

America the Possible

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Like you and other Americans, I love my country, its wonderful people, its boundless energy, its creativity in so many fields, its natural beauty, its many gifts to the world, and the freedom it has given us to express ourselves. So we should all be angry, profoundly angry, when we consider what has happened to our country and what that neglect could mean for our children and grandchildren.

How can we gauge what has happened to America in the past few decades and where we stand today? One way is to look at how America now compares with other countries in key areas. The group of twenty advanced democracies—the major countries of the Organisation for Economic Co-operation and Development (OECD), including the United Kingdom, France, Germany, Japan, the Nordic countries, Canada, and others—can be thought of as our peer nations. Here's what we see when we look at these countries. To our great shame, America now has

- the highest poverty rate, both generally and for children;
- the greatest inequality of incomes;
- the lowest social mobility;
- the lowest score on the UN's index of "material well-being of children";
- the worst score on the UN's Gender Inequality Index;
- the highest expenditure on health care as a percentage of GDP, yet all this money accompanied by the highest infant mortality rate, the highest prevalence of mental health problems, the highest obesity rate, the highest percentage of people going without health care due to cost, the highest consumption of antidepressants per capita, and the shortest life expectancy at birth;
- the next-to-lowest score for student performance in math and middling performance in science and reading;
- the highest homicide rate;
- the largest prison population in absolute terms and per capita;
- the highest carbon dioxide emissions and the highest water consumption per capita;
- the lowest score on Yale's Environmental Performance Index (except for Belgium) and the largest ecological footprint per capita (except for Denmark);
- the lowest spending on international development and humanitarian assistance as a percentage of national income (except for Japan and Italy);
- the highest military spending both in total and as a percentage of GDP; and
- the largest international arms sales.

Our politicians are constantly invoking America's superiority and exceptionalism. True, the data is piling up to confirm that we're Number One, but in exactly the way we don't want to be—at the bottom.

These deplorable consequences are not just the result of economic and technological forces over which we have no control. They are the results of conscious political decisions made over several decades by both Democrats and Republicans who have had priorities other than strengthening

the well-being of American society and our environment. Many countries, obviously, took a different path—one that was open to us as well.

I wish that were all the bad news. Unfortunately, international comparisons only give us a glimpse of what we now face. They miss many of the most important challenges, including in the critical areas of social conditions, national security, and politics. I will spare you the litany of environmental bad news; most of you have already heard it.

When it comes to social conditions, it's important to recognize that nearly 50 million Americans now live in poverty—one in six. If you're in poverty in America, you're living on less than \$400 per week for a family of four. Poverty is the bleeding edge of a more pervasive American shortcoming—massive economic insecurity. About half of American families now live paycheck to paycheck, are financially fragile, and earn less than needed to cover basic living expenses, let alone save for the future.

Back in 1928, right before the Great Depression, the richest 1 percent of Americans received 24 percent of the country's total income. Starting with the New Deal, public policy favored greater equality and a strong middle class, so that by 1976, the share of the richest 1 percent of households had dropped to 9 percent. But then the great re-redistribution began in the 1980s, so that by 2007, right before the Great Recession, the richest 1 percent had regained its 1928 position—with 24 percent of income.

As for national security, the U.S. now spends almost as much on the military as the rest of the world combined. If one totals military and other U.S. security spending, the total easily climbs to over \$1 trillion annually, about two-thirds of all discretionary federal spending. In what has been called a key feature of the American Empire, America now garrisons the world. Although the Pentagon officially reports that we maintain a mere 660 military bases in 38 countries, if one adds the unreported bases in Afghanistan, Saudi Arabia, and elsewhere, there are likely as many as 1,000 U.S. military sites around the world. By 2010, we had covert operations deployed in an estimated 40 percent of the world's 192 nations. On the home front, in 2010, the Washington Post reported that the top-secret world the government created in response to 9/11 now contains some 1,300 government entities and 1,900 private companies all working on programs related to counterterrorism, homeland security, and intelligence in some 10,000 locations across the United States.

When you've got an armful of hammers, every problem looks like a nail, and the U.S. has tended to seek military solutions to problems that might be addressed otherwise. The costs have been phenomenally high. When all told, our wars since 9/11 will cost us over \$4 trillion and more than 8,000 American lives, with another 99,000 U.S. troops already wounded in action or evacuated for serious illness.

Another sorrow is the huge, draining psychological burden that U.S. actions have on its citizens. We see our own military, the CIA, and U.S. contractors engaged in torture and prisoner abuse, large killings of innocent civilians, murders and the taking of body parts as souvenirs, renditions, drone assassinations, military detention without trial, collaboration with unsavory regimes, and more.

Meanwhile, outside our borders, a world of wounds has festered without much help, and often with harm, from the United States. We are neglecting so many problems—from world poverty, underdevelopment, and climate change to emerging shortages of food and water and energy, biological impoverishment, and transnational organized crime.

The following are among the many treaties ratified by all nations, except for a few rogue states—and the United States: the Convention of the Rights of the Child, the Convention Against All Forms of Discrimination Against Women, the Land Mine Convention, the International Criminal Court convention, the Biodiversity Convention, the Law of the Sea, the Kyoto Protocol of the Climate Convention, and the Convention on Persistent Organic Pollutants. The U.S. is the main reason we do not now have a World Environment Organization.

In these respects and in many others, the U.S. posture in the world reflects a radical imbalance: a hugely disproportionate focus on the military and on economic issues and a tragic neglect of some of the most serious challenges we and the world now confront.

These many challenges require farsighted, strong, and effective government leadership and action. Inevitably, then, the path to responding to these challenges leads to the political arena, where a vital, muscular democracy steered by an informed and engaged citizenry is needed. That's the democracy we need, but, unfortunately, it is not the democracy we have. Right now, Washington isn't even trying to seriously address most of these challenges. Neglect, stalemate, and denial rule the day. It is estimated that American politics is more polarized today than at any time since Reconstruction. Polarization, of course, is father to gridlock. Gridlock and stalemate are the last thing our country needs now.

The American political system is in deep trouble for another reason—it is moving from democracy to plutocracy and corporatocracy, supported by the ascendancy of market fundamentalism and a strident antiregulation, antigovernment, antitax ideology. The hard truth is that our political system today is simply incapable of meeting the great challenges described here. What we have is third-rate governance at a time when the challenges we face require first-rate governance.

America thus confronts a daunting array of challenges in the maintenance of our people's well-being, in the conduct of our international affairs, in the management of our planet's natural assets, and in the workings of our politics. Taken together, these challenges place in grave peril much that we hold dear.

The America we must seek for our children and grandchildren is not the America we have today. If we are going to change things for the better, we must first understand the forces that led us to this sea of troubles. When big problems emerge across the entire spectrum of national life, it cannot be due to small reasons. We have encompassing problems because of fundamental flaws in our economic and political system. By understanding these flaws, we can end them and move forward in a very different direction.

I think America got off course for two primary reasons. In recent decades we failed to build

consistently on the foundations laid by the New Deal, by Franklin Roosevelt's Four Freedoms and his Second Bill of Rights, and Eleanor Roosevelt's Universal Declaration of Human Rights. Instead, we unleashed a virulent, fast-growing strain of corporate-consumerist capitalism. "Ours is the Ruthless Economy," say Paul Samuelson and William Nordhaus in their influential textbook, *Macroeconomics*. And indeed it is. In its ruthlessness at home and abroad, it creates a world of wounds. As it strengthens and grows, those wounds deepen and multiply. Such an economy begs for restraint and guidance in the public interest—control that can only be provided by government. Yet, at this point, the captains of our economic life and those who have benefited disproportionately from it have largely taken over our political life. Corporations, long identified as our principal economic actors, are now also our principal *political* actors. The result is a combined economic and political system—the operating system upon which our society runs—of great power and voraciousness, pursuing its own economic interests without serious concern for the values of fairness, justice, or sustainability that democratic government might have provided.

Our political economy has evolved and gathered force in parallel with the course of the Cold War and the growth of the American Security State. The Cold War and the rise of the American Empire have powerfully affected the nature of the political-economic system—strengthening the already existing prioritization of economic growth, giving rise to the military-industrial complex, and draining time, attention, and money away from domestic needs and emerging international challenges. This diversion of attention and resources continues with our response to international terrorism.

So what are this operating system's key features, which have been given such free rein by these developments? First, ours is an economy that prioritizes economic growth above all else. We think of growth as an unalloyed good, but this growth fetish is a big source of our problems. We've had plenty of growth in recent decades—growth while wages stagnated, jobs fled our borders, life satisfaction flat-lined, social capital eroded, poverty and inequality mounted, and the environment declined. Today, U.S. GDP has regained its prerecession level, but 15 percent of American workers still can't find full-time jobs.

Another key feature of today's dysfunctional operating system is how powerfully the profit motive affects corporate behavior. Today's corporations have been called "externalizing machines," so committed are they to keeping the real costs of their activities off their books. Profit can be increased by keeping wages low and real social, environmental, and economic costs externalized—borne by society at large and not by the firm. One can get some measure of these external costs from a recent analysis of three thousand of the world's biggest companies. It concluded that paying for their external environmental costs would erase at least a third of their profits. Profits can also be increased through subsidies, tax breaks, regulatory loopholes, and other gifts from government. Together, these external costs and subsidies lead to dishonest prices, which in turn lead consumers to spur on businesses that do serious damage to people and planet.

Given such emphasis on inexorable growth and profit, the constant spread of the market into new areas can be very costly environmentally and socially. As Karl Polanyi described in his 1944 book, *The Great Transformation*, "To allow the market mechanism to be sole director of the fate

of human beings and their natural environment . . . would result in the demolition of society. . . . Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed.” With its emphasis on privatization, commercialization, and commodification, American capitalism has carried this demolition forward with a vengeance.

But the system that drives the capitalism we have today includes other elements. The corporation—the most important institution and agent of modern capitalism—has become both enormous and hugely powerful. Of the hundred largest economies in the world, fifty-three are corporations. Of the three hundred largest corporations in the world, a third are U.S. companies. American business wields great political and economic power and has routinely used that power to restrain ameliorative governmental action. Our corporations have driven the rise of transnational capital as the basis for economic globalization, along with all the challenges that equation introduces.

Then, there is what our society has become. Dominant American values today are strongly materialistic, anthropocentric, and contempocentric. Today’s consumerism and materialism place high priority on meeting human needs through the ever-increasing purchasing of goods and services. We say the best things in life are free, but not many of us act that way. Instead we’ve embraced an endless cycle of work and spend. The anthropocentric view that nature belongs to us, rather than we to nature, facilitates the exploitation of the natural world. And the habit of focusing on the present and discounting the future leads us away from a thoughtful appraisal of the long-term consequences of the world we are making.

Next, there is what our government and politics have become. Growth serves the interests of government by boosting politicians’ approval ratings, keeping difficult social justice and other issues on the back burner, and generating larger revenues without raising tax rates. Government in America doesn’t own much of the economy, so it must feed its growth habit by providing what corporations need to keep growing. Meanwhile, Washington today is hobbled by partisanship, corrupted by money, and typically at the service of economic interests. It is focused on the short horizons of election cycles and guided by a pathetic level of public discourse on important issues. Finally, our government seeks to enhance and project national power, both hard and soft, in part through economic strength and growth and in part through sustaining a vast military deployment.

And there is what our system of money and finance has become. We think of money as the cash in our pockets or the bank, but, in truth, virtually all the money in circulation today is created by the banking system when loans are made. If everyone paid off all their debts, there would be hardly any money. Money is a system of power, and Wall Street wields that power. Today, among other things, the big banks are financing the destruction of the planet’s climate. In 2010, Citi raised more than \$34 billion for the coal and oil industries. Within Citi’s portfolio is \$1 billion raised for the proposed pipeline intended to carry tar sands oil from Alberta to Gulf Coast refineries. Since January 2010, ten big banks have supported mountaintop removal coal mining to the tune of more than \$2.5 billion.

These features aptly characterize key dimensions of today’s operating system—the political economy of today’s American capitalism. It’s important to see these features as a system, linked

and mutually reinforcing. Taken together, they have given rise to an economic reality that is both colossal and largely out of control. An unquestioning society-wide commitment to economic growth at any cost; powerful corporate and banking interests whose overriding objective is to grow by generating profit, including profit from avoiding social and environmental costs; a government beholden to corporate interests and thus not strongly inclined to curb corporate abuses; and a rampant consumerism spurred endlessly on by sophisticated advertising—all these combine to deliver an ever-growing economy insensitive to the needs of people, place, and planet.

The prioritization of economic growth is among the roots of our problems. Today's reigning policy orientation holds that the path to greater well-being is to grow and expand the economy. Productivity, profits, the stock market, and consumption must all go up. This growth imperative trumps all else. Growth is measured by tallying GDP at the national level, and sales and profits at the company level. The pursuit of GDP and profit can be said to be the overwhelming priorities of national economic and political life.

Economic growth may be the world's secular religion, but for much of the world it is a god that is failing—underperforming for most of the world's people and, for those in affluent societies, now creating more problems than it is solving. The never-ending drive to grow the overall U.S. economy undermines families and communities; it is leading us to environmental calamity; it fuels a ruthless international search for energy and other resources; it fails at generating the needed jobs; and it rests on a manufactured consumerism that is not meeting our deepest human needs.

Americans are substituting growth and consumption for dealing with the real issues—for doing the things that would make us, and the country, better off. Psychologists have pointed out, for example, that while economic output per person in the United States has risen sharply in recent decades, there has been no increase in life satisfaction, and levels of distrust and depression have increased substantially. We have entered the realm of what ecological economist Herman Daly calls “uneconomic growth.” Environmentally, we see a world in which growth has brought us to a situation where more of the same will quite literally ruin the planet. Politically, the growth imperative is a big part of how we the people are controlled: the necessity for growth gives the real power to those who have the finance and technology to deliver it.

It is up to us as citizens to inject values of justice, fairness, and sustainability into this system, and government is the primary vehicle we have for accomplishing this. Typically, we attempt to do so by working within the system to promote needed reforms. We work the media and other channels to raise public awareness of our issue, and try to shift public understanding and discourse in our favor. We lobby Congress, the current administration, and government agencies with well-crafted and sensible proposals. When necessary, we go to court. With modest resources, we devote what we can to the electoral process and to candidates for public office. And we hope somehow that lightning will strike and events will move in our favor.

But it is now abundantly clear that these reformist approaches are not succeeding. The titanic forces unleashed by the American brand of capitalism are too powerful. The ceaseless drive for profits, growth, and power and other system imperatives keep the problem spigot fully open.

Reform rarely deals with the root causes—the underlying drivers. The forces that gave rise to these problems in the first place continue to war against progress. And our enfeebled political life, more and more in the hands of powerful corporations and individuals of great wealth, is no match for these forces.

Pursuing reform within the system can help, but what is now desperately needed is transformative change in the system itself. To deal successfully with all the challenges America now faces, we must therefore complement reform with at least equal efforts aimed at transformative change to create a new operating system that routinely delivers good results for people and planet.

At the core of this new operating system must be a sustaining economy based on new economic thinking and driven forward by a new politics. The purpose and goal of a sustaining economy is to provide broadly shared prosperity that meets human needs while preserving the earth's ecological integrity and resilience—in short, a flourishing people and a flourishing nature. That is the paradigm shift we must now seek.

I believe this paradigm shift in the nature and operation of America's political economy can be best approached through a series of interacting, mutually reinforcing transformations—transformations that attack and undermine the key motivational structures of the current system, transformations that replace these old structures with new arrangements needed for a sustaining economy and a successful democracy.

The following transformations hold the key to moving to a new political economy. Consider each as a transition from today to tomorrow.

- *Economic growth*: from growth fetish to post-growth society, from mere GDP growth to growth in human welfare and democratically determined priorities.
- *The market*: from near laissez-faire to powerful market governance in the public interest.
- *The corporation*: from shareholder primacy to stakeholder primacy, from one ownership and motivation model to new business models and the democratization of capital.
- *Money and finance*: from Wall Street to Main Street, from money created through bank debt to money created by government.
- *Social conditions*: from economic insecurity to security, from vast inequities to fundamental fairness.
- *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 richer to better, from separate to connected, from apart from nature to part of nature, from transcendent to interdependent, from today to tomorrow.
- *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 a normal nation, from hard power to soft, from military prowess to real security.

We know that systemic, transformative change along these dimensions will require a great struggle, and it will not come quickly. The new values, priorities, policies, and institutions that would constitute a new political economy capable of regularly delivering good results are not at hand and won't be for many years. The truth is we are still in the design stage of building a new operating system. That system won't be yesterday's socialism, by the way, but it won't be today's American capitalism either.

It follows that effectively addressing the many serious challenges America faces will take a lot more time than we would like. Meanwhile, America's decline will persist—"decline" here not referring to losing world power relative to China and other countries, but to decline in human and natural conditions. That is a very depressing conclusion, but we must face it. More importantly, we must use it as a framework for understanding what we must now do. Indeed, there can be a very bright light at the end of this gloomy tunnel. There is the great gift of plausible hope that we can find our way forward.

In this period of decline, the imperatives we face as citizens are threefold: to slow and then halt the descent, minimizing human suffering and planetary damage along the way and preventing a collapse, the emergence of a fortress world, or any of the other dark scenarios plotted for us in science fiction and increasingly in serious analysis; to minimize the time at the bottom and start the climb upward toward a new operating system; and to complete, inhabit, and flourish in the diversity of alternative social arrangements, each far superior to ones we will have left behind. But if we are failing at modest, incremental reform, how can we hope to achieve deeper, transformative change? The decline now occurring will progressively delegitimize the current order. Who wants an operating system that is capable of generating and perpetuating such suffering and destruction? One good thing about the decline of today's political economy is that it opens the door to something much better. People will eventually rise up, raise a loud shout, and demand major changes. This is already happening with some people in some places. It will grow to become a national and global movement for transformation, demanding a better world.

As the old system enters its death throes, we are already seeing the proliferation of innovative models of "local living" economies, sustainable communities, and transition towns, as well as innovative business models, including social enterprises and for-benefit and worker-owned businesses that prioritize community and environment over profit and growth. Initiatives that may seem small or local can be starter wedges that lead to larger changes. These initiatives provide inspirational models for how things might work in a new political economy devoted to sustaining human and natural communities. Such initiatives are growing rapidly in America.

While the struggle to build a new system goes forward, we must do everything we can to make the old system perform. For example, if we do not act now on climate change, both nationally and internationally, the consequences will become so severe that the dark visions of those predicting calamity will become all too real. The situation we face in regard to climate disruption is already very grave. Should we fail to act now on the climate front, the world will likely become so nasty and brutish that the possibility of rebirth, of achieving something new and

beautiful, will simply vanish, and we will be left with nothing but the burden of climate chaos and societies' endless responses to it. Coping with the wreckage of a planetary civilization run amok would be a full-time job. On this issue and others, then, reform and transform are not alternatives but complementary and mutually reinforcing strategies.

Important here is a “theory of change.” The theory adopts the view that people act out of both fear and love—to avoid disaster and to realize a dream or positive vision. The theory affirms the centrality of hope and hope's victory over despair. It locates the plausibility of hope in knowledge—knowing that many people will eventually rise up and fight for the things that they love; knowing that history's constant is change, including deep, systemic change; and knowing that we understand enough to begin the journey, to strike out in the right directions, even if the journey's end is a place we have never been. The theory embraces the seminal role of crises in waking us from the slumber of routine and in shining the spotlight on the failings of the current order of things. It puts great stock in transformative leadership that can point beyond the crisis to something better. The theory adopts the view that systemic change must be both bottom-up and top-down—driven by communities, businesses, and citizens deciding on their own to build the future locally as well as to develop the political muscle to adopt system-changing policies at the national and international levels. And it sees a powerful citizens' movement as a necessary spur to action at all levels.

So imagine: As conditions in our country continue to decline across a wide front, or at best fester as they are, ever-larger numbers of Americans lose faith in the current system and its ability to deliver on the values it proclaims. The system steadily loses support, leading to a crisis of legitimacy. Meanwhile, traditional crises, both in the economy and in the environment, grow more numerous and fearsome. In response, progressives of all stripes coalesce, find their voice and their strength, and pioneer the development of a powerful set of new ideas and policy proposals confirming that the path to a better world does indeed exist. Demonstrations and protests multiply, and a powerful movement for prodemocracy reform and transformative change is born. At the local level, people and groups plant the seeds of change through a host of innovative initiatives that provide inspirational models of how things might work in a new political economy devoted to sustaining human and natural communities. Sensing the direction in which things are moving, our wiser and more responsible leaders, political and otherwise, rise to the occasion, support the growing movement for change, and frame a compelling story or narrative that makes sense of it all and provides a positive vision of a better America. It is a moment of democratic possibility.

In the end it all comes down to the American people and the strong possibility that we still have it in us to use our freedom and our democracy in powerful ways to create something fine, a reborn America, for our children and grandchildren. We can realize a new American Dream if enough of us join together in the fight for it. This new dream envisions an America where the pursuit of happiness is sought not in more getting and spending, but in the growth of human solidarity, real democracy, and devotion to the public good; where the average American is empowered to achieve his or her human potential; where the benefits of economic activity are widely and equitably shared; where the environment is sustained for current and future generations; and where the virtues of simple living, community self-reliance, good fellowship, and respect for nature predominate. These American traditions may not prevail today, but they

are not dead. They await us, and indeed they are today being awakened across this great land. New ways of living and working, sharing and caring are emerging across America. They beckon us with a new American Dream, one rebuilt from the best of the old, drawing on the best of who we were and are and can be.