

Jennifer B. Hinton

GAME CHANGER

An economy beyond profit

"Read this book and put its ideas into practice."

Rob Hopkins

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Jennifer B. Hinton, PhD

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What others are saying about *Game Changer*

"An essential piece of work to understand the dangers of profit-seeking. If you think greed is good, this book will change your mind. Finally a vision of what a post-growth economy could look like."

Timothée Parrique, Researcher in economics at the University of Lausanne and author of *Slow Down or Die*.

"This timely book calls out one of the most influential levers for building an economy that serves people and planet. It offers ideas, examples, and hope for anyone wanting to be part of building that economy our world so urgently needs."

Katherine Trebeck, Political economist at the University of Edinburgh and Economic Change Lead at the The Next Economy

"We live in times that demand that we reimagine everything, and the way our economy works is absolutely at the top of the list. This book sets out an audacious template for how we might reimagine business as a force for good, for the regeneration of life. Read it and put its ideas into practice."

Rob Hopkins, Time traveller and author of *How to Fall in Love with the Future*

"By shifting the focus from making profit more sustainable to building an economy centered on social and ecological wellbeing, this book opens up important new space for economic thinking."

François Denuit and Praachi Khera, Co-directors of NEEP (New Economies for Eradicating Poverty)

“*Game Changer* makes a conversation that can so often feel technical, abstract and inaccessible feel human and possible. You do not need an economics degree to enter this conversation. In fact, that is the point!

Jennifer Hinton's game metaphor helps us see something fundamental: our economy is not simply a natural force that we have to live with. It is a system we have designed, and therefore a system we can redesign.

What I love most is that this book does not stop at telling us what is wrong. It asks what we could build instead: an economy organised around meeting needs, creating wellbeing and sustaining life, rather than endlessly extracting profit.

And importantly, this is not presented as a utopian fantasy. From Bangladesh to Bolivia to Croatia, people and organisations are already experimenting with different ways of doing things.

Many of us in the majority world have known for a long time that the dominant economy was not designed around our wellbeing. We have been creating our own answers, often quietly and often at the margins, all along. *Game Changer* helps bring these ideas into language that more of us can enter, question and make our own.

We do not have to accept the game we inherited. We can change the rules, change what we value, and build an economy that works for people and planet.

Let us change the game together! A game that is fun for all of us! With no upfront losers.”

Thobile Chittenden, Network Co-Lead at the Wellbeing Economy Alliance (WEAll)

“As it becomes clear to an increasing number of people that economic growth will halt either by design or disaster, this book is vital reading for anyone who wants to work toward true systemic change — in other words, the much-needed shift in society's focus from ever-more to better. Hinton's book lays out, with outstanding comprehensiveness, what a new economic design implies for government, markets, and companies. Perhaps most importantly, Hinton places community alongside markets and the state, restoring the vital role citizens (today most-often referred to as 'consumers' in economic texts) have as uniquely capable stewards of our commons. Rebuilding the atrophied capacity of this third and oldest form of provisioning offers a path towards resilience in the coming years of societal and ecosystem destabilization. Yet this path's destination is not a capitulation to grim necessity. The most wonderful aspect of a post-growth world is not the peace of mind that what we have now can last—although certainly that too. It is the rediscovery of our role as a keystone species in this web of life which we feel on a visceral level we are all part of, and the deeply joyful sense of fulfillment that comes from reclaiming our agency as co-creators of our common future.”

Gaya Herrington, Published author, executive advisor, and TED keynote speaker on wellbeing economics and polycrisis resilience

"Jennifer Hinton offers an in-depth analysis of how issues like inequality, poverty and environmental destruction are not problems that can be fixed, but inevitable consequences of the current rulebook of the game we call the Economy. The rules of this game have existential dimensions; they impact how we perceive the world and ourselves as humans. Hinton does something important and rare when she shows a well-researched and pragmatic way towards a much healthier game that we can begin playing any day. "

Pella Thiel, Rights of nature advocate and founder of Embassy of the Baltic Sea

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Introduction: More money, more problems

Growing up in the 1980s in the USA, it seemed like everyone was chasing the American Dream: Make more money to live a good life. My parents were no exception. My dad was a self-made businessman, who moved from sector to sector in search of ever more earning potential. From fixing cars to refining gold, from investing in water pumps and tomatoes to renovating commercial properties, he's done a bit of everything. My mom stayed in one sector—insurance—but worked her way up from secretary to president of a company over the course of just 12 years. Neither of my parents ever got a university degree, but they learned fast and worked hard.

My mom and dad were able to climb their way up the ladder of financial fortune. Throughout my childhood, they both made more and more money, allowing them to buy bigger houses, expensive cars, and nice Christmas presents for my sister and me. In material terms, my family was the picture of success. I had gone to first grade in one of the poorer school districts in town and only 9 years later (and about 5 postal codes later), I was attending the richest public high school in the city.

I learned a lot about businesses and the economy from growing up in my parents' American Dream. I absorbed lessons from my parents about how to work hard, carry myself professionally, negotiate business deals, and make investments. But I also learned from this journey just how superficial and hollow material success can be. The rich families in our neighborhood prioritized material success above everything else, assuming that it would make all the other pieces of life fall into place. That's how it was supposed to work. That's what all the textbooks, ads, and politicians said. We were embedded in a

society that told us money makes you happy, and you can't have any real problems as long as you have money. So, everyone just focused on financial gain. But my high school was riddled with addiction, eating disorders, and depression. Money didn't deliver the happiness the American Dream had promised us.

Fast forward to university, and I was studying International Affairs. I had to choose a region to specialize in and one of my professors convinced me to learn about China. This led me to take classes on Chinese history, culture, politics, and the Mandarin language. The books and teachers told us over and over again about the miracle of economic growth in China; how the economy was growing and lifting people out of poverty at an unprecedented pace. After finishing my bachelor's degree, I was looking forward to seeing this for myself.

In the summer of 2005, just after graduating, I got the opportunity to become a professional English teacher in China. An agency placed me in a rural Chinese village where I was the only foreigner. There was no buffer between me and the local context. What I experienced during the next six months changed the course of my life. Instead of seeing a happy, healthy population that had been lifted out of poverty, I saw how the economy was harming China and its population in ways that flew under the radar of news headlines and fell between the cracks of the data in textbooks. The environmental pollution from the nearby paper and asphalt factories was shocking. There was a layer of foam several inches thick on top of the local river, which had been the lifeline of surrounding villages for generations. By the time I got there, all the fish were dead and although many local people worried about the heavy pollution, the farmers had no other water with which to irrigate their crops. The smog in the countryside air was so bad that it turned the sky a dark shade of orange and was so thick that some days you could look directly into the sun without hurting your eyes. When I showered, the water running off my skin was brown from the soot in the air. A local doctor once told me that people in the area were increasingly suffering from serious illnesses, including cancer. The ecosystems were dying and the pollution was making people sick. But still, everyone kept talking about the need for more factories for the

sake of economic growth. This was what "development" meant, and it kept being pursued as the only way forward.

The walls in the village were plastered with political slogans touting economic growth, like Deng Xiaoping's saying: "It is glorious to be rich". When I traveled, I saw billboards depicting a stereotypical Western family with blond hair and blue eyes standing happily in front of a characteristic American house. All around, there was propaganda encouraging rural Chinese people to adopt the American Dream.

Having experienced the harm of prioritizing money over relationships first-hand, I was worried. And I could see how the pursuit of wealth was tearing Chinese families and communities apart. I met children who hadn't seen their parents for years, because they had moved to a city to find work. Low-income employment in Chinese cities typically meant working in sweatshops and living in overcrowded apartments with strangers. This was nothing like the glossy propaganda image of "development" they'd been sold.

I knew that this was not just happening in China. All over the world, people were being herded onto this same path. They were told it was necessary to become "developed" and to achieve prosperity and success, which just meant making more money. Experiencing all of this, I began to question for the first time: Is this really development and progress? Is this what the whole world should do? Is the purpose of life to make more money to buy more stuff, at the expense of human health and the ecosystems on which we depend? The answer was clearly no. Of course, no one should live in poverty. But there must be a better way than killing off ecosystems, tearing apart families, and making the people who were supposed to benefit from this "development" sick.

All this social upheaval and environmental destruction around the world was happening in the name of a false promise: That making money will make us all happier and healthier. I knew that getting richer and having more stuff does not automatically make people happy. It certainly did not make me, my family, or my community happy.

After my six-month stay in the Chinese countryside, I was motivated to explore alternatives to the mainstream definition of

development. My guiding question was simple: Is there a way to ensure everyone has the chance to live a healthy, fulfilling life, in harmony with nature? Thus, I began my 20-year journey into learning about the destructive system of pursuing ever more money, as well as discovering and developing viable, desirable alternatives.

Must we change the economy?

Before you start investing time and energy in reading this book, let's check if it really aligns with your interests. Either on the page or in your head, just tick the boxes next to the questions you find interesting or important:

- ☐ Why do food, housing, transportation, and healthcare costs continue to increase?
- ☐ Why do the richest people keep getting richer, while everyone else gets left behind?
- ☐ Why does the world keep emitting more greenhouse gases, making the climate crisis worse?
- ☐ Why is democracy declining?
- ☐ What can we do to increase economic equality?
- ☐ How can we have more time to do the things we enjoy in life?
- ☐ How can we ensure everyone's basic needs are met in harmony with nature?
- ☐ How can I contribute to a more sustainable world?

If you ticked at least 3 of these boxes, I think you'll find this book to be a worthwhile investment of your time. But my hunch is that you ticked most or even all those boxes, because they are the most urgent questions of our era. They affect everyone. And all of these questions concern the economy—or to be more exact, they are consequences of how the economy is organized.

Put simply, the economy is the way people and organizations produce, exchange and distribute the resources that we need to live

our lives. This includes natural resources, like land and water, but also money and goods, like food, housing, healthcare, energy, and communications technology. As the definition implies, economies can be set up in different ways to achieve different goals. The way we organize our economy determines who gets access to which resources and for which purposes. So it's pretty important.

By the time I was a young adult, I had experienced two elemental aspects of our economy first-hand: the human and environmental costs of pursuing financial success and the failure of material wealth to provide actual wellbeing. This is what launched me on a journey to find out why we are destroying the planet and dissolving our community and family ties in the name of achieving a notion of prosperity that leaves us feeling disconnected and empty. I didn't want to become an economist. But in order to understand this pressing predicament, I *had* to become one. And learning about our economy from this critical perspective prompted me to imagine a different kind of economy; one that gives everyone access to the things they need without destroying the ecosystems on which we all depend.

My investigation into what's wrong with the world and how we can change it has led me to the conclusion that one of the root causes of our global crises is that modern societies have prioritized money over all else. I have seen this pattern play out almost everywhere I look. It's a worldwide phenomenon. Our relationship to money—whether corporate profit, national Gross Domestic Product (GDP), or our own income—has taken precedence over caring for ourselves, each other, and nature. And the deeper I look, the more I realize it's not just individual, everyday decisions. It's institutionalized. Competition for money is built into the very structure of our economy. Workers compete for wages and businesses compete for profit. This logic is often argued to be the natural order of things. But how natural can it be, when all that money and profit come at such an enormous human and ecological cost?

Gandhi once said that the earth provides enough to satisfy everyone's need, but not everyone's greed. In the simplest of terms, this book is

about how we can move from our destructive greed-based economy into a need-based economy that unlocks the potential for human flourishing in harmony with the rest of life on Earth.

The economy as a game

After my stay in China, I started a master's program in Environmental Studies and Sustainability Science. I was driven by the question: Why do our societies continue to destroy nature to make money so that we can buy things that don't improve our happiness and health? Early on, I was given an all-too easy answer: overconsumption. Overconsumption is often said to be a personal choice, a behavioral problem of individuals. So educating the masses is key to addressing this problem. Yet, people in rich, industrialized countries, like the one I grew up in, have actually been educated about this for many decades. I remember being taught the three Rs in the 1980s, when I was only five or six years old: Reduce, Reuse, and Recycle. The three Rs tell us to only buy the stuff we need, use it as much as we can, and when we can't use it anymore, to recycle it. This was common knowledge—already back then. Yet, more than 40 years later, people still overconsume. As a matter of fact, overconsumption has gotten even worse in rich, industrialized countries. So what is really driving us to overconsume, if not a lack of knowledge?

To answer this and many other questions, this book uses the metaphor of a game. Bear with me while I explain. Let's take a look at two very different board games: Monopoly and Pandemic. You may be familiar with Monopoly, which has become a popular game around the world. The objective is to be the last player standing with money. That player is the winner of the game. It's a winner-takes-all game, meaning there can be only one champion. At the beginning of the game, all players are potential real estate tycoons. The rules guide and constrain players in their pursuit of money.

The roll of the dice determines how many steps you can take. In the beginning of the game, you can buy the properties where your figurine lands on the board, as long as they have not already been bought by

another player. If you land on a property owned by someone else, you must pay rent to that player. Each location is worth a different amount of rent. You collect more rent for more expensive properties. Only by collecting additional money through rent are you able to build costly houses and hotels on the locations you own, which increase the rent you are entitled to. The more properties you have, the more houses and hotels you can build and the more rent you collect when another player lands on your property.

As you can see, the goal and the rules of Monopoly are very simple. If you buy up as many properties and hotels as possible, you have a better chance of winning. Everyone, from your most easy-going friend to the most competitive person you know, tends to play a ruthless, greedy game; trying to conquer the board to win. That's because Monopoly's set-up encourages and rewards such behavior.

Board games don't have to be like that, though. Pandemic is another, lesser-known game from 2007, with a very different set of rules. In Pandemic, the goal for the players is to eradicate a virus that is spreading around the world. (I know, the game designers were ahead of their time). In order to do that, players must work together to strategize and orchestrate their steps to fight the virus, create a vaccine, and inoculate enough people to eradicate the disease.

Each player is given a different character with different strengths and weaknesses that enable and constrain the player in what kind of actions they can take. The medic, for instance, can treat the disease more easily than other characters, while the researcher can transfer knowledge more easily than other characters. A key difference from most other games is that in Pandemic, all players either win or lose together. Either you beat the virus together, or it beats all of you. The goal and rules of Pandemic tend to lead to high levels of cooperation and strategic planning among the players, because they must coordinate their various strengths and weaknesses to beat the virus and win the game.

Like in Monopoly, it doesn't really matter who is playing Pandemic. The goal and rules of the game encourage players to behave cooperatively. It's rational to act in a ruthless and greedy way

in Monopoly, because that's the easiest (and maybe only) way to win. Likewise, it's rational to act in a cooperative and transparent way in Pandemic because it's the easiest way to win that game. Rational behavior is always defined in relation to the goal and the rules of a game. The same is true in our economy.

All too often people think that to change what is bad about our current economy, we have to get rid of the bad players; the greedy CEOs and politicians who are out to make a buck. However, the metaphor of a game can help us to look beyond single players to see how the set-up of the game actually guides them to act the way they do. Individual players, even those that behave greedily, actually play the game the way it's meant to be played. Like any game, our economy has a set-up that guides players—people and organizations—to use certain strategies, which ultimately determine the dynamics of the game. Figure 1 shows how the set-up of the game (or the economy) guides players to behave in certain ways, which drives the larger dynamics of the game (or economy). And if that's true, then we might need to change the game itself if we want an economy that meets everyone's needs without destroying the planet.

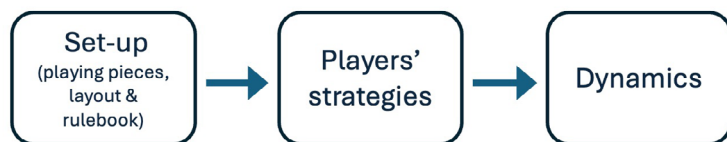


Figure 1: The economy as a game

First, we need to understand what's wrong with the current set-up. Part 1 of the book takes us through the game we're playing today: The for-profit economy. It describes the set-up of this game, which includes the main pieces, the layout of the board, and the rulebook. It then explains how this set-up guides players to use certain strategies, which in turn lead to the destructive dynamics we see today, like inequality and environmental crises. Part 2 follows the same pattern, but presents a different economic game: The Not-for-Profit Economy. It describes the set-up of this alternative type of economy, and how it can be

expected to guide players' strategies in ways that result in healthier dynamics, such as more equality and ecological stewardship. Part 3 explores how we can change the game we're playing in the real world.

...

We tend to take the present state of the world for granted, as if our current economy is the natural or best way to organize things. However, just like games, the economy can be arranged in different ways—its rules are created by people and can, thus, also be changed by people. Over the 300,000 years that modern humans have existed, communities around the planet have had a plethora of ways to allocate resources, and we will most likely have even more diverse ways in the future. There have been self-sufficient hunter-gatherer economies, peasant economies that grow crops and trade with local communities, state-planned economies, and collaborative economies. Some systems have remained small and local, while others established vast trade networks that spanned continents or even the globe. Some economies have been managed quite democratically. Other economies have had powerful centralized authorities, like kings, landlords, religious leaders, and autocrats ruling over them; deciding where to implement taxes, and whom to exploit for resources, and how to distribute any surplus.

Many communities have regularly reorganized how their economies are structured; for instance, having a fairly egalitarian management of resources while in the village, but a more hierarchical authoritative structure of economic decision making during hunting excursions or in foraging bands¹. Some communities even changed their economies according to the seasons due to variations in the resources available at different times of the year. Economic structures, it turns out, are not fixed—they can be reorganized, and often have been.

I don't know about you, but I find the notion that humans have a long history of experimentation with different economic arrangements to be incredibly liberating. For me, this clearly means that we can change the way our current economy is set up, too. In fact, according to historical records, it seems that transformation is actually the norm and not an exception. The only thing that is constant in the world is

change. Our current economic set-up is no more permanent than all of the kingdoms, tribes, dynasties, and empires that have come and gone over the eons. By working together, not only can we change the rules; we can choose to play a totally different game altogether!

There is an old story in which a sparrow asks a dove, “How much does a snowflake weigh?” The dove answers, “Nothing more than nothing.” The sparrow answers, “In that case, I must tell you a marvelous story. I sat on the branch of a fir tree, close to its trunk, when it began to snow. Not heavily. It wasn’t a blizzard. It snowed just like in a dream, softly and steadily. Since I didn’t have anything better to do, I counted the snowflakes settling on the twigs and needles of the branch. The number was exactly 3,741,952. When the next snowflake dropped on the branch (nothing more than nothing, as you say), the branch broke off.” Having said that, the sparrow flew off. The dove contemplated the story for a bit and finally said to herself, “Perhaps there is only one voice lacking for peace to come into our world.”²

Transformation works like that too. And this book is my humble contribution to that transformation.

A final insight to keep in mind while reading this book is to never mistake the game metaphor for the actual economy. Keep in mind that this book, like any theory or model, offers a simplified explanation of an infinitely complex reality. In the coming chapters, I will present descriptions of our current economic set-up, its players’ strategies and its dynamics. I have simplified them, in order to demystify the economy and enable people to understand and discuss this important part of our lives. The economy determines what food, clothes, medicine, work, and homes are available to us and under what conditions. If we want to change the economy so that it works for us rather than us working for it, we need a shared vocabulary of easy-to-understand terms so everyone can join the conversation.

The second reason for this simplification is that I want to focus on the dysfunctional parts of the economy and discuss how we can transform them. For every example I describe, you can probably think of a counterexample. For instance, I will describe how investment in the current economy is primarily guided by how much extra money

the investor can make. Yet people also invest for other reasons. You might invest in a company that recycles electronic waste because you care about the environment, or in a restaurant because you're passionate about delicious food. That kind of investment happens all the time and it's great! But that's the exception, not the rule. It's the rule I'll be focusing on. What's dysfunctional about the economy, and how can we change it?

Without further ado, let's jump into the first game: the for-profit economy.

Part I

Playing with fire

After I graduated from the master's program in Sweden, I returned home to Colorado, hoping to find a solid sustainability-oriented job—one that aligned with my values. How could I not find such a job? I had gained in-depth knowledge about our interconnected social and ecological crises as well as rare skills in applying a systemic perspective to address real world problems. I saw myself as a catch for any potential employer. However, unbeknownst to me (and most of the world), we were just about to enter a prolonged and painful economic recession. I arrived back home in early September 2008; just in time for the now infamous crash of the Wall Street firm Lehman Brothers, which resulted in mass layoffs and unemployment across the USA. No sustainability job for me. Instead, I found work at a local coffee shop.

During that time, I was talking every day with my Greek boyfriend, whom I had met during my master's program in Sweden. We'd decided to try to keep our relationship going despite me going back to Colorado and him going back to Greece. At some point he asked me, "Why don't you just come live in Athens with me? You haven't found a job you want there and you might have better luck here. And then we can just be together." So, after some soul-searching, I decided to move to Athens in early 2009. I could not have known, but Greece was not the best place to find secure employment and avoid economic recessions either. What had started in the USA turned into a cascade

of financial crises around the world. A few months after my arrival, the Greek economy cracked wide open, too.

The International Monetary Fund and the European Central Bank swooped in to help “save” the Greek economy. They bailed the national economy out of its debt-fueled crisis, in return demanding austerity. They pushed the Greek government to implement specific policies to cut public spending and increase government revenue. This package of austerity measures, known infamously to Greeks simply as “the memorandum”, demanded cuts to salaries and pensions, increases in taxes (including sales taxes on everyday goods), mass layoffs of public servants, cuts to the national healthcare system, and the selling off of state-owned companies and public property to for-profit interests, many of which were foreign. All of this was implemented during what was already an economic crisis. A tragic number of people lost their jobs, their homes, and even their lives. The minimum wage was reduced by 22%, to a level that was not sufficient to live on. Hospitals ran out of essential items to take proper care of patients. It became increasingly common to see people shooting up drugs on the streets in our neighborhood in Athens, and to see families going through dumpsters to find something of value to sell or something to eat.

In their desperation and rage, masses of people took to the streets. There were strikes and demonstrations on a regular basis. The government often sent riot police into central Athens, where we lived, to shut down these forms of resistance. Even through closed windows and metal shutters, the bitter sting of tear gas found its way into our apartment more than once. I began to wonder: What kind of economic game is it we are playing here?

Chapter 1: The set-up of a for-profit economy

To understand this game, let's start with the set-up. Let's familiarize ourselves with the main playing piece, the layout of the board, and the rulebook. Once we know how the game is arranged, we can move on to exploring how the game plays out.

For-profit business: Main playing piece

For-profit business is the main playing piece of the current economic game. Not only are the majority of businesses in our economy for-profit, but the largest businesses owning the biggest share of the market are for-profit. So, most of the resources, goods, services, and money in our world flow through for-profit businesses. Businesses are also often called companies, firms, and enterprises, but these terms all mean the same thing: organizations that generate income primarily by selling goods and services. “For-profit” is a common legal category found in most parts of the world for businesses that have two defining characteristics: 1) a financial gain purpose, and 2) private financial ownership, which entitle private owners to the businesses' profits and assets. Profit is simply the extra money left over after a business has covered its operating expenses, such as paying wages, rent, taxes, and suppliers. And in the case of for-profit businesses, the owners are entitled to receive that profit. Common types of businesses that fit under the for-profit umbrella include: the limited liability company (LLC), partnerships, publicly traded corporations (i.e., corporations listed on the stock market), companies limited by shares, producer cooperatives, worker cooperatives, and sole proprietorships (also known as freelancers).

When a for-profit business makes more money than it needs to cover its costs, it can use that surplus (or profit) in several different ways. The profit can be reinvested to increase production. For instance, a mobile phone manufacturer might use its surplus to make more phones next year than it did this year. Or a clothing retailer in Spain might use its profit to expand its advertising to Portugal and Italy. The profit can also be saved for a rainy day, to help a company cover its costs even when sales decline. And finally, the profit can be distributed to the firm's owners as dividends. The dividends are a reward for investors who were willing to take a financial risk by putting money (and maybe even time and labor) into the business.

Ownership of companies can be thought of as having two key aspects: control (the right to participate in managing the company) and financial rights (the right to receive the profit and assets of the company)¹. All organizations are managed by people, so control rights always rest with individuals—even in charities and government agencies. That means control rights don't set for-profit businesses apart. What does set them apart is that financial rights are also granted to individuals; there's private *financial ownership*. So, when I refer to business owners in this book, I mean the people who have the right to receive the profit.

The Forbes billionaire list is full of business owners who have been able to make unimaginable sums of wealth from their businesses. The for-profit structure is very effective at achieving its core purpose: To make its owners richer and richer.

The layout of the for-profit game's board

The for-profit economy spans four different spheres, like territories on a game board: the Profit-Driven Market, the Regulating State, Civil Society, and Households².

Profit-Driven Market

The Profit-Driven Market is the most important and prominent sphere in the for-profit economy. A market is where people and

organizations come together to sell and buy things. The Profit-Driven Market is where for-profit businesses sell and buy things to enrich their private owners. Most investments, production, innovation, consumption, and work happen within and between for-profit businesses in this market.

Investment for a financial return is central to how the Profit-Driven Market operates. This typically takes place through financial institutions—banks, financial trading firms, hedge funds, private equity firms, investment corporations, and venture capitalists—which are themselves typically for-profit businesses. Guided by the profit motive, the investors' aim is simple: get out more money than you put in. So, investment is guided by perceived profitability. A rational investor in this game is always asking: How much of a financial return on investment can I make?

Entrepreneurs and businesses compete to attract investment (also known as finance). An entrepreneur needs investment when they are first starting up their business (i.e., start-up capital). Established companies also need new injections of cash from time to time to expand or improve their offerings, upgrade their equipment, buy a new plot of land, or hire more people. There are many different forms of investment. In order to attract investors, a company can sell shares. A share represents financial ownership (also known as equity). If a bank or a hedge fund or some other private investor buys those shares, they become financial owners of that business and are entitled to some of the company's profit. Alternatively, a business can also take out a loan from a bank. A loan does not give the lender financial ownership of the business. Once the business pays off its loan, the contractual relationship with the lender ends. The same is true for issuing bonds. A bond can be thought of as a mini-loan or an "I owe you" note. After the business pays back its bondholders, it has no more obligations to them. Bondholders are not financial owners of the company whose bonds they hold.

Shares are the main form of investment in the Profit-Driven Market. They can be sold on the share market (also known as the stock market) or just privately to people you know. Once the company has gotten

big enough and is turning a regular profit, its owners might decide to issue shares on the stock market to get another injection of cash, for instance to open more branches or invest in more production. Yet, not all money traded on the stock market is some kind of investment in the underlying companies. A company only receives money when it issues *new* shares. It doesn't receive any money when its *existing* shares are traded between investors on the stock market—those traders might make money from each other, but the business whose shares are being traded won't, at least not directly. A higher share price can indirectly benefit a company, for instance by making future share offerings more attractive to investors, but the everyday buying and selling of existing shares is not itself a flow of money into the business.

Investors receive a passive income in the form of dividends, their return on investment. They make the initial investment and then receive dividends of the company's profit without having to do any work. If you own a house and rent it out, then the rent you receive is also a form of passive income. In fact, it is common for people in this system to daydream of having enough passive income to not have to work at all anymore. (Thus, all of the social media influencers who want to teach you how to buy the right stocks and real estate to retire early and sit on the beach sipping mojitos for the rest of your life).

In contrast, a wage or salary that you earn through a job is an active income. You actively work for it (like the social media influencers working hard to convince you to pay for receiving their investment advice). Rational behavior for workers in the for-profit economy means trying to get a job that pays the highest wages for the least amount of effort. Wages and salaries are assumed to be set at a reasonable rate due to two key competitive impulses in the profit-driven job market. First, employers compete to attract the top talent, which pushes companies to offer good wages (to out-bid their peers). Then, this is balanced by the competition between workers for the best jobs. It's similar to how supply and demand influence product prices. If there are a lot of people applying for a certain kind of job, it means that employers can offer lower wages because there's a relatively low

supply of work for a lot of people. So, jobseekers in this kind of job market are at a disadvantage and likely to take whatever they can get. While if there are a lot of jobs and not enough people to do all the work, that means workers have the leverage to demand higher wages, since there is more of a need for their labor.

Consumers are another key group in the market, next to businesses and workers. They buy most of the things they need and desire from businesses in the Profit-Driven Market (and those businesses also purchase supplies from other companies) to use them in the Household sphere. While producers and retailers are focused on making money in this game, consumers are meant to hunt for the best products at the lowest prices. Saving money on their purchases allows consumers to buy even more goods that contribute to a prosperous, comfortable life.

The Regulating State

Although the Profit-Driven Market is the central sphere in the layout of our current economic game, the Regulating State plays a crucial role too. Its overarching objective is to ensure that its country or territory achieves success, prosperity, development, and progress. It defines these goals in terms of money, production, and consumption, based on the assumption that these factors increase wellbeing. Accordingly, an overarching policy goal of most Regulating States in the for-profit economy is to achieve high levels of economic growth, as measured in terms of GDP, income, profit, and employment. The higher these indicators are, the better, because it tells us the country offers a high quality of life.

In order to accomplish this, the Regulating State has four main overlapping roles. First, it protects people and the environment from the excesses of the market by making and enforcing appropriate rules for the game. Examples of this include child labor laws, as well as things like the minimum wage, restrictions on toxic chemicals, and prohibitions on hunting endangered species. Secondly, the Regulating State facilitates the Profit-Driven Market in allocating resources

efficiently, often by deregulating or reducing the rules businesses must follow. For instance, the Regulating State might decide to reduce the number of permits that are required to construct a new building, in order to allow the construction industry to build more housing in a shorter amount of time. Or the Regulating State might decide to roll back regulations on the telecommunications industry so that more companies can enter the sector and improve services. Thirdly, this sphere is tasked with providing basic public goods and infrastructure, such as roads, bridges, education, emergency services, and healthcare. Lastly, the Regulating State typically provides safety nets for those who slip through the cracks of the Profit-Driven Market, such as unemployment and housing support. To generate the revenue to provide those services, the Regulating State collects taxes, such as income taxes, and often also operates state-owned businesses that charge a fee for services. For instance, a municipal energy company might charge a monthly fee for access to the electricity grid.

Civil Society

The third sphere is Civil Society. In fact, this sphere is often referred to as the “third sector” (with the “first sector” being the Profit-Driven Market and the “second sector” being the Regulating State). This sphere represents a space in the for-profit economy that is not about financial gain at all, but rather focuses directly on raising social concerns, providing representation, and addressing social and environmental problems. It includes nonprofits, charities, foundations, religious organizations, non-governmental organizations (NGOs), and associations.

In contrast to for-profit businesses, Civil Society organizations are typically nonprofit, so all their resources must be used for societal benefit and none of the profit or assets of the organization can be distributed to individuals. Civil Society also typically receives tax exemptions for doing social work that would otherwise need to be done by the Regulating State, for instance providing food for people in need. Like the Regulating State, Civil Society is also meant to keep the excesses of the Profit-Driven Market in check, but in a less formal and

more decentralized manner than the Regulating State. Civil Society does this in three main ways.

First, this sphere provides products and services that might not be profitable enough to attract investment. This includes the plethora of organizations offering food, shelter, healthcare services, childcare, animal welfare, and education at low or no cost to disadvantaged communities. Secondly, Civil Society offers representation of groups, advocating for their interests. This is the focus of a wide variety of organizations, such as consumer protection associations, workers' unions, disability rights organizations, veterans' support groups, and environmental protection societies. Lastly, this sphere facilitates the flow of information and action between groups. For instance, NGOs, think tanks, independent journalists, and watchdog organizations can spread information and raise awareness about issues that are not receiving enough attention from the Profit-Driven Market or the Regulating State, like environmental problems and human rights violations. Well-known examples include Greenpeace, Oxfam, and Amnesty International.

Households

The final sphere of the for-profit economy is Households. This sphere consists of people like you and me—families or groups of people who share income, pool resources, and make joint decisions about consumption, like taking a vacation together. Households represent a large portion of the consumers who purchase from the Profit-Driven Market, the beneficiaries of Civil Society activities, and the taxpayers who pay the Regulating State and benefit from its activities. This sphere also includes all forms of household provisioning that happens without money, such as making homemade meals, growing food in gardens and allotments, cleaning your home, and taking care of loved ones.

Variations of the for-profit game

These four spheres are constantly interacting with each other, and there are flows of resources and money within and between all of

them (Figure 2). Although I depict these spheres as separate for the sake of conceptual clarity, reality is inevitably messier. In the real world, the boundaries between the spheres can be blurry and there are many organizations that belong to more than one sphere. Indeed, some organizations may bridge or straddle several spheres, such as an energy company owned by the Regulating State that competes in the Profit-Driven Market. However, the majority of organizations belong to one sphere. Most businesses are for-profit and are fully anchored in the Profit-Driven Market. Most public agencies and departments fit comfortably within the Regulating State. Most charitable organizations and advocacy groups belong in the Civil Society sphere. These organizations often interact with each other. Indeed, the functioning of our current economy depends on it. But their organizational features distinguish them as belonging to their particular sphere.

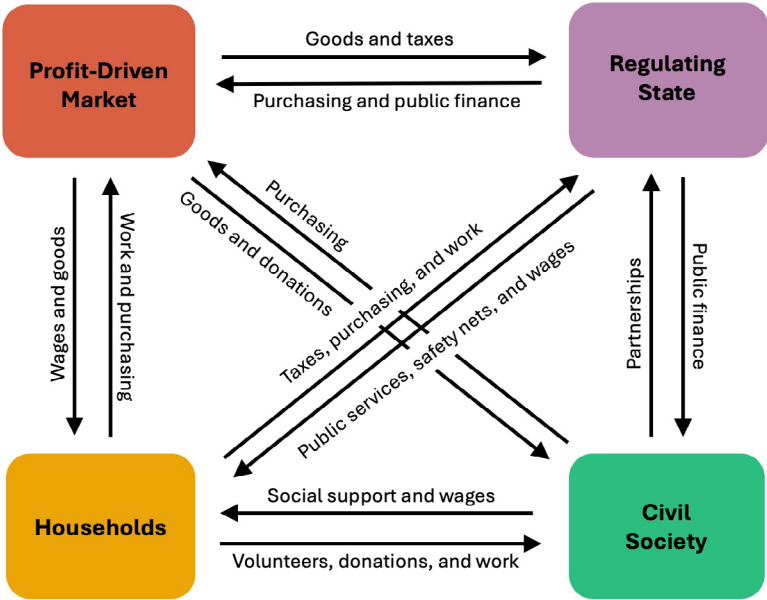


Figure 2. Basic flows of goods, services, and money in the for-profit economy

As individuals, we interact with all of these spheres at different times. You could say that we wander in and out of each sphere, as we move through our lives and even through our days. For instance, you might work at a Civil Society organization all day. Then, you might shop for your groceries from a business in the Profit-Driven Market before you head home to cook dinner in the Household sphere. Later that evening, you might pay your taxes to the Regulating State. Next year, you might choose to change jobs to work in the Profit-Driven Market or for the Regulating State.

Not all for-profit economies are the same. The specific layout can vary depending on how big of a role each sphere plays in providing goods and services, as shown in Figure 3. In some places, like the USA and Argentina, the government provides relatively few goods and services. Instead, people in these countries rely more on the Profit-Driven Market and Civil Society to meet needs. This contrasts with other contexts that have traditionally given the Regulating State a quite significant role in providing things like universal healthcare, education, public transportation, and paid parental leave, as is the case in most European countries. Every country has its own particular mix of provisioning done by the Profit-Driven Market, Regulating State, Civil Society, and Households. And that mix can change over time. Around dinner tables, in newspaper columns, and on Internet platforms, heated debates center on the extent to which the Regulating State should provide basic services as well as how much it needs to regulate the Profit-Driven Market.

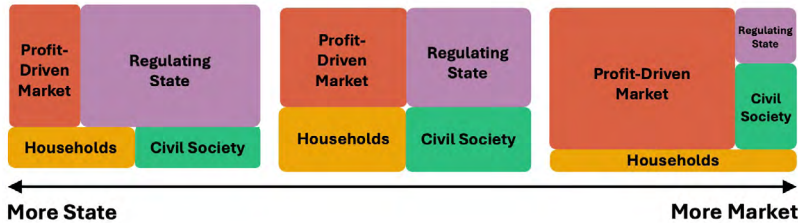


Figure 3. Variations of the for-profit economy

The rulebook of the for-profit game

Now that we've gotten familiar with the main playing pieces and the layout of the board, let's take a quick look at the rulebook, which explains the objective and the logic of the game. In broad strokes, this is how the rulebook says the for-profit economy should work and why:

Evolution is a process of different organisms competing for scarce resources, and it's driven by the survival of the fittest. Creatures that take the most for themselves are best able to pass on their genes. This is why human nature, too, has evolved to be mostly selfish, greedy, and competitive. People are primarily motivated by their ability to get more resources, wealth, and power. In light of the fierce competition of evolution, it is only rational to always look out for your own self-interest and try to maximize your individual gain.

Not everyone can win the game. There are winners and losers; that's how survival of the fittest works. Although extreme inequality and poverty are undesirable, some degree of inequality is good for the game because it spurs us into action. It motivates people to move up the competition ladder from one social stratum to the next. The economic winners are those who accumulate the most because they are the most clever, competitive, rational, hard-working people. The more money, assets, and power you accumulate, the more successful and prosperous you are, because it allows you to have a better standard of living. Wealthy people provide an example for the rest of us to follow. Likewise, without the threat of poverty, most people would be too lazy to do anything and would just leach off the few hard-working, productive citizens. The possibility of poverty acts as a stick to motivate us to work hard, while the possibility of wealth is the carrot that incentivizes us to perform as well as we can. That is how the profit motive brings out the best in us: Greed, channeled into productive activity, isn't a vice. It's a virtue.

Not only do wealthy people serve as models of success, but they also provide a strong foundation for the entire economy. In trying to turn a profit and become richer, these smart, hard-working people set up new companies and invest in new technologies, thereby creating jobs and

fueling innovation. That's how their profit-seeking behavior benefits society. The economic growth they create ensures that wealth flows to other parts of society and pulls people out of poverty. The pie is always growing, so everyone can always get a bigger piece, if they put in enough effort.

If you work hard, you too can rise to the top. In this economy, you get what you deserve. If you're rich, it's because you earned it. If you are poor, that's because you're lazy and aren't trying hard enough. If you've had bad luck in life, you need to pull yourself up by your bootstraps, because the for-profit economy offers everyone the opportunity to succeed if you put in the effort.

Human needs and desires are infinite, which is good because that means there are always more opportunities to innovate and make money by offering new products and services to satisfy consumers. Economic growth is natural and good, because it means that more people have jobs, more people's needs are being met, and that more people are becoming wealthy investors themselves.

Profit-motivated innovation solves society's major problems. When there's demand for something—like a solution to an environmental problem—the promise of profit will motivate someone to develop the solution and bring it to market. The bigger the demand, the more money there is to be made, and the stronger an incentive there is to solve the problem. This is another way in which the pursuit of profit benefits us all: Solving problems is a great way to make money.

Prices reflect how much supply and demand there is. When there is a great supply of something and relatively little demand, prices are low. Think, for instance, of cheap plastic jewelry. When there is a relatively low supply and high demand (as in the case of diamonds), prices are high. And prices can fluctuate everywhere between these ends of the spectrum. Prices can even help us solve environmental problems. They give us information about how scarce an item or resource is. By assigning prices to the services that nature provides for us—like clean water—the market can put a value on environmental costs that would otherwise go unaccounted for. This lets the market

deal with environmental problems in an efficient, innovative way, since businesses now have a financial incentive to protect or replace whatever resources they'd otherwise be depleting for free. The resulting prices give consumers the information they need to make good choices, and guide market activity in a way that benefits society.

Competition for financial gain transforms self-interest into social benefit. When workers compete for jobs, employers can choose the most qualified candidates, which ensures the best people end up in the right roles. When businesses compete for workers, they have to offer better pay and conditions to attract talent, which ensures employees get what they deserve. When businesses compete for consumers, they must improve their products and lower their prices to attract buyers, which ensures that goods are of the highest quality and prices are fair. In this way, pursuing the objective of the game—financial gain—leads to everyone getting what they need and deserve.

It also decentralizes power so that everyone can influence the game. Every purchase, every investment, and every job choice is a kind of vote. When you decide what to buy, where to invest, or where to work, you can simultaneously reward responsible businesses and withhold your money and labor from irresponsible ones. Since companies depend on consumers, investment, and workers to survive, they're incentivized to behave responsibly.

In all these ways, the Profit-Driven Market can meet everyone's needs and resolve most social, economic, and environmental problems. Clearly, the for-profit economy is the best economic system we can have. There is no good alternative.

Chapter 2: Profit-seeking strategies: Let's get rich!

How should our for-profit game be played? Whether you're in the role of business owner, manager, employee, or consumer, you're after the same thing: Money. In the Profit-Driven Market, businesses are constantly trying to find better ways to make money, to turn a profit. Recall that profit is the surplus money left over after a business has covered all its operating expenses. These expenses include paying for supplies, wages, rent, and debt payments. So, profit is simply *the number of goods* that a business sells at a certain *price*, minus the *cost* of producing and selling those items. Generating profit is straightforward and managers work with different combinations of the above factors (costs, sales, and prices) to increase profitability. It's the same equation whether you're selling falafels, shoes, financial derivatives, or massages.

The way I've come to see it, there are four main strategies to generate profit. You can probably guess what the first two are, as they feature prominently in the for-profit economy: *increase sales* and *cut costs*. The other two types play just as much of a role in shaping our economy though they are discussed far less: *consolidate* the market and *control* the market. Let's go through all four strategies and see how for-profit players use them to get ahead in the game.

Increase sales

There are many ways to increase sales. The first and perhaps most well-known strategy to boost sales is advertising. It's something we all encounter every day. This includes advertising on TV, in YouTube videos, in mobile phone apps, on websites, on billboards and posters, as well as product placement in movies, shows, and social media posts.

Have you ever recognized a brand, but you're not sure why or how? This is called unconscious brand recognition. Having a business's logo or brand name in as many places as possible can help boost sales through unconscious brand recognition^{1,2}. That is part of the reason most of us are constantly surrounded by advertisements. Far more than we can consciously process.

Marketers have also become experts in translating our psychological insecurities into more sales. Many ads give us the message that we're not happy enough, not beautiful enough, and not fit enough; and, of course, the product they're selling will make us happier, more beautiful, and more fit. This marketing technique is very effective. These kinds of ads result in more sales, but also contribute to widespread problems like low self-esteem, negative body image, heightened anxiety, unhappiness, and eating disorders^{3,4}. In the age of social media and artificial intelligence, it's as if this strategy has been put on steroids. All day long, people around the world scroll through harmful ads one after the other, aimed directly at their individual insecurities derived from their user data patterns.

This is even more harmful when it comes to children, who are a key target group for ads. One of my friends told me how her niece learned to find toy unboxing videos on YouTube before she could even speak. Kids are particularly vulnerable to the abovementioned negative impacts of ads⁵. Nonetheless, marketing to children is highly lucrative, to the tune of billions of dollars per year⁶. So, pervasive and manipulative advertising does a great job of helping businesses achieve their financial gain objectives, but that comes at the expense of consumers and society. The more businesses use these marketing tactics, the more pressure their peers are under to use them too, just to stay visible and survive in an ocean of too many ads. In the Profit-Driven Market, these competitors are only doing what they're supposed to: trying to make more money.

As a profit-seeking company, ads can get customers to buy your products, but you also want a strategy that keeps them coming back for more. Another very effective way to bolster sales is if you can get

customers to become dependent on your products or even addicted to them. This common strategy can be seen most clearly in social media, video games, junk food, soft drinks, and medication. For instance, it has been rigorously documented how fast food, junk food, and soft drink companies use salt, sugar, fat, and other additives to make consumers crave their products^{7,8}. The addiction to junk food and soft drinks is a significant contributing factor to the obesity epidemic that is spreading around the world^{9,10}. Similarly, pharmaceutical companies can profit from harming rather than healing people—for instance, when their products create dependency and addiction, as happened with opioids^{11,12}.

Let's look at another example—one you might know from media reports, or you might even recognize in yourself or a loved one. We turn to the world of mobile app developers who design games. These developers use a specific term for a certain kind of game user: They call them "whales." Whales are their main target group. They account for just a small amount of all players, but they generate a large portion of a game's profit. This is because they're the players most easily persuaded to make in-game purchases, even in games that are "free-to-play."

Let me explain how this works. These targeted players include people more vulnerable to addiction—often children and teenagers, whose brains are still developing impulse control, as well as adults with risk factors like impulsivity or mental health issues. That's exactly why developers target them. The strategy is simple: Lure these players in with a free game, get them hooked, and then get them to actually start paying.

Once hooked, whales show classic signs of addiction. They lose control over their playing. They can't stop thinking about the game. They need more and more of it to feel satisfied. They feel withdrawal when they stop. And they keep playing even when they know it's costing them money, relationships, or their own wellbeing¹³. The more addicted a player is, the more money they spend. Sadly, some of the most vulnerable players—children and teenagers—have been documented among those most affected¹³.

To see just how deliberately this addiction is engineered, take

the 2016 YouTube talk by Torulf Jernström, CEO of the mobile gaming company TribeFlame. It's called "Let's Go Whaling: Tricks for Monetizing Mobile Game Players with Free-to-Play"¹⁴. In it, Jernström draws on marketing and psychology research. He gives other game designers tips on how to turn players into whales; that is, into addicted, paying customers. He warns viewers upfront that his talk might shock them and says he'll "leave the morality out of it."

It's tempting to see a CEO like this as a villain. But that misses the point. He's only doing what our economic set-up encourages us all to do: Try to get rich as easily and quickly as possible. He's playing according to the rulebook. And enough people admire his company's "success" that he was invited on stage to give that talk.

With the advent of social media and mobile phone applications, this strategy of getting users hooked on products overlaps with advertising to form a vicious cycle of profitability and exploitation. Digital app businesses often make money by selling space for companies to show advertisements to the app users. For instance, if you play a game for free on your phone, you are probably exposed to ads from companies that pay the game designers for the privilege of showing you those ads. To you, the player, it looks like they're trying to sell a game. But their actual customers are the advertisers and what they're selling is your attention (the time you spend looking at their ads) and your data, which helps them target those ads more precisely. You're not the customer; you're the product being sold. You've been commodified. This is why firms operating social media and other digital apps have invested so much money in developing algorithms that will keep users glued to their apps as long as possible. The longer a user looks at ads, the more advertising revenue the app company can make. In other words, the more addicted a person is to their apps, the more profitable it is for the app owners.

As a result of this widespread strategy, a significant number of people have become addicted to social media apps, harming their ability to focus, sleep, socialize, maintain healthy relationships, and feel satisfied with life^{15,16}. Unsurprisingly, social media addiction also

increases feelings of anxiety, jealousy, and even depression^{15,16}. Once again, this strategy harms children, both directly through the use of addictive algorithms in apps, but also indirectly by distracting their parents in care-giving situations^{13,17,18}.

Efforts have consistently been made by the Regulating State to restrict companies in the amount of harm they can inflict in these ways. But this is often taken on a case-by-case basis that relies on fining individual companies or, at best, regulating specific practices in specific sectors, like the food and beverage industry.

Another common strategy that businesses use to induce more shopping is planned obsolescence; designing products and services to become obsolete so that customers will have to buy a replacement sooner rather than later¹⁹. Fast fashion is an iconic example of this. Fashion companies have found they can sell more clothes and accessories by creating quick turn-over times in fashion trends. When I was growing up, they released a new fashion line every season, but now it's every week²⁰. Likewise, these companies can sell more clothes if they use lower quality fabrics and production techniques that make the clothes wear out faster²¹. Obviously, this rails against the core environmental principles of "Reduce, Reuse, Recycle". An equivalent tagline for planned obsolescence would be: Buy, Throw away, Buy more.

This strategy is also widely used in technology. For instance, mobile phones, laptops, and printers are routinely designed to become useless or outdated due to software updates, before the actual hardware is even close to breaking down²². This causes consumers to have to buy a new version of their phone, laptop, or printer much more frequently than they would if the products were designed to last. And there are plenty of other products that are routinely designed for the dump.

For companies looking to ensure a steady stream of sales long into the future, planned obsolescence is a great way to achieve that. Locking consumers out of their own products via features like software "incompatibilities" or inaccessible parts ensures that they will have to pay the producer for repairs or, even better, they'll have to buy a replacement. Have you needed to change the battery in your laptop,

mobile phone, or car lately? If so, you've likely found that you must take it to a licensed repair shop or retailer because you don't have the tools to access the battery compartment. The producers could use normal screws and put the battery in a common-sense place in the product, like they did decades ago, but now they choose not to. Plenty of products are designed in a way that you can't change the battery at all, such as many smartwatches. If the battery dies, you just have to buy a new watch. This is good for profit, but bad for consumers. And it's really bad for ecosystems. This environmental aspect is completely ignored in the for-profit economy's set-up, so let's go over it quickly. Understanding the environmental impacts of our economy is essential for addressing our urgent environmental crises.

...

Most of us are not used to thinking about the full range of environmental impacts of our everyday goods. I had never thought about it until I watched *The Story of Stuff* on YouTube as a graduate student. The short documentary explains how the products we use every day, from furniture to cleaning products, have important effects on nature. At every step of a product's "lifecycle", from extracting the raw materials all the way to when it is thrown out, damage is done to ecosystems. The economy keeps us so busy rushing from one thing to the next that we rarely even get an opportunity to consider this fact. When we shop, we see shiny, new products. We don't see all the resources and pollution required to make them. But every product and service in the economy requires raw materials and energy that must be extracted from nature. Likewise, all of our purchases contribute to pollution and greenhouse gas emissions that harm the planet.

To better understand this, let's look at a common product: A mobile phone. The average phone requires multiple types of metals and minerals, such as aluminum, cobalt, copper, gold, palladium, platinum, and silver. These have to be mined either using heavy machinery that requires massive amounts of energy, or by exploiting people who have no other choice but to do dangerous mining work; often, it's a bit of both²³. There is also plenty of plastic in a phone,

which is made from oil that's been drilled. The process of drilling for oil damages local ecosystems and releases lots of greenhouse gases—like CO₂, methane, and nitrous oxide—that trap heat in the atmosphere, thereby contributing to climate change. Putting these plastic and metal materials together to make a phone also takes a significant amount of energy, which most often comes from coal, oil, or natural gas. Burning these non-renewable fossil fuels releases more greenhouse gases. Even if the mobile phone factory were to be powered by wind power or solar power (which is definitely better than burning fossil fuels), the wind turbines and solar panels themselves have to be manufactured, which also requires lots of raw materials and energy. The production of anything always requires energy and materials. There is simply no way around it.

Once the phone is assembled, it needs to be transported to a warehouse. This is typically done by a cargo ship, truck, or airplane, all of which run on fossil fuels, releasing greenhouse gases and other pollutants into the air. Products are then distributed to shops where people and other businesses can buy them. This is the most familiar part of the process to us as consumers, but we're not used to thinking about the environmental impact of shops either. Those stores also require tons of energy and materials, whether it's the lighting in a physical store or an online shop that uses a data center to host its website, process transactions, and manage inventory.

Then, after it's bought, the phone requires plenty of energy to stay charged. What happens when the phone stops working (likely due to planned obsolescence)? It's estimated that billions of mobile phones are discarded annually and only a small portion of them are recycled²⁴. Most phones contribute to electronic waste (whether you decide to throw it away immediately or let it sit in your home for 10 years first). In 2022, the global economy produced about 62 million metric tons of electronic waste and only 22% of that was recycled²⁵. Enormous quantities of e-waste end up leaching toxins into the water, air, and soils where it's dumped. This pollution harms people, animals, and the rest of nature.

Think of all of those impacts; from extracting the metals and oil, to manufacturing the phone, to transporting it, selling it, using it, and finally discarding it (depicted in Figure 4). That's a lot for the environment to take. And that's just a phone. Every product has the same kind of life cycle.

This life cycle is often called "linear"—take, make, use, dispose—as if waste simply disappears at the end. But it doesn't. Discarded phones, packaging, and materials don't vanish; they end up somewhere, often back in nature, as pollution that takes centuries to break down. In that sense, the "linear" economy is not so linear after all—it's a cycle, just an unintended and destructive one, where the waste we create inevitably comes back to harm the same nature we first extracted it from.

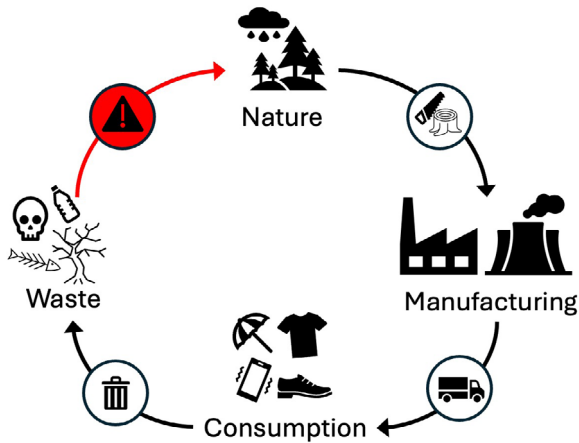


Figure 4. Environmental impacts of production and consumption

Every day, around the world, companies dig up minerals, drill for oil and gas, throw tons of pesticides on industrial farms, and cut down trees. Then, factories convert those raw materials into products like computers, phones, clothes, furniture, toys, cars, washing machines, and everything else we use every day. This requires immense amounts of energy and creates unfathomable quantities of waste and pollution.

The more production there is, the more resource use and waste there will be. In the USA alone, it is estimated that at least 7.6 billion tons of solid industrial waste are produced each year²⁶. That's only waste created during industrial production processes. It doesn't even include consumer waste that households throw out.

When we're done with these products, we throw them away. But as the old adage goes, there is no such place as "away". Although many items could get recycled, only a very small percentage of products actually *do* get recycled, either because it's too costly or time-consuming for consumers or not profitable enough for businesses. An OECD report from 2022 estimated that only 9% of plastic waste was recycled, while 22% was mismanaged or uncollected²⁷. Even in the European Union, which has some of the best recycling systems in the world, the overall recycling rate is still under 50%²⁸. Thus, most products become waste that is incinerated, landfilled, dumped in the ocean, or uncollected. It's worth noting here that recycling also requires lots of energy and materials, such as chemicals to separate out the different metals in electronic products. Of course, recycling something is better than throwing it in the garbage, but there is no perfect way to discard products. All of these disposal methods entail the use of energy and resources; and they all result in toxic pollution of our air, water, and soil.

Here's the simple truth: Producing more stuff does more harm to life on Earth, including us humans. That is why we should reduce the number of things we buy, and reuse them for as long as we can. Reduce, Reuse, Recycle—in that order. Yet, reducing consumption is at odds with the for-profit economy. Companies are supposed to increase sales and profit. And that's one major reason why our ecological crises continue to worsen.

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Some governments have started pushing back on planned obsolescence. In 2015, France became the first country to ban this practice. In 2024, the European Union passed a resolution to curb misleading marketing about the durability of products and to

encourage producers to make goods that are more durable and easily repairable. These are certainly steps in the right direction. However, just as with manipulative ads and addictive ingredients, it is tricky to ban or restrict such strategies in a for-profit economy. First, it is easy for profit-seeking companies to stay in a legal grey zone. For instance, France investigated Apple for using software updates to make older iPhones less functional, but Apple was able to claim that the software was just a step to make the phones more secure.

Second, restricting such practices will likely reduce profit, production, consumption, and economic growth—the very indicators of wellbeing and success in the for-profit economy. Businesses can easily argue against such policies on these grounds, and threaten to relocate to countries with less restrictive rules if the legislation passes. Faced with the prospect of losing jobs and tax revenue, governments often back down. This is what makes this kind of regulation so difficult to implement in a for-profit economy.

Cut costs

Cutting costs is another key profit-seeking strategy. Costs can be cut in a benign way. For instance, if sales and all other costs are kept the same, a profit can be made from finding a cheaper shop location. Voila: More profit without doing any harm. Likewise, a clothing manufacturer might find a more efficient way to cut its textiles for making shirts. There will be less wasted fabric, which allows them to buy less fabric per shirt, so the profit comes from cutting supply costs through efficiency. However, after you've got the cheapest rent available and you're using the most efficient manufacturing methods, there are only so many other costs that you can cut. This brings us to some of the more harmful, yet very common, cost-cutting strategies.

Key operating expenses for businesses include wages, benefits (like sick leave, paid vacation time, and a pension fund), and the working conditions offered to employees. So, this is a common place to cut costs. By keeping wages as low as possible and worker benefits to a minimum, managers can boost their company's profit—and with

it, their own bonus at the end of the year, since managers are often financially rewarded for delivering higher profits to business owners. The fact that suppressing wages is so profitable helps explain why the global economy has been in a state of wage stagnation for the last decade^{29–31}. It's not a coincidence that profits are increasing while wages stagnate (or even decrease)³¹. Much of that profit comes directly from the suppression of wages.

This might seem counter-intuitive, because the for-profit rulebook tells us that companies compete with each other for the most talented and hard-working employees, offering good salaries to attract them. This is true, but only in a small part of the economy. Businesses offer high salaries, lucrative bonuses, stock options, and other cushy benefits to attract *white-collar* workers. White-collar work (also known as “skilled work” or “high-skilled work”) typically requires a significant amount of education or training. This includes job titles such as financial analyst, legal counselor, engineer, physician, and researcher. However, the vast majority of the economy is composed of *blue-collar* jobs (also known as “semi-skilled,” “low-skilled” or “unskilled work”—these labels are not mine), such as grocery store clerks, restaurant staff, childcare workers, farmhands, bus drivers, and janitors³². There are more of these kinds of jobs because there is more of this kind of work that needs to be done in the world. And yet, these jobs have been hit the worst by wage suppression. Why? Such employment positions are seen as easy to fill, because they require very little training. In a job market in which there are plenty of untrained people looking for work, companies can basically treat these employees as replaceable. As a result, most businesses feel no need to offer high wages, good working conditions, or benefits to attract or retain blue-collar workers.

When it comes to blue-collar positions, companies tend to do the opposite of what the for-profit economy's rulebook says. Rather than offering the best working conditions to compete with other companies for the best employees, they offer the lowest wages they can get away with. Indeed, a 2022 report by the USA's Department of the Treasury found that firms are able to use their power over workers to keep wages at least 20% lower than they should be in a competitive labor market³³.

This is due to inherent advantages that employers have over employees and their motivation to use those advantages for financial gain³³. For instance, companies tend to have more information about average wages and working conditions across their sector than job applicants. Furthermore, blue-collar employees are often not in a secure enough financial position to decline a job offer or to move to a new location for a better position. People working full-time do not often have time to look for a new job, either. This is how companies can get away with keeping wages and work-related benefits to a minimum.

“Gigifying” work has also become a common strategy that companies use. The “gig economy” (also known as the “platform economy” or even misleadingly the “sharing economy”) is characterized by part-time and temporary contracts as well as freelance work done by contractors. Many sectors of the economy have become “gigified” over the years, as a cost-cutting strategy. Common examples include ridesharing, deliveries, repair services, and other types of on-demand labor. Instead of having secure contracts with benefits, people who work in the gig economy are expected to take care of their own accounting, business expenses, taxes, vacation time, social security contributions, and benefits. Combined with the unpredictable fluctuations in on-demand work, this tends to leave gig economy workers in a situation of financial insecurity³⁴. Gig contracts are often tooted by companies as giving workers the freedom to be their own boss, while actually leaving them in a very precarious position. As with most blue-collar employees, workers in the gig-economy are often seen as replaceable.

Taken to its extreme, this logic of cutting labor costs can even lead to forced labor and modern slavery. Sadly, these strategies are very effective for generating profit. The ILO estimates that forced labor generates \$236 billion in profit every year worldwide—a 37% increase since 2014—with nearly 28 million people trapped in forced labor at any given time³⁵.

Another profit-seeking strategy for cutting costs is union-busting. Large profit-seeking companies pay sizable fees to consultants to help them discourage or even prevent their employees from joining or forming unions³⁶. Union-busting helps to suppress wages and working conditions

by monitoring workers' organization efforts, convincing workers that unions are a bad idea, and using private security guards to intimidate workers and prevent them from spreading pro-union materials.

A company can also decrease costs (and thus increase profit) by offshoring production and outsourcing services to lower income countries where labor is cheaper, regulations are more lenient, fines for breaking laws are lower, and taxes are minimal. Well-known examples include South Korean mobile phone factories that were moved to China; United Kingdom call centers that outsource labor to India; and American clothing manufacturing that was offshored to Mexican *maquiladoras*. It is important to note that many of the target countries for offshoring were victims of colonial exploitation in the past and this has contributed to the weaker labor protections, lower wages, and corruption that persist in their economies today. When the for-profit economy was rapidly solidifying in the 1400s to the 1800s, colonizers from Western European countries traveled to other parts of the world, took resources by force, and enslaved or killed local populations, all to enrich themselves. In this way, colonial powers (economic elites in particular) were able to amass wealth, leaving the communities they ransacked in poverty. In the modern for-profit economy, this imbalance of wealth and power is maintained through neocolonial strategies like offshoring and outsourcing.

Supplies and raw materials are also a key cost for most companies, so cutting supply costs can mean serious savings. Take illegal logging, for example. Logging companies do this in various ways: Logging in protected areas without proper permits, bribing officials to look the other way, or laundering illegally cut timber by mixing it in with legally sourced wood and forging certification papers. All of this lets companies turn a profit by getting their wood much cheaper and undercutting competitors. This happens on a massive scale. Illegal logging is estimated to be worth up to \$150 billion a year globally, accounting for 15–30% of all timber traded worldwide and up to 90% of tropical deforestation in some countries^{37,38}. This kind of illicit activity is relatively common across most sectors that deal with natural resources, including mining, oil drilling, fishing, and hunting. Even

when caught, many companies that engage in illegal activities calculate that paying a fine is still cheaper than complying with the law, so breaking it remains the more profitable choice. But that profit comes directly from harming nature.

Another popular for-profit strategy for cutting costs is to avoid paying taxes. This can be done illegally, via tax fraud, which involves the risk of paying high fines and even going to prison if you're caught. But taxes can also be avoided legally by using so-called tax havens. Of course, this strategy isn't available to everyone. You must have the right connections and know-how and preferably a great team of lawyers and accountants to help navigate the legal loopholes. It typically entails setting up your business headquarters or a holding company in a place that offers low taxes (or even no taxes) on private wealth, capital gains, and corporate profits. Well-known tax havens include Delaware, the Bahamas, the Cayman Islands, and Switzerland. This strategy has helped enrich many business owners around the world³⁹. Meanwhile, it also reduces the revenue that governments receive, which can lead to budget cuts and the erosion of public provisioning and social safety nets. Profit from tax evasion comes at the expense of everyone else.

As we're finding out, the for-profit economy does incentivize and reward innovative cost-cutting strategies. They are just not always very ethical. The term "cost-cutting" makes these strategies sound like a company finds a way to get rid of a cost; as if the business becomes more efficient somehow. Yet, if we look closer, we can see that these are actually cost-*shifting* strategies; they shift the cost onto workers, consumers, nature, and society at large while business owners profit greatly from that shift. Platform delivery companies haven't discovered some miraculous way to cut the cost of transportation. They've just shifted that cost to their "gig economy" contractors.

Consolidate

You can make quite a bit of profit just by increasing sales and cutting costs. But if you really want to get ahead in this economy, amassing assets and wealth can help you consolidate the market and win the game.

How has Apple become one of the world's largest, most lucrative companies? An important part of Apple's strategy has been to buy smaller tech firms and incorporate them into its own operations. Apple acquired over 100 other companies between 2015–2021⁴⁰. Fellow tech giants, such as Microsoft, Google, Amazon, Facebook, and Alphabet have all taken a similar approach, acquiring around 100–250 smaller companies each. According to the website, Tracxn.com, Google has made over 260 acquisitions, spending nearly \$42 billion on those investments⁴¹. Although most of those acquisitions involved smaller companies in the same sector, that's not always how it works. Sometimes acquisitions can be really big, as when the major pharmaceutical company Bayer bought the multinational seed and agrochemical company Monsanto in 2018. This allowed Bayer to instantly expand into other markets around the world⁴².

Similar to acquiring other firms, merging with another company is also a great way to expand your market share. We've even seen a trend of mega-mergers, in which two large, powerful companies merge with one another. Examples in recent years include the food companies H.J. Heinz and Kraft Foods; the chemical companies Dow Chemical and Dupont; the beverage companies Anheuser-Busch InBev and SabMiller; and the entertainment companies Ticket Master and Live Nation. These kinds of mergers and acquisitions reduce the number of players in the market and consolidate the power and market share of some of the largest companies in the world.

This kind of consolidation can be incredibly profitable for individual companies, but it is quite harmful to society and nature. The consolidation of power in the hands of a few big players allows them to be less transparent and accountable to customers, workers, and governments. If half of the economy is dependent on one company to provide something, like agricultural supplies, then that company can get away with quite a lot. It is almost like a hostage situation, in which a few companies get so much power that they can basically dictate the rules of the game and the rest of us are so dependent on them staying in business that we don't have much of a choice but to go along with

what they decide to do. As with all of the harmful strategies discussed in this chapter, these consolidation tactics only constitute rational behavior in an economy where the overarching goal and definition of success is to get rich.

In light of how common these consolidation strategies have become in the for-profit economy, small businesses are often faced with a difficult choice: Grow, sell out to a larger company, or struggle to survive as the larger, more visible competitors attract an increasing portion of your sector's consumers.

Consolidating market share isn't just about beating the competition—it's also a way for business owners to consolidate wealth in their own hands. All this consolidation is in service of making more profit for business owners. And *their* aim is to get rich. That's what it takes to be considered "prosperous" in this game. So, the business owners accumulate wealth over time. But wait: Wasn't one of the main tenets of the for-profit rulebook that it's fine for business owners to receive the surplus of economic activity because they'll spend and invest it back into the economy in ways that benefit us all?

Well, evidence shows a stark dissonance between what the for-profit economy's rulebook promises and how players actually act when seeking financial gain. Rich business owners tend to accumulate most of the wealth they receive from their companies^{43,44}. Their savings take the shape of cash, bank deposits, real estate, and financial assets. Only 10–20% of their wealth is reinvested in ways that enable companies to create new jobs, and produce goods and services⁴³. Likewise, only a relatively small portion is spent back into the economy through their consumption⁴⁵. With the economic downturns of recent years, the most affluent households have been saving an even larger portion of their wealth⁴³.

The reinvestment they do make is only in service of more financial ownership and accumulation. They reinvest just enough money to accumulate even more (as the rulebook guides them to do).

Land and housing are an essential part of this consolidation of wealth. This takes shape in two important ways: wealth-parking and the financialization of housing. Wealthy people buy property as a sort

of alternative savings account. Their ownership of multiple properties can keep their wealth safe even if the banks crash, which is why an increasing portion of real estate has been bought by wealthy people who rarely even use the apartments, houses, and land they own. Increasingly, developers are catering to this luxury market instead of to the people who actually need housing, so even though there might be an increasing number of housing units, many of them sit vacant because regular people can't afford them. Simultaneously, institutional investors, like hedge funds and private equity firms, are buying up rental properties and homeowners are increasingly using short-term rental platforms to turn a profit. Together, these trends drive the housing crises experienced in cities around the world, from San Francisco, to Calgary, to Sydney, to Stockholm, to Athens^{46–49}.

Control

The final type of profit-seeking strategy is to control the market. Successful companies and their owners can use the wealth and power they've consolidated to shape and even control the markets in which they operate. The for-profit rulebook tells us the Profit-Driven Market will remain relatively stable due to the competition between companies for profit. But competing for profit entails a lot of effort and investment, and there's a high risk that it won't pay off. When you're a big player in this money-seeking game, it makes more sense to work with other major players to make sure you all profit, rather than to compete against each other and risk losing out. Even mainstream economists admit that it's generally more profitable to collude than to compete in the Profit-Driven Market (like Krugman and Wells say in their *Microeconomics* textbook⁵⁰, taught in classrooms around the world).

One way to prevent businesses from trying to control markets through collusion and cartels is to make such strategies—like fixing prices, limiting supply (to push prices up), or rigging bids for government contracts—illegal. But this kind of regulation is not very effective at preventing collusion. Research shows that cartels are for the most part undeterred (or at least under-deterred)⁵¹. Once again,

the fines don't outweigh profit. In the for-profit economy, rational businesses will still collude if fines are lower than the expected profit from colluding or if they can do it in a way that is difficult to regulate.

Companies can use subtle strategies, which qualify as “tacit collusion” and are notoriously difficult to prosecute. Large companies have been found to use a strategy called “price leadership” to collude and get away with it. The strategy involves one big company stating their price aloud and then the other firms just going along with that more profitable price rather than offering lower prices to compete in the market⁵⁰. This can be done in a variety of ways. In Perth, Australia, a government-run website designed to inform consumers of fuel prices ahead of time—and thereby stimulate competition between businesses to attract the well-informed customers—was instead exploited by petrol stations to tacitly coordinate pricing at artificially elevated levels⁵².

Firms also use earnings calls to coordinate prices. Picture this: Your company's biggest competitor is having its quarterly earnings call to discuss the financial status of the company. It is a publicly traded company listed on the stock exchange, so the call is open to the public and you can join. The executive team mentions that they will be raising their prices by about 17% next quarter. That signals to you and other “competitors” that you can raise prices by any amount up to 17% and you won't lose market share.

Perhaps even more bold is the case of landlords colluding to keep rent high. In 2022, amidst a cost-of-living crisis in much of the USA, an investigative journalist uncovered a price-fixing scheme in which corporate landlords were using a tech firm's algorithm to coordinate and set rental prices at artificially high rates^{53,54}. This included student housing; in a country struggling with a massive student debt crisis⁵³. The software that helped them do this is appropriately called YieldStar; increasing monetary yields for business owners at the expense of indebted students and other renters.

Another common profit-seeking strategy is to influence policy. Larger companies routinely invest in lobbying politicians to vote in a way that maintains their profitability. This includes voting against taxes that would redistribute wealth and against regulations that would

protect workers and the environment and, thus, cost big businesses money. It also means introducing and voting for policies that will make them money, such as tax cuts, deregulation, and subsidies. Corporate lobbying is legal in most parts of the world and tends to be quite a rewarding investment. Though returns on lobbying vary enormously depending on the policy area, a well-known study found that companies in the USA gained \$220 for every dollar they invested in lobbying for the repatriation tax holiday policy⁵⁵. That's a rate of return of 22,000% on the initial investment. What kind of profit-seeking company wouldn't make that investment if they can?

In Australia, companies like Amazon and McDonalds, hire lobbyists from distinct lobbying firms in the country: One connected to the left-leaning Labor party and the other to the right-leaning Liberals⁵⁶. This gives them an edge whichever way the political winds blow.

Monsanto (now owned by Bayer) is another good example of influencing policy for profit. Monsanto has invested billions of dollars in lobbying governments around the world (including the USA, the EU, the UK, and India). Their efforts have even allegedly been so sneaky as to hire a PR firm to set up a "grassroots movement" to fight against the banning of a cancer-causing chemical (glyphosate) they use in their products⁵⁷. This not only makes it seem like there is more bottom-up opposition to the ban on glyphosate than there actually is, but it also muddies the water when it comes to real grassroots support *for* the ban.

Not only can companies fight the implementation of new regulations by lobbying against them, but they can also lobby to deregulate or loosen the existing regulations of an industry. This often entails replacing government policies with self-auditing and voluntary corporate social responsibility measures. In other words, industries lobby to regulate themselves, rather than having to deal with government oversight. Examples of deregulation abound around the world, whether it's in the financial sector (paving the way for the Global Financial Crisis of 2008); the agriculture and food sectors (allowing for carcinogenic substances in farming and food

production); the oil, gas, and chemical sectors (leading to countless oil spills and other environmental disasters); or the pharmaceutical sector (enabling unaffordable prices for life-saving medication).

Adding insult to injury, for-profit interests can lobby for policies that privatize and erode public service provision, such as education, healthcare, public pensions, childcare, and elderly care. This can happen in a very swift and explicit way, as in the USA and UK during the 1980s' wave of market liberalization under Reagan and Thatcher; as well as in Italy and Greece through the austerity measures implemented during their financial crises in the 2010s. Or it can happen in a slower and more subtle way, as has been unfolding in Sweden over the past few decades, where the government has gradually reduced budgets for public spending in these areas and instead the state increasingly contracts these services out to mostly for-profit companies^{58,59}.

Another tactic routinely used by the most powerful businesses in the economy is that of "revolving doors". The term refers to when a person switches their employment back and forth between a private sector and the regulatory body that governs that sector. For instance, in the USA, a Wall Street firm might hire someone who has worked in the Federal Trade Commission (the government entity that creates and enforces regulations to constrain financial trading firms). That person then gets to know the workings and motivations of the company and what kind of policies and regulations would benefit the company the most. The next step is to get hired back into the Federal Trade Commission to push for the kinds of policies (or policy loopholes) the company deems desirable. The person might then come back to work on Wall Street after doing a stint at the Commission. Like a revolving door that lets people in and out of a building, this revolving door allows people to shuffle between for-profit companies and the Regulating State, for the benefit of the former⁶⁰. Lobbying and revolving doors are often used in tandem.

The revolving door strategy has been employed across all kinds of sectors, including pharmaceuticals, fossil fuels, finance, weapons, food, and technology. The opioid epidemic in the USA might be one of the most well-known cases. Several high-ranking employees at

the Food and Drug Administration (FDA)—the government agency that approves opioids and their labels for the market—had ties to the pharmaceutical industry; the very sector they were meant to be regulating. People who helped get approval for the highly addictive drug, oxycontin, ended up with jobs in the private companies that produced the drug^{61,62}. This has been identified as a key part of what allowed for the opioid crisis to explode in the USA, claiming over 645,000 lives by 2021⁶³.

Governments usually require or advise that people take a “cooling off” period, a space of time between private sector and public policymaking employment positions (usually 6–24 months, depending on the context), to better ensure that people are not motivated to use their public position and connections to shape policy in a way that benefits a for-profit sector. But the incentives are stacked against enforcing such measures, and these rules are often ignored⁶⁴. For instance, despite a mandatory 2-year cooling off period, the European Commission decided to allow a former Commissioner for the Internal Market, Thierry Breton, to start working for the Bank of America only four months after leaving his job as a regulator of the finance industry⁶⁵.

Taking control to an even higher level, profit-driven firms and their industry associations can establish parallel legal systems to ensure that government policies do not interfere with their financial gain. A particularly effective way to accomplish this is via Investor-State Dispute Settlements (ISDS), which are written into trade agreements like the TransPacific Partnership and the North American Free Trade Agreement. The ISDS stipulates that businesses can sue governments in private arbitration courts, which are not open for public observation, if they feel that a policy is having a negative impact on their profits⁶⁶. This has proven to be a very potent tool for industries to control policymaking⁶⁷. And it is no small issue. As of 2022, over 3,300 of these settlements had been concluded on a wide range of issues around the world, mostly in favor of the corporations. Some examples include when governments tried to combat tax evasion

and money laundering; strengthen environmental laws and their enforcement; address climate change and limit fossil fuel extraction; regulate the price and quality of essential public services (such water, energy and healthcare products); and address the effects of historical discrimination and exploitation⁶⁶. Governments were sued by foreign for-profit companies in private courts for trying to protect their people's interests from the harmful profit-seeking strategies of those companies. And in most cases, the private companies won.

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When we look at the strategies that companies and their owners use, we start to see some important discrepancies between how the rulebook tells us the for-profit economy should function, and what happens in the real world. The pursuit of private profit is supposed to benefit us all, but in reality, profit often comes *at the expense* of people and the planet. The Regulating State is supposed to keep the Profit-Driven Market from harming society, but in pursuing financial gain, the Profit-Driven Market naturally fights those regulations because so much of its profit comes from exploitation. We can even start to see contradictions within the rulebook itself. For instance, business owners should receive profit from their companies because they'll reinvest it *and* they'll get rich by holding onto it. But those are two very different actions with different consequences. Likewise, companies should offer high wages to attract suitable employees *and* they should try to cut costs, like wages. Indeed, it's beginning to look like the rulebook may be riddled with contradictions.

All four strategies (increase sales, cut costs, consolidate wealth, and control the market) have become so common for playing and winning in the for-profit economy that they shape the dynamics of the entire economy, as we'll see in the next chapter.

Chapter 3:

Destructive dynamics: The winner takes it all

The financial gain objective at the heart of our economy encourages and discourages businesses to act in particular ways. Firms only survive if they choose strategies that will make them money and, over time, everyone needs to adapt to the most effective profit-making strategies. This drives larger dynamics that affect the entire economy.

To get a better understanding of this, let's go back to our game metaphor. The set-up of a game guides the players' strategies, which creates particular dynamics over the course of the game. If in the first round of Monopoly, everyone buys the first property they land on, then there will quickly be less properties available to buy in the future. That creates a buy-what-you-can trend in the game. The game's dynamics, in turn, influence the players' strategies. If you don't keep up with the other players, you'll fall behind in the game and lose. There's a feedback loop there: The players' strategies drive the larger dynamics of the game and these dynamics in turn affect the players' strategies, which can maintain or change the dynamics of the game, and so forth (as shown in Figure 5).



Figure 5. The feedback loop of dynamics shaping strategies

Feedback loops are crucial to how a game plays out, as they can either keep a game balanced or cause things to escalate. For instance, if you get ahead in Monopoly, then you can use your money to buy more properties and more hotels, which in turn give you even more money through other players' rent payments. Then, you can use that money to buy even more properties and build more hotels. This reinforcing feedback loop increases your wealth faster and faster as the game goes on. Unless another player can ahead of you with those same strategies, you'll probably win the game.

When we zoom out from individual business strategies and start to see the dynamics and feedback loops they create—more businesses adopting the same strategies, producing the same outcomes, which push other players to use the same strategies, and so on—the fundamental flaw of the for-profit economy comes into view. The pursuit of private profit, which is the objective of this game, does not benefit us all; it comes at our expense. It's ravaging our world, causing consumerism, ecological breakdown, inequality, market concentration, and political capture. These crises are not accidents or unfortunate side effects, as we are often told. They are not the result of rogue businesses or bad CEOs. They are the source of vast amounts of profit. And they are caused by the very set-up of our current economic game.

Consumerism

The for-profit rulebook tells us that consumption and production are balanced elegantly by the push and pull of supply and demand, to meet everyone's needs. It tells us that consumers and businesses have equal amounts of power. After all, consumers can choose not to buy the products of a particular business, right? But as we saw in the last chapter, companies' profit-seeking strategies frequently push us to consume more and more, whether we consciously want to or not. Through ubiquitous and manipulative advertising, planned obsolescence, and cultivating dependency in consumers (including children) by using addictive ingredients and algorithms, they manufacture demand that doesn't otherwise exist. Indeed, these

strategies to grow sales add up to create a culture that increasingly revolves around consumption, also known as consumerism.

Most of us don't even notice that we're being manipulated by ads, addictive products, and planned obsolescence because we've been exposed to these things our entire lives. When I was young, everyone in my community seemed to be trying to use "retail therapy" to relieve their stress and insecurities. People were identified with the kind of clothes they wore, the type of car they drove, and how big their house was. Like most other young people, I was taught to go shopping as a hobby. The mall was the best place to socialize. But in the end, seeking solace in shopping left many of us feeling empty and alone. Indeed, this is a common phenomenon. Research shows the individualist and materialistic values of consumerism significantly decreases people's wellbeing, causing us to feel lonely, inadequate, and insecure¹⁻³.

Since profit-seeking strategies are so widespread and used across so many sectors, they do not just have a detrimental effect on our individual wellbeing, but also on our collective wellbeing. Consumerism is closely linked to isolation, weakened relationships, and the erosion of community ties²⁻⁶.

So, is consumption actually a good proxy for wellbeing, as the for-profit rulebook claims? When a country's GDP goes up (remember, GDP is just the monetary value of all goods and services produced in a year), we tend to assume people there are better off. But given everything we now know about the harms of consumerism, that's a bad assumption. Consumption isn't good for all of us—it's mainly good for the wallets of the business owners who profit from it.

Businesses that use harmful strategies to induce more consumption are simply acting rationally, trying to achieve the objective of the game, so this kind of behavior is exactly what we should expect in a for-profit economy. And when most players act this way, it becomes very hard for any single individual, business, or policymaker to push back. It's like swimming against the tide.

The set-up of this economy keeps us stuck on a consumerist treadmill. Without customers buying more, companies can't deliver

dividends to their owners, so investment slows. When investment slows, so does production and workers get laid off. With fewer people earning, demand falls even further, and the whole economy can spiral into a painful recession. Maintaining high levels of consumption is essential for the for-profit economy to function.

The whole system needs us to keep shopping, whether or not it's actually good for us—otherwise the entire machine grinds to a painful halt. Consumerism isn't a side effect of this economy. It's the fuel that keeps it running. And we're the ones paying the price for it: With our wallets, our relationships, our health, and our planet.

Environmental crises

In addition to being socially harmful, the culture of consumerism undermines the very life support system of our planet. Although the for-profit mindset claims this economic set-up allocates resources efficiently, pushing people to buy more stuff than they need is utterly wasteful. Overconsumption is driving a host of urgent global environmental crises⁷.

In the previous chapter, we looked at the environmental impacts of some individual products that many of us interact with on an everyday basis. Now let's scale that up to the size of the global economy, which is currently using far more resources and creating far more waste than our planet can handle. To put it plainly: In 2024 alone, we used up 1.75 Earths' worth of resources—almost double what our planet can actually provide⁸. And we've been in this state of “ecological overshoot” with a steadily worsening trend since the 1970s, about ten years before I was even born.

As you may already be aware, the ecological state of the planet is dire. Industrial processes are polluting our fresh water and soil, which harms our bodies and threatens our ability to grow nutritious food. This industrial machine is mostly powered by fossil fuels, which emit carcinogenic pollution. Nuclear energy is also increasingly used in many parts of the world and while accidents are rare, they can be catastrophic—the meltdowns at Chernobyl and Fukushima released

radioactive material that contaminated soil, water, and air across entire regions for decades, and forced hundreds of thousands of people from their homes. Persistent organic pollutants that come from chemical and plastic pollution, such as PFAs and dioxins, are known to cause diabetes, obesity, endocrine disturbance, and cancer, as well as cardiovascular and reproductive problems⁹. These compounds are now found in water and air around the world, which might go a long way in explaining why cancer has been on the rise, particularly among younger people¹⁰.

In addition to directly harming people, the chemicals released by plastics, solid waste, fossil fuels, and pesticides, are also harming other organisms and even killing off entire species. Pollinators and microorganisms in the soil are the foundation of our food systems. And they are part of much larger, complex food webs that include everything from fungi and bacteria to birds, reptiles, and mammals. We humans co-evolved with these countless other species and are completely dependent on their contribution to the healthy functioning of ecosystems that give us water, food, and air. In harming them, we harm ourselves. Not to mention the fact that these forms of life evolved over many millions of years and have as much of a right to exist as humans do.

In addition to pollution, the extraction of raw materials (to produce our goods and services) destroys wildlife habitats that are home to innumerable species. It is common sense that removing the top of a mountain to access the minerals therein (and yes, shockingly, mountaintop removal is an actual mining method), or scraping the seafloor with a fishing trawl is going to do significant damage to the organisms that live there. Yet, these practices have continued for decades despite widespread knowledge about how harmful they are. Why? In order to deliver more profit to companies. Indeed, a number of firms are now salivating over the prospects of mining the oceans' depths. They see it as a lucrative business opportunity, despite the urgent warnings of marine scientists that we have no idea how deep-sea mining might affect those unstudied habitats or what the knock-on effects on the rest of world's ecosystems might be¹¹.

In lockstep with the spread of pollution and wildlife destruction, the climate crisis also continues to worsen at a faster and faster rate, due to the ongoing increase in greenhouse gas emissions, like carbon dioxide and methane¹². The most immediate threat we face from climate change is that it endangers our food and water supply. Extreme weather events—such as droughts, storms, and floods—disrupt water availability and destroy agricultural land, making it difficult for farmers to maintain any consistency in their production¹². There have already been severe climate-driven disruptions in the production of many important crops, including soybeans, rice, potatoes, olives, bananas, and cocoa. But in the long term, the situation is even more worrisome. Modern societies are based on agricultural systems that were developed during a time of relative climate stability. That stability is disappearing quite rapidly, so we can no longer count on the kind of food security most of us take for granted. And the vast majority of greenhouse emissions driving the climate crisis come from the economic processes described above⁷.

Lastly, pollution, habitat destruction, and climate change are all driving the mass extinction of species¹³. And all these environmental crises exacerbate each other. Climate change exacerbates the loss of nature. It makes previously established habitats unlivable for many species. As ecosystems become more vulnerable, this can exacerbate climate change, as for instance, forests thin out or burn, releasing greenhouse gases. Climate change also drives more resource consumption and pollution, as communities need to build new infrastructure to adapt to climate change, such as dykes to protect coastal cities—not to mention the number of air conditioners that are increasingly needed to deal with heat waves. This then entails more resource extraction and pollution, which result in more biodiversity loss and greenhouse gas emissions, exacerbating climate change, and so on and so forth. It's another vicious cycle of the for-profit economy.

Our profit-driven economy has really gotten us into a conundrum. Of course, this can't continue forever. We can't continue to grow industrial production processes in a situation where soils have dried out, there's a shortage of fresh water, the pollinators have died off,

and diseases from pollution are rampant. Indeed, some experts think we've already entered an era of breakdown or collapse, in which these environmental crises will have significant negative impacts on human health and economic production for the foreseeable future¹⁴. We've hit the limits to economic growth.

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When it comes to the problems of the environment and overconsumption, the main fix we find in the for-profit toolbox is "green growth" enabled by technological advances. Some readers might be thinking: Don't we already have green growth? Haven't some countries proven it's possible, leading the way with electric cars and solar panels? Can't we just keep growing the economy while solving our environmental problems at the same time? Unfortunately, the answer is a resounding no.

In a nutshell, green growth is the idea that over time, the wealth generated by economic growth will be invested in innovations to solve society's environmental problems, such as technology to suck greenhouse gases out of the air, produce renewable energy, clean up polluted water, and use resources more efficiently. These technologies will allow society to increase consumption and production while simultaneously decreasing environmental impacts. Thus, economic growth can be achieved in a way that doesn't harm the environment, and in the best case, even helps restore it^{15,16}. Governments can add environmental costs to the price of things through taxes and fees to motivate companies to innovate faster. Since cutting costs is what drives businesses, and environmental costs can be baked into the price, the cheapest way to do things becomes the most environmentally friendly way too. Voila: Green growth.

This is the mainstream narrative about how to solve our environmental problems. And it comes with a simple role for the rest of us: Just choose more sustainable options when you're shopping and leave the harder work to industry leaders and politicians.

Underlying this entire narrative is one core assumption, rarely stated outright: That technology and money can substitute for nature.

Companies can use and abuse nature today to make money, because they'll use that money to develop technologies that will, in the future, resolve the environmental problems they're creating today.

There are a few fundamental problems with this assumption. First, it greatly underestimates the complexity of nature¹⁷. What kind of technology can substitute for an ancient forest, its billions of symbiotic relationships, built up over hundreds of thousands of years? How much is that worth, and who exactly would we buy a replacement from, once the original is gone? No technology can replace it. It is priceless. Nobody can sell us a new one.

Could some miraculous, planet-saving technology still be invented someday? Maybe. But right now, we know two things for certain. First: We're already in the danger zone. We've degraded the biosphere to the point where the ecological systems that support human life are at risk of collapse¹⁸. We have no time to spare. We need to stop eroding nature today, not tomorrow. Second: After decades of massive investment and effort, many of these miraculous green growth technologies still don't exist^{19,20}. There is no evidence that economic activity has been, or can be, sufficiently decoupled from environmental impact to allow for sustainable economic growth^{19,20}.

But what does "sufficient decoupling" actually mean? Experts define it as a state where economic production keeps growing while our overall environmental impact goes down, and where that decrease happens fast enough and permanently enough to actually resolve the environmental crises we're in²¹. So far, no evidence shows this is happening. Every case of "green growth" we've seen has turned out to be temporary, too slow, limited to one type of impact (like CO₂ emissions), or simply shifting the environmental damage somewhere else rather than eliminating it. In other words, decoupling has not been sufficient^{19–21}. Let's look at China to get a better understanding of this. Part of the reason China's greenhouse gas emissions are consistently so high is that it has been the world's manufacturing hub for decades, producing everything from electronics to clothing for global consumers—not because the Chinese population is somehow more determined to drive climate change than anyone

else. Overconsumption in Europe and the USA depends heavily on Chinese production, and is therefore responsible for a significant share of China's emissions.

This dependency cuts both ways. As imports from China have risen, Europe and the USA have been able to lower their own production-based emissions simply by producing less themselves. But this is something of an illusion: Those "decreases" don't actually help the global climate, since the emissions haven't disappeared, they've just been shifted to China's side of the ledger.

Even China's renewable energy build-out doesn't break this pattern, it reinforces it. That renewable infrastructure itself depends on energy and minerals imported from other countries. In other words, no country's emissions can be understood in isolation. We're all part of one interconnected web of production and consumption, and treating countries as separate, self-contained units badly distorts the picture. The evidence tells us all we need to know at this point. If green growth were happening, we would see these environmental problems improving as economic activity grows. Instead, we continue to see worsening pollution, resource scarcity, biodiversity loss, and climate change in lockstep with economic growth and the consumerism that fuels it.

Green growth isn't a break from the for-profit rulebook. It's just the latest attempt to keep that rulebook relevant. It lets us believe we can keep pursuing the same objective—endless growth—without confronting the environmental cost, as long as we trust that technology and money will eventually clean up the mess. And this add-on to the rulebook has been echoed through our media, politicians, and mainstream economists for decades, as if it were reality.

In fact, the profit motive doesn't just fail to fix our environmental crises, it actively drives them. To make more profit, companies need to sell more, which requires more energy and materials, and produces more pollution and emissions. When businesses compete to sell more, it pressures every player to do the same, regardless of the cost to the planet. Green growth is no exception to this: As long as the goal is growth, "green" doesn't matter. It doesn't matter how clean the energy

is, how recyclable the materials are, or how efficient the factory is—if the underlying objective is to keep producing and selling more, the planet loses. The old rules still apply: More production and consumption require more energy and materials, and therefore cause more environmental impact, no matter how "green" you make the process. To solve our ecological crises, there is no other way but to reduce global production and consumption^{20,22,23}.

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It is important to note that not everyone has contributed to the ecological calamity to the same extent. Some people have not contributed to it at all, as they have been trapped in poverty and deprivation rather than the treadmill of overconsumption. Meanwhile, the most affluent communities and households have used far more than their fair share (and continue to do so) in the thralls of consumerism. A recent Oxfam report estimates that since the 1990s, the richest 1% of the global population has emitted twice as much CO₂ per year as the poorest 50% of the world²⁴. That's the 80 million richest people doing twice as much damage as the poorest 4 *billion*. The wealthiest 10% (which you're probably part of if you're reading this book) emits half of the carbon dioxide in the world, which is completely out-of-proportion and unfair.

There are also important issues of how poorer communities are effected. Where does all of the waste from this hyper-consumerist, throw-away economy go? I don't see much of it here in Stockholm, where I live. The profit motive incentivizes companies and governments in high-income countries to ship it off to lower-income countries²⁵. This "waste colonialism" includes used clothes, poisonous parts from electronics, and plastic trash, and it is harming people around the world²⁶. But as Larry Summers so succinctly put it when he was the chief economist of the World Bank, "... the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable" because it will cost less money if low-income workers in poor countries get sick from toxic waste rather than high-income workers in richer countries²⁷. This statement caused an uproar back in

1992 when it was leaked to *The Economist* magazine, but all he did was say aloud part of the for-profit rulebook that is not often talked about.

There is also a generational aspect to this injustice: Young people today as well as future generations will suffer the consequences of the environmental problems largely created decades before they were even born. Profit from consumerism is therefore derived not only from exploiting consumers and ecosystems, but also people in low-income communities and future generations who have to live in polluted environments.

So, we've got a situation where middle- and high-income people are consuming way more than they need and poorer communities pay the price. But why is there so much inequality in the first place? A large part of the answer to this question is also: the for-profit economy.

Inequality

As it turns out, inequality is also a dynamic that quite naturally emerges from the for-profit way of setting up the economy, just like consumerism and environmental degradation. This is due mostly to two pernicious profit-seeking strategies: wealth accumulation by business owners and wage suppression for workers.

Successful business owners are able to use their accumulated wealth to buy more ownership in companies, which gives them more wealth, allowing them to buy even more profit-yielding assets. This is a virtuous cycle for them, but a vicious cycle that drives inequality for the economy as a whole. This type of dynamic is sometimes called “success to the successful”, because successful players have advantages that make them even more successful, allowing them to gain further advantages and become even more successful, and so on and so forth²⁸. For example, their access to exclusive investment opportunities and wealth managers ensures that their returns will be much higher than those of an average investor.

This accumulation dynamic is why ownership in the stock market is highly concentrated in the hands of the richest shareholders. The USA's stock market (the largest in the world) is emblematic of this.

Despite most Americans owning stocks, 93% of the shares in the stock market are owned by the richest 10% of the population, while the poorest 50% of American households own only 1% of the shares^{29–32}. This kind of concentration of the stock market is a common phenomenon around the world, which illustrates that it's a systemic problem, not just an American issue³³.

The for-profit rulebook says the stock market is an effective way of distributing ownership and the wealth that comes from owning shares. That's one of the arguments for keeping the for-profit economy. Companies with shares traded on the stock market are called “publicly listed” or “publicly traded”, implying that anyone can own a share or even that these companies are beneficial for the public. The reality of the situation is clearly very different.

Even though they continue accumulating ever more wealth, rich business owners do not tend to spend much of it back into the economy. When they do spend money, affluent people tend to spend it on luxury items which require a lot of money for very little labor, because the price of luxury products is largely based on brand, status, and high-quality materials – not the amount of work put into it. The profit of luxury brands is then passed on to the people who own those brands. This creates a sort of exclusive economy, in which rich people spend their money on luxury goods and services, like private jets, yachts, expensive real estate, housemaids, live-in nannies, opulent vacations, and high-end fashion. The owners of the companies that provide those goods are themselves extremely wealthy and spend their money back into luxury consumption that mostly benefits other rich owners. Over time, the money that's distributed to business owners tends to stay in savings or is circulated in an elite economy to which the rest of us have little or no access. I call this feature of the for-profit economy the *wealth siphon*. Like a siphon that sucks water out of a fish tank or draws gasoline out of a car tank, it sucks the wealth out of the ordinary economy and puts it into an exclusive, elite economy.

Not only does the wealth siphon contribute to inequality, but it creates a growth imperative in the economy. Wealth is effectively

being taken out of the regular economy, so the economy must grow to compensate for that extracted wealth³⁴. If water is siphoned out of a fish tank, then more water must be added to maintain a livable level of water for the fish. Where does the new water come from? How does the economy grow? Through the consumerism and environmental destruction described above. This is one of the most dangerous traps of the for-profit economy. It must grow in order to maintain profit-oriented investment, wages, and taxes, but that growth drives inequality and undermines the biophysical basis of life on Earth. It is a snake eating its own tail. But it gets even worse.

While an increasing share of the economy's wealth gets siphoned out to a handful of elites, those of us who work for a living receive a decreasing portion of that wealth. The incentive for businesses to cut costs results not only in low wages, but also in insecure work contracts, gig work, exploitation in unregulated markets, and even forced labor. When companies can, they also replace workers with automation and AI to save costs. So, the pernicious profit-seeking pattern of wealth accumulation directly feeds off wage stagnation and job insecurity for workers. It's another reinforcing feedback loop.

Yet another part of the inequality dynamic comes from the relationship between wages and prices. In a functional market economy, wages are supposed to keep pace with prices, so working households can afford essential goods. But in the for-profit economy, this becomes a vicious cycle instead: When wages are suppressed, people can only afford the cheapest products, and cheap products depend on cheap, exploited labor. Low wages create demand for low prices, which relies on low wages, and so on.

Inequality compounds this in a second way: It erodes workers' ability to demand better pay in the first place. In a context of high inequality, companies can count on blue-collar employees tolerating underpaid, insecure work, because the alternative is worse – poverty or even desolation. The less power workers have to demand higher wages, the more those wages get suppressed. And the more wages are suppressed, the deeper inequality grows, further eroding workers' power. It's a vicious cycle feeding a vicious cycle.

This exploitation isn't a fixable flaw – it's a built-in feature of the for-profit economy, necessary to enable financial gain. There's an inherent incentive to cut labor costs as much as possible. Eliminating this exploitation would raise costs, increase prices, reduce consumption, and cut into corporate profits. Do this across the whole economy, and you'd likely see less investment, less employment, and less consumption—the painful recession mentioned before. The for-profit economy, in other words, depends on exploited and even forced labor just as much as it depends on consumerism and environmental degradation.

Low-income communities around the world are stuck offering cheap labor and loose regulation, or else risk losing the jobs and investment that big businesses provide. It's an exploitative relationship in which international corporations clearly hold the upper hand—perhaps explaining why governments in exploited countries so often protect corporate interests, even when it harms their own populations, and even when local environmental defenders are murdered for standing in the way³⁵. The for-profit economy is locked into destructive dynamics of exploitation for profit and economic growth. And it is a race to the bottom.

This also explains the growing levels of inequality we're seeing between and within countries around the world. As of 2017, the 8 richest people in the world (all men) had as much wealth as the poorest 3.6 billion people combined³⁶. From 2020-2024, the wealth of the five richest men in the world doubled from \$405 billion to \$869 billion³⁷—at a rate of \$14 million per hour! These are mind-boggling amounts of wealth. During that same period of time, nearly five billion people became poorer³⁷. This has happened due to record-breaking profits for the largest firms in the world, 52% higher than average net profits in 2018–2021³⁷. And 82% of the surplus made by 96 major corporations between 2022 and 2023 was paid out to rich shareholders³⁸. Corporations have been generating record-high profits for shareholders, while consumers increasingly struggle to make ends meet³⁹⁻⁴¹. Indeed, growing corporate profits have accounted for over 50% of price increases in recent years, meaning higher prices have

often contributed to profit margins at least as much as they've covered rising business costs^{39–41}.

These dynamics keep everybody chasing money. The worse inequality gets, the more people feel they need to make money just to keep from falling behind. Even in the affluent neighborhood where my high school was, people felt like they never had enough. This is a common phenomenon. Surveys of American millionaires show that many of them feel financially insecure, even though they have considerable advantages in this game^{42,43}.

The for-profit rulebook says that if you work hard, you can make it. Everyone deserves what they get because the economic set-up offers us all a chance to succeed. Thus, if you're rich, good for you! You must have worked hard to deserve your wealth. If you're poor, that's your fault and you should work harder. By focusing on individual efforts and achievements, this myth ignores the fact that some players start with significant advantages right from the beginning of their lives, while other players start with severe disadvantages. Some are born richer than others and inherit the benefits of that wealth, while others are born into poorer communities and inherit the challenges of poverty.

Inherited wealth can keep people in a financially comfortable position for life. Rich families can pass accumulated wealth down through multiple generations via real estate, trusts, and other financial assets. People from wealthier families also gain tacit knowledge and connections in high places that help them get into the best schools and highest-paying jobs. These are benefits to which lower-income people rarely have access.

To top it all off, individuals often pay into their pension funds over the course of their working lives and then receive a pension income based on their contributions and savings when they retire. On the face of it, this may sound common-sense and fair: Those who have paid more into the system over the span of their working lives will get more out in retirement. But it exacerbates inequality by giving higher pensions to people who have been able to amass wealth over their lifetimes, while people who have been doing underpaid work—

such as cleaning, childcare, elderly care, agricultural work, and food preparation—receive the smallest pensions, often less than a livable income, in old age.

Other dimensions of inequality also shape who wins and loses in this game; colonialism and its legacies, patriarchy, racism, and intergenerational trauma, among others. The assumption that the for-profit economy is a meritocracy brushes all of this aside. In doing so, it makes it easy to blame people for their own poverty, while excusing or ignoring the ways the "winners" of this game directly or indirectly exploit them.

This isn't just a story about rich countries versus poor ones, either. Some of the wealthiest nations on Earth still leave entire communities behind. Indigenous and Black communities continue to bear the weight of histories of colonization, slavery, and racial exclusion. Immigrants often face precarious legal status, xenophobia, and exploitation. And homelessness persists even in some of the richest countries in the world. At the same time, some of the poorest countries are home to multi-millionaires and billionaires. Structural inequality cuts across borders, not just between them.

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Given wage suppression and poverty, how can people continue to buy enough stuff to keep the wheels of consumerism, profit, and economic growth spinning? The answer is: debt. Globally, the debt-to-GDP ratio has been growing steadily over time, and at an even faster rate lately. From late 2022 to late 2023, global debt rose from 238% to 336% of global GDP⁴⁴. This means economic growth is increasingly fueled by debt.

The dynamics of debt and speculation in the for-profit economy are important not only because they create short-term financial crises when debts are not repaid, but they also increase inequality and economic instability in the longer-term. With rising inequality, a larger percentage of the population cannot afford to consume enough to maintain the increasing rates of production and employment that would be needed to keep the for-profit economy stable – especially

in a context where jobs are rapidly being replaced by technology. Less demand for goods and services results in less work and more layoffs. This further reduces demand and results in less revenue for the government from income and consumption taxes, which often prompts governments to shrink public budgets. As a result, government funding for public services like healthcare, education, transportation, and research is cut. Who gets hit the hardest by those cuts? Primarily vulnerable people, like low-income families, the elderly, children, and people with chronic illnesses and disabilities. The vicious cycle expands.

The resulting economic instability also leads to lower rates of return on investments in production, as compared to things like real estate. Following the profit-seeking logic, this prompts rich people to put less of their investment money into production and more into real estate, because it will make them more money (the wealth-parking phenomenon mentioned earlier). This drives a housing crisis for the rest of us, as our wages stagnate and housing prices increase. The result is that the elite economy continues to thrive because that's where all the money is, while the regular economy, in which most of us live, falls into recession. Middle- and low-income households as well as governments struggle to pay off their debts, while wealth continues to pile up in the hands of the rich.

In the short-term, debt can stave off recessionary dynamics because governments, companies, and households can take out loans to keep production, consumption, and employment sufficiently high. However, that underlying debt puts us all in a vulnerable position. The global economy sits on a web of debt and any big shock, like a major default, could rip the whole web apart. Those who were counting on loan repayments from a company or a government that defaults might also suddenly find it hard to repay their own debts, which would affect their lenders in a similar way, sending the economy into a cascade of defaults. In broad strokes, this is what happened in the Global Financial Crisis of 2008, and it is likely to happen again because the economic set-up continues to drive both inequality and debt-fueled consumerism. Meanwhile, for-profit financial institutions receiving the debt repayments continue to distribute profits to their private owners;

siphoning wealth from debtors to owners. And thus, the cycle goes on and on, picking up pace all the time. In all these ways, debt and inequality exacerbate each other in a doom spiral.

The inequality dynamics get even more insidious when it comes to low-income countries saddled with debt that is deeply connected to brutal histories of colonialism. And the injustice runs deeper than most people realize: The descendants of the exploited are still disadvantaged today, while the descendants of those who profited from that exploitation continue to benefit. In Britain, for instance, the descendants of slaveholding families were being compensated by the UK government for the “loss” of their slaves through 2015 – while the descendants of those slaves received nothing⁴⁵. There have been reparations, in other words, but they have gone in exactly the opposite direction of what is just. This is not ancient history. It is the living architecture of today's inequality. In light of these facts, it is very difficult indeed to argue the for-profit economy is the meritocracy the rulebook purports it to be. That's why the latest Oxfam report on inequality is so aptly called “Survival of the Richest”⁴⁶.

Development aid and philanthropy are meant to help alleviate these global inequalities and persistent poverty. But that has failed to happen. The amount of money that low-income countries send to high-income countries in the form of profits from foreign direct investment, debt repayments, capital flight, mis-invoicing, and other forms of tax evasion is *at least double* the amount of money those same low-income countries receive in aid, investment, and income from abroad⁴⁷. In 2012, the last year for which I could find data, about \$5 trillion was siphoned from lower-income countries to high-income countries, whereas only \$2 trillion went the other way around⁴⁷. Given the reinforcing dynamics of the for-profit economy, we can expect this ratio to be even higher today.

This isn't just a story of financial flows; it points to something deeper. The material wealth and overconsumption of high-income communities depend on maintaining the exploitation and deprivation of lower-income communities. Modern economic institutions—debt,

trade rules, investment structures (like foreign direct investments), and development aid—function to perpetuate colony-like trade imbalances and poverty traps, just as colonialism once did outright⁴⁸. If we include the estimated value of land use, labor, and other resources, then low-income countries send 30 times as much wealth to high-income countries as they receive in aid⁴⁸. It is a drain of over \$10 trillion per year.

This same dynamic of profit flowing toward the wealthy at the expense of the poor also shows up in what gets produced, not just in what gets extracted. Incredible quantities of investment are spent on inventing novel luxury goods—unnecessary goods!—while the Profit-Driven Market neglects people's most basic needs, simply because meeting them isn't profitable enough. An example that is often used to illustrate this is the pharmaceutical industry's focus on inventing treatments for so-called "first-world problems" like hair loss, erectile dysfunction, and anti-aging creams instead of medicines for malaria and other tropical diseases that kill hundreds of thousands of people in low-income communities every year. Even with widespread diseases for which there are existing treatments, like HIV, cancer, and hepatitis-C, access to those treatments is limited in poorer countries because it's not profitable for companies to sell them there⁴⁹. It's simply not a priority. In a *Financial Times* interview about making malaria therapies more accessible to low-income communities, the CEO of Novartis (one of the top pharmaceutical companies in the world) admitted, "We have no model which would meet the need for new drugs in a sustainable way. You can't expect for-profit organizations to do this on a large scale. If you want to establish a system where companies systematically invest in this kind of area, you need a different system"⁵⁰.

Yes! We do, indeed, need a different system – a system in which all pharmaceutical R&D funds are invested in saving lives and delivering quality healthcare for everyone. It wouldn't make anybody rich, but it would drastically improve public health.

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Far from the win-win dynamics ascribed to the profit motive in our mainstream economic mythology, there are myriad tradeoffs between the financial gain of investors and a healthy society for the rest of us. The for profit rulebook claims that the push and pull between supply and demand results in the efficient allocation of resources to meet everyone's needs. In reality, we see that some communities are accumulating much more than they need while others do not have enough. That is not an efficient allocation of scarce resources. Instead of a balanced situation emerging from the competition between workers and employers in the labor market, the profit motive incentivizes the exploitation of workers for the private gain of owners. This not only results in more profit for owners who don't need it and bad conditions for workers, but it also creates a lock-in of systemic inequality. And market concentration makes all of this even worse.

Market concentration

In 1959, economist Edith Penrose warned in her book, *The Theory of the Growth of the Firm*, that without a sufficient level of competition in the profit-driven economy, there is a high risk for large companies to keep growing larger and larger, eating up competitors and eventually taking over the market⁵¹. The profit motive incentivizes companies to do just that, and she knew it. Consolidating a larger share of the market is great for profit.

The evidence shows that all sectors of the global economy have indeed undergone incredible concentration over time. As a result, a relatively small number of international businesses (and their small number of owners) control the global economy to a significant extent⁵²⁻⁵⁵. The OECD Employment Outlook 2018 describes it as "winner-takes-most" dynamics: "The process through which the most productive firms capture an overwhelming share of the market"⁵⁶.

In the for-profit economy, rational investors are looking for opportunities that will give them the largest return on investment. So, profitability is the key factor guiding investment. The larger a company is, the more profitable it seems to investors. So, large and

fast-growing companies can attract more investment, giving them an inherent advantage in this economic set-up. Whether it's venture capitalists, hedge funds, or banks, the logic is the same: They'll only put their money into a company if it promises to make them richer. Venture capitalists and hedge funds want to see how a business will grow and become more profitable before they'll buy shares. Banks want the same reassurance before they'll issue a loan.

The bigger a company gets, the more money it can spend on advertising and visibility, and the more visible it is, the more it can sell, grow, and attract further investment. It's a self-reinforcing loop: Size buys visibility, visibility drives sales, and sales fund even more size. As a business grows and attracts more investment, it can acquire or merge with other companies, becoming larger and more profitable still – and consolidating its share of the market in the process. Smaller companies can't attract as much investment, which makes it harder for them to grow, stay visible, and win customers. This, in turn, makes it harder for them to appeal to investors. Larger companies can easily swoop in and buy them up, deepening market concentration.

At first, the pursuit of financial gain is what drives businesses to grow. But once a market becomes sufficiently concentrated, the incentive changes: Now companies *must* grow as fast and as large as possible just to survive, regardless of profit motive, because the alternative is being outcompeted or bought out by the giants around them. The more concentrated a market gets, the harder it becomes for businesses to stay small, locally rooted, or genuinely ethical in how they operate, due to the rising risk of being crushed or swallowed up.

This is the same success-to-the-successful dynamic we saw in the inequality section above, but playing out between companies instead of individuals. Just as wealthy people can use their money to buy more assets and grow even wealthier, the biggest companies, with the most revenue, can afford to keep expanding. Hence the old adage: It takes money to make money. This race for endless growth isn't a side effect of the for-profit game, it's built into it. All of these factors reinforce each other, allowing large companies to branch out and start consolidating

the market in other sectors and other parts of the world for cheap labor and more consumers. Thus, the race to grow and consolidate doesn't stop at national borders. It drives companies to expand globally too. As they roll out the same products and services around the world, multinational firms spread a homogenous culture; often replacing local, traditional goods, services, habits, and rituals with cheap, mass manufactured alternatives. As a result, markets around the world have become eerily similar.

In my early years of traveling, every city used to look so different and unique. Now walking along a main shopping street downtown is a similar experience whether you're in Kansas City, Montreal, Cape Town, Shanghai, Buenos Aires, Tokyo, or Sydney. You'll find the same shops with almost the exact same products. You'll inevitably find a Starbucks, a KFC, and a McDonalds nearby. There will be a store selling Nike and Adidas shoes. There will almost certainly be an H&M or a Zara nearby, selling the day's latest fast fashion trends. And if you're into luxury brands, Louis Vuitton and Gucci shops won't be more than a stone's throw away.

These dynamics have even affected the arts; a part of social life that is meant to be creatively diverse. Music and movies have become formulaic because of the profit motive. The same simple equation dominates business strategy in this sector: If it sells, make more of it. That's why we've been inundated with a steady stream of superhero movies that tell the same kinds of stories over and over, and pop songs that all have the same rhythm and choruses sung by someone who looks more like a model than a musician. It sells, so entertainment companies keep making more of it.

As Penrose saw it, only a high level of competition could keep monopolies from emerging. But her analysis overlooked something crucial: Executives have more of an incentive to collaborate with rivals than to compete with them if collaboration is what maximizes profit.

And collusion becomes easier the more concentrated a market gets. When just a handful of companies dominate a sector, it's relatively simple for them to coordinate and set prices at a rate that's profitable

for everyone involved, further eroding the competition that's supposed to keep the for-profit economy in check.

This creates yet another vicious cycle: Collusion helps a few companies consolidate market power, and that concentrated power makes it even easier for them to collude and consolidate the market further still. According to the for-profit rulebook, the profit motive promotes competition, which should prevent market concentration from taking place. But as we've seen, the profit motive actually encourages companies to grow as large as possible, consolidate markets, and collude. This gets dressed up in positive-sounding language, "the superstar effect"⁵⁷ or "keystone actors"⁵⁸, but the reality is that market consolidation concentrates wealth and power in the hands of a few, at the expense of smaller companies, consumers, and the integrity of our social and political institutions. Once again, reality refutes the rulebook's own logic.

Political capture

Most solutions to the destructive dynamics of consumerism, environmental crises, inequality, and market concentration proposed by economists, politicians, experts and NGOs are policy-based. To address market concentration, experts say we need anti-trust policies to prevent companies from taking too much of a market share and break them up when they get too big. To alleviate inequality, they say we need taxes to redistribute the wealth that has accumulated in the hands of a few business owners and we need regulations that protect workers from exploitation (such as a mandatory living wage, sick leave, and paid vacation leave). To protect the environment, experts argue for policies like limits on toxic chemicals and restrictions on mining and logging in fragile ecosystems. However, despite decades of concerted efforts, these kind of policies rarely get implemented or, if implemented, they are rarely effective. Why?

It is often overlooked that the profit motive incentivizes businesses and their owners to influence policy in a way that financially benefits them. Recall the control strategies from the previous chapter, like

lobbying, revolving doors, and tax havens. These strategies tend to increase over time in our economy because they are good for profit. This leads to a systemic pattern of political capture (also known as regulatory capture). This is a situation in which economic elites consistently have a disproportionate influence on policymaking⁵³. Just like consumerism, environmental damage, inequality, and market concentration, political capture is also a self-reinforcing dynamic. The more wealth companies and their owners amass, the more they can influence policy for profit, which in turn allows them to make even more money, some of which can be invested back into influencing policy.

Political capture basically enables companies and sectors to regulate themselves, nullifying the imperative role of the Regulating State in ensuring a balanced economy. It also leads to a loss of trust in social institutions over time, as it erodes transparent policymaking processes and renders them unresponsive to society's needs. According to neoliberalism—a strand of economic thought that claims most market failures are due to too much interference from the Regulating State—government regulations and taxes slow businesses down and should, thus, be kept to a minimum.

For example, imagine a government wants to reduce greenhouse gas emissions and protect the groundwater that many people and animals depend on, so it decides to ban fracking. This ban would quickly cut off an enormous flow of money to the owners of fracking companies. Their lobbyists and lawyers would likely push back, arguing that fracking provides jobs in rural communities, meets environmental and safety standards, and makes the local economy more self-sufficient. They'd try to convince policymakers and local communities of fracking's benefits, pointing to just how economically dependent these areas have become on the industry. But the real reason firms fight these policies isn't to protect jobs or local energy, it's to protect their profit.

If these companies actually cared about the local community, they could use their profits to retrain employees for a more sustainable sector, like renewable energy, and then phase out fracking altogether. The state could even fund that training itself. A fracking ban doesn't

have to hurt employment at all. And it would spare rural communities the air and water pollution that fracking causes. But it would hurt the fracking companies' bottom line, so they fight it.

It is worth noting that lobbying itself is not necessarily problematic. Good arguments can be made for the importance of lobbying in a functional society. As always, it comes back to the purpose. Lobbying for private financial gain is necessarily problematic, whereas lobbying to save a forest or to protect a vulnerable group of people can do a lot of good.

Another thing to note here is that in a healthier context in which people have a say in political decision-making, lobbying might not be as necessary. Today, environmental and human rights groups need to spend so much time and effort lobbying to protect people and the planet, exactly because our political processes have been eroded by the destructive dynamics of the for-profit economy. The biggest, most profit-driven players in our economy are the most effective in lobbying and, thus, they tend to get their way.

They also tend to get their way using the Investor-State Dispute Settlements mentioned in the previous chapter, in which corporations sue the Regulating State for inhibiting their profit-making; or for slowing down the engine of the economy, as they might argue. Economic elites can influence trade agreements to include clauses that allow for such corporate interventions. Over time, these types of control strategies have come to form what experts call a shadow legal system that exists just to ensure the largest multinational companies can continue to maximize profit no matter how it impacts the rest of us and the planet⁵⁹. A crucial aspect of the shadow legal system is that it provides confidentiality and privacy, whereas normal trials can be quite public. In other words, it's designed to be opaque because that's better for the companies.

When investigative journalists uncover things as unjust as the shadow legal system, the for-profit rulebook easily justifies them because they will allow for more investments, leading to more jobs, production, consumption, GDP, income, and overall prosperity. But

if people, planet, and private profit were as compatible as the rulebook tells us, these kinds of elaborate anti-democratic shadow systems would not be necessary. They would not exist in a functional economy, but such dynamics emerge quite naturally from the profit motive.

All of these trends create a lock-in effect. Over time, corporate lobbying, revolving doors, and shadow legal systems shape the Regulating State so that it increasingly caters to the financial winners of the game rather than the government's wider base of constituents. As the term "political capture" implies, governments become trapped and unable to implement policies to protect their own people. On the international stage, the governments who can cater best to the profit-seeking interests of the major players will attract more investment to their part of the world, which pushes other governments to make their own offers. As with all of the vicious cycles we've discussed above, it's another race to the bottom.

We've seen how the profit motive corrupts the Regulating State's ability to check the market. But the Regulating State isn't the only sphere meant to provide a counterbalance – Civil Society is supposed to as well. And here too, the profit motive finds a way in. Businesses and their owners can donate their money to charitable organizations as philanthropy, to help address society's unmet needs. However, a substantial amount of the charitable giving done by the wealthiest households goes to political advocacy organizations, which can help them further influence policy in a direction that is profitable for them⁶⁰. The most powerful lobbying associations for harmful industries like fossil fuels, fast-food, and gambling are nonprofits. This type of "philanthropy" is clearly just a profit-seeking strategy and these types of not-for-profit organizations have been rightly called out by many as a form of tax evasion, in which rich people (or their companies) funnel money into a third sector organization as a tax-deductible donation that can make them even more money. This is not the way Civil Society is supposed to work, but with the Profit-Driven Market at the helm, it is a natural outcome.

...

As you might have noticed by now, a recurring theme in the for-profit economy is that private financial gain is at odds with protecting people and the planet. In contrast to what the for-profit rulebook wants us to believe, it's not just a few greedy CEOs. It's the way the entire economy is set up. It's a systemic problem: For-profit companies will naturally fight regulation and taxes, because such policies would reduce their bottom line. Regulations and taxes that constrain profit are at odds with the profit motive by definition.

You may have heard people blame "neoliberalism" for today's inequality and environmental crises—and they're not wrong. But neoliberalism isn't some separate, competing idea. It's really just the for-profit rulebook, taken to its logical end: Fewer rules on business and less government interference give the profit motive more room to run the show.

The rulebook tells us that the for-profit economy and democracy go hand-in-hand—that the Profit-Driven Market decentralizes power the same way democracy does, letting people "vote" with their dollars and their employment choices, alongside their votes at the ballot box. But the evidence reveals the opposite: The for-profit economy systemically erodes democracy. Resources and power accumulate in the hands of a few players, who use them to hollow out democratic accountability through lobbying, revolving doors, tax havens, and shadow legal systems—so that they, and their successors, can keep winning the game at everyone else's expense.

Some experts have gone so far as to call this a silent, slow-moving coup⁵⁹. But it doesn't even have to be a coup or a conspiracy. Business owners and CEOs don't have to be bad, conniving people for these dynamics to play out. They're simply doing what makes sense according to the objective of the game: Making more money for themselves. This is what has driven the steady rise of private wealth and decline of public wealth in countries around the world, a trend that has continued to worsen since 1970⁶¹. The for-profit economy is achieving exactly what it's set up to do: Enrich private business owners. But it does so at an enormous cost for the rest of us.

And once the profit motive is given that much room to run, it doesn't stop at the economy—it comes for our political systems, too.

An era of breakdown

This economic game is full of vicious cycles. Harmful business strategies are often an easy, effective way for companies to make a profit and fulfill their purpose of making money for owners. Such strategies include the use of manipulative ads, planned obsolescence, addiction, wage suppression, forced labor, avoidance of regulation and taxes, mergers and acquisitions, lobbying, revolving doors, and lawsuits against governments. Because these strategies are so effective, players tend to increasingly apply them over time, whether to make more money or just to survive.

These tactics have now become so ubiquitous that they drive the large-scale dynamics of consumerism, environmental crises, inequality, market concentration, and political capture. These vicious cycles are self-reinforcing, keeping players stuck in the same patterns, which continue to worsen at a quicker and quicker pace. They trap consumers and workers on a treadmill of overwork and overconsumption. They trap low-income households, communities, and countries in poverty. They concentrate wealth and power in the hands of a few large businesses and their owners. They continue to worsen climate change, biodiversity loss, and pollution; environmental crises which in turn exacerbate each other. And they keep governments beholden to economic elites, hindering policies that could remedy the situation. These dynamics also push other companies to use the same harmful strategies just to stay afloat in the riptide of market concentration, political capture, consumerism, and inequality. On this trajectory, we can expect these crises to continue to escalate, eroding not only economic and social stability, but also the very ability of the biosphere to support life on Earth. Figure 6 depicts how the set-up of the for-profit economy encourages harmful strategies, which drive destructive dynamics, creating a reinforcing feedback loop that leads to a lock-in effect.

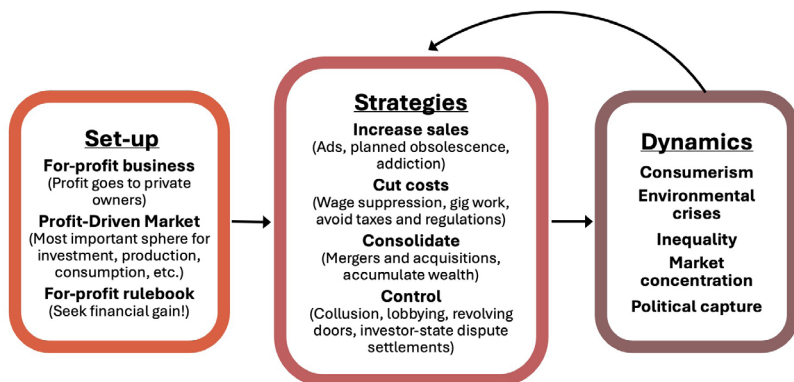


Figure 6. How the for-profit economy's set-up drives destructive dynamics

This era of breakdown is marked by a few key attributes. First, due to ecological catastrophes, exploitation, and growing inequalities, there is a widespread decline of mental and physical wellbeing. Anxiety, depression, loneliness, and burn-out are on the rise around the world^{62–64}, as are physical illnesses, such as obesity, auto-immune diseases, and early-onset cancers^{65–67}. Second, in response to these trends, there is a crisis of trust in our key social institutions, such as corporations, the government, science and research, education, and even civil society organizations^{68,69}.

Third, as environmental and societal systems break down, people look for safer and more stable places to live—a pattern as old as human civilization itself^{70,71}. Those who cannot leave or choose to stay must often endure the breakdown of formal institutions and the rise of organized crime and violence that fills the void. Multi-national corporations are equally quick to exploit these power vacuums, moving in to extract valuable resources—from rare earth metals in the Congo⁷² to lithium in South America⁷³—precisely when governance is too weak to resist them.

Lastly (although the list could certainly go on), the insecurity and fear produced by this poly-crisis leaves the window wide open for charismatic demagogues who use simplistic explanations—often just

blaming vulnerable communities, like the working poor, minorities, and immigrants—to convince us that they can solve the crises if we just let them have a little more power to put these problematic people in their place. This has led to the rise of fascist and xenophobic politics that's underway around the world.

What a tangled web of destructive dynamics the profit motive weaves! We have entered an era of breakdown full of urgent problems that we need to address. But how?

Chapter 4: Time to change the game

Chapters 2 and 3 made one thing clear: The for-profit economy doesn't play out the way its own rulebook promises. The pursuit of private wealth doesn't deliver widespread flourishing. It delivers systemic harm to people and the planet. So surely, it's time to change the game. Right?

But maybe you're hesitant. That's a big leap – from "this game has some serious problems" to "let's change the entire game". Change that big and that fast can feel risky, even reckless. Wouldn't it be easier and safer, to just fix what's broken?

Wait! We can fix this, right?

Even though it's clear the for-profit economy is driving some intense crises, many of us are unwilling to give up entirely on it yet. If we just keep trying to fix it, eventually we might make the for-profit economy work for us all. Maybe we can reform or change it from within. Maybe it's just a matter of making better rules.

Over the past few decades, policymakers, business leaders, and concerned citizens worked to address these problems by using the tools and logic of the game itself. Within the Profit-Driven Market, lucrative technological solutions that can address climate change and other ecological crises were developed. This includes innovations like renewable energy, electric cars, and circular production methods. Many businesses made large-scale efforts to incorporate social and environmental values into their strategies alongside the pursuit of profit. This includes CSR (corporate social responsibility) and the more recent ESG (environmental, social, and governance) ratings. Lots

of families and individuals in the Household sphere tried to shift their consumption in a more ethical and environmentally friendly direction, guided by organic and fairtrade product certifications. The Civil Society sphere mobilized immense amounts of philanthropy, aid, and charitable activities to address social and ecological problems. Worker unions organized to demand better pay and working conditions. And consumer associations pushed for policies to protect households from harmful products. Policymakers working in the Regulating State tried to pass legislation that would shield consumers, workers, and ecosystems from corporate exploitation.

How effective were these efforts in addressing the crises of our times? The short answer is: Not very. These initiatives slowed down some destructive dynamics, but they did not stop or reverse the onward march of our crises – a march that is constantly picking up pace. For instance, charities and development aid organizations that offer food, housing, and medicine to the most vulnerable people in society kept many people from falling into total destitution. The same goes for government welfare programs that provide a safety net for folks during tough times. Without these initiatives, the levels of poverty and inequality would certainly be worse.

In theory, taxes and regulations could go a long way toward resolving our inequality and environmental problems. Popular policies include taxes on wealth, profit, capital gains, inheritance, land, and greenhouse gas emissions. That revenue could fund essential services—education, healthcare, public transportation, the maintenance of parks and nature reserves, the regeneration of damaged ecosystems—as well as subsidized housing, food assistance, childcare, a universal basic income, and job training for lower-income households. In this way, taxes and government programs could redistribute wealth in ways that meaningfully reduce inequality and help reverse environmental damage.

However, as we saw in the political capture section, effective taxes and regulations tend to get watered down or blocked by lobbyists, revolving doors, and shadow legal systems. Policies meant to protect the environment often end up harming smaller companies while the biggest players dodge them entirely, through loopholes they lobbied

to write into the regulations. That's why we see small-scale farmers protesting environmental regulations—as in France's yellow vest movement or the farmer blockades in the Netherlands—even though they're not the ones doing the most damage. They're just the ones who get hit hardest by new policies. Big players, meanwhile, evade taxes and regulations easily, with the help of expensive lawyers, loopholes, shell companies, and tax havens (all of which are perfectly legal) since these are simply effective strategies for pursuing the economy's own stated goal: financial gain. If the profit motive is treated as the engine of the whole economy, then of course it gets protected at all costs. The problem isn't a lack of regulation. It's the game itself.

The Civil Society sphere fares no better. Despite the enormous money, time, and energy poured into it, the charity sector hasn't resolved the crises described above – and once you see how the economy is set up, it's clear this was never a realistic expectation. Charities depend on the Profit-Driven Market for the resources they use to clean up problems that same market creates – and it creates them far faster than charities can keep up with. As the American National Council of Nonprofits put it, "Nonprofits simply can't continue to do more with less forever"¹. As wages stagnate and living costs rise, ordinary households give less to charity, leaving nonprofits evermore dependent on big, profit-oriented donors, and on government grants that themselves depend on taxing the Profit-Driven Market¹. Civil Society, in other words, is financially dependent on the very system it's meant to counterbalance.

That dependence drags the charitable sector into the market's own dysfunction. I call this the *enabling charity* phenomenon²: When a charity accepts funding or sponsorship from a for-profit company whose core business undermines the charity's own mission. A soft drink company sponsoring a beach clean-up while remaining one of the top contributors to the plastic waste problem is a textbook case. Much like someone who "helps" a loved one by quietly cleaning up after their addiction, enabling them to avoid the consequences, this kind of charity can end up doing more harm than good – legitimizing the very companies causing the damage, and letting them buy a cleaner

reputation without changing their behavior. It's little wonder that trust in the charitable sector has been declining, as it looks increasingly like an extension of for-profit interests rather than a check on them.

What about workers' unions and collective bargaining? When unions win, it's hard-won—often requiring weeks or months of difficult negotiation, compromise, or strikes just to balance out one or two profit-seeking strategies in one company or, at best, one sector. And even a highly effective union doesn't touch the economy's other harmful dynamics: consumerism, environmental degradation, wealth accumulation, market concentration, and political capture. Like charities and legislation, unions have kept the economy from exploiting us even faster, and they'll have a role to play in a more sustainable economy too, but they don't get to the root of the problem.

Then there's the promise that profit-driven companies will simply invent their way out of our ecological crises, since efficiency is lucrative. But there's a well-documented "rebound effect": The more efficient a car or an appliance becomes, the more we use it. Resource use per car or per washing machine goes down, but total energy and resource use goes up. In an economy where everyone is chasing more money and more stuff, this rebound is almost impossible to avoid.

The hard, cold truth is that solving our social and environmental problems is rarely profitable, but creating them is often very profitable. As long as we have an economy driven by profit, we should expect these problems to keep getting worse, not better.

Focusing all our energy on these single-issue fixes, hoping they'll somehow add up to a sustainable for-profit economy, is like racing to put out individual fires while a pyromaniac douses the area in gasoline and keeps lighting matches. Some of these fixes don't just fail to help – they make the fires worse, as we've seen with enabling charities, the rebound effect, and regulation riddled with loopholes for the powerful. Perhaps it's time to take the gasoline and matches away from the arsonist, instead of just chasing the flames.

None of this means Civil Society and the Regulating State don't matter. Imagine how much worse things would be without them. They feed, house, and employ people who would otherwise go without. They

protect animals and ecosystems that would otherwise be destroyed. The fact that our crises keep worsening despite all of this work is a testament to just how powerful the for-profit economy's dynamics are, not a case against these sectors. The answer isn't to hand the Profit-Driven Market even more power by shrinking Civil Society and the Regulating State. It's to change the deeper set-up of the economy itself. As we'll explore in the next part of the book, every intervention described here could work well in an economy actually designed to deliver wellbeing. But none of them can make a for-profit economy sustainable.

Overview of a fundamentally flawed economy

In order for the for-profit economy to work the way it's supposed to, the assumptions of the rulebook would have to hold up. Yet, we've seen that they do not align with the real-world evidence. Part of the problem lies in the fact that the for-profit rulebook is riddled with contradictions, and many of its basic assumptions are detached from the way people and the world actually work. If we bring together the key assumptions of the for-profit rulebook that were debunked by the real-world evidence presented in the previous two chapters, we end up with a neat list of eight for-profit myths that have been dispelled:

Myth #1: The profit motive fuels beneficial innovations and efficiency.

Evidence: The profit motive often fuels harmful innovations and wastefulness.

Myth #2: Money and consumption are good proxies for wellbeing.

Evidence: Too much consumption and focus on money is harmful to our wellbeing.

Myth #3: Technology and money can substitute for nature, allowing for green growth.

Evidence: Production and consumption always have detrimental effects on nature.

Myth #4: The pursuit of financial gain leads to a balanced and fair market.

Evidence: The pursuit of financial gain leads to the concentration of wealth and power in the hands of a few players.

Myth #5: Everyone has enough power and information to compete in the Profit-Driven Market.

Evidence: The largest companies in the Profit-Driven Market have the most power and are incentivized to hide information that might negatively impact their profits.

Myth #6: The for-profit economy is a meritocracy.

Evidence: The for-profit economy siphons wealth to the owners of businesses and their heirs, whether they worked for it or not, while many hard-working people are underpaid for their labor.

Myth #7: What is profitable for business is good for society.

Evidence: Profit in this economy often comes from exploiting workers, consumers, smaller businesses, nature, and society, at large.

Myth #8: The for-profit economy goes hand-in-hand with democracy because it decentralizes production and consumption, allowing everyone to vote with their economic decisions.

Evidence: The for-profit economy erodes democracy through consumerism, inequality, market concentration, and political capture.

No wonder the for-profit economy is so dysfunctional. It's built on assumptions that don't hold up. Instead of a self-balancing economy that benefits everyone, we get a highly unfair, unstable system that's destroying the planet for profit. Instead of a rising tide lifting all boats, we get a race to the bottom. These dynamics lead to the headlines we see every day. Farmers are protesting fuel taxes and environmental regulations, because they were already struggling to

survive in a concentrated market. Increasing numbers of people are fleeing poverty in low-income countries for better prospects in high-income countries. Plastic is choking our rivers and contaminating our food, air, and drinking water. There is a widespread cost-of-living crisis and a growing number of households find it hard to make ends meet. Glaciers are disappearing. Species are going extinct at an alarming rate. And governments are slashing their public healthcare budgets.

These might all seem unrelated when we hear about them in the daily news, as pundits offer a different causal analysis for each problem. Most media outlets tell us the government is slashing healthcare budgets because either the wrong party got into power or because the public healthcare system is too inefficient and for-profit healthcare would be better. They explain that plastic pollution is taking over the world because we haven't yet created the right technologies to replace plastic and clean it up. The cost of living is high because of inflation and other technical problems that only economists know how to address. The for-profit rulebook has been expanded over the last few decades to try to explain all social and ecological problems in terms of different market failures, externalities, anomalies, or coincidences. In response, piecemeal solutions are deployed: Single-issue regulations, taxes, and charitable initiatives. Yet, when market failures are so widespread that they become the normal state of things, not just scattered anomalies, one must question whether it is the economy itself that is the failure.

We can see how all of our problems have the same root cause: The profit motive. Everything I mentioned in this book so far, from tax havens to planned obsolescence, from climate change to widespread pollution, and from collusion to revolving doors, are all logical consequences of organizing the economy around the profit motive. These dynamics emerge not because of a few bad apples or because human nature is greedy or because of mysterious market failures, but because the for-profit economy encourages players to use strategies that will be the most profitable for them and those strategies lead to destructive dynamics over time.

We can try to keep patching up the economy with tons of different plasters: Taxes, regulations, corporate social responsibility, worker unions, and philanthropy. We can even try less conventional plasters, like a universal basic income, alternative currencies, or full-reserve banking. But unless we address the root cause, the best we can hope to do is plug some of the leaks in a boat that is sinking. And typically, the profit motive does a rather efficient job of pushing out those plugs.

At this point, we must ask: Why keep this economy going, given all the harm it is doing? Should we keep it going just to make rich investors richer, in the hope that the rest of us will be able to eke out some sort of decent living? In the end, it hurts us all. Even rich business owners are detrimentally affected by a polluted environment, inequality, and social unrest.

There is a much more promising future that we can co-create if we have the courage to let go of this flawed economy and build something better. But we must break out of our collective denial. Denial of how severe the problems are. Denial of how fundamentally flawed the economy is. And denial that we could have anything better. This leads us to the final for-profit myth that we need to dispel to release the grip this game has on us; the myth that there is no alternative.

There are viable alternatives

Let's say we can agree that we need a new economic set-up (or maybe many different new set-ups) to replace the dysfunctional for-profit one. What could that look like?

When I began searching for alternative economic models that can deliver wellbeing for people and the planet, a colleague from Australia shared an "aha!" moment he had recently had at a conference in Sydney. At one session, a speaker was presenting information about a company called Myuma. It's a civil engineering business that undertakes construction projects, like roads, bridges, and buildings. The speaker said they were making a healthy annual revenue of about 25 million Australian dollars. Then came the part that was paradigm-shifting: They're not-for-profit. The company is fully

owned by an Aboriginal community organization and all the profit is either reinvested into business activities or goes to supporting the community. It has no private owners.

It was mind-blowing that such a successful engineering business could be not-for-profit. I was used to thinking of businesses and not-for-profits as two very different things: Businesses are organizations set up to enrich shareholders, while not-for-profit organizations rely on charitable donations. A *not-for-profit business* was a totally new animal – something I had never (knowingly) encountered or even contemplated.

My colleague's "aha!" moment was contagious. The example of Myuma pointed not only to how individual companies can be more sustainable and work for social benefit, but more importantly, it pointed towards how we could transform the entire economy. Businesses are the main playing pieces in a market economy, so if we change the dominant business structure from for-profit to not-for-profit, we could have a totally different economic game. I immediately sensed the value and importance of such businesses. Myuma was just the beginning. After that conversation, I searched for more examples.

Once I started looking, I found not-for-profit businesses everywhere – in every sector, on every continent, operating quietly and successfully outside the logic of private profit. Allow me to take you on a quick tour of some of the diverse examples I found.

Let's start with Bridge Bread Bakery in St. Louis, Missouri, USA. This is a bakery that sells delicious food like bread, bagels, and cookies. With their profit, the bakery helps people who are facing tough times. In their own words, "Bridge Bread Bakery is a non-profit social enterprise that provides supportive employment and housing assistance to people without safe and stable housing. Through meaningful work they become valued, contributing members of our community"³. It is registered as a nonprofit charity (a federal 501(c)(3) charity, for readers familiar with American law) and most of its revenue comes from selling baked goods⁴.

Next, let's take a trip to the other side of the world, to check out BRAC in Bangladesh. Started in 1972, BRAC's mission is "to empower people and communities in situations of poverty, illiteracy, disease and

social injustice”⁵. To achieve this mission, it operates businesses (lots of them!), including a dairy farm, an agricultural seed dispensary, a plant nursery, microfinance services, a fish food supplier, a recycled handmade paper factory, a cold storage facility for potatoes, and a packaging service for agricultural products⁶. The profit from these activities is used for poverty alleviation, education, and healthcare programs around the country. Having found this model so successful in Bangladesh, BRAC has expanded its operations to Afghanistan, Ghana, Kenya, Liberia, Myanmar, Philippines, Rwanda, Sierra Leone, South Sudan, Tanzania, and Uganda. These operations are managed by local people who have a deep understanding of their context. One could say that BRAC has become an international solidarity network of local not-for-profit businesses and initiatives.

BRAC's African expansion is a good segue to our next example: One Acre Fund. As one of many not-for-profit enterprises working to improve livelihoods in harmony with nature, One Acre Fund provides quality seed and agricultural services to farmers who operate small-scale, rain-fed farms in rural areas of nine sub-Saharan countries. As part of their offerings, they also provide financial services with flexible, affordable repayment terms, guided by their vision of “a future in which every farm family has the knowledge and means to achieve big harvests, support healthy families, and cultivate rich soil”⁷.

Let's head down under for our next example, a not-for-profit real estate company. HomeGround Real Estate, in Australia, offers customized property management services and “profits are invested back into the community to help end homelessness”⁸. They started out in Melbourne, but the model has been so effective at providing quality property management services and helping people out of homelessness that it has now expanded to Sydney and Canberra.

Consumer cooperatives are also a popular type of not-for-profit business⁹. Consumer co-ops can be found in all kinds of sectors. For instance, there are lots of cooperative grocery stores around the world, which typically aim to provide their consumer-members with healthy, sustainable products, such as Bees Co-op, a cooperative supermarket in Brussels, Belgium¹⁰.

Renewable energy cooperatives offer another very inspiring model. Their purpose is to provide affordable renewable energy to their community and, as a not-for-profit business, they reinvest their profit back into that mission. Examples include the Energy Cooperative in Ohio, Som Energia in Spain, Cooperative Power in Australia, and a large number of renewable energy and district heating cooperatives in Denmark^{11–14}.

Not all energy cooperatives are fueled by renewable energy, but even those that rely on fossil fuels help address poverty and inequality by providing electricity to underserved rural communities around the world¹⁵. For instance, Argentina has a whopping 600 energy cooperatives that own 80% of rural electrification networks and serve 58% of its rural population. In Asia, half of rural households in the Philippines and 85% of townships in Bangladesh rely on energy cooperatives. Bolivia is home to the largest rural electric cooperative in the world, Cooperativa de Rural de Electrificación Ltda. (CRE). Imagine if the profit from all of that electricity production was being distributed to private owners instead of being reinvested in making electricity more accessible. Inequality and poverty would be even worse. And although many of these rural energy cooperatives are still dependent on fossil fuels, they offer a great opportunity for transitioning to renewables since they are set up for social benefit and could invest their surplus into such a transition.

Lest you get the impression that not-for-profit companies are restricted to certain sectors, let's go to the Netherlands, where Radically Open Security prides themselves for being the first not-for-profit cybersecurity company in the world, having used their profit to support "open-source, Internet research, and digital rights organizations for almost 20 years"¹⁶.

In my home state of Colorado in the USA, Blue Star Recyclers train and employ people with disabilities to recycle electronics. Their core mission is "recycling electronics and other materials to create jobs for people with autism and other disAbilities"¹⁷. They are doing excellent work, having provided 50 local jobs for people with disabilities in four

Colorado communities and ethically recycled over 34 million pounds (15.4 million kilograms) of electronics. They generate most of their income from recycling and refurbishment sales. This is a business model that can be found all over the USA and even across the world, with Versability Resources in Virginia, Green Vision Inc in New Jersey, Garten in Oregon, and Abilities Group in New Zealand, just to name a few².

Similarly, Humana Nova, a not-for-profit social enterprise in Croatia, has a double mission of redesigning, reusing, and recycling textiles for sustainable fashion, and employing socially excluded groups to do this important work¹⁸. They also offer workshops and educational programs to help others learn about how to use a not-for-profit, circular approach in their businesses. Their website says, "As a social enterprise registered as a non-profit business, we reinvest all our profits into our work and development. This allows us to stay true to our values and continuously improve what we do"¹⁸.

Companies that are fully owned by national, regional, or municipal governments are also not-for-profit businesses. This category can include things like water and sanitation companies, public banks, public transportation companies, libraries, museums, national parks, broadcasting and publishing companies, just to name a few.

Not-for-profit businesses tend to fly under the radar, due to the predominantly for-profit set-up of our economy, but they really are all around once you start looking. A key part of what is often called the "social and solidarity economy", these enterprises are doing incredibly important work across the globe and in every sector.

...

Not-for-profit businesses occupy a distinct space between traditional charities and for-profit businesses (Figure 7). What sets not-for-profit businesses apart from traditional charities is how they operate: They function as businesses, generating at least 50% of their revenue through selling goods and services¹⁹. What sets not-for-profit businesses apart from for-profit businesses is the legal structure. "For-profit" and "not-for-profit" are two distinct legal categories. That difference might sound dry, but it's consequential.

The for-profit versus not-for-profit legal distinction comes down to two things: Purpose and ownership. For-profit businesses have the legal purpose of delivering financial gain to owners. To support this purpose, for-profit structures give owners private financial rights, which entitle them to the company's profits and assets. In contrast, not-for-profit structures have a legal purpose of delivering social benefit and to support this purpose, there are no private financial owners and all profit must be reinvested.



Figure 7. Not-for-profit businesses differ from traditional charities and for-profits

So, who owns a not-for-profit? In legal and financial terms, it owns itself. In terms of management, there are of course people who make decisions about how the organization should act. However, it's clearest to just call those people managers, rather than owners.

If you've only ever swum in for-profit waters, as I had before my "aha!" moment, it may sound strange to think of a business that has no private owners. But it makes good sense. Companies should be set up to benefit society and all their surplus should go to that goal. Private financial ownership can get in the way of that.

Guided by their social benefit mission and with no pressure to deliver profit to private owners, not-for-profit companies use different kinds of strategies compared to for-profits. For instance, they tend to maintain better wage ratios. An analysis done by the U.S. Bureau of Labor Statistics found that service workers at not-for-profit companies were paid higher wages and received more benefits (like health

insurance, retirement, and savings) compared to their peers at for-profit firms²⁰. Likewise, managers and more white-collar positions were paid less compared to their for-profit peers²⁰. This leads to a smaller gap between the highest and lowest paid employees at not-for-profit companies. Furthermore, a recent report on working conditions in social enterprises in the UK found that while only 11% of all UK employers pay a real living wage, 84% of social enterprises do so²¹. That's a huge difference and it can largely be chalked up to the fact that the latter operate in service of social benefit whereas most other firms are focused on enriching their owners.

Pricing for affordability is another key strategy that not-for-profit companies often use to keep resources going to where they're needed. For instance, GodEl in Sweden (which means Good Electricity) provides electricity fueled completely by renewable energy sources at a lower price than its competitors *and* has still managed to put millions of dollars into social benefit since its founding in 2005²². Like GodEl, many not-for-profit businesses can offer lower prices than their for-profit competitors because they don't have to price in a profit margin for investors, and they can still have enough profit to do good things for the world.

We live in a dynamic world that is changing quickly, so the above examples are not perfect and they will inevitably change. I've been doing research on not-for-profit businesses for nearly 15 years and during that time, some of the first companies I explored have gone out of business, some have flourished and grown, some are operating at about the same level, and some have shut down and restarted as for-profits in order to attract more investment. Yet, whatever course these businesses take is not solely a matter of them being not-for-profit. It is due to a complex mixture of factors, including the challenges they face from the for-profit economy and the ways in which their managers decide to navigate those challenges with the resources available to them.

For-profit businesses in search of more sales and profit increasingly enter sectors that were traditionally not-for-profit, such as education, healthcare, the arts, and second-hand clothing. When this happens,

we often see pressure on the not-for-profit incumbents to use typical profit-seeking strategies (like increasing ads and suppressing wages) to be able to compete with their new for-profit peers.

Even though that UK study on living wages found the vast majority of social enterprises pay a living wage, it also found that 16% aren't able to pay a living wage due to wider economic issues, financial barriers, customer demand, and market issues²¹. In other words, they have to compete with for-profit companies that offer low prices by underpaying their employees and by cutting costs in other exploitative ways.

Having to compete with for-profit businesses can result in organizations drifting from their social mission or having to consciously sacrifice it for the sake of survival. For instance, the manager of one second-hand charity shop in Sweden decided to reduce the working hours of the staff, even though part of the social mission of that business is to provide work to disadvantaged people who are struggling with employment²³. This mission drift obviously reduces these organizations' ability to address issues like poverty, homelessness, ecological degradation, and the unmet needs of disadvantaged communities.

The fact is that the destructive for-profit dynamics push all businesses to behave unsustainably (Figure 8). Changing some of the players in a fundamentally flawed game will never be enough. We have to change the game.

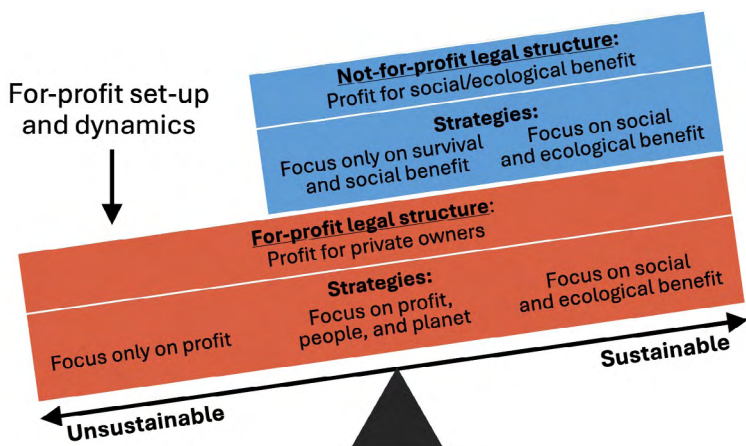


Figure 8. For-profit set-up and dynamics push businesses to behave unsustainably

Sadly, these unhealthy trends driven by the for-profit economy have contributed to the erosion of people's trust in not-for-profit organizations. Contrary to caricatures about the not-for-profit sector, there is nothing about these organizations that makes them inherently prone to corruption. They are designed for social benefit. Most of the not-for-profit sector's dysfunctions in the current economy are due to the influence and power of the Profit-Driven Market and the ways in which for-profit interests have created the dependence that leads to the enabling charity phenomenon.

Not-for-profit businesses are able to operate and help society *despite* the headwinds of a for-profit economy that was not built for them. That is remarkable. Now imagine what they could do in an economy that was built for them! Simply swapping out some of the playing pieces of our game is not enough. A not-for-profit business dropped into a for-profit economy will still struggle under the for-profit set-up; competing for the same resources, measured by the same metrics, and pressured by the same dynamics. That can lead to survival at the cost of purpose. To really meet everyone's needs in harmony with nature, we must change the whole market. What we need is not just a few different players or pieces, but a different game altogether: A new

set-up that will encourage better strategies and lead to sustainable dynamics. An entirely Not-for-Profit Economy.

Imagine: Every business across every sector, operating for social and environmental benefit and reinvesting all surplus into meeting needs, with no private owners accumulating wealth at society's expense. It's not a utopia—but rather a logical extension of the beautiful anomalies that already exist today, finally given the conditions to flourish.

It is in this spirit that I present the Not-for-Profit Economy model in the next part of this book. Not as a silver bullet, not as a perfect blueprint to be implemented overnight, but as an invitation – to imagine, to discuss, and to work together to build a more sustainable future for all of life on this planet we share.

So, what does this alternative actually look like? I'm glad you asked.

Part II

There's a new game on the shelf

Welcome to the land of plenty: A sustainable Not-for-Profit Economy that meets everyone's needs in harmony with the rest of nature¹. It's an economy in which all businesses are set up to benefit the wider community. They have no private financial owners and use all their profit to either improve their offerings or to achieve other social and environmental goals. They circulate money and resources to where they're most needed.

The Not-for-Profit Economy is not only generative; it actively prevents exploitation. This economy does *not* systemically drive consumerism, environmental crises, inequality, market concentration, or political capture. Work, money, banks, wages, innovation, and even debt are no longer tools of extraction, but of mutual benefit.

As you read Part 2, I invite you to focus on how this economy functions – its strengths, its trade-offs, its possibilities. If questions arise about how we get from here to there, hold onto them. Part 3 is where we tackle the possibilities for transformation. For now, the task is simply to imagine this alternative clearly.

The model I present here is not a final blueprint. It is designed to be flexible and adaptable to different contexts, and I hope it will be iterated and improved – perhaps even by you? What matters is the core principle: An economy built entirely around meeting needs, not extracting profit.

Welcome to the Not-for-Profit Economy.

Chapter 5:

The set-up of a Not-for-Profit Economy

Just as we set up the for-profit game, we'll start with the main playing piece of this game: not-for-profit business. Then, we'll move on to looking at the layout of the Not-for-Profit Economy game board as well as its rulebook.

Not-for-profit business: Main piece of the game

In this economy, all businesses are not-for-profit and set up to achieve a social benefit mission. All their resources must be used for that very purpose. Thus, businesses can either reinvest their profit back into their operations, save it for a rainy day, or use it for public benefit.

Each company's social benefit purpose is stated in its legal registration documents. A business's purpose can be any action that helps address society's needs and challenges, including taking care of nature. The definition of "social benefit" is enshrined in law, enforced by government, and democratically updated as needed. While various governments may word it slightly differently, companies are only granted legal registration if they can make a clear case for how their mission and activities will benefit a wider community. All governments reject private financial enrichment as a mission, as well as any intent to harm.

Just like all other businesses, freelancers and sole traders (people who provide services independently without employing anyone else such as consultants, plumbers, or graphic designers) specify their social purpose in their incorporation documents and assign themselves a fair salary. Any surplus above that salary and their operating expenses is reinvested to improve the business or is channeled into activities that benefit the public.

Figure 9 illustrates some of the rich diversity of social benefit purposes that not-for-profit businesses can pursue, ranging from helping people fight a disease, to assisting refugees, protecting a nearby lake or forest, providing healthy food for the community, taking care of children, repairing bicycles, offering transportation services, or providing affordable plumbing.

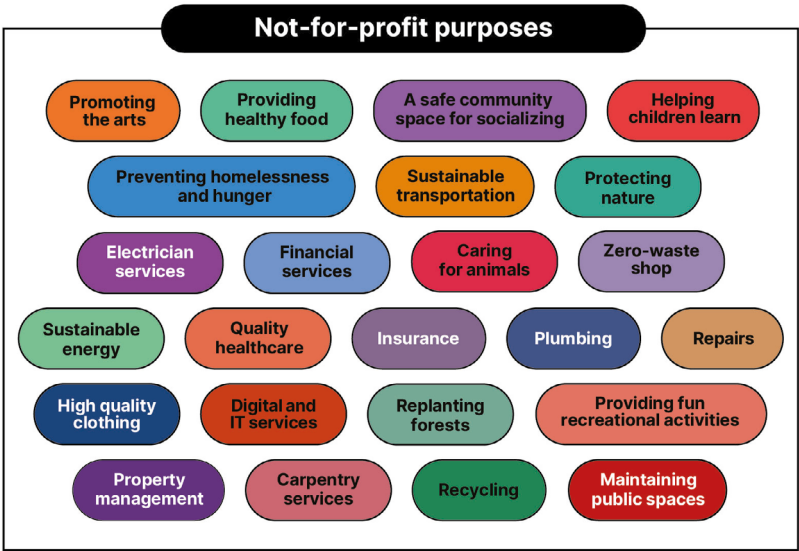


Figure 9. Diversity of social benefit purposes

To ensure that all profit is reinvested, a *non-distribution constraint* is baked into every legal structure. This means that profit cannot be distributed to individuals, not even as a bonus to managers or employees. Companies in this economy also have an *asset lock*, meaning that when the business shuts down or dissolves, its non-monetary assets—like computers, desks, and the like—must go to another business or charitable cause. In any case, because there are no for-profit organizations in this economy, the resources will be used to benefit the wider community.

There are no private business owners in the not-for-profit economy. You might wonder: Then, who manages the company? There is no strictly set form of governance for businesses. Typically, they must have a board that holds them accountable for using their resources to pursue social benefit with minimal ecological impact, and to make sure all relevant stakeholders have a voice in the governance of every company. A board can consist of consumer representatives, worker representatives, environmental experts, and diverse community representatives. Lighter or no board requirements typically apply to very small companies and freelancers, because government auditing is often sufficient oversight.

Most businesses have managers making daily decisions, guided by the company's social benefit mission and held accountable by workers, the board, government, consumers, and civil society. Within this broad framework, governance can take different forms – from “worker self-direction” models where employees are actively involved in daily decision-making, to direct or representative democracy models where workers vote or elect representatives to speak on their behalf at quarterly or annual governance meetings. Worker unions can add an extra layer of assurance, particularly for smaller groups of workers who might otherwise feel marginalized. Finding the right governance model for your needs is an important consideration when choosing where to work in the Not-for-Profit Economy.

The layout of the Not-for-Profit game's board

The Not-for-Profit Economy includes four spheres: the Needs-Based Market, the Partner State, Civil Society, and the Commons. These economic spheres are all inextricably dependent on a fifth sphere: the Biosphere. Indeed, the first four spheres of the economy—the human spheres—are a sub-set of the biosphere. Figure 10 illustrates how goods, services, money, and materials flow between the spheres.

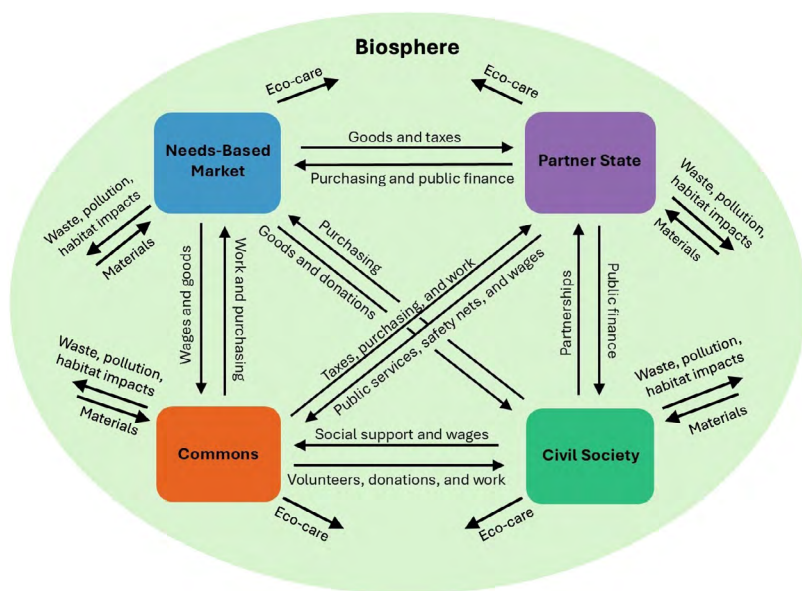


Figure 10. The flows of materials, goods, services, and money in the Not-for-Profit Economy

Needs-Based Market

The Needs-Based Market is entirely composed of not-for-profit businesses. There are no for-profit businesses. So all surplus in the market is reinvested into producing useful products and services for social benefit. Businesses measure their effectiveness by how well they meet the community's needs while minimizing harm to people and the planet. Profit is a means to an end, that end being a sustainable society in which everybody's needs are met.

You may wonder how investment (also known as finance) functions in the Needs-Based Market. Investments are made for social and environmental returns, rather than a financial return. This means that the investor and the community both benefit in social and environmental terms, for instance with better food, higher-quality clothes, effective modes of transportation, cozy places to hang out, opportunities to play sports, access to art classes, or the preservation of a nearby forest. To decide where to invest next, businesses and

investors are constantly taking stock of society's needs and challenges.

Instead of using profit projections to convince investors to give them money, entrepreneurs need to convince investors of three key things:

- 1) Society's need for their particular business activities.
- 2) The social or environmental importance of how the business will use the profit.
- 3) And the viability of the business—that it will be able to become financially self-sufficient within a reasonable amount of time.

Who are the investors in the Needs-Based Market? The main investors are financial institutions, which also have a social benefit mission and a legal requirement to reinvest all profit for their mission. These include independent banks, credit unions, savings and loans associations, mutual savings associations, public banks, charity-owned banks, and social impact investment funds. All of these organizations are not-for-profit in this economy. Most of them focus on offering standard banking services and use some of their customers' savings to make investments. Credit unions, savings and loans associations, and mutual savings associations are member-based institutions (similar to consumer cooperatives), so members can have more of a say in their operations. Social impact investment funds do not provide banking services but rather focus on providing loans and other support to help businesses start up or grow.

These financial institutions focus on making sure everyone has access to the banking services they require. They keep money flowing to where it's most needed, giving loans to households and communities for major expenses like building repairs or community infrastructure, and to entrepreneurs and businesses when they need a financial boost to provide goods and services to the community. In the Needs-Based Market, this kind of not-for-profit finance is the norm rather than the exception. Without for-profit competitors distorting the system, capital simply goes where it does the most good. Not-for-profit banks pour 100% of their profit back into the system.

Since investment is made for a social or environmental return rather than a financial one, are lenders allowed to charge interest on loans in the Needs-Based Market? Yes, they are. The reason for this lies in the difference between extractive and functional interest. In the Profit-Driven Market, interest is a mechanism for the owners of financial institutions to accumulate wealth. In the Needs-Based Market, interest serves a different purpose entirely: It covers the operating costs of the financial institution, compensates for inflation, and manages risk—none of which constitutes private profit. In the Not-for-Profit Economy, interest rates on loans and bonds are low. Fair terms are negotiated and agreed upon by both the lender and borrower.

Compounding interest², a common practice in the for-profit economy, is not legal in the Not-for-Profit Economy. Lending is regulated by the Partner State to protect borrowers from predatory practices, like compounding interest, that serve no purpose beyond enriching the lender at the borrower's expense. Debt-based finance means that the amount of money the investor receives back is fixed. The financial relationship between debtor and lender is over when the debt is repaid. This kind of investment does not involve financial ownership or shares of any kind.

Beyond formal financial institutions, peer-to-peer and business-to-business support is woven into the fabric of finance in the Needs-Based Market. Investment networks and platforms enable people and organizations to support each other through loans, bonds, grants, donations, and crowdfunding.

The Partner State plays an active role too, offering seed funding, start-up grants, and low- or no-interest loans to help new businesses get off the ground. Public finance is paired with practical support such as workshops and incubator programs to help entrepreneurs build viable businesses. And because every business in the Needs-Based Market is not-for-profit, all public funding benefits the community; there are no ethical dilemmas involved in the state using public money to finance market activities here.

Charitable foundations in the Civil Society sphere add another source of investment, offering grants and loans to fill any remaining

gaps. Together, these diverse and interlocking sources of finance create a balanced, resilient financial system. Figure 11 illustrates the full picture.

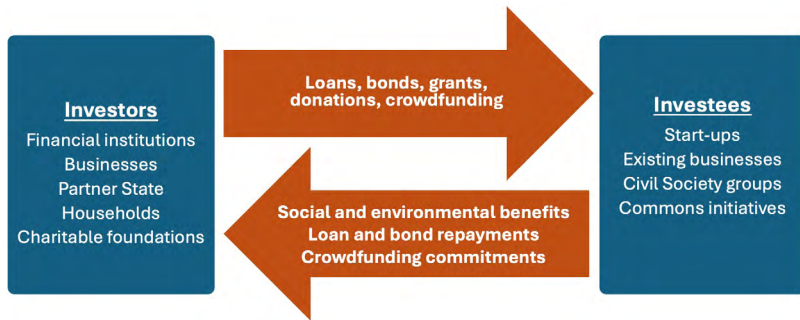


Figure 11. Diverse sources of investment in the Not-for-Profit Economy

There is no shareholding or stock market in the Not-for-Profit Economy. Member-centered businesses, like associations and cooperatives, offer membership instead of shares: You pay a membership fee and get a vote. No shares or dividends. Membership fees raise capital and grant democratic participation, nothing more complicated than that. Cooperatives that provide essential services, like healthcare or energy, can offer discounted membership fees based on ability to pay, to ensure no one is excluded.

It is crucial to make sure decision-making power is not proportionally tied to financial investment, as that can easily drive the destructive dynamics of inequality. Keeping it simple is the point: You support the organization, you get a voice. That's it.

If more financial liquidity is needed in the market, a limited form of not-for-profit shareholding can be implemented to facilitate investment and cooperation within networks of enterprises. But this is only permitted under strict legal terms: Shares can be owned exclusively by not-for-profit entities, never by private individuals, and there should be capped returns to the shareholder organizations. Such a system would require careful monitoring to ensure it never becomes a mechanism for market concentration. A core strength of the Not-for-Profit Economy is that power and wealth are widely distributed and decentralized, so any shareholding structure must preserve that.

Partner State

Although the Needs-Based Market can do a lot in terms of meeting needs in sustainable ways, the Partner State also plays a crucial role in this game. In this economy, the market and state work together to provide for people's necessities in a fair and ecologically safe way. That's why I call it the Partner State. This sphere keeps a bird's eye view of what is happening in the economy, as well as how the economy is impacting people and the planet.

One overarching policy goal of the Partner State is to maintain high levels of public health. Government agencies, researchers, and civil society organizations use a holistic dashboard of indicators, including child mortality, life expectancy, rates of chronic and acute disease, mental illness, literacy, material standard of living, gender equality, socioeconomic equality, self-reported wellbeing, biodiversity, soil health, greenhouse gas emissions, and levels of air and water pollution. Like the dashboard of an airplane allows a pilot to know if they're on course, this dashboard allows policymakers and the wider public to assess if society is doing well.

Monetary flows are tracked but *not* used as a proxy for wellbeing or social progress. If measures of success were to include income, profit, or GDP, it could give a misleading picture of how a community is actually faring. In this economy, money is a means to meet needs, not an end in itself. And the Partner State treats it accordingly.

Based on the dashboard of wellbeing metrics and input from constituents through public consultations, the Partner State develops and implements policies via transparent, participatory processes. If people's needs are not being sufficiently met, or if the economy loses balance in terms of prices, wages, equitable access to essential goods, and sufficient production within ecological limits, the government intervenes through laws, regulations, taxes, and guidelines.

There are many market policies that governments might implement in response to the changing circumstances and demands of their people. If a business or sector is treating finite resources irresponsibly—producing lightbulbs that are not as long-lasting

as possible, for instance—then the Partner State can mandate and enforce better standards. Important baseline policies include limits on interest rates; a minimum living wage; requirements that all products are non-toxic, repairable, recyclable, and biodegradable; a ban on planned obsolescence; requirements that companies take back packaging and products at end-of-life; and limits on advertising in public spaces (including digital spaces). In this way, the Partner State sets both lower and upper boundaries for the Needs-Based Market. In housing, for instance, the government defines both minimally acceptable standards and limits on luxury, keeping land and home ownership from becoming a significant source of inequality.

The Partner State also mandates transparency and accountability across the entire Needs-Based Market. All companies are required to publish annual financial and sustainability reports, as well as their legal charters and investment structures. To ensure compliance, the government audits businesses to verify that their actual practices comply with the law and align with the company's own published reports. Since firms are set up for social benefit and face no race-to-the-bottom competitive pressure, transparent reporting is not a disadvantage—it is simply how the game is played.

Another key function of the Partner State is to offer monetary safety nets, like unemployment, sick leave, disability, and retirement payments, to sure nobody falls through the cracks. This sphere also provides a wide array of public services free of charge or for affordable fees. These commonly include healthcare, education, public transportation, public infrastructure, water works, waste and sanitation services, the electricity grid, policing, courts, fire services, ambulances, criminal rehabilitation, maintenance of public spaces, and the military. In some contexts, they also include energy infrastructure, internet access, and housing.

To maintain its operations, the Partner State needs to generate revenue through some combination of taxes and fees. Depending on what their constituents want, different governments offer different services, and the balance of free versus charged services, as well as the tax rate, vary from place to place.

Finally, the Partner State maintains global and local stability through participation in international and supranational organizations, like the United Nations, facilitating needs-oriented trade and mutual aid between countries and regions.

Civil Society

Civil Society is the charitable sphere of the Not-for-Profit Economy. All organizations in this sphere are not-for-profit and offer goods and services for free. Most of their resources stem from grants, donations, and volunteer work. Free inputs allow for free outputs. This contrasts with the Needs-Based Market in which businesses buy and sell goods and services. Civil Society also differs from the Partner State in that it is composed of a plethora of diverse, independent organizations rather than being a single collective entity.

Civil Society organizations play an important role in maintaining balance, fairness, transparency, citizen engagement, and accountability in the Not-for-Profit Economy. They complement and collaborate with the other spheres to meet needs through charitable activities, like operating food banks, drug detox centers, and homeless shelters, hereby providing another layer of safety net in society.

Another key function of this sphere is to help ensure high levels of inclusion and participation in economic decision-making. Because we have limited resources on this planet, we need to use them as effectively as possible to meet everyone's needs, so we need systems to make sure everybody's voice is heard. Civil Society does this by representing groups of people in participatory processes through collective interest organizations like consumer associations, worker unions, minority rights' groups, and environmental protection associations. These organizations raise concerns in town hall meetings, citizens' assemblies, and other public consultations with policymakers and businesses. If their concerns are not addressed, they organize petitions, strikes, demonstrations, and other forms of civil disobedience to make their voices heard. These types of Civil Society organizations also play an important role in uncovering and spreading

important information about the state of our world through research, investigative journalism, and watchdog reports.

Community land trusts are a particularly important part of Civil Society in the Not-for-Profit Economy. They own and maintain land on behalf of communities and with regard for environmental stewardship. Land is typically owned by community land trusts, not-for-profit businesses, Civil Society organizations, and the Partner State. That way, any profit made from using the land goes back to serving society. When it comes to land on which housing or commercial buildings are built, these institutional landowners offer long-term or semi-permanent leases. Such arrangements enable the protection of ecosystems and prevent private landownership from driving inequality.

Commons

The Commons is the sphere in which household and community provisioning happens without money. In the Commons, communities and households manage shared resources and self-organize to meet their needs with minimal or no reliance on the Needs-Based Market, Partner State, or Civil Society. This includes everything from community gardens, tool sheds, and thing-libraries to babysitting networks, makerspaces, and sharing and swapping networks – as well as unpaid household care work like cooking, cleaning, childcare, elderly care, and home repairs. Unpaid work in this sphere is consensual and negotiated, rather than exploitative.

Some of these commons are quite straightforward, like community gardens and babysitting networks, but initiatives like thing-libraries and makerspaces are lesser-known in the for-profit economy, so allow me to elaborate. A thing-library (also known as a library of things) is a place that collects, stores, and lends out products that people typically only need once in a while or for a limited time. This includes items like books, puzzles, board games, rollerblades, camping gear, crutches, or kids' clothes and toys. Registered members can check out different items they might need for a specified amount of time, free

of charge, in the same way you can check out books from the library. Makerspaces are collective spaces where people come to make, repair, and refurbish their household items and even create new products themselves. These spaces are equipped with tools for sewing, carpentry, woodwork, metal work, and even 3D printers.

Successful commons share some key attributes regardless of context: Clearly defined boundaries indicating who has the right to use a resource; community-created rules with minimal external intervention; self-organized monitoring and sanctions to ensure rules are followed; and agreed-upon mechanisms for resolving disputes.

When a formal structure is necessary—for instance, to accept donations, grants, and volunteers, or to enforce rules—Civil Society organizations can act as collective owners in the Commons. For instance, if a community toolshed needs to take monetary contributions from members to buy tools, it incorporates as a charitable organization to ensure transparency about how it uses these resources.

The Commons is not a marginal add-on to the Not-for-Profit Economy, it is one of its foundations. Material needs are met as much as possible through sharing, swapping, repairing, gifting, and mutual care, reducing pressure on the Needs-Based Market to produce more. The ways in which households and communities organize this informal care are infinitely diverse – from a rural community in Uganda to a farming town in Hungary to a neighborhood in Bogotá or London. There is no single template. What they share is a core principle: People taking care of each other and their shared resources, as they always have.

Variations of the Not-for-Profit Economy

The four spheres are the cornerstones of the Not-for-Profit Economy's layout, but the model is not a fixed blueprint. The right mix of spheres varies according to context and shifts over time in response to changing conditions and needs.

Each sphere has distinct strengths. The Needs-Based Market and Civil Society consist of distributed networks of organizations that can

act independently, making them highly resilient and adaptable. The Partner State is better suited to planning and implementing large-scale projects that require coordination across the whole economy. The Commons excels at responding to local needs through grassroots initiatives, and sidesteps the complexities of money and legal forms altogether with no need to navigate wages, prices, profit, or taxes.

Finding the right balance between these spheres for a given context is what makes a Not-for-Profit Economy work well. More Commons, more Market, more Partner State, or more Civil Society – that is for each community to decide (Figure 12).

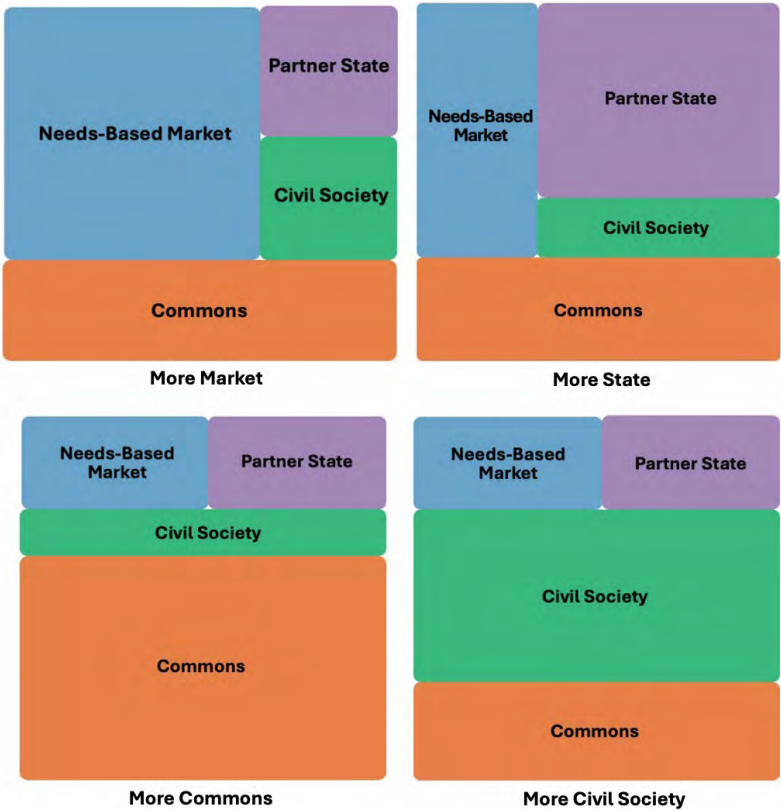


Figure 12. Some possible variations of the Not-for-Profit Economy

The rulebook of the Not-for-Profit Economy

Now that we've gotten familiar with the main playing pieces and the layout of the board, let's take a quick look at the rulebook, which explains the objective and the logic of this game. In broad strokes, this is how the rulebook says the Not-for-Profit Economy should work and why:

Evolution is a process through which different forms of life develop together, each finding ways to thrive through mutually dependent relationships. Humans evolved the same way. That is why human nature expresses a wide variety of traits, including collaboration and competition, generosity and greed, altruism and selfishness. Human nature is complex, just like the rest of nature.

Yet, humans are among the most cooperative species on Earth. We are so cooperative that biologists classify us as an "ultra-social" species. We have a large capacity for care, collaboration, and collective action. We are a socially attuned species: The pain of others affects us and, conversely, the flourishing of others benefits us. Because all life on Earth is intimately interconnected, it is only rational to collaborate and care for others.

A key factor in shaping our behavior is the extent to which our needs are being met. To bring out the best in each of us and to maintain social stability, we should ensure that everybody has a decent standard of living and we should nurture their ability to pursue their potential. Inequality and deprivation are bad for everyone. The more people whose needs go unmet, the worse off we all are. Not just because of the social unrest that follows, but because of the creativity and ingenuity we lose. A high degree of economic equality is not just desirable; it is rational.

If we work together, we can make sure that everyone's needs are met in harmony with nature. Everyone has the same universal needs: Subsistence, affection, protection, identity, leisure, participation, creativity, understanding, and freedom. These needs are finite, but our ways of satisfying them are infinitely diverse.

When people's basic needs are met, money stops being a strong motivator. People are naturally curious and creative. So, what really

drives us is a deeper sense of purpose, like mastery or contributing to something greater than ourselves. The people who invented the wheel, the first vaccine, and the internet were solving problems and meeting needs, not trying to get rich. Innovation thrives when people are free to create, not when they are under pressure to extract profit.

A sustainable economy plays a relatively small, supportive role in life. All production and consumption are oriented towards providing a decent standard of living for everyone, while doing minimal harm to the rest of nature. Products and materials are kept in circulation as long as possible, because producing new things harms the environment. Money is also kept in circulation, rather than accumulating where it is not needed. If a household or business has a surplus, it can be used to help others meet their needs.

To ensure that no one is left behind, inclusion and diversity are key aspects of the flow of information through the economy. Constant attention is paid to identifying and lifting potentially marginalized voices and making sure that the people in the room represent the diverse perspectives and interests of different groups in society. This helps to prevent poverty, trauma, and conflict, too.

Everything and everyone is interconnected. Human health depends on ecological health. Individual wellbeing depends on collective wellbeing. This means the economy must work for the health of the whole—people and planet—not for the financial gain of a few.

Money and prices do not reflect what is truly valuable. Healthy food, childcare, preventative healthcare, and education should be affordable. Clean air, healthy ecosystems, and public spaces are priceless; meaning they cannot and should not be assigned a price tag. Value is not measured in money. It is measured in wellbeing. Success, prosperity, and progress are defined in terms of satisfying everyone's needs within ecological limits.

Chapter 6: Social benefit strategies: Let's get together and feel alright

What are the different kinds of strategies that rational players use to succeed in this kind of game? Instead of trying to sell more, cut costs, consolidate wealth, and control the game to generate more profit for owners, players in this game try to find the best ways to deliver social benefit. Players in the Not-for-Profit Economy gravitate towards using the most effective strategies for reaching that goal and the more effective a strategy is, the more players will adopt it over time. The most prominent strategies of the not-for-profit game are: *Serving* the community, *circulating* wealth and resources to where they're needed, *communicating* with stakeholders to confirm efforts are on-target, and *collaborating* with other players across all spheres to ensure people's needs are met.

Serve

The most straightforward strategy in the Not-for-Profit Economy is to serve the community directly: Identify a need and meet it. Players—entrepreneurs, civil society groups, government agencies, researchers, businesses—scan the economy for gaps and businesses respond to them by offering products and services that genuinely address society's needs and challenges.

Entrepreneurs start businesses to meet specific needs or challenges in their community. For instance, there might not be good enough access to transportation for elderly and disabled people in their community. Or there might not be enough grocery stores or gardening

supply shops. When entrepreneurs spot these unmet needs, they either expand their existing company's services or start a new business to provide the necessary goods and services. Guided by their social benefit mission, companies take the time to carefully design their products and services to best meet the community's identified needs in harmony with nature, minimizing any harm done to ecosystems. They consult with consumer associations, worker unions, social impact experts, ecologists, and government agencies to ensure their products and services are aligned with their customers' needs, while at the same time protecting people and the planet.

Serving a particular community well requires knowing it well. That is why most not-for-profit businesses operate at a fairly small, local scale. Where the same need exists across many locations, businesses may scale regionally, nationally, or internationally, but always with positive impact (not market share or profit) as the measure of success and with local branches managed by local people who understand their context.

Serving society includes caring for nature. There are plenty of businesses in the Needs-Based Market that provide environmental care and regeneration services. For instance, some specialize in drawing pollutants out of the water, while others focus on replanting diverse forests or rehabilitating wetlands, and yet others focus on environmental consulting and planning services.

Of course, it is best to avoid harming nature in the first place. So, rational players in this game avoid overproduction. Producing more than people need wastes resources and drives unnecessary environmental harm—the opposite of the game's objective. Producing for sufficient consumption is key.

Along the same lines, businesses also design all their goods and services to minimize environmental impact. Products are made to be as durable, reusable, and repairable as possible. They are made from recycled and reclaimed materials wherever feasible, keeping resources in use and reducing the need to extract new materials from nature. The vast majority of products in this economy contain no toxic chemicals

and generate minimal waste – all ingredients and components are reusable, biodegradable, or recyclable. Sustainable services follow the same principles, minimizing their use of energy and materials. When products are built to last and designed to be repaired rather than replaced, the pressure to manufacture new goods slows – and with it, the environmental burden of the economy as a whole is reduced.

On-demand production is another typical strategy in the Not-for-Profit Economy, when it comes to non-essential items. This means businesses produce only what is ordered. Goods like books, orthopedic insoles, and furniture are made when needed, not stockpiled in warehouses. Service businesses follow the same logic. Workers offering one-time services—a car ride, food delivery, childcare—do so on flexible terms that suit both provider and customer. Unlike the for-profit gig economy, where flexibility comes at the cost of fair pay, service workers in the Needs-Based Market earn a fair wage. Flexibility and fairness are not in conflict here, because profit extraction is not part of the equation. The more players pursue these strategies, the easier it is for all players to use them.

Circulate

The second strategy is to keep goods, resources, and money circulating to where they are needed.

Leasing schemes are one expression of this. Rather than selling products outright, many businesses retain ownership and responsibility for maintaining them, while customers pay for the service the product provides. Lighting, washing machines, cars, bicycles, and other resource-intensive goods are commonly leased to households and community centers. When something breaks, the producer repairs it. When it reaches the end of its life, the producer takes it back. This keeps products in use longer and reduces the pressure to manufacture new items.

Product takeback systems extend this logic further. Producers take back not just the product but also its packaging, to reuse, repair, refurbish, upcycle, or recycle. Reuse, repair, and upcycling are always

prioritized, with recycling or disposal as a last resort. Boxes, containers, bottles, and bags are returned and used again as many times as possible. Waste is not the consumer's responsibility. To reduce packaging, there are also plenty of shops where customers refill their own containers (with food or cosmetics, for example) and pay by the kilo or pound.

On a larger scale, manufacturing plants are organized in circular ways that allow one factory's waste to become another's raw material. Wood chips from a lumber processing plant become composite materials for housing and furniture. Waste heat from industrial processes is used to heat or power nearby buildings. These eco-industrial parks turn the linear logic of take, make, discard into a closed loop.

When it comes to keeping money circulating, this happens in two main ways: Through wages and through pricing.

All companies pay their employees a living wage; a salary that allows them to buy the things they need to live a comfortable life. Businesses set salaries in relation to the cost of living and in dialogue with workers. Since managers cannot receive bonuses from profit, the gap between highest and lowest salaries tends to stay small. Most companies have also set a maximum wage ratio (the difference between the highest and lowest paid employee) that feels fair to all workers. People doing difficult, hazardous, or dangerous work (such as agricultural workers, cleaners, emergency technicians, and waste management workers) are compensated with higher pay and shorter hours, in recognition of the extra stress and risk they take on for everyone else's benefit. Many businesses go further, treating fair employment itself as part of their social mission: Offering good jobs to people who might otherwise struggle to find work. Providing decent jobs with good wages is not optional in this economy, it's the norm.

Businesses also price their goods and services to ensure access. The most straightforward approach is to keep prices as low as possible, using any surplus for the social mission. The standard pricing of some products can still be too expensive for some people, for instance, due to high supply costs. In these cases, firms tend to use sliding scale fees: Charging more for those who can afford it to fund lower prices or additional services for those who cannot.

Companies that sell non-essential items sometimes choose to charge a higher price because they need more money for their social mission. For instance, a bookstore might charge high prices that not only cover the cost of selling books but also generate enough profit to provide after-school activities for kids. These “cross-subsidization” pricing strategies help redistribute wealth according to need. In the Needs-Based Market in which all companies are not-for-profit, such accessibility-based pricing practices are widespread. Transparency about costs and mission helps higher-income customers feel good about paying a little more.

Another approach is participatory pricing—pay-what-you-can or pay-what-you-wish—which breaks the purely transactional logic of buyer and seller and builds trust in its place. This approach is most often used in restaurants and cafés, to ensure a hot meal is available to everyone.

These kinds of adaptive or dynamic pricing strategies are not always necessary. If everyone who requires a certain medication can afford the cost of producing it ethically, there's no need for a complicated pricing scheme in the first place. That's also the logic behind a living wage: When people can afford what they need, pricing doesn't have to work so hard to accommodate them.

For goods with a high environmental footprint—like refrigerators, washing machines, and digital hardware—businesses deliberately set high prices to discourage overconsumption and encourage repair over replacement. When the price for these items is too high, payment plans spread the cost over time without spiraling debt, since loans come with no or low interest. The Partner State and Civil Society can also step in to subsidize essential items where needed.

Players also circulate non-monetary resources. When a business has achieved its mission and closes—a wetland rehabilitated, a community need met—its assets flow directly to other firms or to charities due to the asset lock. This includes everything; desks, computers, equipment, and even the kitchen sink. Nothing is extracted. Nothing is wasted. Everything keeps circulating.

Cooperate

The third strategy is cooperation. In the Not-for-Profit Economy, players don't go it alone. They actively seek out collaborative potential in the market and beyond. Networks of mutual support allow businesses to share resources, knowledge, and innovation, all in service of meeting society's needs more effectively.

Competition is not absent from this game, but it looks different. Players compete not to maximize sales or consolidate the market, but to meet needs in the best way possible. And because all players share the same fundamental objective of public benefit, competition happens within a larger spirit of cooperation. It tends to be friendly rather than fierce.

The sequence matters. When a player identifies a gap or a better way of doing something, the first move is to approach existing providers and explore whether collaboration is possible. Only when efforts to collaborate have genuinely been exhausted does a player set up a competing alternative.

Let's say Rita, a horticulturist, notices the local education center could improve its gardening classes. She'll approach the center first to see if they can develop a better class. If they decline, she'll approach similar initiatives in the area. Only if they also decline does she start her own center. The community ends up with better classes either way.

Two cafés in the same neighborhood are not necessarily competitors. One plays jazz and serves European food, the other plays hip-hop and sells Caribbean cuisine. Both serve the neighborhood with food, drinks, and a place to gather, just differently. They coexist peacefully and may even collaborate on community events. In the Not-for-Profit Economy, businesses in the same sector tend to see each other as allies in a shared mission rather than threats to be eliminated.

Cooperation also makes the Needs-Based Market more resilient. When times are tough—like a bad harvest or an economic downturn—businesses draw on the networks they have built to support each other. A struggling business can call on its network for resources, money, and other forms of support. If the struggle is due

to bad management rather than external circumstances, the network makes a responsible call: Conserve limited resources, rather than prop up inefficiency, and let the asset lock ensure nothing goes to waste.

Cooperation extends beyond the Needs-Based Market into the Commons. Thing-libraries and neighborhood tool sheds allow households to borrow what they need rather than buy it. A tent borrowed by fifty different people over the course of a few years does far less environmental damage than fifty tents owned by fifty different households that might not use them so often. The same logic applies to drills, bikes, cars, washing machines, and countless other resource-intensive products. Sharing schemes make life simpler, reduce ecological footprints, and strengthen community bonds at the same time.

Clothing swaps, gifting networks, and food sharing take cooperation into the realm of everyday life. At a clothing swap, one person's old purple blouse becomes another person's new one. Children's clothes, toys, and books circulate freely through communities because kids outgrow them so quickly. Community gardens and allotments allow people to grow food together, strengthening social ties while reducing the environmental impacts of long supply chains. People also share and receive knowledge via message boards, community meetings, chat groups, and other online platforms, exchanging recipes, gardening techniques, parenting tips, and repair skills.

Makerspaces bring cooperation and creativity together. These shared workshops allow people to repair, refurbish, and make their own products together. If Maryam is a skilled software developer, she might offer to help others on Wednesday evenings at the local makerspace. If Li is a skilled tailor, he might help people mend their clothes on Saturday mornings. This kind of informal knowledge-sharing echoes how societies have functioned throughout history.

Cooperation happens not only within spheres, but also between them. Businesses, government agencies, charities, and community initiatives regularly work together to make sure everyone is taken care of.

All of this cooperative activity across the entire economy, keeps existing goods in circulation as long as possible, reduces the pressure

on businesses to produce more, and ensures that resources flow to where they are most needed. Cooperation is not just a strategy for individual players. It is the connective tissue of the entire Not-for-Profit Economy.

Communicate

The fourth strategy is communication. For businesses, this entails honest, transparent, and consistent communication with everyone the business affects and everyone it depends on. Companies actively seek out information about society's needs and challenges to shape their mission and strategy. This data flows from government agencies, advocacy groups, researchers, and watchdog organizations that regularly track public health, environmental conditions, access to resources, and unmet needs.

Businesses don't just receive information, they generate it. All organizations in the Not-for-Profit Economy regularly publish financial reports alongside social and environmental impact reports. Businesses acknowledge that all their activities have social and ecological impacts, and they demonstrate to the community that they care about these impacts. This includes the direct effects of the products and services they offer, as well as the indirect consequences of how they are produced. These reports are made available through the company's own channels and through the government business register, which provides a publicly searchable database of every operating business, its charter, and its investment structure. There is nothing to hide and no competitive advantage in hiding it, so everything is open.

All of the above reports are publicly available and written to be understood by everyone, not just experts. This allows not only governments, but also citizens and advocacy groups, to hold companies accountable.

Beyond reporting, players actively seek dialogue. Businesses run surveys, hold public meetings, and invite feedback from customers, beneficiaries, local residents, and Civil Society organizations. Sectoral conferences are open to the public and allow entire industries to assess

how they are doing, get feedback from the public, and decide whether any major changes are needed. The people a business serves know better than anyone what they need; listening to them is not optional, it is how this economy works.

Throughout all of this, inclusion is non-negotiable. Players pay constant attention to whose voices are in the room and whose are missing. Marginalized groups, minority communities, and people most affected by a business's decisions must be actively represented — not as an afterthought, but as a condition of good communication and serving the community.

The Partner State institutionalizes all of this by making transparent reporting and stakeholder engagement legally mandatory for every organization in the Needs-Based Market. Since businesses are set up for social benefit anyway, they support this legislation rather than resist it. These kinds of laws are helpful for ensuring reasonable minimum standards for everyone.

Communication and cooperation are inseparable strategies. Information only flows well when all spheres are working together. Civil Society organizations take part in town hall dialogues and industry meetings to ensure proper representation of diverse perspectives, including more vulnerable groups. Consumer associations perform regular surveys and focus groups, act as consumer representatives on company boards, and raise concerns in public debates with the Partner State — influencing both business strategies and government policies. Environmental organizations and state agencies gather and disseminate research and data about the state of the natural world and represent environmental concerns on company boards. This kind of cross-sphere civic engagement is an essential aspect of how the Not-for-Profit Economy operates.

...

The four strategies—serving people and the planet, circulating money and resources to where they're needed, cooperating with other players in all spheres of the economy, and communicating with relevant stakeholders to meet needs—come together to drive the desirable

dynamics of the Not-for-Profit Economy. Unlike the for-profit game, there is no need to guess how the pursuit of private gain might accidentally benefit society. The connection between strategy and outcome is direct, intentional, coherent, and transparent.

Chapter 7: Sustainable dynamics: What a wonderful world

We're now playing quite a different game from the one we played in Part I. Just like in any game, the set-up guides players to act in certain ways, which in turn causes particular dynamics to unfold. Here, firms only thrive if they choose strategies that benefit the community—so over time, everyone adapts toward whatever strategies work best for that purpose. If your peers find more sustainable ways to meet needs, you'll be inclined to adopt their strategies or develop even better ones. No company wants to be seen as making less durable products, or paying its employees less than everyone else. The more players use these beneficial strategies, the easier it is for all players to use them. This pursuit of social benefit is what drives the larger dynamics shaping the entire economy.

While the for-profit economy entails several reinforcing feedback loops—the vicious cycles of consumerism, environmental degradation, inequality, market concentration, and political capture—several different *balancing* feedback loops emerge from the way the Not-for-Profit Economy is set up.

A balancing feedback loop has a stabilizing rather than escalatory effect. To make this concrete, imagine we're back on the Monopoly board, but the rulebook has changed. Now every time you land on another player's most lucrative property, you pay them rent and *they* must immediately go to one of your most lucrative properties and pay you rent in return. Because the properties are worth roughly the same amount, you keep exchanging similar amounts of rent. Your money increases and decreases in waves, and so does your opponent's.

Nobody runs away with everything.

That would make for a very boring game of Monopoly, but in the real world, it makes for a stable economy. The Not-for-Profit Economy has plenty of these balancing feedback loops, keeping money, goods, and services circulating among people within the environmental limits of the planet. Set up to benefit society, that's just what the Not-for-Profit Economy does. It leads to high levels of economic equality, ecological stewardship, cultural flourishing, and widespread wellbeing. Let's explore how these sustainable dynamics emerge.

Economic equality

First and foremost, the Not-for-Profit Economy leads to relatively high levels of economic equality. Equality here means that everyone has access to what they need, not that everyone has the exact same amount of the exact same things. This dynamic emerges naturally from the not-for-profit legal business structure, as well as the social benefit strategies players use: Paying living wages, pricing goods accessibly, reinvesting all surplus to meet needs, and circulating money to where it is most useful.

The dance between the affordability of goods and the wages people earn is something political economists have worried about for hundreds of years. On the one hand, people must earn enough to afford the goods they need and, on the other hand, essential goods have to be affordable enough for people with normal wages to buy. This means that if prices go up, wages must follow. And if wages go up, prices must rise too, to cover the higher cost of labor.

In this economy, a good balance emerges from businesses striving to pay living wages and to offer affordable prices simultaneously. Without the pressure to extract profit for private owners, this balancing act is far more achievable. Businesses are not pushed to raise salaries to attract white-collar workers while suppressing wages for blue-collar workers. Instead, companies avoid overpaying managers so they can pay everyone a fair wage and offer products at affordable prices.

Aimed at affordability for everyone instead of profitability for

the few, prices remain relatively stable over time in the Needs-Based Market, allowing for stable wages too. The more companies pay good wages and offer affordable prices, the easier it is for other companies to do so, as well, because they don't have to compete with artificially low prices that come from exploiting workers. In this way, prices and wages stay in a dynamic balance in which prices account for decent wages, and wages are sufficient to cover the cost of living. This is good not only for equality but for overall economic and social stability.

Pricing strategies and wage agreements are guided by public health and inequality indicators, tracked through the Partner State's wellbeing dashboard. If wages and prices drift out of balance, the signal is visible to everyone and players respond to the new challenge. And of course, the Partner State also implements strong laws ensuring a fair living wage for all.

The Not-for-Profit Economy handles AI and automation differently too. Rather than presenting an existential threat to household financial security, carefully implemented artificial intelligence contributes to freeing up human time and effort, since any surplus gained through these tools is reinvested for social benefit rather than siphoned to private owners. In this economy, AI is primarily used for dangerous, hazardous, or tedious work that is harmful to people's mental and physical health. Labor costs saved through automation translate directly into lower prices for consumers, rather than higher dividends for owners. Lower prices mean a lower cost of living, so households need less money and therefore need to do less paid work. This is a balancing feedback loop: The same automation that reduces how much paid work is available also reduces how much paid work people need, since it lowers what everything costs. So AI and automation replacing paid human work is not an existential threat in the Not-for-Profit Economy. In cases where the benefits are not being spread evenly enough around the economy, the Partner State implements a tax on companies that replace workers with AI and use that revenue to fund a universal basic income or some other form of support for affected households.

But AI's impact isn't just financial, it's also ecological and social. AI infrastructure carries real energy and material costs, and the people who build and maintain it are not always the same people who benefit from it. In the Not-for-Profit Economy, these costs and benefits are shared as equally as the financial ones – so the burden of AI doesn't fall disproportionately on communities and workers who see little of its upside. Furthermore, AI is only used in ways that respect ecological limits. It makes no sense to implement AI that frees up human labor but decimates the biosphere.

In this economy, money is simply a means of circulating resources, rather than a way to accumulate wealth and power. Instead of surplus being siphoned out of the economy and amassed by private owners, it keeps moving through the economy. Money is channeled to where it is needed most. Because all businesses (including the banking and financial sectors) are not-for-profit and set up to benefit the public, investment and business activities respond to societal challenges, with special attention paid to communities and households that are struggling. Any surplus a firm or bank makes is used for social benefit, either through its own work or in collaboration with other organizations. If people are struggling to find secure housing, then an increased amount of investment goes into providing adequate housing. Once there's enough housing in the area, then investment in this sector can slow down and those resources can be put to some other use. This is another balancing feedback loop: The more people's needs are met, the less investment is required. The fact that land is collectively owned for social benefit in this economy also contributes to equality.

This also has implications for government budgets. Because the Needs-Based Market addresses social and environmental problems rather than creating them, the government tends to operate with a much smaller budget than in the for-profit economy. There is simply far less of a mess to clean up. As such, there's no need to worry about how the Partner State must compensate for the rather small 6–8% of government revenue that is typically generated through corporate taxes in the for-profit economy¹.

When the return on investment is seen through a social and ecological lens, rather than a financial lens, risk also takes on an entirely different quality. The risk of a business venture is no longer primarily about losing money, but about whether the business succeeds in serving the community. A venture might fall short of its goals or have to close before repaying its loans. Yet three meaningful gains are still made. Whatever the company accomplished will have benefitted the community to some extent. The knowledge, skills, relationships, and infrastructure built during its operations remain embedded in the community. And no private accumulation of profit eroded equality in the process. The investment served people rather than extracted from them.

The Not-for-Profit Economy functions much like the circle of life in nature, where detritus becomes nutrients for something new. As businesses come and go according to whether society needs them, entrepreneurs and investors feel less afraid of risk as compared to the for-profit context. The risk of large investments are typically shared with the Partner State or distributed across many players contributing smaller amounts. So even when a big investment fails, it's not cataclysmic for any one player. When downturns hit, not only does the Partner State offer support but solidarity networks also rally resources and surplus from businesses that are doing well to support those that are struggling, adding an extra layer of resilience. With investment socially oriented, evenly spread, and backed by solidarity networks, business cycles still happen, but they are fewer and less intense. Because there is less financial speculation and no stock market, there are also far fewer financial bubbles that can burst and send the economy into a downward spiral. The ebbs and flows of the economy move in a more balanced and harmonious way.

And when people end up out-of-work due to those ebbs and flows, safety nets are provided for them by the Partner State, Civil Society, the Commons, and the Needs-Based Market itself. The whole Not-for-Profit Economy is, in fact, a safety net. The Needs-Based Market is a buffer against poverty, as all activity and resources are focused

on societal benefit. The Partner State offers public services and social protections, like unemployment and disability benefits. The Commons provides for basic needs through sharing, gifting, and swapping. And Civil Society organizations perform charitable work for needs that aren't met by the other spheres. This economic set-up ensures nobody slips through the cracks.

But what if...?

But what if things don't naturally stay balanced? If inequality reaches a problematic level, the Partner State can of course use policies, like taxes and regulations, to intervene. Since all players share the same goal of benefiting society, government interventions are more willingly accepted and more effectively implemented than in the for-profit economy.

Governments can enforce a maximum income or a wage ratio cap in order to maintain good levels of financial equality. For instance, this can take the shape of a law stating that the highest paid employee at a company may earn no more than ten times the lowest paid. Whether a higher or lower ratio is appropriate is democratically decided for each context. Price caps can also be used if market pricing gets out of kilter.

If operating costs get too high and start putting pressure on businesses to lower their workers' wages or to raise prices to unaffordable levels, the Partner State can offer subsidies. Taxes on non-essential products and services, like home décor and beauty products, can fund subsidies for essential goods, like food. Taxes on higher-income households can also subsidize lower-paid work. Government subsidies for the Needs-Based Market are unproblematic here, because no private owners are pocketing surplus from public funds.

If companies save too much profit rather than reinvesting it for social benefit, it can hinder financial circulation, like a blocked artery keeping the heart from pumping blood through the body. To remedy this situation, the Partner State can use taxes or fees on savings above a certain level to discourage hoarding and redistribute excess savings. A hard cap on company savings can also be implemented. As always, this is decided democratically for each context.

A universal basic income funded by graduated income taxes can be a useful supplement in some contexts. In the for-profit economy, it is often proposed as a solution to inequality, but without changing the game, it does not stop the wealth siphon or wage suppression that drive inequality in the first place. In the Not-for-Profit Economy, a universal basic income is not strictly necessary due to higher levels of financial circularity and equality. Nonetheless, it can complement this type of economy, and as we will discuss in Part 3, it may be a necessary part of transitioning from where we are today.

Though the Not-for-Profit Economy functions fine without corporate taxes, governments can choose to tax companies if they deem it necessary. Businesses can pay a basic tax to support free public services, for instance.

In the case that market concentration begins to emerge, anti-monopoly policies and anti-trust laws are activated early on. Companies that take over too much of a market are typically required to downsize or break into smaller units.

The Partner State also keeps an eye on potential sources of wealth accumulation among private households: private savings, exploitative interest on private loans, inheritance, private rent, royalties, lottery wins, increasing asset values (like jewelry and art), black market exchange, and fraud. Taxes and fines help discourage certain activities and redistribute money and resources when needed.

Fraud and corruption are not absent from the Not-for-Profit Economy, but they are far less prevalent. The combination of legal structures, social expectations, obligatory transparency, multiple layers of accountability, and well-funded watchdog organizations discourages corrupt conduct. Where it does occur, organizations and managers alike are held accountable through the court system.

Ecological stewardship

The key aim of the Not-for-Profit Economy is to meet everyone's needs within ecological limits. The previous section explained how this economic set-up equitably provides for those needs. Now let's

look at how it takes care of the planet in the process. The Not-for-Profit Economy does not just encourage operating within the limits of our planet, it encourages us to actively take care of it. That is why this dynamic is called ecological stewardship.

Because every business is designed around sustainable principles, ecological stewardship is not an add-on but rather a natural outcome. In the Needs-Based Market, products are made to last and be repaired rather than replaced; to be kept in circulation rather than discarded. The Commons facilitates the swapping, sharing, and gifting of existing items. Both of these strategies lead to a lower demand for new goods, as compared to the for-profit economy, so manufacturing is reduced. There is much less resource extraction from nature—less cutting, drilling, and mining—because recycled and reclaimed materials fill the gap. Furthermore, toxic chemicals and wasteful production processes have no place in an economy designed for social benefit. The result is an economy that operates within the planet's limits not by accident, but by design. Figure 13 depicts this material circularity.

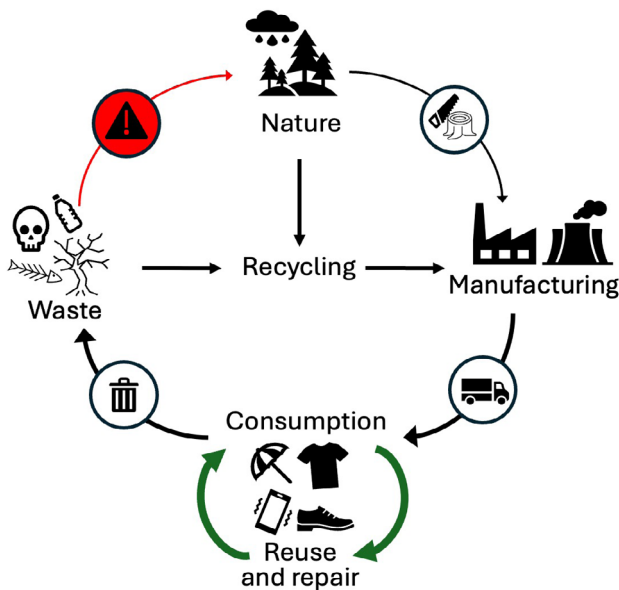


Figure 13. Circular Not-for-Profit Economy

What is often overlooked in circular economy discussions is that material circularity can only happen when there is also financial circularity. If investors seek large financial returns and wealth piles up in the hands of a few, the economy has to keep expanding to meet everyone else's needs. A sustainable economy requires both material and financial circularity, and the Not-for-Profit Economy offers both.

Financial circularity enables customers to choose the most sustainable options, because living wages give them a real choice. When products are made to last, households have fewer expenses because they rarely need to buy replacements. High prices for high-quality durable goods are therefore not a problem. The so-called “price discovery mechanism” in the Not-for-Profit Economy is very different from that in the for-profit economy. Prices in this set-up are just one form of information that customers consider when purchasing things. They also consider the social and ecological impacts of products and producers, which businesses report and publish at regular intervals. And customers have the time and space to do so, due to the high levels of economic equality and stability.

In the Needs-Based Market, customers prioritize buying used, refurbished, repaired, and upcycled goods before resorting to buying something new. Without manipulative advertising and planned obsolescence, shopping is not a mindless hobby but a considered necessity. Because it is standard practice and legally mandated for companies to make their products durable and readily repairable, it is much easier and cheaper for people to repair and refurbish what they already own. This is further facilitated by the community toolsheds, makerspaces, and online DIY repair platforms of the Commons.

Circularity and sufficiency come together to help everyone thrive in harmony with nature. This kind of economy makes it easier to live more simply, owning only what is genuinely needed and repairing what is already owned. Such lifestyles are not a sacrifice. They enable more richness in terms of socializing, contributing to the community, and expressing creativity. Refurbishing an old couch with friends is a more satisfying afternoon than scrolling through a shopping app.

A key principle supporting all of this is local production. In the Not-for-Profit Economy, production, repair, and refurbishment processes happen as locally as possible to avoid wasting energy in the unnecessary transportation of products and supplies from far away. Most businesses have a social benefit mission tied to their local community, so they are naturally locally rooted anyway.

The fact that companies tend to stay relatively small and local contributes to the responsiveness, transparency, and accountability of production processes. Local producers are better able to identify and meet their community's needs as compared to faraway producers. Furthermore, consumers, auditors, and watchdog organizations can easily visit nearby factories and shops to ensure good conditions for workers and that they meet high environmental standards. All companies are also required to measure and report their environmental impacts including supply chain impacts, which further motivates them to stay local.

Local production and consumption also make it easier to track how sustainable an entire community's consumption is and to stay within a fair share of the biosphere's resources. When economic activity is largely localized, trade imbalances and unequal exchange of natural resources are reduced. The soil nutrients used to grow food in one place are cycled back into the local soil via compost rather than being shipped across the world, extracting nutrients from one region to feed another.

Global sufficiency requires local sufficiency, because overconsumption in one place depends on harm and deprivation in another. If communities keep their level of consumption to what they genuinely need, they do not have to rely on underpaid labor and environmental degradation elsewhere. This sustainable economy ensures both global and local sufficiency, so that everyone everywhere has enough to live a decent life. Preventing poverty and preventing excessive wealth go hand in hand.

All of this allows the Not-for-Profit Economy to stay the right size. Unlike the for-profit economy, this model has no built-in features that constantly push it to grow. Success is measured in terms of holistic

public health, not GDP. Wealth circulates to where it is needed rather than piling up. When production meets needs, the pressure to produce more eases. When the biosphere signals stress, production can slow. Thus, the economy can grow to meet new needs when necessary and shrink back within ecological limits when it starts overproducing. Ecological economists call this a steady state or post-growth economy, because it allows for steady or even decreasing levels of consumption based on what is best for society and the biosphere. A sustainable economy is not a smaller, poorer economy. It is a different kind of economy entirely.

In addition to circular production, many businesses invest their surplus directly into ecological restoration: Planting trees, rehabilitating soils, protecting habitats, and regenerating ecosystems that have been harmed. Civil Society organizations focused on caring for nature coordinate with the Partner State to monitor the health of local ecosystems, forests, wetlands, beaches, grasslands, lakes, and seas. Without the pressures of relentless economic growth and extraction, restoration work can actually outpace damage rather than merely trying to keep up with it. And, of course, all of this is good for us humans because we need a healthy natural environment to nurture our bodies, minds, and spirits.

In all of these ways, this type of economy can meet everyone's needs within the limits of our one precious planet.

But what if...?

But what if all of this is not enough to keep the economy within ecological limits? This is where the Partner State is essential. Governments at all scales—local, national, and international—use policies to guide and constrain players to maintain ecological integrity. This is the top priority, because without a functioning biosphere there is no functional society, much less a functional economy.

Governments impose taxes, limitations, caps, rationing programs, and bans on harmful substances. This includes greenhouse gas emissions, trash, and other forms of pollution and waste. The use of

non-renewable, toxic, and non-recyclable inputs is highly restricted. Whereas powerful fossil fuel lobbyists fight such policies in the for-profit economy, they are effectively implemented in the Not-for-Profit Economy because the focus of the market on wellbeing aligns with using strong measures to protect the environment. When necessary, the Partner State also implements these kinds of policy tools to restrict the harvesting and use of limited resources, such as fresh water, minerals, and wood.

Legislation also plays an important preventative role. Laws protect the rights of nature: A river has the right to flow, a mountain has the right to exist, animals have the right to live in peace. These same laws are used to prevent and prosecute ecocide, acts of severe environmental harm.

Environmental taxes encourage minimalist lifestyles and keep production and consumption as local as possible. The Partner State uses this tax revenue to fund ecosystem regeneration and protection. Importantly, environmental taxes in the Not-for-Profit Economy do not appeal to the profit motive to encourage pro-environmental behavior. They serve as a financial reminder that what you are doing has a significant impact on nature, with a clear and humble acknowledgement that remediation efforts can only *partially* address the harm done. This is very different from impossible claims of “full-cost accounting”.

Ultra-luxury goods with enormous environmental footprints, like private jets, yachts, luxury housing, are no longer affordable or even available. It is difficult to imagine a company producing such goods in the Not-for-Profit Economy because they do so much harm. If ultra-luxury consumption does emerge, the Partner State would ban it. Instead of pursuing private luxury, people enjoy the fruits of public luxury. This brings us to the next dynamic: Cultural flourishing.

Cultural flourishing

Another dynamic that emerges in the Not-for-Profit Economy is a flourishing of culture. Higher levels of economic equality allow the arts, sports, science, and innovation to thrive because people have

the time and space to be creative. And in the absence of for-profit structures, culture, science, and innovation are not constrained by what is lucrative.

The fact that there's less production and consumption, as compared to the for-profit economy, means that there is also less work. The typical working week is well under 40 hours. Depending on the context and the current level of need, people tend to work between 10 to 35 hours at a paid job per week. This gives us enough time to lead a meaningful life outside of employment; including socializing and engaging in cultural activities.

People have more time to pursue sports and the arts: dance, painting, basketball, drawing, animation, kayaking, filmmaking, theater, hiking, woodworking, poetry, volleyball, and fashion, just to name a few. These cultural activities add meaning, beauty, and depth to life. They offer us a way to express ourselves and connect to others and the world at large. That is why art and sports have been integral parts of all human societies since the dawn of our species. We are innately creative and playful beings.

The Not-for-Profit Economy not only gives us the time and space to exercise these impulses, it makes them widely available. Tickets for theater, live music, sports events, museums, and art exhibitions are affordable for everyone. Cities and towns use part of their public budgets to host open exhibitions and turn public infrastructure into cultural spaces. When everyone has the time to find their passions and develop their skills and interests, people thrive. Cultural richness benefits all of society.

Intellectual pursuits thrive here too. As a species, we enjoy solving problems, so innovation is an inherent part of any community. This is especially true when people have the time, space, and security to be creative. When material needs are met, people are motivated by the urge to contribute to something greater than themselves and to develop their individual skills and knowledge³. The Not-for-Profit Economy enables innovators to develop new ideas, research, and plans of action. When resources are needed for an important project,

public finance is available. Science and research are not confined to the formal university system but are undertaken by think tanks, businesses, grassroots initiatives, and private individuals inspired to help solve society's problems.

Scientific advances come from fruitful collaborations between different spheres. Players easily cooperate to innovate solutions because they are not worried about maximizing financial gain or securing an income through patents. With higher levels of financial equality and an economy full of safety nets, entrepreneurs can tap fully into their creativity to design businesses that meet needs and solve problems. Uninhibited by the mandate to generate returns for investors, organizations develop new goods, services, and systems that help people and regenerate ecosystems.

Much science, especially the kind that requires laboratories and special equipment, is best conducted by universities. But there is a lively exchange of information and ideas between universities, think tanks, businesses, and independent scholars. The research publication system is not-for-profit, so all academic articles and books are publicly available for free. The government and universities cover publication costs, which are far lower than the costs of propping up a for-profit academic publishing system. Open-source and open-access are the norm. This allows information and ideas to flow freely, enabling the widespread development of socially useful innovation.

This ethos extends to patents and copyrights. In the Not-for-Profit Economy these tools are also oriented toward social benefit rather than financial gain. Creative Commons-style licenses protect the integrity of innovations while allowing others to develop them further in response to community needs. Each license balances several objectives: protecting the integrity of an idea or design; ensuring harmful fakes do not circulate freely; attributing due credit to the innovator; clarifying how the innovation can be further developed; and ensuring accessibility to those who need it, like medication for a certain condition or special equipment for disabilities.

Patents and copyrights are used to protect the integrity of ideas and

inventions, not to lock out competitors or lock in customers. People and organizations can access patented information and technologies for a very low fee or even for free. Jonas Salk famously chose not to patent the polio vaccine because he developed it to help people, not to make money. He understood that for-profit patents keep medicines from being widely available—a lesson that remains urgently relevant.

The main constraint for socially useful innovation is not profit but the principle of “do no harm to people or planet”. As any artist or inventor will tell you, constraints are good for creativity. Innovators must minimize energy use and reuse existing materials as much as possible. Science is oriented toward understanding and harmony, not toward exploiting and controlling the world for financial gain. And that leads to a virtuous cycle of innovation and thriving.

Innovation is also cheaper in the Not-for-Profit Economy, thanks to more freely available information, more affordable goods, a high degree of resource sharing and reuse between players, and the absence of the wealth siphon. All of this reduces the cost of research and development, which in turn contributes to keeping the cost of new goods and services low. Another virtuous cycle.

This economic set-up enables arts, sports, science, and innovation to flourish together, informing and inspiring each other. This diversity makes the economy more resilient. If one idea or initiative fails, there are plenty of others to rely on.

But what if...?

One risk is that the most successful innovators and highest-profile artists attract the most investment, creating a success-to-the-successful dynamic. This is why the Partner State has anti-trust laws in place to keep players from getting too big and markets from getting too concentrated. The Partner State also maintains public financing channels specifically earmarked for smaller and lesser-known initiatives that bring different perspectives.

Another concern is that cultural pursuits might face budget cuts or are sidelined in favor of science and technology. If this happens,

cultural sectors can come together to push for visibility and funding via trade associations, worker unions, and collective organizing. In the Not-for-Profit Economy, their voices are heard and their concerns are taken seriously by both the Needs-Based Market and the Partner State.

Widespread wellbeing

All of the dynamics described above would contribute to a final key dynamic of the Not-for-Profit Economy: widespread wellbeing. Economic equality, ecological stewardship, and cultural flourishing all help meet our needs in important ways. Research has shown that economic equality alone goes a long way toward better mental health, better physical health, less drug use, less crime, and less violence—benefits that extend not only to lower income groups but to the wealthiest households, too^{4,5}.

A shorter working week amplifies all of the above trends. People are less stressed and more able to take good care of themselves and their loved ones. Studies have found that shorter working weeks contribute to reduced burnout, improved mental health, better sleep, more time for restorative leisure, and even better performance at work⁶.

Even our jobs are more enjoyable in the Not-for-Profit Economy. Indeed, work itself is a key source of wellbeing. In the Needs-Based Market, people have jobs that give them a sense of meaning, a voice in the organization's management, good wages, and enough time to enjoy life outside of work. Everybody works for a social purpose, so most people are genuinely inspired by what they do. They know their work is helping to meet real needs and that any surplus it generates helps others, whether people, animals, or ecosystems.

With living wages in every sector and more equality, people do not feel the need to cling to a career they dislike just to avoid financial insecurity. People learn, grow, and change in their working lives. If you are unhappy with your current employer or career, you move to another organization or career path. Because all spheres of the Not-for-Profit Economy provide safety nets, this is not a risky thing to do. Education is approached as lifelong learning, with opportunities

to retrain for different kinds of work informed by what the economy currently needs. For instance, the government offers incentives for people to (re)train as teachers, bus drivers, doctors, farmers, or electricians when there are shortages in those areas.

Meaningful work also has important implications for retirement. A large portion of the population continues working later into their lives because their work gives them a sense of purpose, belonging, and identity. High levels of motivation and health, combined with shorter working weeks, make it easier and more appealing for older people to continue in paid work. Rather than going from full-time work to nothing, people move down gradually, from perhaps 30 hours a week to 20, then to 15 or 10, negotiated with their employer at a pace that feels right for them. Later and more gradual retirement reduces the demand on pension systems. Fairer prices, higher equality, economic stability, and less need to buy new things also reduce the amount of money required for retirement. Less pressure on pension systems translates into less pressure on the economy, as a whole. This is yet another balancing feedback loop.

Ample leisure time allows people to connect with themselves, their loved ones, their communities, and nature. Spending time in nature is essential for mental and physical wellbeing, so the different spheres of the economy work together to ensure everyone has easy access to wild spaces. Connecting with nature is a core principle of city and regional planning. City centers are like elaborate parks, full of green spaces for people to walk, rest, socialize, and even grow food.

Everyone also has the time and space to perform care work in the Commons in ways that work best for them. Cooking a healthy meal together helps people relax, forge relationships, and express creativity. It does far more than just provide nutrition. Participating in sharing networks and swap meets is a fun, social way of satisfying household needs. Playing football or cricket with neighbors meets our needs for exercise, leisure, and socializing simultaneously. Taking care of each other's children in a childcare collective tightens community bonds and gives parents much needed time for themselves. Because they have

time, people teach each other new skills: Maria might teach Benjamin how to edit videos, Benjamin might teach Maria how to cook. These activities meet multiple needs at the same time.

Of course, people also pay for care work to be done by businesses. Companies in the Needs-Based Market offer paid services for food, cleaning, elderly care, and childcare. Workers in these roles receive a fair living wage and any surplus is reinvested for public benefit. Households can decide which mix of paid and unpaid care work is best for them. Governments subsidize care in more challenging situations, such as caring for a loved one with a disease or disability.

Health is approached from a holistic perspective. Players in all spheres work together intentionally to ensure everyone has access to a variety of modes of care and healing, including mental healthcare. With economic equality, more stability, less pollution, and less stressful lives, the public health burden is much lower than in the for-profit economy. And a strong emphasis is placed on preventing disease in the first place. A significant portion of the economy is focused on giving people access to healthy food, regular exercise, and nature, as essential ways to meet needs rather than luxuries available only to the wealthy. Without profit-driven patenting and price gouging in the pharmaceutical and healthcare sectors, the costs of medicines and medical equipment are much lower, allowing for cheaper and universally accessible healthcare.

Unhealthy vices like alcohol, tobacco, drugs, and gambling are inevitable in any society. It is best to keep them visible in the formal economy rather than hidden in informal markets where their harms cannot be traced. Addictions to harmful products take up much less space in the Not-for-Profit Economy for two reasons. First, there is less demand, since people live more balanced lives and have access to mental health services. Much demand for these harmful goods comes from the desire to escape a difficult life situation through self-medication, a desire that arises far less often when needs are met. Second, there is less supply, since the entire economy is geared toward public benefit. Without the profit motive institutionally incentivizing

companies and cartels to get customers hooked on harmful products, countervailing efforts are actually effective. Some communities choose a state monopoly on problematic goods like alcohol, recreational drugs, or gambling, ensuring these are managed for public health. When addiction does develop, treatment is widely accessible through government programs, charities, and businesses alike.

The Not-for-Profit Economy delivers widespread wellbeing, but it would be naïve to ignore that conflicts and illegal activities exist in any social system. We are humans. We are complicated and messy. However, illegal activities—like drug dealing, pimping, and gang violence—and the damage they cause are minimized by higher levels of equality and health. These kinds of illegal activities in the for-profit economy often stem from inequality, systemic discrimination, lack of opportunities, and corruption. The Not-for-Profit Economy addresses all of these root causes. With more collaboration and equality, higher levels of trust, and more access to mental health support, harmful behavior is simply less common. Where laws are broken, an accountable and transparent legal system deals with each case fairly, with a focus on justice through healing, truth, and reconciliation rather than punishment and shame.

But what if...?

What if economic players stop focusing on what people really need—if convenience, habit, biases, or self-interest starts to crowd out the system's founding purpose? The Not-for-Profit Economy is built to catch this kind of drift before it takes hold, through open, participatory processes that keep everyone's voice in the conversation. In this economy, the average person has the time, energy, and financial security to take part in town hall meetings, citizens' assemblies, industry meetings, company boards, and advisory groups to make their voice heard – the time that participation requires isn't a luxury reserved for a few. These processes can feel messy and heated at times, but in the long run they create stability, peace, and trust, because problems get surfaced and addressed early rather than left to

fester. And if the normal flows of information ever fail to maintain acceptable levels of transparency and accountability, citizens and advocacy groups have another layer of recourse: organizing acts of protest and civil disobedience. The social contract in the Not-for-Profit Economy starts with the assumption that all spheres should work together to equitably meet everyone's needs while protecting the biosphere. That starting point makes accountability not just possible, but expected.

An era of wellbeing and flourishing

In presenting the Not-for-Profit Economy, I have offered a recipe for a viable and desirable economy that can deliver wellbeing for all in harmony with nature. With all spheres circulating money and resources to where they are needed and no one accumulating the surplus, this economy is efficient and drives high levels of equality.

The whole economy provides safety nets that are there to catch us when we fall. The central focus on wellbeing guides all economic activity to be targeted and sustainable. People live materially minimalist lifestyles, allowing everyone to have enough. The economy grows, shrinks, or stays the same size in order to satisfy everyone's needs within ecological limits. Vitally, this economy gives us plenty of time and space outside of it, which allows us to take care of ourselves, each other, and our communities. Culture, science, and innovation flourish and contribute to our health and healing. The set-up encourages players to pursue the strategies of serving the community, circulating wealth and resources, cooperating with each other to meet needs, and using clear and constant communication to ensure their efforts are on-target. On the larger scale, this leads to a dynamic balance between wages, working hours, prices, production, consumption, unpaid care, civic engagement, and leisure time. All of this adds up to more economic equality, ecological stewardship, cultural flourishing, and widespread wellbeing. Figure 14 depicts how the set-up of the Not-for-Profit Economy encourages beneficial strategies, which create sustainable dynamics and a feedback loop that keeps things balanced and stable.

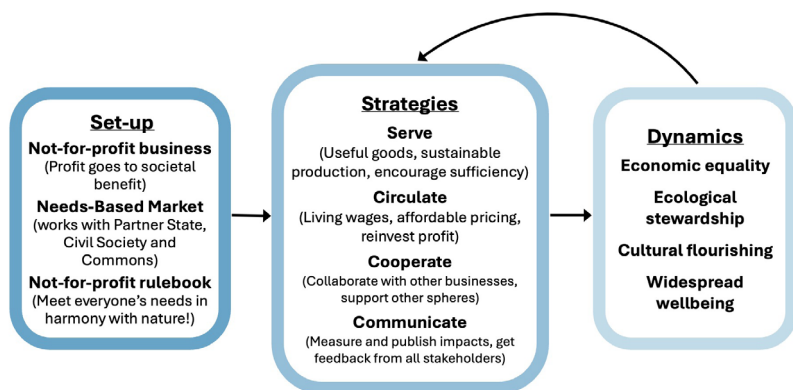


Figure 14. How the Not-for-Profit Economy's set-up drives sustainable dynamics

Just as the for-profit economy achieves its primary aim of enriching private business owners, the Not-for-Profit Economy achieves its primary aim of providing wellbeing for all people in harmony with the rest of the living world.

These desirable dynamics reinforce each other in a virtuous cycle. More equality allows for more ecological stewardship and wellbeing. More ecological stewardship leads to better mental and physical health, which in turn allows us to be better stewards of the biosphere. Higher levels of equality and wellbeing lead to the flourishing of culture and science, which in turn contribute to wellbeing and equality.

This slower, more balanced economy enables people to relax and stop shopping for status and leisure. It allows people to stop exploiting others just to avoid being exploited themselves. Whereas the for-profit economy offers private luxury for the few, this model delivers public luxury for everyone.

Imagine if the whole healthcare sector was not-for-profit. People would not be denied the medicine or treatments they need due to profit-driven pricing.

Imagine if all food production was not-for-profit and focused on guaranteeing accessibility to healthy, ecologically sustainable food. We would have a diverse tapestry of community farms, food forests, urban gardens, orchards, and allotments using the principles of

permaculture, agro-ecology, and regenerative agriculture.

Imagine if the entire transportation sector was not-for-profit. The Partner State, Needs-Based Market, and Commons would offer a wide range of options: bike sharing schemes, buses, trains, trams, and ferries, all using the most sustainable energy available. With these as the main forms of transportation, people would walk and bike more and be healthier. And they would have the time to do so.

Imagine if the whole energy sector was not-for-profit. We could finally break society's addiction to fossil fuels and replace them with renewable energy owned by locally based companies set up to benefit the community. With lower demand, we could manage to make energy systems truly sustainable.

Imagine if housing and land were managed and owned through community land trusts and not-for-profit housing systems. We could all afford a comfortable place to live.

Banking, construction, manufacturing, digital technology – all of the sectors that form the basis for meeting our material needs would be much healthier, more just, and more sustainable in this type of economy.

The Not-for-Profit Economy is so commonsense that its depth and importance can only really be appreciated in contrast to our current for-profit economy. The next chapter offers you a chance to compare these two very different ways of organizing the economy.

Chapter 8:

Two very different games

Dear reader, you are now in a position to deliberate on which economic game you want to play. Let's take a moment to look back at the two economies, side by side. We are all constantly exposed to arguments in defense of the for-profit economy; why it is the best set-up or the only proper set-up. So, I will now bring together insights from all of the previous chapters to make the case for why we should intentionally shift the economy in a not-for-profit direction.

These two games are similar in that they both have businesses, markets, money, banks, households, governments, and civil society. However, the main playing piece, the layout, and the rulebook of the two games are different enough to guide players to behave in very different ways. And this results in incredibly different dynamics. Figure 15 provides an overview of both types of economies to allow you to easily see those vast differences.

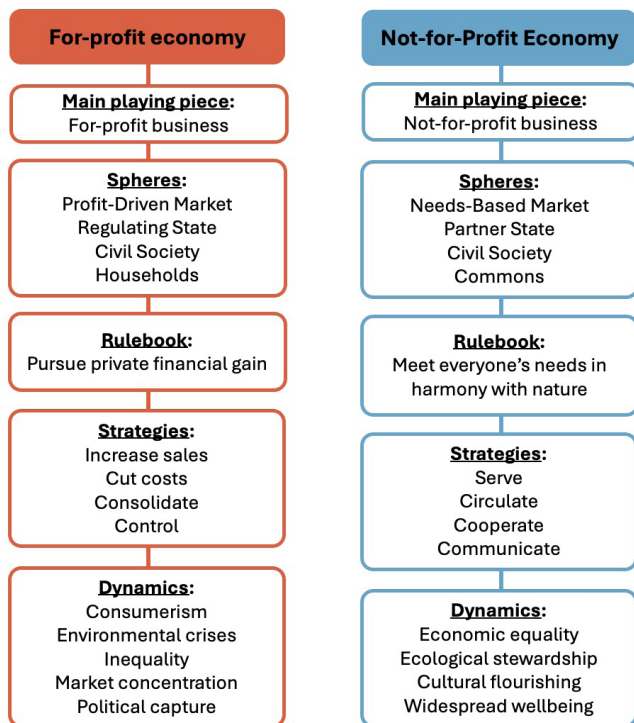


Figure 15. Overview of the two different types of economies

Let's briefly compare the main aspects of the for-profit economy we currently have with the Not-for-Profit Economy we could have. I will highlight the most important divergences here and I encourage you to revisit previous chapters to conduct your own comparison.

Purpose: Financial gain versus social benefit

The essential difference between the two games is that the for-profit economy is organized to enrich investors while the Not-for-Profit Economy is set up to deliver social benefit. Because of this basic disparity, we can anticipate very different outcomes in terms of financial flows, access to goods, the efficient use of finite resources, and various players' ability to influence decision-making. Purpose makes

all the difference. Figure 16 shows the asymmetrical difference between for-profit and not-for-profit legal purposes.

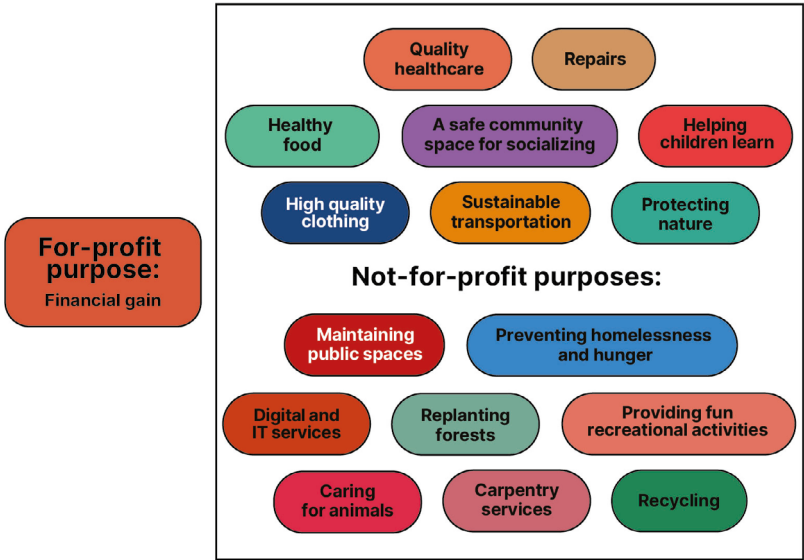


Figure 16. Purpose in the two different economies

The for-profit rulebook tells us that organizing the economy around the financial gain purpose is only natural. Evolution is a constant competition for scarce resources and only the most ruthlessly competitive live to see another day. It's survival of the strongest; dog eat dog. That is why human nature is mostly greedy, selfish, and competitive. So, the profit motive is the best way to motivate investment, innovation, and efficiency. Not only is money a good motivator but it's also a good proxy for wellbeing. The more wealth we have, the happier and healthier we'll be. Competition for money benefits society, by pushing us all to be our best.

The not-for-profit rulebook, on the other hand, is better supported by real-world evidence. It tells us that evolution happens due to an intricate interplay of competition and cooperation¹⁻³. There are high

levels of interdependence and symbiosis between different organisms and species in nature, which helps them all survive. Humans are part of this intricate web of life on our planet. Human nature is complex and we respond to our context, such as the social norms, values, and rules we're taught. We are a hyper-social species, capable of incredible levels of cooperation, compassion, and care⁴⁻⁷. And we are also capable of being very competitive, selfish, and violent, depending on the context. Experiments and other empirical data show that people rarely align with the conventional economics idea of human behavior⁸⁻¹⁰. Indeed, experiments have shown that after people reach a level of financial security, money does not motivate better performance. Instead, we need a deeper purpose to drive us, such as mastery or something bigger than ourselves¹¹. Likewise, after we reach a certain level of material comfort, more money doesn't make us happier¹². Our health and wellbeing is not an individual matter, but rather the outcome of webs of interdependencies between individuals, families, and society at large; between the mind, emotions, and body; and between humans and the rest of nature¹³. If those around us are not well, it will negatively impact us.

The not-for-profit rulebook has also passed the test of time, having roots in diverse and even ancient cultures. Although modern science has only recently gained an understanding of the deep interconnectedness of the world and the importance of thriving together, these notions are cornerstones of the ubuntu, sankofa, and ujima traditions in African cultures, as well as the quilombo, maroonage, and Sumak Kawsay (buen vivir) traditions in the Americas¹⁴. This basic understanding of the world is also found in traditions of Native American, First Nations, and Aboriginal cultures, as well as in many wisdom traditions of East, South, and Southeast Asia. The individualism and separateness at the heart of the for-profit economy are a highly unusual blip in the larger human story. It's this sense of separateness—of humans as separate from one another and from the rest of nature—that makes a throw-away culture possible in the first place: When nothing is truly connected to anything else, there's no intrinsic need to care for anything.

Another overarching point of difference is how coherent, or not, the rulebooks are. The for-profit rulebook is riddled with contradictions and unfounded assumptions (recall the debunked myths in chapter 4). For instance, there is the fundamental idea that the pursuit of private wealth will somehow benefit everyone. The evidence shows that this is not what happens in the real world, and the question of why and how we should expect that kind of magic to happen has been left largely unanswered by mainstream economics.

The Not-for-Profit Economy and its rulebook are much more coherent and consistent. The not-for-profit rulebook tells us that we should organize our economic institutions to deliver social benefit so that they will deliver social benefit. The causation is direct, clear, and consistent.

Accumulation versus circulation

Perhaps the most obvious advantage the Not-for-Profit Economy has over the for-profit economy is its financial circularity. The reinvestment of surplus is key to the functioning of the Not-for-Profit Economy. The Needs-Based Market keeps money circulating to where it's most useful, because that's what not-for-profit businesses are designed to do. In contrast, the Profit-Driven Market leads to a handful of companies and their owners accumulating the surplus, because that's the goal and measure of success in that set-up. Most economic flows in the for-profit game contribute to this wealth siphon either directly or indirectly.

A clear example of this difference can be seen in transactions between the state and market in both set-ups. In the for-profit economy, government funding, subsidies, and public procurement tend to be very inefficient in meeting needs because they channel public money to private business owners, contributing to inequality, market concentration, and political capture. In fact, OECD countries spend about 12–13% of their GDP on public procurement¹⁵. Public procurement refers to when the government buys goods and services from the market. It can range from buying hand soap for public buildings to food for public school lunches to defense contracts with

weapons manufacturers. According to the statistics above, a country the size of France, whose annual GDP has been around 3 trillion Euros in recent years, spends around 400 billion Euros per year on public procurement. Right now, most of that money is spent buying goods from for-profit companies that distribute some portion of that money to their owners. Think of how much public money is being siphoned out to private business owners via public procurement alone.

In the Not-for-Profit Economy, when the Partner State gives companies public finance, subsidies, and public procurement contracts, those companies use the resources and any profit to meet the community's needs and challenges, thus enhancing equality, ecological stewardship, and wellbeing.

Extractive versus regenerative

The for-profit economy is inherently extractive. It needs to constantly extract more money from consumers, more labor from workers, and more resources from the Earth to deliver surplus to owners. The Not-for-Profit Economy, on the other hand, is regenerative. When people suffer or ecosystems are harmed in this type of economy, actors in all spheres use their money, labor, and resources to help them. That's the purpose of the economy: to meet needs. Money is a means, not an end. Once private profit is out of the picture, good wages, affordable prices, social benefit, and ecological stewardship can be rightfully seen as complementary elements of a functional economy rather than as competing interests.

A quick thought experiment illustrates how much fairer the distribution of wealth is in a not-for-profit type of economy. Let's say the global Profit-Driven Market generates a total of \$10 trillion of profit this year. Based on the average pay-out ratio of major companies on the stock market, \$5 trillion of that will be paid out to private owners. As we covered in chapter 2, research shows that owners tend to save most of that money and reinvest only 10–20% in productive things like jobs, goods, and services¹⁶. So, we can be generous and say that they will reinvest 20% (or \$1 trillion) back into the economy. But \$4 trillion

will be extracted and accumulated by a handful of business owners. That puts pressure on the rest of the economy to grow and compensate for the extraction of wealth. If the economy were instead fully not-for-profit, then that \$4 trillion would be reinvested for social benefit via not-for-profit businesses, governments, and charities. What could that \$4 trillion be used for? Oxfam estimates that around \$1.7 trillion could resolve global poverty and hunger¹⁷. Imagine how much human potential and flourishing could be unlocked if all the people living in a state of deprivation today instead had basic financial security. That would leave us with another \$2.3 trillion to help resolve environmental issues and meet other societal needs.

Expansionary versus steady state

The Profit-Driven Market has inherent tendencies to expand into every corner of the world, every other sphere of the economy, and every nook and cranny of our lives, in order to make more money. It takes over our social and familial lives in the Household sphere, demanding longer working hours and self-exploitation to compete in the job market. It grows to take over the Regulating State and its important safety nets, pressuring politicians to cut public budgets and let for-profit companies provide everything. As time goes on, even countries that have tried to keep the role of the market smaller in relation to public provisioning, the so-called “welfare states”, have ended up with an insatiable Profit-Driven Market that hollows out all other spheres. It also expands to take over Civil Society, via targeted philanthropy, profit-oriented industrial associations, corporations’ charitable wings, and unholy partnerships and sponsorships of charities that have few other funding options.

Perhaps most dangerously of all, it encroaches onto a sphere that is not even mentioned in the conventional model of the for-profit economy: the biosphere. The Profit-Driven Market squeezes the natural world for resources and every last ounce of energy, meanwhile eroding the very ecosystems that allow for life on Earth. Figure 17 depicts how the Profit-Driven Market’s incessant expansion of

production and consumption comes at the expense of all the other spheres of the economy, as well as the biosphere.

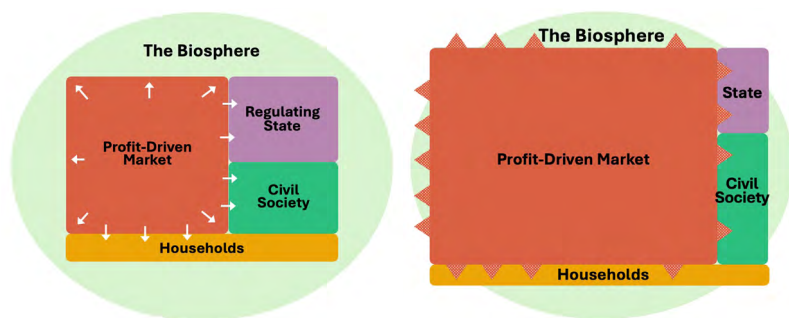


Figure 17. Expansionary tendency of the Profit-Driven Market

In stark contrast, the Needs-Based Market stays in its place: As a small part of social life that helps people meet needs that can't be met through the Commons activities of sharing, swapping, and gifting. The Needs-Based Market is built to allow the Partner State to provide high quality public services, like education and healthcare, and it's set-up to allow the Commons to provide community and household care, rather than encroaching on these spheres to make profit. It also actively seeks to meet needs in harmony with the biosphere.

Wasteful versus efficient

The for-profit economy is touted by mainstream pundits as being very efficient. It is indeed quite efficient at enriching a relatively small number of business owners, but that's not what we need the economy to do. The economy must satisfy everyone's basic material needs with finite resources. In this sense, the for-profit economy is highly inefficient and wasteful, and the Not-for-Profit Economy offers much more efficacy. Indeed, one study found that the kinds of systems described in the Not-for-Profit Economy model could provide a decent standard of living for 8.5 billion people with only 30–50% of the energy currently used worldwide¹⁸.

It's also extremely inefficient to let business owners accumulate all that wealth and then try painstakingly to wrestle some miniscule amount of it back via taxes and philanthropy. Preventing that accumulation from happening in the first place is much more efficient. The Not-for-Profit Economy is distributive by design.

Plutocracy versus democracy

A final point of comparison is the difference between the two economic games when it comes to power and decision-making. The for-profit rulebook purports that the Profit-Driven Market goes hand-in-hand with democracy, as it offers a decentralized market where everyone can influence the economy with their consumption, labor, and investment choices. But of course, that's not how it really works. Instead, the for-profit economy systemically erodes democracy.

On the one hand, it piles up wealth and power in the hands a few. While I might struggle to get in touch with the politicians who make decisions on my behalf, the owner of a big corporation can get directly in touch with multiple politicians to entertain his policy ideas. On the other hand, most workers are under too much stress from being overworked and underpaid to stay informed, vote, and participate in other activities vital for maintaining a healthy democracy, like protesting when politicians are not acting in good faith. In this way, political capture pushes down on democracy from the top and, like the jaw of a vice, inequality puts pressure on it from the bottom. Democracy gets squeezed out in the middle. This leads to "plutocracy": being ruled by the rich.

In the Not-for-Profit Economy, increased equality and wellbeing enable everyone to participate in democratic processes. Because people are paid living wages and work reasonable hours, they have the time, energy, and financial security to stay informed, vote, attend town halls, and hold institutions accountable—the very things that overwork and precarity make so difficult for us to do in the for-profit economy. High levels of communication allow players to hold each other accountable for using resources to meet needs within ecological limits. There is an explicit aim to make organizations as transparent, accountable, and

responsive as possible, which aligns with the objective of the game. And the absence of private business owners and the wealth siphon means that there's no downward pressure on democratic decision-making. Figure 18 illustrates this difference.

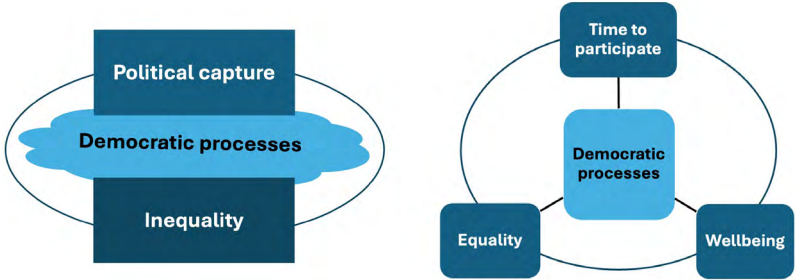


Figure 18. Squeezing versus supporting democratic processes

Can a sustainable economy have for-profit businesses?

By now, you may be convinced that the Not-for-Profit Economy is a good way forward. But you might still wonder whether the *entire* economy really needs to be fully not-for-profit. Can't we allow some for-profit businesses in this model?

The short answer is: no. Every for-profit business in an otherwise not-for-profit economy is a loophole—and loopholes get exploited.

Consider the international furniture store, IKEA. It is technically structured as an industrial foundation, making it a not-for-profit business on paper. Yet, its founder became a billionaire. How could that happen? An investigation commissioned by European parliamentarians discovered that the foundations owning IKEA pay out hundreds of millions of Euros in "other charges" to undisclosed recipients¹⁹. Part of the founding family's wealth appears to be routed through a for-profit firm based in a Caribbean tax haven. The business structure weaves together not-for-profit foundations and several for-profit holding companies in ways that even experts find difficult to untangle²⁰. It took quite some digging to figure out how the founder of a not-for-profit company could become a billionaire. The answer is: for-profit loopholes.

OpenAI offers another instructive example. It started as a not-for-profit organization, appropriately so, given the enormous public stakes of developing artificial intelligence. However, its founders eventually created a parallel for-profit arm to attract private investors, and that arm gradually took over all major operations. Now almost all artificial intelligence is being developed behind closed doors by for-profit companies competing for the financial gain of their private owners. The public interest has been lost.

These examples show how for-profit structures, even when present in small numbers, have the potential to disrupt the transparency and simplicity of the Not-for-Profit Economy model. They create pressure on surrounding organizations to compete on for-profit terms. They drive private accumulation. They invite political capture. If even a small percentage of companies pursue private financial gain, there is a risk of those dynamics kicking off, creating vicious cycles and taking over the other spheres. It is simply not safe to have for-profit businesses in the game if we want a sustainable economy.

What about genuinely well-intentioned for-profit alternatives, like family-owned businesses, cooperatives, and social enterprises? These deserve a direct response, because they are often held up as proof that reform from within is possible.

However, family-owned businesses carry no legal guarantee of ethical behavior or community benefit. Mars Inc., Koch Industries, Cargill, Deloitte, and PricewaterhouseCoopers are all family-owned businesses. All have made their founding families billionaires while contributing to the destructive dynamics described in Part 1. Likewise, these all started out as small, local companies. This just goes to show that the labels of “family-owned”, “local”, and “small” do not nullify the for-profit legal structure and its destructive tendencies.

Worker and producer cooperatives are democratic in structure, but democracy alone does not make a business sustainable. A worker cooperative competing for the financial gain of its member-owners is subject to the same race-to-the-bottom dynamics of the for-profit economy. Likewise, producer cooperatives are often operated to increase the profits of their members, who are for-profit companies

themselves. Consumer cooperatives, as described at the end of Chapter 4, are a different matter. While they might save members some money on their energy or grocery bills, nobody is making a financial gain. Thus, consumer cooperatives are genuinely not-for-profit and belong in the Not-for-Profit Economy.

Social enterprises are the most promising alternative, and I am regularly asked why I didn't base this model on them. The answer is that “not-for-profit” is an internationally accepted legal category, whereas “social enterprise” is not. Without a legal definition, the term is wide open to co-optation. Nothing stops a company from calling itself a social enterprise while operating entirely for private profit. For-profit social enterprises—benefit corporations, community interest companies limited by shares, and profit-distributing social cooperatives—also face an inherent structural tension: a legal objective to pursue social benefit *and* to enrich investors. But there are tradeoffs between these two aims: The more of their profit they distribute to private owners, the less there is for social benefit. Studies show that although these organizations report feeling more accountable to their beneficiaries than their investors, they are in practice more likely to report to their investors²¹. The enterprise loses some of its potential to do good, because the structure pushes managers to focus on private financial gain.

Though, one can see seeds of real change for a better future in for-profit social enterprises and cooperatives, these efforts do not go far enough to change the dynamics of the for-profit economy. They are best seen as step in the right direction, rather than an end destination. The more the market shifts in a not-for-profit direction, the easier it becomes for social enterprises and other good-intentioned businesses to live up to their true potential. Figure 19 illustrates this: When all businesses are not-for-profit, the set-up and dynamics push them to behave sustainably rather than in an extractive way.

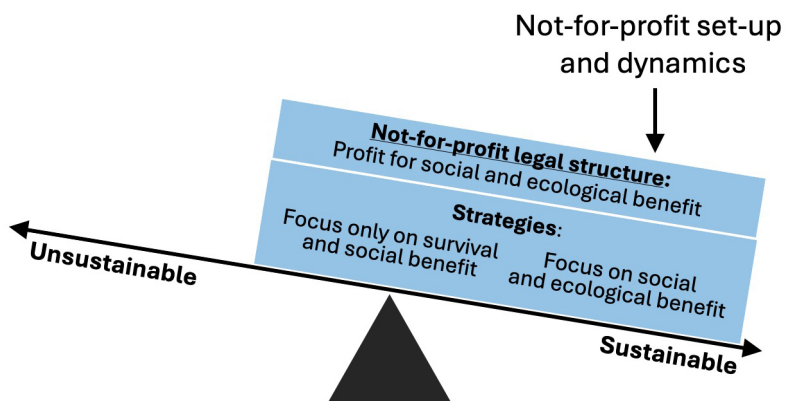


Figure 19. Not-for-profit set-up and dynamics push businesses to behave sustainably

In this light, why we would want to keep for-profit structures around at all? With the world embroiled in social and ecological crises, making rich people richer is simply not a priority. We need all our resources, including businesses and their profit, directed at resolving those crises. That is what the Not-for-Profit Economy is designed to do.

The last reason for excluding for-profit businesses entirely is perhaps the most positive one: It allows for a high level of economic diversity, which in turn makes the economy more resilient. This might sound illogical at first glance—excluding something to gain diversity—but let me explain.

The profit motive pushes out all other ways of organizing the economy through its tendencies to expand, concentrate, and homogenize. The Not-for-Profit Economy does the opposite. Diverse decentralized networks emerge across different spheres, scales, and geographies to meet local and global needs. If one organization, sector, or sphere experiences a problem, other structures keep resources flowing to where they are needed. These nested networks—an alliance of community supported agriculture schemes across a region, for instance—adapt and respond to changing conditions far better than long, linear supply chains dominated by a handful of opaque transnational corporations.

The Not-for-Profit Economy can also co-exist with a wide range of other sustainable, needs-based economies, like various Indigenous

economies, peasant economies, moneyless economies, Participatory Economies, Ecodemocracy, and non-authoritarian state-planned economies²² (Figure 20). These can all be considered not-for-profit, because they are organized for societal benefit rather than private financial gain. They are all centered on social and ecological wellbeing; not competing for the Earth's scarce resources to deliver profit to owners. The Not-for-Profit Economy is not the only sustainable model. It is one of many that could replace the for-profit economy.

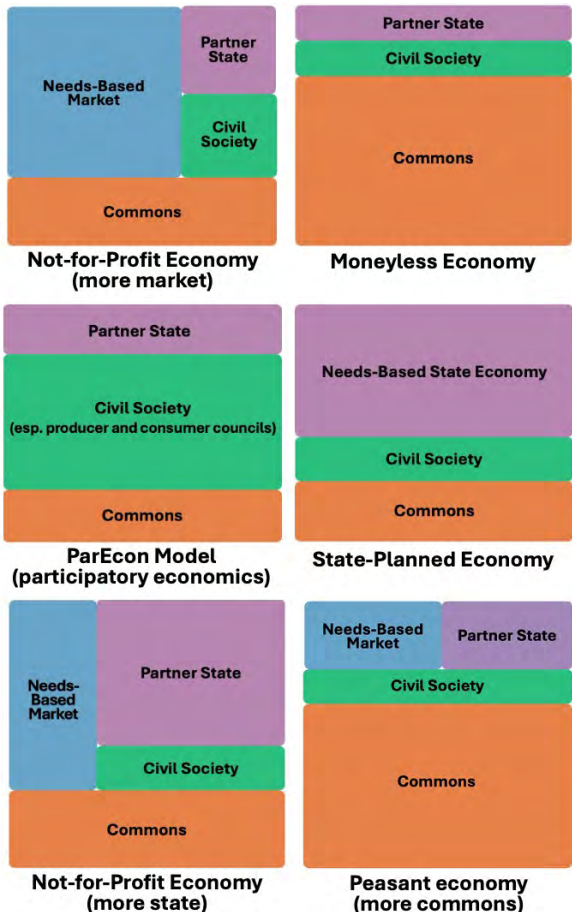


Figure 20. Diverse not-for-profit types of economies co-existing

The only model the Not-for-Profit Economy cannot co-exist with is the for-profit economy, due to its inherent tendency to expand, encroaching into every other sphere, and dominating every other way of organizing economic life (Figure 21). Strong pockets of social enterprises and charities within a for-profit economy will always face the risk of being pushed aside, co-opted, or swallowed up. It is an inherent tendency of the for-profit economy, not a coincidental happening.

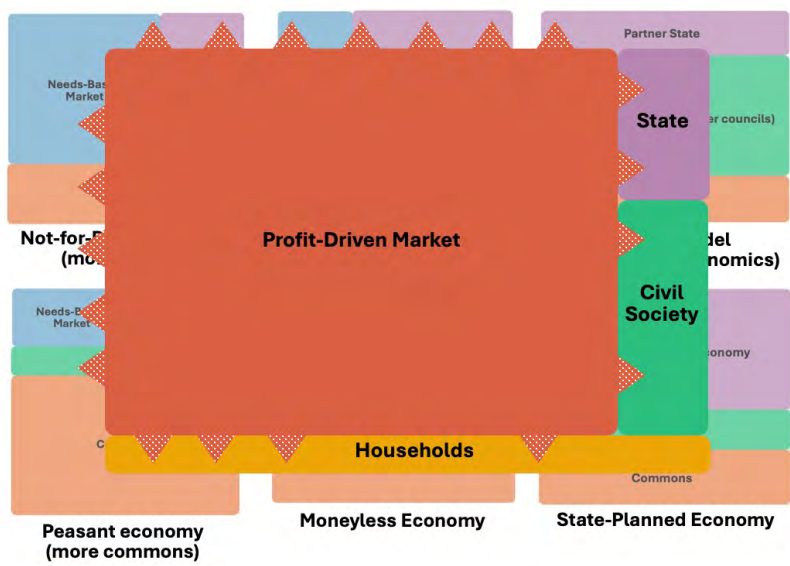


Figure 21. *The for-profit economy takes over other economies*

At this point, you may be wondering: Are there any comparative strengths and advantages of the for-profit economy? Well, I guess the Profit-Driven Market can channel great amounts of wealth into new innovations and generate financial gain. On paper, this results in economic growth that the for-profit perspective interprets as success and prosperity. But as this book has gone to great lengths to show, it is completely inappropriate for meeting everyone's needs within the planet's environmental limits. In all honesty, I cannot think of a single advantage the for-profit economy has over the Not-for-Profit Economy when it comes to real sustainability. Can you?

A new political economy framework

The perspective developed throughout this book provides the basis for a new political economy framework. For too long, political economy has been trapped in a false dichotomy: A linear spectrum running from centralized state planning on the left to decentralized market allocation on the right. Most political debates assume that the only question worth asking is where we should be on that spectrum; how much state intervention the market needs.

But notice what both ends of this spectrum have in common: Businesses and markets are assumed to be inherently for-profit. The debate is about how much the Regulating State should constrain or replace the Profit-Driven Market—not about whether the market itself should be profit-driven at all. Whether you want more market or more state, you are still assuming that the market operates for private profit.

Following that logic, the standard argument is that if you reject the Profit-Driven Market, your only alternative is a state-planned economy that centralizes power in the hands of corruptible bureaucrats. The not-for-profit structure debases that argument entirely. A decentralized not-for-profit economy with a Needs-Based Market, one in which businesses cycle all surplus back into community needs with no private owners and is also not owned by the state, is a third way that the traditional political spectrum has simply failed to imagine.

If we want to make room for the not-for-profit types of economies discussed above, we can take the mainstream political economy spectrum, of centralized state planning versus decentralized market allocation, and add a vertical axis that represents the ownership and purpose of the means of production (Figure 22)²³. This vertical axis runs from not-for-profit at the top (collective ownership for social benefit) to for-profit at the bottom (private ownership for financial gain). This simple addition opens up a whole new horizon of political-economic possibilities and allows us to ask, concretely, which kinds of economic set-ups are compatible with sustainable flourishing.

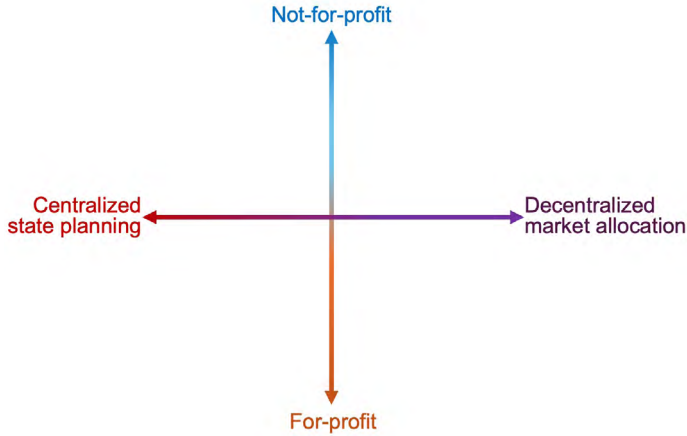


Figure 22. New political economy spectrum offers more possibilities

We can now go ahead and plot different types of economies in the quadrants of this wider political economy map. In Figure 23, I have added some examples of how different types of economies might be plotted in the quadrants. The positions of all these economies (including the Not-for-Profit Economy) would change depending on how they are implemented. I drew lines to show a spectrum of how they might take shape, but this is a rough sketch rather than the result of a thorough study. The diagram simply provides a starting point for mapping, comparing, and discussing different economic arrangements in ways that go beyond the conventional state-market spectrum. Let's try it out.

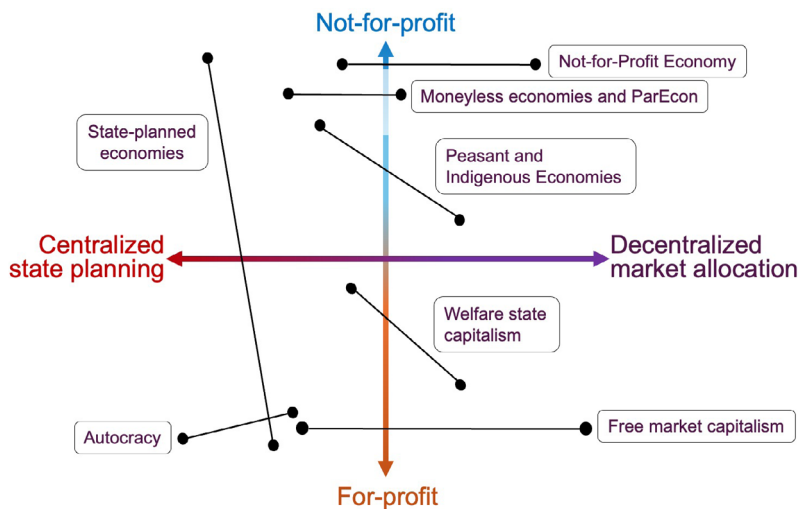


Figure 23. *Different economic possibilities on a new political economy map*

We can start with welfare-state capitalism. This type of for-profit economy might start out with a lot of state planning, but it tends to move in more of a market direction, as the for-profit logic dictates that the Profit-Driven Market is the best and most efficient way to provide goods and services, like healthcare and education. This is the neoliberal tendency. The inherent for-profit dynamics of inequality, market concentration, and political capture push it in the for-profit direction and toward the market end of the spectrum, even when it is meant to be more state-orchestrated. Free market capitalism concentrates wealth and power further over time, tending toward plutocracy, which can easily slide into autocratic or fascist control of the economy. The lower half of the framework is therefore something to avoid entirely.

From a sustainability perspective, the most desirable economies are those in the upper half of the framework: not-for-profit types of economies, collectively owned for social benefit. The upper left quadrant—state-planned economies—could in principle support sustainable flourishing. But history has shown that overly centralized

state planning can easily drift toward autocracy too, as it concentrates power in the hands of relatively few decision-makers and, thus, creates conditions for abuse. The USSR is the clearest example of this.

The Not-for-Profit Economy sits at the top, striking a good balance between planning and decentralized provisioning. But it is not alone there. Indigenous economies, peasant economies, moneyless economies, and the Participatory Economics (ParEcon) model all belong in the upper half too, each finding its own position depending on the context and how much it relies on decentralized market allocation versus centralized government planning, but all sharing the fundamental principle of collective ownership for social benefit rather than private ownership for financial gain.

...

When I present the Not-for-Profit Economy, some audience members are quick to draw on one of the for-profit myths as a reason why we must keep the current economy despite all the harm it is doing. Most economists, politicians, and even sustainability activists still operate from this flawed perspective. But more people are on a similar journey to the one I've been on: Realizing something is very wrong and looking deeper to see what it is and how we can change it.

With this fresh perspective and a real alternative, we can admit a deep but perhaps difficult truth: It doesn't make sense to organize society in a for-profit way. Arranging the economy for the benefit of business owners is just asking for the kinds of trouble we find the world in. It is unsustainable, unfair, inefficient, and ineffective at meeting needs. It may have made sense in previous centuries, when its basic assumptions had not yet been disproven by real-world evidence. But it is pretty indefensible at this point.

Imagine a civilization that believes human sacrifices will prevent natural disasters. Over time, it becomes clear to a growing number of people that it doesn't work, but they continue anyway, because they are attached to an inaccurate set of beliefs. Similarly, we hold onto the for-profit economy despite the harm it is doing, because we are attached to a story—the outdated rulebook—ingrained in us from

infancy. The foundational hypotheses of that rulebook are flawed in three basic ways: They are contradicted by real-world evidence; they lead to different outcomes than the rulebook says they should; and they are internally inconsistent. So, no wonder the so-called solutions don't work, they are based on the same bad assumptions. Clinging to this economic set-up is dangerous. Hopefully, I have now convinced you the for-profit rulebook is as inaccurate as a worldview that would have you sacrifice children to end a drought.

There will inevitably be people and organizations with bad intentions in a not-for-profit economy, just as there are players with good intentions in the for-profit economy. The point is that the set-up of the Not-for-Profit Economy guides players to act for the betterment of society, rather than explicitly incentivizing the exploitation of others for personal gain. The not-for-profit rulebook appeals to the better aspects of human nature. The profit motive appeals to some of the worst. In the best-case scenario, the Not-for-Profit Economy delivers the desirable outcomes described in this part of the book and perhaps more that I haven't yet thought of. In the worst-case scenario, even if it doesn't achieve deep sustainability, this set-up is still more fair, transparent, coherent, and ethical than the for-profit economy. At the very least, it doesn't siphon wealth to business owners or encourage companies to exploit people and ecosystems for private profit. And that alone would be a huge change for the better.

In a nutshell, here are four key reasons why we need to transition away from the for-profit economy and toward a Not-for-Profit Economy as soon as possible. The Not-for-Profit Economy entails:

1. A set-up that supports the purpose of meeting everyone's needs in harmony with the rest of nature.
2. A rulebook based on a more coherent and accurate understanding of the world and our place in it.
3. A deeper sense of purpose that aligns with human needs and incentivizes sustainable strategies and behavior.

4. A systemic tendency to lead to more economic equality, ecological stewardship, cultural flourishing, and widespread wellbeing, rather than systemically driving consumerism, ecological destruction, inequality, market concentration, and political capture.

A major strength of this model is that all of the ingredients already exist. The not-for-profit businesses, the swap shops, the makerspaces, the government safety nets, the civic engagement organizations – all of these institutions already exist in various forms around the world. I have simply put them together in a clear, concrete, and coherent blueprint. Because all of these institutions already exist in the real world, we may already be much closer to having this kind of economy than many people realize. This brings us to the next and final part of the book: How to get from here to there.

Part III

Changing the game

At first glance, it may seem impossible to get from where we are now—caught in the turbulence of the for-profit economy—to where we want to be—gliding along in the gentle flow of the Not-For-Profit Economy. It may seem inconceivable to transform our entire economy in such a deep way. Yet, systemic change of this scale has happened countless times before. So, let's explore how these kinds of grand societal transformations unfold and consider how we might make a not-for-profit transformation happen today.

Chapter 9: Transforming the economy is possible

We instinctively imagine change as linear—steady and gradual, like a train moving at a constant speed between cities. That intuition may feel reassuring, but it's wrong—and it leads many people to quietly conclude that meaningful social transformation is impossible within any timeframe that matters.

Let's take a hypothetical to explore how misleading it is. Imagine a movement fighting for independence from a colonizer. Let's say the territory will be able to claim independence when 60% of the population supports the cause; that's when society would shift from the old colonial system to a new independent system of governance. The movement starts with almost no public support, because many who suffer under colonial rule hold back, fearing that independence means a bloody revolution. But the activists have a compelling vision and a credible nonviolent roadmap, and it works. They steadily recruit more members to their cause, adding 7% of their original base of support each year. A fixed amount, year after year. It sounds promising, but at that rate, reaching the 60% threshold of public support needed for systemic change would take over 800 years (see Figure 24). Linear change, in other words, is very little change at all. And this is how we tend to think about social transformation.

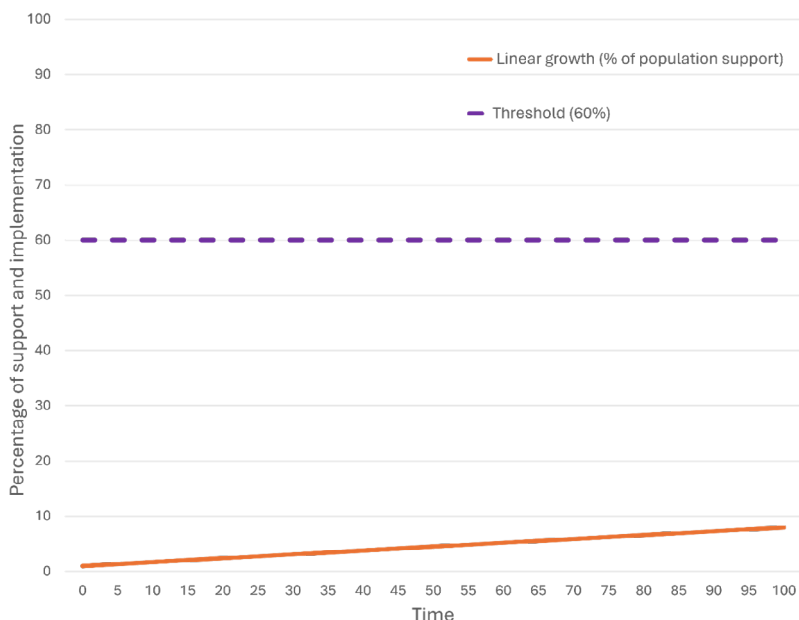


Figure 24. *Linear change is too slow for the urgency of our times*

This is precisely why so many people feel disempowered today. If we assume society changes in this slow, linear way, then the challenges we face—ecological collapse, entrenched inequality, dysfunctional institutions—seem simply unsolvable. And they would be, if that assumption about slow change were correct. Luckily, it isn't. Societal transformation is actually not linear. It is *exponential*.

Our hypothetical independence movement is more likely to grow in an exponential way. At "7% per year" this movement faces a completely different future. Instead of adding 7% of the original base each year, imagine adding 7% of *however much support currently exists*. As the base grows, so does the annual gain. This is compounding growth (the same logic as compound interest discussed in Chapter 5, remember?) and it changes everything.

In the first years, the difference between linear and exponential growth is barely noticeable. Exponential growth also starts slowly, almost imperceptibly, and the early years of the movement feel just

as grinding as in the first scenario. It might take three full decades of struggle to bring even 10% of the population on board. That sounds discouraging. But something important is happening beneath the surface: Momentum is building. Each year's growth is slightly larger than the last. The snowball is rolling, and it's getting heavier, propelling it even faster down the hill.

Then comes the tipping point.

Research shows that major societal transformations happen when somewhere between 15 and 20% of a population actively supports a new system—this is the critical mass needed to tip the system into a new way of being¹. That first 10–15% aren't just supporters; they are passionate early adopters who spread ideas, model new behaviors, and push for institutional change. Once their numbers are sufficient, they no longer need to convert the whole population themselves. The system tips on its own weight. What was once a fringe position becomes common sense. New laws and institutions are implemented, and the laggards follow along.

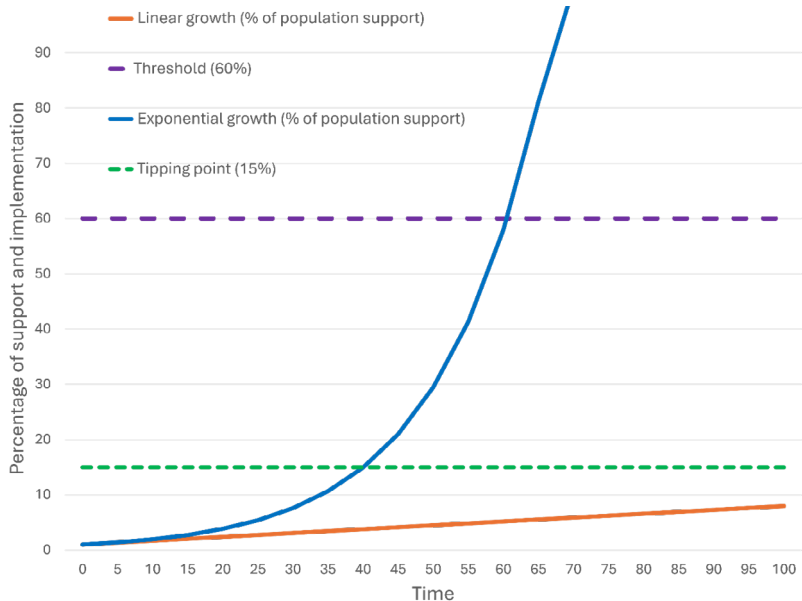


Figure 25. Societies tend to change exponentially

Consider women's suffrage. Under exponential growth, a hypothetical suffragette movement gaining 7% of its current support each year might spend 35 long years winning over just 10% of the population. Discouraging – unless you understand what comes next. From 10%, they need only another 5–10% to reach the tipping point. That might take another 5–10 years. And once the system tips and change accelerates, the remaining majority could be won over within another decade after that. The entire transformation, from 1% to 60% of the population, can be accomplished in roughly 60 years rather than the 800 years it would take in the first scenario. The counterintuitive truth is that the last 50% of supporters for a movement can be convinced much faster than the first 10%. Figure 25 illustrates the drastic difference between linear and exponential change.

Imagine you are an activist 35 years into the struggle on the chart above, watching the numbers creep gradually upward. If you assume the same slow rate will continue forever, it would be rational to give up. But if you understand exponential change—if you know that a tipping point lies just a few percentage points ahead—the picture looks completely different. You are not at the beginning of an impossible task. You may be almost at the threshold of a tipping point.

Every case is different, and the exact pace of change is never predictable in advance. But exponential transformation is not the exception in history; it is the rule. The abolition of the transatlantic slave trade, women's suffrage, civil rights, independence from colonial powers, and the fall of political regimes around the world have all followed this pattern: Painfully slow at first, then suddenly fast. In each case, the breakthrough seemed impossible right up until it happened.

Of course, the path is never as smooth as a curve on a graph. Every major transformation has faced resistance, backlash, and co-optation. Movements that threaten entrenched power invite smear campaigns, infiltration, delegitimization, and sometimes violence². A more realistic picture of exponential social change is not a clean S-curve but a jagged, hard-fought climb—two steps forward, one step back (see Figure 26)³. But with enough sustained support and momentum, movements have overcome these obstacles again and again throughout history.

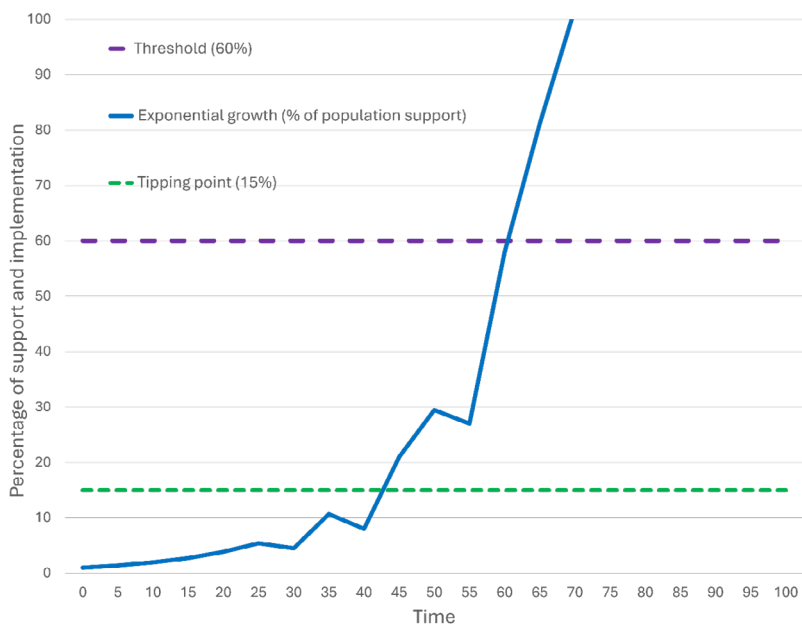


Figure 26. More realistic exponential change with periods of backlash

At this point you might be thinking: "Fine, but we don't have 60 years. Ecosystems are collapsing now! People are suffering now!"

Here is the crucial thing to understand: We are already much further along in this process than most people realize. The transformation toward a more just and sustainable world did not begin yesterday. Its roots stretch back decades, to the environmental, feminist, and civil rights movements of the 1960s and 70s, and arguably earlier still, to the 1948 Universal Declaration of Human Rights. The snowball has been rolling and picking up pace for a long time. And today, with modern telecommunications and social media capable of spreading ideas and organizing people at unprecedented speeds, the conditions for rapid change are more favorable than they have ever been. We may currently be in an era of backlash, but that doesn't mean a transformation is impossible. In fact, it may mean the movement for social and environmental sustainability has gotten big enough to trigger a coordinated reaction from entrenched interests.

But can we make it to a tipping point? History suggests three ingredients are necessary for a tipping point to occur. First, the dominant system must be dysfunctional enough that large numbers of people stop believing in it and become genuinely open to alternatives. Second, there must be at least one compelling alternative, developed by innovators and early adopters who have spent years building, testing, and refining it. Third, that alternative must be concrete and clear enough that others can quickly understand, adopt, and spread it.

I think we may be closer to all three conditions being met than at any point in living memory.

Current context, catalyst, and critical masses

In all of the historical examples mentioned above, the context was ripe for change and there was a concrete vision of a better future that inspired people and catalyzed collective action for change. Not only did folks protest against what they didn't want, but they pushed for the viable alternative that they *did* want.

Our current context is also ripe for change. There is an accelerating breakdown of the for-profit economy and, in response, growing discontent. The destructive dynamics are reaching a climax and the for-profit system is collapsing in on itself. Increasingly, even rich countries are experiencing financial crises, worsening inequality, a cost-of-living crisis, secular stagnation, inflation, price-gouging, conflict, and most importantly, the erosion of the biosphere on which we all—and even capitalist exploitation—depend. Indeed, we are in an era of destabilization, in terms of social, economic, and ecological systems. Although painful and scary, this can be seen as a necessary part of transformation. A major societal transformation never happens when most people are comfortable and happy with the status quo. It always involves some level of widespread discomfort.

It is clear to a growing number of people that this game is not working for them and they are craving big change. A recent international poll by the Pew Research Center found that most people around the world think there's too much inequality and

that rich people have too much influence on politics⁴. Globally, 52% of respondents to that survey agreed that the economy needs “major changes” and another 20% said that it should be “completely reformed”⁴. That feels awfully close to the kind of critical mass we need. Especially in light of the fact that only 20% think the economy needs minor changes or no changes at all.

Innovators and early adopters are responding to the crises in a proactive way. They are spread around the world, creating international networks and alliances. They have been spurred into action to stop the harm being inflicted on people and planet. There are so many early adopters that it could almost be called an early majority. These include a wide range of initiatives working on topics such as the social and solidarity economy, ecological economics, degrowth and post-growth economies, doughnut economics, eco-feminist economics, the care economy, voluntary simplicity, the circular economy, participatory economics, economic democracy, post-development, post-extractivism, diverse community economies, steward-ownership, and commoning. These are all slightly different approaches, but because they focus fully on meeting human needs within ecological limits instead of monetary goals, they are all compatible with each other and with the Not-for-Profit Economy. They can all complement and support each other in important ways. In addition, think of growing movements for racial justice, workers’ rights, animal welfare, women’s rights, Indigenous rights, and the protection of vulnerable people, like those facing war, famine, and poverty. These initiatives are all aligned with the not-for-profit rulebook and represent a wider social transformation that is underway. They are some of the existing seeds of a more just, sustainable society.

Globally connected organizations are working hard to spread these approaches and to push for wider changes in business and policy. Some inspiring organizations include the Wellbeing Economy Alliance, the Economy for the Common Good, the Doughnut Economics Action Lab, Via Campesina, the Purpose Economy, the New Economy Coalition, the Center for Economic Democracy, the ZOE Institute for

Future-Fit Economies, the New Economics Foundation, and RIPESS (the global network for the Social and Solidarity Economy), just to name a few. They have succeeded in getting topics like social enterprise, the social and solidarity economy, and post-growth economics recognized and funded as research agendas by key international organizations like the European Union, the United Nations, and the OECD. There is even a United Nations Inter-Agency Task Force on the Social and Solidarity Economy. A recent United Nations report, *The Roadmap for Eradicating Poverty Beyond Growth*, takes it a step further and advocates for transitioning to an entirely social and solidarity economy, which is a huge step in the direction of implementing the Not-for-Profit Economy⁵. If we add up all the participants in all of the initiatives mentioned above, there are many millions of people worldwide who are actively working in some way to change the economy in a more sustainable and just direction⁶.

Due to the relentless work of these groups, awareness and acceptance of universal human rights and the ecological limits of our finite planet have grown over the past decades. This has reshaped the general public's understanding of what progress and success mean. As a result, alternatives to capitalism are gaining more visibility and support.

However, we can also currently see a lot of backlash (like that shown in Figure 26). Authoritarianism reinforces the for-profit narrative of "It's a dog-eat-dog world". It reassures us that it is natural and right for the world to operate in terms of hierarchies dominated by strong men. And if we get them on our side, they will fight to protect us in these uncertain times. Defensive and denialist reactions that prop up the for-profit economy are part-and-parcel of this trend.

The backlash gives voice to the loss of trust in social institutions and the difficulties people are experiencing in their lives as a result of the poly-crisis. The for-profit rulebook has always been used to explain away social problems by blaming a scapegoat—like ethnic minorities, low-income communities, immigrants, or even the early adopters of a new system—for not working hard enough. This gives struggling people a simple explanation of why they're suffering and,

importantly, it offers a clear and simple solution: Get rid of the people who are causing the problem. Force them to change or make them go somewhere else. But this clearly doesn't get to the roots of the crises. So, while some seek a safe harbor in authoritarian leaders who will inevitably fail them, others are moving in the direction of real change.

There are already millions of not-for-profit businesses operating around the world in all sectors of the economy. Although not much data has been collected on the not-for-profit business sector, as distinct from charities and for-profits, it is estimated that 71% of the revenue generated by the nonprofit sector in the USA comes from selling goods and services⁸. And that sector accounts for over 5% of the country's GDP, or \$1.4 trillion in 2023⁹. That means there's already *a lot* of not-for-profit business activity happening.

There are more than 3 million cooperatives around the world with more than 1 billion members¹⁰. And many of those are not-for-profit consumer cooperatives and mutual companies. That includes the nearly 75,000 credit unions that have over 400 million members in 104 countries and manage \$3.7 trillion in assets¹¹. In Europe, the social and solidarity economy (which is largely composed of not-for-profit businesses) is estimated to include over 4.3 million organizations and employ 6.3% of the total workforce¹². In Africa, there are nearly 2.2 million social enterprises generating \$96 billion of revenue and employing 12 million people¹³. The British Council estimates that there are up to 1 million social enterprises in Southeast Asia alone¹⁴. These numbers indicate that people around the world feel an urge to build an economy that solves problems rather than creates them. And they're increasingly connecting with each other, offering mutual aid, and changing the market.

Examples of such mutual support networks include the National Co-op Grocers in the USA, the Japanese Consumer Co-operative Union, and REScoop for renewable energy communities in Europe^{15–17}.

A great example of these nested networks is Electra Energy Coop, a renewable energy community in Greece that runs a consultancy

to help others start and operate their own renewable energy communities. That's one layer of collaboration and solidarity, but Electra is also a member of REScoop, the European federation of renewable energy communities, as well as the International Cooperative Alliance¹⁸. And an overarching network that casts a very wide net is RIPESS, the intercontinental network for the promotion of the social and solidarity economy.

We're all so used to thinking of "the market" as being naturally profit-oriented, but we can see plenty of examples of needs-based markets even in our current economy in the form of local farmers' markets, locally organized flea markets, many peasant economies, and trade networks within and between Indigenous communities. These kinds of markets have been operating for thousands of years all over the world.

All of this points in one direction: Players across the board are likely to continue shifting their support and resources this way. People are increasingly aware of the for-profit economy's destructive dynamics and are looking for alternatives. Plenty of innovators and early adopters are pushing for a more holistic definition of success and an economy that aligns with it.

Not-for-profit businesses are well positioned to meet this shift. They appeal to the increasingly purpose-driven workforce that wants to use their time and energy to help mend a world that is falling apart. And without the pressure of quarterly earnings, managers of not-for-profit companies can focus on long-term goals instead. At a time when people are demanding more transparency and accountability, not-for-profit businesses are able to deliver exactly that. In most places, they are already required to publish their financial statements and social impact reports annually. They are held accountable by their tax agency, donors, beneficiaries, customers, community members, workers, and board members. In day-to-day operations, not-for-profit businesses are leaner than for-profit peers, since they reinvest all their profit and don't drain any of their resources to private owners. This also makes them more resilient during economic downturns (like the one we're currently in). Indeed, research on foundation-owned companies (often

called industrial foundations) shows that they outperform other types of companies in many important ways. Because they have a more long-term orientation linked to their social purpose, they have higher survival rates, more stable management, less employee turnover, higher average salaries, and less debt^{19,20}. Crucially, they also perform better than their for-profit counterparts when it comes to environmental and social indicators²¹. Research on consumer cooperatives and mutual insurance companies shows a similar pattern^{22,23}.

Perhaps that's why a growing number of people explicitly advocate for regular businesses to undertake a not-for-profit transformation. The founder of Radically Open Security, Melanie Rieback, made waves with her vocal support for spreading the not-for-profit approach to business with a TedX talk that currently has over 43,000 views on YouTube²⁴. The House of Small developed a toolbox of over 300 resources to help companies and entrepreneurs make positive changes to their strategy and governance, and to transform their ownership in a not-for-profit direction²⁵. With 47,000 community members, the House of Small keeps gaining support and visibility. Likewise, steward-ownership is a growing movement, which helps for-profit organizations move in a not-for-profit direction by changing their legal statutes and ownership²⁶.

It feels like we're nearly at the tipping point, doesn't it? In this context, which is ripe for change, the Not-for-Profit Economy model can be an important catalyst for bringing people and organizations together around a shared, concrete vision of what a sustainable economy might look like. A vision that we can make a reality.

Of course, the more appealing and "stickier" a vision for our future is, the more likely it is to spread and help us reach the desired tipping point²⁷. "Sticky" means clear, concrete, easy to understand, easy to communicate, and easy to bring to life. I have tried to make the Not-for-Profit Economy model as sticky as possible. Now all we have to do is spread it.

When I first started working on these ideas, I was afraid to speak up, for fear that I was not yet an expert and that people would dismiss or ridicule me. What I found was just the opposite. I found that when I had the courage to speak up, even in a room of highly educated

experts, I became the child in the tale *The Emperor's New Clothes*. I stated plainly what everyone else already saw but felt too unsure to say aloud. "The emperor has no clothes!" ... or rather, "The for-profit economy is failing us!"

Just as in the fable, I stumbled upon cognitive lock-in and self-censoring when it comes to the problems of the for-profit economy. Just like I did, others also assume that they'd better keep quiet or else they'll be met with ridicule and conflict. In fact, a study conducted by the London School of Economics illustrates this: Although 86% of respondents support post-growth, not-for-profit business principles (exactly those described in Part 2), only 53% of respondents believe their peers also support those principles²⁸. In other words, we tend to underestimate the amount of silent support there is for this way of organizing the economy.

Do not think you're alone in seeing and feeling the fundamental flaws of our economy every day. Speak up and you'll almost certainly be met with support and positive feedback from others in the room. That has also been my experience over the last 15 years. If we don't talk about it, we can't change it. And this is too important not to change. Life on Earth is being extinguished in the name of private profit. So, we must talk about it and collectively face the facts.

We can do so much better. It is actually a great relief to finally acknowledge that the profit motive is harmful and totally unnecessary. Let's replace it with something much more ethical, effective, and scientifically sound. Here's a game, a model, an economy that catapults us out of the false dichotomy of capitalism versus state-planned communism by providing us with a viable, desirable alternative to both. In this way, the Not-for-Profit Economy model has the potential to not only catalyze us towards a tipping point, but as a side-effect, bridge the political divides that characterize our era. It is of course not a panacea for all the deep divisions in society, but it can provide a foundation for more fruitful discussions and debates about what kind of society we really want and how to get there.

Let's start with the "low-hanging fruit": Share the Not-for-Profit Economy model with those who are already working for parallel

changes, like racial justice, environmental conservation, women's rights, and democracy. This helps grow the number of early adopters across all initiatives and ensures that the Not-for-Profit-Economy is built to be as sustainable and as fair as possible.

Next, we address the potential early majority – the people who can tip the system. These are the 72% of people polled internationally who think the economy needs to be changed in a significant way⁴. What if we give that critical mass of frustrated people an alternative to push for that could actually improve their lives? By appealing to people who increasingly have doubts about the current economic system but aren't yet aware of alternatives, we might be able to gain enough support for large economic change in a short amount of time (Figure 27). By adding a bit more weight to the other end of the see-saw at the playground, we can tip the whole system!

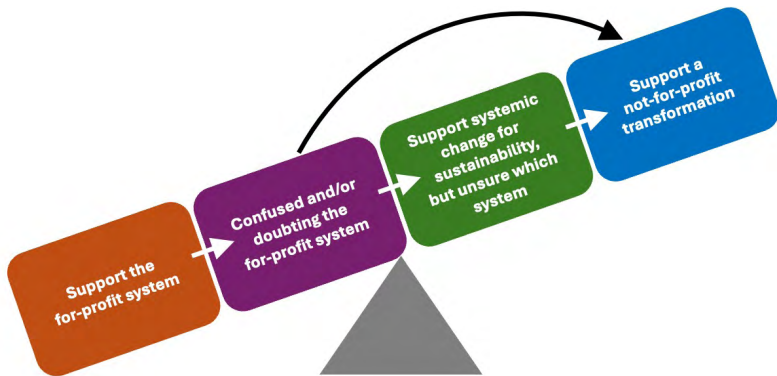


Figure 27. How changing mindsets can tip the system

Chapter 10: Five fronts of transformation for game changers

So what steps can you and I actually take to help make this happen? The answer depends on who you are and where you stand, but the honest truth is that everyone reading this has more leverage than they think. Real systemic transformation doesn't come from one heroic actor or one decisive moment. It comes from pressure increasingly applied simultaneously across many different fronts. In this particular transformation, there are five fronts: citizens generating social momentum and political will; entrepreneurs building robust not-for-profit businesses; for-profit companies transitioning into not-for-profit structures; policymakers rewriting the rules of the game; and educators introducing a new paradigm to the next generation.

This chapter explores each front in turn — not as a prescriptive checklist, but as a map of the terrain. The goal is to help you find where your energy, skills, and position can make the most difference. Game changers come in many forms and we need all of them!

Generating social momentum and political will

Generating social momentum starts with you, but it doesn't end there. This front moves outward from the individual to the collective: from the everyday choices you make as a consumer, to the conversations you have with friends and colleagues, to the alliances you help build across movements and organizations. None of these actions is sufficient on its own. But together, they are how tipping points are reached.

The most immediate lever you have is where you spend your money.

Here are some practical starting points. If you can avoid buying from large, problematic for-profit companies like Kraft, Nestle, Mars, Bayer, and Unilever, that already makes a big difference. Map out the ways in which you can change your lifestyle to depend less on products sold by for-profit businesses. For instance, only buy things you really need and try to repair stuff so you can keep using it as long as possible. Tap into sharing and swapping networks.

Try to shift your shopping from for-profit to not-for-profit companies where possible. A great starting point for this is provided by the Social and Solidarity Economy maps that already exist online. If you are unsure whether a specific company is for-profit or not-for-profit, the simplest way to find out is to look up the ownership. Often, this can be done by just conducting an internet search of the company's name followed by the word "owner". If the financial owner is a private individual, a group of shareholders, or another for-profit company, then it is for-profit. If it is fully owned by a foundation, association, or other not-for-profit organization, then it can be considered a not-for-profit business since all its surplus will go to social benefit rather than private owners. If such information is difficult to access in your country, you can push policymakers to create a publicly accessible business registry that makes basic information about all registered businesses (including their ownership structure) freely available.

That said, ownership alone doesn't tell the whole story – we live in a messy world. Not all not-for-profit businesses are automatically virtuous, and not all for-profit companies are automatically harmful. There is a hierarchy within the for-profit world. A for-profit social enterprise is typically better than a conventional for-profit, and a small, local for-profit business is typically more committed to community wellbeing than a national or multinational one.

Once you've got a feel for these distinctions, one of the most powerful things you can do is also one of the simplest: Talk about it. But how you introduce these ideas matters enormously. In my fifteen years of working through these topics, I've found that jumping straight to the Not-for-Profit Economy model rarely lands well—not because people disagree, but because most of us haven't yet been given

the chance to question the for-profit system we swim in every day. Indeed, many people tend to think we're already in much safer water than we actually are. The trick is to start there first.

An easy entry point for an engaged discussion is to start with a sector in which the profit motive is already quite controversial. For instance, children's education: The focus on financial gain distracts from the educational purpose. A profit-driven educational system often leads to lower teacher salaries; high staff turnover; inflated class sizes; worse learning outcomes; exclusion of low-income groups; the marginalization of special education and students who have special needs; and abrupt closures when schools fail to meet investor expectations. Instead, schools should focus purely on the purpose of educating and caring for children.

Then, you can move onto another sector in which the profit motive is controversial. Maybe healthcare. The profit motive probably should not be at the helm of healthcare either, for similar reasons. But what about housing? No, it probably isn't wise to let the profit motive dictate our access to something as essential as housing either. What about food? What about energy? Banking? Keep expanding to ever more sectors, and your fellow discussants might realize that it's probably not a great idea to have the profit motive in charge of basically anything. In the end the question becomes, "What, if anything, does the profit motive actually help with? What do we need it for, if it's so dangerous?" My answer is: nothing. The profit motive only does more harm than good and it's a relatively new organizing principle in human societies; one that we don't need. OK, but then what? Enter the Not-for-Profit Economy.

As change makers, we need to communicate this idea authentically as something that will never be profitable or contribute to economic growth. No one will get rich in the process of creating a more sustainable future. And that's ok. In fact, that's good. Any solution promising that people are going to get rich by solving sustainability problems is not going to work, because it's in denial of the basic reality that too much for some people equates to too little for everyone else. We need to do this for the right reasons: For a better life and for fair, just and equitable systems for everyone, including future generations and other species.

There's no need to make "the business case" for preserving life on Earth.

In spreading these ideas, I suggest keeping the focus of the critique on the *system*, rather than blaming certain people or individual organizations or even specific sectors. Stay focused on the for-profit set-up, how the set-up encourages players to use certain strategies in the Profit-Driven Market, and the destructive dynamics that emerge. The system is designed to pile up wealth in the hands of a few business owners, so that's what it is doing. They may or may not be good people, but that's not the point. The for-profit economy is accomplishing what it's set up to do. The point is to change the set-up so that it leads to fair and equitable access to resources, rather than the unnecessary hoarding thereof.

Shaming people or organizations for being profit-oriented is not helpful. Don't make it personal. We can all choose to change and it's important to give people and organizations the space to do so. There are no for-profit or not-for-profit people. Likewise, for-profit organizations don't have to stay that way. This shift does not mean that all of today's for-profit businesses will have to shut down or die out. They can transition to not-for-profit structures. So, there's nothing to take personally here. These are just two different ways of organizing the economy, so it's crucial to keep the emphasis on the key features of the game, not the players.

I have been surprised time and again by people's positive responses to this model, in all kinds of different audiences, even among conventional economists. That said, if a person or organization seems fully committed to the for-profit economy, in my experience it's not going to be worth trying to change their mind. It's better to move on to a different topic and save your awareness-raising energy for the folks who are open to thinking about alternatives.

Become a multiplier on the path to reaching a critical mass. This is exponential change in action, starting with you. Pass this book on to others and discuss the model with friends, family, neighbors, and the organizations you're part of. This includes dispelling the for-profit economy myths; raising awareness about how the for-profit economy

systemically harms people and planet; spreading the Not-for-Profit Economy model as a sustainable alternative; and holding the space for discussions and debates about how we can move forward together.

If you share this model with just ten people, and each of those ten shares it with ten more within the following month, these ideas will have reached the entire world within a year. That's not a metaphor—it's the math of exponential growth we explored in Chapter 9. You don't need to convince everyone. You just need to help keep the snowball rolling until it reaches a critical mass and can roll on its own momentum.

Amplify your voice by joining a social movement or building a community with others who want to make this transformation happen. Strategically combine your efforts with the multitude of existing social movements, NGOs, and think tanks already working towards a better future.

Early adopter organizations and networks can further raise awareness by spreading the ideas, information, and the model in this book. This would help change minds and hearts even faster. They can also get more people involved on the ground by organizing public events, including talks, presentations, debates, and discussions. Initiatives can provide informal education and training about these ideas, using this book as the basis for study circles, lectures, classes, and workshops. This gives people the chance to discuss and interact with this vision, adapt it to their needs and local conditions, and come up with a plan for how to put it into action.

Many useful tools have been developed for the purpose of helping communities think about how to strategize for change. Some tools that I like include asset-mapping, Three Horizons, back-casting, and the Multi-Level Perspective. Like the House of Small, many organizations are also actively experimenting with not-for-profit transitions on the ground and showing the world how it's done. We can all get creative by making presentations, art, videos, memes, animations, comic books, games, stories, poems, and songs that can be spread online and in real life.

Activist organizations can also engage with businesses directly.

For instance, they can bring local not-for-profit businesses together to discuss the challenges and opportunities they have encountered, in terms of operating as a sustainable not-for-profit company. The insights gained from these discussions can inform what kind of support they need, as well as what kinds of policies activists can push for. Additionally, bringing these businesses together to discuss the unsustainability of the for-profit economy and the possibility of having a Not-for-Profit Economy could inspire them to create associations or other organizations to represent their common interests. They could even maintain not-for-profit business directories, to help consumers find them. Coming together as a community of not-for-profit businesses could empower them to have a collective voice, to gain visibility in the public eye, and to offer each other mutual support. Perhaps they can even become champions of the Not-for-Profit Economy transition.

Likewise, initiatives can reach out to for-profit companies to help them shift in a not-for-profit direction. They can advocate for this kind of transformation on an even larger scale by pushing for policy and organizational changes via petitions, open letters, demonstrations, op-eds, and social media campaigns. Perhaps most importantly, they can build alliances and networks of networks to create even more action, solidarity, and awareness.

Research shows that it takes just 3.5% of a population actively taking to the streets to generate the momentum needed for real change^{1,2}. That number sounds small, but it isn't. Behind every vocal demonstrator stands a far larger, quieter group of supporters: People who may not yet be marching but who are ready to act when the tipping point arrives.

This means the path forward is less about converting everyone and more about organizing strategically—building alliances, coordinating across movements, and pushing for structural change anchored in a shared vision. Political will is not something we wait for. It is something we build. And once enough of us build it together, the economy we need becomes not just imaginable but inevitable.

Building robust not-for-profit businesses

The second key front for change is building robust not-for-profit businesses. This includes shifting charities (where appropriate), making existing not-for-profit companies more sustainable, and transforming the investment landscape.

Charities are often dependent on donations and grants to survive. But they don't have to be. One of the most powerful shifts organizations in the charitable sector can make is to start generating more of their own revenue by selling goods and services. This helps them build the financial autonomy to pursue their benefit mission on their own terms. That said, this needs to be done carefully, in keeping with each organization's mission and without importing a for-profit logic into management decisions or day-to-day activities. Not every organization is a good candidate, so each initiative needs to feel this out for itself. Charities that do not feel comfortable going into business should be careful about who they take funding from and try to break any unhealthy dependencies on the for-profit economy.

Existing not-for-profit businesses should strive to be as transparent and open as possible about the fact that they are not-for-profit and how that sets them apart from most of the for-profit businesses in our economy. They might be surprised by how much of an advantage this is in our current context.

Not-for-profit businesses can also use tools such as the Future Fit Benchmark or the Economy for the Common Good business matrix to assess and publish their positive and negative impacts on the world. They can run an incubator program to help others start similar not-for-profit businesses, or create and join networks to offer their advice, build sustainable communities, and participate in mutual aid schemes. Many not-for-profit founders, like the ones of Radical Security, Humana Nova, and the House of Small, support other people in starting not-for-profit businesses themselves. Getting investment can be a challenge for not-for-profit entrepreneurs in the for-profit economy, so these kinds of initiatives can also encourage other companies to invest in these transformative incubators and not-for-profit start-ups.

In terms of the larger investment landscape, social entrepreneurs should prioritize taking investment in the form of membership fees, donations, and low-interest (or interest-free) debt, such as loans and bonds, over conventional investment. Figure 28 ranks funding sources from most suitable for not-for-profit businesses to unsuitable. The logic is straightforward: The further down the hierarchy you go, the more a funding source demands financial returns that not-for-profit models are not designed to generate and the more it pulls the organization back toward extractive, profit-driven behavior. The green boxes are forms of investment that are available to not-for-profit businesses, whereas the yellow, orange and red boxes require the business to be for-profit.

Type of finance instrument
Low-interest (or interest-free) loans, bonds, grants, or donations from private investors, peers (incl. other companies), crowdfunding, government agencies, not-for-profit banks, and bond markets
Mid- to high-interest loans from not-for-profit banks, government, bond markets
Low-interest loans from for-profit banks or venture capitalists
Mid- to high-interest loans from for-profit banks or venture capitalists
Redeemable equity with built-in time limits to buy back shares (to become not-for-profit as soon as possible)
Privately held equity (shares) by investors without any limits
Equity (shares) held by venture capitalists or shareholders on the stock market

Figure 28. Range of regenerative to extractive finance (green to red)

The way we fund organizations shapes what those organizations are able to become; and changing the economy means changing its financial architecture. To complete the transformation from a for-profit economy built on extractive finance to a not-for-profit economy built on generative finance, we need to phase out the instruments at the bottom of this hierarchy entirely and build an economy that runs on the top two rows alone. Banks and financial institutions must start assessing loan eligibility in terms of social and environmental returns alongside longer-term financial viability (as described in Chapter 5), rather than maintaining a narrow focus on short-term profitability.

If you are an investor or shareholder yourself, the most direct action

you can take is to divest from large for-profit corporations and redirect that capital toward peer-to-peer loans, crowdfunding campaigns, not-for-profit incubators, and social or sustainability-oriented bonds. As a rule of thumb: Always prefer debt- or donation-based investment over equity and shares. This allows investees to practice inclusive governance and, crucially, it removes the pressure to extract financial returns, freeing the organizations you support to pursue their actual mission. And if none of these channels yet exist in your community, that absence is itself an opportunity. A local civil society organization, credit union, or savings and loans association may well be the right partner to help you build one.

Transforming for-profit companies

For-profit business owners, board members, consultants, managers, and employees, all have an important role to play in this transformation – and the good news is that transformation is more straightforward than most expect.

Patagonia is a case in point. In 2022, the founding family transferred all financial ownership to two not-for-profit foundations focused on environmental stewardship and climate change³, converting the company from for-profit to not-for-profit overnight. In many ways the move was long overdue. Patagonia had spent decades laying the groundwork: tracking its social and environmental impacts, publishing impact reports, eliminating harmful substances from its products, building reparability and circularity into its supply chain, discouraging unnecessary purchases, and generating the capacity to run entirely on renewable energy. The ownership change was a final piece of the puzzle it had been assembling for years.

Patagonia is not a perfect example, however. The family retained control rights, stopping short of the kind of distributed governance that would give workers, affected communities, and customers a genuine voice in decision-making. Greater financial transparency and a reduction in overall production volumes would also strengthen its sustainability credentials. Nonetheless, the company acknowledges

these shortcomings in its own impact reports and describes how it is actively working to address them. Ultimately, operating as a not-for-profit makes that kind of honest self-scrutiny considerably easier.

Another well-known company that also shifted to a not-for-profit structure is the social media platform Mastodon, headquartered in Germany. Their post announcing the change, aptly titled “The people should own the town square”, describes that it was a matter of maintaining alignment with the company’s values and also keeping the public’s trust. So, Mastodon now provides a not-for-profit alternative to Facebook, which is excellent.

Patagonia and Mastodon show what's possible, but they're just two data points in a landscape that's far messier than any single example can capture. We need to distinguish between the rather clear model we are working towards, on the one hand, and the transformation process to get us there, on the other hand. Our current context is rugged, complicated, and messy. Our clear vision of a sustainable Not-for-Profit Economy helps us navigate this mess, but it is important to remember that “not-for-profit” is not the only feature of a sustainable economy. Being not-for-profit does not make a business good and sustainable and being for-profit does not make a business bad or unsustainable. As I have emphasized throughout the book, examples like these point toward the possibility of a different kind of economy. They not solutions in themselves: Neither the problem nor the solution is to be found in individual businesses. Rather, it's the set-up of the *whole economy* that drives sustainable or unsustainable dynamics.

The not-for-profit shift can benefit any business with a sincere desire to help its community. But we must be careful not to put the burden of change on small, local for-profit companies that have good intentions and do a good job of supporting people and the planet. They're not the ones that need to shift first. We need to pressure the owners of the largest, most profit-hungry companies, those that have consolidated their market power, to shift in a not-for-profit direction or to shut down altogether. They might be so big that they also need to be broken up into smaller organizations to undo market concentration.

For firms that have a complex ownership structure, consisting

of shareholders spread around the world, it is admittedly more complicated to transform into not-for-profit businesses. In these cases, it is useful to take a step-by-step approach to transformation, by adding a social purpose, distribution cap, and an asset lock to the legal statutes or charter of the company. The profit distribution cap could start at 30% and then gradually step down to 0%, so that at some point, all profit is reinvested or used for social purposes. This is similar to what the steward ownership movement is doing. As part of transforming their company, shareholders could also donate their shares to not-for-profit organizations.

A key question that comes up when thinking about transforming company ownership is whether shareholders should be bought out or not. This question pertains to corporate law and is too context-specific and complex to get into here, but this is an issue that needs to be assessed, discussed, and decided upon democratically with public involvement instead of behind the closed doors of corporate lawyers, investors, and company representatives. Resultant policies and laws should be aimed at social benefit within the limits of the planet, not at monetizing the transformation process to benefit investors. For example, calculations for a buy-out could take into account the amount of social and ecological harm that came from generating the dividends shareholders have already received, and then deduct that amount from the buy-out sum. (In fact, in many cases shareholders might actually owe the buyer rather than the other way around, so it would make sense for shareholders to donate their shares instead of pushing for a pay-out). In any case, using public funds to buy out shareholders who already have more money than they need is simply not justifiable in the rulebook of the Not-For-Profit Economy.

Individual action matters. But it has limits. Redirecting private capital, one investor or even one organization at a time, will not by itself restructure an economy built over centuries around extractive finance. Similarly, there are limits to what we can expect from large for-profit companies when it comes to voluntarily shifting to a not-for-profit structure. To address the gap, we need something more

powerful: The deliberate use of public policy to reshape the objective and rules of the game for everyone at once. So what might that actually look like?

Implementing policies for structural change

First and foremost, governments need to change their overarching policy goals from monetary objectives (like GDP, profit, and income) to environmental and public health goals and indicators. There is already widespread support for this in places that have been polled. A survey of the G20 countries found that 68% of people would like their governments to prioritize human health and nature instead of profit and GDP⁴. The OECD and WHO have endorsed using wellbeing metrics of success, like the Happy Planet Index, Human Development Index, Genuine Progress Indicator, and the Sustainable Development Goals. And five national governments have signed up to be Wellbeing Economy Governments (Finland, Scotland, New Zealand, Iceland, and Wales) and Canada is entertaining the idea⁵. Pursuing and measuring success in terms of wellbeing rather than money will make it easier for governments to take the next important steps.

Carefully crafted policies can incentivize and even require companies to move from for-profit to not-for-profit structures. There are four main levers: Reducing systemic support for for-profit companies, removing obstacles faced by not-for-profit companies, making private profit extraction harder (or impossible), and reducing governments' dependence on the for-profit sector. All four of these types of policies need to be customized to the local context of course, but here are some general thoughts about what can be done.

Governments need to withdraw subsidies, tax breaks, and regulatory advantages for the for-profit sector. It is advisable to start with the largest, most profit-oriented incumbents, since those are the ones doing the most harm in terms of consumerism, environmental degradation, inequality, market concentration, and political capture. So often, we're told by politicians that they would like to do this, but that it would be bad for economic growth, jobs, and investment.

Given the evidence covered in this book, we know better. Taking away these advantages is a necessary part of any sustainable future.

It is also important to formulate policies that free up and even favor not-for-profit businesses. These kinds of companies have so many advantages, even in the Profit-Driven Market, that many governments have been persuaded to create so-called “non-compete rules” to prevent not-for-profit businesses from outcompeting their for-profit peers. These rules vary from place to place but can include limiting the amount of business revenue not-for-profits are allowed to generate, limiting the amount of money they can save, and making it difficult to start a business as a not-for-profit organization. These rules are meant to keep not-for-profit organizations relegated to the Civil Society sphere, and away from the market. These kinds of restrictions have held not-for-profit business back in certain parts of the world, so eliminating these constraints can go a long way to making a deeper economic transformation happen.

In many places, like the USA and the UK, it's quite easy for not-for-profit organizations to operate as businesses. But in contexts where it is more challenging, many social entrepreneurs have set their company up as a for-profit entity in order to do business and then they hack the system by creating a not-for-profit parent organization to own the for-profit subsidiary (like Patagonia has done). This includes for-profit businesses that are fully owned by charities, foundations, non-profit associations, and the state. Because these are all fully owned by a not-for-profit organization, they can only distribute their profit to that parent organization who cannot distribute it to private owners and must use it for societal benefit. So, they meet the legal definition of “not-for-profit”.

There are countless businesses like this around the globe, and they are doing extremely important work for their communities. But this kind of heavy, complicated ownership structure should not be necessary. When entrepreneurs must create more than one organization to operate a single business, it's a waste of energy and resources. Furthermore, there is a risk that for-profit subsidiaries can

be sold back into for-profit ownership. Therefore, governments should ensure that there are legal vehicles that entrepreneurs can use to start and operate not-for-profit businesses in a simple and straightforward way. Starting such a business should be at least as easy as starting a for-profit business, if not easier.

In certain contexts, it may be necessary or desirable to create an entirely new legal structure for not-for-profit businesses, like in places where not-for-profit law is very restrictive for the purposes of protecting charities. Rather than undoing those protections, it may be wise to provide a separate legal vehicle through which not-for-profit entities can operate as businesses. Governments can help this shift by offering a legal structure specifically designed for not-for-profit companies that has the following traits:

- legal social benefit purpose,
- non-distribution constraint and asset lock (no profit or assets can be privately distributed),
- and no limits on business activities, business revenue (including unrelated business income), or savings—at least, no limits that are not also applied to the rest of the market regardless of legal structure.

Another key policy shift is to transition governmental support—like subsidies, seed funding, grants, and public procurement—away from for-profits to favor not-for-profit businesses instead. Recall the statistic about OECD governments spending about 12–13% of their GDP on public procurement⁶. Imagine how much impact we could have just by shifting those contracts to not-for-profit companies. Such policies could not only support existing not-for-profit businesses and reduce the amount of public funds that end up accumulating in business owners' bank accounts, but they could also incentivize for-profit companies to shift to not-for-profit structures.

Governments can offer support for entrepreneurs to start up not-for-profit businesses instead of for-profits. This includes resources such as government-backed loans, start-up grants, seed funding, legal support,

business advice, and business incubators. The state can also play a role by hosting a platform to help match social investors with not-for-profit entrepreneurs and companies looking for investment.

Crucially, information about every company's ownership structure should be publicly available through an online company registry, like the UK's Companies House website that offers basic information about every firm registered in the UK, including their legal structure as well as accounts and annual returns. As mentioned in the section above about building social momentum, this can help guide consumers and organizations who want to support not-for-profit businesses and it can prevent "not-for-profit whitewashing", in which companies might try to say they're not-for-profit when they're actually for-profit. This needs to be easy for the public to check.

In my research, I've run into several for-profit cooperatives and social enterprises that claim to be not-for-profit. I do not think they are trying to deceive the public, but rather they don't understand these two legal categories. Governments could resolve this problem by making all legal forms of social enterprises and cooperatives not-for-profit, without a for-profit alternative, because the latter just confuses things for no good reason. With increased access to appropriate financing schemes, this would not pose a problem.

Along these lines, it should be noted that so-called "hybrid structures" can be more harmful than helpful. For years, I thought all Coop grocery stores in Nordic countries were not-for-profit because the company Coop is indeed a consumer cooperative. However, I recently learned they use a franchise model, so the individual stores can be owned and operated by another (sometimes for-profit) company while Coop is entitled to a certain percentage of the profits in return for the trademark and the support they offer. Most Coop grocery stores are still not-for-profit, but this model is unnecessarily complicated and confusing. It can lead people to think they are buying from a not-for-profit company when indeed their money is going to enrich private business owners. Even worse, it can break down trust in the term "not-for-profit". So, it is best to either avoid hybrid models or make it very clear to the general public which branches or franchises of

the company are for-profit. The public company database mentioned above can help with this.

An ambitious national government that's feeling pressure from its constituents could even issue a longer-term policy goal that all companies must undertake a not-for-profit transformation within the next 5 or 10 years and then put in place some incremental legislation to help get everyone there. In this scenario, policymakers may want to start by capping the amount of profit that can be distributed to private owners, both in terms of percentage of profit and also in terms of an absolute amount. The distribution of surplus by companies that receive public funding could be capped while under contract, for instance at 20%. This cap can then be decreased in stages to phase out all private distribution of profit by firms receiving public money. It's guided by a simple but sharp logic: Public money should not go to lining business owners' pockets. This can then be extended to the entire economy, perhaps starting with essential sectors like healthcare, medicine, water, energy, food, housing, and education. It's easy to make the case that none of these sectors should be commodified for private profit.

One of the most common concerns about this transformation concerns pensions, and it deserves a serious answer. While many countries offer a basic state pension that is publicly guaranteed and not directly exposed to stock market volatility, governments around the world are increasingly relying on supplementary pension systems—such as occupational and private pensions—that are heavily invested in the stock market⁷.

For reasons I will explain below, it was never a good idea to invest pensions in the stock market. So this problem needs to be tackled whether or not we transform the whole economy. First and foremost, the stock market is volatile and sensitive to many variables: speculators' perceptions of risks and returns, companies taking on too much debt, stock buybacks, levels of consumer debt, crop yields, and supply chain fluctuations, just to name a few. This is not a safe place for something as important as pensions. Furthermore, the ownership of stocks is highly concentrated in the hands of a small number of investors, mainly hedge funds, who can use their market power and

insider knowledge to move stock prices in ways that benefit them at the expense of ordinary investors and pension funds. Since the crash of 2007—punctuated by the pandemic and new wars—pension savings tied to the stock market have repeatedly shown how exposed to risk they really are.

More fundamentally, investing pensions in the stock market makes pension security quite dependent on economic growth, which as we covered in Chapter 3, erodes the functioning of the biosphere (without which there is no economy)⁸. In other words, our short- and middle-term financial stability has become dependent on undermining our long-term survival. On top of that, economic growth is slowing in many parts of the world because the rising cost-of-living and wage stagnation push households to buy less stuff^{9,10}. We can expect this trend to continue due to the dynamics of the for-profit economy, as well as declining rates of population growth. These are just some of the reasons we need to get pensions out of the stock market.

Many people have pointed out the risks to pensions invested in the stock market, but there is a persistent fear that shifting large institutional pension schemes away from the stock market would trigger an economic collapse. But if it is done in an intentional, planned way, a cataclysmic crash can be avoided. There are plenty of ideas for how to strengthen and nationalize pension systems further. For instance, we can start moving stock-linked pensions to bonds and other debt-based instruments that fund not-for-profit businesses and the build-up of a not-for-profit economy. This shift could even be part of transforming shareholder companies into not-for-profit businesses: Companies can buy back their stock at a reasonably low price, transfer financial ownership rights to a not-for-profit entity, and then offer bonds when they need more capital. Part of the transition away from the stock market will likely happen organically if some of the above-mentioned policies are implemented (such as shifting subsidies, seed-funding, and public procurement to favor not-for-profit companies) as they would incentivize firms and investors to move in a not-for-profit direction.

If governments design strategic incremental steps over time, eventually pensions can come primarily from the state and partly from

not-for-profit investments—a far more stable foundation than the stock market. The government can also intervene to nationalize and not-for-profitize companies on the stock market when needed. In this way, shifting pensions can be an important part of transitioning to a not-for-profit economy.

The guiding principle for navigating this shift is straightforward: Protect the most vulnerable first. The richest investors, who own the largest share of stocks and are best placed to absorb losses, should naturally bear more of the financial adjustment, which is both fair and practical. There will likely be some financial turbulence along the way as markets adjust, but this does not have to be catastrophic. Given the destructive dynamics of the for-profit economy, financial turbulence is likely to unfold even if we don't make this change happen. And the more not-for-profit companies there are in the economy, the more wealth circulates to where it is needed rather than accumulating at the top, which itself provides a stabilizing effect over time.

Restructuring stock-linked pensions is one piece of a larger puzzle. During the transformation process, raising taxes on wealth, inheritance, capital gains, and luxury consumption can simultaneously reduce the amount of wealth being siphoned into the elite economy and curb unnecessary consumption. Such taxes can be used to fund ecological regeneration, an unconditional basic income, and other safety nets. Governments can also use this tax revenue to finance not-for-profit startups and government programs to help for-profit businesses transform.

A question that often comes up at this point is: What about people in the Global South who depend on consumption in the Global North for their jobs and livelihoods? If we reduce overconsumption in the North, won't poorer communities elsewhere be even worse off? It is an important question, and the answer is no. But only if redistribution is done right. The for-profit economy has largely been built on exploiting large swaths of people for the benefit of a small group of elites. Think of the transatlantic slave trade, colonialism, sweatshops, and most Free Trade Agreements. Reducing overconsumption in wealthy

communities without compensating deprived ones for this historical exploitation would simply entrench that injustice.

If we come back to the goal of sufficiency for all, it only makes sense that communities that have been taking more than they need must reduce their consumption to a level of sufficiency, so that underserved communities can increase their infrastructure and consumption to that same level. Strategic taxes and consumption policies aimed at providing sufficient access to essential resources for everyone (including in other countries) can simultaneously help alleviate the ecological crises and reduce poverty and inequality.

The circulation tendency of not-for-profits will ensure that wealth flows to where it is needed, as we move forward in this transformation, but it doesn't undo the massive amounts of wealth that have *already* accumulated in the hands of a few. Redistributing that existing wealth, to build the basic infrastructure deprived communities need for a decent standard of living, is a separate, equally necessary track. Government policies, national agreements, and international frameworks all have a crucial role to play here.

Some of the international redistribution of wealth should take the form of reparations for historical abuses. Real reparations would not only stop the extraction of resources from low-income and historically exploited communities, allowing those communities to use their resources for their own needs, but it would also compensate (to some extent) for previously extracted resources and harm done. Reparations should be guided by what the recipients want and need, and they should happen via not-for-profit or governmental entities that are closely monitored.

But this cannot be thought about only on the level of countries or a simple Global North/South divide, as there are deprived communities in high-income countries too. Think of homeless, Indigenous, Black, and immigrant communities that live in poverty and deprivation in the USA, Europe, the UK, New Zealand, and Australia. Likewise, there are millionaires and billionaires in low-income countries, like the oil tycoons of Angola. We don't want reparations to come at the

expense of public provisioning for deprived communities in rich countries, nor should the money end up in the hands of high-income households in poor countries. That would defeat the purpose. Policies that are designed carefully and in dialogue with exploited groups can help forge a more just path forward.

Alongside reparations, governments need to also null and void investment treaties and agreements that prioritize protecting the profit of investors over benefiting society and the environment. This would involve debt forgiveness in many cases.

There is a wide array of policies available to governments to support the transformation towards a not-for-profit economy. Some contexts may be ready to phase out for-profit structures quite quickly, while others may need to start more gradually. The pace of policy change can also accelerate over time. The types and timing of policies should be guided by input from citizens' assemblies, diverse civil society representatives, and sustainability experts. Public dialogues and town halls should be held to inform the public about these policy proposals and allow for discussion and debate about how to move forward. These discussions may need to start with directly dispelling the for-profit myths that maintain cognitive lock-in (see chapters 4 and 8), otherwise participants are likely to offer policy recommendations based on the for-profit logic. Joining alliances like the Wellbeing Economy Governments can offer solidarity and resilience through mutual support for like-minded governments in this transition, as well as reduce the risks of being the first one to move in this direction. We can join hands and move together at the same time. As long as government policies are guided by the overarching vision of a sustainable, not-for-profit economy that serves everyone, they can contribute to positive change.

However, policymakers are not likely to implement any of these deeply transformative policies without their constituents demanding them. Social movements, vocal citizens, and forward-thinking businesses must push their governments to take action, as well as to put direct pressure on laggard businesses to shift. This may be difficult, given the current level of political capture in many places, but radical

societal transformations have happened in hostile contexts in the past, so we know it's not impossible. We seem quite close to a tipping point, so let's draw hope and energy from that.

Updating education and research

Education and research play a pivotal role in making this transformation happen. So much of what we consider normal and rational economic behavior is rooted in the inaccurate assumptions of the for-profit rulebook, and those assumptions are actively taught at every level of education, from primary school through university. Changing that is an essential part of the transformation.

Luckily, alternative economic ideas are already making their way into classrooms. Students themselves have formed organizations like Rethinking Economics to push for more diverse approaches to economics in their curricula and to organize their own guest lectures with heterodox economists when universities fail to provide them. Educators at all levels can start incorporating these ideas into classes on the economy, business, social studies, political science, environment, and sustainability—not in a prescriptive way, but alongside the mainstream approach, so that students can see and understand both the for-profit economy and its alternatives. This book is one resource among many that can facilitate these explorations.

Ideally, this learning journey starts in primary school, when children are first being exposed to for-profit norms. Above all, educators can teach critical and systemic thinking—equipping students to independently analyze the state of the world and judge for themselves why some ways of organizing society might be better than others. If we teach students to question underlying assumptions and think for themselves, the ideas in this book become something they can evaluate, adapt, and build on rather than simply accept or reject.

At the university level, economics teachers can incorporate heterodox economic ideas into their curricula, like ecological economics, eco-Marxian economics, eco-feminist economics, critical institutional economics, Doughnut Economics, and degrowth, as

well as alternative theories and models, like relationship-to-profit theory, the Not-for-Profit Economy model, and ParEcon. Students can likewise push their teachers and universities to add these perspectives. There are many resources available to support this, including the publications of the Rethinking Economics network, the Exploring Economics website (www.exploring-economics.org), and the Next System Project (www.thenextsystem.org).

Researchers and economists also have an important role to play. At present, there is relatively little evidence about how an entirely not-for-profit economy might work in practice, precisely because the vast majority of economic research and data collection has been guided by for-profit assumptions and neoclassical theories. Even though not-for-profit businesses exist in the real world, they don't really exist in mainstream economic theory. This means there is limited data about how they operate and what their impacts on society and the environment are, compared to for-profit peers, and how entirely not-for-profit markets might function.

Great work has been done by researchers investigating social enterprises, cooperatives, and the social and solidarity economy, but it often does not focus on the for-profit/not-for-profit distinction and tends to treat the for-profit economic set-up as a natural or inevitable context for these initiatives. Researchers can fill this gap by adopting a relationship-to-profit approach: Probing why organizations are for-profit or not-for-profit; how their structure affects their sustainability impacts; whether they have considered a different structure; and how they are impacted by the broader dynamics of the Profit-Driven Market. A key aspect of this research lens is maintaining focus on the feedback loop between the microeconomy (the playing pieces of the game and the strategies players use) and the macroeconomy (the layout and dynamics of the system as a whole). These should not be treated as separate phenomena. The dynamics of the macroeconomy emerge from the strategies of businesses (which are shaped by their legal set-up); and businesses are always affected by and responding to the dynamics and layout of the wider economy.

To gather data that can test the ideas in this book, we need more researchers (and funders) willing to use alternative economic theories to design their research projects. As a researcher, you can collect data on not-for-profit businesses as a distinct category, different from both for-profit businesses and from charities that depend on donations and grants. Government researchers based at their country's central bank and the department/ministry of labor are particularly well placed to do this. Such data can be used to compare not-for-profit businesses to their for-profit peers in terms of maximizing social benefit and minimizing environmental impact, or to focus only on not-for-profit enterprises to assess which strategies and governance models work best for them in different contexts.

Analyses focused more on the macroeconomy should compare the for-profit versus not-for-profit composition of different national economies and sectors at different scales (local, national, regional, and global) to understand how relationship-to-profit affects social and ecological outcomes. Even simply tracing how money flows to private business owners versus socially useful activities in an economy would be valuable and genuinely cutting-edge.

This data, combined with the conceptual model presented in Part 2, can be used to restructure existing quantitative models—such as input-output models and dynamic system models—since most current models are themselves built on for-profit assumptions and can't simply be fed new data. Researchers can use such models to generate scenarios that can be compared to for-profit equivalents to estimate what might be gained by moving in a not-for-profit direction, what risks it might entail, and what transformation pathways might work best in different contexts. These models can then provide the basis for informed discussions with citizens, civil society organizations, businesses, and policymakers about what steps to take.

Researchers should also track which policies inhibit or enable the economic transformations we need. Focus groups and interviews with not-for-profit businesses themselves can surface what kinds of structural changes would allow them to operate more sustainably – informing

better policy recommendations, public reports, and ultimately positive pressure on policymakers and businesses to do better.

Finally, researchers can play an important role in translating and customizing the Not-for-Profit Economy model for local contexts and other languages. What would your local economy look like without for-profit business structures? How might it resemble or differ from the model presented in Part 2? How might it align with your own vision of a sustainable society?

Let's change the game together

I don't want to end this book by saying goodbye to you, dear reader. I want to close with an invitation: Let's change the game together.

The Not-for-Profit Economy is not a pie-in-the-sky utopia. It doesn't require a violent revolution. It is just common sense, given the state of the world today. The for-profit economy is caving in on itself and on all of us. The more we build up a not-for-profit economy, the better equipped we will be to navigate the crises we are already locked into: climate change, pension shortfalls, financial bubbles, and more. With this shift in perspective, the Not-for-Profit Economy stops looking like an idealistic fantasy and starts looking like the most realistic, feasible option we have. As history has shown, when a new understanding becomes common sense, the game tends to change quite quickly.

A sustainable future can feel so close and yet so far away, especially in this era of chaos and breakdown. But if we can bring enough people together around a shared vision of a better future, we can transform in the face of crisis rather than collapse into dystopia. There is much work to do – and that's good, because it means we can all bring our unique gifts, knowledge, and energy into this transformational project. Through community, we can give each other the strength and comfort we need to keep going.

When abolitionists first began speaking out against chattel slavery, it must have felt impossible. They were a small minority, probably very alone, facing vested interests making enormous sums of money

from the system they were challenging. It was controversial and risky to speak out. Yet they persevered, because they knew it was the right thing to do. Over time, their message spread—slowly at first, then faster and faster—until a majority of people were convinced that slavery was unjust and it became controversial to *defend* it. Abolition had become common sense. The same arc played out with Indian independence, the end of Apartheid in South Africa, civil rights in the USA, women's suffrage, and LGBTQ rights. Each transformation seemed impossible right up until it wasn't.

As the civil rights activist, James Baldwin, wrote, "Not everything that is faced can be changed, but nothing can be changed until it is faced." We might not succeed in building the future we want. But we will certainly fail if we don't try. To paraphrase the sustainability activist, Joanna Macy: We must act in service of Life, not knowing whether we are providing hospice for a dying world, midwifing the birth of a new one, or both at the same time. We can minimize suffering by building up a not-for-profit economy and dismantling the for-profit one—regardless of how far we get, or how the context changes around us. That is work worth doing. Let's do it together.

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Chapter 4

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9. The consumer cooperative is an interesting structure because it pushes at the edges of what it means to be not-for-profit. Some experts might consider the consumer cooperative to be for-profit because it can distribute surplus to its members. However, the consumer members who receive the “dividend” have already spent much more money into the cooperative through their purchasing than they’re receiving back, so the “dividend” is really just a refund of some of the money they spent into the business. In fact, many consumer co-ops call it a “rebate” rather than a “dividend”, which is more accurate and reflects that this is actually a not-for-profit structure.
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Chapter 5

1. We are entering a different paradigm in this part of the book. In order to make this new paradigm as tangible as possible, I use the present tense to describe the set-up, strategies, and dynamics of the Not-for-Profit Economy.
2. Compounding interest means interest is charged not just on the original amount borrowed, but on the growing balance including previously accumulated interest. A 5% compounding rate on a \$1,000 debt, for example, does not simply add \$50 each month – it charges 5% on the new, higher balance each time, causing the debt to grow exponentially. After just 14 months without payments, that \$1,000 doubles to \$2,000.

Chapter 7

1. Corporate taxes do not currently account for a significant portion of state revenue in the for-profit economy. In European countries that have relatively robust government welfare programs, such as Germany, France, Denmark, Finland, and Austria, corporate taxes only account for 6–8% of the national government's income². The vast majority of revenue for OECD governments comes from consumption (sales) taxes; individual income taxes; and social insurance contributions from individuals and employers; none of which disappear in a Not-

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About the author

I am an ecological economist, systems researcher, educator, and activist in the field of sustainable economy. My work focuses on how societies relate to profit and how this relationship affects global sustainability challenges, like inequality and climate change. I hold a double PhD in Economics (from the University of Clermont Auvergne, France) and Sustainability Science (from Stockholm University, Sweden). As an activist, I collaborate with civil society organizations, businesses, and policy makers to transform the economy so that it can work for everyone within the ecological limits of the planet. I am an affiliated researcher at Uppsala University, Sweden, and a senior research fellow at the Schumacher Institute, UK.

Backstory

My awareness of the fact that our economy is fundamentally flawed first came through a series of personal experiences. I grew up in a white middle-class American family in Colorado Springs, Colorado. My parents succeeded in moving up the socio-economic ladder and, after we moved into richer parts of town, I saw that gaining more money and material wealth did not make people happy — neither my family nor those around us. That was my first realization about the economy: Rich people have the same kinds of insecurities and family dysfunctions as anyone else. But that was only the beginning.

When I was in my second year of college, a sudden and dramatic change in my family's situation meant I had to start working full-time to support myself, including paying tuition. After living a life of material privilege in high school, I now had to learn to tighten my belt and pull myself up by my bootstraps. This was the first time I

experienced how difficult it can be to make ends meet.

I got a bachelor's degree in International Affairs from the University of Colorado in 2005 and that summer, I moved to China to teach English in a rural village in China. It was there that I first encountered some of the social and environmental problems the globalized economy was causing, which inspired me to learn more so that I could contribute to resolving those issues.

I was accepted into a master's program in Environmental Studies and Sustainability Science from Lund University, in Sweden, in 2006. During the program, I noticed that there seemed to be a constant tension between protecting the environment, on the one hand, and growing the economy, on the other. I wrote my thesis on the circular economy, seeing it as one important way of resolving that tension.

After graduating from the master's program in 2008, I moved back to Colorado hoping to find a job in sustainability; to be part of the solution. That was right in time for the economy to fall apart. So, I moved to Greece to be with my boyfriend in 2009. Just in time for the economy there to come crashing down. The next seven years of living through the economic crisis in Greece further shaped my thinking; seeing the sharp rise in homelessness, drug addiction, exploitation, and overall desperation. I realized the economy wasn't even working in economic terms.

After reading Tim Jackson's "Prosperity Without Growth" in 2010, I was convinced we need to change the economy so that it does not have to constantly grow. I started looking for a realistic alternative economic model that could provide widespread wellbeing without destroying the environment. Working with both local and international "new economy" initiatives, I saw pieces of a larger puzzle all around me and felt an itch to put them together. I began working with some colleagues to do just that.

In 2016, I got the opportunity to move to Stockholm, Sweden, to do a PhD fully funded by the European Union in a project called "AdaptEconII: Adaptation to a new economic reality". Through my PhD, I developed a theory for understanding how key aspects of business and markets drive system-wide sustainability dynamics:

Relationship-to-profit theory. After receiving my PhD, I was hired as a postdoctoral researcher in the Post-growth Welfare Systems project at Lund University, where I was able to work independently and remotely. I used the opportunity to start writing this book.

Over the years, I've worked as a telemarketer, a file clerk, a waitress, grocery store bagger, a hospital registrar, a cleaner, a barista, a nanny, an English teacher, a project manager, a researcher, and the co-director of a think tank. I've experienced many different facets of the economy in several different countries; the USA, China, Greece, and Sweden. Throughout these diverse experiences, I've witnessed the same for-profit dynamics described in this book play out.

Although these experiences have shaped my thinking in important ways, this book builds on my previous research, in particular:

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For all of my work, see my website: **www.jenniferhinton.org**

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