

# Organizing Our Economy *as* *if* We Lived *on a* Single Planet:

*A Conversation with  
Douglas Rushkoff*

**Editors' note:** Douglas Rushkoff is a writer, documentarian, and lecturer, whose work focuses on human autonomy in a digital age. He is the author of more than a dozen bestselling books on media, technology, and society, including *Program or Be Programmed*, *Present Shock*, and *Throwing Rocks at the Google Bus*. His award-winning documentaries include PBS Frontline's *Generation Like* and *Merchants of Cool*. He is Professor of Media Theory and Digital Economics at CUNY/Queens, technology and media commentator for CNN, a research fellow at the Institute for the Future, digital literacy advocate for Codecademy.com, and a lecturer on media, technology, culture, and economics around the world.

**Nonprofit Quarterly:** You've promoted the concept of a distributed economy. Could you talk about what your notion of this is, and, if there were to be a distributed economy, what that would look like? The idea you develop is



*rooted in some ways in the history of craft economies in the Middle Ages, but a new kind of craft economy, based on high technology rather than isolated villages.*

**Douglas Rushkoff:** I think that the simplest way to understand what I'm talking about is to remember that the economy in which we're living right now was constructed by particular people at a particular moment in history with very particular agendas. And, you know, it's not conspiracy theory or anything strange—it's just that they developed an economy to work in a particular way. So the economy we live in, the way it functions is to give capital returns to investors—and that's fine. But when that's the only thing an economy is optimized for, you end up getting some weird, maybe unintended, consequences.

So, yes, in the late Middle Ages there was an economy that was based in the exchange of value. It was really based, let's say, in revenue—in people making money for trading stuff or doing services for one another. And the basic problem with that kind of economy was that the wealthy didn't know how to participate in a system where everybody was just buying and selling things to each other. So they needed to change the regulations under that economy to make it harder for people to buy and sell stuff to one another without borrowing money from big banks or central treasuries, or working for chartered monopolies that had exclusive dominion over a particular industry. So, today we live in an economy where we understand that to have a successful business you need to borrow money from someone and then pay them back bigger returns.

Thus, what I'm suggesting to large corporations is that they change their business model—that instead of thinking about how much of the world they can own, instead they look at what services they can provide people and organizations and companies and towns and cities.

And what I'm suggesting is that people are now open to doing business in other ways; that people are willing to start companies that may not grow forever; that people's long-term vision of their companies is switching to something

where the focus is not on growth but rather on what size they need to get to in order to be a sustainable business. And I don't mean sustainable environmentally or good for the world—just a sustainable business that doesn't need to extract more resources from the world and grow in order simply to survive.

**NPQ:** *Can you expand on the current economy's growth imperative, and how that's become a problem given environmental constraints?*

**DR:** Well, the growth imperative was embedded in our economy once we made it illegal for anyone to use anything other than interest-bearing central currency. So, kings in the early Renaissance outlawed market monies and local currencies and non-growth-based exchange mechanisms, and said everyone had to use coin of the realm, which was borrowed at interest. And the way the math works is, if every dollar that you borrow or every unit of money that you borrow has to be paid back with interest, then you need the economy to grow in order to keep paying back more money to the lenders. So, that's why we're stuck in this growth trap.

And the problem with the growth trap is, we're living on a planet with finite resources. I know there are many opinions on this, but I do think that our planet and the atmosphere are rather fixed. And when you have a growth-based economy, it not only needs to grow but also needs to accelerate its rate of growth, because 2 percent of a zillion-dollar planet is more than 2 percent of a million-dollar planet.

And then, when you look at the sort of digital solutions that are carrying this ethos forward, you get either an Uber or an Amazon achieving these giant platform monopolies, or you get ideas like bitcoin—which does what? Bitcoin basically burns fossil fuels as proof that it has value, and that's all bitcoin is doing. So, not only do we have an energy shortage on the planet, now we also burn energy symbolically as a way of showing our commitment to some kind of digital coin.

**NPQ:** *There have been those who have given bitcoin and its like a sort of liberatory veneer.*

If every dollar that you borrow or every unit of money that you borrow has to be paid back with interest, then you need the economy to grow in order to keep paying back more money to the lenders. So, that's why we're stuck in this growth trap.

Right now, we have an economy that punishes doing business in an appropriate, generative way and rewards people who just take money out of the system.

*How do you see the role of those currencies? As you know, bitcoin has often been sold as a way to get back to that market-based exchange that you were talking about.*

**DR:** Yeah, but it's not. It's retrieving something. Marshall McLuhan, the great media theorist, used to talk about how technologies retrieve things from the past in new forms. So what we really needed to retrieve were market monies. And market monies were basically valueless—like poker chips, which were issued in the morning and which allowed people to conduct their trade and then settle up in the evening. No one wanted those chips. They weren't worth anything after a certain period of time.

Bitcoin is more like gold. Gold was the long-distance currency used by royals and large chartered companies. Regular people couldn't use gold—it was too valuable. You would hoard gold once you had it. Bitcoin is a currency that celebrates its limited supply and celebrates the fact that it's an excellent investment—and that's what it is right now. They call it gold for millenials. It's a hedge against the rest of the market.

But that's not what we're looking for. The one good thing about bitcoin—or the blockchain really, the technology undergirding bitcoin—is that it gives people a way to authenticate their transactions without turning to some central authority. So, you don't need the bank or the Fed or the government to say, “Yes, you're you and he's him and you just exchanged money.”

The problem with bitcoin is, it doesn't really engender trust in any way. It just *replaces* trust in a new way. All it's really doing is substituting technology for trust instead of substituting some institution for trust.

**NPQ:** *Switching gears a bit, how do you see nonprofits fitting into this effort to restore trust?*

**DR:** No one likes hearing this, but nonprofits have to stop thinking of themselves as some adjunct to the market—as something other than business. Nonprofits are businesses. Nonprofits are a better model for doing business than for-profit

companies. The only difference between a nonprofit company and a for-profit company is that a nonprofit company can't be sold.

Think about it like this: if you had a furniture company, what if the thing that mattered most to that company was the quality and sales of the furniture? I know it sounds like I'm being ironic or strange, but that's not the way business works. What you care about is the company making revenue.

Right now, the product of most businesses is the shares that they're selling to investors—and if the share price isn't going up, then an activist investor comes in and figures out how you can hurt the company in order to give more money to the shareholders. So, the object of the game becomes: How do we squeeze our suppliers? How do we fool our customers? How do we outsource our production? All to the detriment of the actual business.

**NPQ:** *One other difference with nonprofits is that they don't pay taxes.*

**DR:** Yes, and part of the reason they're exempt from tax is their mission, but another part of the reason they're exempt from tax is because they're putting money into circulation. Right now, we have an economy that punishes doing business in an appropriate, generative way, and rewards people who just take money out of the system.

**NPQ:** *If you're trying to move from an extractive to a generative economy, there's the transition problem of how you get there. You've talked about implementing the sort of pilots that would foster more circulatory economic practices. How would you do that, or what would some of those pilots look like in your mind?*

**DR:** One I talk about a lot is, rather than a bank giving a one-hundred-thousand-dollar loan to a pizzeria in order to expand its business, it would give the pizzeria fifty thousand, dependent on its ability to raise the other fifty thousand from its community. In this way, people from the community would be investing in their town rather



than outsourcing investments to the S&P 500. They would be seeing their investments make their main street better—increasing their property values, raising the tax base, improving their schools—because they would be *investing* rather than *outvesting*.

So far, the only entities that have taken me up on the idea of running small trials of this kind are credit unions. Credit unions are nonprofit. A credit union's mission is to improve the economic functioning of the region where it's operating, whereas a bank's mission is to extract as much capital as it can from the region where it's operating.

The reason to experiment with small trials is you don't threaten as many of the powers that be. You can prove that something is profitable even if it's not working in a way that *they* understand and do it—I mean, the object of the game is not to threaten the shareholders or the board of directors before you've had a chance to prove that it is a good way of doing business.

**NPQ:** *Credit unions do have over a trillion dollars in assets; so, while they're not a huge part of the financial system, they're not tiny either. That's a lot to build off of, actually. Are there any specific examples you can give of credit unions that have implemented the idea you were giving of a kind of half bank loan and half crowdfunding strategy?*

**DR:** An example like it is VSECU, Vermont State Employees Credit Union, which does something called “milk money.” At VSECU, people can invest locally in other local businesses in return either for a stake in the business—just as a regular loan—or for a special relationship with the business.

**NPQ:** *Tacking back to ecology and the finite planet we live on, you have noted that a trait of our age is a growing understanding of ourselves as a single organism. Can you say a little about that? For instance, if we accepted that in some respects we're part of a single organism, how should that understanding affect our behavior?*

**DR:** Well, you can think of it physically or temporally or spiritually, I guess; but I mean most simply that all the cells in your body may not be conscious of the fact that they're all part of this one big body. They're just doing their individual jobs, and they have little walls. There are some membranes and permeability between them, but they might think—for as much as they think—“I'm just me.” They don't think, “Oh, wait a minute, there's this thing called Doug that we're all part of.” And I think of human beings the same way—that we're all part of this large team, this human organism. And even if we're not part of one organism, we'd better start acting like we're part of one organism, because we're sharing a scarce resource of planetary abundance. So, if we don't orient to the planet as a commons rather than a property, then we're going to continue to exploit it at our peril rather than maintain it for our collective benefit.

**NPQ:** *Could you talk a little more about the commons? There are obviously some very prominent examples in the digital world, such as Wikipedia and the Creative Commons licensing. But, more broadly, when you think about commons management, what forms do you think it might take in this coming era?*

**DR:** I feel that if we don't start treating water as a commons, things could get kind of dark. There are people making markets in water even in places where it's not scarce, because everyone is realizing that it's going to become a really fixed resource. And they use this so-called “tragedy of the commons” as their rationale for why people can't be trusted, or government can't be trusted, to maintain the viability of a shared resource. But the tragedy of the commons isn't valid, it's not real, it's not based on anything. A real commons is governed. There are rules around a commons. It's not a weird free-for-all. The market is the weird free-for-all.

**NPQ:** *You mentioned platform cooperatives earlier. Could you expand on their significance?*

A real commons is governed. There are rules around a commons. It's not a weird free-for-all. The market is the weird free-for-all.

When you understand platform cooperatives . . . well, UBI is kind of silly. You shouldn't give people only income; you've got to give people ownership.

**DR:** Really, it's just another way of saying employee ownership. I mean, once you understand platform cooperativism, which is basically just employees owning the thing instead of employees being just another resource, you start to look at a lot of things differently, like universal basic income [UBI].

When you understand platform cooperatives . . . well, UBI is kind of silly. You shouldn't give people only income; you've got to give people ownership. That's why I like Marina Gorbis's [(executive director of the Institute of the Future)] idea that universal basic *assets* are better than universal basic *income*. Are you willing to let the people share in ownership of the business, platform, or resources, or do the corporations really have to own everything?

And that's where it gets interesting. Right now, most big corporations are not willing to become cooperatives, but they're being successfully challenged by cooperatives and employee-owned companies. So, Walmart is under fire by WinCo. In most of the states where they're competing head to head, WinCo is doing better than Walmart, and that's because WinCo is an employee-owned company and Walmart is not. And when I've talked to Walmart's investors about it, they're so confused as to how WinCo could be doing better than them, when WinCo is paying their workers more. The reason is because WinCo doesn't have the investors to pay back. It doesn't have to give 90 percent of its assets back to these people who have nothing to do with the operation or profitability of the business. It's a better, leaner model.

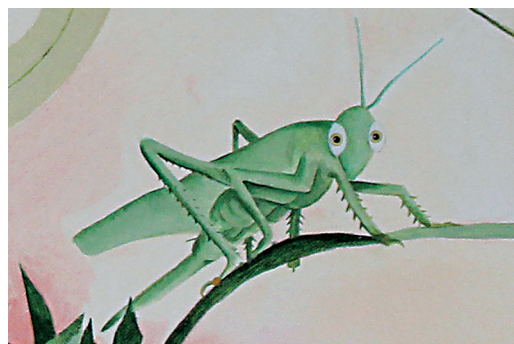
**NPQ:** *Another thing you've written about is that technology has often made people work harder rather than smarter—and there's a bit of irony in that. For example, the economist John Maynard Keynes famously wrote a treatise called "Economic Possibilities for Our Grandchildren," about the idea that, as technology developed, we'd have more things produced in fewer hours, therefore we'd spend less time working and have more time for leisure. And it hasn't worked out that way, at least not so far. So, where did we go wrong, and how do you see us getting back on track?*

**DR:** Well, if anybody still read Adam Smith, today he would be considered a socialist—although, of course, he's not. It's because he imagined an economic landscape that would be regulated to favor the smaller operators. He saw everybody involved in small businesses and exchange. He didn't really understand the danger of a few large players dominating the whole economy or the whole landscape. But I think he thought that we would want to avoid that.

So, now, because the entire society that we've built is servicing credit or debt—or the entire society is about paying bankers for money—we can't imagine or understand a society in which people worked less. That's why even well-meaning folks like Obama say, when they look at the problem with the economy, "Oh, all we've got to do is figure out how to create more jobs," or, "We're going to lend money to banks so that they can lend money to companies, so they can build factories, so they can hire people." We've lost sight of the fact that, if we have enough goods and we have enough services, then we don't need to be working as much.

Plus, the reality is, we are working in ways that are unsustainable, anyway. If the way we're using labor requires us to send slaves into caves to get the rare earth metals for our smartphones—and if the way we manufacture is destroying the planet, is creating so much toxic waste and mountains of used-up technology that's being buried in China and South America, and that's going to destroy everything—if that's what we have to externalize to be this efficient, then we should be less efficient. Maybe if we hired more people to work in better, more meticulous, maybe more time-consuming ways, we would get to stay on the planet longer.

To comment on this article, write to us at [feedback@npqmag.org](mailto:feedback@npqmag.org). Order reprints from <http://store.nonprofitquarterly.org>, using code 250203.



**THE Nonprofit QUARTERLY**

The latest news and analysis about the nonprofit sector from the *Nonprofit Newswire*

■

Regular feature articles

■

Subscription information for the print magazine

■

For more information from the *Nonprofit Quarterly* go to [www.nonprofitquarterly.org](http://www.nonprofitquarterly.org)