents are able to point to preliminary but expanding experience with participatory budgeting in Brazil, India, Europe, and the United States as partial precedents for such a model.

In *Parecon: Life After Capitalism* (2003) Michael Albert outlined his version of participatory economics, or "Parecon," in which workplace and consumer councils are responsible for economic decision making. Under Parecon, work and labor are allocated in such a way that people each have a mix of tasks and responsibilities, balanced to deliver a more equal workplace experience, quality of life, and empowerment. Pay is based on effort and hardship, rather than output and property. Each citizen consumer would submit a proposed

bundle of basic goods for consumption and work to be performed, and this would then be aggregated at the block, neighborhood, city and regional levels, with negotiations back and forth between higher and lower levels. At the same time, participation is extended into the workplace, with each worker having not an individual job but a "job complex" of both creative and noncreative tasks.

In Robin Hahnel's iteration of the participatory economy, the key elements and institutions that comprise the model are social ownership of the productive "commons" and two types of democratic councils—workplace councils and neighborhood consumer councils—that, through federations, coordinate their interrelated activities through participatory planning. An annual planning procedure would decide which worker councils produce what goods and services for consumption by which consumer councils. Each worker and consumer council, and each federation of consumer councils, would begin by submitting "self-activity proposals." An "iteration facilitation board" (IFB) would then announce estimates of social, environmental, and opportunity costs of producing every good and service, as well as the expected social benefits. The IFB would adjust prices and estimates accordingly, and then new "self-activity proposals" would be submitted until a feasible plan is agreed. This planning procedure is designed to make clear when a worker council production proposal is inefficient and when a consumption council proposal is unfair, and allows other worker and consumer councils to deny approval on that basis. But all "self-activity proposals" originate with each worker and consumer council, and this, Hahnel argues, distinguishes the participatory economy from other planning models and ensures meaningful self-management by workers and consumers.

Putting an end to the prevailing neoliberal opposition to full employment will require an epoch-defining reallocation of political power away from the interests of big business and Wall Street.

"Beyond Growth" Ecological Economies

Another set of proposals generated by environmentally-minded thinkers focuses on the ecological limits to unending growth and even—given the looming climate disaster—the imperative for a shift, in the developed world at least, towards no-growth ("steady-state") or de-growth economies. Depending on the end goal, whether it is decoupling measures of well-being from natural resource consumption or managing throughput, the mechanisms of these ecological models differ widely, ranging from strict regulation of inputs and outputs to shifting away from a dependence on economic growth for the achievement of full employment, poverty elimination, and environmental protection. Proposals range from the prioritization of resource efficiency, renewable energy and steady reductions in material throughput to consumption taxes to deeper-level engagements with the basic structure of market economies. Writers associated with models focused on ecology and growth include Herman Daly, Tim Jackson, Peter Victor, Richard Heinberg, Joan Martinez-Alier, Richard Douthwaite, and Serge Latouche—among many others.

For example, economic modelers Peter Victor and Gideon Rosenbluth, in their work on no-growth and low-growth scenarios for the Canadian economy, have concluded that, in countries that have already achieved a very high material standard of living, poverty can be eliminated, unemployment can be drastically reduced and international environmental commitments can be fulfilled with a zero rate of growth. Among the policy changes required for such a shift would be wealth and income redistribution, prioritization of public goods over consumption goods in investment decisions, conversion of productivity gains

into leisure time, and strict quantitative physical limits on both throughput and land use.

Socialism and Reclaimed Public Ownership

From Michael Leibowitz in the *Monthly Review* tradition to British writers like Andrew Cumbers, there is a renewed focus on public ownership, in decentralized and democratized forms, as the central organizing principle of a "socialism fit for the twenty-first century." Responding to the often disastrous experience with neoliberal privatization as well as the massive and unprecedented nationalization of the financial sector around the world during the recent crisis, these authors draw upon recent research showing that the actual performance record of public ownership in the twentieth century was substantially better than has been made out—at least when viewed in narrow efficiency terms. At the heart of efforts to rehabilitate public ownership is a critique of the centralized forms of the past in which nationalized industries were undemocratic and unresponsive, as in the Soviet bloc, or largely utilized to stabilize capitalism, as

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in Western Europe and Asia. Proponents of such a reclaimed public ownership can now point to a wave of innovations, especially in Latin America, whereby state industry is being blended with worker self-management and a multi-stakeholder approach involving cooperatives, trade unions and civil society groups in a growing number of "public-public partnerships."

In *Reclaiming Public Ownership: Making Space for Economic Democracy* (2012) Andrew Cumbers surveys the experience of nationalization in countries as diverse as Britain, France, Norway, and the Asian Tigers, and concludes with an argument for a more pluralist, decentralized, and democratic public ownership wedded to "economic democracy." In this vision community ownership, cooperatives, municipal enterprise, and a host of kindred institutional forms all represent ways in which capital can be held in common by small and large publics. Cumbers offers a preliminary sketch of what an economy organized around various forms of public ownership might look like, including accompanying institutional and regulatory arrangements and their application to different sectors of the economy. He suggests finance and land—both sectors of pronounced rent seeking and the site of recent crises that have caused so much social havoc—as the obvious places to begin an extension of democratic public ownership throughout the economy.

Bioregionalism

In diverse parts of the country, and among a number of theorists, new bioregional approaches oriented to local ecologically sustainable regionally based development have emerged over the last several decades. Bioregionalism consciously links environmental and sustainability issues with thinking about political-economic relationships and systems. It draws heavily on the work of the late Peter Berg, founder of the Planet Drum Foundation; the late Raymond Dasmann, Professor of Ecology at the University of California, Santa Cruz; poet and author Gary Snyder; and Stephanie Mills, author and fellow at the Post Carbon Institute, among others. As the charter of the North American Bioregional Congress puts it: "Bioregionalism is working to satisfy basic needs locally, such as education, health care and self-governance. The bioregional perspective recreates a widely-shared sense of regional identity founded upon a renewed critical awareness of and respect for the integrity of our ecological communities."

A critical component of bioregionalism is an understanding and interpretation of place. In *Dwellers in*

the Land: The Bioregional Vision (1985) Kirkpatrick Sale argued that "the crucial and perhaps only and all-encompassing task is to understand place, the immediate specific place where we live." This includes not only the environmental and ecological contours of place, but also "the cultures of the people, of the populations native to the land and of those who have grown up with it, the human social economic arrangements shaped by and adapted to the geomorphic ones, in both urban and rural settings." Bioregionalism has spawned a number of practical efforts, including the green cities movement inspired in part by Planet Drum Foundation's 1989 Green City Program for San Francisco. Planet Drum has also been working with Bahiá de Caráquez, an Ecuadorian city that is striving to become an "eco-city," by providing bioregional education to children as well as participating in environmental restoration efforts. (A related place-based regional concept is that of the "eco-regions" designated by the U.S. Environmental Protection Agency.)

African American Cooperative and Related Strategies

It is abundantly clear to many communities of color that we face a systemic crisis not only in connection with the economy, but in connection with order policing ("stop and frisk," "zero tolerance," and "broken windows"), police brutality, structural and institutional racism, and America's racialized regime of mass incarceration. A range of studies and on-the-ground activist work aimed at the complex of issues surrounding discrimination, policing, racialized violence, and mass incarceration—what some have termed "the American Gulag"—point to important elements of political economic design focused on resolving longstanding underlying systemic injustices.

Jessica Gordon Nembhard's widely discussed book *Collective Courage: A History of African American Cooperative Economic Thought and Practice* (2014) documents an alternative tradition of political economy based on cooperation, mutualism, and self-help, with a lineage traceable from the African mutual aid societies and communes of the early American republic, through W.E.B. Du Bois's "cooperative commonwealth," to efforts today by the Malcolm X Grassroots Movement at rebuilding the crumbling economy of Jackson, Mississippi, through a variety of cooperative enterprises and initiatives. "Almost all African American leaders," Gordon Nembhard writes, "from the most conservative to the most radical, have at some point promoted cooperative economic development as a strategy for African American well-being and liberation." Such traditions, born of the necessity of finding strategies aimed at delivering independence, solidarity, and community self-preservation, offer models and partial models for alternative developmental paths that are rooted in long histories of political struggle and the everyday experience of ordinary people of color grappling with systemic problems.

Community ownership, cooperatives, municipal enterprise, and a host of kindred institutional forms all represent ways in which capital can be held in common by small and large publics.

Community-Based System-Changing Ownership Solutions

Another set of approaches—encompassing two of the authors of this report, Gar Alperovitz and Gus Speth, as well as David Orr and others—synthesize many elements of the approaches above to suggest a pluralist model in which ownership is based in a variety of institutions with a special focus on the local community and a robust vision of community democracy as the necessary foundation for a renewal of democracy in general. Such visions project the development over time of a variety of new ownership institutions, ranging from locally anchored worker-owned and other

community-benefitting firms, on the one hand, to state, regional, and national wealth-holding public institutions, on the other. These ultimately would take the place of current elite and corporate ownership of large-scale private capital.

Gar Alperovitz has been developing a community sustaining model he calls the "Pluralist Commonwealth" since the 1970s—"pluralist" to emphasize the priority given to democratic diversity and individual liberty, "commonwealth" to underscore the centrality of new public and quasi-public cooperative, community-building, and wealth-holding institutions at different levels of scale. These begin first and foremost at the level of local communities and neighborhoods, thereafter at larger regional scale, and ultimately at the level of the community of the nation as a whole. Over time, a fundamental shift in the ownership of wealth and in cooperative culture is projected as a significant basis of support for policies leading to greater equality. Some selective smaller private firms and high tech innovative enterprise are preserved in the model, as are a number of non-profit institutions. For very large firms, new forms of public utilities, regionally scaled and structured to include worker-community partnerships, are projected to expand over time, thereby displacing large scale corporations. Such enterprises also help stabilize communities, reduce growth pressures and reduce carbon challenges related to global warming. The democratized ownership changes defined in the model also help finance a reduction in the workweek, permitting greater amounts of free time, thereby bolstering both individual liberty and democratic participation. New forms of participatory planning are also projected, combined in different areas, as appropriate, with market mechanisms. As America's population continues to grow, the model also projects a long-term devolution and regional decentralization—a strategic move important not only to democracy and the dismantling of empire but also to the successful democratic management of ecological and other pressing issues.

Gus Speth has laid out a related vision in which a number of key transformations hold the key to moving to a new political economy. His books describe the policy and other changes needed to promote these major transitions:

The market: from laissez-faire to powerful market governance in the public interest; from dishonest prices to honest ones, and from unfair wages to fair ones; from commodification to reclaiming the commons, the things that rightly belong to all of us. *The corporation*: from shareholder primacy to stakeholder primacy, from one ownership and profit-driven model to new business models, and to economic democracy and public scrutiny of major investment decisions. *Economic growth*: from growth fetish to post-growth society, from mere GDP growth to growth in social and environmental well-being and democratically determined priorities. *Money and finance*: from Wall Street to Main Street, from money created through bank debt to money created by government; from investments seeking high financial return to those seeking high social and environmental returns. *Social conditions*: from economic insecurity to security, from vast inequities to fundamental fairness, from racial and other invidious discrimination to just treatment of all groups. *Indicators*: from GDP ("grossly distorted picture") to accurate measures of social and environmental health and quality of life. *Consumerism*: from consumerism and "affluenza" to sufficiency and mindful consumption, from more to enough. *Communities*: from runaway enterprise and throwaway communities to vital local economies, from social rootlessness to rootedness and solidarity. *Dominant cultural values*: from having to being, from getting to giving, from

Over time, a fundamental shift in the ownership of wealth and in cooperative culture is projected as a significant basis of support for policies leading to greater equality.

richer to better, from separate to connected, from apart from nature to part of nature, from near-term to long-term. *Politics*: from weak democracy to strong, from creeping corporatocracy and plutocracy to true popular sovereignty. *Foreign policy and the military*: from American exceptionalism to America as normal nation, from hard power to soft, from military prowess to real security.

Taken together such proposals suggest that it is now becoming possible to project a system model based on pluralist forms of democratic wealth-holding rooted in a vision of the local community as the ultimate universal owner.

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The above is only a rough and partial typology, a sampling intended to give a sense of the range and level of sophistication of this growing body of new models and approaches. There are many, many others. Solidarity Economy networks around the world, for instance, are developing a wide range of initiatives and strategies. Points of convergence among different models are already emerging and offer opportunities for useful dialogue and debate and for sharpening areas of divergence and honest disagreement. An increasingly sophisticated but little-publicized debate about longer-term democratic systemic options is developing just below the surface of public attention. At this juncture, diversity in thought is needed—but diversity focused on system-wide and systemic issues. It is time to get beyond the rigid belief that top-down corporate capitalism and anti-democratic state socialism are the only options available.

At the same time, there are clear limitations to existing discussions of systemic alternatives. Absent from many of the models above, which are largely focused on the economy, is deep substantive engagement with questions of political and cultural theory, on the one hand, and of rights concerns related to race, ethnicity, gender, and sexual orientation, on the other. There is a great deal that must also be learned from discussions of deliberative democracy and of political institutions and legal frameworks, and from important cultural initiatives related to race, sexism, violence, and beyond. Violence in particular—from Hiroshima to wars of intervention to brutal attacks on ethnic minorities, women, and gay Americans—also reflects (and amplifies) underlying systemic tensions and failures, above all the failure to create decent, secure, and equitable livelihoods and a nurturing and supportive community of common responsibility, caring, and respect.

A non-exhaustive list of important questions that would need to be addressed in any comprehensive proposal for a next system might include:

How can the sovereignty of indigenous communities be maintained and expanded in the direction of cooperative self-determination? How can we account systematically for the need to undo the legacy of harm inflicted historically on communities of color? What are the specific systemic drivers of racialized mass incarceration, and how can these be dismantled? How do we move from formal inclusion in political and civil life towards real, concrete equality and community? How does a next system reimagine and lift up the work of care, which is so essential but often left out of our official economic accounting? What would a "non-sexist system" look like? What systemic designs offer a path out of the lifetime of debt confronting more and more of our nation's young people?

It is time to get beyond the rigid belief that top-down corporate capitalism and anti-democratic state socialism are the only options available.

Questions of political structure are also likely to be of increasing importance. Does the existing constitutional structure permit or stand in the way of solving our problems? Are different voting strategies needed

for the long haul? Is regional restructuring of the continent-wide system now an imperative? Are notions of participatory democracy adaptable to large-order questions? How greatly does a reinvigorated or "strong" form of national democracy depend on rebuilding the economic and social basis of local communities? How do alternative system models protect the rights of minorities and promote equality with regard to race, gender, and sexuality?

Our proposed national conversation must take up all these and related questions. In addition to work on various "elements" of systemic design, it may be possible to catalyze or directly produce syntheses by authors or groups of authors laying out proposals for alternative system models that include core economic institutions, political structure, cultural dimensions, transition pathways, imaginative depictions of everyday life, and so forth. The specific models indicated above—together with approaches being developed by the U.S. Solidarity Economy Network, the New Economy Coalition, the New Economy Working Group, and others—are all at different stages of development.

How can we account systematically for the need to undo the legacy of harm inflicted historically on communities of color? What are the specific systemic drivers of racialized mass incarceration, and how can these be dismantled?

Well-developed, large-scale visions are critical to stimulating a broad public conversation around system change—and ultimately, a focal point of concern for what is to be done politically. However, an obvious question is how we get from here to there (however "there" might ultimately be defined). There is also a need for intermediate strategies that can help move us over time in the direction of systemic alternatives. There is an ongoing checkmate at the national political level, but this is not always true at the regional, state, and municipal level. In fact, even as many cities and states decay further into failure and right-wing reaction, there are also many other less publicized instances of transformative change underway in cities, states, and regions. The "Cleveland Model" in Ohio involves redirecting the massive purchasing power ($3 billion a year in goods and services) of large nonprofit "anchors" (hospitals, the local university) in support of a community-based network of green worker co-ops in poor and predominantly African-American neighborhoods. Meanwhile, in Richmond, California—a largely black and Hispanic working-class community in the Bay Area—the city council has voted twice to use eminent domain to force major banks to stop foreclosures and provide relief for struggling homeowners with underwater mortgages. Around the country a growing number of on-the-ground economic and ecological strategies suggest "non-reformist reforms" that could be game-changers over time in many other arenas.

The Next System Project

The Next System Project is an ambitious multi-year effort premised on the understanding that only by presenting specific alternative possibilities are we likely to engender real responses at the level of systemic design rather than rhetorical critique. Notwithstanding the renewed political energy around systemic questions, it is only through deep dialogue at this level and an iterative process that a genuine and democratic alternative will be developed.

The goals of the Next System Project are:

- To crack through the national media silence and to radically shift the national dialogue about the future away from narrow debates about policies that do not alter any significant decaying trend to awareness that what must be changed is the nature of the political-economic system itself.
- To stimulate national debate about how best to conceive different possible models of a radically different system based on genuine democracy, equality, ecological sustainability, a peaceful global foreign policy, and a thoroughgoing culture of cooperative community based on non-violence and respect for differences of race, gender, and sexual preference.
- To give publicity to the many "next system" models and approaches now being developed and refined in many parts of the nation and around the world.
- To engage committed academics, on the one hand, and activist organizers and thinkers, on the other, in an ongoing process of close collaborative work and common development in furtherance of such work.
- To help develop concrete "elements" that will likely be required to deal with the structural reorganization of any next system design—and, at the same time, to invest in and work with others to help nurture a rising generation of young scholars who can carry the work forward over the coming decades.

Simply by way of illustration, among the important questions that we hope to be able to help answer are:

- How best to develop a supporting system to radically expand the number of worker-owned enterprises, cooperatives, and related community economic strategies;
- How to re-organize the nation's financial system away from giant for-profit banks and the hundred-year-old Wall Street-dominated Federal Reserve System to a fully developed democratically controlled model beginning at the local, state, and then national level.
- How to develop a decentralized participatory

national and regional planning system based on extending and rationalizing themes now emerging in connection with some 200 local "participatory budgeting" efforts around the world;
- How to define which industries are necessarily so large that they must be either regionalized or converted into public utilities in any coherent system;
- How to move beyond the nation's radically conservative eighteenth century constitutional structure to achieve far greater participation and democratic representation, and to decentralize the system to regional-level decision-making.

An expansive listing of critical research questions is in the process of being developed through an in-depth consultation with many activists and scholars already working on such matters. Among other things, we also hope to develop partnerships to produce:

- A fully articulated model of how one city ("the next city") might be reorganized today on the basis of new institutions, strategies, and principles.
- A fully articulated model of how one state might be reorganized today on the basis of new institutions, strategies, and principles.
- A fully articulated model of how one region might be reorganized today on the basis of new institutions, strategies, and principles.
- And, on the basis of the above (and further work on other sectors) to produce coherent and fully researched alternative models of how the nation might be reorganized over time to achieve genuine democracy and economic equality, ecological sustainability, a peaceful global foreign policy, and a thoroughgoing culture of cooperative community based on non-violence and respect for differences of race, gender, and sexual preference.

We also expect to work with, learn from, consult with, and help activists and other citizens who are willing to engage with the alternative models with a view to developing specific organizing and other strategies ("non-reformist reforms") that can both deal with current problems and move in the direction of a viable and meaningful next system. If new systemic designs are going to be relevant to our political and economic life, we need to make sure that they not only open new spaces for discussion, but also concretely inform the ongoing on-the-ground work of the activists and organizers on the frontlines of implementation.

Simultaneously, and working with others, we will develop educational materials and multimedia products for television and internet use that can open the way to much broader debate and action in the direction of "the next system." We aim to put the subject on the national map through various strategies, including:

- A widely publicized public statement signed by a large number of leading thinkers, practitioners, and activists stating that we face a systemic crisis, and that it is time to begin discussing the central issue and debating alternatives and strategies to achieve them.
- A widely publicized series of conferences bringing together proponents of different visions of far-reaching systemic change to illustrate the current state of thought, and to help define further common work.
- Regular video productions and webinars for broad general release.

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The scope of this effort is clearly ambitious, but a great deal of work has been completed or is ongoing that can be built upon and leveraged. We anticipate a multi-pronged effort that will aim to help create an ever more sophisticated network of researchers, partners, and collaborators capable of developing serious answers to the many questions that need to be confronted.

The project will include three interrelated elements:

- ***Research and Analytical Capacity:*** Strong research and analytical capacity is needed to produce well-informed and viable system models and model elements. Drawing upon work being done in many parts of the country and abroad, we will collaborate to produce frequent reports on specific proposals and sectors—component elements of larger systemic designs—to be released at regular intervals along the way.
- ***Activist and Other Engagement***: The development of alternative system models clearly must be informed by the knowledge and experience of a broad array of environmental, labor, community, and other activist groups and individuals. We will work with many individuals and organizations and help create bridges among groups that have not traditionally worked together. Engagement with a broad range of efforts, organizations and individuals will be ongoing throughout the project and will include regular convening focused on specific issues and sectors, and—where necessary—hopefully fellowships and other supporting grants.
- ***Communications and Implementation***: Almost anyone working on public issues can point to reports and related efforts that were well-designed and well-managed, and yet had relatively little impact. A strong communications capacity and a commitment to a long-term implementation strategy are perhaps the most important elements of success, and we expect to devote significant resources to ensuring dissemination, dialogue, and debate.

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Although the project will necessarily have a primary focus on the United States, it will also be important to situate alternative visions in an international context. Many of the problems we are facing have a global dimension, and there is much to learn from developments and innovations overseas. Where possible, we will establish relations with complementary groups in other countries and involve international participants in the project as appropriate.

The scope of our preliminary research agenda will be greatly augmented through an in-depth consultation process and a widening engagement with people working in additional fields and on different issues. We hope to draw upon such efforts to produce regular short reports, on the one hand, and inputs into larger systemic "syntheses," on the other.

By the end of the process we hope to have produced publications on systemic alternatives aimed at bringing the results of years of intensive work by many, many people to the widest possible audience and catalyzing a wide-ranging national debate about system change. With our partners we also hope to develop materials specifically geared to translating such work into concrete options for community action, providing both printed and online resources. We expect also to collaborate on trainings for possible work at the community, state, regional, and national levels.

The importance of practical real-world examples to illustrate new precepts and institutional design solutions cannot be overestimated. We have experienced this first hand in the case of the Evergreen Cooperatives and the powerful influence that the "Cleveland Model" has begun to have nationally in the field of community economic development. Accordingly, we are planning a set of initiatives to develop fully articulated "models" of how one city, one state, and one region might be reorganized today on the basis of new institutions, strategies, and principles.

We see a real possibility of bringing together a broad and powerful group to collaborate in support of the work contemplated in this project. Among those who have already agreed to participate are recent presidents of the American Political Science Association, the American Sociological Association, and the current president of the Academy of Management, on

the one hand, and, on the other, leaders of major trade unions, a number of key academic writers on issues of importance to the overall effort, and a range of activist, new economy, environmental, and democratic ownership development leaders. These and other leaders have agreed to help recruit others of similar standing.

The time is right for a powerfully focused strategic initiative to radically expand the boundaries of political debate in the United States, to underscore the larger importance of the invaluable work of thousands of activists, practitioners, and leading thinkers, and to provide answers to the growing movement of discontented young people and others who are challenging the rationality and democratic legitimacy of the current system. By examining issues systemically, we believe we can help begin to move the political-economic conversation beyond current limits to address the deeper roots of the problems that are undermining our nation's families and communities. It's time for a national debate on fundamental questions. It's time to talk about what comes next. It's time to talk about the next system.

About the Authors

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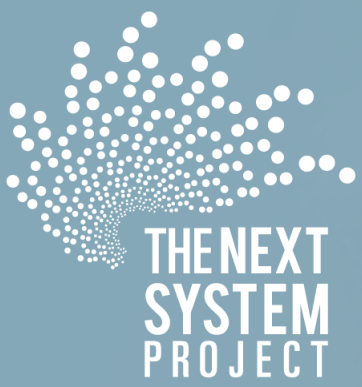

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