

# The Sustainablism Manifesto:

CAN CAPITALISM SAVE ITSELF?

By:  
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Dedicated to -----

## 1. Rethink?

There are few, if any, areas of life unaffected by COVID-19. Terms including social distancing, PPE and flattening the curve form part of our everyday conversation. We are necessarily denying our most basic human need to be close and connected to one another because of a virus that forces us physically apart. Irony aside, a worldwide pandemic has brought humanity together into a state of shared experience on a level unlike any in history.

In America the lights shone and the water ran; the delivery trucks still rolled. Do we emerge from this nightmare with a sense of triumph, unapologetically returning to the ways of the past? Or do we proceed with the recognition that a world apparently too big to fail sits on an untenably fragile foundation?

The pandemic is a clarion call that lets us shake off institutional dust that may have settled over time. An unbiased (to the extent possible), open and label-free confrontation of our past is our chance for growth—a true rethink.

At the root of why, with *this* virus, it is different this time, is a borderless world much more tightly interconnected by trade and travel than it was during the 1918 flu pandemic. Such interconnectedness will work to our advantage if we let it. If we reflect, and turn that reflection into action, we will reach a deeper meaning to this unprecedented global experience.

So how do we make the most of this transition?

## 2. Ask 'Why?'

Rather than spouting a list of societal ills, we can examine root causes. The limits and structures of the biological, anthropological and technological realms that so dictate the form of our commerce and development are not fixed, and the outcomes we took for granted are ripe for change. As business reward systems squeezed the last cent out of the marginal customer's pocket, few of us questioned them, and even fewer of us had the means to offer

alternatives. The forces at work were bigger than us. Coordinated, collaborative economic models found no oxygen.

After all, humanity was forged in the same fiery crucible as all life on earth. Consider competition and the law of the jungle: a lion must be the biggest and most savage to ward off rival lions. This winning survival strategy applies to germs, plants, animals and humans. Indeed, the free market and conventional capitalist systems are patterned on it. Over a billion people were lifted out of extreme poverty under this regime over the last thirty years.<sup>1</sup> Such a rising tide lifted all boats, and we need not minimize its positive effects.

### 3. So what?

Still, the rising tide has been anything but uniform. The majority of US earnings growth accrued to the top 20 percent of earners<sup>2</sup> and large corporate interests in the last fifty years. Ordinary, hardworking people were left in a very distant second tier. The structural barriers that deny upward mobility kept quality of life nearly stagnant over the same term for the middle and lower classes. This lack of earnings growth has been estimated to equal \$2.5 trillion a year, \$47 trillion since 1975.<sup>3</sup>

And why? The short answer, the law of the jungle, dictates that those who hold power *hoard* power, be it Wall Street bankers, heirs and heiresses to generational fortunes, or corrupt officials. We can observe the historical thread of hoarding, starting with tribal warlords, to monarchs, to the nobility and aristocracy, to the robber barons building the industrialized world, and finally to the utter intoxication of participants in capital markets and government. We also observe little meaningful change to power dynamics along the way.

In the US, layering a democratic government over a free market solves for some of conventional capitalism's side effects, but perverse incentives are nevertheless cross-pollinated between politics and big business.

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<sup>1</sup> Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle. Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO

<sup>2</sup> Semega, Jessica, Melissa Kollar, Emily A. Shrider, and John F. Creamer. U.S. Census Bureau, Current Population Reports, P60-270, *Income and Poverty in the United States: 2019*, Government Publishing Office, Washington, DC, 2020.

<sup>3</sup> Price, Carter C. and Edwards, Kathryn A, *Trends in Income From 1975 to 2018*. Santa Monica, CA: RAND Corporation, Working Paper, 2020.

Furthermore, a constrained government lacks the resources for overwhelming success, and so the bureaucratic class does a poor job with most tasks.

Meanwhile, power hoarders have their thumb on the scale, armed as they are with ruthlessness and a focus on distributive outcomes.<sup>4</sup> America may be the poster child, but this holds true for basically every place one can think of.

In 2018, the 26 wealthiest people held the same wealth as the bottom 50% of *all* humanity (3.8 billion people). In 2017 it was the top 43, in 2016 it was the top 61.<sup>5</sup>

#### 4. An emerging downside

Where does the status quo lead? A system so inherently and so passionately rivalrous works 'great' in yesterday's world, with a billion people, or two billion people, or perhaps even five billion people—not so much at eight billion. Humanity is bumping up against the carrying capacity of earth's gifts, with its hand on a tinderbox of social tensions ready to blaze. We are all connected; dire consequences from the next Black Swan event, no matter how far away its geographical origin, will not leave us undamaged.

Hardly a path to survival, the status quo in the real world of environmental resource constraints and outsized social power imbalances looks like an extremely bad bet. If we are not yet careening off a Thelma-&-Louise-style cliff at 100 mph, we're only a thousand yards away going a good 45 mph. Neither braking nor steering away is an option. We must disassemble, re-engineer, and rebuild that Thunderbird convertible and take to the skies before reaching the precipice. Environmental and social tipping points are real, and we need to be planning for the consequences of crossing our first. We are lucky it didn't come from this virus. Our addiction to some form of capitalism has been millennia in the making, and the institutional inertia is too great to ignore for one more instant.

The question of whether we can escape the forces that defined our past is existential, and the answer, therefore, binds our very future.

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<sup>4</sup> A distributive outcome describes an arrangement whereby in order for me to win something you have to lose something.

<sup>5</sup> After OXFAM. Elliot, John (2019, January 20). *World's 26 richest people own as much as poorest 50%*, says OXFAM. The Guardian. <https://www.theguardian.com/business/2019/jan/21/world-26-richest-people-own-as-much-as-poorest-50-per-cent-oxfam-report>

## 5. Coordinates of the solution(s)

Does answering the question require entirely new technologies, or can we simply make use of existing technologies in novel ways? What features of existing systems—especially conventional capitalism—can be incorporated into a new and improved system with little disruption to the old and tired way of doing things? What tweaks allow for a stable evolution rather than a violent revolution?

Should such adjustments be available, then superior paths forward reveal themselves absent the attachment to any form of politics, economics or ideology. Taking this one step further: how can the best features of established systems coexist while locking out their worst features and consequences?

## 6. The silo of low-hanging fruit

We may well strive for wholesale changes in the laws of the land, the roll call of our political representatives, social justice, the economy, or in our collective relationship to the natural world. Balancing our aims with what is realistic, and with what will move the needle, guides our direction.

While all societal silos<sup>6</sup> are probably ripe for a refresh, the focus of this document is commerce and economics. As important as the ballot box, economic participation is a weapon the individual can wield on a daily basis. Whereas political elections take place once every two years, we can vote with our wallet each and every day, and the effects are cumulative.

We are not, however, taking this weapon up in a meaningful way. The low-hanging fruit for effecting change is described by the primary pillar of Sustainablism: a sustainable business organization (SBO).

## 7. Sustainable Business Organization (SBO)

How businesses are organized dictates how business is done as a system (see Appendix I). The impact of these choices is profound. These are the four defining organizational principles required by Sustainablism firms:

- i) 50% employee ownership, 50% customer ownership
- ii) equitably minded governance
- iii) hyper-transparency

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<sup>6</sup> A silo refers to a separation of grouped units with distinct characteristics between silos that generally operate apart each another.

- iv) externality<sup>7</sup> recapture

(See Appendix II for brief explanations of the principles.)

## 8. The SBO footprint

Any industry may contain SBOs, but Sustainablism entrepreneurs should endeavor to create a robust ecosystem of SBOs in the following sectors:

- i) agribusiness
- ii) water supply & sanitation
- iii) apparel
- iv) housing & construction
- v) energy supply
- vi) education
- vii) health care
- viii) transportation & mobility
- ix) communications

Self-determined, democratic control over these sectors is the basic outcome targeted by Sustainablism. Universally high-quality access to these resources should be seen as a prerequisite for a high-functioning, Sustainablism society. Given our daily transactions in these domains, we are overlooking almost all of our opportunity to vote for meaningful upward mobility or other forms of change.

## 9. Features and consequences of SBOs

Broadly, SBO entrepreneurs work toward three outcomes:

- i) levelling the socioeconomic playing field (rising tides lift all boats equitably)
- ii) establishing superior economic equilibria<sup>8</sup> and outcomes
- iii) reducing the work of government

All four of the SBO organizational principles from section 7 play a role in achieving these outcomes, but a special focus on superior economic equilibria (see Appendix III and this section) makes the strongest case.

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<sup>7</sup> e.g., calculating the economic cost of pollution

<sup>8</sup> balancing supply with demand, for example

To explore what is different in an SBO ecosystem, we have to understand the status quo (see Appendix IV), namely that the basic stock and trade of power hoarders is asymmetric information,<sup>9</sup> the fungibility of power,<sup>10</sup> and differential advantage.<sup>11</sup> These are the thumb-on-the-scale effects that result in errors in the attribution of profit—and, ultimately, inequity.

Profit is a crucial component of SBO transactions, and it is attributed to a firm's individual owners just as in conventional capitalism. The traditionally accepted view of capitalism is that the pursuit of profit should be the primary goal of the firm. This need not change under Sustainablism. Obviously, should the owners of a firm wish to keep realizing this profit, then decisions that would lead to the collapse of the firm must be avoided. Although there are many decisions to be made for a working SBO, the most important for our immediate discussion relates to setting the market clearing price<sup>12</sup> on any good or service.

Let us compare price-setting under conventional capitalism and Sustainablism. Under the former, no firm will:

- increase prices beyond the point where customers are willing to purchase the good or service produced by the firm: no willingness to pay = no sales = no firm = no profit for the owners
- decrease prices beyond the point the firm can cover the cost of producing the good or service: no means of production = no sales = no firm = no profit for the owners<sup>13</sup>

Firms naturally seek the highest possible price for their goods and services, and customers seek the lowest possible price. This tension is settled by the free market and the forces of supply and demand.

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<sup>9</sup>Information asymmetry describes a situation between two parties where certain information is available to one party but not the other.

<sup>10</sup>Fungibility says discrete units are interchangeable, so one particular dollar bill can be perfectly substituted for any other dollar bill. Connecting wealth with power, this property means that small units of power can be transferred away from a great number of people and assembled into larger stores of power held by a small number of people.

<sup>11</sup>While differential advantage generally refers to being possessed of some superior attribute, which is not a bad thing, here we use it to refer to the privilege of a class of people holding socioeconomic advantages that are out of reach for most people because of structural inequities.

<sup>12</sup>Whether this is for sofas or haircuts, this is basically the price at which buyers are willing to transact given the number of sofas and haircuts made available by sellers.

<sup>13</sup>Alternatively, factor inputs such as cost of labor and machinery are not willing to feed into the supply chain.

In contrast, Sustainablism establishes or assumes the following to achieve equilibrium:

- firms are composed of employees (specifically, the managerial class<sup>14</sup>) who set the prices of their goods and services
- sales are executed with customers, who accept the sales price
- this setting and acceptance of prices is required for a transaction to take place
- transactions create profits for owners
- owners want continuing profits
- because owners want continuing profits, they will make decisions that ensure the long-term life of the firm (rather than its destruction)
- Sustainablist firms are 50:50 owned by employees and customers
- Because ownership of Sustainablist firms is held equally by employees and customers, they *must* therefore fairly resolve any underlying tensions to set prices so that transactions can take place for themselves, as owners, to realize profit

Under the SBO framework, every transaction involves owners seeking fairness and long-term sustainability. The effect cascades up and down the supply chain because the sellers of goods and services to end consumers are indeed customers themselves (and therefore owners) of their suppliers.<sup>15</sup> Instead of fighting over 100 percent 'ownership' of one side of every transaction, an assemblage of SBO firms effectively becomes 50 percent owners of all sides of every transaction in a given supply chain, with consumption restricted to the goods and services customers actually want to buy, as profit-seeking owners.

Ownership is by far the most important path to wealth and is therefore the most important means of levelling the socioeconomic playing field. Furthermore, with ownership supercharging agency, Sustainablist outcomes flowing from the bottom up gain more traction.

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<sup>14</sup> Although certainly possible under Sustainablism, it is assumed that most employees and customers do not directly participate in decision making, leaving this to professional managers. These owners do however ultimately decide in the hiring/firing of the management class.

<sup>15</sup> If they sit in the middle of a supply chain, their customers are 50% owners of the firm one step up the chain, and so on.

None of this requires the necessary government interventions found in conventional capitalism, nor the central command found in real-world applications of communism (these systems are two sides of the same law-of-the-jungle coin). Nothing conceptual should prevent us from having the same economy under Sustainablism as we do today. If producing a 99¢ hamburger involves cutting down the Brazilian rainforest for grazing and paying burger flippers near poverty wages, and if all economic actors, including customers, workers and resource suppliers, collectively decide<sup>16</sup> that what matters is producing that 99¢ hamburger, then that is what we get under Sustainablism. Hyper-transparency requires us to do this with our eyes open, externality recapture assigns a dollar cost to repairing the rainforest, and 50:50 ownership makes paying a living wage a necessity (otherwise we fail to attract any employees). While our Sustainablism stipulations mean we might not have a 99¢ hamburger anymore, whatever arrangements or product we are left with—a pricier, healthier foodstuff or a healthier food-supply chain—will, by definition, increase to the stock of society's profit.

The superior outcomes resulting from superior equilibria drives economic efficiencies and fosters a mindset of coordination. The pursuit of profit under Sustainablism is a unifying force rather than a rivalrous one.

Because consumers, firms and resource suppliers—all economic actors in a Sustainablism framework—make decisions based on self-interest and against self-harm, government expenditure on legislating, regulating or policing corporate activity is meaningfully reduced. By relying on corporations that actually self-regulate with integrity, Sustainablism leads to smaller government while affording the free market leeway to solve our challenges in a coordinated fashion. Sustainablism's end game, if you will, sees government focused on foreign relations,<sup>17</sup> the military, large public works and taxation.

Sustainablism's simple, natural efficiencies of less regulation and inherent cooperation achieve positive change without a forced redistribution of wealth away from power hoarders in the form of higher taxes. Sustainablism moves the invisible hand of the free market, wherever it hovers over the dark side, into the light.

The 50:50 ownership structure stipulated for SBOs is crucial for true long-term sustainability. Equilibrium is balance; any tilt towards one party

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<sup>16</sup> Through the invisible hand of the free market.

<sup>17</sup> Including immigration.



introduces a drifting force and an eventual reversion to something that looks much like the status quo. Furthermore, the 50:50 structure leads to a positive blurring of the lines of the firm as individual links in supply chains coordinate more and more to produce the best goods and services possible. As the ethos of Sustainablism achieves a meaningful hold on market participants, new entrants may propose alternate ownership structures, but the reader is cautioned that these may amount to a fatal flaw<sup>18</sup> and could be the mark of mere virtue-signallers.

For Sustainablism to take hold, consumers will have to vote with their wallets in favor of SBOs. Amenable voters would number in the hundreds of millions, and they should be easy to activate in this particular moment of our history.

To the extent the ideas in this paper resonate, readers need to act to create this demand. If the clawing of power hoarders at the walls of democracy disgusts you, strongly consider your creative role by supporting emerging Sustainablism businesses. Power hoarders don't yet realize that the bricks they tear down are the same which fortify their vaults.

10. So, how?

There are only three fundamental problems that need to be solved before Sustainablism can gain a meaningful foothold in the real economy:

- i) the resource problem;
- ii) the technology problem; and
- iii) the coordination problem

We are very fortunate to be living in an age—for now—when we have yet to cross the line marking a general availability of resources. Society needs to act well before this changes.

The technology problem<sup>19</sup> is a matter of combining existing solutions rather than one of invention. It can be solved, likely within twelve months, given sufficient resources. Conveniently, this is probably around the same amount of time it will take to fully transition out of a COVID world.

This leaves the coordination problem. The plan for answering that can be found at <https://dunbarsafe.com/>.

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<sup>18</sup> While the author is unsure if complete orthodoxy on this point is required or appropriate across all industries, it is very likely so. This can only be proven by real-world application.

<sup>19</sup> other than all externality calculations which can only be phased in over time

## 11. Common criticisms

### **This is naïve and idealistic**

This is optimistic—and there is a *massive* difference. Whether we experience an economic recession or expansion, it is nothing more than a self-fulfilling prophecy. When people are generally optimistic about their circumstances, they work and spend and the economy grows. When people are generally pessimistic, they cut back on spending, some lose their jobs and the economy shrinks. It really is as simple as that, and we need not shy away from this linkage. We should be leaning into this property and applying it to other areas of commerce. At its core, the establishment of Sustainablism represents the weaponization of optimism in a parallel economy. If people are made aware of Sustainablism and are conceptually tuned to demand the goods and services offered by SBOs, SBOs will form and fill this need.<sup>20</sup>

Sustainablism doesn't require everyone's optimism to be feasible; pessimists will remain in the larger, original system for some time. If Sustainablism is to become the dominant system, however, it does require the optimists to outcompete the pessimists. Within the fundamentally cooperative infrastructure set by SBOs, and with a levelling of the playing field that results, this should prove eminently workable.

Meanwhile, pessimists will convert to optimism in a virtuous cycle. Why? Pessimists aren't really pessimists, they just don't see another way. Optimists need to start showing them one, and there are certainly enough of us out there. In other words, once we hit Sustainablism critical mass, it will trigger a *positive* social tipping point.

### **This is communism/socialism**

Every communist and socialist society submits to the heavy hand of central planning, bloated bureaucracies, public ownership and power hoarding that characterizes conventional capitalism. This is in opposition to what is described by Sustainablism.

Unlike communism, Sustainablism is not in conflict with conventional capitalism in any way whatsoever. Indeed, it is a form of capitalism and uses the same levers—no revolution required. With a bit of insight we can 'hack' our economy and change the status quo and its consequences.

The Sustainablism system relies on individual choice and private ownership to direct the economy. The profit from transactions is not

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<sup>20</sup> See <https://dunbarscafe.com> for a list of firms.

directed to the single commons of socialism;<sup>21</sup> rather, people direct their transactions to a commons that they themselves define, own and control. In other words, those that create profit decide where that value goes. Sustainablism is the most democratic and freedom-aligned way of organizing economic infrastructure.

#### **This will stifle innovation**

If the ownership share of entrepreneurs, as the founders of SBO firms, is reduced as it is shared with employees and customers, will they have the incentive to innovate in the first place? Firstly, money's role as a motivator is overestimated when the fate of the planet is at stake, especially for millennials and Generation Z. Secondly, founders can still command very high compensation through their salaries. Finally, the initial ecosystem of SBOs will be focused on rolling out and scaling up existing technology in food, housing, and energy to consumers rather than creating new technologies. There is plenty of incentive for the development of new technologies within the status quo of concentrated founder ownership, venture capital, and institutional investment in IPOs. A transitional stage may last decades, and we will not likely see innovative, high-risk startups organized as SBOs until a new generation of entrepreneurs is born into a Sustainablist economic system.

This off-ramp of sorts puts society into two classes: the innovative class, which develops new technology under the status quo, and the virtuous class, which scales existing technology using SBOs. These labels are for convenience only and are not meant to be mutually exclusive; the innovative class needs to be virtuous and the virtuous class needs to be innovative.

## 12. Conclusion

Sustainablism is a centrist approach to economic thought, the design of which should appeal to everyone across the political spectrum. It encompasses the ideals of universal access to food, shelter and the like while clinging tightly to the free market, private ownership and the maintenance of a class system. It is capitalist with respect to rules and processes and socially conscious with respect to outcomes.

Business can no longer afford to look the other way; stakeholders increasingly demand that commercial enterprise align with their values.

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<sup>21</sup> The commons is the resources shared by everyone in a free society, e.g., roads, air, information.

The four organizational principles of SBOs guarantees this alignment across different supply chains and through the economy. Sustainablism requires no new technologies, and it incorporates some of the best features of existing economic systems while locking out their worst features.

In a free market system where competition ensures that humanity is always in its best age in the present moment, it is naïve to assume that there is no room for improvement. If the availability of the latest and greatest <insert your favorite product here> is a result of efficient competition between the elements *within* a system, what healthy outcomes arise from competition *between* parallel systems? Add the field of business organization to the list of those undergoing a restructuring in 2021.

While Sustainablism may not prove to be *the* answer, it is a very good candidate as a starting point. This paper is meant to jumpstart us into actually living the search for a new way of doing things *and not just having a conversation about it*. 'Innovate or die' never rang more true than it does today.

As we look toward a world without COVID-19, we ask: What world do we want to emerge into? How will we reconnect with each other? What will future generations say about what we made out of these circumstances and our legacy? Will the human world ultimately be one of stewardship and balance? Or will it be one of ruin? If your answer is the same as mine, let's make the world a better place together.

<https://dunbarscafe.com>

## Appendix I

### The architecture of business and the law of coordination

The architecture of commercial enterprise is seminal: its impact on the eventual workings of business—how operators view competition, the aim of negotiations, what is considered good and bad business—is profound. Function follows form aggressively.

If a previously unexploited law superior to the law of the jungle is within reach, even considering the first few potential ripples in a different pool of commercial enterprise is enticing. Sustainablism focuses on the law of coordination as just such an axiom.

A variation on game theory's prisoner's dilemma sets the stage:

- i) you and I are innocently walking down the street when we are nabbed by the police and accused of committing a crime
- ii) we are separated, and I am told that if I rat on you, I'll go free but you'll get ten years in prison; you are told that if you rat on me, you'll go free but I'll get ten years in prison.

However,

- iii) if we both rat on each other, we'll both get two years in prison
- iv) if we both keep our mouths shut, we'll get a \$50 fine for using up police time and we'll be released, but we'll find a \$100 bill when we get home

The law of the jungle sees *everyone* ratting on *everyone* else all the time, over and over. The law of coordination sees us both keep our mouths shut and go off on our merry way.

While there are exceptions to the law of the jungle in the status quo, coordination is not the organizing principle.

## Appendix II

### SBO organizational principles

While works that expand upon this paper will examine the mechanics of the four defining organizational principles of Sustainablist firms, including ownership vesting periods, the impact of hiring and firing, and the impact of hierarchy on ownership scaling factors, here we expand on three of principles themselves for clarity.

#### **Equitably minded governance**

The Sustainablist business fosters a more equitable and just society, and its governance practices are necessarily in harmony with the four principles.

A commitment to a reasonable cap on the C-suite-to-worker compensation ratio is illustrative. The ratio was ~25-to-1 in the 1965-1978 period, rising to ~280-to-1 in 2017 and 2018.<sup>22</sup> In no meritocracy where humans live did the intrinsic abilities of the managerial class increase by a factor of ten. Average CEO compensation of \$17,000,000 a year<sup>23</sup> invites similar indignance. These imbalances are the result of slow, long-term collusion between power hoarders with their thumbs on the scale. This must change.

#### **Hyper-transparency**

Hyper-transparency is in evidence when a business has the means to make its accounting and contracts available for public scrutiny at all times. The buyer of a sofa sees it all: the cost of the materials, labor, transportation, and marketing, as well as what the store's profit is.

This is an ultimate expression of the free market—if I can't justify the value I add as the seller to your face, I don't deserve to be in business.

#### **Externality recapture**

One's own purchases shouldn't harm anyone else or the environment; we assume a basic level of human decency. Externalities are real costs that aren't captured by the pricing of a given transaction, and they are frequently enormous. Air pollution that arises from the manufacturing process, never glimpsed by the customer, is a classic example that results

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<sup>22</sup> Mishel, Lawrence, and Wolfe, Julia. 'CEO compensation has grown 940% since 1978: Typical worker compensation has risen only 12% during that time'. Economic Policy Institute, August 2019.

<sup>23</sup> Mishel and Wolfe, 2019.

in millions of deaths a year.<sup>24</sup> This price is paid by families and health care systems, not the polluters. Clarity on other externalities is emerging, especially around social justice (e.g., human-rights violations around coltan mining).

Despite its importance for Sustainblism, the reasonable capture of most externalities is beyond the reach of business today, with carbon dioxide emissions standing as one notable exception. These costs *must* eventually be reflected in the price of goods and services, however, and we can't be afraid of tackling complexity. Sustainablism therefore requires a genuine (and enforceable) commitment to this precept. As soon as the mechanisms for quantifying externalities are developed, they must be adopted.

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<sup>24</sup> Source: WHO. <https://www.who.int/news-room/air-pollution>

## Appendix III

### How Sustainablism works within capitalism

Consider that, in addition to the equilibria established by 50:50 ownership, firms engage in a transaction with employees by 'buying' their labor from them. As 50 percent owners of the firm, these employees won't be a part of a management team that either:

- i) sets salaries to unsustainable levels such that the price the firm commands for goods and services doesn't cover labor expenses; or
- ii) sets salaries below a reasonable, living wage.

These sorts of equilibria nested within equilibria ensure resilience in the system and a true accounting of profit, which also ensures that this profit is equitably captured by those who create it. Financial capital (or even fixed capital) has no intrinsic creative capacity; it is through the actions of entrepreneurs and employees, in concert with customers, that anything of societal value is produced. Indeed, Sustainablism highlights the creative role of customers in creating profit. Goods and services of societal value aren't produced simply because a firm wants to produce them; they are only produced in the first place because they are demanded by customers.

Sustainablism relies on the free market and competition to sideline firms that get these balances wrong. If managerial incompetence is the culprit rather than the sheer capability of producing a useful good or service, then a reformation of the firm under new management will quickly follow. This is the same creative destruction that is foundational to capitalism, the levers of which Sustainablism applies because it is itself a form of capitalism.

The free market allocates resources to the goods and services it 'decides' to produce, and in what quantities it decides to produce them. This is the invisible hand formulated by the father of modern capitalism, Adam Smith. Here, too, Sustainablism produces more efficient equilibria and outcomes than the status quo. Customers are owners and won't buy goods and services that lead to self-harm in the name of self-interest (and externality recapture prevents them from hurting others). Furthermore, as owners they only buy things they want to profit off of, and so, again, only those goods and services are produced.

Under Sustainablism, we remain governed by individual private ownership, supply and demand, price signals, and capitalist competition while producing fair living wages and universal access to reliable energy, food



and shelter. Providing these basics of modern life levels the playing field and allows for a more efficient allocation of individual talent into productive fields. A citizen naturally inclined toward engineering, for example, would be more likely to achieve a good career in that space when these basics are provided for. Our industrial processes, meanwhile, responsibly handle all the waste products and pollutants.

## Appendix IV

### The status quo: a thumb on the scale

In an ordinary transaction, a natural tension exists between firms and their clients. Firms seek the highest possible price for their goods and services, and clients seek the lowest. (The law of the jungle would theoretically lead to firms driving infinite pricing and clients wanting everything for free.) But competition and the forces of supply and demand in a free market find an equilibrium where the price equals the cost (labor, material, financing and tax) plus the value-add provided by the firm, or profit, realized by the owners of the firm (and which is required to induce them to provide financing). The reasonable observer sees this as an equitable and fair outcome. The story, however, doesn't end there.

The acceptability of this outcome relies on naïve assumptions about organizing a society. The stock and trade of power hoarders is asymmetric information, the fungibility of power, and differential advantage. These thumbs on the scale cause dislocations in the attribution of profit.

The government attempts to negate these dislocations through interventions such as minimum wages, anti-trust legislation and enforcement. But we know these attempts are insufficient, with extreme income stratification, overwhelming barriers to class mobility, and the persistence of classes who possess wildly different futures under the status quo.

While its impact is not always significant, a thumb remains on the scale in all commercial situations because the underlying system is built that way. Severe inequality is the inevitable result of the cumulative effect of even minor inequity over time. There is no reason whatsoever to think that this will be unwound under the status quo. An inescapable fingerprint marks every transaction—inescapable unless we change it, that is.