Blueprint for a More Democratic Capitalism

Lynn Stout* and Sergio Gramitto**

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Abstract

In this Essay we show how our society can address, if not entirely resolve, a number of currently pressing social and economic problems. These problems include: rising inequality; increasing poverty and income insecurity; a need for greater innovation and investment in the future; the "externalization" of many costs of corporate activity onto third parties like customers, employees, creditors, and the broader society; the corrosive influence of corporate money in politics; and discontent and loss of trust in the capitalist system among a large and growing segment of the population.

We show how, to a very significant extent, these problems can be traced to the way shares in business corporations are currently owned, traded, and voted. We offer a plausible plan for shifting the structure of share ownership, trading, and voting to create a more democratic and sustainable capitalism. Our proposal does not rely either on market forces, or government interventions. Rather, it relies on voluntary cooperation and the private ordering of free individuals using modern information technologies.

* Distinguished Professor of Corporate and Business Law and Director, Clarke Program on Corporations and Society, Cornell Law School.

** Postdoctoral Associate, Adjunct Professor, and Assistant Director, Clarke Program on Corporations and Society, Cornell Law School. The authors would like to thank [add names] for their comments and suggestions, along with participants at workshops on and presentations of this paper given at Cornell Law School [add names].

Blueprint for a More Democratic Capitalism

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Introduction

Change begins with imagining something better. In this Essay, we imagine a future in which our society has ameliorated, if not entirely resolved, a number of currently pressing social and economic problems. These problems include: rising inequality; the related but slightly different threats of increasing poverty and income insecurity; inadequate innovation and investment for the future, especially in the corporate sector; the "externalization" of many costs of corporate activity, such as carbon emissions, systemic risk, and the degradation of human health, onto third parties (customers, employees, creditors, the broader society); the corrosive influence of corporate money in politics; and the disengagement and alienation of large and growing segments of the population, leading to loss of trust in the capitalist system and the possibility of civic unrest.

We show how, to a very significant extent, these social problems can be traced to the way shares in business corporations are currently owned, traded, and voted. We offer a plausible plan for shifting the structure of share ownership, trading, and voting to create a more democratic and sustainable capitalism. It is important to note our plan does not rely either on market forces, or government interventions. Rather, it relies on the voluntary cooperation and private ordering of free individuals using modern information technologies.

Our Blueprint proposal is utopian. It is also achievable. The primary obstacles are psychological, especially the often-unspoken beliefs that large problems cannot be solved through voluntary coordination; that humans are always and only selfish; and that anything that has not been done in the past cannot succeed in the future. Through the exercise of imagination, these obstacles can be overcome.

Part I. A Thumbnail Sketch of the Proposal

The Blueprint we offer follows in the spirit of two related types of proposals offered to address inequality and income insecurity that have attracted significant public attention. The first is Anne Alstott's and Bruce Ackerman's proposal for *The Stakeholder Society* as outlined in their 1999 book of the same title.[1] In brief, Ackerman and Alstott proposed that all U.S.

[1] Add cite

citizens, upon reaching the age of 21, should receive a one-time payment of $80,000. The second type of proposal would guarantee all citizens a certain basic income. Such basic income proposals date back at least to Thomas Paine's 1795 proposal for a "citizen's dividend,"[2] and over the years they have attracted advocates ranging from Milton Friedman to present-day tech billionaires such as Elon Musk and Bill Gates.[3]

Our Blueprint differs from each of these two types of proposals in significant ways, however. First, under the Blueprint, individuals would not receive money directly. Rather, a broad category of qualified recipients[4] would receive a share in a collective portfolio of equity securities—in effect, a share in a collective mutual fund. As in a typical mutual fund, the collective funds' shareholders would also receive periodically a proportionate share of the dividends paid by the companies whose shares are held in the fund. Ideally, under the Blueprint, the fund's portfolio would include the shares of a wide variety of corporations, and fund shares themselves would be distributed to all U.S. citizens over the age of 18. With this structure in mind, we dub the proposed collective fund the Universal Fund.

Second, at least initially, the Universal Fund would acquire its portfolio interests—the Universal Portfolio—primarily from donations from high-net-worth individuals and shares donated by companies, e.g. during public offerings.[5] We explore these and other funding options in greater detail later, but note here that such donations are not implausible. For example, many corporations are interested in being perceived as "good citizens," as evidenced by corporate philanthropy and the growing interest in so-called benefit corporations. Similarly, many high-net-worth individuals have a keen interest in philanthropy, as demonstrated by the Giving Pledge recently organized by Bill Gates and Warren Buffett. By 2016, the Giving Pledge had attracted 154 signatories from 16 countries, each of whom had pledged to give away at least half their wealth.[6]

Third, the managers of the Universal Fund would not be entitled to any portion of the profits generated by the fund—they would not be residual claimants. Rather, they would be relatively passive functionaries compensated by a fixed fee that (unlike fees in the typical mutual fund) would not be based on the Fund's performance or the value of assets under

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[2] Thomas Paine, Agrarian Justice, 1795 (proposing that all citizens receive a "citizen's dividend" as compensation for the "loss of his or her natural inheritance, by the introduction of the system of landed property."); add cite.
[3] Add citations. Discuss differences in whether income is means-tested, guaranteed only to those employed or seeking employment, etc.
[4] Discuss who might be deemed "qualified"—e.g., all citizens over the age of 21.
[5] Discuss including shares non-public companies.
[6] Lorenzetti, Laura, "17 More Billionaires Join Buffett and Gates' Giving Pledge This Year," Fortune (June 1, 2016). And

management.[7] This management fee should be quite low[8] because, unlike the managers of most mutual funds today, the Universal Fund's managers would not be allowed to trade securities in an effort to reap profits. Securities would exit the Fund portfolio only through transactions initiated by third parties (e.g., through an agreement of merger).[9] The Universal Fund manager's job would be primarily administrative, e.g., maintaining a list of fund shareholders, distributing dividends, and so forth.

Fourth, shareholders in the Universal Fund would not be allowed to sell, hypothecate, or bequeath their Shares.[10] Shares would be held throughout the Universal Shareholders' life, and upon their death, their interest in the Fund would revert to the Fund itself, thus marginally increasing the value of all other Universal Shareholders' interests (just as the issuance of new Universal Shares to new Shareholders would marginally dilute all other Shareholders' interests). The sole economic benefit enjoyed by Shareholders by virtue of their interest in the Universal Fund would be a proportionate interest in the dividends the Fund received from its equity positions. As long as the companies whose shares were held by the Fund paid dividends, Shareholders would receive a regular stream of income. This income stream would not be guaranteed. Rather, it would be determined by the performance and distribution policies of the underlying corporations whose equities were held in the Universal Portfolio.

Fifth, and unlike a typical mutual fund, Universal Shareholders, in addition to their economic right to proportionate dividends, would receive the political right to determine how their relative portion of the equity shares held by the Universal Fund should be voted in the annual and special shareholders' meetings held by the companies in the Universal Portfolio.[11] Because the governance of these companies is a common good, the transactions costs associated with becoming informed and casting votes would likely deter most Universal Shareholders from voting directly, even though new information technologies make it possible to do so relatively cheaply. It is plausible, however, that Universal Shareholders would choose to delegate their voting rights to shareholder "proxy services" similar to the proxy advisory firms existing today (e.g., Glass Lewis and Institutional Shareholder Services (ISS)), which develop voting guidelines and cast delegated votes for institutional investors like mutual funds. New proxy services catering to Universal Shareholders would likely arise under Blueprint

[7] Discuss how this would create perverse incentives to inflate market value of Universal portfolio
[8] Give examples of low fees charged by index funds.
[9] Discuss how small amounts of cash generated from transactions like liquidations, etc. could be used to purchase additional securities through some automatic rule, e.g. a proportionate purchase of securities already in the Fund or S&P index).
[10] Universal fund share ownership would thus become an inalienable right, Calabresi and Melamed.
[11] Discuss how Universal Shareholders could direct voting on shares owned by the Universal Fund (just as individuals can direct voting on beneficially owned shares held by broker-dealers) where investors in typical mutual funds cannot.

because it would mandate that the cost of such proxy services would be borne by the Fund, rather than the Shareholder. Such an arrangement would incentivize the formation of new proxy services that would compete for Universal Shareholders' patronage on the basis of quality rather than low cost (Stout, Belinfanti).[12] This would allow Universal Shareholders, unlike today's average individual investor, to exercise significant collective influence over the companies held in the Universal Portfolio.

This brief introduction to the Blueprint, laying out only the bare bones of our proposal, has likely raised questions in the minds of many readers. We hope to answer many of them in Sections II and III below, which offer a more detailed discussion of how the Blueprint can address a range of social concerns, and discuss possible critiques and challenges. Due to space constraints and the inevitable uncertainty associated with designing complex new institutions and organizations, it is not possible in these pages to describe every possible element of the Universal Fund and the accompanying new shareholder proxy services envisioned by Blueprint. Nor can we provide definitive answers here to every possible policy choice or question Blueprint poses. We hope simply to persuade most readers that such details are worthy of being debated and determined in future work, and that we have offered a promising new direction for using voluntary private ordering to address, if not entirely resolve, social problems that have proven resistant to market forces and government regulation.

<u>OUTLINE OF Part II: Problems Addressed by Blueprint</u>

Introduction

Problems examined include:

--Rising inequality

--Increasing poverty and income insecurity

--Need for more innovation and investment in the future

--Externalization of costs of corporate activity

[12] Explain how, because mutual funds are pressured by Federal regulations to use proxy services although they are rationally indifferent to the quality of their voting guidelines, today's proxy services generate poor quality guidelines that emphasize short term financial performance, thus benefiting primarily short term activist hedge funds at the expense of long-term diversified investors.

--Corporate money in politics

--Disengagement and other “soft” social ills

A. Rising Inequality

Wealth inequality increasing in US: the share of the top 0.1% of the population increased from 7% to 22% between 1978 and 2012. Globally, the net worth of the eight richest (6 are American) now equals the worth of half the human population (Oxfam report).

Wealth inequality is likely to worsen because it is driven, in part, by inequality in ownership of capital, as reflected in the pattern of public companies disappearing to be replaced by private companies and stock ownership being concentrated (Bratton & Wachter). Also, because capital is generating higher returns (Piketty), wealthy are getting an ever-larger share of income.

The trend will be exacerbated as jobs are automated and employment falls.

The top 10% of income earners saw their share of national income increase from 30-35% to 45-50% between the 1970s and the 2000s; should this trend continue, the top decile will capture 60% by 2030 (Piketty).

Blueprint tempers inequality by redistributing ownership of capital more equally. Unlike proposals for direct redistribution of wealth (Ackerman and Alstott) or taxing robots that replace human workers (Gates), it does not require coercion/state intervention.

B. Increasing Poverty and Income Insecurity

In 2014, the US poverty rate was 4% higher than four decades earlier (Aktinson).

Poverty is likely to worsen as capital ownership concentrates further and many jobs disappear. It is estimated that automation could eliminate almost half of all jobs in the near future (Frey and Osbourne, McKinsey report).

Income insecurity is also increasing as jobs disappear/social safety net erodes

These problems are different from inequality but related in both causal directions, e.g., a robust literature shows income inequality is harmful to economic growth (Alesina and Rodrik), while increasing poverty contributes to growing inequality.

Blueprint would address these problems, although it would provide a variable income subsidy rather than a guaranteed level of income. However, this might be an advantage if we are concerned that a guaranteed income would be a too great disincentive to work and investm in human capital. Also, Blueprint again doesn't require coercion/state action.

C. Need for More Innovation and Investment in the Future

Legal personality, delegated management, and perpetual life allow corporations to make long term, large scale, uncertain investments, including research and development of transformative innovations (Blair, Stout). Freely transferable shares and somewhat efficient financial markets further permit shareholders to convert the value of a future innovation to today's currency (Stout). Liability encourages risk-taking by entrepreneurs and investors. The result: corporations developed railroads, the electric grid, and the internet, and are currently developing self-driving cars and cures for cancer.

These innovations and investments provide financial returns, employment opportunities, quality products and transformative technologies, not only for present but also for future generations.

Recent changes in shareholding and share voting patterns are degrading corporations' ability and willingness to invest in innovative, long term projects (Aspen, Conference Board, Roosevelt Center, McKinsey reports). For example, reduced transactions costs create an investment sector that favors short-term holdings, which creates perverse incentives to favor short-term financial results. SEC rules empower activist hedge funds while diversified investors remain passive. Other SEC rules create ISS. (Rock, Stout)

Result: In the 1950s American corporations retained 60% of their profits for research and development; today they retain less than 10% (Ciepley citing Jacobs). Companies that attempt to build cash cushions to fund large-scale future projects are targeted by activist hedge funds demanding the cash be distributed to shareholders (Tiernan). Instead corporations buy back their own stock and reduce "expenses" like payroll and R&D to artificially boost earnings per share (Lazonick, Georgescu).

The great corporate research labs of the managerialist era have begun disappearing as employees are cut and the focus is shifted from pure research to modest projects with immediate profit potential (Buxton).

Blueprint addresses the problem, because the Universal Fund would create a powerful long term investor (the Fund cannot trade and Shareholders are not allowed to sell or hypothecate their Shares). Neither have economic reason to focus on the share prices of the companies in the

Universal portfolio. To the extent Shareholders can exercise a bigger role in corporate governance, they will counterbalance the power of short-term investors. Because they have diverse demographics, even if a minority of Shareholders nearing the end of their lifespan wants to push for a too-high dividends policy, they will be counterbalanced by younger Shareholders who favor reinvestment.

D. Externalization of Corporate Activity

Due to their size and limitations of regulation and tort law, business corporations have immense capacity to make others bear the costs of their activity while retaining the profits. Examples: air pollution; unsafe goods; employee deaths and injuries; high-risk/high-yield activities that put the financial system at risk; burning fossil fuels that change the climate and causing other environmental disasters.

Corporations may also pass up opportunities to provide social benefits, like human capital investments, new technologies, and tax payments.

The pproblem is worsened when business corporations seek only to maximize profits (Bakan, Elhauge). Although corporate law does not require managers to "maximize shareholder value," the pressure imposed by activist shareholders and financial markets, together with "pay-for-performance" compensation structures, produce shareholder value thinking (Stout).

Shareholder value thinking encourages psychopathic corporate behavior that focuses only on financial returns, not ethics or the welfare of others. It also fails to serve the interests of long-term, diversified shareholders who are also citizens, employees, taxpayers, and organisms that must live in the environment. (It does serve hedge fund managers, private equity partners, and CEOs whose pay is determined by stock price, because they are short-term, less diversified, and wealthy enough to escape many external costs from corporate activity.) (Stout)

Blueprint offers to reduce the corporate externalities problem by giving Universal Shareholders a role in corporate governance. Universal Shareholders can aggregate their voting power through the use of new Shareholder-oriented proxy services similar to those that already exist to serve short-term institutional investors. This will allow Shareholders to better represent their interests and values by supporting corporate policies that serve society more broadly and countering corporate strategies to maximize corporate profits at the expense of public health, public safety, and the planet.

E. Corporate Money in Politics

The corporate externalities problem is connected to the corrosive influence of corporate money in politics. Business corporations can allocate their resources to socially beneficial activities (producing quality products, innovating, paying taxes) or to capturing the political system for rent seeking (Barnes & Stout). Rent-seeking includes evading regulation or taxation. For example, between 1998 and 2008, bank interests spent $3.4 billion on lobbying the US government to deregulate derivatives (Burley and Hoedeman), increasing systemic risk leading to the 2008 financial crisis.

Business corporations exercise power through political campaign donations, lobbying, “revolving doors,” and public relations. Their wealth and concentration allows them to exercise outsize influence. Corporate influence in politics becomes particularly problematic when it is opaque, as then individuals cannot respond to it in their political voting as citizens or their corporate voting as shareholders.

Better corporate disclosure surrounding political activity would allow citizens and shareholders alike to better police against corporate rent-seeking, and even bring the power of corporations to bear to counteract and balance the power of political parties and special interests.

Through Blueprint, Universal Shareholders would be empowered to collectively address the issue of corporate money in politics by casting votes in corporate elections to support corporate policies to fully disclose political activities and to participate in the political system for socially beneficial, rather than rent-seeking, purposes.

F. “Soft” Social Ills

In addition to the relatively-quantifiable economic problems described above, Blueprint can help address other “soft” social ills.

Surveys show that public support for capitalism is waning, especially among younger generations (Harvard IOP Spring 2016 Poll). Public support for capitalism and the corporate sector will increase if Blueprint is implemented because a much larger portion of the population will feel they benefit from and have influence on business corporations. Blueprint will also increase the perception that capitalism operates in an ethical fashion.

By reducing severe economic insecurity, implementing Blueprint will encourage more innovation, entrepreneurship, and creativity among Shareholders (Evonomics)

By offering an avenue for motivated Shareholders to exercise voice and seek to influence corporate behavior, Blueprint will provide those Shareholders with a sense of purpose and agency that can substitute to some extent for the sense of purpose and status offered by employment (Katz, International Labour Organization).

Increased economic equality and security, increased public support for capitalism, and increased sense of agency among Shareholders promote a collective sense of community and "in-group" membership that reduces the likelihood of civic unrest (Alesina and Perotti, Stout).

Blueprint also ameliorates the problem of intergenerational inequity by promoting economic stability, investment, and innovation that benefits future generations, while tempering corporate external costs like pollution or climate change (Simon, Stout).

OUTLINE OF Part III: Challenges and Critiques

Introduction

Although space constraints preclude our addressing every possible objection or obstacle to implementing Blueprint here, we want to discuss what seem the most obvious issues.

--adequacy and sources of funding

--agency costs imposed by Fund managers

--reduced informational efficiency in stock pricing

--practical obstacles to Shareholder voting

A. Adequacy and Sources of Funding

As an initial matter, the size of the Universal Portfolio determines the degree to which Blueprint promotes more democratic capitalism, but does not change the direction of its effects. The only question is whether the Blueprint would have more, or less, impact.

In recent years corporate profits have averaged slightly over $6 trillion annually (St. Louis Fed). There are an estimated 227 million U.S. citizens over the age of 18 (U.S. census), so corporate profits average $26,000 annually per adult citizen. The impact of Blueprint, in terms of the significance of the income to and influence exercised by Shareholders, thus would depend on how large a percentage of outstanding equities were held by the Fund. For example, if the Fund held 10% of all equities, each Shareholder's representative interest in corporate profits would amount to about $2,600 annually. The larger the share of equities held by the Fund, the greater Blueprint's impact.

There are several ways the Universal Fund could amass a significant Portfolio relatively quickly. First, ultra-high net worth individuals are a significant potential source of portfolio donations. The upper decile of wealthholders own more than 80% of all stocks (Bratton & Wachter). If this cohort, which frequently participates in philanthropy, donated half their holdings to the Universal Portfolio, either while living or upon death, the Universal Fund would come to hold 40% of all corporate equities.

Corporations also have reason to become significant donors of their own shares. Contributing to the Universal Fund can appeal to consumers, employees, and investors (consider the success of Google's "Don't Be Evil" strategy during its IPO, or current interest in so-called "benefit corporations"). In addition, because the Universal Fund is a long-term shareholder, donations of stock to the Fund may appeal to some public companies as a means of counterbalancing the influence of short-term shareholders like activist hedge funds.

Finally, although our proposal assumes the Universal Fund would acquire its portfolio through donations, the Fund's effectiveness could be accelerated through government support. At a minimum, treating donations to the Fund as tax-deductible charitable contributions would significantly increase donor interest. More ambitiously, government revenues raised from taxes or other sources could be used to buy shares to place in the Fund. Although this requires legislative action, such a policy might enjoy widespread public support given Blueprint's broad benefits.

B. Agency Costs Imposed by Fund Managers

Because the value of the Universal Fund's portfolio might measure in the trillions of dollars, it is important to have protections against the possibility that Fund managers might impose agency costs on Fund Shareholders by shirking or stealing.

Perhaps the primary source of Shareholder protection is the very limited discretion granted Fund managers under Blueprint. Unlike managers of a typical mutual fund, Universal Fund managers would not be allowed to trade securities nor to determine how securities in the Universal Portfolio are voted. There is relatively little damage they can do to Shareholders' interests. Their job is almost entirely administrative (maintaining a list of Universal Shareholders and of securities in the Portfolio, ensuring that dividends are "passed through" equally to all Shareholders, ensuring that equities in the Portfolio are voted according to Shareholders' directions). Modern information technologies have made these administrative tasks far less costly.

Additional protection against agency costs could be built into the Fund's management compensation structure. For example, Fund managers could be paid a predetermined fee that would not change based on the value or the performance of the Universal Portfolio, reducing the possibility of perverse incentives.

Finally, various different processes could be adopted to maximize the chances that the individuals selected to become Fund managers are ethical and representative of Shareholders' interests. For example, Fund managers could be periodically elected by Shareholders; could be drawn at random in the fashion of selecting a jury; could be subject to term limits; could be selected to represent certain demographics; and so forth.

C. Reduced Informational Efficiency in Stock Pricing

Because the Universal Fund would not trade the stocks in its portfolio, the larger the percentage of all outstanding shares held by the Fund, the less trading there is likely to be in any particular company's shares. This may have the effect of reducing the informational efficiency of the market price of the company's shares (Gilson and Kraakman). A similar concern has been raised with regard to index investing.

However, so long as any significant portion of outstanding shares are owned and traded by individual or institutional shareholders outside the Fund, market prices are likely to stay to at least some extent informationally efficient.

Moreover, it can be argued that the benefits associated with marginal increases in informational efficiency are greatly exaggerated (Stout). Market efficiency is most important when companies are issuing equity to raise capital, which happens rarely; when executive pay is tied to share price, which is increasingly widely acknowledged to be poor management practice; and when control of a company is purchased by acquiring its stock, which has been demonstrated not to reliably improve long-term corporate performance and is of questionable social value.

Finally, it is not clear that companies need reported stock prices at all to function effectively. This is demonstrated by the long-term success and high performance of many private companies.

D. Logistics of Shareholder Voting

Effective and informed voting of shares held in the Fund portfolio to improve corporate performance is a common good. Thus it can be expected that Universal Shareholders will be disinclined to invest the time and resources necessary to become informed and to cast their votes. Like most present-day individual shareholders, Universal Shareholders will be subject to "rational apathy."

This can be ameliorated by requiring the Universal Fund's managers to dedicate some percentage of the dividend stream received by the Fund to paying for the services of proxy advisory firms to be selected by Universal Shareholders. Like today's proxy advisory services, these services would develop voting guidelines and then direct the Fund's managers to vote the portion of the shares in the portfolio represented by a particular proxy advisory service in accordance with its guidelines.

If the Fund pays proxy services in proportion to the number of Shareholders who elect that service, it will encourage the development of proxy advisory services that compete for business by catering to Universal Shareholders on the basis of the quality of their voting recommendations, rather than low cost. Such new proxy advisory services would likely take better account of Universal Shareholders' preferences for long-term financial performance, as well as for better corporate social, environmental, and ethical performance.

Using new information technologies, individual Shareholders could also be given the option to directly inform Fund managers how to vote their portion of the shares held in the Universal portfolio. But, unless Shareholders are compensated for doing so, rational apathy is likely to deter them. This may be desirable as share voting by competing proxy services may be more informed and efficient than share voting by relatively poorly-informed individual Shareholders. Although Shareholders would still need to inform themselves about the quality and nature of competing proxy services, this is a much less burdensome task than becoming informed about the performance of all the companies whose shares are held in the Universal Portfolio.

Conclusion

In this Essay we have provided a thumbnail sketch of a proposal for addressing many currently pressing social and economic problems and, in the process, restoring public support for and faith in the notion of a democratic capitalism that can serve the vast majority of people as well as future generations. We have shown how implementing this Blueprint would provide a number of significant benefits, and is unlikely to present any dangers. There are practical challenges, but they can be overcome. The only real question is the degree to which Blueprint is implemented and its potential benefits become a reality.

Our proposal, however, faces another obstacle: certain widely-held, often unconscious, and fundamentally erroneous beliefs about how the world works. We mention some of these psychological hurdles below in the hope that drawing attention to them and to their inaccuracy can temper their effect.

The first erroneous belief is the often-automatic assumption that all policy problems must be solved either through market forces or by government intervention. This assumption overlooks the demonstrated reality that private ordering often provides a "third way," superior to either free markets or regulation, for addressing certain economic and social problems. History has shown that private organizations are capable of amassing enormous assets and exercising great influence. Consider, for example, the Red Cross, the Sierra Club, private universities, and the Catholic Church. Modern business corporations--some of which rival nation-states in their power and influence—are yet another example of the power of private ordering. Corporations emerged as private ordering solutions to the problem of aggregating resources to pursue long-term, large scale, uncertain projects requiring specific investments (Blair, Stout). In proposing Blueprint, we simply take the concept of private ordering as a policy solution to the next level.

A second psychological hurdle to implementing Blueprint is the common but empirically incorrect assumption that human beings are purely selfish actors concerned only with amassing financial wealth. This often-unconscious assumption, which is a staple of more-superficial economic analysis, has been definitively proven false by innumerable research studies in cognitive psychology, behavioral economics, developmental psychology, anthropology, neuroscience, evolutionary science, social psychology, and biology (Stout, Pinker). It also flies in the face of centuries of history of human altruism and devotion to nonprofit endeavors, not to mention substantial present-day individual and corporate philanthropy. Given this reality, it is not implausible to believe that Blueprint could be organized and funded in reliance upon some degree of human altruism.

Finally, there is a natural human tendency to assume that any policy solution or arrangement we have not seen at work before must suffer from some fundamental flaw, and cannot work in the future. In the past, this tendency has motivated resistance to many important social changes we now recognize to be beneficial. Examples include the adoption of representative democracy; the abolition of human slavery; free public education; and granting of full legal rights to women. As these examples illustrate, we would do well to continue to hope that we can do better in the future, than we have done in the past. Blueprint provides a hopeful path to such a better future.