# SOLIDARITY ECONOMICS

## Why Mutuality and Movements Matter

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# 1

# Reimagining Our Economy

Umuntu ngumuntu ngabantu. (I am because we are.)
Ubuntu philosophy

In 1776, thirteen colonies at war with Great Britain declared their independence, launching the United States of America and the creation of a new system of government based on what is now the world's oldest continuously active constitution. That same year, Scottish philosopher Adam Smith completed his decade-long inquiry into the nature and causes of the wealth of nations, publishing a book that is considered the first modern work of economics and one whose key principles remain central to the discipline to this day.[1]

There was a curious belief at the heart of both of these newly founded systems: people are selfish, but it is possible to channel that selfishness to produce publicly beneficial effects. This is most clear in Smith's belief that a free market would channel self-interested pursuits into societally optimal outcomes. The Founding Fathers also suggested that democracy might yield order out of selfish leadership impulses: if those in power across top government institutions found themselves restrained by a system of checks and balances, the people would be able to flourish.[2]

There was also a stark blindness at the heart of both perspectives. Smith, who actually had a strong belief in the importance of a shared morality for maintaining social order, held that self-interested people make markets but failed to see how markets would also make self-interested people, and so erode those moral sentiments.[3] Meanwhile, the Founding Fathers were just that: a group of white property-owners who failed to see their privilege and who talked of liberty while cementing in place systems of racism and patriarchy, who conceived of checks and balances but excluded the majority of people from the democracy they set up.

For nearly 250 years now, our major economic and political institutions have been built on the assumption of self-interested individuals and the continued systemic marginalization of disenfranchised groups. And while there have been some clear economic and social gains in that time, usually because of groups challenging exclusion, we have reached a point where our fundamental economic structures are driving unprecedented inequality, social divisions, and ecological destruction, amidst a politics of polarization, fragmentation, and alienation.

Can't we do better? After all, we know that people also act out of caring, sharing, and interest in the collective good. Can we build a better economy out of that sense of mutuality? After all, we know in our own lives that teams and communities perform better when everyone feels connected. What would it take for us to transform our economy and politics to put that in place? After all, we know that change does not take place without struggle, or in the words of Frederick Douglass: "Power concedes nothing without a demand."[4]

For us (and many others!), focusing on our mutuality has descriptive, normative, and prescriptive dimensions. We say descriptive because, as we will show throughout the book, it is precisely those places in our economy where we have collaboration, cooperation, and limits to inequality that we also have greater prosperity, innovation, and economic dynamism. We say normative because we believe that if we were to build our economic and political institutions with an eye to expanding our sense of connection and interdependence, we could have an even stronger economy and greater societal well-being. And we say prescriptive because we are not naïve about change: we know that creating an economy that values everyone will require disrupting the power of those who benefit from the current state of affairs.

Part of that fight will be about the very way we think and talk about our economy. Traditional economics would have us believe that selfishness and the market itself are natural, that alternatives are unsustainable (or blasphemous), and that we should settle for the current levels of rampant unfairness because there is no better alternative. We beg to differ. Like the popular legend sometimes attributed to the Cherokee Nation, if we have two wolves inside of us – one self-interested and one that cares for others – then the wolf we feed is the one that thrives.

Both our actual economy and our economic theory and narrative have been feeding the wrong part of ourselves. It is time for a new approach: solidarity economics.

Such a solidarity economics has three basic premises. The first is that it is *our* economy, not *the* economy – it is not an abstract set of rules given by God or nature but the result of our relationships, sometimes reflecting power and sometimes reflecting our mutuality. The second is that we actually do better when we work and act together – while traditional economics would have us believe that selfishness is useful for generating economic progress, mutuality is, in fact, key to our collective economic well-being. And the third is that since some people do benefit from current arrangements, social movements are crucial – we will only move to a better system if we are willing to band together and act in political as well as economic solidarity.

## *Transformations*

We live in a transformational moment. The year 2020 brought us an historic pandemic, the worst economic recession since the Great Depression, record-breaking temperatures, and an extraordinary surge in demands to come to terms with systemic racism. As daunting as these challenges are, they have also created the opportunity for a fundamental reimagining and restructuring of our economy, with the potential to finally come to terms with the consistent reproduction of wealth disparities and racial inequity.

For young people in America – the most racially diverse generation in our history – these issues are especially salient. This was the second major economic collapse in their early work lives, separated by just barely one decade, and the pattern has compounded the sense that the system itself is broken. For those most vulnerable in the US, the dysfunction has long been clear. With COVID-19 spreading, many low-wage and less educated workers lost their jobs and found themselves scrambling to pay rent to unforgiving landlords. Others contracted a life-threatening illness because their employers refused to provide adequate masking and social distancing, believing that human pain was just one more cost of doing business.

Indeed, the pattern of illness, death, and economic precarity has been deeply etched by racial and gender divides. Age-adjusted infection and death rates have been significantly higher for African Americans, Native Americans, Pacific Islanders, and Latinos. Continued occupational segregation has resulted in women and people of color suffering disproportionately from concentrated job loss, while also finding themselves over represented in the riskiest and least secure forms of work. Black Americans, lacking an adequate safety cushion due to long-standing racial wealth gaps, have struggled to pay bills. Immigrant Americans have been largely abandoned by a society that valued their labor but then decided to withhold aid if a family member happened to lack legal status.

That the revolt against the murders of George Floyd, Breonna Taylor, and Ahmaud Arbery would inspire mass protest is perhaps unsurprising; the evidence of racism was already there to see in the way the COVID-19 crisis was playing out. But this also came on top of three and a half years of a Trump Administration seeking to provide racist and xenophobic targets for people's sense of economic and political dislocation, even as America moved closer and closer to its destiny as a nation where no single ethnic group comprises the majority. With the scars so deep and the pain so searing, a new world is both possible and longing to be born.

**Looking Back to Look Forward**

But what will that world look like and what will be its economic underpinnings? How will we move beyond a system that has literally led many to their death and left others to a life of suffering? Can mutuality and solidarity become the basis for social reorganization, a new respect for the planet, and a more vibrant and inclusive economy?

The time for such big questions is now. History brings important turning points when the nature of our economy, the constellation of power, and the narrative that frames our politics are all up for grabs.[5] Consider the Great Depression and how the New Deal of the 1930s ushered in an increased role for government, helped labor rebalance its relationship to capital, and provided broad social welfare programs, including unemployment insurance and social security. The importance of the public sector in stirring recovery was drilled home by both the experience of the war, and then the long post-war boom.

Alongside these important public policy developments was an economic story to help provide justification or rationale. This emergent Keynesian framework, unlike previous economic philosophies, accepted the possibility of inadequate demand on the macro side, as evidenced in our boom-and-bust cycles, and explained how a set of simple tools could pull an economy out of the ditch. It was not always the most elegant theory – subsequent economic theoreticians used more compelling equations

– but it neatly legitimized an approach that sought to quell the self-interested tensions between business and workers by emphasizing growth and stability.[6]

But a key factor hobbled the long-term transformational possibilities: racism. This is an old American story. From the earliest days of the nation-to-be, notions of white superiority were key to taking Native land and enslaving Africans – that is, stealing land and stealing labor to amass capital – but they also proved useful to preserving elite power by dividing poor and working-class communities. For example, during the early colonial period, there was no concept called whiteness, and people of European descent were known by their country of origin.[7] This began to shift after a 1675 rebellion against the Virginia colonial government led by Nathaniel Bacon and involving both white and Black indentured and formerly indentured servants, as well as still enslaved Africans. The colonial elite soon found a racial wedge – providing social advantages to poor whites while strengthening slave codes – and used these meager "wages of whiteness" to derail multiracial connections across class.[8]

Such a strategy was echoed in the supposedly inclusive New Deal, as putting together a political coalition that would secure the support of Southern Democrats led to policies that largely froze out Black, Indigenous, Asian, and Latino communities. Domestic work and agriculture were left off-limits for union promotion, labor enforcement, and social benefits, and the post-war wealth-building for a nascent middle class was racially constrained by restrictive and discriminatory practices in labor, government, and real estate markets. The New Deal was a limited deal – and that presented its own limitations. White workers may have won in a relative sense, but that threatened the political cohesion necessary to sustain more fundamental actions that could have truly rebalanced class power.

The limits of the Keynesian framework and the capital–labor accord for ensuring economic prosperity became clear in the 1970s. The explosion of unemployment and inflation – considered to be opposite poles of the assumed macroeconomic trade-off – led economists to look elsewhere for solutions. US corporations, facing increasing international pressure from new competitors, began a long march to disrupt the successful post-war pact that had guaranteed at least some workers a share of prosperity. The Civil Rights and Black and Brown power movements of the 1960s and 1970s signaled that others wanted their own seats on the economic bandwagon, triggering a retrenchment of social programs and the launch of a "war on drugs" targeting "hippies" and Black people that was championed by President Nixon and then expanded in the Reagan Administration.

**Neoliberalism to the Rescue?**

With the world shaking, Keynesian theory buckled. The neoliberal turn of the 1980s, resplendent under Thatcher in England, Reagan in the US, and the International Monetary Fund in the developing world, was on its surface about expanding markets, deregulating industries, and reducing government spending. But underpinning it was a surge of capital against labor and a resurrection of traditional (albeit reconfigured) economic thinking. With regulations curtailed, public sectors trimmed, and globalization let loose to prowl, financial capital came to dominate, real wages stagnated, and wealth accumulated in fewer and fewer hands. All along the way, the new arrangements were justified as reflecting the power of markets to shape a more benevolent destiny.

Neoliberalism also provided a convenient cloak for preying on the fears of racial inclusion in white America. It seems no coincidence that in his 1980s campaign for the presidency, Ronald Reagan gave a landmark speech on "states' rights" just seven miles from Philadelphia, Mississippi – a place where three Civil Rights workers were famously slain in 1964 for their efforts to register Black voters. Reagan's broader argument for cutting taxes, downsizing the government, and unleashing the market was stoked by racist imagery, including tales of "welfare queens" that evoked the image of Black women burdening white taxpayers. And many white Americans, who were quite willing to benefit from government support for education, housing, unionization, and the other social benefits in the post-war period that were largely responsible for facilitating their ascent to the middle class, supported this shrinking of government social spending when confronted with the notion of extending these benefits to others.[9]

In short, neoliberal theory may have stressed the liberating power of markets to raise all boats, including imagining the ability of the market to compete away employment discrimination, but its political triumph in America was drenched in a racist vision that we needed to shrink the state so that one group of Americans could retain privilege. Of course, the group really retaining privilege were not all whites but the wealthy, with the top 1 percent of earners seeing their share of national income more than double between 1979 and 2007.[10] Worker productivity rose by nearly 55 percent even as hourly compensation budged up a scant 4 percent over the same period.[11]

The Great Recession of the late 2000s was prompted by these stark disparities: the wealthy were so well-off that they turned to increasingly speculative financial instruments, while many others were so financially strained that they turned to subprime loans to capture the disappearing promise of homeownership. Racism was once again in the mix: when the first homeowners to be wiped out were mostly Black and Latino, it was easy for many Americans to think the damage would be cordoned off. The resulting crash could have been a major turning point: markets were failing, workers were stressing, and assets were disappearing. The election of a Black president flipped the script, signaling that maybe, just maybe, the old racist dog whistles would come up short. It seemed a promising time to put a dagger in the heart of neoliberal thinking.

But ideas take time to die and be reborn, and the tepid laundry-list policy response of the Obama Administration did little to launch a new economic narrative or restore faith in the power of the government to address the challenges. The Tea Party phenomenon, fueled by dollars from the Koch brothers and amplified by growing conservative media, cleverly played on old racial resentments about who would benefit from government intervention and portrayed the market as a protector rather than a threat to working-class well-being.

With that opportunity to transform America's political economy frittered away, the subsequent election of

Donald Trump heralded the perfect (and hopefully last) toxic combination of modern neoliberalism and old-fashioned racism. With a gigantic tax cut passed in 2017 that disproportionately benefitted the top 1 percent, gone was any pretense that neoliberalism and conservative economic policy were anything but coddling the rich, providing crumbs to the middle, and starving the poor.[12] And with the Trumpian embrace of neo-Nazi protestors in Charlottesville and later of white supremacist insurrectionists at the US Capitol, gone too was any pretense that racist politics was not much more than a conscious strategy to divide working people and facilitate a white coalition that would act against its long-term economic interests.

With an economy shattered by COVID-19, America the object of global ridicule for its pandemic mismanagement, and protests against the killings of George Floyd, Breonna Taylor, Ahmaud Arbery, and so many more raging in the streets, an opportunity has been opened to create a different narrative, theory, and policy program. While the initial response has been the election of an historically moderate and establishment-oriented Joe Biden, what are the possibilities for something more bold and transformative? Can we learn from the limitations and racist mistakes of the past to craft a better response this time around? And can we go beyond a long list of policies and instead offer a compelling and coherent vision?

We think so. The COVID-19 crisis actually provides a powerful opportunity because the fundamental lessons of the pandemic are easy to see. First, we protect ourselves when we protect others – and so mutuality is important. Second, what was thought to be an equal-opportunity disease is actually a differential killer when unleashed against a pre-existing landscape of racism and inequality – and so we must center racial equity. Third, the work that is truly essential is not done by highly paid managers but by those in the care economy – but they will only be protected when movements rise to represent their interests.

## *Alternatives*

The transformational opportunity we now face is not tied just to the conditions of the pandemic: worries about the future of work, the shrinkage of the social safety net, and the viability of the planet have been floating in the political ether for some time. One response to these economic uncertainties has been an emerging right-wing xenophobic populism in countries across the globe, prompting progressive policy makers and civic leaders to look for strategies that can calm nerves, build community across race, and propel us to a more prosperous and sustainable future.

Ambitious policy alternatives are proliferating. In the US, plans to eliminate student debt, provide Medicare for all, and invest in a Green New Deal have made their way into the public square. Around the globe, experiments in providing universal basic income, creating opportunities for participatory budgeting, and otherwise crowd-sourcing progressive initiatives are flourishing.[13] But are we just looking at a scattered range of policy prescriptions? Or can we develop a common go-to economic "frame" that can provide coherence and consistency for a truly new approach?

**Framing the Future**

To understand the importance and power of a "frame," consider the power of the neoliberal perspective.[14] Ask a question (How do we ensure housing at all income levels? How do we expand employment? How can we end discrimination? How might we reduce greenhouse gas emissions?) and you get the same answer: free the forces of market competition to find the right price and the problem will be (mostly) solved. Critics of neoliberalism will rightly point to evidence of market imperfections and monopoly power. But the power gained by the consistency of the neoliberal approach and the guiding light it provides to moving forward cannot be denied.

The traditional liberal or progressive alternative has often involved an appeal to the public sector as key to setting the contours for exchange. Questions about securing housing, growing jobs, tackling discrimination, and securing the environment, are the terrain of "the government" that we imagine to be acting in the public interest. Yet the failures of state socialism – and the frequent shortcomings and restrictiveness of social welfare efforts, particularly in the US – have led many to be wary of excess state intervention. Added to the challenge: progressives, particularly those of color, know that state institutions are often captured by the highest bidder and used to reinforce racial and class hierarchies.

Moreover, while government clearly provides a platform for economic success – through education, public investment, environmental protection, and the like – most of our interactions occur in a private economy. In that realm, we need better regulation, to be sure, and we need to have government be a partner to people rather than just corporations. But we also need better norms of business and consumer behavior. In some sense, we need to turn to each other rather than just to the state, to mutuality rather than just enforcement, and to community trust rather than just state mandate.

Of course, the government can be a tool for mutual gain – it is the main way we come together to set the rules of the game and provide public goods. At the same time, when government does do the right thing – hike minimum wages, tackle discrimination, provide housing, or address the climate crisis – it is often because of social movements. When business interests are constrained, it is often through activism – union battles, "fair trade" campaigns, and the like – and not just government dictates. And when alternatives are created to show what is possible – including worker cooperatives and community land trusts – it is often due to energies of community organizers who seek not just to resist the old but to build the new.

This is why we stress throughout this volume the role of both mutuality and movements – that is, of solidarity. A new frame would answer the tough questions – how to ensure housing, provide meaningful employment, and sustain the planet – with answers based on the idea that we do better if we act together, *and* that we must band together to bend the rules that protect the interests of a few and stand in the way of cooperation of the many.

**Solidarities and our Economy**

That means that the starting point for an alternative economic frame is the recognition that people are not