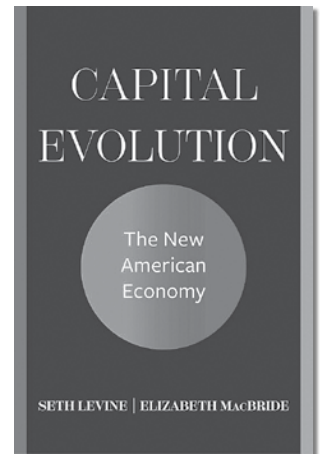


**Capital Evolution: The
New American Economy**
by *Seth Levine and
Elizabeth MacBride* (Matt
Holt Books, 2025)



The Frankenstein Economy

BY SETH LEVINE AND ELIZABETH MACBRIDE

*How America lost
its balance—and how
it might find it again.*

Americans born in the second half of the twentieth century are accustomed to seeing our country as a place in its prime, confidently striding toward the future. But the twenty-first-century version feels more like a stitched-together giant—lumbering, dangerous, and half-aware of its own strength.

The old system that governed our society—the neoliberal consensus, which promised prosperity through free markets and limited government—has mutated into something darker: a Frankensteinian version of capitalism, still animated by the spirit of profit but no longer tethered to the social contract.

In our book, *Capital Evolution: The New American Economy*, we describe this moment as the culmination of fifty years of unchecked corporate power and the erosion of civic institutions.

Business has not only overtaken government but has also become, in many ways, the only truly functioning pillar of society (like government, media has also experienced a half-century decline). Financial titans like Larry Fink and Jamie Dimon move markets with a letter or a phone call; companies now write the rules that were once the purview of Congress. The public, meanwhile, has

Seth Levine is a venture capitalist. Elizabeth MacBride is an author, financial journalist, and strategic communications consultant. Together they are the authors of the forthcoming book, Capital Evolution (December 2025).

been reduced to consumers, investors, and data points. And perhaps more perniciously, our middle class has become yet another resource—much like the environment—to be exploited.

Yet, amid this imbalance, we found the stirrings of something new. A nascent consensus is emerging within boardrooms, startup communities, and among employees.

We call it Dynamic Capitalism: an evolution that seeks to rebalance profit with purpose, efficiency with empathy, and innovation with inclusion. It recognizes the power of broader ownership across our economy and seeks to strengthen the middle class. It is neither a revolution nor socialism. It's people remembering what made American capitalism great in the first place—that it gave people the freedom to shape the world they want to live in.

THE OLD CONSENSUS AND ITS DISCONTENTS

For nearly half a century, the so-called Washington Consensus—the neoliberal economic framework developed from the ideas of Milton Friedman and popularized by Ronald Reagan and Margaret Thatcher—dominated the global economy. The formula was simple: privatize, deregulate, and get government out of the way. If markets were left to their own devices, the invisible hand would ensure efficiency and prosperity.

For a while, it seemed to work. Inflation fell (along with interest rates), stock markets soared, and American multinationals spread across the world like a new form of empire. Wall Street rewarded companies for focusing on shareholder value, while Washington looked the other

overnight. But beneath the surface, the balance between capital and labor—the engine that had driven the postwar American Dream—began to break down.

The results of the past fifty years of economic extraction have become too hard to ignore. Between 1978 and 2018, CEO compensation increased by more than 900 percent, while worker pay rose by only a modest amount. Middle-income households shrank from generating 62 percent of U.S. household income to just 43 percent.

*Over time, the “free market” became
less a system of opportunity and
more a hierarchy of access.*

Meanwhile, the middle class accounted for nearly all of the growth in household debt, and credit card debt as a percentage of household income exceeded 50 percent for all but the wealthiest Americans. These gaps between the richest 1 percent and everyone else widened to levels not seen since the Gilded Age. Entire regions, from the factory towns of Ohio to the farming communities of Iowa, were hollowed out. The system was still producing wealth, but it was no longer producing dynamism.

WHEN BUSINESS BECAME THE STATE

As the federal government declined, corporations filled the vacuum. When crises struck, from the 2008 financial meltdown to the Covid-19 pandemic, it was corporate leaders, not elected officials, who stabilized the system. Larry Fink's BlackRock has become the *de facto* central bank of global capitalism, managing trillions on behalf of governments and pension funds alike. Jamie Dimon's JPMorgan Chase became both banker and backstop, leading private-sector bailouts when regulators faltered. We include both these examples in *Capital Evolution*.

At first glance, this shift toward business control might seem like good news. After all, these executives are competent, pragmatic, and data-driven—everything Washington is not. But as *Capital Evolution* argues, the consolidation of so much power in so few hands represents a profound shift in the social order. When corporations are more powerful than nations, democracy itself is at risk.

The old system has mutated

into something darker:

a Frankensteinian version of capitalism.

way. Deregulation unlocked capital flows and unleashed innovation, but it also unchained greed. Over time, the “free market” became less a system of opportunity and more a hierarchy of access.

In the 1980s and 1990s, this shift felt abstract and distant. The stock market boom made everyone with a 401(k) feel richer; globalization kept consumer prices low; and the internet revolution created new billionaires almost

The neoliberal dream was supposed to produce efficiency; instead, it produced fragility. Instead of many firms competing in open markets, we now have winner-take-all industries dominated by a handful of oligopolies. The top five tech companies account for more than a quarter of the total U.S. stock market capitalization. The top ten banks control nearly half of all banking assets. The “free market” is free only for the powerful.

The Frankenstein metaphor feels apt because this system still moves and still functions, but no longer serves its creator: the people. The current system was designed to optimize for quarterly earnings, rather than resilience or fairness. It rewards extraction over creation and short-term profit over long-term prosperity.

This is neoliberalism’s end state: a form of capitalism without competition, globalization without solidarity, and innovation without accountability.

HOW THE MONSTER WAS MADE

To understand how we arrived here, remember that neoliberalism was once a radical idea—a revolt against the overreach of some mid-century governments and the stagnation of the 1970s. Milton Friedman and his peers at the University of Chicago weren’t villains; they were reformers, trying to restore freedom and discipline to economies

weighed down by bureaucracy. Their ideas about open markets, limited government, and personal responsibility resonated with leaders like Reagan, Thatcher, and later, Bill Clinton and Tony Blair.

But as we show in *Capital Evolution*, Friedman’s elegant theories were simplified and weaponized by their disciples. His notion that “the social responsibility of business is to increase its profits” became a corporate catechism. Executives such as “Neutron Jack” Welch of General Electric built empires on the idea that maximizing shareholder value justified any means. Wages stagnated, jobs were outsourced, and communities were left to rot, all in the name of efficiency.

Meanwhile, the ideological balance between government and business collapsed. Reagan’s famous line, “Government is not the solution to our

problem; government is the problem,” became the organizing principle of American politics. But if government was the problem, who was the solution? The answer, by default, became business.

Over time, the public sector withered. Regulators lost their teeth, antitrust enforcement vanished, and campaign

finance laws were gutted. Corporations stepped into the void, assuming roles that once belonged to elected officials, such as funding schools, setting climate targets,

*Instead of many firms competing
in open markets, we now have winner-
take-all industries dominated by
a handful of oligopolies. The “free
market” is free only for the powerful.*

even defining the terms of public debate. The corporation became the new *polis*, and the CEO its unelected mayor.

We don’t blame the practitioners of neoliberalism for failing to see the outcome of their actions, but we do blame them for looking away as it unfolded with devastating consequences across the country.

THE POLITICS OF EXHAUSTION

Today, America feels rich and poor at the same time—where GDP grows, but life expectancy falls. In *Capital Evolution*, we refer to this phenomenon as “American Exhaustion.” It’s the weariness of a people who work harder than ever yet feel perpetually behind. It’s the frustration of young professionals who can’t afford homes, and of teachers who see students showing up hungry or homeless.

Economic anxiety has become political rage. Populism, from both the right and the left, is the inevitable response to decades of neglect and disenfranchisement.

Donald Trump’s rise and his 2024 reelection was not an aberration but a symptom of a deeper awakening. The same can be said for the rise of populists on the left, such as mayoral candidate Zohran Mamdani in New York. Both reflect the politics of grievance, each with its own bogeymen to blame. The working and middle classes were told to trust the market; when it betrayed them, they turned to leaders who promised to dismantle the system.

Ironically, Trumpism represents the logical conclusion of neoliberalism: a hollow state that still worships



KEVIN MAZUR/GETTY IMAGES

Larry Fink’s
BlackRock has become the de facto central bank of global capitalism, managing trillions on behalf of governments and pension funds alike.

business while pretending to fight for the people. It's capitalism eating itself—a Frankenstein economy animated by resentment and greed.

THE SEEDS OF RENEWAL

And yet, as we discovered while researching *Capital Evolution*, this moment of crisis holds the seeds of renewal. Capitalism has never been static; it evolves in response to its own excesses. The question is not whether capitalism will change, but how.

Across the country, we found examples of business leaders, investors, and policymakers experimenting with a

The current system was designed to optimize for quarterly earnings, rather than resilience or fairness. It rewards extraction over creation and short-term profit over long-term prosperity.

new playbook. At PayPal, then-CEO Dan Schulman (now CEO of Verizon) recognized that benchmarking wages against market data perpetuated poverty. When he learned that one of the company's employees was selling plasma to make rent, he raised wages, improved benefits, and shifted pay schedules to reduce financial stress. The result? Employee satisfaction increased, turnover decreased, and productivity improved.

At the organization 1% for the Planet, CEO Kate Williams helped companies embed environmental responsibility into their business models, not as philanthropy, but as a strategic approach. Across industries, a new generation of entrepreneurs is building companies around shared ownership, employee equity, and sustainability. Venture capital funds are backing worker-owned cooperatives, community development financial institutions are expanding access to capital, and large corporations are rethinking the purpose of profit.

These efforts are not yet a revolution, but they represent an evolution—a collective attempt to build Dynamic Capitalism.

WHAT IS DYNAMIC CAPITALISM?

Dynamic Capitalism is this emerging consensus. Where neoliberalism worshiped efficiency and scale, we recognize the need for flexibility and balance. Where the old system saw workers as costs to be minimized, the new one sees them as assets to be developed. And where profit was once the only measure of success, how the profit is obtained, especially over the longer term, now matters too.

The core idea is simple but profound: capitalism must expand its definition of value. Profits are essential, but they must be earned in ways that strengthen, not weaken, the society that enables them. That means accounting for externalities, such as climate impact and inequality, as core business metrics, not afterthoughts.

Leaders must move beyond the binary choice between shareholder and stakeholder capitalism. It's not about abandoning markets or embracing state control; it's about recognizing that the health of capitalism depends on the health of the society it serves.

In practice, this means more distributed ownership—through employee stock plans, profit-sharing, and cooperatives—so that workers participate in the upside of growth. It means a more agile partnership between business and government, where the public sector sets broad goals and the private sector innovates to achieve them. It means cultivating a culture of long-term thinking, where quarterly earnings give way to a generational impact.

As we researched, we recognized this emerging consensus, but also that its future is not assured.

BEYOND THE FRANKENSTEIN MOMENT

Getting there won't be easy. The institutions that sustain neoliberal capitalism, from Wall Street to Washington, are deeply entrenched. Corporate lobbying, dark money, and algorithmic misinformation reinforce the status quo. But as *Capital Evolution* argues, the old consensus is already crumbling under its own weight.

The populist backlash that swept Trump back into office is a sign not just of discontent but of realignment. Across ideological lines, there's growing agreement that the twentieth-century rules no longer work. Business leaders, labor advocates, and even investors are converging on the idea that capitalism must evolve to survive.

We're already seeing glimpses of this transition. The 2019 Business Roundtable, led by Jamie Dimon, redefined its statement on the purpose of the corporation to include a broader set of stakeholders—customers, employees, suppliers, and communities—in addition to shareholders. Critics dismissed it as performative. Perhaps to some extent it was. But it also marked a meaningful public break with a half-century of dogma. For the first time since Milton Friedman, the corporate elite admitted

that the system they built was no longer working as they had envisioned.

The new era challenges CEOs to use their immense influence and entrepreneurs to use their innovative power to create value, not just extract it. Solving inequality and climate change isn't charity, it's survival.

A BLUEPRINT FOR THE TWENTY-FIRST CENTURY

The twenty-first-century challenges of inequality and climate change are not side issues; they are the defining tests of our time. They expose the fragility of a system that treats the planet as a resource and people as inputs. But they also create opportunities for innovation and growth.

Consider climate. The shift to a low-carbon economy will require trillions in new investment in clean energy, resilient infrastructure, and sustainable agriculture. It's a massive business opportunity. But capturing it will require patient capital, cross-sector collaboration, and government policies that reward long-term thinking. That's the essence of Dynamic Capitalism: markets guided by purpose, not ideology.

Or take inequality. A society where most people feel economically trapped cannot sustain democracy or the consumer demand that our economy relies upon. Rebuilding the middle class isn't just moral; it's pragmatic. A strong

Capitalism must expand its definition of value. Profits are essential, but they must be earned in ways that strengthen, not weaken, the society that enables them.

middle class drives consumption, innovation, and stability. Expanding ownership through employee equity, small business creation, and portable benefits can reconnect work and wealth in ways that rebuild trust.

The old neoliberal model told us that wealth would trickle down. Dynamic Capitalism tells us it must circulate.

THE ROLE OF GOVERNMENT

In this new consensus, government is not the problem, but it's not the solution either. As we wrote, "Leaders in an era

of Dynamic Capitalism should look pragmatically at government interventions in our economy. In most cases, the role of government should be limited to the smallest imposition necessary to obtain the desired outcome."

That means smarter regulation, not more of it. It means public investment in foundational research, education, and

*Today, America feels rich and poor
at the same time—where GDP grows,
but life expectancy falls.*

infrastructure—the platforms on which private enterprise thrives. And it means restoring competition by breaking up monopolies and modernizing antitrust laws.

A government that enforces fair rules, funds innovation, and ensures opportunity is not anti-capitalist; it's essential to capitalism's survival.

A CALL TO ACTION

Our Frankenstein economy may seem unstoppable, but it's already starting to come apart at the seams. The same technologies that empowered global corporations are now enabling decentralized finance, cooperative ownership, and citizen movements that challenge old hierarchies. The same workers who once felt powerless are forming new unions and demanding a voice in corporate governance.

Dynamic Capitalism isn't a utopian dream; it's an emerging consensus for renewal. It asks each of us—business leaders, policymakers, and citizens—to recognize our agency. Capitalism has always reflected human behavior. If we choose extraction and cynicism, we'll get more of both. If we choose balance and purpose, we might just rebuild a system that works.

The good news is that capitalism's story is not over. Like the monster in Mary Shelley's novel, it can still learn to be human—to understand that power without empathy is destruction, and freedom without fairness is fragility.

We stand at the threshold of a new era. The question is whether we'll keep stumbling forward in the dark, or whether we'll use this Frankenstein moment to evolve.

If we can, then the New American Economy won't just be a worse version of the old one. It will be something better: a system dynamic enough to meet the challenges of our time and generous enough to include us all. ♦