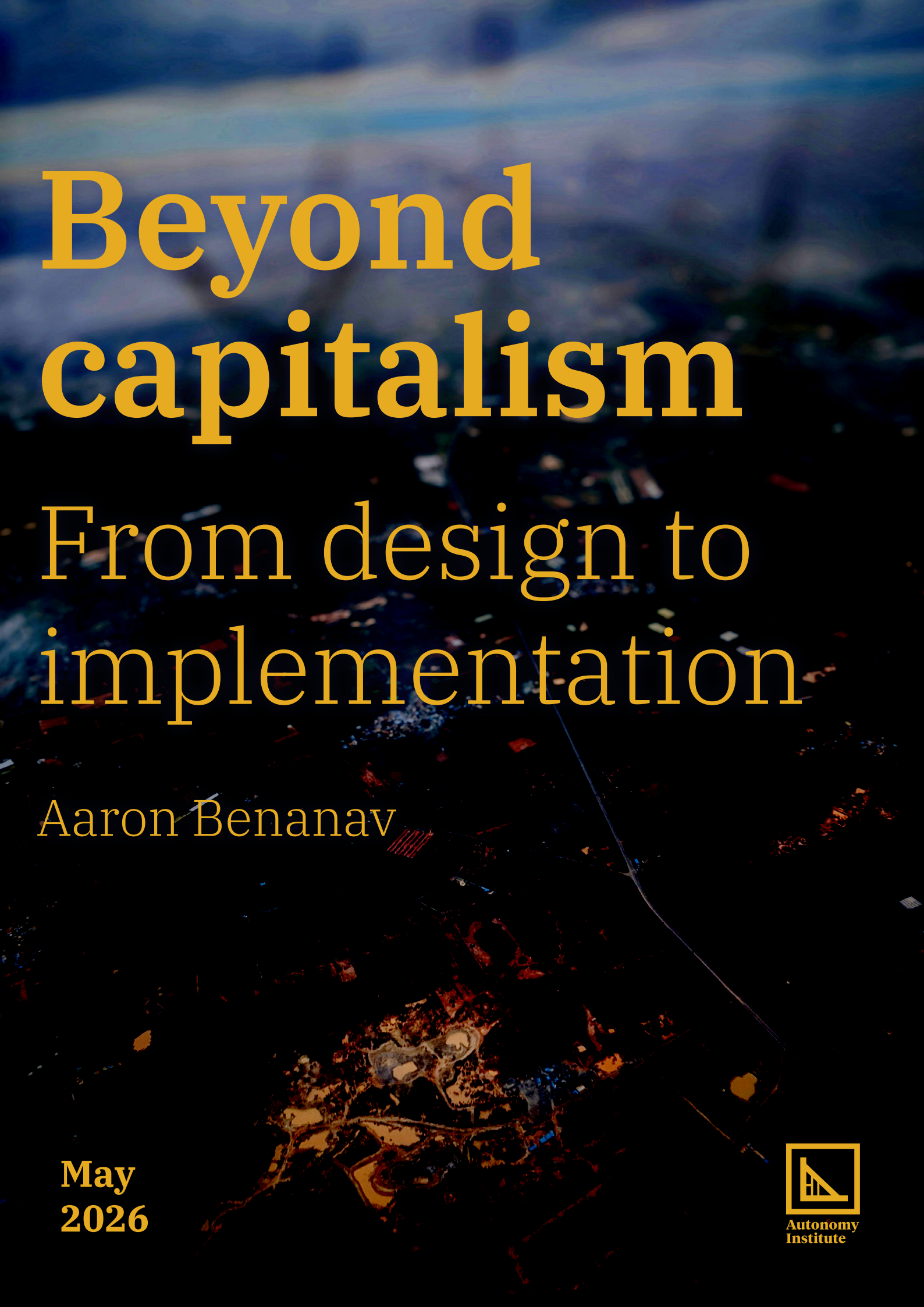

Beyond capitalism

From design to implementation

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May 2026

Autonomy Institute

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Autonomy is an Institute which creates data-driven tools and research for sustainable economic planning.

Published 2026 by The Autonomy Institute

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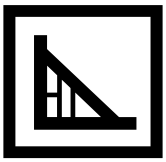

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Beyond capitalism: from design to implementation

What would it take to organize an economy not around financial returns on capital invested, but rather the plurality of aims and ends people actually care about?[1] Ecological sustainability, material security, meaningful work, democratic participation, the quality of collective life: these are the things most people value, and no serious political movement can avoid invoking them. Yet in the institutions that actually govern production and investment, these goals appear only as secondary considerations—constraints on an underlying focus on economic efficiency, on minimizing costs and maximizing revenues. Reform efforts that seek to graft plural values onto an efficiency-first system—ESG investing, ethical consumption, B-corporations, beyond-GDP dashboards—fail to transform the economy's core logic. Profitability remains the organizing principle, so every other value must either be translated into monetary terms or set aside.

Across two issues of the *New Left Review*, I argued that we can go beyond capitalism—restructuring the economy so that production is organized around multiple ends pursued for their own sake and governed by democratic institutions designed to navigate the trade-offs among those ends.[2] The core institutional move is the creation of two distinct digital currencies—credits for consumption, points for production—that sever the link between economic activity and private wealth accumulation. Investment is relocated from financial markets to democratically elected sectoral boards, whose returns are measured not in money but in cleaner energy, better care, more material security, and shorter working hours.[3] A dense ecology of technical and civic associations sustains democratic life. None of this requires the abolition of markets. What it requires is a change in the rules that govern activity within them—above all, through a change in money itself.

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1 For comments on earlier drafts, I am grateful to Leah Downey, Felicia Jing, Nic Johnson, Jens van 't Klooster, S. Prasad, and Susan Watkins. A draft was presented at the Redesigning Finance for Climate Justice conference, funded by the Independent Social Research Foundation; I thank Cédric Durand and Jennifer Churchill for their comments as discussants, and the participants for theirs. Benjamin Braun, Daniela Gabor, and Carolyn Sissoko provided especially helpful comments on the transformations of finance. Christopher Newfield, director of research at the ISRF, offered valuable comments on democratic mandates.

2 Aaron Benanav, "Beyond Capitalism—1: Groundwork for a Multi-Criterial Economy," *New Left Review* 153 (May–June 2025): 65–128; Aaron Benanav, "Beyond Capitalism—2: Institutions for a Multi-Criterial Economy," *New Left Review* 154 (July–August 2025): 97–143. The present text was originally conceived as a third installment in this series but has since been substantially revised and expanded.

3 Throughout this document, concrete goals are named to give the transition program specificity and political force. But the institutional architecture described in the NLR articles is not built around any particular list of values. What matters is not the specific content of society's goals but the capacity of its institutions to navigate trade-offs among whatever ends democratic publics bring to them. See Benanav, "Beyond Capitalism—2."

But even the most compelling institutional design is worth little if it cannot be built. Critics who reject the premise will argue against it on theoretical grounds. The more serious challenge comes from those who accept the vision in principle and ask: how do you actually get there from here? How do you move from an economy governed by profit to one governed by multiple and conflicting values without collapsing the economy in the process? This document answers these questions. The transformations described below are radical in scope—they decisively shift the mechanisms governing economic life—but they do not require that everything about the economy change at once. Instead, the transition proceeds through a sequence of major institutional reforms, each of which alters the balance of power and opens space for what comes next—replacing capitalism, piece by piece, with a truly multidimensional economy.

Building such an economy requires mass mobilization from below: social movements, labor unions, tenant organizations, community groups, and broader networks of solidarity will have to fight—and keep fighting—to transform the society they live in. But mobilization from below is insufficient to bring about real change on its own. Movements cannot legislate, create new public institutions, and coordinate the simultaneous transformations across investment, finance, taxation, and firm governance that the transition requires. For that, a political coalition must take power—one with deep roots in the organized working class and broader civil society, committed to a program that the population has helped to shape and is prepared to defend.[4]

The grievances such a coalition must mobilize around are already widely shared. Basic economic institutions do not deliver security or meet people's real needs. Financial markets are volatile, extractive, and incomprehensible to the populations whose livelihoods depend on their stability. And the concentration of wealth has reached levels at which it visibly distorts democratic life: the rich exercise disproportionate influence over the economy, political parties, and the media. These grievances have fueled political upheavals across the political spectrum. The question is whether widespread discontent can be channeled into a program of structural transformation that takes us beyond capitalism—rather than twisted by nationalist reaction or dissipated in incremental reform.

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4 Two questions are often put to a transformative program: what is the historical subject of this transformation, and what is its party? The expected answers—the working class and a socialist party—encode a hypothesis about how transformative change occurs that has been largely disconfirmed by historical experience. Wherever working-class politics has achieved significant institutional breakthroughs, it has done so in coalition with small farmers and sections of the urban middle strata. See Göran Therborn, "The Rule of Capital and the Rise of Democracy," *New Left Review* I/103 (May–June 1977): 3–41; Dietrich Rueschemeyer, Evelyne Huber Stephens, and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992); Gregory M. Luebbert, *Liberalism, Fascism, or Social Democracy: Social Classes and the Political Origins of Regimes in Interwar Europe* (Oxford: Oxford University Press, 1991). Today the peasantry has shrunk, but the wage-earning population is more internally differentiated—across care, logistics, platform, public sector and other service work, as well as remaining agricultural and industrial strata. The coalition required to carry a transformative program will therefore have to be built across these groups rather than around any one of them. The need to hold such a coalition together creates real difficulties for any transformative program. But the alternative—a singular party claiming to act on behalf of a unified class—has historically produced worse outcomes, concentrating power in ways that undermined both the democratic character and the long-term viability of the transformative project. The task is to build coalitional structures that turn pluralism into a source of democratic accountability rather than paralysis.

↳ The political pathway

The first legislative acts of the governing coalition would establish the institutional foundations on which a longer-term transition would unfold. First, a national investment authority must be created by statute, with the mandate and financing to direct investment on a massive scale. Second, capital controls must be enacted to prevent wealthy actors from destabilizing that investment program through capital flight. Third, the central bank's mandate must be redefined, subordinating monetary policy to full employment and public investment rather than to inflation targeting in the service of financial markets. Fourth, the financial system must be stripped down to essentials—deposit banking and commercial lending—while speculative finance, including hedge funds, private equity, and shadow banking, are legally outlawed. Fifth, taxes on the rich must be raised sharply—not primarily to fund public spending, but to dismantle the concentrated economic power that would otherwise be mobilized to block every subsequent step.

These initial measures—establishing the investment authority, suppressing finance, and dismantling concentrated wealth—constitute the urgent core of the transition program. Each will face resistance from those whose wealth and power are directly threatened. They will use the courts and the media, as well as any other avenues of obstruction open to them, to protect existing property relations. Safeguarding the transition from judicial and institutional sabotage is therefore a central task of the transition's early phase. Legal frameworks shielding wealth from democratic seizure will need to be dismantled. Courts must be prevented from functioning as veto points against legislatively enacted change.[5] At the same time, electoral and media systems have to be democratized to prevent or overcome elite capture.

But those initial measures are only the beginning. As a reconstructive boom takes hold and elite resistance weakens, the transition moves into deeper phases. Investment authority devolves from the national investment authority to democratically elected sectoral boards, bringing decisions closer to the people with direct knowledge of production, use, and impact. Firms are progressively converted into publicly owned, worker-managed enterprises. Technical associations are built across every profession, setting standards and salaries. A digital data matrix makes economic interdependencies visible across the entire economy, supporting democratic judgment rather than replacing it. The currency system itself is reorganized—separating production from consumption through the credits-and-points system and completing the structural break with capitalism. As these institutions mature, the state relinquishes its fiscal role and transforms into a constitutional guarantor of rights and rules. Throughout, a vibrant civil society sustains the democratic pressure that prevents any bloc from consolidating power.

Achieving these goals, especially the last, requires sustained popular mobilization. The same organized forces that brought the government to power must remain active, visible, and prepared to defend the program against rollback, especially during the first, urgent phase of the transition. Over time, as new institutions take shape, they provide popular movements with more permanent homes: not as a way to replace grassroots organizing, but rather as a way to anchor it.

The plan below has been designed for a transformative coalition that has already

5 On elite veto points, see the work of Nic Johnson, for example, Nic Johnson, "Breaking the Conveyor Belt," *New York Review of Books*, April 20, 2025.

come to power—with widespread public support and a mobilized citizenry and workforce—but operating amid ongoing political conflict, elite opposition, and uncertainty about the future. Within that context, the plan identifies a sequence of institutional changes that can be enacted politically, while preparing for obstruction and mobilizing the population against it.

↳ Three caveats

Given the scale of the transformation envisioned, three caveats are necessary:

1. The autonomy of the political

This plan does not specify how power is won. It does not explain how a transformative coalition comes into office. That omission is deliberate. Political transitions are always contingent—shaped by institutional legacies, social movements, elite strategies, and international pressures. To say that politics has a large degree of autonomy is not to deny the importance of political strategy; it is to insist that no universally applicable pathway to power can be prescribed in advance. At the same time, political change rarely unfolds in the ways its protagonists expect. Long periods of quiescence are punctuated by sudden mobilizations; elite cohesion can collapse quickly. All of that can propel actors into positions of authority for which no one has fully prepared. The purpose of this document is to clarify what could be done once a window opens. At the same time, having a concrete and credible plan for change can itself become an element of political strategy, helping a coalition to come to power.

2. A one-country transition

This plan is formulated at the level of a single country because democratic mandates are typically secured at that level. Crucially, this is also the level at which control over money creation is located, and hence at which functional finance can operate. But the limits to action in a single country are real, particularly with regard to foreign exchange constraints and geopolitical pressures. This country-level framing should not be misunderstood as an argument for national self-sufficiency. A fully realized multidimensional economy cannot be sustained in isolation. Long-term viability requires coordination and extension across national borders.

3. Gradualism with teeth

The proposal outlined here assumes a gradual transition: a sequence of legislative reforms enacted through existing political institutions that cumulatively reshape the economy. Institutional construction takes time. New bodies must be established, procedures clarified, and norms developed. Such gradualism, however, is viable only if it is backed by a credible capacity for decisive and rapid action should gradualism be blocked. A government must be prepared to move quickly if obstructed by forms of elite resistance that exceed what the incremental steps described here can neutralize. Without such preparedness, reforms risk being stalled or reversed, precisely because the possibility of escalation has been ruled out in advance. That emergency pathway is not laid out here, but it is not an

optional supplement; it is a precondition of success.[6] This document also does not attempt to model responses to scenarios of overt constitutional rupture—military coups, foreign intervention, or armed conflict. Such possibilities are historically real and cannot be dismissed, but they require forms of strategic, military, and diplomatic analysis that exceed the scope of an institutional implementation plan.

↳ The transition trough

The most serious objection to any program of structural transformation is not that it is undesirable but that the process of getting there will make things worse before they get better. Adam Przeworski called this the "transition trough": the period in which old institutions have been disrupted but new ones are not yet functioning, so material conditions deteriorate. Capital flight and political sabotage compound the damage. Under democratic conditions, a government presiding over such a collapse is unlikely to survive electorally. Erik Olin Wright, drawing on this argument, concluded that ruptural strategies for overcoming capitalism lack credibility, and proposed instead to erode capitalism gradually from within—building cooperative institutions in its interstices until the balance of economic power had shifted without a decisive break.[7]

The present plan takes the problem of the transition trough seriously but offers a different answer. The transition described here is a rupture—a decisive break in the mechanisms governing economic life—but one that unfolds step by step, preserving economic stability even as it transforms the system's underlying logic. It need not begin with economic decline. On the contrary, it can ignite a lasting economic boom, within which the rest of the transition unfolds. On this point, there is much still to be learned from John Maynard Keynes—not from the domesticated Keynesianism that became postwar economic demand management, but from the radical proposals he and his associates developed in the 1940s for moving beyond capitalism altogether. This plan draws on those proposals while departing from the technocratic assumptions that characterized even the most ambitious Keynesian programs.

↳ Keynes's answer

The central insight to be gained from Keynes and his interlocutors—above all William Beveridge and Nicholas Kaldor—is that beginning to exit from capitalism does not require the immediate socialization of production, but rather a more

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6 The emergency plan would involve the implementation of the same measures described below but in accelerated form, moving rapidly to impose capital controls, assume public control over systemically important firms, tax top-level wealth and incomes, and suspend secondary financial markets. The immediate priority would be securing employment and the provision of basic goods—food, energy, housing, healthcare, and transport—within a shrinking resource envelope. This would require detailed knowledge of inter-industry dependencies and input–output relations in order to rebuild disrupted supply chains and reconstitute productive linkages across the economy.

7 See Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985), chap. 5; Erik Olin Wright, *Envisioning Real Utopias* (London: Verso, 2010), chaps. 9–10; Erik Olin Wright, *How to Be an Anticapitalist in the Twenty-First Century* (London: Verso, 2019).

limited socialization of investment.[8] Investment decisions determine which productive capacities are built, which sectors expand or contract. Bringing investment under public control changes the logic of the system at its core—without requiring the immediate reorganization of every workplace or market—because it shifts the engine of development from financial returns to concrete welfare improvements.

The principal means for achieving this shift is what Abba Lerner called functional finance. Its key idea was already stated by Keynes in the early 1940s: "anything we can actually do, we can afford".[9] Monetary constraints are never decisive. The limits to any transformative plan are given by the availability of labor, productive capacity, and other inputs. Within these real constraints, it is possible to begin a transition without first taxing anyone to "pay for it." Public actors can simply generate the funds required to mobilize idle resources by fiat. If private elites respond by refusing to spend—leaving facilities idle or withholding investment in order to exert pressure—public actors can generate still more funds to replace that missing spending.

Functional finance is what closes the transition trough. Instead of a period of economic contraction in which the population loses faith in the project, functional finance makes it possible to launch a sustained reconstructive boom from the outset—mobilizing idle labor and capacity toward housing, healthcare, education, care, ecological repair, and public infrastructure. Well being does not decline during the transition; it improves, visibly and broadly. Popular support is sustained not by ideological commitment to a distant goal but by the immediate, tangible experience of an economy that is beginning to work for the vast majority.

At the same time, the strategy developed here departs in important respects from the technocratic orientation for which Keynesianism is known. Once investment is socialized, there is no single correct path forward waiting to be identified by experts. Investment decisions are inherently political: they involve choosing among alternative futures that embody different priorities. For that reason, investment planning must be subject to public contestation and control. This democratic dimension is not only normative; it is strategic. Given the scale of elite resistance such a project will encounter, sustaining a transition of this kind requires that populations remain mobilized, engaged, and ready to defend their gains. That requires building durable institutional forms through which people can oversee and shape the direction of change as it unfolds.

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8 John Maynard Keynes, *The General Theory of Employment, Interest and Money* (Macmillan, 1936); William Beveridge, *Full Employment in a Free Society* (George Allen & Unwin, 1944); United Nations Department of Economic Affairs, *National and International Measures for Full Employment* (United Nations, 1949). The UN text was largely drafted by Nicholas Kaldor; he also assisted Beveridge on *Full Employment*. See also John Maynard Keynes, "The Long-Term Problem of Full Employment" [1943] in *The Collected Writings of John Maynard Keynes, vol. 27, Activities 1940–46: Shaping the Post-War World* (Cambridge University Press, 1980). My interpretation of these texts has been deeply shaped by James Crotty, *Keynes against Capitalism* (Routledge, 2019). On the limits of even the most radical Keynesian proposals, see Benanav, "Beyond Capitalism—1," sections 9–12.

9 John Maynard Keynes, "How Much Does Finance Matter?" (1942), in *The Collected Writings*, vol. 27, p. 270. See also John Maynard Keynes, *How to Pay for the War: A Radical Plan for the Chancellor of the Exchequer* (Macmillan, 1940); Abba P. Lerner, "Functional Finance and the Federal Debt," *Social Research* 10, no. 1 (February 1943): 38–51; Abba P. Lerner, *The Economics of Control: Principles of Welfare Economics* (Macmillan, 1944).

There is a further respect in which this project differs from Keynesian versions of the socialization of investment. In the Keynesian tradition, public control over investment is primarily aimed at stabilizing aggregate demand while leaving the internal organization of firms intact. Here, by contrast, socializing investment is understood as creating the conditions for a deeper transformation in the structure of production itself—opening the possibility of progressively devolving control over firms' day-to-day operations to the workers within them. What follows is a description of how that process unfolds, beginning with investment itself.

The investment plan

As long as large parts of the population remain exposed to unemployment, illness, housing insecurity, unaffordable care, or poor-quality work, economic life for the many will be organized around fear and short-term survival—and collective capacities for self-government will remain stunted. Providing a firm foundation of universal security changes this terrain for everyone. It lifts society as a whole out of the "scarcity mindset" and unlocks productive, creative, and civic capacities that are otherwise suppressed.[10] When security becomes a collective achievement, the range of futures people can imagine and fight for expands.

Getting there is not a matter of government spending alone; it requires a reorganization of investment. Under capitalism, investment decisions are governed by expected profitability. Public spending can mitigate the harms this generates, but as long as private investment remains the dominant engine of economic development, collective priorities will be structurally subordinated to private monetary returns. A multidimensional economy cannot be built on taxing and spending alone. As I have already argued, it requires the socialization of investment—the transfer of responsibility for directing investment from private actors to public institutions.

At the center of this effort will stand a new National Investment Board (NIB).[11] The NIB will be tasked with ensuring full utilization of society's productive resources while steering economic transformation in line with collectively determined priorities. Its mandate will be to displace profit-led investment as the primary driver of development. That requires rapidly increasing the public share of investment so that it constitutes a substantially larger portion of GDP.

Through large-scale construction projects, public investment led by the NIB would come to represent the majority of total investment—rising over time to roughly two-thirds to three-quarters of the total.[12] But scale alone does not constitute the socialization of investment. What matters is that investment in aggregate is brought under collective control. For that reason, the NIB would also need the authority to review, sequence, and, where necessary, veto large-scale investment projects that remain in private hands.[13] Without that authority, private actors could

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10 See Sendhil Mullainathan and Eldar Shafir, *Scarcity: Why Having Too Little Means So Much* (Times Books, 2013).

11 See Liberal Industrial Inquiry, *Britain's Industrial Future* (London: Ernest Benn, 1928). Keynes drafted substantial portions of this "yellow book," which contains his early proposal for a National Investment Board, later echoed in William Beveridge's *Full Employment in a Free Society*. See also Crotty, *Keynes Against Capitalism*, chap. 8; Nic Johnson, "Reconstruction Finance," *Phenomenal World*, April 28, 2021; Saule Omarova, *The National Investment Authority: An Institutional Blueprint* (Berggruen Institute, 2022); Daniela Gabor and Benjamin Braun, "Green Macrofinancial Regimes," *Review of International Political Economy* 32, no. 3 (2025): 542–568.

12 This was the share anticipated by Keynes himself in the early 1940s. See "The Long-Term Problem of Full Employment," p. 322.

13 See for example, Beveridge, *Full Employment in a Free Society*, pp. 177-178.

direct investment toward conflicting priorities or push the economy up against real resource constraints, forcing the NIB into a reactive, stop-and-start pattern that would undermine its capacity to steer the overall economy in line with evolving public goals.

The NIB becomes, in effect, a vehicle for rewriting the basic structure of the economy. Once operational, it begins redirecting the flow of investment toward collective priorities on a massive scale.[14] Much of the political work of the transition's early phase consists in defending this institution—shielding it from legal challenge, elite sabotage, and bureaucratic capture—while it goes about the work of building the material foundations on which the rest of the transition depends and creating the conditions for its own progressive democratization.[15]

↳ Eight maldevelopments

What would the NIB do? Its initial mandate could be understood as a contemporary expansion of Beveridge's 1944 framework for postwar reconstruction. Beveridge identified five great evils—squalor, disease, ignorance, poverty, and idleness. Each persists today; several more must be added to this list. We might identify eight interlocking maldevelopments that a democratic mandate today would almost certainly direct the NIB's investment program to dismantle.

Squalor persists in the form of inadequate and unaffordable housing and degraded urban and rural environments. Across the world, decades of underinvestment in public and social housing have produced a crisis in which large portions of the population spend unsustainable shares of their income on shelter that is cramped, poorly maintained, and insecure. A massive program of housing construction and housing upgrading would address not only the immediate shortage but the deeper degradation of the built environment—creating neighborhoods with adequate green space, accessible public facilities, and housing designed for human flourishing.

Disease still burdens communities as healthcare systems remain fragmented and overstretched. In countries with privatized or semi-privatized health systems,

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14 The plan's success depends on administrative competence that does not yet exist in most countries. This concern is real but overstated if competence is treated as a fixed stock rather than a capacity built through use. In 1939, the US federal government had almost no capacity to direct industrial investment; by 1943, it was coordinating two-thirds of all new investment. That capacity was built under pressure, through iterative experimentation and the absorption of skilled personnel from the private sector. The NIB is designed to build capacity in the same way: its initial mandate is organized around specific, well-defined projects—housing construction, healthcare expansion, energy transition—each managed by dedicated bureaus that learn by doing. As in the wartime case, skilled personnel from the private sector would be drawn into the effort. See Matt Andrews, Lant Pritchett, and Michael Woolcock, *Building State Capability: Evidence, Analysis, Action* (Oxford: Oxford University Press, 2017); Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995).

15 The NIB would not enter an empty institutional landscape. Existing ministries and regulatory agencies would remain in place; the NIB would coordinate with them, drawing on their expertise and administrative capacity while redirecting their activities toward the investment program. Over time, some institutions would be absorbed into the new architecture; others, those whose mandates were designed for a profit-led economy, would become redundant.

access depends on employment or ability to pay; even in countries with universal coverage, chronic underfunding has produced long waiting times, staff shortages, and the erosion of preventive and mental health services. The NIB's investment in healthcare would mean not only expanding hospitals and clinics but building community health centers, mental health services, addiction treatment, and public health capacity. It would also reach upstream into the food system—from agriculture and distribution to school and workplace meals and the composting of food waste—recognizing that population health depends as much on what people grow, eat, and discard as on what happens inside clinics.

Ignorance continues to constrain human capabilities where access to education remains uneven and stratified. The quality of schooling still tracks income and geography; universities have been financialized, loading students with debt while redirecting institutional resources toward administration and prestige competition. Public investment in education would mean renewing schools at every level, rebuilding libraries and public workspaces, expanding vocational and technical training, and ensuring that access to knowledge is not rationed by wealth.

Poverty traps entire regions in cycles of insecurity that undermine self-determination and democratic participation. These cycles are often the legacy of historical injustice—systematic underinvestment in particular populations, compounded across generations. Investment targeted at breaking them would address not just material deprivation but the absence of functioning institutions that perpetuates it. To these classic evils must be added three new ones.

Neglect of care work and those who perform it has left households isolated and overburdened. The care crisis is not a natural consequence of women's entry into paid employment or of aging populations. It is the result of an economy that has never treated care as proper work deserving of investment, training, and recompense. A comprehensive investment in care infrastructures—childcare centers, eldercare facilities, social services, disability support, and respite services—would transform the quality of care and conditions for care providers.

Pride—that is, the reckless disregard of the economy's ecological foundations—threatens future prosperity by exhausting ecosystems and destabilizing the climate. Decades of fossil-fuel dependence, industrial pollution, soil depletion, and biodiversity loss have created ecological debts that compound with every year of inaction. Investment in renewable energy, grid modernization, ecological restoration, building retrofitting, and the redesign of transport and land use would begin to reverse this damage while creating the basis for a sustainable economy.

Dependence on volatile global capital markets leaves many societies vulnerable to external shocks and financial blackmail. This vulnerability is not merely a matter of macroeconomic policy but of productive structure: economies that rely on imports for essential goods are exposed to supply disruptions and currency crises that no domestic policy can fully control. The goal is not autarky; no complex economy can disconnect from the world market, nor should it try. But strategic investment in domestic productive capacity in critical sectors, combined with diversified trade relationships and more resilient supply chains, can reduce the degree of vulnerability without pretending to eliminate external dependence altogether.

Underlying all of these is an eighth maldevelopment, **idleness**, understood as systematic exclusion from meaningful work. Unemployment and underemployment represent a vast waste of human potential. Hundreds of millions who want to work cannot find it, or find only work that is precarious,

degrading, or devoid of purpose. An investment program undertaken at the scale requisite to transform the economy would generate an enormous demand for labor across industries including construction, manufacturing, engineering, healthcare, education, care work, ecological restoration, and public administration. The economy would draw people into work that is not only stable but directed toward purposes they can recognize as worthwhile.

These eight maldevelopments are not separate problems requiring separate solutions; they are interlocking.[16] Addressing them requires coordinated investment across sectors—precisely what a National Investment Board is designed to provide.

The scale of public investment described here is not without precedent. During the Second World War, the United States directed roughly two-thirds of all investment through public channels, demonstrating that a public investment authority can coordinate an entire, highly advanced industrial economy.[17] Postwar France, Japan, and South Korea all achieved sustained structural transformation through publicly directed credit and investment planning.[18] China today maintains investment at over forty percent of GDP, with much of this investment directed through public banks, development institutions, and planning agencies. The country has achieved extraordinary developmental results, albeit under authoritarian conditions.[19]

↳ A reconstructive boom

An investment program of this scope would set off a major and long-lasting economic boom. Growth rates would rise and full employment would be reached as society turned its talents and resources toward addressing urgent social

16 The eight areas identified here do not exhaust possibilities for the NIB's initial focus. Other maldevelopments may equally demand large-scale coordinated investment. The point is not to fix a definitive list but to establish a framework within which competing proposals for major investment programs can be decided on democratically.

17 The Reconstruction Finance Corporation and its subsidiary, the Defense Plant Corporation, financed thousands of industrial facilities across the country. By 1945, the government owned most of the newly built production capacity in key sectors, including aircraft, munitions, synthetic rubber, and enriched uranium. See Mark R. Wilson, *Destructive Creation: American Business and the Winning of World War II* (Philadelphia: University of Pennsylvania Press, 2016). On the RFC, see James Stuart Olson, *Saving Capitalism: The Reconstruction Finance Corporation and the New Deal, 1933–1940* (Princeton: Princeton University Press, 1988).

18 On France's indicative planning system and the Commissariat général du Plan, see Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (London: Oxford University Press, 1965). On Japan's developmental state, see Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford: Stanford University Press, 1982). On South Korea, see Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford: Oxford University Press, 1989).

19 On the scale and institutional mechanisms of Chinese state-directed investment, see Barry Naughton, *The Rise of China's Industrial Policy, 1978 to 2020* (Mexico City: National Autonomous University of Mexico, 2021); on the limits of authoritarian social engineering and the case for democratic accountability, see Dan Wang, *Breakneck: China's Quest to Engineer the Future* (New York: W. W. Norton, 2025). What distinguishes the present proposal is its effort to institutionalize democratic control over investment and to organize that control around plural, incommensurable social goals rather than around growth, competitiveness, or national power alone.

problems and building collective capacities.[20] Scientific research, freed from the short-term imperatives of private profit, would be redirected instead toward major public priorities. Large segments of the population would no longer be pushed into precarity or socially empty work; talented youth would no longer be drawn into finance, corporate law, or consulting. The economy would instead open space for a far wider range of meaningful contributions, oriented around plural common goods. At the same time, several sectors would contract sharply—speculative finance, fossil fuel extraction, arms production, and advertising—and workers displaced from those sectors would need active support: income guarantees during the transition period, retraining, and relocation assistance.[21]

This period of sustained growth would differ from previous ones in an essential respect: at least at first, it would not come with rising monetary incomes. At the bottom of the income ladder, material deprivation would need to be relieved by giving people money directly. For the rest, prosperity would come in the form of expanding collective provisions—growing access to good-quality housing, healthcare, education, transport, and child- and eldercare, as well as more humane work in jobs with greater stability and purpose. The reason is that, at least initially, the share of total output devoted to investment would need to rise substantially—toward roughly a quarter of GDP—both to achieve the socialization of investment and to accelerate the rebuilding of social and ecological infrastructure. Redirecting a larger share of total output toward public investment means that fewer real resources are available for expanding private consumption.[22]

This reconstructive phase would plausibly last a generation. Decades of underinvestment have left immense backlogs in infrastructure, social provisioning, and ecological repair; addressing them would require sustained effort over perhaps twenty years. Over time, as urgent deficits are addressed and core systems rebuilt, the scale of these foundational projects would gradually taper. By then, however, the institutional center of gravity would already have shifted. Public investment would have established itself as the primary motor of development, and the transition would have moved into deeper phases that transform production more broadly.

Even during this reconstructive phase, change would not operate only through public investment. Schools, hospitals, housing authorities, transit agencies, and

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20 See Mike Beggs, “Keynes’s Jetpack,” *Jacobin*, April 17, 2012; Daniel Aldana Cohen, “The Last Stimulus,” *Jacobin*, August 15, 2017; see also the essays in L. Randall Wray and Flavia Dantas, eds., *Handbook of Economic Stagnation* (Academic Press, 2022).

21 The just transition literature, developed in response to fossil fuel phase-outs, provides a framework for managing labor displacement during structural transformation. The central insight is that when labor demand is abundant—as it would be during a reconstructive boom—the problem is not unemployment but managed reallocation. For most workers, this would be a movement from worse work to better work. See Robert Pollin and Brian Callaci, “The Economics of Just Transition: A Framework for Supporting Fossil Fuel–Dependent Workers and Communities in the United States,” *Labor Studies Journal* 44, no. 2 (2019): 93–138. On the Swedish Rehn-Meidner model’s use of active labor market policy to facilitate structural reallocation, see Lennart Erixon, “The Rehn-Meidner Model in Sweden: Its Rise, Challenges and Survival,” *Journal of Economic Issues* 44, no. 3 (2010): 677–715.

22 Raising investment to roughly 25 percent of GDP during the reconstructive phase, with the public share accounting for two-thirds to three-quarters of the total, requires not only that private consumption grow slowly, but also that some reduction in private investment occur. The mechanisms for achieving this are discussed below.

care systems purchase enormous volumes of goods and services from private producers. By raising procurement standards across these public bodies—introducing sustainability and work quality requirements, wage floors, and other public provisos—the NIB can use public demand as a lever to reshape private production. This lever is strengthened when higher procurement standards are paired with concessional NIB financing: zero-interest or limited-payback loans that help firms reorganize production to meet new criteria. Procurement and public credit thus operate together as a transitional wedge, shifting the terms on which private firms participate in the expanding public economy.[23]

↳ Democratic mandate

Given such powerful levers of transformation, determining what the NIB's investment priorities entail in practice cannot be left to experts or administrators alone.[24] There will inevitably be different ways to address each of the maldevelopments described above. How should housing be built—at what density, with what materials, for what populations? What form should the green transition take? These are not technical questions with determinate answers; they are political choices involving genuine trade-offs among competing values. The same democratic process that determines how to address these priorities also determines, over time, what the priorities are.

For that reason, the process of defining the NIB's program must be as democratic as possible from the outset. Ideally, much of this work would begin before the transition itself—while the coalition and its allied movements are still building toward power. Labor, civic, and professional associations could be invited to develop competing proposals, making their cases publicly and contesting one another's visions of reconstruction. Citizens' assemblies, organized at regional and sectoral levels, could evaluate alternative investment pathways and their likely consequences before coalition members take a vote. The point is to surface the range of possibilities and build democratic ownership over the choices being made, as well as to revise these over time.

If the transition comes suddenly—if a political opening arrives before this preparatory work is complete—then democratic deliberation must proceed concurrently with investment. The NIB would begin acting on the best available understanding of priorities but would simultaneously establish fora through which those priorities can be challenged, revised, and redirected as the program unfolds. The early phase will necessarily involve a degree of technocratic implementation of democratically endorsed goals. That is unavoidable given the scale and urgency of the task. But the trajectory must be toward greater democratic control.

While the NIB would play a decisive role in jumpstarting the transition, it is

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23 For a prehistory of this idea, see Christopher McCrudden, "Using Public Procurement to Achieve Social Outcomes," *Natural Resources Forum* 28, no. 4 (November 2004): 257–267; see also Mariana Mazzucato, *Mission Economy: A Moonshot Guide to Changing Capitalism* (New York: Harper Business, 2021); and Isabel Estevez and Thea Riofrancos, "Global Green Industrial Policy: Navigating Power Dynamics for a Pro-Working-Class, Pro-Development Green Transformation" (Climate and Community Institute, September 2025).

24 See Amy Kapczynski and Joel Michaels, "Administering a Democratic Industrial Policy," *Harvard Law & Policy Review* 18, no. 2 (Summer 2024): 279–343.

not intended to become a permanent locus of public investment authority. Its purpose would be transitional from the outset: to build the material, institutional, and political conditions under which more decentralized forms of investment governance can take root. The aim is to progressively relocate investment authority to the sites within society where knowledge of production, use, and social impact is really located—because the people who work in a sector, use its outputs, and live with its consequences know things about it that no central authority can. Centralized investment planning works well for large-scale infrastructure with clear targets; it works poorly for the finer-grained decisions about quality, organization, and adaptation that become the main task once the foundations are in place. Long before the reconstructive phase is complete, authority would therefore devolve to democratically constituted sectoral investment boards—composed of elected representatives of workers, consumers, professional groups, and affected communities.[25]

↳ Devolution to sectoral boards

From the get-go, these democratic bodies would emerge in provisional form. Citizens' and workers' assemblies could function as proto-sectoral-boards, with voting rights initially established through sortition, or random selection from among stakeholder groups. At this stage, the role of proto-boards would be exploratory and advisory: hearing and synthesizing proposals from worker, civic, and professional organizations; facilitating debate among competing priorities; ratifying public reports that articulate a range of alternative long-term development paths without yet exercising binding authority to choose across them; and serving as independent watchdogs—drawing public attention to any concentration of authority, patronage, or manipulation of information by the NIB or other centralized bodies. Sortition at this stage serves to undercut elite control and lower the stakes of early institutional learning.

As these bodies accumulate experience, internal capacity, and public trust, they would be formalized and reconstituted through stakeholder elections—introducing clearer lines of accountability appropriate to their growing authority. Elected representatives on boards would first acquire veto power over public and large-scale private investment projects within their domains, ensuring that major investment decisions align with collectively articulated priorities. In a later phase, they would assume full budgetary control, allocating sectoral investment funds

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25 The institutional architecture described here is a system of representative democracy extended to economic life—not a regime of permanent direct participation. Workers do directly self-manage their own enterprises, as explained below. However, citizens—in their various capacities as workers, consumers, and members of the public—elect representatives to boards. Workers also elect experts to represent them in technical associations. Meanwhile, evaluation committees draw members through sortition with rotating terms, and the annual surveys require no more than filling out a questionnaire. Beyond the shopfloor, the participation demanded of any given citizen is comparable to what representative democracies already ask. The difference is that the institutions being governed are economic as well as political, and that the concentrated economic power which currently distorts democratic politics has been dismantled—through measures described in the sections that follow—before this devolution takes place. On representation as a fully legitimate mode of democratic decision-making, see Nadia Urbinati, *Representative Democracy: Principles and Genealogy* (Chicago: University of Chicago Press, 2006).

directly and deciding among competing projects in light of multidimensional criteria.[26]

The risk that those who hold centralized power will resist devolution of power to a variety of decentralized bodies must be confronted directly. History offers no example of a transformative government that voluntarily surrendered power on schedule; the structural pressures toward consolidation are immense. For that reason, the plan must include binding institutional safeguards against capture from within. Devolution timelines—specifying milestones at which sectors graduate from centralized to sectoral government—should be written into the NIB's founding statute, with automatic expiration of centralized powers over a period of ten years. Elections for sectoral board positions must be genuinely competitive, with candidates drawn from diverse stakeholder groups rather than appointed by the ruling coalition or the NIB.

Sortition-based oversight bodies—independent of both the government and the investment bureaucracy—should monitor the transition for emergent distortions of patronage, information manipulation, and institutional capture. Independent media must also be able to scrutinize every level of the new institutional architecture, with all public investment data made transparently accessible in order to ensure that the center cannot control the flow of information. And civic organizations must have access to resources that come directly from citizens rather than from the state, so that countervailing power is not dependent on the goodwill of those it is meant to check. All of these safeguards should be entrenched in law as early as the transition's initial legislative phase, before the political capital of the new government begins to erode.

As devolution proceeds, the role of the NIB would narrow rather than disappear. Over time, its residual system-balancing functions—monitoring real resource constraints and coordinating economy-wide interdependencies—would be absorbed into a standing General Facilitation Committee, responsible for long-run coherence across sectors. But for a time, many of the NIB's early coordinating capacities would also need to be transferred to emergent cross-sectoral coordinating committees charged with executing large, system-wide projects.[27] The most urgent tasks of the transition—rapid decarbonization across energy, transport, housing, and industry; economy-wide reductions in the workweek; systematic improvements in work quality; programs to repair entrenched historical injustices—cannot be realized within any single sector in isolation. They require synchronized restructuring across multiple industries at once. Especially in this

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26 The closest structural analogy to this progressive devolution of investment authority is the Meidner Plan, proposed in Sweden in 1975 by Rudolf Meidner, Anna Hedborg, and Gunnar Fond. Under the proposal, large firms would annually transfer a portion of their profits in the form of newly issued shares to industry-level wage-earner funds controlled by workers through their unions, progressively socializing ownership over time. The original plan was never implemented as intended; after intense opposition, a much weaker version was adopted in the 1980s and later dismantled. Its fate offers a central cautionary lesson for the transition described here. See Jonas Pontusson, *The Limits of Social Democracy: Investment Politics in Sweden* (Ithaca: Cornell University Press, 1992); Markus Furendal and Martin O'Neill, "Work, Justice, and Collective Capital Institutions: Revisiting Rudolf Meidner and the Case for Wage-Earner Funds," *Journal of Applied Philosophy* 41, no. 2 (2024): 306–329.

27 On the role of cross-sectoral coordinating committees in managing large-scale transformations, see Benanav, "Beyond Capitalism—2," sections 5–6.

early phase, democratizing investment cannot mean moving more cautiously or abandoning economy-wide coordination; it requires deliberate alignment of complementary investments across sectors. As these structural transformations advance, the balance between coordinating committees and sectoral investment boards can shift more toward the latter.

Functional finance

Establishing the NIB is the first pillar of the transition. It gives the economy a new engine—one capable of directing society's productive resources toward collectively chosen goals rather than private monetary returns. But transformations of this kind will not proceed without resistance.

As decision-making power shifts away from corporate executives and financiers, private capital can be expected to respond with disinvestment and political obstruction.[28] Functional finance is the tool that allows the government to stabilize the economy under public control in the face of such resistance. Its key idea is that a lack of money is never decisive; the limits to any transformative plan are given not by the availability of funds but by the availability of labor, productive capacity, and other real inputs.[29] What matters is not whether private actors choose to invest but whether idle resources exist that the state can put to use.

A capital strike does not destroy productive capacity; it merely leaves it unused. Functional finance converts that idle capacity into an opportunity: the NIB fills this gap in spending, directing resources toward collective priorities that private capital would never have pursued. But replacing missing private spending is only half the problem. If private actors remain free to invest at whatever scale and pace they choose, they can also spend too much—generating inflationary pressure. That is why, as explained above, the NIB must have the authority to review, sequence, and even veto large-scale private investment projects. That is what brings the scale and composition of investment decisively under collective control. The objective here is not the familiar Keynesian strategy of offsetting cyclical downturns while leaving private actors in command; it is to displace profit-led investment *tout court* as the economic driver.[30]

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28 See Michał Kalecki, "Political Aspects of Full Employment," *Political Quarterly* 14, no. 4 (October–December 1943): 322–330; Charles E. Lindblom, "The Market as Prison," *Journal of Politics* 44, no. 2 (May 1982): 324–336; and Adam Przeworski and Michael Wallerstein, "Structural Dependence of the State on Capital," *American Political Science Review* 82, no. 1 (March 1988): 11–29.

29 The level of investment is conventionally described as depending on prior monetary saving. This is the so-called "loanable funds" view: households abstain from consumption, savings are pooled through financial markets, and firms borrow from that pool to invest. In this account, saving appears as the condition for investment. Functional finance begins from a different premise. Investment spending itself generates the income out of which saving becomes possible. When the NIB authorizes public investment, new purchasing power is created and enters the economy. That spending becomes income for firms and workers, and only then is income divided between consumption and saving. So, as long as idle labor and productive capacity exist, the NIB can mobilize them without encountering financial limits; the binding constraint is the availability of real resources.

30 This differs from Modern Monetary Theory, which emphasizes the use of sovereign fiscal capacity to secure full employment, typically through a Job Guarantee and countercyclical demand management. See L. Randall Wray, *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, 2nd ed. (Palgrave Macmillan, 2015); Stephanie Kelton, *The Deficit Myth* (PublicAffairs, 2020). While this framework usefully clarifies the financial latitude of currency-issuing states, it does not propose a

↳ Financing the NIB

The NIB's financing structure must reflect this ambition. The NIB would fund its projects by issuing dedicated public investment bonds—agency bonds backed by the full faith and credit of the government. These bonds would be available for purchase by the public, providing a safe and stable savings vehicle for households and institutions alike. The central bank would stand ready to purchase NIB bonds in secondary markets, ensuring that the NIB's capacity to invest is never constrained by fluctuations in private demand for its debt. This financing structure eliminates private actors' capacity to veto public investment priorities through bond markets—a capacity already curtailed through large-scale asset purchases during the Global Financial Crisis and the pandemic. It simultaneously relocates democratic control over the NIB away from annual battles over its funding and toward the definition of its mandate and the oversight of its performance.

This funding model is what ensures that the binding limit on public investment is not financial affordability but real resource availability. The only question the NIB needs to answer is whether there exists sufficient labor, materials, energy, and technical skill to carry out its projects without generating bottlenecks. Operating within these real limits requires access to a powerful informational infrastructure capable of rendering resource use visible across the economy.

This infrastructure would take shape as a proto-digital data matrix: a coordinated system of reporting and statistical compilation tracking resource flows, labor and capacity utilization, energy use, import dependence, and emerging bottlenecks in real time.[31] Made publicly available, this system would allow not only the NIB but also sectoral bodies and worker and civic organizations to see where capacities are underutilized, where constraints are tightening, and how proposed investments would reverberate through supply chains.

From that point on, the central question shifts from whether private actors will invest to how much investment society should undertake, and toward what ends. The NIB's task becomes matching investment to available real resources. When investment demand presses against capacity, the NIB—coordinating with the central bank—shifts the composition of demand away from consumption by issuing savings bonds that withdraw purchasing power from circulation. When capacity goes underused, it moves in the opposite direction: working with the legislature to expand collective provision, or with the central bank to credit household accounts directly.[32]

In later stages of the transition, when the pace of transformation slows, similar mechanisms could gradually lower the economy's effective savings rate—whether

national investment authority with control over large-scale private investment. Fiscal policy must therefore adjust aggregate demand in response to investment decisions it does not govern, limiting its capacity to manage inflationary pressures or to prevent recessions. More fundamentally, by leaving the investment function in private hands, the proponents of modern monetary theory end up preserving profitability as the governing principle of capital formation, sustaining an efficiency-first economic structure rather than subordinating investment to collectively determined priorities.

31 On the digital data-matrix, See Benanav, "Beyond Capitalism—2," section 4.

32 Universal personal accounts at the central bank would make such adjustments straightforward. See Morgan Ricks, John Crawford, and Lev Menand, "Central Banking for All: A Public Option for Bank Accounts," Great Democracy Initiative, June 2018; and Saule T. Omarova, "*The People's Ledger*: How to Democratize Money and Finance the Economy," *Vanderbilt Law Review* 74, no. 5 (2021): 1231–1300.

through higher private consumption, expanded public goods, or increased free associational activity or free time.

↳ Managing inflation

Under this framework, neither private saving nor private investment any longer determines the trajectory of the economy. But the absence of financial constraints does not mean the absence of all constraints. Inflation remains a real risk: if economic expansion pushes beyond the point of full resource utilization, prices will rise. Inflationary pressures can emerge even before full utilization is reached if a bottleneck develops in a strategically central sector—such as energy, transportation, or another key input—whose outputs are required across many industries.[33] In such cases, generalized price increases reflect sectoral constraints rather than aggregate excess demand. Either represents a threat to the transition. Inflationary pressures must be managed.

Several instruments are available for doing so. Access to information about production and investment flows should make it possible to identify bottlenecks before they become inflation-inducing. The NIB can also enforce strategic slack in sectors that supply critical intermediate goods, lowering the risk that shortages propagate across industries. Targeted investment can expand capacity in bottleneck areas, although that capacity may take three or four years to come online. In the meantime, insofar as large-scale transformations draw on the same set of inputs, timing can become a macroeconomic variable: sequencing key investments across the economy reduces the likelihood that localized constraints become economy-wide inflation.

Of course, some inflationary pressure is an unavoidable companion to rapid economic transformation. The United States during the Second World War doubled national output and still held annual inflation to roughly three and a half percent, but only because the Office of Price Administration imposed direct controls on key consumer goods. When those controls were prematurely lifted in 1946, prices surged by more than eighteen percent in a single year.[34] The lesson is not that price controls are a permanent solution but that during periods of intense resource mobilization, targeted regulation of prices in systemically significant sectors can contain inflation while its underlying causes are addressed—whether by slowing the pace of new investment where production-side bottlenecks are the source, or by issuing bonds to withdraw purchasing power where excess consumer demand is the problem. Strategic reserves provide a further buffer, absorbing supply-chain disruptions before they reach consumers.[35]

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33 See Isabella M. Weber, Jesús Lara Jauregui, Lucas Teixeira, and Luiza Nassif Pires, "Inflation in Times of Overlapping Emergencies: Systemically Significant Prices from an Input–Output Perspective," *Industrial and Corporate Change* 33, no. 2 (April 2024): 297–341.

34 On the effectiveness of wartime price controls, see Hugh Rockoff, *Drastic Measures: A History of Wage and Price Controls in the United States* (Cambridge: Cambridge University Press, 1984). On targeted price stabilization as a contemporary policy tool, see Isabella M. Weber and Evan Wasner, "Sellers' Inflation, Profits and Conflict: Why Can Large Firms Hike Prices in an Emergency?," *Review of Keynesian Economics* 11, no. 2 (2023): 183–213.

35 Isabella M. Weber and Merle Schulken, "Revisiting International Buffer Stocks in an Age of Overlapping Emergencies Based on the Case of Food," PERI Working Paper No. 602 (University of Massachusetts Amherst, 2024).

One further key constraint lies beyond any domestic authority to control: access to foreign exchange. This constraint will be examined in greater detail below, but it must be flagged here because it bears directly on the limits of functional finance. Even where domestic investment is financed through public monetary authority, large-scale capital flight can put pressure on a country's balance of payments—limiting its ability to import essential goods such as energy or medicines. Foreign-exchange shortages then transmit directly into higher domestic prices through rising import costs.[36] External balance, not financial affordability, becomes the key macroeconomic constraint in a functional finance system. To manage that constraint, the transition plan requires capital controls and a redefinition of central bank independence.

↳ Taming capital, banks, and recalcitrant owners

Three forms of elite resistance must be neutralized if functional finance is to operate at full power: capital flight, central bank obstruction, and deliberate sabotage by firm owners. Capital controls curtail the ability of wealthy individuals and firms to move large sums of money out of the domestic economy by converting them into foreign currency or foreign financial assets. By limiting speculative and defensive outflows, such controls weaken the capacity of private actors to discipline public policy through threats of exit—allowing public authorities to manage interest rates and exchange-rate dynamics in line with domestic objectives rather than in response to private capital movements.[37] The timing of these controls is critical. Historical experience—from Chile under Allende to France under Mitterrand to Greece under Syriza—demonstrates that capital flight begins not when radical legislation is enacted but when a radical electoral outcome becomes likely, typically months before a new government takes office.[38]

Controls must therefore be enacted on the first day of the new government and backed by retroactive measures targeting capital moved offshore in the months preceding the transition.[39] At the same time, we must accept that some capital

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36 Nicholas Kaldor, *Causes of the Slow Rate of Economic Growth of the United Kingdom* (Cambridge: Cambridge University Press, 1966); Anthony P. Thirlwall, "The Balance of Payments Constraint as an Explanation of International Growth Rate Differences," *Banca Nazionale del Lavoro Quarterly Review* 32, no. 128 (1979): 45–53.

37 Capital controls were the norm throughout the Bretton Woods era (1945–1971) and were maintained by many countries well beyond it. France, Japan, South Korea, Sweden, and Austria all operated under significant capital account restrictions during their periods of state-directed growth. More recently, Malaysia imposed comprehensive capital controls during the 1997–98 Asian financial crisis, and Iceland maintained strict controls from 2008 to 2017. On the effectiveness of capital controls, see Hélène Rey, "Dilemma Not Trilemma: The Global Financial Cycle and Monetary Policy Independence," in *Global Dimensions of Unconventional Monetary Policy*, proceedings of the Federal Reserve Bank of Kansas City Jackson Hole Economic Symposium (2013): 285–333.

38 On the anticipatory dynamics of capital movements in the run-up to crises, see Graciela Kaminsky and Carmen Reinhart, "The Twin Crises: The Causes of Banking and Balance-of-Payments Problems," *American Economic Review* 89, no. 3 (1999): 473–500. On Mitterrand's France, see David Cameron, "Exchange Rate Politics in France, 1981–1983: The Regime-Defining Choices of the Mitterrand Presidency," in *The Mitterrand Era*, ed. Anthony Daley (New York: NYU Press, 1996). On Greece, see MacroPolis, 'How Greek Banks Were Left on the Brink,' June 2015.

39 The platform of the governing coalition should explicitly warn that capital moved

flight is inevitable and that the transition does not depend on preventing it entirely. Under functional finance, the government can replace missing private spending through money creation; what it cannot replace is foreign exchange. The real damage from capital flight is not the loss of domestic investment—the NIB handles that—but the pressure it places on the balance of payments. Capital controls reduce the severity of this pressure, but as discussed in greater detail below, they do not eliminate it.

Curtailing central bank independence complements this strategy. Under the prevailing orthodoxy, central banks are insulated from democratic politics so that they can pursue price stability without interference. But this independence is not neutral: it privileges the interests of financial asset holders over those of workers and the broader public, and it constrains the fiscal space within which elected governments can act. Under the transition, interest-rate policy and exchange-rate management must be deployed in support of democratically determined priorities—above all full employment and ongoing public investment.[40] The central bank becomes an instrument of the public investment strategy, not an independent check on it.

This plan also requires institutional mechanisms for worker-led buyouts of firms whose owners threaten closure or relocation in protest. Where productive capacity exists and workers are willing to continue production, closing down firms should not be treated as an unquestionable private property right. Public credit, technical assistance, and legal frameworks for public ownership allow socially valuable enterprises to be preserved and repurposed rather than dismantled through elite machinations. The specific mechanisms are detailed below.

Ultimately, however, the most effective way to blunt elite sabotage is political rather than technical: it is to deliver visible, rapid, and durable improvements in everyday life for the vast majority of the population. The initial phase of the transition will mobilize underutilized labor and resources at an unprecedented scale. Public investment will drive a surge of activity across housing, construction, education, healthcare, care services, and ecological repair. Unlike profit-driven economic booms—which tend to concentrate gains, inflate asset prices, and collapse into crisis—the benefits of this reconstructive boom would be broadly shared, sustained, and oriented toward long-term social goals. Whether or not aggregate output grows rapidly, the economy would become more inclusive and responsive to collective needs.

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offshore in anticipation of the transition will be subject to punitive retroactive taxation, with domestic assets of those who engage in capital flight frozen pending repatriation or used to satisfy the tax liability on the amounts moved abroad. Public disclosure of individuals and firms that moved capital offshore above a defined threshold—naming and shaming those who chose to destabilize the economy for private advantage—would reinforce both deterrence and democratic legitimacy.

40 Central bank independence is a recent innovation, not a historical constant. Throughout much of the postwar period—precisely the era of fastest growth and lowest inequality in the advanced capitalist world—central banks in countries such as France, Japan, Sweden, and Norway operated within broader regimes of direct government influence, subordinating monetary and credit policy to full employment, reconstruction, and development objectives. On the historical contingency of central bank independence, see Éric Monnet, *Balance of Power: Central Banks and the Fate of Democracies* (Chicago: University of Chicago Press, 2024); Leah Downey, *Our Money: Monetary Policy as if Democracy Matters* (Princeton: Princeton University Press, 2025).

The financing structure described here depends on two conditions being achieved in parallel. First, the financial system must be suppressed: as long as private capital markets exist, they provide alternative outlets for savings, competing channels for firm finance, and institutional bases from which to resist public direction of investment. Second, taxes must substantially reduce the power of the rich to shape politics and the wider society, removing the concentrated economic power that would otherwise be mobilized to obstruct or reverse the transition at every stage. Once these two conditions are well advanced, the transition to a multidimensional economy is no longer in existential danger. It can develop at its own pace, deepening democratic control over investment and progressively transforming production without the constant threat of reversal. The next two sections describe how these conditions are achieved.

Suppressing the financial system

The second pillar of the transition is the transformation of the financial system. Even if the aggregate scale and composition of investment are brought under public control through the NIB, financial markets will continue both to enable and to pressure firms to prioritize profitability as long as those markets remain in operation. Financial markets give firms access to financing on terms that reward monetary returns, rather than meeting public goals; and they sustain institutional actors—hedge funds, private equity firms, asset managers—that intensify this pressure, imposing ever-shorter time horizons on the firms they finance and own. The financial system thus embeds a competing decision rule within the economy—one that subordinates all other goals to economic efficiency, since profit, and hence financial returns, is its reward. So long as this system remains intact, the transition to a multidimensional economy cannot succeed.

However, the speculative financial system exists only because legal regulations permit it. The strategy adopted here is to change this legal regime, to restrict finance to the narrow set of functions the transitional economy actually needs, in such a way that the remaining speculative infrastructure contracts. The institutional actors that sustain speculative finance are legally prohibited or converted, and the assets that circulate through it are absorbed by the state. The financial system is not destroyed in a single act; it is deprived of oxygen and reduced to embers.

↳ Converting banks into public utilities

The first step is to strip deposit-taking institutions down to their essential functions. Banks that accept insured deposits and run payment systems would be restricted to a narrow set of activities: checking and savings accounts, payment processing and settlement, household mortgages and consumer lending, basic commercial lending to firms, and the holding of reserves and government bonds. All other activities—proprietary trading; securities dealing and market-making; derivatives beyond tightly defined hedging; and any involvement with investment funds, including sponsorship, lending, or prime brokerage, as well as balance-sheet exposure to structured products—would be prohibited. Such a restructuring goes well beyond the American Glass-Steagall Act of 1933, which separated commercial from investment banking but left commercial banks free to engage in a wide range of activities within their domain. Here, deposit-taking institutions are treated as public utilities, insulated from speculative activity.[41]

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41 For the post-2008 articulation of this approach, see Morgan Ricks, *The Money Problem: Rethinking Financial Regulation* (Chicago: University of Chicago Press, 2016); Saule T. Omarova, "*The People's Ledger*: How to Democratize Money and Finance the Economy," *Vanderbilt Law Review* 74, no. 5 (2021): 1231–1300. The architecture proposed here should not be confused with two adjacent but more restrictive proposals. One is narrow banking, which prohibits deposit institutions from commercial lending altogether. See George Pennacchi, "Narrow Banking," *Annual Review of Financial Economics* 4 (2012):

On the household side, this leaves consumer banks intact: payments, deposits, mortgages, consumer credit, simple savings. On the business side, it leaves commercial banks functioning: working-capital lending, inter-firm payments, plain commercial credit. These are the two banking functions the economy genuinely needs during the transition.

↳ Repressing speculative finance

The second step is to deal with the non-bank financial sector—the sprawling ecosystem of hedge funds, private equity firms, venture capital, broker-dealers, money market funds, and shadow banking vehicles that has grown to account for roughly half of global financial assets.[42]

Hedge funds, private equity firms, and venture capital funds would be prohibited through legislation banning leveraged pooled-investment vehicles, the use of borrowed funds to acquire controlling stakes in operating companies, and the extension of limited liability to investors in any new financial vehicle that employs leverage or exercises control over operating firms. This prohibition would be reinforced by withdrawing limited liability from existing private equity and hedge funds, their general partners, and major investors with respect to all subsequent obligations. The same rule would extend to investment banks and to the investment-banking activities separated out of universal-banking conglomerates, requiring them to operate under partnership-form liability. Any residual socially useful function these vehicles perform—like the financing of early-stage firms or the long-term restructuring of more mature enterprises—would be taken over by public investment authorities and worker-led turnaround programs.

Money market funds, which offer deposit-like claims outside the insured banking system, would be eliminated. Their function is to allow large pools of money to escape the regulated deposit system while still demanding near-money safety—a structural invitation to instability. Large transaction balances would move into public or tightly regulated utility banking; institutional cash would be parked in public deposit facilities or short-term government accounts.

The shadow banking machinery—repo financing chains, securities lending networks, collateral recycling—would be dismantled through prohibitions on the use of short-term secured borrowing to fund securities positions outside the regulated banking system, bans on the re-use of pledged collateral, and the elimination of private repo markets. This infrastructure is what makes speculative finance systemically dangerous: it allows institutions to create runnable claims outside the deposit-insurance perimeter. If these channels remain intact, the

141–159. The other is limited-purpose banking, which routes credit intermediation through investor-owned mutual funds. See Laurence J. Kotlikoff, *Jimmy Stewart Is Dead: Ending the World's Ongoing Financial Plague with Limited Purpose Banking* (Hoboken, NJ: John Wiley & Sons, 2010). Both proposals are designed to stabilize capitalist finance by separating risk-bearing from deposit-taking. The plan here serves a different purpose: investment credit is increasingly provided through public channels, the NIB and sectoral boards, while operational credit—working capital, payroll smoothing—remains within the purview of deposit-taking institutions retained as public utilities.

42 Financial Stability Board, *Global Monitoring Report on Nonbank Financial Intermediation 2025*.

speculative system will simply rebuild itself under new names.[43]

↳ Nationalizing pensions

The third step addresses one of the most important structural linkages between ordinary households and the financial system. Pension funds are among the largest institutional investors in global capital markets; they tie the retirement security of millions of workers to the performance of financial assets, creating a broad constituency for asset-price inflation. As long as pensions remain financialized, any serious attack on speculative finance will be portrayed as an attack on workers' retirements. Breaking this linkage requires a transition from funded, defined-contribution pensions toward a pay-as-you-go (PAYGO) public pension system.

A pension fund does not store real goods for the future; it holds financial claims that must be redeemed against whatever the global economy produces at the time of retirement. The question is not whether current workers support current retirees—they always do—but through what institutional mechanism that transfer is organized.[44] A public PAYGO system makes this relationship transparent, subjects it to democratic control, and eliminates the need for pension funds to function as giant return-seeking institutional investors.[45]

The transition would proceed over three to five years. Where public PAYGO systems already exist, they would absorb the benefit-paying functions previously performed by private funds; where they do not, new public pension administrations would be established in their place, pooling current wage-based contributions and paying them out as benefits to current retirees. Existing pension assets would be transferred to the state, with defined-contribution accounts converted into defined-benefit guarantees to protect current retirees and near-retirees from losses.[46] What makes this politically viable is a parallel expansion

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43 On the systemic risks of shadow banking, see Gary Gorton and Andrew Metrick, "Regulating the Shadow Banking System," *Brookings Papers on Economic Activity* 41, no. 2 (Fall 2010): 261–312. On recent vulnerabilities in repo and government-bond-backed funding markets, see Financial Stability Board, *Vulnerabilities in Government Bond-backed Repo Markets* (2026). Specific measures would include strict limits on who can borrow short against securities, prohibitions on collateral re-use, and the elimination of mass private use of repo as a leverage mechanism.

44 Nicholas Barr and Peter Diamond, "The Economics of Pensions," *Oxford Review of Economic Policy* 22, no. 1 (2006): 15–39. Barr and Diamond demonstrate that all pension systems are fundamentally PAYGO in real terms. See also Barr and Diamond, "Reforming Pensions: Principles, Analytical Errors and Policy Directions," *International Social Security Review* 62, no. 2 (2009): 5–29.

45 During the transition, PAYGO aligns pensioner interests with those of current workers: because contributions scale with wages, higher wages mean higher contributions and better benefits. Funded pensions invert this, tying retirement income to returns on capital, which rise when the labor share falls. See Benjamin Braun, "Fueling Financialization: The Economic Consequences of Funded Pensions," *New Labor Forum* 31, no. 1 (2022): 70–79.

46 Argentina nationalized its private pension system in 2008. Hungary carried out a rapid pension nationalization in 2010–11. Poland also partially reversed its private pension scheme between 2011 and 2014. These precedents demonstrate that pension nationalization is institutionally feasible. See Stephen J. Kay, "Political Risk and Pension Privatization: The Case of Argentina (1994–2008)," *International Social Security Review* 62,

of public provision. As housing, healthcare, transport, education, and care are increasingly provided as public services rather than purchased privately, retirees need less cash income than current arrangements require. The risks that once justified private pensions—medical bankruptcy, housing insecurity, unaffordable care—would be socialized. Income earned from transferred pension assets would flow into provision of the public goods and services that make large private pensions obsolete.[47]

↳ Managed contraction

With speculative finance abolished, banking narrowed, and pensions nationalized, the financial system has already lost most of its institutional demand base. The remaining step is to manage the contraction of the asset markets that still exist—primarily equities, corporate bonds, and real estate held as investment—without triggering a panic or destroying the savings of small holders.

An in-kind wealth tax—described in greater detail in the following section—becomes decisive here. As we will see, wealth taxes would be paid not in cash but through the direct transfer of assets to the state. The critical feature is that the central bank would set the valuations at which different publicly traded assets are accepted as tax payment, based on an average of historical valuations adjusted by a progressively larger discount. These valuations function as a managed price floor: asset holders always have the option of transferring their assets to the state at the announced valuation, which limits the risk of panic-driven collapses in market prices. But the valuations would decline over time—predictably and publicly—so that the floor itself drops gradually. The result is a controlled contraction of asset prices rather than an abrupt crisis.

This mechanism allows the state to absorb financial claims steadily without depending on market sales. Large asset holders transfer equities, bonds, and real estate directly—as a prelude to the socialization of firms and real estate at a later point in the transition.[48] Over time, the stock of privately held financial assets shrinks toward zero—not because the state has forcibly seized them in a single act, but because the combination of a narrowed financial industry, abolished speculation, nationalized pensions, and progressive in-kind taxation has deprived the system of both its institutional demand base and its supply of new claims.

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no. 3 (2009): 73–93; András Simonovits, "The Mandatory Private Pension Pillar in Hungary: An Obituary," *International Social Security Review* 64, no. 3 (2011): 83–98; Elaine Fultz, "The Retrenchment of Second-Tier Pensions in Hungary and Poland: A Precautionary Tale," *International Social Security Review* 65, no. 3 (2012): 1–24.

47 The underlying claims would later be folded into the broader process of socializing property described below.

48 A transitional mechanism will be needed for small holders—individuals with modest savings in equities or bonds who are not subject to the wealth tax but who need a predictable way to convert their holdings as the financial market contracts. A standing public conversion facility, offering exchange into government bonds or cash deposits at fair terms, would ensure that ordinary savers not subject to wealth taxes are not trapped in a declining market.

As the financial system contracts, the remaining financial intermediaries lose much of their reason to exist. Mutual funds and retail investment vehicles would be marginalized as retirement shifts to a public system and wealth concentration is reduced. Broker-dealers and investment banks would be wound down as the markets they serve contract. Asset managers and wealth managers would likewise shrink. Insurers would survive in a constrained form—property and casualty, life, and business-risk coverage remain necessary—but under strict limits that prevent them from functioning as vehicles for speculative investment. Some lines, especially health, disability, and catastrophe coverage, would be socialized outright.

As speculative outlets close, society's savings flow into government bonds, NIB agency bonds, and bank deposits—the only remaining large-scale safe assets.[49] The effect is to drive interest rates on public debt toward zero: the government becomes the monopoly issuer of safe assets facing captive demand. This collapse in interest rates is Keynes's "euthanasia of the rentier" achieved, as he would have wanted, through the suppression of the financial casino. What remains at the end of this process is a financial system of radical simplicity: public deposit banks for payments and savings, commercial lending for firms, government and NIB bonds for long-term saving, and public insurance for risk. Private finance no longer governs investment in line with short-term profitability; public finance channels society's savings toward collectively determined priorities, through institutions designed to navigate plural goals.

↳ Redirecting innovation

A common objection to financial simplification on this scale is that it will reduce the economy's dynamism—that the innovative energies currently channeled through financial markets will be lost. The concern is misplaced. Resources currently absorbed by the financial sector—including some of the most talented graduates in every generation, vast quantities of capital, enormous computational and analytical capacity—are not producing innovation in any socially meaningful sense. Redirecting these resources toward public research and development (both basic science and applied technology) would represent an enormous gain in the innovation-intensity of the economy, while also orienting that innovation towards a larger variety of ends.

In a capitalist economy, private actors systematically underfund basic research because financial logics push toward short-term returns; a public investment system freed from those logics can take the long view.[50] The challenge is to ensure effective transmission lines from basic research along the chain of development

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49 Under the existing financial system, governments rely on repo markets to sustain demand for sovereign debt: government bonds serve as collateral in short-term lending chains, generating a structural appetite for Treasuries that is, however, fragile and crisis-prone—as demonstrated by the repo market seizing up in September 2019 and March 2020. The structure described here achieves the same end—deep and stable demand for government debt—through a channel that does not create runnable short-term claims or depend on speculative intermediaries.

50 On the systematic underinvestment in basic research under capitalism, see Kenneth Arrow, "Economic Welfare and the Allocation of Resources for Invention," in *The Rate and Direction of Inventive Activity: Economic and Social Factors*, ed. Richard R. Nelson (Princeton: Princeton University Press, 1962), 609–626. On the historical record of publicly funded research producing consequential innovations—from the internet to GPS—see Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (London: Anthem Press, 2013).

and into the firms and associations that translate knowledge into practice.[51] The investment boards, reorganized firms, and technical associations described elsewhere in this plan are designed to serve precisely this function.

51 On the institutional infrastructure required to translate public research into productive application, see Fred Block and Matthew R. Keller, eds., *State of Innovation: The U.S. Government's Role in Technology Development* (Boulder, CO: Paradigm, 2011).

Taxing the rich

Reducing extreme wealth concentration is the third pillar of the transition to a multidimensional economy—and the last of the three that must be achieved rapidly. So long as elite fortunes remain large enough to fund political obstruction and shape media narratives, the transition remains vulnerable to rollback. Taxation is the principal instrument for dismantling elite power. However, several types of taxes are needed: wealth taxes, income taxes, and profit taxes.

↳ The in-kind mechanism

The principal instrument for dismantling the stock of concentrated wealth is a steep and sustained wealth tax.[52] Rates would rise sharply with the sizes of fortunes. At the lower end of large wealth holdings, annual rates of 10 percent would erode fortunes over a decade. At the very top—billionaire-scale wealth—rates of 25 percent annually would eliminate such concentrations within a few years. This steep progressivity reflects both a political judgment (the largest fortunes pose the greatest threat to the transition) and a practical constraint (the state must absorb and organize vast quantities of assets, which takes time). The aim is to reduce the top 1 percent's share of wealth from current levels—often between 25 and 35 percent—to below 10 percent.[53]

Crucially, as described above, these wealth taxes would be paid in kind—through the direct transfer of assets to the state—rather than in cash. Asset holders would not be forced to sell their holdings on the open market to meet their tax obligations; instead, they would transfer equities, bonds, real estate, or other assets directly. Where assets are large or indivisible, taxpayers could transfer them in full and receive credit against future years' wealth tax liabilities, accelerating the transfer of assets into public hands while simplifying administration for both parties.

Taxpayers would be permitted to trade among their assets before payment—exchanging some holdings for others in order to protect what they most wish to keep or to secure a more favorable valuation. The valuations at which different assets are accepted as tax payment would be set by the Treasury through a publicly announced schedule. As described in the preceding section, this schedule is anchored, for publicly traded assets, in market prices averaged over a defined period—the simplest public comparable. These valuations serve a dual function: they establish a floor under asset prices, preventing panic-driven collapses, and allow the floor to decline over time, ensuring that the contraction of private

52 On wealth taxes, see Thomas Piketty, *Capital in the Twenty-First Century* (Harvard University Press, 2014); Thomas Piketty, *Capital and Ideology* (Harvard University Press, 2020); Emmanuel Saez and Gabriel Zucman, "Progressive Wealth Taxation," *Brookings Papers on Economic Activity*, Fall 2019: 437–533.

53 At that level, average wealth holdings within the top 1 percent would fall well below the upper limit Ingrid Robeyns proposes in *Limitarianism: The Case Against Extreme Wealth* (Allen Lane, 2024).

financial wealth proceeds in an orderly way.[54]

Before turning to harder valuation cases, one large category should be removed entirely. Intellectual property rights held by wealthy individuals and large corporations would be revoked, placing knowledge and cultural goods in the public domain. Operating businesses retain access to the intangibles embedded in their day-to-day work; what ends is the legal regime under which these intangibles could be hoarded as private assets, licensed for rents, or sold for capital gains.

The valuation problem is more difficult for the privately held assets that remain—closely held businesses, real estate, art, and the portfolio companies held by private equity funds—where holders typically possess far more information about value than public authorities. The default mechanism continues to rely on public comparables, but the relevant signal varies by asset class. For income-producing assets, including operating businesses and rental real estate, the tax base would be set by capitalizing an average of historical incomes at a published sector capitalization rate. For real estate, cadaster valuations, mortgage appraisals, loan collateral values, and insurance values provide additional floors. For art and personal collections, count-based proxies calibrated to comparable insured pieces would set the default, with insurance values as individual floors. In each case, the highest credible objective signal applies. Where these signals are insufficient, expert panels would conduct case-by-case appraisals using documented methods.

Alongside the compulsory wealth tax, the transition would offer a voluntary path for owners of capital: conversion of private wealth into a guaranteed public annuity. Any individual could choose to transfer their productive and financial assets—equity stakes, bonds, fund holdings, investment real estate, and so on—to the state in exchange for a lifetime income stream, capped at a defined ceiling. They would keep their primary residence, personal effects, and some savings. The annuity would be funded, like public pensions, out of current production—it is a claim on the public system, not a saleable financial asset. Those who take this path need not work; they are, in effect, offered an honorable exit from the old economic order.

The conversion terms, however, would deteriorate on a publicly announced schedule: those who convert early secure a higher annuity, up to the prevailing ceiling; those who wait face a double penalty, as the ceiling itself declines while the compulsory wealth tax erodes the assets they have for conversion. This structure creates strong incentives for early participation without requiring coercion. It also divides the opposition: some wealthy individuals will choose a dignified settlement over a protracted fight, weakening the coalition against the transition as a whole.

As fortunes contract—through compulsory taxation and voluntary conversion—the state becomes the dominant holder of claims on private firms and other assets. This accumulation of public ownership stakes in firms later enables the conversion of private enterprises into publicly owned, worker-managed firms—a process

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54 The principal historical precedent for in-kind tax payment is the French *dation en paiement*, established under the 1968 Malraux Law (Article 1716 bis of the French Tax Code), which permits taxpayers to settle inheritance and wealth tax obligations by transferring works of art, real estate, and other assets of cultural or historical significance to the state. The mechanism proposed here is far broader in scope but draws on the same institutional logic: the state accepts assets directly rather than requiring their prior conversion into cash.

described in the following sections.

Implementing such measures requires a new and highly competent administrative capacity. A public wealth registry would need to be established, with the staffing, investigative powers, and legal authority necessary to identify, value, and track large fortunes—including assets hidden in complex legal structures or offshore jurisdictions.[55] Ownership claims would have to be substantiated within defined reporting periods; substantial assets whose ownership cannot be adequately documented would be subject to presumptive taxation at the highest rate and, if documentation is not produced, to confiscation. Inheritance taxes would be dramatically increased to prevent the intergenerational reproduction of inequality, with trust assets counted toward individuals' taxable estates. Capital controls would reinforce all of these efforts, ensuring that wealthy individuals cannot evade wealth taxes by shifting assets abroad.

Those seeking to relocate would be required to settle outstanding wealth tax liabilities and pay substantial exit fees—denominated in foreign currency or financial instruments—reflecting the real external costs imposed by converting domestic wealth into external claims. In parallel, international agreements would be pursued to curtail tax havens and standardize enforcement.

↳ Income and profit taxes

Wealth taxes dismantle the accumulated fortunes of the past. But large incomes and corporate profits continue to flow, and if left untaxed they will regenerate elite power almost as fast as wealth taxes erode it. Progressive income taxes, targeted transfers, and corporate profit taxes each play a distinct role in redirecting these flows in the service of the unfolding transition.

The function of progressive income taxation is, first and foremost, to free up real resources. Functional finance means that investment does not depend on tax revenue for its funding. But the transition cannot succeed without changing how real resources are used across the economy. The new public services built through the investment program—hospitals, schools, childcare centers, transit systems, care facilities—require doctors, teachers, nurses, care workers, administrators, and maintenance staff.[56] Buildings must be heated and maintained; supplies must be purchased. These are recurrent operating costs that cannot be financed through bond issuance; they require taxation. High income taxes on the rich free real resources—labor, materials, ecological space—that would otherwise be absorbed by elite consumption patterns: energy- and material-intensive lifestyles, expansive land and housing use, and persistent demand for high-end goods and services. In many countries, higher taxation of middle- and upper-middle-income households will also be necessary to fund the day-to-day operation of the expanded public sector.

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55 On the design and feasibility of wealth registries, see Gabriel Zucman, *The Hidden Wealth of Nations: The Scourge of Tax Havens* (Chicago: University of Chicago Press, 2015); Thomas Piketty, *Capital and Ideology* (Cambridge, MA: Harvard University Press, 2020), chap. 17.

56 The distinction between investment expenditure and operating expenditure is critical. NIB bond issuance covers the construction of new productive capacity. But these systems also require ongoing staffing and supplies—recurrent costs that must be met, at least before the introduction of the dual currency system, through taxation.

A portion of the income taxes so collected would also fund direct transfers to the poor, to relieve their material deprivation. At the bottom of the income ladder, people need money now. Such transfers cannot, however, be extended to the population as a whole. The transition requires that the share of total output devoted to investment rise substantially—toward roughly a quarter of GDP—to achieve the socialization of investment and accelerate the rebuilding of social and ecological infrastructure. If consumption grows as fast as output, the investment program stalls.

In parallel, higher taxes on corporate profits become necessary for macroeconomic stabilization. The reconstructive boom will necessarily raise firms' profits—public deficit spending flows through the economy and shows up on corporate balance sheets. If those profits are not visibly clawed back through progressive levies on corporate retained earnings, the boom will invite wage-price spirals as workers seek to defend or raise their share of income.[57] Corporate profit taxes are therefore a macroeconomic necessity during the transition. But visibility matters as much as the tax itself: when workers can see that the gains from the boom are being taxed away from corporations and the wealthy and directed toward collective priorities—toward the public services, housing, healthcare, and infrastructure that improve their lives—the pressure for destabilizing wage pushes is reduced. The entire tax program must be legible to the population as a system that raises the floor, funds public goods, and prevents accumulation at the top.

Alongside taxation, a democratically negotiated solidaristic incomes policy could provide a framework for raising material living standards over time without causing inflation. An announced portion of economy-wide productivity growth could be passed on as income growth. That would give everyone a publicly intelligible rule for sharing efficiency gains, while ensuring that most of the additional space created by economic expansion raises public investment levels.

↳ Political opposition

High taxes, especially on wealth, will provoke fierce opposition. The wealthy and powerful will denounce such measures as futile, perverse, or authoritarian. But these critiques ignore the well-documented harms of concentrated wealth: the erosion of democratic accountability, the distortion of economic priorities, and the intensification of social and ecological crises.[58] Without dismantling the concentrated power of wealth, no meaningful democracy can endure. Addressing extreme inequality is the most politically difficult element of the transition, but it is indispensable. The more concentrated wealth is reduced and elite veto power dismantled, the more space opens for the deeper transformations that follow: the reorganization of firms under worker control and the eventual introduction of the dual currency system.

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57 See Nicholas Kaldor, "Alternative Theories of Distribution," *Review of Economic Studies* 23, no. 2 (1955–56): 83–100; Michał Kalecki, "Class Struggle and the Distribution of National Income," *Kyklos* 24, no. 1 (1971): 1–9; and Robert Rowthorn, "Conflict, Inflation and Money," *Cambridge Journal of Economics* 1, no. 3 (1977): 215–239.

58 See Ingrid Robeyns, *Limitarianism*. At the same time, elite opposition will not be uniform; some wealthy individuals will recognize that the current system is unsustainable, even for those at the top. Their support can strengthen the coalition for change alongside social movements, labor organizations, and progressive professionals.

Transforming firms

Transitioning workplaces into publicly owned, worker-managed entities is the fourth pillar of the transition program. This shift empowers workers and aligns production with broader social goals rather than shareholder returns. Public ownership, in this context, does not mean centralized state management; it means ownership held through sectoral investment boards, combined with direct worker control over day-to-day operations.[59]

The process begins with firms whose owners seek to close, sell, or deliberately sabotage their enterprises. In such cases, workers would have the right to assume control through a majority vote, transitioning the firm into public ownership.[60] A parallel early pathway applies to firms whose workers judge their core activities to be socially harmful. Workers would have the right to initiate a formal review by a dedicated public body, which would then determine whether the activities in question are indeed harmful, and if so, whether the firm's capacities should be repurposed toward socially useful ends or wound down. Where a firm is wound down, the body would need to ensure that workers can transition into alternative employment or training.

At the same time—before full public conversion of firms becomes feasible—the transition would begin altering firm governance and strengthening worker authority within existing enterprises. Workers should not be asked to defer democratization until new institutions are fully operational. An initial wave of reforms would expand co-determination rights and grant workers a say in major firm decisions. A new type of profit-sharing scheme could be progressively introduced, with collected funds controlled by workers and earmarked for improvements in work quality, sustainability, and other non-efficiency-gains rather than individual payouts. These measures would not yet abolish private property in firms but would begin shifting effective authority inside them—cultivating the skills and institutional confidence required for full worker self-governance. Democratization thus proceeds in stages: from information rights and veto powers, to shared strategic authority, and ultimately to full worker control.

Once the transition reaches a sufficiently advanced stage, workers in any firm would gain the right to initiate conversion. If approved, remaining private ownership stakes would be resolved through mechanisms appropriate to the scale of the holding. For large holders—whose stakes have already been eroded by years of wealth taxation—any residual claims would be converted at the current Treasury valuation and credited against future tax obligations. For small holders, a fair exchange into government bonds or cash deposits would ensure that no one

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59 On the theory of worker-managed firms, see Gregory K. Dow, *Governing the Firm: Workers' Control in Theory and Practice* (Cambridge: Cambridge University Press, 2003).

60 The closest existing legal precedent is Italy's Legge Marcora (Law 49/1985), which provides financial support for workers to take over closing or distressed firms as cooperatives. See Marcelo Vieta, "The Italian Road to Creating Worker Cooperatives from Worker Buyouts: Italy's Worker-Recuperated Enterprises and the Legge Marcora Framework," Euricse Working Paper No. 78/15 (2015).

is expropriated without compensation. In all cases, the converted firm becomes a worker-managed public entity, eligible to apply for investment funds from the relevant sectoral investment board.

Not all firms would follow the same path into this new framework. Owner-operators of small businesses would continue to run their enterprises, now publicly owned and organized into sectoral cooperatives that provide shared services, investment access, and assist with other coordination functions while preserving operational autonomy. Some large enterprises, conversely, may be ill-suited to democratic governance in their existing form; in such cases, investment boards would need to decide whether firms should be broken up and reorganized into autonomous units or subjected to heightened forms of public oversight and coordination. These are not purely technical judgments but political ones, involving trade-offs between efficiency and democratic control.

↳ Worker self-governance

Worker self-governance lies at the heart of this process. All transitioned firms would adopt flattened management structures, with workers collectively electing leadership and participating in strategic decisions. This is not merely a matter of redistributing authority within existing hierarchies. The deeper challenge is to prevent the emergence of a new managerial class that monopolizes knowledge and decision-making even within nominally democratic firms—a risk that has plagued every historical attempt at workplace democracy.[61] Robust support programs would be essential to ensure that these transitions are real rather than merely formal. Workers would receive training in firm governance, financial management, conflict resolution, and strategic planning—equipping them to exercise real authority over production and investment choices.[62] Personal debts would simultaneously be canceled, removing financial precarity as a constraint on participation and reinforcing workers' commitment to the new framework.

Getting this system to work properly will take time and require experimentation, especially before the introduction of the dual-currency system. Under capitalism, firms must generate profits to fund their own development—retained earnings finance expansion, and access to capital markets depends on expected returns. Worker-managed firms operating under these conditions face well-documented pathologies: reluctance to hire and underinvestment reinforce short-term thinking. But these pathologies stem from the profit-driven environment, not from worker management itself. In the multidimensional economy, firms do not fund their own development.

When a firm seeks to upgrade its processes or pursue a new line of activity, it

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61 On the "coordinator class" problem—the tendency for managers and professionals to concentrate decision-making authority in their own hands even in worker-controlled enterprises—see Michael Albert and Robin Hahnel, *The Political Economy of Participatory Economics* (Princeton: Princeton University Press, 1991).

62 On the practical design of self-managing organizations—including training, decision-making protocols, and conflict resolution processes—see Frédéric Laloux, *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness* (Brussels: Nelson Parker, 2014), which documents case studies of firms such as Buurtzorg, FAVI, and Morning Star that operate without traditional management hierarchies.

applies to the relevant sectoral investment board. Each board controls an annual investment budget—allocated by the wider society—which it can direct toward any improvement in how firms within its sector operate. Boards evaluate proposals by what the investment would concretely achieve and at what cost in real resources, not by expected financial return (There is no such return). Which proposals are funded and which are not is therefore an irreducibly political decision—a judgment about competing visions of a sector's future, made by elected representatives through democratic procedures. From the firm's side, the implications are straightforward: firms spend their entire revenue stream in every cycle—there is nothing productive to do with surpluses, since investment is funded through the boards and personal enrichment is blocked by design. The constraint of operating without retained earnings becomes a form of freedom. Workers can focus on fulfilling the purpose of their firm—whether that is taking care of children or managing a power plant—within the resource envelope that they have been given or acquired.

Because there is no single optimal way to produce any good or service—each involves judgments about a range of goals that cannot be collapsed onto a single scale—different firms will organize production differently, and those differences become a source of learning and innovation rather than a sign of inefficiency. Through their investment proposals, firms compete for resources to pursue the methods they believe will best advance the industry's goals—making the contest over how to produce well the driving force of economic development, in place of the contest over how to produce profitably. In this system, multi-criterial evaluation (by investment boards) replaces profit as the measure of success. Firms continue to compete—not for private returns, but for public investment resources—within a system explicitly oriented toward diverse and evolving social and ecological goals. In exchange for access to these funds, transitioned firms submit to periodic evaluation by committees composed of workers from the same industry, alongside customers, technical experts, and representatives of civil society.[63]

The institutional constraints that make this system possible—the separation of operating budgets from personal income, the channeling of investment through boards—come fully into force only with the introduction of the dual-currency system. During the transition, before that system is in place, worker-managed firms would face strong incentives to raise prices, increase their own compensation, or distribute resources in the form of perks. To prevent this dynamic, firm transitions would operate under evolving coordination rules, adjusted through trial and error.[64] As a baseline, income policies would set binding ceilings on pay across roles and seniority, limiting the scope for internal distribution. Firms would also coordinate with investment boards to establish expectations regarding capacity utilization

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63 Worker management does not free firms from discipline. Each firm operates under a hard budget constraint on its operational activities and is held to three interrelated criteria: balancing point inflows and outflows, maintaining capacity utilization, and meeting baseline multi-criterial standards for working conditions, ecological impact, and the social purposes of its sector. The first two register market signals—a firm whose outputs no one wants sees its inflows fall and its capacity sit idle—while the third is captured by the evaluation committees. Persistent failure triggers receivership: a loss of autonomy aimed at rehabilitation but that can result in firm dissolution. See János Kornai, "The Soft Budget Constraint," *Kyklos* 39, no. 1 (1986): 3–30; Benanav, "Beyond Capitalism—2," section 6.

64 See also Mike Beggs, "The Market and Workplace in a Democratic Socialism," *Catalyst* 6, no. 3 (2022).

and acceptable price ranges. Benchmarks for sustainability, work quality, and other social goals would be developed through joint processes involving workers, technical associations, and investment bodies. Revenues in excess of costs can then be directed toward advancing these multidimensional production goals.

↳ Work and motivation

Within this framework, firms should find themselves increasingly free to concentrate on organizing production well across multiple dimensions. But whether they actually do so depends on something institutional design alone cannot guarantee: the effort and commitment of the people who work in them. The institutional changes described above—worker self-governance, multi-criterial evaluation, externalized salary determinations, and public investment—do more than redistribute power within the firm. They transform the conditions under which people work, and therefore the sources from which that effort and commitment are drawn. In the current economy, the profit motive creates systematic pressure to treat labor as a cost to be minimized: good work is expensive to create and maintain, and under competitive pressure, investments in work quality do not take place. The result is an economy in which most workers are disengaged, withholding the discretionary effort that makes the difference between adequate and excellent work.[65]

The multidimensional economy reverses this logic. Decades of research in motivational psychology have identified three conditions under which people produce their best work: autonomy—real discretion over how to approach tasks; competence—opportunities for skill development and professional growth; and relatedness—connection to others and purposes that the workers themselves see as significant.[66] Worker self-governance provides all three.

Monetary compensation does not disappear in this framework—everyone is paid fairly—but it fades into the background. The real source of motivation is the changed form of work itself. This is a well-documented empirical regularity: when the conditions for intrinsic motivation are met, people invest in their work because the work engages capacities they care about exercising.

Motivation matters not only for workers' well-being but for the quality of what the economy produces. The multidimensional economy asks firms to pursue plural goals that cannot be rendered in a single metric. Attaching monetary incentives to such goals would produce efforts to game the system rather than meet its goals: when carbon emissions targets are monetized, firms manipulate the tests; when teacher pay is tied to student scores, instruction narrows to what is on the test.[67] The only reliable way to pursue complex, qualitatively defined goals is

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65 The Gallup organization's annual surveys of worker engagement consistently find that only about a fifth of workers worldwide are fully engaged at work—a figure that has barely changed in over a decade of measurement. See Gallup, *State of the Global Workplace* (Washington, DC: Gallup, 2024).

66 Edward L. Deci and Richard M. Ryan, *Intrinsic Motivation and Self-Determination in Human Behavior* (New York: Plenum, 1985). See also Bruno S. Frey and Reto Jegen, "Motivation Crowding Theory," *Journal of Economic Surveys* 15, no. 5 (2001): 589–611. For a popular treatment, see Daniel H. Pink, *Drive: The Surprising Truth About What Motivates Us* (New York: Riverhead Books, 2009).

67 On gaming of emissions tests, see Mathias Reynaert and James M. Sallee,

through workers who have internalized those goals as their own—who care about sustainability because they understand its importance, who care about care quality because they are skilled professionals with the autonomy to exercise judgment about it. Investment in improving work organization and quality while reducing working time, to bring out such intrinsic motivations, is itself one of the goals that firms and investment boards would have to pursue.[68]

↳ Technical associations

Alongside firm-level transformation, new technical and professional associations must be established to democratize expertise and empower workers across all sectors.[69] In some fields, existing unions or professional bodies may serve as starting points; in others, new associations would need to be built from the ground up. Membership would be open to all, including those in non-traditional or undervalued roles such as caregiving and homemaking. Unemployment or long-term disability would not prevent individuals from joining the associations relevant to them.

Membership could be encouraged in various ways. For example, as the transition advances, the targeted transfers to low-income households described earlier could be expanded into a universal basic income, available to all. Access to this income could be provisionally linked to association membership as a way of nudging people into these collective organizations. Part of each person's basic income could be paid as dues to fund association activities, independently from the state.

These associations would support worker dignity and collective voice while setting standards of competence, facilitating skill development, and holding members accountable to shared norms. Each association would develop long-term strategic plans for skill upgrading and professional development, supported by public funding for training and certification. Associations would also form a collective, representative governance body responsible for revising relative salary levels across the economy. Its goal would be salary compression: reducing disparities in pay across professions while preserving differentials where justified by the difficulty, danger, or social necessity of the work—as well as by the challenge of attracting enough people to do it.

"Corrective Policy and Goodhart's Law: The Case of Carbon Emissions from Automobiles," NBER Working Paper No. 22911 (2016). On the general principle, see Charles A. E. Goodhart, "Problems of Monetary Management: The U.K. Experience," in Monetary Theory and Practice (London: Macmillan, 1984), and Donald T. Campbell, "Assessing the Impact of Planned Social Change," *Evaluation and Program Planning* 2, no. 1 (1979): 67–90.

68 The UK four-day work week pilot found that a 20 percent reduction in working hours, with no reduction in pay, produced steady or increased revenue, a reduction in sick days, a fall in staff turnover, and significant improvements in worker well-being. A large share of participating firms continued the shorter week after the trial. See Autonomy Research, "The Results Are In: The UK's Four-Day Week Pilot" (London: Autonomy Institute, 2023).

69 For earlier articulations of a related idea—that occupational groups should become the basic intermediate institutions of modern social life—see Émile Durkheim, preface to the second edition (1902) of *The Division of Labor in Society* (New York: Free Press, 2014); and G.D.H. Cole, *Guild Socialism Re-Stated* (London: Leonard Parsons, 1920). See also Pat Devine, *Democracy and Economic Planning: The Political Economy of a Self-Governing Society* (Cambridge: Polity Press, 1988).

A crucial function of these associations would be the democratic organization of expertise.[70] Technical experts would be periodically elected by association members through transparent procedures, ensuring both professional integrity and public accountability. These experts would then participate in decision-making at investment boards and evaluation committees throughout the economy. Specialized knowledge would not stand above democratic decision-making but would be embedded within it—an essential safeguard against technocratic capture.

Finally, the transition requires the deliberate reconstruction of the broader innovation and knowledge ecosystem through which production practices evolve and circulate. Public authorities would work with existing research bodies—at universities, public laboratories, and private institutes—to reorient applied research toward urgent social and ecological problems. Existing management consultancies would not be abolished but socialized and transformed in purpose. Firms such as McKinsey and Bain currently play central roles in diffusing organizational practices across the economy, but overwhelmingly in the service of cost-cutting and revenue maximization.[71] Under the transition, such consultancies would instead become public, multidimensional advisory bodies, tasked with helping firms identify best practices—concerning social and ecological goals—both within and across sectors.

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70 On the integration of specialized knowledge with democratic governance, see Philip Kitcher, *Science in a Democratic Society* (Amherst, NY: Prometheus Books, 2011). Kitcher argues that properly constituted expertise is essential to real democracy and that research agendas and the application of knowledge should be shaped through inclusive deliberation rather than left to scientists, markets, or political elites alone. The technical associations described here extend this logic from science to the full range of professional knowledge.

71 On the role of the consulting industry in diffusing cost-cutting and revenue-maximizing practices across the economy, see Mariana Mazzucato and Rosie Collington, *The Big Con: How the Consulting Industry Weakens Our Businesses, Infantilizes Our Governments, and Warps Our Economies* (London: Allen Lane, 2023).

Dual currency and the state

The transition to a dual currency system is the final pillar of the transition to a multidimensional economy. This system severs the link between production and profit without undermining either firm autonomy over production methods or individual autonomy over consumption choices. So long as a single currency circulates through the entire economy—funding investment and accumulating as private wealth—the profit motive remains structurally embedded, regardless of who owns the firms. Two currencies—comprising points for inter-firm transactions and credits for personal consumption—realize the structural break from capitalism. Dual and multiple currency systems are not without historical precedent: before the capitalist unification of money, most complex societies maintained distinct currencies for different spheres of economic life.[72] What is new is the use of digital infrastructure to enforce the separation by design rather than by bureaucratic fiat, and the democratic governance of the system as a whole.

The foundation for implementing the dual-currency system lies in building robust transactional transparency. An economic ledger would record all business transactions, providing real-time oversight of resource flows.[73] Personal spending data would be recorded, too; however, it would remain private, with only anonymized, aggregated information made public. Third-party audits would ensure functionality while safeguarding individual rights. The ledger would also be publicly accessible, supported by advanced analytics to detect fraud. Because all transactions are digital, the system can deploy the same pattern-recognition techniques that credit card companies already use to identify anomalous activity—flagging transactions that deviate from established patterns and triggering investigation. This fraud detection capacity would need to be backed by sustained investigative work: discovering and closing new avenues of evasion as they emerge, much as financial regulators do today. Over time, such systems become highly robust.[74]

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72 On historical monetary multiplicity, see Akinobu Kuroda, *A Global History of Money* (London: Routledge, 2020). The Soviet Union operated a dual-ruble system (cash rubles for household consumption, non-cash accounting rubles for inter-enterprise transfers) from the 1930s until its collapse. This system broke down when enterprise reforms in the 1980s allowed firms to convert non-cash into cash, dissolving the institutional separation. The digital architecture described here is designed to institutionally preclude that kind of breach. See David M. Woodruff, *Money Unmade: Barter and the Fate of Russian Capitalism* (Ithaca: Cornell University Press, 1999).

73 This proposal does not rely on proof-of-work blockchain systems. Cryptocurrencies establish trust through computational competition, often at substantial energy cost. A publicly governed economic ledger, by contrast, derives legitimacy from legal oversight and does not require energy-intensive validation mechanisms.

74 The objection that people will inevitably find ways around a dual-currency system often draws on the experience of Soviet black markets. But the comparison is misleading. In the Soviet Union, black markets emerged because legal markets were absent or severely restricted—people had no legitimate way to obtain what they needed. In a multidimensional economy, consumer and producer markets are both legal and extensive. There is no need for black markets in goods that are available for purchase with either credits or points. The enforcement challenge is narrower: preventing the conversion

This shared ledger becomes the basis of a fully realized digital data matrix: a continuously updated map of production, consumption and investment activity across the economy, linked downstream to ecological, social, and experiential impacts.[75] The purpose of the data matrix is not to automate decision-making but to support democratic judgment by rendering the wider economic contexts of those judgments more legible. Developing indicators for measurement by the data matrix cannot be treated as a purely technical matter. A statistical bureau would need to be established with a dual mandate: to maintain high-quality accounts of resource flows, environmental impacts, and social outcomes; and to work with a variety of groups across society to propose, test, and update alternative measures through which these relationships are represented.[76]

The data matrix serves two democratic functions. For individuals—whether consumers or workers—it provides information about the broader context of their choices. When a firm selects a production method or a consumer makes a significant purchasing decision, the matrix can identify alternatives that would be better on at least one dimension—lower ecological impact, better working conditions, reduced resource use—without being worse on any other. The system flags these pure improvements and suggests them, but does not compel anyone to follow.[77] People can always go their own way. The matrix renders consequences visible, not binding.

For society as a whole, the data matrix makes it possible to see where collective choices are leading. By tracking the cumulative effects of millions of individual and institutional decisions—and connecting those effects to biophysical indicators (energy flows, carbon emissions, biodiversity, water use, soil health) and social indicators (community dynamics, subjective well-being, care burdens)—the matrix reveals patterns that no single actor could perceive.[78] Forecasts generated by the matrix are not plans to be followed but objects of democratic debate: they

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of points into credits or the accumulation of points beyond their intended use. Digital architectures make this enforceable by design in ways that bureaucratic controls could not. At the same time, the broader policy environment matters: decriminalizing activities such as drug use—treating them as matters of public health rather than criminal law—removes one of the main historical drivers of underground economies.

75 The closest historical precedent is Project Cybersyn (1971–1973), designed by the British cyberneticist Stafford Beer for Salvador Allende's government in Chile. Cybersyn used a network of telex machines to transmit real-time production data to a central mainframe, with statistical software to support decision-making. See Eden Medina, *Cybernetic Revolutionaries: Technology and Politics in Allende's Chile* (Cambridge, MA: MIT Press, 2011).

76 The data matrix differs fundamentally from how corporations such as Amazon or Google deploy big data. Those firms use proprietary data to identify profitable niches; the data matrix treats forecasting as an instrument of democratic awareness, publicly accessible and collectively governed.

77 The interface layer of the data matrix—especially its recommendation systems—could be open source and modular. Rather than a single nudging system, users would be able to choose or build their own versions that are aligned with their values. That would prevent the concentration of soft power through a centralized algorithm.

78 On contemporary frameworks for integrating economic, ecological, and social data into a unified assessment infrastructure, see Walther Zeug et al., "A Framework for Implementing Holistic and Integrated Life Cycle Sustainability Assessment of Regional Bioeconomy," *International Journal of Life Cycle Assessment* 26, no. 10 (2021): 1998–2023. See Benanav, "Beyond Capitalism—2," section 4.

show what might happen if current patterns continue and what could be different. Individuals can prompt the matrix to generate alternative scenarios—showing what different allocations of resources across sectors would produce in practice. These scenarios become the basis for informed public argument about the direction of economic life.

↳ Points and credits

Once transparency and fraud prevention systems are firmly in place and the data matrix is ready for deployment, the points system would be introduced. Firms would begin using points to pay rental charges for labor, land, and capital and to acquire intermediate inputs from other firms. Because points can only be spent on these operational costs and cannot be converted into credits or personal income, firms can no longer accumulate profits—whether to enrich owners or to finance their own expansion. Unspent point balances would lose value and disappear over time, eliminating the possibility of hoarding. Investment in expansion or restructuring would come not from retained earnings but from sectoral investment boards and coordinating committees, which allocate funds based on evolving priorities determined through democratic procedures.

Employees, too, would no longer be paid directly by their firms. Salaries would flow through technical associations instead, severing the link between individual compensation and firm profitability.[79] Workers' financial identity would be anchored in their profession rather than their employer—meaning that anyone could leave a poorly run workplace without fear of income loss.

At the same time, individuals would begin receiving personal allowances of free points—not for consumption but for civic life. These could be used to fund cultural, religious, entrepreneurial, and political associations of the individual's choosing.[80] By distributing free points equally, the system prevents income inequalities from translating into either cultural or political dominance. Political parties, arts organizations, independent research bodies, religious institutions, and community groups would all compete for citizen support on equal terms and would be sustained by broad-based participation.[81] This free sector is not a residual

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79 Firms pay rental charges for the use of labor in points; workers' receive salaries paid in credits—not by their firms, but by their technical associations. Firms never handle credits. The rental charge a firm pays in points for a worker bears no necessary relationship to the salary that worker receives in credits; the two are set through different institutional processes (rental charges fluctuate with supply and demand; technical associations negotiate salaries).

80 On equal public funding of political activity, see Bruce Ackerman and Ian Ayres, *Voting with Dollars: A New Paradigm for Campaign Finance* (New Haven: Yale University Press, 2002), which proposes vouchers distributed equally to all voters for political donations. The free-points system extends this logic from political campaigns to all civic and cultural activity. On the importance of a vibrant associational sector for democracy, see Joshua Cohen and Joel Rogers, "Secondary Associations and Democratic Governance," *Politics & Society* 20, no. 4 (1992): 393–472.

81 The principle of equal citizen funding for civic organizations should be introduced much earlier in the transition as a mechanism for sustaining independent civil society and countervailing power against bureaucratic capture. In the absence of the credits-points distinction, early versions would need to work through equal vouchers or grants distributed to all citizens and redeemable only by registered civic organizations.

category. It is a core institutional innovation: the primary site of political freedom in a multidimensional economy.

To guide the broad allocation of points across the economy, an annual survey would ask individuals about their needs, aspirations, and views on how to divide resources among personal consumption, collective goods, civil society, administration, and investment. Additional questions would help set norms around the workweek and the division between basic and earned income. A second survey would guide adjustments in sectoral investment priorities. These surveys could either directly determine allocations, algorithmically, or could inform the democratic deliberations about where popular priorities lie and how they are shifting.

At the same time, credits would replace cash and bank deposits. Credits would be used solely for consumption purchases, though limited forms of giving—gifts and donations—would remain. Private wealth would by this point have been transferred to the public via wealth taxes or traded for cash or bonds. The latter would now be paid out in credits. The types of private wealth remaining would include credit savings accounts, personal effects, and primary residences.[82]

By separating the production currency from the consumption currency, the points-credits system completes the structural transformation of the economy. It ensures that firms operate under social priorities without centralizing or homogenizing economic life. It removes the gravitational pull of profit, liberating production from the efficiency-first compulsions that drive today's economic, social, environmental, and subjective crises. At the same time, this separation makes functional finance vastly easier to implement: full resource utilization is managed through the democratic adjustment of sectoral budgets, in a system that lacks mechanisms for production-side savings. The central economic problem is no longer how to achieve full employment—that is structural—but how to choose among alternative uses of fully employed resources.

↳ The transformation of the state

Most of the transition described here does not unfold inside the traditional machinery of the state. New political-economic institutions coordinate production and investment directly. In the early and intermediate phases, legislatures must create the legal framework within which these new institutions operate: authorizing the National Investment Board, establishing capital controls, redefining the mandate of the central bank, enacting income and wealth taxation, and dismantling statutory protections that shield wealth from democratic seizure. Courts and existing regulatory bodies must be prevented from functioning as veto points against democratically enacted change. The state thus creates and secures the institutional space in which the transition unfolds. Much of the ongoing work of economic coordination, however, progressively shifts away from traditional ministries and legislatures into the new governance structures.

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82 The housing question requires careful management. A special committee would need to determine what to do with wealth held in the form of housing, especially primary residences. Owner-occupied housing might be retained by its occupants indefinitely, while investment properties and second homes would be transferred to public housing authorities as part of the wealth tax process. The goal is to ensure universal access to secure, high-quality housing without dispossessing people of the homes they live in.

Throughout this process, liberal rights must be preserved and extended. Freedom of speech, press, association, religion, and the right to strike must be secured as preconditions of democratic economic coordination. Electoral systems will likely require reform to reduce elite capture and ensure proportional representation. Media ownership structures will need to be substantially diversified. Judicial reform will be necessary to prevent obstruction through expansive interpretations of private property rights or procedural delays. Oversight of police and defense institutions must be brought firmly under civilian and democratic control.

Much of this required legal restructuring will be country-specific; in some cases, the process may require constitutional reform. Wherever possible, however, such changes should proceed through normal democratic procedures—both to preserve legitimacy and to avoid either protracted delays or the concentration of discretionary power. The goal is not to strengthen the state as an instrument of command over society but to prevent it from being used to block or reverse collective decisions about economic transformation.

Once the dual-currency system is fully operational, the character of the state changes dramatically. Under capitalism, the legislature's primary levers are fiscal as well as legislative: taxation and budgetary allocation determine how large portions of society's resources are distributed. In a multidimensional economy, allocation across major domains—private consumption, collective provision, administration, civil society, and investment—is determined directly through the distribution of points. Public services are no longer financed by taxing private incomes; they are financed by allocating funds to those services directly within the points system. The legislature thus relinquishes its traditional "power of the purse."[83]

At that stage, most distributional and developmental conflicts are fully internalized within the new political-economic institutions. Firms, investment boards, coordinating committees, and technical associations become the primary sites at which trade-offs among plural values are articulated and decided. The state does not fully wither away, but it contracts and transforms significantly. What remains is, first of all, a constitutional state and system of judicial review: a guarantor of rights and an arbiter of conflicts. The legislature continues to make and change laws—establishing and revising the legal frameworks that govern individuals, firms, associations, and investment boards, defining rights and responsibilities, adjudicating criminal and civil liability, and determining standards of fairness and due process. But it no longer controls the direction of economic development. That authority has passed to the democratic institutions through which citizens govern their economic life directly.[84]

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83 Joseph Schumpeter argued in his founding text of fiscal sociology that the modern state is fundamentally a "tax state" defined by its power to extract revenue from the private economy. The transformation described here moves beyond the tax state: the legislature may still allocate funds across major domains of social life, but it no longer does so by taxing some in order to perform social functions for others. Under fully functional finance with the credits-and-points system, public funds are created and directed where they are needed, not transferred from one part of society to another. See Joseph A. Schumpeter, "The Crisis of the Tax State" (1918), in *The Economics and Sociology of Capitalism*, ed. Richard Swedberg (Princeton: Princeton University Press, 1991), 99–140.

84 There could be versions of the multidimensional economy in which the legislature retains a more active economic role. For example, parliament could be the institution that decides—on the basis of data provided by general surveys—how operational point budgets

The foreign exchange constraint

There is one major hitch in this plan: most countries rely on substantial imports to sustain their economies. The availability of foreign exchange therefore acts as a critical barrier to implementing functional finance and achieving the transition to a multidimensional economy. As public investment rises, demand for imported goods—machinery, energy, medicines, and a host of other intermediate inputs—rises as well. These imports must ultimately be paid for in foreign currency. A government can issue its own money at will; the same is not true of foreign currency. Attempts to sustain rising import demand simply through domestic money creation will put pressure on the exchange rate, generating an external form of inflation that can destabilize the transition even when domestic productive capacity remains underutilized.

Navigating this constraint requires a multifaceted strategy that seeks to manage external obligations while laying the groundwork for broader international reform. Before turning to that strategy, however, one additional feature of the foreign exchange constraint must be addressed. The plan explained earlier how capital controls can prevent domestic bondholders from disciplining a government through coordinated sell-offs. That logic applies to debt issued in the national currency under domestic jurisdiction. It does not apply to obligations governed by foreign law or denominated in foreign currency. Such claims are enforceable outside the domestic legal order and must be settled in foreign exchange.[85]

Nonpayment can result in assets abroad being seized and even in shipments being detained in foreign ports—tightening the very channels through which foreign exchange is earned.[86] This vulnerability may extend beyond sovereign borrowing: corporate liabilities structured under foreign law could generate comparable exposures. In a hostile international environment, these legal and financial cross-

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are allocated across major divisions of the economy, and within the public goods and services division, how resources are distributed among education, healthcare, care, and other domains. Election to parliament on the basis of proportional representation could also serve to distribute seats on sectoral investment boards: representatives running on party slates would serve as stakeholders representing the wider interests of society, alongside worker, consumer, and technical representatives elected through their respective stakeholder bodies. These variations are compatible with the institutional architecture described here; they represent different ways of calibrating the form that representative democracy takes in a multidimensional economy.

85 See Katharina Pistor, *The Code of Capital: How the Law Creates Wealth and Inequality* (Princeton University Press, 2019); Katharina Pistor, *The Law of Capitalism and How to Transform It* (Yale University Press, 2025). See also Jerome Roos, *Why Not Default? The Political Economy of Sovereign Debt* (Princeton University Press, 2019).

86 A dramatic recent illustration is NML Capital v. Argentina, in which a vulture fund that had purchased Argentine bonds at deep discounts secured U.S. court injunctions preventing Argentina from servicing restructured debt unless it also paid holdout creditors on comparable terms. See Tim Samples, "Rogue Trends in Sovereign Debt: Argentina, Vulture Funds, and Pari Passu Under New York Law," *Northwestern Journal of International Law & Business* 35, no. 1 (2014).

border linkages can be weaponized to discipline or destabilize a government pursuing a pathway out of capitalism.

External debts must therefore be handled carefully and in stages. Abrupt repudiation risks cutting off access to export earnings at the moment they are most needed. In most cases, the only viable path is controlled unwinding: foreign-currency and foreign-law obligations must be renegotiated where possible, retired over time, and replaced with domestically governed instruments. So long as the transition unfolds within an international monetary order structured around enforceable cross-border claims, preserving access to essential imports and export markets may require allocating scarce foreign exchange to certain external obligations even when domestic needs are urgent. That necessity reflects the coercive architecture of the existing global financial system, but does not confer legitimacy upon it.

↳ Room for maneuver

How sharply this coercive architecture bites in practice varies enormously across countries. It depends on a simple asymmetry: what does the country need from the world, and what does the world need from the country? Severity varies along several dimensions. It increases to the extent that critical imports are large and difficult to substitute, exports are narrow and easily replaced by other suppliers, and large liabilities are denominated in foreign currency or governed by foreign law. It weakens to the extent that essential imports are limited or substitutable, exports are diversified and indispensable, and liabilities are largely subject to domestic jurisdiction.

The foreign exchange constraint is therefore far from uniform across countries. Some begin with substantial leverage; others begin with very little. That room for maneuver, however, is not fixed. It can be expanded over time by retiring foreign-currency-denominated debt and by transforming the structure of production.[87] In the meantime, when foreign exchange is scarce, its allocation cannot be left to the blind mechanisms of the market. During the transition, the NIB would assume responsibility for managing foreign exchange flows. Essential imports—food, medicine, energy, and critical industrial inputs—must take priority.

The most durable solution, however, lies not in managing allocations of scarce foreign exchange but in transforming production. The constraint can be loosened, in part, by reducing dependence on critical imports. Public investment can expand domestic capacity in agriculture, energy, and key industrial inputs. A more circular economy—based on repair and recycling—can reduce exposure to volatile global supply chains while advancing ecological goals. However, no complex economy can eliminate external dependence altogether. Any attempts to do so would generate new inefficiencies and vulnerabilities. Foreign exchange must still be earned.

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87 There is a long line of development thinking on these questions. See Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford University Press, 1989); Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (Anthem Press, 2002); Erik S. Reinert, *How Rich Countries Got Rich … and Why Poor Countries Stay Poor* (PublicAffairs, 2019). See also Stephany Griffith-Jones and José Antonio Ocampo, eds., *The Future of National Development Banks* (Oxford University Press, 2018).

↳ Earning foreign exchange

Exports therefore remain indispensable. Here a new tension emerges. In many countries, export industries are sites of intense labor discipline and low wages. Struggles in these sectors may be central to creating the political opening for the transition itself—yet disruption of export capacity can tighten the foreign exchange constraint at precisely the moment when the transition requires room to implement functional finance through the NIB. The dilemma cannot be resolved by suppressing worker demands in the name of macroeconomic stability, nor by ignoring the necessity of earning foreign exchange. It must be confronted openly and strategically, through structured negotiation with workers inside the export sectors. The goal is voluntary wage restraint calibrated to international competitiveness, embedded in a framework that delivers concrete compensation through other channels. These might include priority access to new public services, fully funded retraining for workers who want to leave the sector, and a credible timeline, anchored in measurable indicators, for when restraint can end.[88]

Where export sectors are dominated by foreign ownership, the challenge deepens. Abrupt nationalization may trigger retaliations that tighten the exchange constraint further; indefinite accommodation is no solution either. Ownership restructuring must proceed strategically—through expanding domestic stakes, renegotiating concessions, and building alternative export channels. As domestic control expands and export structures diversify, the foreign exchange constraint weakens and more decisive transformations become feasible.

The NIB also opens a strategic possibility that no private investment system could sustain: the deliberate pursuit of dynamic international competitiveness on terms set by the society. Because the NIB can treat earning foreign exchange as a goal worth pursuing for its own sake—directing investment toward sectors that strengthen long-term export capacity even when short-term returns are low—it can coordinate the kind of patient, complementary investments across infrastructure, training, and supply chains that private actors, driven by quarterly returns, would never undertake. Yet this strategy, too, has limits. It is difficult in itself, and other countries may pursue similar strategies simultaneously, generating intense competition in global markets.[89]

↳ International reform

For these reasons, the pursuit of international monetary reform is essential.[90] Expanding room for maneuver begins with reforming how international payments are settled. A new global reserve currency, managed by a new international

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88 On the institutional architecture of negotiated wage restraint in export-exposed sectors, the Swedish Rehn-Meidner model is the key precedent. See Lennart Erixon, "The Rehn-Meidner Model in Sweden: Its Rise, Challenges and Survival," *Journal of Economic Issues* 44, no. 3 (2010): 677–715.

89 If all developing countries simultaneously pursue export-led growth in similar sectors, global markets will only absorb the increased supply if prices also fall. See William R. Cline, "Can the East Asian Model of Development Be Generalized?," *World Development* 10, no. 2 (1982): 81–90.

90 For an early precursor, see UN ECOSOC, *National and International Measures for Full Employment*.

institution, would reduce dependence on dominant national currencies.[91] In the meantime, regional clearing unions with shared reserve pools could reduce each country's need for reserves, allowing trade to continue even under conditions of financial stress.[92] Such mechanisms would begin to weaken the capacity of reserve-currency issuers and global financial centers to convert liquidity shortages into political leverage.

Reform must also address the enforcement regime governing cross-border claims. A standing international debt restructuring mechanism would allow sovereign obligations to be renegotiated in ways that limit holdout litigation and asset seizures.[93] Without such changes, efforts at domestic transformation remain vulnerable to legal and financial retaliation abroad.

Finally, structural sources of chronic foreign-exchange pressure must be reduced. Strategic commodity agreements and global reserve stocks could help stabilize prices of internationally traded goods, creating a more predictable environment for producers seeking to orient production toward multidimensional goals.[94] Reform of intellectual property and technology-transfer regimes would reduce royalty outflows and lower the cost of industrial upgrading. Debt relief and extensive reparations for historically exploited regions—and to finance global green transitions—would directly loosen foreign-exchange constraints in poorer countries.[95] Taken together, these measures would not eliminate external dependence, but they would transform the conditions under which countries attempt to move beyond capitalism.

From this perspective, it becomes clear that for many countries, attempting a transition alone, or even in coordination with other equally constrained economies, would prove extraordinarily difficult without prior reform of the international monetary order. Efforts to move beyond capitalism may therefore need to emerge

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91 John Maynard Keynes's 1942 plan for an International Clearing Union envisioned a supranational currency—the bancor—for settling international trade, with symmetric adjustment obligations for both surplus and deficit countries. See Keynes, "Proposals for an International Currency (or Clearing) Union" (1942), reprinted in J. Keith Horsefield, ed., *The International Monetary Fund, 1945–1965: Twenty Years of International Monetary Cooperation*, vol. 3: Documents (Washington, DC: IMF, 1969). A prominent recent revival is the Stiglitz Commission Report, which recommended a new global reserve system not reliant on a single national currency; see United Nations, *Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System* (New York: United Nations, 2009).

92 One example is the Chiang Mai Initiative Multilateralization, a reserve-pooling arrangement originating in the 1997 Asian financial crisis. See Chalongphob Sussangkarn, "The Chiang Mai Initiative Multilateralisation: Origin, Development, and Outlook," ADBI Working Paper No. 230 (Tokyo: Asian Development Bank Institute, 2010).

93 The International Monetary Fund proposed a Sovereign Debt Restructuring Mechanism in 2001–02, which would have created an international legal framework for sovereign defaults with majority creditor voting to limit holdouts. The proposal failed to gain sufficient support—most notably facing opposition from the United States. See Anne O. Krueger, *A New Approach to Sovereign Debt Restructuring* (Washington, DC: IMF, 2002).

94 Isabella M. Weber and Merle Schulken, "Revisiting International Buffer Stocks in an Age of Overlapping Emergencies Based on the Case of Food," Political Economy Research Institute (PERI) Working Paper no. 602 (University of Massachusetts Amherst, 2024): 1–48.

95 On reparations as a constructive, forward-looking project linked to climate justice, see Olúfémi O. Táíwò, *Reconsidering Reparations* (Oxford: Oxford University Press, 2022).

first in countries with substantial trade weight or geopolitical influence, or else unfold through coordinated blocs capable of forcing alterations in the global rules of the game. This implementation plan clarifies what is materially at stake in strategic discussions about possible paths forward: by specifying how and why the foreign exchange constraint binds, it identifies the concrete institutional changes required to loosen that constraint and thus what meaningful international coordination would need to accomplish.

Although the discussion so far has centered on domestic transformation, the institutional principles of a multidimensional economy do not presuppose any fixed territorial scale. The eventual political-economic unit could take shape within territories much smaller than today's nation-states, across a fully global framework, or at any scale in between. Even where the system does not operate at a fully global scale, institutions for coordinating investment across borders would remain necessary to manage global interdependencies. But deciding on the appropriate scale of organization would be a matter for politics to decide. Larger units may benefit from economies of scale, yet at the same time may distance decision-making from affected communities. Smaller units may deepen participation and preserve more plural priorities, but at the cost of global coordination. There is no purely technical resolution to this trade-off; it is another domain in which plural values must be composed politically.

A long transition

No transition of this scale will proceed by policy design alone, nor should it. The movement toward a multidimensional economy must be carried forward by the organized efforts of those who stand to gain from it—above all, the working class—and against the entrenched resistance of those who do not. The project is not simply to establish new institutions but to build the power required to create and defend them. That requires linking immediate material improvements to a broader horizon of structural transformation, and ensuring that short-term gains are experienced not as administrative generosity but as victories of collective action.

That is why the transition must be participatory from the outset: shaped by grassroots organizing and sustained by coalitions capable of working together across differences. Labor unions and social movements will be central, but so too will tenant organizations, student networks, cooperatives, and other forms of popular association. A detailed transition plan—anchored in clear principles yet open to revision—can function as a shared framework through which diverse forces coordinate action without erasing their distinct priorities.

Elite opposition will be immediate and sustained. Capital flight, disinformation, legal obstruction, and institutional sabotage will be deployed to stall or reverse change. Some responses must be institutional: capital controls, campaign finance reform, democratization of media ownership, and restrictions on lobbying. Others will require organized counterpower—independent communication networks, coordinated strikes and boycotts, and alternative infrastructures of care, food, energy, and information. No country can undertake this transformation in isolation. From the outset, movements must cultivate cross-border solidarity, linking struggles through synchronized campaigns and mutual defense. As national elites mobilize international financial and diplomatic pressure, countervailing alliances will be necessary to defend breakthroughs and press for wider reforms.

Even under favorable conditions, the transition will proceed at an uneven pace. Periods of gradual institution-building will alternate with moments of rapid change—mass mobilizations, strikes, occupations, electoral surges—that open space for further action. The challenge is not only to construct durable coalitions but to act swiftly when opportunities emerge. There is no predetermined sequence. The plan described here identifies a logical order, but politics does not respect logical orders. A government may find itself forced to act on firm transformation before the financial system is fully suppressed. Flexibility in sequencing—combined with clarity about ultimate goals—is more important than rigid adherence to any particular timetable.[96]

Were the transition to succeed, the decades that follow would not be tranquil. Long-deferred priorities—sustainability, work quality, care—would suddenly demand waves of public investment. Under capitalism, profitability has structured

96 The one exception is the timetable for democratizing the investment institutions themselves. As argued above, devolution milestones and sunset clauses on centralized authority should be binding, not flexible—precisely because the structural pressures toward consolidation are strongest when the argument for delay seems most reasonable.

the tempo and direction of development, channeling resources toward high-return, frontier sectors while neglecting essential domains.[97] Once those constraints are removed, the backlog will be immense. Whole systems will need reconstruction. Even where ecological considerations cap material throughput in some areas, activity will intensify in others—particularly in education, culture, and services where expanding provision is less resource-intensive. The result will be disordered change marked by periodic bottlenecks, coordination challenges, and constant political disagreement over direction. That disagreement is not a sign of failure. It is the substance of democratic economic life—the permanent, structured contestation over which values should guide the use of shared resources.

Trying to address all problems simultaneously would be chaotic and counterproductive. Sequencing of investments therefore becomes paramount. Choices about priority across goals will determine the trajectory of change as much as choice about goals themselves. These will be shaped by judgments about ethical and political values—and can be revised over time as circumstances change, as new information emerges, and as the society's sense of what matters evolves through the experience of governing itself.

With time, the pace of structural transformation will start to slow. The investment share of point spending will gradually decline as reconstruction gives way to maintenance, refinement, and incremental innovation. The savings rate will correspondingly fall, with gains realized in the form of higher levels of private consumption, expanded public service provision, access to a richer associational life, more free time, or some combination thereof. Periodic technological breakthroughs will still generate waves of change, but within a stable institutional framework.

The economy will not be static—it will be dynamic in a different way, driven not by the restless logic of accumulation but by the evolving priorities of a self-governing society. Technology, freed from the imperative to cut costs and raise revenues, will be directed toward reducing drudgery, extending healthy life, deepening connection, and giving people greater control over their own lives and a genuine say in collective decisions. Investment, freed from the requirement of financial return, will transform the shared environment—the places where people live, learn, work, and grow old—in ways that profitability alone would never have justified. This is not the end of history. It is the beginning of a more genuinely human one.

The decisions made during the first generation of the transition will leave marks that persist for a long time. That is why they must be made democratically, contested openly, and revised when they prove mistaken. The plan described here is not a blueprint to be implemented from above. It is a framework—a set of institutional principles and a sequence of feasible steps—through which a mobilized population could begin to build an economy organized around the plurality of things that actually matter to them. Whether that economy is ever realized depends not on the elegance of any plan but on whether enough people are prepared to fight for it, defend it against those who would reverse it, and continue to reshape it long after the initial transition is complete.

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97 On the systematic neglect of essential, everyday economic activities—housing, care, food, utilities, transport—in favor of high-return sectors, see Foundational Economy Collective, *Foundational Economy: The Infrastructure of Everyday Life* (Manchester: Manchester University Press, 2018).

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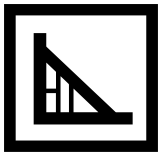

Published 2026 by The Autonomy Institute

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The Autonomy Institute
Rowhill Road
London
E5 8EB