

Our Call to Reimagine Capitalism in America.



We can do better. And we know we must. Our lives, liberties, and happiness depend on it.

Life, liberty, and the pursuit of happiness.

Those quintessential American rights inscribed in the Declaration of Independence set our country's North Star. Our nation's ideal – and ambition – is rooted in the promise that all Americans should be able to thrive – economically and otherwise. As John Adams wrote during its drafting, our American goal ought to be “happiness, to the greatest number of persons, and in the greatest degree.”

The historic document closes with, “We mutually pledge to each other our Lives, our Fortunes,

and our sacred Honor.” This notion of reciprocity requires an economy that recognizes growth and prosperity come from the contributions of us all. An economy, in other words, that reflects our ideals of democracy.

A more democratic economy is one in which the real creators – working people, consumers, individuals, small businesses, and families – can have equal voice, hold power, and get ahead.



An economy where everyone has the dignity, security, and freedom to fully engage in the economy, in our democracy, and in our society.

An economy built on the premise that human nature is as cooperative as it is competitive. An economy, in other words, of possibility and meaningful opportunity.

We have seen what's possible. Creating Social Security in the 1930s. Mobilizing the economy in wartime. Building a strong and growing middle class. Expanding voting rights in the 1960s. Investing in infrastructure, both physical and digital. More recently, mutual aid and shared sacrifice in the initial months of the 2020 pandemic. We are at our best as Americans when we raise the sights of the greatest number of people, to the greatest degree. Labor Secretary Frances Perkins summarized it best nearly a century ago, when she defined a "good" economy as one which "includes an agreeable, stable civilization accessible to all, the opportunity of each to develop his particular genius and the privilege of mutual usefulness."

These ideals are constantly tested. Too often we have fallen short for too many. Our founders deliberately excluded whole segments of the populace, and the brutality and injustice of those structural prohibitions still reverberate. Black, brown, and Indigenous peoples, women, immigrants, and others historically and systemically marginalized are too often trapped by systems, policies, and mindsets designed to subjugate, denigrate, and disenfranchise them. Across most of the United States, people endure high and rising inequality, stagnant upward mobility, worsening disparities in **morbidity and mortality**, persistent and yawning racial wealth gaps, and tenuous financial and job security. Despite seeming abundance and lofty ideals, our society is falling far short of its highest aspirations. As labor and civil rights leader **A. Philip Randolph** said, "A community is democratic only when the humblest and weakest person can enjoy the highest civil, economic, and social rights that the biggest and most powerful possess."

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– A. PHILIP RANDOLPH, LABOR AND CIVIL RIGHTS LEADER

How did we get here?

Democracy and the economy are fundamentally intertwined. We cannot address one without taking into account the other. **Markets are not “naturally” occurring.** They are not inherently free; they are built. They are deliberately shaped by ideas, norms, values, culture, capital, politics, laws, and, of course, power and people. The balance between markets and government in any society is always contested and evolving.

In our view, **democratically legitimate governments** – those that govern with the consent and trust of their people, with checks on power within the government itself and, most importantly, with decision-making procedures and processes that allow for meaningful input and participation – have a distinctive obligation to adjudicate these boundaries in favor of the many, and not only the powerful.

But the ability of a government to appropriately shape and bound markets depends on the character of the democracy that is shaping the government, who is participating in that democracy, the ideas and assumptions they bring, and the political beliefs they hold. Potent ideas, combined with political power, can change the rules and norms of any society for better or worse.

That’s what happened, starting in the late 1970s. **From the 1940s, philanthropy funded a project to seed “neoliberal” ideas in academia** and ultimately translate it into policy. These ideas were anchored nearly exclusively on the value of individual freedom from government and corresponding “free” markets. They prized economic efficiency, small government, low taxes, shareholder profit maximization, and individual responsibility above all else, and stripped any other definition of purpose out of the economy. But ideas don’t turn into immoral economies on their own. With power, political capture, and a willingness to ignore contravening data, these ideas consolidated more power and privilege to the few through policy, regulation, norms, mind-sets, and laws.

A relatively small number of elites – politicians, business interests, wealthy individuals – who had already amassed wealth and power deliberately pursued this program to expand and perpetuate their power and economic benefit, cloaked in high-minded language echoing our founders about liberty and fairness. Starting around 1980, they prevailed, politically and in economic policy.



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Many others who did not aim to rig the system nonetheless benefitted handsomely from it, including ourselves – Omidyar Network specifically, and modern philanthropy as a whole. We had little to do with the invention or deliberate perpetuation of this worldview but played by the new rules without fully examining the implications of the underlying assumptions and outcomes. We and many others were beneficiaries of further concentration of wealth, power, and opportunity, and at times its unwitting advocates.

This is in part what leads us to our present circumstance: A society and an economy that is struggling, fragile, and unjust. One with rampant economic insecurity, staggering racial wealth and wage gaps, declining economic dynamism and innovation, sluggish productivity, and record income inequality.

Power, ideas, and political economy, are, in other words, how we got here. Supreme Court Justice Louis Brandeis captured it well, noting, “We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can’t have both.” Our democracy too easily allowed those with economic power to capture and hoard political power and dominate resulting policy over time. The cycle is dangerously self-reinforcing, as new political power then, in turn, altered and shaped markets – the source of the original economic power – creating destructive feedback loops.

If markets are built, surely they can be un-built and reconfigured towards a capitalism that

serves the public interest and is more equitable, inclusive, and resilient. As Professor Jacob Hacker explains, “The basic idea is that we shouldn’t focus simply on redistributing income and wealth after the fact...We need to fix markets so they are less likely to produce unequal outcomes in the first place.”

We must, in other words, reimagine capitalism itself, for the benefit of the many, and not just the privileged few.

We believe a reimagined capitalism and a new economic paradigm must place individual, community, and societal well-being at the center, enabling everyone to meaningfully participate in our economy, democracy, and society. Under an updated conception of capitalism, we must continue to incentivize and reward individual accomplishment and enterprise. But we must equally ensure that people who have been historically and systematically marginalized by structural racism, colonialism, paternalism, and indifference will have opportunity, power, and the self-determination that comes from economic prosperity and a vibrant, fair, and responsive democracy.

To achieve this goal, we argue that five key pillars of our economy – and the economy’s interplay with other aspects of society – must be rethought and addressed. The pillars are not specific policy proposals, but rather core elements that any new economic settlement must take into account.



The Five Pillars of a New Economic Approach.

1. Ground the Economy in New Ideas, Shared Values, and Inalienable Rights


All economic theories are based on a set of ideas and assumptions about the economy, markets, people (and their behavior), the role of government, and the social contracts among them. The prevailing economic ideas of the past 50 years have dramatically failed. It's long past time to replace them with new ideas.

But new ideas alone are insufficient. They must be grounded in values and rights, or else they fail to gain traction.

Values are the North Star that guide all of our other choices. They reinforce and make explicit the purpose of the economy, underpin ideas, shape narratives, and guide decisions on policies and human behavior. We believe our economy should embody values like **dignity**, **economic security**, and the **freedom to fully engage** as equals in our economy, democracy, and society. In the past, these and other values have been too often subordinated to a singular focus on individual liberty (most especially for white, property-owning men).

Over-indexing on a single value has paved the way to our current challenges. Liberty is, of course, essential. We believe deeply in individual agency for precious rights like free speech, freedom of thought, freedom of association, and freedom of religion, as well as the **right to privacy** and economic innovation. But we equally believe that a more expansive and balanced set of values is essential, because our economic lives and sources of well-being are more varied, interdependent, and complex than simply narrow considerations of government interference.

Values will also determine how we measure economic success or failure. We need to make a dramatic shift in how we value and measure the success of our economy, from a primary focus on aggregate economic numbers like GDP, efficiency, and growth, which have little to do with real people, to a wider set of measures that reflect well-being.



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– SUPREME COURT JUSTICE LOUIS BRANDEIS

In addition to values, our economic policies should be grounded in our national belief that every person is afforded certain inalienable rights and protections. We must guard against the tyranny of the majority and uphold the rights of the minority and the disenfranchised, including **the rights to a humane standard of living and social protection systems** that help people who are struggling survive crises and

shocks find employment, and access health care and education, as well as and protect the aging, the disabled, and the young.

These rights guarantee the basics needed for a dignified life.

2. Build an Explicitly Anti-Racist and Inclusive Economy

America cannot divorce itself from its legacy of human exploitation, anti-Blackness, and slavery. It is deeply embedded in our economy. As a result, the current economic system exacerbates many of the inequities that rip at the fabric of our society and the well-being of our people: racism, classism, and sexism – to name a few.

Structural racism has led to codified and continuous disempowerment, as the original sin of slavery present at the birth of our nation

gave way to the era of Jim Crow and decades of redlining, employment discrimination, and mass incarceration. The system has functioned exactly as it was designed: to force Black families into poverty and powerlessness. Is it any wonder that after so many centuries, **Black households have just 1/10th the accumulated wealth of white households?** As activist and educator Angela Davis wrote, “This results in pressuring the poorest people in a society to find solutions to their lack of health care, education, and social security all by themselves—then blaming them if they fail, as ‘lazy.’” We see this starkly in the numbers, where **wealth tends to get passed down through white families but diffuses across Black families.**

Even reformist policymakers who wanted to expand the economic franchise compromised their values to advance progress for some at the expense of too many. For instance, the National Labor Relations Act excluded farmworkers and care workers, who are primarily people of color; the New Deal largely left out people of color; and the GI Bill shut out many Black veterans. **Many of these racist exclusions were the result of economic policies that depended on the support of southern, segregationist congressional leaders.**



Photo: Thomson Reuters Foundation /L. Kasimu Harris

We must face and right the wrongs of the past, addressing the implications of centuries of systemic racism in which white people in power continue to deny communities of color their assets, opportunities, agency, and rights.

A reimagined capitalism must be explicit on two counts. First, it should reject any **historical justifications for slavery or racism**, as well as bigotry in all its forms. Second, it must face and positively articulate how we will address and eradicate the systemic barriers that exist today

3. Create Counterweights to Economic Power

Because power is both central and frequently implicit, we must recognize this aspect as its own separate pillar, even though it is often tied to the role of government. We believe economic systems must be rebuilt to explicitly recognize the role of power, in its various forms, in shaping how our markets and political system work.

Just as our founders worked to build checks against concentrated power into our governance, in the economic realm a reimagined capitalism needs to do the same. We must build more active counterweights, checks, and guardrails that protect and guarantee people's ability to fully participate in our economy and democracy; encourage dynamism, competition, and cooperation; and prevent the continued overly permissive translation of economic power into political power intended to protect and promote the privileged.

Market guardrails can come from multiple forms of countervailing power, including real competition, **strict checks on monopolies**, empowered consumers and grassroots

by, for instance, expanding labor law to include every working person, regardless of sector or industry; creating opportunities for Black and brown Americans to build wealth throughout a person's lifetime; and increasing their economic and political engagement and power to affect our democracy and engage in our economy. A new economic settlement should allow historically exploited groups the freedom, opportunity, and meaningful choices to escape those bonds and flourish.

organizations, **labor unions** and other ways for working people to band together, and civil society (including watchdog groups, a free press, and even cultural values and norms).

Where economic power is vested in government, no matter how democratically legitimate, there must also be meaningful checks within government on its own power, via courts, federalism, separation of powers, transparency, and other means.

Each of these counterweights need strengthening and can be protected and enabled by the government. A democratically legitimate government has, in our view, the unique and central obligation to enact the rules and build the institutions to provide appropriate checks and guardrails on market power.



4. Rebalance the Relationship Between Markets, Government and Communities

The prevailing neoliberal view of the last 50 years argues that the government's only role in markets is to address market failures and externalities and regulate as minimally as possible.

We disagree. Markets **do not self-regulate**. We cannot leave markets to do government's work.

While the most essential counterweight to power is a democratically legitimate government – through institutions, laws, incentives, structures, and other means – government's role must go beyond institutional guardrails and checks. Government must structure markets in ways that prioritize the public good.

We see four essential roles for government to play (in addition to checks and guardrails).

First, government must drive innovation, growth, and investment via R&D, critical infrastructure, and other key activities.

Second, government must deliver critical public goods and protect communities from bad actors, **harmful side effects**, and unexpected shocks.

Third, government must be funded with appropriate revenue and the capabilities to execute on these mandates. Both have been **systematically deprioritized, to our detriment, in the last 50 years**.

Fourth, government must set policies that reflect our collective values, uniting common causes behind common purposes. When incentives in securities and corporate law prioritize shareholders above all others, we embed a too narrow set of priorities. When the tax code proportionately falls more heavily on people who are paid lower incomes than those earning the most, we signal that fairness and reciprocity are unimportant. When the incentives, tax rules, and laws consistently advantage financial and physical capital over human capital, we suggest people are a lower priority. All must change.

Communities (which we define as civil society, local organizations, geographically based associations, religious, cultural, voluntary associations, etc.) are the other key actors. They can drive social cohesion based on a common shared identity, or they can undermine it if that same identity leads to hostility toward other groups or favoritism for one's own group. Either way, they break the false dichotomy of "more government" vs. "more markets."



Photo: Thomson Reuters Foundation / L. Kasimu Harris

All three play an essential role, and community at various levels often serves as the moral and ethical compass that guides them and holds each to account. Community is also where many of the norms and values noted earlier are brought to life and provides the informal means of how economies actually function, interpret, and solve collective problems.

Community is the level in our society where we are most likely to ask, “What do we owe each other?” instead of “What will this do for me?” When we start with this new question, we can redesign social and economic policies that, **“...aim to nurture the common good by advancing a vision of democracy rooted in mutual responsibility for one another.”**

5. Build A Resilient Economy That Accounts for 21st Century Context

We seek competitive, dynamic, and innovative markets that focus on solving real-world problems to enhance societal health and well-being. Yet multiple forces are gathering strength that fundamentally change the context of all of our economic activity, such as technology, global pandemics, an environmental crisis, globalization, a degradation of trust, and promotion of fear. None of these forces were nearly as salient when the last economic paradigm was developed in the 1940s and 1950s, nor can they be addressed by the prevailing and deeply flawed economic theory. The neoliberal economic framework accelerated many of these problems; each of these forces now convincingly presents distortions signaling the old paradigm can no longer hold.

We must develop an economy that accounts for opportunities, disruptions, and new economic realities caused by the accelerating march of

technology. Like the economy, technology is also created by people. We must have the checks in place to ensure technology and its impact on our economy acts in service of people and mitigates its harms.

Consider automation in the workplace. Automation’s displacement of people – leaving them with no meaningful recourse or opportunity – is only a given if you assume that shareholders’ interests always come first. With different

underlying values and corresponding rules that balance the interests of more than one set of stakeholders, the choice doesn’t have to be whether or not to pursue automation at the expense of livelihoods and opportunity. Instead, the real choice is whether technology is a pathway toward shared prosperity or increased concentration of wealth and power, and who should have the power to decide.



We also must urgently address our warming planet and environmental degradation, including how current economic theory incentivized depletion and is actively failing – and worsening – our environment. Our interdependence with the planet is existential. We need new responsibilities, incentives, mindsets, and standards for government, individuals, investors, and companies to fully account for their use of scarce natural resources – in ways that no longer simply privatize the profits and socialize the costs. A new capitalism that revisits the relative priority of various stakeholders and incentives will go a long way towards addressing our climate crisis.

To build a more resilient economy that accounts for rapid changes and volatility – whether from technology, climate, pandemics, or other origins – we need to modernize benefits in health, unemployment, and beyond to minimize job loss and economic pain, as well as help employees and businesses navigate shocks and transitions in the economy. Flexibility, portability, and even **public options** can help cushion the downside of our economies and provide a floor so that innovation and risk-taking can thrive.

We must also reimagine our economic ties to the rest of the world. In recent decades, the same actors who designed our domestic economy contributed to global economic systems that prioritized market efficiency and the free movement of goods and capital, with too little accounting for the impact on people and communities. Given American economic influence and power, the decisions we make when reshaping our own economy will have ripple effects that will be felt across the globe.

A stronger, more resilient, and more equitable global economy is the only path toward a better, more equitable economic future – one in which countries and communities can cooperate across borders to address challenges that no country alone can solve.



A reimagined capitalism is not only worth investing in, it's an urgent necessity.

Capitalism can be a powerful force for good, but only if it is structured properly and its purpose rethought. We believe we can get there; countries in Europe and elsewhere have demonstrated that one can have freedom and opportunity, inclusion, and basic economic security. Earlier versions of American capitalism held promise that upward mobility and shared prosperity is possible – the challenge now is to expand that promise. Our shared task ahead is to build a new system drawing on those lessons and dramatically expanding the net, so inclusion and participation are equitable and real for all of us.

We know we cannot do this alone. It will require deep partnership and engagement with many,

supporting and partnering with a cadre of advocacy organizations and grassroots organizers, working families, politicians, policymakers, funders, business leaders, entrepreneurs, shareholders, academics, intellectuals, scientists, religious leaders, concerned citizens, and others, all catalyzing a movement together.

Those who have been focused on these concerns long before we arrived inspire us. We are encouraged by the growing chorus of voices calling for real change. We look forward to playing our part in supporting this movement to realize an economy that delivers prosperity, dignity, and well-being for all.



We are capitalists who believe that it's time to reimagine capitalism. We hope you will join us on this important journey – one determining the future of our people, our planet, and our democracy, for the benefit of all.

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