

Beyond Capitalism

Owning Our Economy, Owning Our Future

by Steve Dubb and Emily Kawano

Our current economic system privileges greed and diminishes cooperation; an economic system that prioritized solidarity would do the opposite. We can design our economy to build on the more cooperative, rather than the more self-serving, parts of our human selves—if we choose.

W

hat does ownership mean, and how can it be structured to design a more democratic economy? It is common to think of ownership as being about possession: it's yours, or it's mine—or perhaps, if we are thinking as a group, it's ours. But it is much more than that. Ownership is a bundle of rights—social, individual, and collective—which means its boundaries and intersections vary from place to place.¹

Today, a growing number of people are questioning how those ownership rights are defined and distributed. These days, in the world of work in the United States, there is talk of a Great Resignation;² but this can also be thought of in other ways—as a great awakening, a great rebellion, a great recalibration.³ Beyond the workplace, communities are designing entirely new ecosystems of institutions—reclaiming ownership of their identities, cultures, land, and businesses.

Discussion of systems change has also rarely been more present. Yet, when people say “systems change,” more often than not they don't mean *systemic* change—not really. Perhaps, to be generous, they mean systemic change *writ small*, focused on taking a multifaceted (sometimes called “collective impact”) approach to addressing a single problem—such as building a better workforce training and development system⁴—rather than shifting power and changing rights of ownership in society as a whole.

It is common to treat the present global economy as a fact of nature, but it is not. Greed, we are also told, is part of the human condition. Maybe it is, but so too is cooperation.

As Cyndi Suarez, NPQ's president and editor in chief, observed a few years ago, "[S]ystem thinking has become deracinated, devoid of its true power implications."⁵ Nowhere is this point more apt than when it comes to thinking of the overall economy. Simply put, when it comes to the economy, all too often systems change is treated as a bridge too far, best not entertained at all. Alternatively, systems change is only framed within the confines of our current dominant system: we are invited to "reimagine capitalism" rather than to dare imagine beyond it.⁶

With this article, we want to take that challenge on. We do this not out of curiosity or academic fancy but for some highly practical and pragmatic reasons. Our collective well-being—and perhaps even our collective survival—depends on it.

THE NATURE OF THE CHALLENGE

It is common to treat the present global economy as a fact of nature, but it is not. Greed, we are also told, is part of the human condition. Maybe it is, but so too is cooperation. As Ariel Knafo, a psychology professor at Hebrew University in Jerusalem, explained in *Scientific American* years ago, "Human nature supports both prosocial and selfish traits," and the "degree to which we act cooperatively or selfishly is unique to each individual and hinges on a variety of genetic and environmental influences."⁷ Our current economic system privileges greed and diminishes cooperation; an economic system that prioritized solidarity would do the opposite. We can design our economy to build on the more cooperative, rather than the more self-serving, parts of our human selves—if we choose.

Can a redesign be done? Well, it has been done before. In fact, our present capitalist system, so often treated as permanent, is, historically speaking, quite new. The origins of the capitalist economy can be traced back to at least the beginning of the imperialist process unleashed by the European so-called "discovery" of the Americas. As economist Jeffrey Sachs explains in "Twentieth-century political economy: a brief history of global capitalism," modern capitalism only "emerged as a [dominant] social system in western Europe in the first half of the nineteenth century."⁸

In short, capitalism became the world's reigning economic system only two centuries ago, and in many parts of the world its ascendancy is more recent than that. Economic systems have changed before. They can—and almost certainly will—change again.

Capitalism, as an economic system, has unleashed human productive capacity, but it has done so in ways that are highly exploitative and extractive. Capitalism, in short, has done and is doing great harm. It is impossible to discuss capitalism without recognizing its roots in Indigenous genocide and the enslavement of millions of Africans and their forcible relocation—dragged in chains to the "New World." As Joseph Inikori, a University of Rochester historian, details, "the employment of enslaved Africans in large-scale commodity production in the Americas was central to the rise of the nineteenth-century Atlantic economy."⁹

These days, even the benefits of capitalism on its own terms (such as gross domestic product) are showing diminishing returns—one sign of which is a decline in productivity increases.¹⁰ Meanwhile, when it comes to economic justice, the costs are disturbingly obvious. In January 2022, Oxfam offered a report that noted, "The 10 richest men in the world own more than the bottom 3.1 billion people."¹¹ And U.S. data on the racial wealth and wage gaps give few indications—to be polite—of substantive progress. In 2020, David Leonhardt in the *New York Times* observed that "the wages of Black men trail those of white men by as much as when Harry Truman was president."¹² Meanwhile, the Black-white wealth gap, according to Federal Reserve data, was greater in 2016 than in 1968 (2019 data showed modest improvement).¹³

Environmental costs are also rapidly rising. The climate crisis, the result of mounting carbon emissions, has already increased global temperatures by an estimated 1.11 degrees Celsius above preindustrial levels.¹⁴ But carbon emissions are by no means the only environmental challenge. As journalist Ashoka Mukpo writes in *Mongabay*, "The past 50 years have seen a catastrophic decline in the planet's ecosystems and natural environments. Every day at least 32,300 hectares (80,000 acres) of forest vanish, and the size of wildlife populations has dropped by an average of 60%."¹⁵

The word *economy* is a combination of two Greek words—*oikos*, meaning *household*, and *nomos*, meaning *management*. The global economy, then, requires that we collectively manage our planetary home.

A PATH FORWARD: STEPS TOWARD A SOLIDARITY ECONOMY

How can any economy address the vast injustices ours generates today? The word *economy* is a combination of two Greek words—*oikos*, meaning *household*, and *nomos*, meaning *management*.¹⁶ The global economy, then, requires that we collectively manage our planetary home, including how we generate wealth and allocate resources. This is, of course, an immensely complicated endeavor in a world inhabited by more than 7.9 billion people.¹⁷

Still, the good news is that the economy is ultimately a human creation. It therefore can be—and is now, albeit often in very harmful ways—collectively managed. Even better news is that there is widespread creativity and innovation building a new economy right now in the shell of the old. In some cases, people are doing so consciously—in other words, in their work, they are pursuing a vision of replacing the overall economic system with one that would prioritize solidarity. More often, though, these innovators are claiming ownership of their community and their local economies without explicitly seeking to build a solidarity economy. But in this pragmatic, practical, problem-solving work, these economy-building movement leaders are laying crucial building blocks of a different, more humane form of economic and social organization.

But what do we mean by the phrase *solidarity economy*? As was noted last year in the *Nonprofit Quarterly*, when moving toward an economy that is rooted in principles of solidarity, there is neither a “ready-made” formula nor a “one-size-fits-all” approach. A solidarity economy is, however, organized around some core values—*solidarity, participatory democracy, equity in all dimensions, sustainability, and pluralism*.¹⁸ In terms of its theoretical base, the solidarity economy builds on the notion of economic democracy—namely, the idea that principles of popular sovereignty should be applied to management of the economy.¹⁹

The notion of a solidarity economy is also based on lessons from the failures of twentieth-century state socialism. The core solidarity economy values of pluralism, participatory democracy, and sustainability are a direct response to the

lessons learned from state socialism’s overreliance on centralized decision-making, as is the solidarity economy movement’s overall emphasis on the importance of decentralization and federation.

A mistaken assumption of state socialism was its implicit postulate that economic management of our collective home meant management from the top. The work of the late Elinor Ostrom, who was awarded the Nobel Prize in Economic Sciences in 2009, points to the fallacy of this assumption. Her Nobel Prize lecture is titled “Beyond Markets and States: Polycentric Governance of Complex Economic Systems.” Ostrom’s research focused on the organization of what she called “common pool resources.” To pick a prominent example, the free-for-all dumping of carbon into the air could be considered a degradation of the common pool resource of our global atmosphere, resulting in climate change. Among her conclusions: more often than not, effective resource management solutions come from the bottom rather than the top. Ostrom also argued that “a core goal of public policy should be to facilitate the development of institutions that bring out the best in humans.”²⁰ This also happens to be a good way to summarize a central goal of the solidarity economy movement.

PUTTING SOLIDARITY ECONOMY VALUES INTO PRACTICE

So, what practical, pragmatic lessons can be learned from economic justice movements today? Here are a few:

Mutual Aid. The COVID-19 pandemic has lifted mutual aid out of obscurity and made evident to all the practicality of solidarity as an operating principle. An article published last year in *Frontiers in Psychology* noted the fundamental role that mutual aid played in promoting community health and well-being during the pandemic in the United Kingdom. It called for sustaining such practices even after the pandemic finally subsides, by (among other things) prioritizing community-level interventions, and recognizing their importance in public policy in developing “long-term community responses.”²¹

Democratic Planning. Participatory democracy is sometimes described as a pie-in-the-sky concept; but participatory budgeting in the United States is, increasingly, shifting from a niche idea to a serious mechanism for the public to take ownership of public resources and plan their use in a democratic way.²²

Take the city of Seattle, Washington. In response to calls to defund the police, the city council allocated \$30 million to be distributed through a public planning process. The process was sometimes contentious, but it succeeded in giving BIPOC communities in Seattle an opportunity to self-determine the investments that they needed. As city council member Debora Juarez said, when the council geared up to approve the measure, “We don’t need to tell BIPOC communities what they need. We just need to listen and deliver.”²³

Political economist Gar Alperovitz has noted that the issue of democratic planning is a central challenge for building a post-capitalist economy.²⁴ There is, quite obviously, a lot more work to do to build governance structures that can allow for effective democratic input into economic planning at the regional and national level. Nonetheless, nascent though they may be, local examples of democratic planning, such as in Seattle, are building a critical knowledge base in this direction.²⁵

Workplace Democracy. Employees typically spend around half of their waking hours at their workplace. All too often, they are excluded from any democratic decision-making beyond what’s for lunch. The transformative potential of fostering workplace democracy is enormous, and data suggest that it pays off in terms of productivity, job quality,

Figure 1: Seattle, \$30 million Participatory Budgeting (as adopted by City Council on August 9, 2021)²⁶

Housing: \$8.8 million

- \$4.6 million: Subsidized homeownership projects, with target outreach to households of color
- \$1.8 million: Wealth-building education for residents, artists, and business owners of color
- \$1 million: City contracting help for construction businesses owned by women and people of color
- \$875,000: Help for homeowners to keep their properties
- \$250,000: Study on potential lease-to-own program
- \$250,000: Consultant work on housing for union apprentices

Small businesses: \$7.5 million

- \$5 million: Grants and subsidized loans to small businesses, including those owned by people of color
- \$2.5 million: Consultant support for small businesses

Education: \$7.5 million

- \$4 million: Various student and teacher programs, with focus on youth of color
- \$2 million: Cultural programs aimed at youth of color
- \$1.5 million: Programs for youth involved in the criminal legal system

Health: \$6.2 million

- \$1.7 million: Programs helping residents of color with healthcare careers
- \$1.5 million: Innovative healing programs at community health centers
- \$1 million: Efforts to secure healthcare for residents without coverage, with focus on communities of color
- \$750,000: Healthy food programs aimed at communities of color
- \$550,000: Environmental justice grants for community organizations that focus on people of color
- \$500,000: Healthcare mentorships and internships for youth of color
- \$250,000: Farm-to-table programs aimed at youth of color

**It begins with imagining an economy beyond capitalism.
Is this possible? Not only is it possible, it's a *must*, if we truly want
to work toward an economy that we can all claim as our own.**

job satisfaction, and employee retention. Employee ownership is a hot trend these days, especially given the so-called “silver tsunami”—the impending retirement of the baby boom generation of small business owners.²⁷ There are two major avenues of employee ownership: an employee stock ownership plan (ESOP) and a worker cooperative. Both have been shown to improve business performance. ESOPs give workers shares of stock in their workplace, and are by far the more widespread model. While workers in some ESOPs have a controlling interest, the vast majority do not. Worker cooperatives, by contrast, are owned and controlled by the workers, thus hardwiring workplace democracy into the structure. While ESOPs are a step in the right direction, worker co-ops are a better strategy to build democracy in the workplace.

Sustainability. At the Midwest Organic and Sustainable Education Service (MOSES), executive director Lori Stern sees regenerative agriculture as a means to apply solidarity economy principles to build “a more equitable and resilient system that puts farmers, workers, and eaters in control.” Her organization pursues this vision through a range of strategies, including increasing connections between farmers (including by building domestic supply chains), promoting cooperative ownership structures, and food system policy advocacy. Stern adds that, “The emerging farming solidarity economy is a sum of a range of practices, rooted in solidarity economy principles of pluralism, democracy, equity, mutualism, and sustainability. The connected and circular nature of life on a diverse farm forms the ecosystem that enables all to thrive.”²⁸

Equity and Reparations. There are many inspiring examples of how a genuine solidarity economy, organizing effectively, combines equity and community ownership. One example comes from Humboldt, California, where Cooperation Humboldt—an organization with an explicit solidarity economy mission—has partnered with the local Wiyot nation. This partnership has involved committing to paying an honor tax of 1 percent of Cooperation Humboldt’s annual budget to the Wiyot nation, in acknowledgment that Humboldt is unceded Wiyot ancestral territory. Such reparations are integral to a solidarity economy.²⁹

BUT IS SYSTEMIC CHANGE POSSIBLE?

We conclude where we began. We respect those, such as Chris Benner and Manuel Pastor, who advocate for the broad application of solidarity principles in our economy but seek to do so within the framework of the existing economic system.³⁰ Benner and Pastor note that “we have reached a point where our fundamental economic structures are driving unprecedented inequality, social divisions, and ecological destruction, amidst a politics of polarization, fragmentation, and alienation,” and ask if we cannot “build a better economy” out of a sense of mutuality.³¹ That is, indeed, the right question to ask.

Where we differ is in our contention that advocates of a solidarity economy must be brave enough to admit that building an alternative economics that is truly based on cooperation will very likely require systemic change beyond capitalism.³² *In particular, we believe the separation of the overwhelming majority of people from meaningful ownership of the economy is a central flaw of capitalism that fosters division, creates concentration of wealth and power, encourages corruption (and cheating—anything to get an edge), and, ultimately, undermines solidarity.* This is not to deny the need to fight for reforms; however, it is also to affirm the need for movements to retain the imagination to envision systemic transformation, even while fighting for reforms such as the ones obtained by solidarity economy advocates in Seattle.

Where we agree with Benner and Pastor is in the necessity of rooting social change in social movements. The struggle for a solidarity economy is a practical one, *and there is no path forward without social movement.* As the late sociologist Erik Olin Wright noted, “If processes of social reproduction were comprehensive, and fully coherent, then there would be little possibility for effective strategies of radical social transformation.”³³ But Wright was an optimist, and he added that “even when the spaces are limited, they can allow for transformations that matter.”³⁴

That remains the work. It begins with imagining an economy beyond capitalism. Is this possible? Not only is it possible, it’s a *must*, if we truly want to work toward an economy that we can all claim as our own.

NOTES

1. Steve Dubb, "Ownership as Social Relation: Nonprofit Strategies to Build Community Wealth through Land," *Nonprofit Quarterly*, December 11, 2018, nonprofitquarterly.org/ownership-as-social-relation-nonprofit-strategies-to-build-community-wealth-through-land.
2. Ophelia Akanjo, "The Great Resignation—A Call for Change in Organizational Culture," *Nonprofit Quarterly*, February 16, 2022, nonprofitquarterly.org/the-great-resignation-a-call-for-change-in-organizational-culture.
3. Manuel Pastor et al., "Solidarity Economics: OUR Movement, OUR Economy" (UC Santa Cruz Institute for Social Transformation and USC Dornsife Equity Research Institute, November 4, 2021, virtual), transform.ucsc.edu/event/solidarity-economics/.
4. Bryan Lindsley, "Our Change Systems Solutions—FAQs," National Fund for Workforce Solutions, Washington, D.C., accessed April 2, 2022, nationalfund.org/our-solutions/change-systems-for-improved-outcomes/frequently-asked-questions-about-our-change-systems-solution.
5. Cyndi Suarez, "Systems Change Is All about Shifting Power," *Nonprofit Quarterly*, October 1, 2019, nonprofitquarterly.org/systems-change-is-all-about-shifting-power.
6. See, for example, *Our Call to Reimagine Capitalism in America* (Redwood City, CA: Omidyar Network, September 2020); and Rebecca Henderson, *Reimagining Capitalism in a World on Fire* (New York: PublicAffairs, 2020). See also Rebecca Henderson, website for *Reimagining Capitalism in a World on Fire*, accessed May 2, 2022, reimaginingcapitalism.org.
7. Matthew Robison, "Are People Naturally Inclined to Cooperate or Be Selfish?" *Scientific American*, September 1, 2014, scientificamerican.com/article/are-people-naturally-inclined-to-cooperate-or-be-selfish.
8. Jeffrey D. Sachs, "Twentieth-century political economy: a brief history of global capitalism," *Oxford Review of Economic Policy* 15, no. 4 (December 1999): 92.
9. Joseph E. Inikori, "Atlantic Slavery and the Rise of the Capitalist Global Economy." Supplement, *Current Anthropology* 61, no. S22 (October 2020): S166–67.
10. Shawn Sprague, "The U.S. productivity slowdown: an economy-wide and industry-level analysis," *Monthly Labor Review*, April 2021, www.bls.gov/opub/mlr/2021/article/the-us-productivity-slowdown-the-economy-wide-and-industry-level-analysis.htm.
11. Nabil Ahmed et al., *Inequality kills: The unparalleled action needed to combat unprecedented inequality in the wake of COVID-19* (Oxford, UK: Oxfam Great Britain, January 17, 2022), 10.
12. David Leonhardt, "The Black-White Wage Gap Is as Big as It Was in 1950," *New York Times*, June 25, 2020, nytimes.com/2020/06/25/opinion/sunday/race-wage-gap.html.
13. Heather Long and Andrew Van Dam, "The black-white economic divide is as wide as it was in 1968," *Washington Post*, June 4, 2020, washingtonpost.com/business/2020/06/04/economic-divide-black-households; and Rachel Siegel, "Wealth gaps between Black and White families persisted even at the height of the economic expansion," *Washington Post*, September 28, 2020, washingtonpost.com/business/2020/09/28/wealth-gap-fed.
14. World Meteorological Organization, "2021 one of the seven warmest years on record, WMO consolidated data shows," press release no. 19012022, January 19, 2022, public.wmo.int/en/media/press-release/2021-one-of-seven-warmest-years-record-wmo-consolidated-data-shows.
15. Ashoka Mukpo, "As nature declines, so does human quality of life, study finds," *Mongabay*, February 9, 2021, news.mongabay.com/2021/02/as-nature-declines-so-does-human-quality-of-life-study-finds.
16. "The Oikos of God: Economy and Ecology in the Global Household," Interfaith Center for Sustainable Development, accessed May 3, 2022, interfaithsustain.com/the-oikos-of-god-economy-and-ecology-in-the-global-household.
17. "World Population Dashboard," United Nations Population Fund, 2022, accessed May 3, 2022, unfpa.org/data/world-population-dashboard.
18. Emily Kawano, "Imaginal Cells of the Solidarity Economy," *Nonprofit Quarterly* 28, no. 2 (Summer 2021): 48–55, nonprofitquarterly.org/imaginal-cells-of-the-solidarity-economy/.
19. Ted Howard, Steve Dubb, and Sarah McKinley, "Economic Democracy," in *Achieving Sustainability: Visions, Principles, and Practices*, ed. Debra Rowe (New York: Macmillan Reference USA, 2014), 231–39.

20. Elinor Ostrom, "Beyond Markets and States: Polycentric Governance of Complex Economic Systems" (Nobel Prize lecture, Aula Magna, Stockholm University, Stockholm, December 8, 2009), nobelprize.org/uploads/2018/06/ostrom_lecture.pdf.
21. Maria Fernandes-Jesus et al., "More Than a COVID-19 Response: Sustaining Mutual Aid Groups During and Beyond the Pandemic," *Frontiers in Psychology* 12 (October 20, 2021).
22. See Michael Menser, "From Defunding to Reinvestment: Why We Need to Scale Participatory Budgeting," *Nonprofit Quarterly*, June 25, 2020, nonprofitquarterly.org/from-defunding-to-reinvestment-why-we-need-to-scale-participatory-budgeting.
23. Daniel Beekman, "Seattle will invest \$30 million in strategies recommended by panel for communities of color," *Seattle Times*, last modified August 10, 2021, seattletimes.com/seattle-news/politics/seattle-will-invest-30-million-in-strategies-recommended-by-panel-for-communities-of-color. See also Daniel Beekman, "Seattle Mayor Durkan sends proposal to City Council for \$30 million promised to communities of color," *Seattle Times*, last modified July 13, 2021, seattletimes.com/seattle-news/politics/seattle-mayor-durkan-sends-proposal-to-city-council-for-30-million-promised-to-communities-of-color/.
24. Gar Alperovitz, "Building a Democratic Economy: Sketch of a Pluralist Commonwealth," *Nonprofit Quarterly* 27, no. 1 (Spring 2020): 50–57, nonprofitquarterly.org/building-a-democratic-economy-sketch-of-a-pluralist-commonwealth/.
25. Steve Dubb, "Seattle Launches \$30 million Participatory Budgeting Process," *Nonprofit Quarterly*, February 5, 2021, nonprofitquarterly.org/seattle-launches-30-million-participatory-budgeting-process/.
26. For these data, see Beekman, "Seattle Mayor Durkan sends proposal to City Council for \$30 million promised to communities of color."
27. Steve Dubb, "Can Employee Ownership Hold Back a Tsunami of Small Business Closures?" *Nonprofit Quarterly*, November 27, 2017, nonprofitquarterly.org/can-employee-ownership-hold-back-tsunami-small-business-closures.
28. Lori Stern, "Rethinking Food with Solidarity in Mind: Lessons from COVID-19," *Nonprofit Quarterly*, October 20, 2021, nonprofitquarterly.org/rethinking-food-with-solidarity-in-mind-lessons-from-covid-19.
29. Michelle Vassel and David Cobb, "An Indigenous Community Land Trust Rises: Making Land Back a Reality," *Nonprofit Quarterly*, October 13, 2021, nonprofitquarterly.org/an-indigenous-community-land-trust-rises-making-land-back-a-reality.
30. Chris Benner and Manuel Pastor, *Solidarity Economics: Why Mutuality and Movements Matter* (Cambridge, UK: Polity Press, 2021), 2.
31. Ibid.
32. Emily Kawano and Julie Matthaei, "System Change: A Basic Primer to the Solidarity Economy," *Nonprofit Quarterly*, July 8, 2020, nonprofitquarterly.org/system-change-a-basic-primer-to-the-solidarity-economy.
33. Erik Olin Wright, "Elements of a Theory of Transformation," in *Envisioning Real Utopias* (London: Verso Books, 2010), 290.
34. Ibid.

STEVE DUBB is a senior editor at *NPQ*, where he directs *NPQ*'s economic justice program, including *NPQ*'s Economy Remix column. Dubb has worked with cooperatives and nonprofits for over two decades, including twelve years at The Democracy Collaborative and three years as executive director of NASCO (North American Students of Cooperation). In his work, Dubb has authored, coauthored, and edited numerous reports; participated in and facilitated learning cohorts; designed community-building strategies; and helped advance the field of community wealth building. He is the lead author of *Building Wealth: The Asset-Based Approach to Solving Social and Economic Problems* (Aspen, 2005) and coauthor (with Rita Axelroth Hodges) of *The Road Half Traveled: University Engagement at a Crossroads* (Michigan State University Press, 2012). In 2016, he curated and authored *Conversations on Community Wealth Building*, a collection of interviews with community builders that he had conducted over the previous decade.

EMILY KAWANO is a cofounder of the U.S. Solidarity Economy Network, codirector of Wellspring Cooperatives, in Springfield, Massachusetts, and a member of *NPQ*'s economic justice advisory committee. An economist by training, Kawano served as the director of the Center for Popular Economics from 2004 to 2013, and has taught economics at Smith College.

To comment on this article, write to us at feedback@npqmag.org. Order reprints from <http://store.nonprofitquarterly.org>.