GPC FRAMEWORK PAPER

Economic Coordination and the Barriers Private Market Coordination Poses to Realizing a Progressive Agenda

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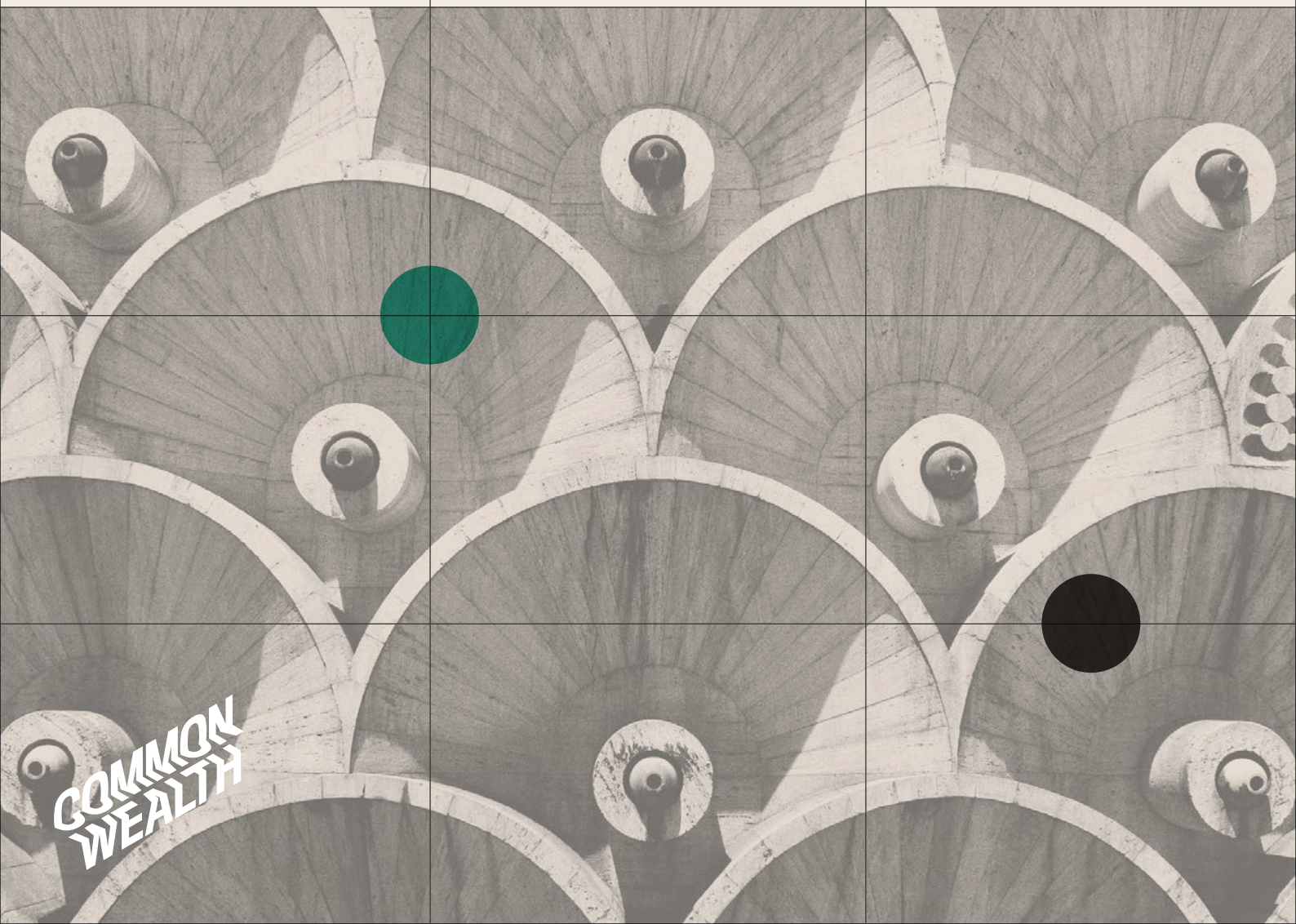

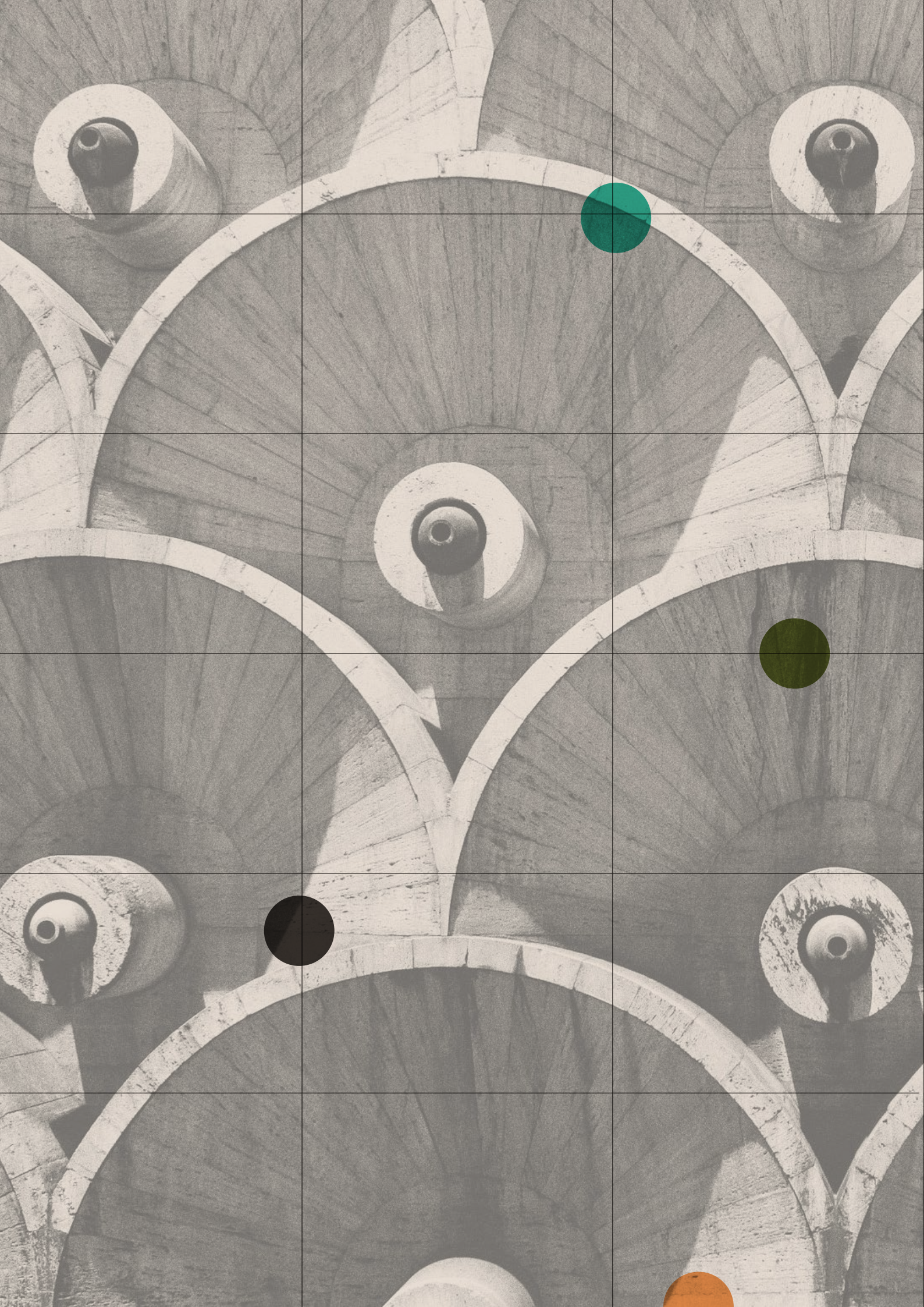

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Key Points

- Achieving decarbonization and ensuring the affordable, universal provision of essentials are the two central goals of a progressive economic policy agenda. Both are challenges of economic coordination: organizing complex programs of economic activity like investment, divestment, production, and provision is needed to achieve them.
- Policy designed to meet these goals has typically been built around private capital as the default actor and market exchange as the default mechanism of economic organization. This is a political choice with structural consequences for the kinds of political and economic transformation that are achievable.
- Private market coordination has four features that systematically work against the investment, divestment, and provision that meeting these goals requires: the profit imperative, a structural bias against long-term fixed investment, the fragmentation of decision-making across uncoordinated actors, and the resistance of existing fossil capital to managed retirement.
- The most ambitious decarbonization policy frameworks to date in the US and UK have been based on a limited role of the state in economic coordination and have fallen short: underdelivering on pace and failing to address working people's economic insecurity — leaving the green transition dangerously exposed to political backlash.
- Public coordination offers a different set of capacities: the ability to direct investment and divestment without

being bound by private profitability, to sequence activity coherently across projects and sectors, to metabolize risk collectively, and to guarantee provision independently of market access. These are precisely the capabilities that decarbonization and the affordability agenda require.

- The Green Planning Commission's basic premise is that the next progressive agenda must be designed around public coordination as the organizing logic for sectors where private market coordination is structurally insufficient. This report provides an analytical foundation for that argument.

Introduction

Economic coordination is how societies organize and undertake interconnected investment, production, distribution, and provisioning activities. It is the central question of progressive economic policy but is rarely interrogated. The two central planks of a progressive agenda — achieving decarbonization and ensuring the universal affordable provision of essentials — are best understood as challenges of economic coordination.

There is a consensus that physical green economic transformation is the goal of decarbonization policy, but the question of how to organize and undertake this transformation is seldom discussed. Realizing these ambitious goals, therefore, requires developing thinking which sets out what needs to be done, by whom, and through what means to achieve them. This means moving from a policy approach with private market coordination as the default option for delivering political goals, to a new model of economic coordination specifically designed to ensure decarbonization and the affordable universal provision of essentials.

The currently dominant mode of economic coordination — private market coordination — is characterized by the primacy of private capital as decision-maker and market exchange as the coordination mechanism.

Four features of private market coordination obstruct the investment, divestment, and provision that a progressive policy agenda to achieve decarbonization and addressing the affordability crisis demand:

1. The profit imperative, which channels capital and structures provision of essential goods and services towards what is profitable above all else.
2. The liquidity preference, which generates a structural bias against long-term, large-scale fixed investment.
3. The fragmentation of decision-making across uncoordinated private actors, which makes sequenced, system-wide transformation exceptionally difficult.
4. The lock-in of sunk capital, which creates powerful incentives to resist the managed retirement of fossil assets.

The most ambitious decarbonization policy regimes so far in the US and UK have been premised on a model of limited state intervention in private market coordination, where the state attempts to make green investment attractive to private capital

rather than doing it itself. This approach has fallen short in pace, in the character of transformation achieved, and in political durability — leaving the economic insecurity of working people unaddressed, and the decarbonization project, therefore, exposed to political backlash. Many contemporary proposals for addressing the affordability crisis also adopt this unnecessarily narrow approach, such as attempting to incentivize housing construction through deregulation or health insurance provision through public subsidy.

As we approach building the next progressive agenda, we must make different policy design choices to organize the economic activity needed so that we can address decarbonization and the affordability crisis.

Public coordination through the state as an actor directly engaging in investment, provision, and coordination of and between key sectors offers a transformatively different set of capacities, it can:

1. Decouple investment and divestment decisions from the logic of private profitability.
2. Bring coherence and sequencing to economic activity that fragmented private actors cannot achieve.
3. Bear risk collectively and more equally.
4. Ensure provisioning of essentials outside of the market and actively decide on the distribution of goods, resources, and wealth rather than leaving it to market pricing and allocation.

A foundational premise of the Green Planning Commission is that policy design towards these key progressive goals must begin from public coordination rather than basing all policy on attempting to coax private actors to undertake and organize transformation within and across key sectors. Public investment, provision, and coordination can build a new green mixed ownership economy — one in which public institutions set the terms in key sectors, even as private market coordination prevails in much of the economy. With a green democratic planning agenda, we can transform the terms of our collective economic life, decreasing the extent to which critical activity and the foundations of dignified life are dependent on the action of capital and for-profit exchange.

This report provides the analytical framework for this shift in policy thinking; laying the groundwork for the GPC's broader program of work on the institutions, instruments, and political conditions for green democratic economic planning.

This report is divided into three sections. First, we introduce the key goals of decarbonization and affordability as economic coordination challenges, returning to first principles of what the economy is and how and why planning economic activity is essential to consider for progressive policy design.

Second, we define private market coordination and dissect the barriers it poses for delivering the necessary economic transformation, and why it is a problem that policy in transatlantic context tends to rely on private market coordination.

Third, we conclude with a consideration of the possibilities of reorganizing economic coordination through policy, clearing the way for the Green Planning Commission's future comprehensive consideration of the potential, practice, and politics of planning and democratic coordination.

Coordination Problems

A modern economy is a complex, integrated machine, comprised of and animated by the ongoing actions of countless individuals and a multiplicity of producers, investors, consumers, and other actors who make decisions and undertake economic activity. These decisions are made based on private interests but relate to each other in a complex web of economic interdependence.

Key terms: the core interrelated categories of economic activity

Production:

Production names the activities through which we create goods and services that we need. These could be final goods, like a pair of denim jeans, or intermediate goods like the cloth woven, or the industrial sewing machine and needles manufactured for use in producing those same jeans. Services include non-physical goods like childcare or higher education, or scientific research.

Production processes and outputs are shaped by the tools and existing machinery, technology, raw materials, biological processes, and labor skills available to us, as well as by what we are trying to produce and how.

Investment:

Investment is, in a sense, a decision about the future. It is the commitment of future resources for the creation of future capacities to produce and consume. Installing a new machine at a factory or building a new factory entirely is an act of investment.

Divestment/disinvestment:

Divestment or disinvestment are acts of withdrawal, abdication, or neglection of investment. We can actively withdraw investment from fossil fuel energy production or simply fail to invest in renewable energy production at all.

Together, investment and divestment plan, or partially plan, the future of society.

Distribution:

Distribution names the social activity of allocating resources among economic units and actors. Given the amount of steel we produce, how much should go towards producing new, green public school buildings or stainless steel energy efficient appliances? How much of society's labor force should work in healthcare? Education? Computer programming? Housing construction?

An act of investment may be an act of distribution, but distribution could also entail activities like wage negotiations, income tax policy, or sectoral allocation of inputs in the context of static capital or infrastructure stocks.

Consumption:

Consumption is the use of resources, whether goods or services or nature, to meet human needs and desires, including as intermediate inputs to production and reproduction processes. The production of goods often consumes energy and other material inputs. A person may want to consume food and medical care to stay alive, but needs economic activity such as investment, production, and distribution to have already been decided and performed in such a way to enable this consumption in the first place.

We plan production, distribution, and investment in light of what we chose to consume and how. Likewise, what and how we consume is shaped by how production, distribution, and investment have been planned and coordinated. You can't choose to drive an EV in lieu of a combustion engine car if none are produced or the terms of its provision are simply inaccessible to you.

Provision:

Provision is the action by which producers provide or supply something for use by other economic actors, including withholding the provision of goods and services. Examples of provisioning mechanisms are market exchange, gift, violent coercion, interpersonal reciprocity, and state provision. A computer programmer might provide her services to her friend as a gift, creating a non-market provisioning relationship.

Investment, production, distribution, consumption, and provision as concrete actions and activities do not simply occur of their own accord. This web of activities is socially coordinated in relation to and in advance of each other.

For production to proceed, it must be decided that some thing be produced, in some way, towards some goal, and then, inputs and labor brought together and made to produce at all. So too for investment, distribution, consumption, and provision. These decisions are made in relation to each other, and thus economic activity is planned, directed, and organized through economic coordination.

Consider the coordination of the production of a smartphone: some actor must decide to invest in acquiring the necessary machinery, inputs, and labor. This, in turn, requires that other actors must have made other investment and production decisions to produce necessary machinery and inputs and to somehow provide them to smartphone producers in necessary quantity, quality, and timing.

If we want to achieve decarbonization and address the affordability crisis, we will have to plan and socially undertake a tremendous scale and scope of interconnected economic activity and indeed do so rapidly. Therefore, we must grapple with the question of economic coordination.

Coordinating Green Economic Transformation

Decarbonization requires a process of physical economic transformation — a transformation of production equipment and infrastructure through physical production and demolition. As the Intergovernmental Panel on Climate Change stressed in a 2018 report on policy-technical pathways to achieving global climate targets, "all pathways begin now and involve rapid and unprecedented societal transformation" to slash global greenhouse gas emissions.[1] Comprehensive transformations of electricity, industrial production, food, transportation, land-use, and buildings are necessary to eradicate fossil fuel combustion and other human-caused emissions like deforestation from production and consumption activities in these sectors.

Outside of food and land use, green economic transformation largely entails rebuilding and remaking much of the machine equipment and infrastructure stocks we use to produce, consume, and simply live our lives together. For example, the machines and physical infrastructure previously invested in to produce steel do so by burning coke coal, which emits carbon dioxide. To decarbonize steel production, we must invest in, produce, and use new machines powered by renewable energy. This points to the problem of economic coordination: what are the structures of human decision-making and action necessary to produce all of the inputs needed to design and finance these new machines, then produce these machines, install them in factories and reorganize labor processes around them, discard fossil fuel emitting machines and practices, and begin to produce steel without carbon-based energy?

The coordination problem at the heart of decarbonization grows more complex when considering the speed and scale of necessary transformation and the intricate interconnected nature of economic decision-making and activity needed to simply physically carry it out, let alone in a manner that maintains the stability of economic functioning and benefits ordinary people.

A complex, earth-spanning web of fossil fuel-based capital equipment and infrastructure stocks physically composes the material system of everyday life. This must be transformed by, rather than supplemented with, renewable buildout. The capital equipment, complex physical networks of supply chains, and the operational

[1] "Global Warming of 1.5°C", IPCC, 2018. Available here.

models of fossil fuel-based systems, such as electricity grids, are incongruous with a renewable-based system. Renewable infrastructure will not replace fossil fuels with clean energy on a one-to-one basis, especially as energy demand continues to increase.

At the level of the system this is akin to the difference between an electric vehicle and a gas-guzzling one: it is not simply that the internal combustion engine has been replaced by a battery; the composition of the entire machine is now different and production of it requiring different supply chains, inputs, and labor processes. And, as Emily Grubert has argued the mid-transition period between systems poses the challenge of managing a Frankenstein's monster of two coexisting but distinct systems — simultaneously managing ongoing fossil system operation with the buildout and operation of the new system.[2]

If this physical transformation is complex, so too is planning and undertaking the economic processes needed to do it.

Moving from a fossil-based to a renewables-based system will require countless decisions to plan and undertake a great deal of discrete economic activities with rapid speed that must be carefully sequenced to enable other necessary decisions and activities to take place and to avoid disruptions in critical infrastructure and production networks. Which is to say, a comprehensive integrated plan for key sectors and the macroeconomic transition is necessary to guide the economic activity required for the transition. For example, fossil assets must be actively discarded but in a managed way to ensure the precise alignment of capacity maintenance and retirement in compliance with both decarbonization targets, economic stability and just transition needs. Otherwise, we risk inflation, interruption of key economic activity, and shortages due to supply bottlenecks and associated frictions. And, crucially, green economic transformation must create benefits for working people each step of the way to drive positive coalition-building to politically support, rather than jeopardize decarbonization through this transformation.

The goal of decarbonization policy is physical green economic transformation, but how best to organise this transformation? What are the actors, institutions, and mechanisms we must employ to ensure the economic activities necessary to undertake the green transformation happen and in the way we want them to?

The second central, present progressive goal is addressing the affordability crisis. This political priority entails economic policymaking to ensure sufficient,

[2] Emily Grubert, and Sara Hastings-Simon, "Designing the Mid-Transition: A Review of Medium-Term Challenges for Coordinated Decarbonization in the United States", *WIREs Climate Change,* 2022.

affordable provision of essential goods and services. This affordability program is not separate from decarbonization strategy but rather essential to supporting a pro-decarbonization coalition by materially transforming everyday people's lives. Life's essentials from housing to healthcare to childcare are simply too expensive. Although distribution and income measures are also important in addressing economic insecurity and inequality, at root this is a challenge of the supply side. Economic decision-making and activity in these essential sectors are not currently meeting our goal of universal, affordable high-quality provision.

If the current organization of the production and provision of these essentials is not working, we require change in economic decision-making, sectoral organization of provision, and other economic activity to achieve this goal.

Policy to address the affordability crisis thus, like decarbonization policy, also begins from the premise that we must plan and undertake economic activity differently than current arrangements. And, as with decarbonization, we are left with the question of how to do so. What are the actors, institutions, and mechanisms we must employ to ensure the economic activities necessary to ensure universal, high quality, and affordable universal provision of essentials?

The next progressive agenda must tackle both the decarbonization imperative and the affordability crisis as a combined program to secure a good life and life at all on Earth. Therefore, it must tackle the question of economic coordination. The GPC considers economic coordination in light of these imperatives, holding that a move away from a reliance on private market coordination is the best, and indeed, only way to deliver them.

Private Market Coordination and the Barriers It Poses to Addressing Decarbonization and the Affordability Crisis

Economic coordination is carried out in various different ways. These are here termed varieties of coordination. There are several different mechanisms through which economic activity takes place, whether carried out by an individual, company, or social institution.

For example, different actors and coordination mechanisms are operative in healthcare in Britain compared to the US. In Britain, someone, provided they were a resident, having a heart attack, can access emergency medical care at a public, taxpayer funded NHS hospital, for free at the point of use. In the US, someone having a heart attack would likely access the same medical care by doctors, nurses, and other hospital staff only through some mix of private insurance payments, public subsidy, and out of pocket costs at a private hospital. This is because of different ways of socially coordinating the production and provision of healthcare in each society. The same service is produced by a different mix of actors organized through different social mechanisms.

Private market coordination is the dominant type of economic coordination in the US and the UK. It is predominantly private capital that plans, controls, and undertakes core economic activity — shaping what is produced, invested in, consumed, and how. Private capitalists make investment, production, and provisioning decisions in relation to their expectation of profitability through market exchange — thus setting the terms of distribution, provision, and consumption.[3]

[3] This paper is concerned with structural description of capital and its power within the economy. There are different types of private capital with different relationships to decision-making given the nature of corporate structure, financing relationships, and shareholder ownership.

Key terms: price mechanism and market coordination

In a theoretical model of a perfect market economy, like those found in a foundations of economics textbook, a market economy distributes resources and coordinates the activities of different actors whether producers, investors, or consumers through the price mechanism and market exchange.

Producer units — whether individual people or firms — access factors of production whether capital goods, inputs, or labor through factor markets, where decisions and thus distribution of resources are shaped by prices. People and other producer units as consumers access final goods and services through consumer markets, with their consumption choices — or their counterparty's provisioning choices — likewise shaped by prices.

The theoretical model of a pure market economy is typically counterposed to a theoretical model of a centrally planned economy, where a single authority such as the state decides an integrated economy-wide economic plan that sets investment, production, distribution and most consumption decisions without the coordination mechanism of market exchange, instead through direct state provision.

Key terms:

Price mechanism: the way prices signal relative scarcity and coordinate buyers and sellers without central direction. Rising prices signal high demand or scarce supply; falling prices the reverse. The formation of prices is how markets generate and process information about economic resources, by collating and processing the decisions of individual actors.

Factor markets: markets in which the inputs to production — labor, capital goods, materials, and land — are bought and sold. The terms on which these factors are available shape who can produce, and how.

Profit: the surplus of revenue over costs — what a firm retains after paying wages, inputs, taxes, and servicing debt. In a capitalist economy, profit is a firm's end goal and its condition of survival: firms that fail to generate sufficient profit cannot service debts, attract investment, or fund future production on a competitive basis.

This gives rise to the profit imperative: the systemic pressure on private firms to prioritize profitability above other social or environmental objectives, not necessarily by choice, but by the logic of competition. Even a firm whose owners prefer socially beneficial outcomes must meet the demands of investors and creditors or cease to function.

The features of private market coordination — the profit imperative, the liquidity preference and individual risk intolerance, the fragmentation of decision-making across uncoordinated actors, and the resistance of entrenched business interests to premature retirement of fossil assets — work against the investment, divestment, economic stability, and provisioning of essentials that these goals require.

Public direct investment, provision, and coordination, by contrast, open up an indispensable set of capacities: decoupling decisions about investment and divestment from the logic of private profitability; bringing coherence and sequencing to economic activity that private actors, acting independently, cannot achieve; and permitting a more collective absorption of risk; and ensuring provision of essentials outside of market dependencies.

These are precisely the capabilities that decarbonization and the affordability agenda demand. Deployed at scale, they make possible the kind of coordinated, sustained programs of investment and managed divestment that the green transition requires, while keeping the economic security of working people — not just the balance sheets of private investors — at the center of how the transition is planned and governed.

That private capitalists face the profit imperative sets particular parameters and priorities to their activities. Their overriding concern with maximizing profit informs decisions they make such as how much to pay their workers, how to organize labor tasks in the production process, what inputs they produce with, on what terms they will provide their goods and services to others, and what, if anything, to invest in or produce at all. The profit imperative means that private capital will systematically under-invest in activities that are socially necessary but insufficiently profitable, and resist divestment from activities that remain profitable or have not yet re-couped return on sunk investment.

The profit imperative drives a significant anticipatory dynamic to capitalist action that fosters hesitancy. Private capitalists act prospectively, always making investment and production decisions under conditions of uncertainty because the profit imperative cannot be realized ex ante only ex-post market exchange. As John Maynard Keynes stressed, “we simply do not know” the future and therefore fundamental uncertainty around the ex post profitability of their decisions, especially around investment, gives rise to what Keynes described as private capital’s liquidity preference.

In the face of fundamental uncertainty, private capitalists exercise caution, choosing to hold assets which can be easily exchanged for cash, rather than invest in fixed capital or new ventures. This results in a reticence to invest, even as the profit imperative also encourages continuous capitalist activity such as investment

and reorganization of production processes or product innovation to increase profit. As J.W. Mason argues, potentially valuable activities are not undertaken because of intolerance for the risk the irreversible commitment those activities would entail and "an insufficient capacity for trustworthy promises means that large-scale cooperation appears too risky to those in control of the required resources, who prefer to keep their options open."[4] More broadly than investment activity, market mechanisms like pricing operate poorly in the context of radical uncertainty, such as the long term future or in the massive, structural transformation required by the climate transition.

Additionally, there is a dynamic of non-responsibility to capitalist action. No given private actor is responsible for undertaking specific activity and meeting specific social goals, despite private capital in general being responsible for organizing economic activity. The companies that comprise the pharmaceutical industry may own and control all of the currently available equipment and collectively created human knowledge needed to produce insulin, but they are not individually or collectively responsible for ongoingly producing enough insulin needed by every diabetic in our society and provisioning it to them, even through market exchange; indeed, they might curtail production to increase prices. Legally, per the principle of "shareholder maximization" the sole responsibility of corporations and firm managers is to maximize value for their shareholders.

Private market coordination cannot result in a comprehensive integrated, economy-wide plan — either public or private — guiding economic activity. Not only is no private actor necessarily responsible for activity, often actors do not know what each other are doing or plan to do. Nor, for that matter, do most sectors or industries even when they serve infrastructural system function. Within the private economy, there is tremendous market concentration, with oligarchic individuals and corporations planning and controlling vast swaths of economic decision-making. However there remains systemic fragmentation of economic decision-making and action.

Markets as a mechanism to coordinate economic activity can be highly effective. Advantages include efficiency, responsiveness to consumer preferences, and innovation in production processes, technology, and new products driven by competition. Private market coordination is insufficient, however, to serve as the primary mode of organizing green economic transformation, both in terms of relying on private capital as an actor and markets as the primary mechanism. Private market coordination suffers from structural barriers which prevent it from delivering decarbonization effectively, both in its ability to concretely undertake and synchronize investments and divestments at all, let alone on terms that benefit everyday working people.

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[4] J.W Mason and Arjun Jaydev, *Against Money,* Chicago University Press, 2026, p. 281.

Case study

The Ohio steel plant: how the four barriers combine in practice

Consider a hypothetical private capitalist owned steel factory in Ohio. In 2009 it invested in a coke-based primary steel producing plant with an economic life cycle of 30 years. In other words, this for-profit company had invested in this machine equipment, planning to run the plant for 30 years to make their required rate of return on this investment.

Decarbonizing steel production in compliance with global targets would require this plant owner to divest from coke-coal production at a loss and undertake new investment in new machinery and plants that operate through low-carbon methods, like using green hydrogen in Direct Reduced Iron (DRI) processes or increasing scrap recycling in Electric Arc Furnaces (EAFs).

However, green steel is less profitable than current techniques. Further, there is a chicken and egg problem in relation to new industries like green hydrogen: potential for-profit green hydrogen producers will not invest in production capacity and infrastructure — quite expensive with long timelines for recouping investment — without guaranteed buyers. But, for a steel producer to invest in hydrogen-based production equipment, it needs a reliable supply of green hydrogen at competitive prices. It is highly uncertain that this green industrial upgrading through massive investments and losses on previous investments will, in the end, be profitable.

Meanwhile, workers at the coke-furnace plant in Ohio fear that decarbonization policy will induce their employer to close the plant and devastate their community. Despite all this, it is physically possible to produce green steel. This series of dilemmas illustrates how market coordination interacts with the challenges of decarbonization.

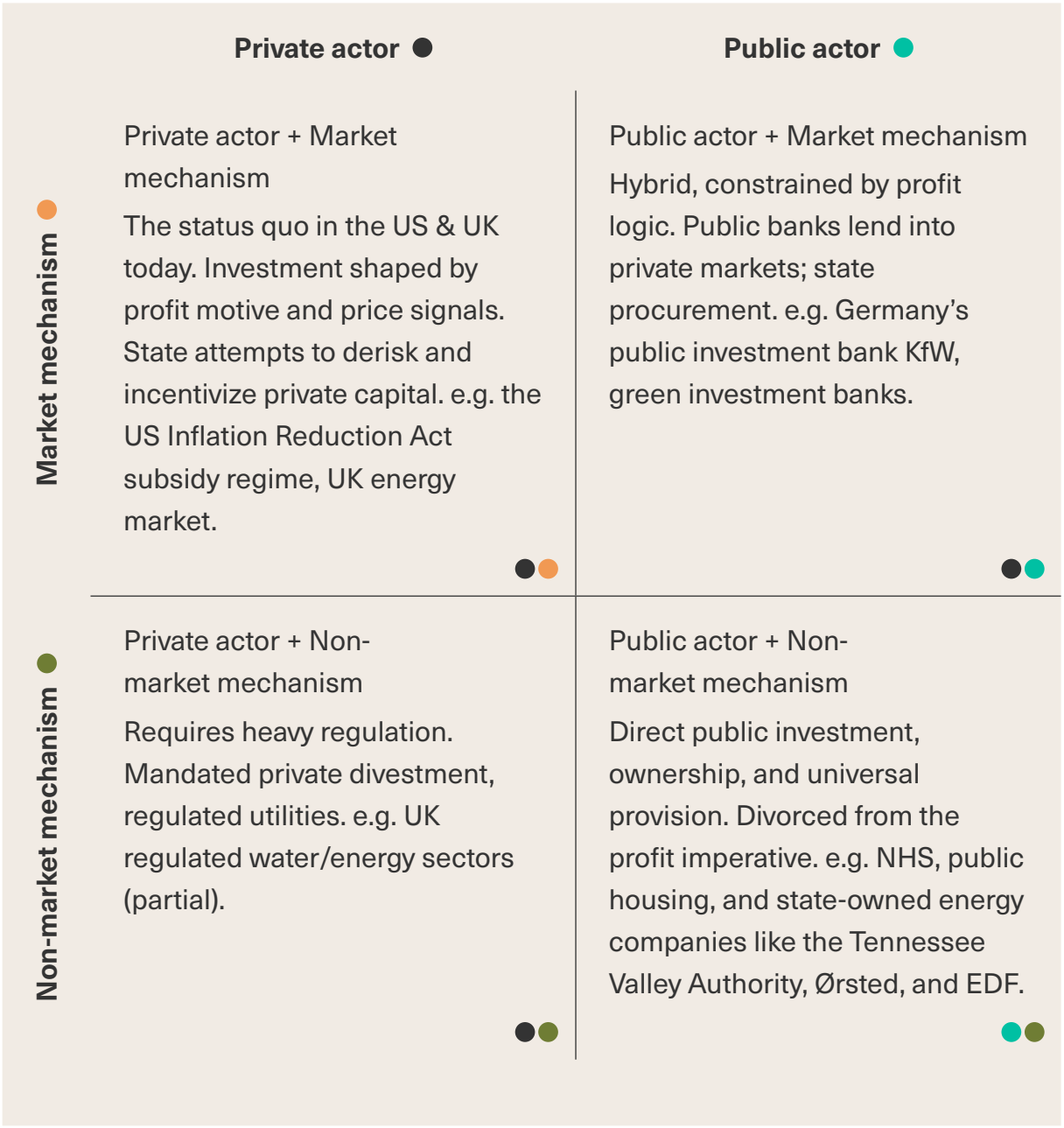
How the four barriers play out in this case:

- Profit imperative: Green steel is less profitable. No private investor would absorb a decade of early wind down of fossil production voluntarily.
- Liquidity preference: Green hydrogen infrastructure requires massive upfront capital with long payback periods. Producers will not invest without guaranteed buyers.
- Fragmentation: Chicken-and-egg: hydrogen producers will not build without steel buyers; steel producers will not switch without reliable hydrogen supply. No single private actor can integrate decision-making.
- Sunk capital lock-in: Workers and communities fear closure. The existing plant creates political and economic resistance to managed retirement.

As this report has stressed, decarbonization will require countless investment and divestment decisions, many of which will need to be made outside the usual cycles of capital depreciation and expenditure. For a successful transition, these decisions must prioritize systemic social outcomes and be sequenced to avoid or better metabolize disruptions in critical infrastructure and production networks — regardless of whether doing so will generate profit. Any misstep in coordination would risk underinvestment, breakdowns in critical production and consumption networks, and price volatility.

Relying on predominantly private market coordination to deliver decarbonization rests on four core assumptions. First, that every necessary project to achieve system-wide goals can be made into a sufficiently profitable investment asset, in aggregate and across all subsystems, which will then indeed be invested in by a private investor. Second, that every necessary act of divestment to achieve system-wide goals will be done by private capitalists despite the losses on their sunk capital this might entail. Third, that for the most part, this investment and divestment will be done in a well sequenced way that can enable further necessary investments and divestments and maintain economic stability despite that fact that private market coordination is inherently asynchronous and reactive, constituted by predominantly uncoordinated private decision-making. As J.W. Mason has argued, "[t]he faster and farther-reaching the changes in production, the harder it is for a decentralized market system to maintain coherence". And fourth, for the most part, this will all be done in ways that provide sufficient benefits to enough people to sustain social-political support for comprehensive green transformation, despite the structure of private provisioning geared towards profit maximization and private wealth accumulation.

These assumptions do not hold. The profit imperative, liquidity preference, fragmentation of decision-making, and the lock-in of sunk capital hinder necessary investment, divestment, provision, and economic stability necessary for delivering these goals and ensuring broad based material benefits. Given the scale of economic transformation required and the stakes of such transformation, it simply is untenable to entirely rely on private capital as the decisive actor and market mechanisms as the decisive means through which to plan and undertake green economic transformation.



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To date, in the US and UK, even the most ambitious decarbonization policy regimes such as the US's Inflation Reduction Act and the UK Labour Government's clean power target, have been premised on limited state intervention in the market-led allocation of capital. Both regimes have rested on the assumption that government's role is to nudge and de-risk, steering private capital towards green investment rather than directly undertaking it. The result is a rigid division of labor: the state provides

financial incentives and absorbs the downside risk; private actors retain control over where capital flows, and on what terms. In practice, this amounts to attempting to bribe private capital to do what markets will not do on their own with no guarantee of success at delivering necessary investment and divestment.

This division of labor has shown its limits. The green investment activity these policies have catalyzed has fallen short: the deep sectoral transformation that decarbonization demands has not materialized, even in the power sector where policy effort has been most concentrated. Nor has this approach proved politically durable. By leaving the underlying structure of private coordination intact, it has done little to address the economic insecurity and inequality that shapes everyday life for working people in both countries. This failure has left the decarbonization project exposed to a political backlash bred by insecurity.

Meanwhile, many contemporary proposals for grappling with the affordability crisis are similarly premised on policy tools that hope to successfully direct economic activity through this mode of coordination, such as relaxing regulation to incentivize private investment in housing production or publicly subsidizing the private for-profit provision of healthcare and health insurance. Yet, the current primacy of private market coordination as the method of ordering the production and provision of essential goods and services like housing and healthcare is a core dynamic driving the affordability crisis; resolving this crisis will require policies that overcome the barriers of private market coordination to more effectively order economic activity towards their universal affordable and high quality provision. In particular, public investment and public provision are essential to ensure access to goods and services on affordable, universal, and high-quality basis, which private capital and market-based commodified provision alone cannot and will not do.

Conclusion and Next Steps for the GPC

As we build the next progressive agenda, we must design and advance the institutions and policies of public direct investment, provision, and coordination that can enable ambitious and synchronized programs of investment and divestment, better manage economy-wide transformation to prevent instability, and center the economic security of working people in the transition.

Achieving decarbonization and universal affordable provision of life's essentials are key progressive goals and political imperatives. These are among many possible progressive social goals which might benefit from a public planning approach, from the development and diffusion of AI to reducing the length of the workday. Planning offers a way to achieve ambitious political goals and realize a future of shared prosperity by reducing the extent to which critical activity, projects, and the most important aspects of dignified life are utterly dependent upon the action of capital and provision through for-profit market exchange.

Advancing green transformation requires a serious vision for a new era of green democratic economic planning. Planning involves a conscious effort to rationally organize the use of resources and direct systemic transformation toward deliberately stated social and ecological targets — exercising control over economic interdependence rather than leaving it to the fragmented logic of private market coordination. It means shaping the behavior of profit-oriented private actors to ensure that politically decided goals can be achieved, and doing so under conditions of uncertainty, over the long term, and at the pace that rapid systemic change demands.

Policy design must, therefore, begin from public coordination, absorbing lessons from the current practices and histories of economic planning. The premise of public coordination is thus not the end, but the beginning of the Green Planning Commission's work to develop policy frameworks and tools for a green democratic economic planning architecture — capable of coordinating investment, production, and provision to deliver decarbonization at the pace and scale the green transition requires.

Three design principles for the Green Planning Commission's approach

1. Start from public coordination — the design premise for any sector or goal where private market coordination is structurally insufficient.
2. Absorb lessons from existing practice — consider what has worked in public planning and ownership, under what conditions, and with what institutional design.
3. Build towards a green democratic planning architecture — capable of coordinating investment, production, and provision at the pace and scale the green transition requires.

Private market barrier	Public instrument	Example institutions
Profit imperative (channels capital away from policy goals)	Direct public ownership of strategic sectors.	e.g. the US Tennessee Valley Authority, Denmark's Ørsted, France's EDF.
Liquidity preference (bias against long-term investment)	Public investment bank / development finance institution.	e.g. KfW (Germany), Green Investment Bank (UK).
Fragmentation (uncoordinated private decision-making)	Sectoral planning and coordination bodies.	e.g. UK Industrial Strategy Council; French planning commission.
Sunk capital lock-in (resistance to fossil asset retirement)	Managed asset retirement programs.	e.g. Germany's Kohleausstieg coal phase-out legislation.

Each public instrument directly addresses one structural barrier of private market coordination. In practice, any program of public coordination will need to work across all four simultaneously.

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