



**THE NEXT EVOLUTION:**  
**HOW DYNAMIC CAPITALISM CAN**  
**REBUILD TRUST AND THE MIDDLE CLASS**  
**Seth Levine & Elizabeth MacBride**

# For half a century, the story of American capitalism has been told through the balance sheet.

Shareholders came first; workers, communities, and even customers came somewhere after. The logic was simple and seductive: what's good for shareholders must be good for everyone else. For a time, it even appeared to work.

But the old shareholder-first model is collapsing under its own weight. The same forces that made America the envy of the business world after World War II—globalization, efficiency, and financial innovation—have hollowed out its middle class and eroded public trust. Workers are less secure, politics more polarized, and the distance between the winners and everyone else wider than at any time since the Gilded Age.

In the wreckage, a new framework is emerging. We call it Dynamic Capitalism—a generational shift driven by leaders who understand that capitalism cannot survive without legitimacy. Leaders who believe that blending meritocracy with values, innovation with equity, and performance with shared prosperity, will be the drivers of our next chapter. In so doing, they are rediscovering capitalism's original genius: its ability to adapt.

Dynamic Capitalism is not a revolution. It's an evolution born of necessity and a recognition that the economic system that once built the American Dream must evolve if we are to save it.

## THE END OF THE SHAREHOLDER PRIMACY ERA

The last fifty years of economic history can be summed up in a single idea: maximize shareholder value. Popularized by Milton Friedman in his 1970 essay, "The Social Responsibility of Business Is to Increase Its Profits," the shareholder-first doctrine became the operating system of the modern corporation. CEOs were compensated in stock, companies were measured by quarterly earnings, and the invisible hand of the market was expected to handle the rest.

At first, it delivered. The deregulated markets of the 1980s and 1990s produced staggering growth and unleashed a wave of innovation. Yet beneath the prosperity was a slow decay. As we document in *Capital Evolution*, between 1978 and 2018 CEO pay rose more than 900 percent, while average worker pay barely budged. The wealth of the top one percent now rivals that of the bottom ninety percent combined.

The old system didn't just fail economically. It failed morally. It left people believing that capitalism serves the few at the expense of the many.

The very logic of shareholder primacy—efficiency, speed, short-term returns—became self-defeating. Companies optimized themselves into brittleness. Supply chains stretched across the world, leaving communities gutted when factories closed. Financial engineering replaced real engineering. The market rewarded companies not for building things, but for buying back their own stock.

When crises hit such as the financial collapse of 2008, the pandemic of 2020, or the populist revolt of 2024—the ideology that had guided American capitalism for half a century offered no answers. The promise that a rising tide would lift all boats had become a cruel joke in a country where millions no longer had access to a boat.

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## THE SEARCH FOR A NEW CONSENSUS

The collapse of the neoliberal consensus has left a vacuum. Into it has stepped a strange mixture of populism, protectionism, and nostalgia. Yet beneath the noise, a quiet realignment is underway, which we describe in our new book, *Capital Evolution*, as the stirrings of a new economic order.

Leaders across business and policy are beginning to articulate a different vision of success—one that measures prosperity not solely by profit but by its distribution and durability. This shift is not ideological; it's pragmatic.

Capitalism without trust cannot function. Markets require rules, fairness, and belief in upward mobility.

The Business Roundtable's 2019 redefinition of corporate purpose—led by JPMorgan Chase CEO Jamie Dimon—was one early sign. For the first time in fifty years, the country's largest corporations publicly acknowledged that their responsibility extended beyond shareholders to employees, customers, and communities. Many dismissed it as a press release. But it marked a fracture in the dogma of shareholder primacy, and in historical terms, fractures are where light enters.

## Capitalism without trust cannot function.

Other cracks have widened since. PayPal, under Dan Schulman, began benchmarking wages not against competitors, but against the real cost of living. Companies like Patagonia and Interface built profitable models around environmental sustainability. Investors are funding employee-ownership platforms and community-based lenders.

Recent government policies—from the CHIPS Act to green-energy incentives—have revived the notion that public and private capital can work together.

Taken together, these shifts suggest an emerging consensus: a Dynamic Capitalism that blends private initiative with public purpose.

## DEFINING DYNAMIC CAPITALISM

Dynamic Capitalism rests on three core pillars: shared prosperity, adaptive institutions, and values-driven leadership.

### 1. SHARED PROSPERITY

Dynamic Capitalism expands the meaning of ownership. In a global economy increasingly driven by technology and capital, wealth creation must be more broadly distributed. That means giving workers real stakes in the companies they help build—through profit-sharing, employee equity, and cooperative models. It means investing in small businesses, which remain the true engines of job creation and innovation.

Shared prosperity also requires re-linking wages to productivity. When the gains of efficiency flow only to capital, society fragments. When they flow to labor as well, the middle class thrives, and with it, democracy.

### 2. ADAPTIVE INSTITUTIONS

The second pillar is adaptability. The institutions of neoliberal capitalism—central banks, regulatory agencies, capital markets—were built for a simpler world. They must evolve to keep pace with technologies like artificial intelligence and quantum computing, which are already reshaping labor and value creation.

Dynamic Capitalism calls for a pragmatic government: one that sets fair rules, funds foundational research, and enables markets rather than trying to control them. It's neither laissez-faire nor statist; it's experimental, evidence-based, and flexible.

The same adaptability must apply to business itself. In a world defined by volatility, resilience becomes a competitive advantage. Companies that invest in human capital, diversify supply chains, and plan beyond the quarter are better equipped to weather shocks.

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### 3. VALUES-DRIVEN LEADERSHIP

The third pillar—and perhaps the most vital—is leadership rooted in values. Dynamic Capitalism requires leaders who see beyond transactions to relationships, who understand that their license to operate comes from society as much as from shareholders.

This doesn't mean replacing profit with virtue signaling. It means integrating ethics into decision-making, choosing long-term stewardship over short-term gain, transparency over expedience, and dialogue over dogma.

The best leaders of this new era—whether it's Dimon at JPMorgan, Schulman at PayPal, or the thousands of small-business owners who sustain local economies—share a common insight: capitalism cannot be morally neutral. In a world of immense power asymmetries, inaction is itself a choice.

## WHY DYNAMIC CAPITALISM MATTERS FOR DEMOCRACY

Capitalism and democracy are siblings—each dependent on the other for legitimacy. Democracy provides the political framework for free enterprise; capitalism provides the prosperity that sustains democratic consent. When one falters, both do.

The shareholder-first era strained this relationship almost to breaking. As wealth concentrated at the top, political power followed. Corporations became quasi-governments—setting climate policy, social standards, even speech norms—while trust in actual government collapsed. Citizens became customers; voters became data points.

Dynamic Capitalism seeks to restore balance. By broadening ownership and re-anchoring business in community, it re-democratizes economic power. By aligning incentives toward long-term value creation, it reduces the volatility that fuels populism. And by integrating purpose into profit, it re-builds trust in the system itself.

An economy that works for most people is the best safeguard against authoritarianism. When citizens see a path to advancement, they defend the institutions that make it possible.

## FROM IDEOLOGY TO PRACTICE

The challenge, of course, is turning this philosophy into practice. Dynamic Capitalism cannot be legislated into existence, nor can it rely solely on corporate benevolence. It will require a mix of market innovation, policy reform, and cultural change.

In the private sector, companies can begin by redefining success metrics to include goals beyond financial returns, underscoring the importance of how they make profits. Boards should link executive pay to long-term outcomes. Investors can reward firms that deliver sustainable growth, not just short-term spikes. In the public sector, government must be careful not to overstep but also to play its enabling role—investing in education, infrastructure, and research; enforcing fair competition; and ensuring that workers displaced by technological change have paths to reskill and rejoin the economy.

In civil society, we need new narratives about what success means. The American Dream cannot be reduced to stock prices and GDP. It's about belonging, dignity, and the belief that hard work and effort matter. Averages and aggregate statistics can be deceiving, and the true measure of the health of an economy must include an understanding that goes beyond top-level growth to understand how growth and prosperity are shared across society.

Dynamic Capitalism is less a fixed model than a mindset—a willingness to experiment and learn. It borrows from the entrepreneurial ethos: iterate, measure, adapt. It also borrows from civic tradition: act with a sense of duty to the broader community.

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## THE PATH AHEAD

Skeptics will call this naïve. They'll argue that markets will always revert to self-interest, that power never relinquishes itself willingly. They're not entirely wrong. But capitalism's history is a story of reinvention. The system that emerged from the ruins of the Great Depression was not the same one that fueled the Industrial Revolution. The system now taking shape will not look like the one we inherited from the 1980s.

We can already glimpse its outlines: a longer-term orientation around profit, global reach and local accountability, innovation and inclusion. It is messy, uneven, and incomplete—but it is happening.

The alternative is not a return to the past. It's stagnation and cynicism: a brittle economy dominated by monopolies, governed by populists, and sustained by distrust. That's the true danger of the Frankenstein version of neoliberalism—the monster that forgot its maker.

Dynamic Capitalism offers a different future. It asks us to imagine markets as living systems, capable of learning and growth; to see capitalism not as a zero-sum game but as a collaborative enterprise; and to recognize that prosperity, to endure, must be shared.

**If we succeed, we'll rediscover what the founders of the American experiment understood: that liberty and equality are not opposites but partners, and that the health of our democracy depends on keeping them in balance. 🇺🇸**



# Info



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