



# The Integration Deficit

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*A field guide to the escalate–block–bypass–delegitimise spiral —  
and how the United States can build the coordination layer its  
Constitution never provided*

The United States does not lack capacity — it lacks the ability to integrate its distributed strengths into coherent collective action. This report diagnoses an integration deficit produced by constitutional over-vetoing, adversarial subsidiarity, and the Veto Industrial Complex, and proposes cross-state compacts and municipal laboratories as the concrete first step.

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## Executive Summary

The first American lives in San Jose, California. She is a software engineer. Her employer provides health insurance that works. The roads she drives on are congested but maintained. The public school her children attend is well-funded. She votes in efficiently administered elections, and she trusts her local government—not extravagantly, but functionally—to collect her rubbish, respond to emergencies, and keep the parks open. She lives on an island of competence.

The second American lives in a small city along the Ohio River. The hospital in his town closed its maternity ward five years ago. The local newspaper folded in 2018. The roads are crumbling. He purchases health insurance on the individual market, with a deductible so high he avoids going to the doctor. He votes, but he believes—with evidence—that no politician from either party has made a material difference in his community in decades. He lives on an island, too, but his island is not an island of competence. It is an island of drift.

Both are Americans. Both are governed by the same Constitution. The gulf between their experiences of governance is so wide that they might as well inhabit different countries. And the architecture that connects them—the federal government, the national media, the shared institutions of democratic life—is not narrowing that gulf. It is, in key respects, widening it.

This is the integration deficit. The United States possesses extraordinary distributed capacity—in its states, its cities, its universities, its companies, its civil society. What it does not possess, and has not possessed in functional form for at least a generation, is the ability to integrate that distributed capacity into coherent collective action. The islands of excellence are genuine. The sea between them is vast. And the bridges that should connect them have been allowed to rot, or were never built in the first place.

**The core diagnosis:** The United States does not lack capacity, legitimacy, or subsidiarity. It suffers from an **integration deficit**—the inability to convert distributed capability into coordinated action despite persistent, legitimate disagreement. Integration is not merely coordination. It is alignment under conflict, the capacity to produce outcomes that most actors accept as binding even when they do not get what they want. The US can still coordinate in crisis. It cannot integrate in normal times, when disagreement is the permanent condition of democratic life.

**The Twin Deficits:**

Aspect	Outer (Hardware)	Inner (Operating System)
Strength	Federalism + state laboratories; innovation ecosystem; capital markets; military logistics	Constitutional resilience; entrepreneurial spirit; high local trust
Deficit	Veto-saturated architecture; over-nationalization of issues; administrative fragility	Affective polarization; epistemic fragmentation; bootstrap individualism colliding with interdependence

**The signature pattern: the Escalate–Block–Bypass–Delegitimise Spiral.** A local or technical issue is escalated by partisan media and political entrepreneurs into a national culture-war confrontation. Constitutional veto points block legislative resolution. Frustrated actors route around the blockage—executive orders, state divergence, corporate policy, judicial legislation. The bypassed side rejects the outcome as illegitimate, and the bypass itself erodes the authority of the institution that was bypassed. Citizens and states sort themselves into mutually hostile information and geographic enclaves. Trust erodes further. The next issue escalates harder. The spiral is not gridlock—stable inaction. It is competing partial actions that cancel each other out, producing fragmentation without resolution.

**The mechanical root—constitutional by design, not by drift.** The Founders deliberately engineered veto points because they feared concentrated authority more than they feared paralysis. But the Constitution never had a formal integration layer. It externalised integration to elite consensus, informal norms, and shared epistemic ground. Those have collapsed. The system did not lose its integration layer. It never formally had one, and the substitute foundations it relied on have disintegrated.

**The adversarial subsidiarity trap.** Federalism was intended to create "laboratories of democracy" where successful state experiments would be studied and scaled. In the current architecture, state-level experimentation has been weaponised into territorial identity signalling. California adopts a regulation; Texas rejects it not on technical grounds but as identity performance. No institutional mechanism forces learning between states. Even when one state demonstrably succeeds and another demonstrably fails, nothing compels adoption, comparison, or synthesis. The mechanism that should be America's most powerful adaptive governance tool has been captured by the immune system.

**The Veto Industrial Complex.** Hundreds of billions of dollars in lobbying, litigation, partisan media, and campaign finance are predicated on the continuation of gridlock. Blocking legislation is structurally cheaper than passing it—a corporation needs only one or two senators to block regulation, versus sixty votes to pass reform. Litigation can delay policy for years at low cost. Media monetises outrage rather than resolution. The Veto Industrial Complex and adversarial subsidiarity are symbiotic twin engines: the Complex blockades federal action, forcing issues down to the states; the states weaponise those issues through adversarial subsidiarity, generating the cultural outrage that the Complex monetises to fund the next round of gridlock.

**The epistemic collapse.** The US has lost the capacity to produce shared authoritative facts. The CDC, once a global gold standard, is now perceived as partisan. The Supreme Court, once a legitimacy anchor, is now a culture-war battleground. Social media algorithms prioritise outrage over truth. Without shared facts, there can be no shared diagnosis—and without shared diagnosis, integration is impossible.

**The cultural anchor—bootstrap individualism.** Americans depend deeply on complex collective systems that no individual could build or maintain, while simultaneously distrusting the very idea of collective action. This contradiction—"fix everything" combined with "don't control anything"—destabilises governance design itself.

**The US as the anti-Russia.** Where Russia eliminates complexity to maintain a power vertical, the United States generates immense complexity but cannot coordinate it. Russia prevents action from below; the US prevents action from the centre. Russia is a system optimised to suppress; the US is a system optimised to fragment.

**The honest boundary.** The federal architecture cannot be reformed through normal democratic politics, because normal democratic politics is the mechanism that produces the dysfunction. The Constitution is extraordinarily difficult to amend. The veto points that block reform are the same veto points that any reform would need to pass through. The transition architecture must therefore operate primarily at the sub-federal level—states, municipalities, cross-state compacts, bioregional governance—building functional governance that the federal architecture cannot produce, and letting the evidence accumulate.

**What building integration capacity looks like.** The principle is to route around the federal architecture rather than through it. The task is not to build new islands of excellence but to construct the bridges between them. The upgrade has six interconnected components. **Cross-state compacts**—voluntary agreements on climate, drug pricing, or grid infrastructure that create de facto national policy without Congress. **Municipal laboratories**, anchored by FREE in Tulsa—a proto-integration mechanism that connects citizens to decisions, rebuilds legitimacy, and links input to output. **Bioregional governance** for shared ecological resources, building on the compact model. **Integration infrastructure**—the explicit missing layer: cross-state data platforms, policy translation institutions, meta-governance councils, evaluation and replication engines. **Translation layers** between state innovation and national policy. **Deliberative infrastructure**—standing citizens' assemblies at multiple levels that build democratic legitimacy outside the partisan duopoly. And **anti-sorting safeguards**—ranked-choice voting, independent redistricting, cross-partisan deliberation requirements—to prevent the spiral from replicating at smaller scales.

**The transition architecture** is anchored by a **dual-track pilot**: a high-visibility cross-state compact in a domain where federal action is gridlocked and the functional logic of coordination is overwhelming (climate policy, drug pricing, or grid infrastructure); and a networked set of five to ten municipalities that voluntarily adopt participatory budgeting, Algorithmic Bypass transparency tools, and standing citizens' deliberative councils. The compact demonstrates integration at the regional scale. The municipal laboratories demonstrate

integration at the local scale. Both scale by attraction: states and cities observe the results and choose to join. The federal government's role shifts from commander to enabler—funding, evaluating, and celebrating success rather than mandating adoption.

**The series context.** The United States is the ninth case in a series spanning Germany, France, Sweden, India, the European Union, the United Kingdom, Brazil, and Russia. Each suffers from a distinct failure mode rooted in the subsidiarity deficit—the mismatch between governance scale and problem scale. The United States is the case that asks: what happens when a system has all the pieces of good governance—capacity, legitimacy, subsidiarity—but no way to assemble them? The answer: it drifts. Fragmented motion without direction. And in an accelerating world, drift is not survival.

America has already built the future in fragments. The fragments are there—in Silicon Valley and the Federal Reserve, in Massachusetts healthcare and Tulsa's participatory budgeting, in the states and cities that are governing effectively despite the federal architecture. The problem is not invention. The problem is connection. The task is not to build new islands. It is to construct the bridges, ferries, and lighthouses that connect the ones that already exist—so that the archipelago can become a continent. The materials are at hand. The tools are available. The question is whether the will exists to begin.

# 1. The Integration Deficit

## 1.1 Two Americans

The first lives in San Jose, California. She is a software engineer at a mid-sized biotech firm. Her employer provides her health insurance, which is comprehensive and expensive, and which she rarely thinks about because it works. The roads she drives on are congested but maintained. The public school her children attend is well-funded, its budget drawn from property taxes in a housing market that has tripled in value over the last fifteen years. She votes in elections that are efficiently administered, and she trusts her local government — not extravagantly, but functionally — to collect her rubbish, respond to emergencies, and keep the parks open. She lives on an island of competence. The government she experiences, at the municipal and county level, is among the best in the world.

The second lives in a small city along the Ohio River, in a county that has lost a third of its manufacturing jobs since 2000. The hospital in his town merged with a regional chain five years ago, and the maternity ward closed. The local newspaper folded in 2018. The roads are crumbling, and the water system is under a consent decree with the EPA for lead contamination. He is self-employed as a contractor, purchasing health insurance on the individual market, with a deductible so high he avoids going to the doctor unless the pain is unbearable. He votes, but he believes — with evidence — that no politician from either party has made a material difference in his community in decades. He lives on an island, too, but his island is not an island of competence. It is an island of drift.

Both are Americans. Both are governed by the same Constitution, under the same federal architecture, subject to the same national political system. The gulf between their experiences of governance is so wide that they might as well inhabit different countries. And the architecture that connects them — the federal government, the national media, the shared institutions of democratic life — is not narrowing that gulf. It is, in key respects, widening it.

This is the integration deficit. The United States possesses extraordinary distributed capacity — in its states, its cities, its universities, its companies, its civil society organisations, its federal agencies, its citizens themselves. What it does not possess, and what it has not possessed in functional form for at least a generation, is the ability to integrate that distributed capacity into coherent collective action. The islands of excellence are genuine. The sea between them is vast. And the bridges that should connect them have been allowed to rot, or were never built in the first place.

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## 1.2 The Escalate–Block–Bypass–Delegitimise Spiral

The United States does not simply suffer from gridlock — stable inaction, a system that cannot move. It suffers from something more destabilising: a spiral of competing partial actions that cancel each other out, producing fragmentation without resolution.

The pattern is distinct, and it is visible across every major policy domain. A local or technical issue — carbon emissions, voting rules, healthcare financing — is escalated by partisan media and political entrepreneurs into a national culture-war confrontation. The escalation generates intense public pressure for action. Congress, where constitutional veto points require supermajorities that the current party configuration cannot produce, is unable to pass legislation. The blockage is not primarily a failure of will; it is a structural output of an architecture in which a minority can prevent action, and in which the political incentives reward obstruction over compromise.

Frustrated actors then route around the blockage. Presidents issue executive orders. Administrative agencies promulgate rules. States pass their own laws, creating divergent regulatory regimes. Corporations, facing a vacuum of public authority, set their own standards — on environmental reporting, on data privacy, on speech. The courts, asked to adjudicate the resulting conflicts, become de facto legislators. Each bypass produces an outcome that one side experiences as victory and the other as usurpation.

The losing side then delegitimises both the outcome and the institution that produced it. The president's executive order is denounced as imperial overreach. The agency's rule is attacked as an unelected bureaucracy making law. The state's divergence is framed as betrayal or coercion. The court's decision is rejected as partisan will dressed in legal robes. Trust in the bypassed institution erodes — and not only in the institution that produced the specific decision, but in the broader architecture of governance. When every institution is perceived as a weapon wielded by one side against the other, the legitimacy of the entire system degrades.

The spiral does not end. The same pattern of nationalized escalation, constitutional blockage, institutional bypass, and mutual delegitimation tightens with each iteration. The result is not paralysis, but a system that acts continuously and incoherently — producing policies that are fragile, contested, and reversible with the next election, while the underlying public problems remain unsolved.

The spiral is driven by specific mechanisms at each stage. Escalation is driven by partisan media and the sorting mechanism — the geographic, digital, and social self-segregation that means Americans increasingly inhabit different information ecosystems. Blockage is executed by the constitutional veto architecture and sustained by the Veto Industrial Complex — the lobbying, litigation, and campaign finance ecosystem that profits from gridlock. Bypass manifests as adversarial subsidiarity — states acting not as laboratories but as

territories — and as corporate sovereignty and administrative action filling the legislative vacuum. Delegitimation flows from the trust asymmetry and the epistemic collapse that prevents Americans from agreeing on what is happening, let alone what should be done about it.

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### 1.3 The Integration Deficit Defined

Every governance system requires some capacity to integrate — to take the diverse preferences, capacities, and demands of its constituent parts and synthesise them into collective decisions that are accepted as binding. In a well-functioning democracy, this integration occurs through multiple channels simultaneously: through legislatures that aggregate interests and produce laws; through political parties that build coalitions across diverse constituencies; through a shared media environment that provides a common factual baseline; through norms of institutional deference that allow technical decisions to be made without continual political contestation; through a public culture that accepts the legitimacy of opponents and the provisional nature of all democratic outcomes.

The United States once possessed these integration mechanisms, imperfectly but functionally. The congressional committees of the mid-20th century, the cross-party coalitions that passed civil rights legislation and built the interstate highway system, the three broadcast networks that provided a shared nightly news, the informal elite consensus that sustained the Cold War foreign policy establishment — these were integration mechanisms. They were not perfect. They excluded many voices, particularly those of Black Americans, and they depended on a degree of elite homogeneity that was neither sustainable nor fully democratic. But they performed the function of integration: they converted distributed inputs into collective outputs that most actors accepted as legitimate most of the time.

Those mechanisms have been comprehensively dismantled or have collapsed under their own weight. The congressional committees have been hollowed out by the centralisation of power in party leadership and the decline of member-driven legislating. The political parties have been captured by ideologically sorted primary electorates and the permanent campaign. The shared media environment has fragmented into mutually hostile information ecosystems that share neither a common factual baseline nor a common understanding of what constitutes a legitimate political claim. Elite consensus, where it still exists, is viewed by large segments of the population as evidence of corruption rather than of competence. The integration layer that once connected the islands of American governance has been destroyed. Nothing has replaced it.

The integration deficit is therefore not merely the absence of coordination. It is the absence of the institutional and cultural infrastructure that makes coordination possible under conditions of persistent, legitimate disagreement. The US can still coordinate in crisis — the vaccine rollout of 2020–21, Operation Warp Speed, demonstrated that the state retains genuine capacity when urgency aligns incentives and

suppresses vetoes. But it cannot integrate in normal times, when disagreement is not a temporary obstacle to be overcome but the permanent condition of democratic life. And the normal times are where most governance happens — or fails to happen.

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## 1.4 The Constitutional Design Problem

The integration deficit has a specific origin, and it is older than the current polarised era. It is embedded in the constitutional architecture itself.

The Founders who drafted the Constitution in 1787 were not designing a modern democracy. They were designing a republic for thirteen agricultural states with limited government, slow communication, and a political class drawn from a narrow elite. They feared concentrated power — the monarchy they had rebelled against, the popular assemblies that might threaten property — and they built a machine to prevent it. The separation of powers, the bicameral legislature, the presidential veto, the federal structure that reserved significant authority to the states, the amendment process that required supermajorities at multiple levels — these were not bugs. They were features. They were designed to make governance difficult, to force compromise, to prevent any single faction or interest from dominating the whole.

For most of American history, the difficulty was manageable. The scope of federal activity was limited; the tasks of governance were modest by modern standards; the political class shared enough background, interests, and cultural assumptions that the veto points could be navigated through informal coordination. The Constitution externalised integration. It assumed that the integration of diverse interests into coherent policy would happen through elite consensus, through the mediating institutions of party and press, through the shared epistemic ground of a relatively homogeneous governing class. It did not provide a formal integration mechanism because, in the context of 1787, none was needed.

That world no longer exists. The federal government now attempts to manage an industrial-scale administrative state, a globally integrated economy, a complex regulatory apparatus, and a range of public expectations that would have been unimaginable to the Founders. The political class is genuinely diverse — in background, in ideology, in the constituencies it represents. The informal integration mechanisms that once supplemented the constitutional architecture — the cross-party coalitions, the shared media, the elite consensus — have collapsed. And the architecture itself prevents their reconstruction, because any attempt to build new integration capacity at the federal level must pass through the same veto points that the integration capacity is needed to overcome.

The United States is not a system that has drifted into dysfunction through neglect. It is a system that is running its original software on hardware that has changed beyond recognition — and the software, by design, cannot be updated easily. The Constitution never had a formal integration layer. It assumed one

would exist outside the constitutional text, in the culture and institutions of the society the Constitution governed. That assumption was reasonable in 1787. It is no longer tenable.

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## 1.5 The Adversarial Subsidiarity Trap

If the veto architecture is the federal dimension of the integration deficit, the adversarial subsidiarity trap is its state-level expression.

American federalism is, on paper, a brilliant governance innovation. Fifty states, each with significant autonomy over education, healthcare, criminal justice, housing, and environmental regulation, can serve as laboratories of democracy — experimenting with different approaches, observing the results, and converging over time on what works. This was Justice Louis Brandeis's vision in 1932: "a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." The vision was sound. For much of the twentieth century, it functioned approximately as intended. State experiments in workers' compensation, in environmental protection, in healthcare financing, in civil rights — some succeeded, some failed, and the successful ones gradually diffused across state lines and, eventually, into federal law.

That dynamic has broken. State-level policy innovation has been weaponised into territorial identity signalling. When California adopts stringent emissions standards, Texas responds not with an alternative approach to emissions reduction — "we think a different mechanism would work better" — but with a rejection framed as cultural identity: "California's values are not our values." When Massachusetts achieves near-universal health coverage, states with higher uninsured rates do not study the Massachusetts model and adapt it. They refuse on ideological grounds, even when the refusal costs their own citizens measurable improvements in health outcomes.

This is not federalism as adaptive learning. It is adversarial subsidiarity — the conversion of the constitutional distribution of authority into a mechanism for hardening division. States are no longer laboratories from which the nation can learn. They are territories in a low-intensity culture war, and the policy choices they make are treated by national media and national parties not as experiments but as declarations of allegiance.

The tragedy is that this dynamic destroys the one mechanism that might, over time, build integration capacity from below. If states could genuinely experiment — if successful innovations were studied, adapted, and scaled across state lines — the resulting evidence base would create pressure for federal coordination that the veto architecture could not indefinitely resist. But the adversarial subsidiarity trap ensures that even successful experiments remain isolated. The learning loop is broken. The bridges between the islands are never built.

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## 1.6 The Archipelago of American Governance

The metaphor that best captures the American condition is the archipelago: a chain of islands, some thriving, some struggling, separated by a sea across which travel is difficult and unpredictable.

Innovation Island — Silicon Valley, the Boston biotech corridor, the Austin startup ecosystem — produces technologies that transform the global economy. Its companies have revenues that exceed the GDP of most nations. Its talent pool is the envy of the world. But the prosperity it generates is concentrated; the infrastructure that makes it possible — the public research universities, the federal broadband investments, the immigration pathways — is invisible to its beneficiaries; and its relationship to the rest of the country is extractive in ways that generate resentment rather than diffusion.

Governance Island — Massachusetts healthcare, Colorado energy policy, the community land trusts and participatory budgeting of FREE in Tulsa — demonstrates that American public institutions can still perform at world-class levels when conditions align. But the conditions that make these successes possible — stable funding, professional leadership, political cultures that reward competence over ideology — are not portable. They depend on local factors that the federal architecture cannot replicate, and the adversarial subsidiarity trap prevents them from being learned elsewhere.

Institutional Island — the Federal Reserve, the military, the National Institutes of Health, the elite universities — retains global credibility and operational effectiveness even as the political system around it deteriorates. These institutions are partially insulated from the spiral: the Fed's independence, the military's professional culture, the NIH's peer-review processes. But their insulation is contingent, not guaranteed. The spiral has already reached the Supreme Court; it can reach the Fed.

The islands are real. The excellence they demonstrate is genuine. But they are islands — disconnected from each other, disconnected from the national political system, disconnected from the communities that need what they can provide. The sea between them is not empty. It is filled with the debris of the integration mechanisms that once connected them: the hollowed-out congressional committees, the shattered media environment, the eroded trust, the permanent campaign that rewards conflict over construction.

The task this report describes is not to build new islands. It is to construct the bridges, ferries, and lighthouses that connect the ones that already exist — so that the archipelago can become a continent.

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## 1.7 The Real Question

At this point, a familiar impatience may arise.

*So what should the United States do? Amend the Constitution? Abolish the filibuster? Break up the tech monopolies? Reform the Supreme Court?*

The argument of this report is that these questions, however legitimate, are trapped inside the same architecture they seek to address. The Constitution cannot be amended because the amendment process requires the very supermajorities that the current political configuration cannot produce. The filibuster cannot be abolished without a majority that is perpetually one election away from losing the power to do so. The tech monopolies cannot be broken by a Congress that they help to fund. The Supreme Court cannot be reformed by a political system that has delegated its hardest questions to the Court precisely because it cannot resolve them itself.

The real question is not "How can Washington be fixed?" Washington cannot be fixed — at least, not directly, not now, not through the mechanisms that the Constitution provides. The real question is: "How can the bridges between the islands be built — at the state and local level, through cross-state compacts, through municipal laboratories, through bioregional governance — without requiring federal permission or constitutional amendment as a prerequisite? And how can those bridges, once built, create the conditions under which federal reform eventually becomes imaginable?"

The rest of this report is devoted to that question. It diagnoses the integration deficit in its structural mechanics: the veto architecture, the adversarial subsidiarity trap, the fiscal federalism distortions, the administrative state as fragile integrator, the corporate sovereignty problem, the epistemic collapse, the trust asymmetry, the sorting mechanism, and the cultural constraint of bootstrap individualism. It describes what building integration capacity would look like in practice — not in Washington, but in Springfield and Sacramento and Tulsa, in multi-state compacts and bioregional councils, in the slow patient work of constructing the connective tissue that the Constitution never provided. It names the political immune system that will resist: the Veto Industrial Complex, its symbiotic relationship with adversarial subsidiarity, the partisan entrenchment and permanent campaign that make long-term institutional design nearly impossible. And it proposes a concrete first step: a dual-track pilot of cross-state compacts and municipal laboratories that can demonstrate that functional integration is possible, and that can generate the evidence that makes scaling by attraction possible.

America has already built the future in fragments. The fragments are there — in Silicon Valley and the Fed, in Massachusetts healthcare and Tulsa's participatory budgeting, in the states and cities that are governing effectively despite the federal architecture. The question is not whether America is capable. It has demonstrated, in specific domains and specific moments, that it is. The question is whether the bridges can be built that allow those fragments to connect — before the spiral tightens further, before the islands drift further apart, before the sea between them becomes impassable. The problem is not invention. The problem is connection. And connection, unlike constitutional amendment, can be built from below.

## 2. The Integration Deficit: Structural Mechanics

### 2.1 What Integration Capacity Means

Every governance system that distributes authority across multiple levels and institutions must solve a fundamental problem: how to convert the diverse preferences, capacities, and actions of its constituent parts into collective decisions that are coherent enough to address shared challenges, and legitimate enough to be accepted as binding by those who must live with them. This is the problem of integration.

Integration is not the same as coordination. Coordination implies the mechanical alignment of actions—two agencies agreeing on a timetable, three levels of government harmonising their regulations. Coordination can be achieved through administrative mechanisms, through shared data, through formal agreements. Integration is more demanding. It requires alignment under conditions of persistent, legitimate disagreement. It requires mechanisms that can take inputs from actors who genuinely disagree about values, about facts, about priorities—and produce outputs that most of those actors accept as legitimate even when they do not get what they want. Integration is what allows a diverse, pluralistic democracy to act as a collective without suppressing the diversity that makes it democratic.

In a well-functioning governance system, integration occurs through multiple channels simultaneously. The legislature aggregates interests and produces laws through processes that are recognised as fair even by those who lose. Political parties build coalitions across diverse constituencies, forcing internal compromise before external negotiation begins. A shared media environment provides a common factual baseline—not agreement on interpretation, but agreement on what happened. Norms of institutional deference allow technical decisions to be made by bodies with relevant expertise without continual political contestation. A public culture accepts the legitimacy of opponents and the provisional nature of all democratic outcomes—the understanding that losing an election or a legislative battle does not mean the system has failed, only that one's side must try again.

The United States once possessed many of these integration mechanisms, however imperfectly. The congressional committees of the mid-20th century—Agriculture, Armed Services, Appropriations—were genuine sites of cross-party negotiation, often chaired by senior members whose authority derived from expertise rather than ideology. The political parties were broad coalitions containing liberals and conservatives, northerners and southerners, labour and business interests, forced by their internal diversity to find common ground before competing with each other. The three broadcast networks—CBS, NBC, ABC—provided a nightly news that reached the vast majority of American households, establishing a shared factual starting point for democratic deliberation. The informal elite consensus that sustained the Cold War foreign policy establishment and the postwar economic order was not democratic in its origins, but it functioned, for a time, as a crude integration mechanism: it reduced the scope of political conflict to a manageable range.

These mechanisms have been comprehensively dismantled or have collapsed. The congressional committees have been hollowed out by the centralisation of power in party leadership and the decline of member-driven legislating. The parties have been captured by ideologically sorted primary electorates and reshaped by the permanent campaign, which punishes compromise as betrayal. The shared media environment has fragmented into dozens of cable channels, digital platforms, and social media ecosystems that share neither a common factual baseline nor a common understanding of what constitutes a legitimate political claim. The elite consensus has been discredited by its own failures—Vietnam, Iraq, the financial crisis—and by a populist insurgency on both left and right that treats expertise as a mask for power.

What has not happened—what the constitutional architecture makes nearly impossible—is the construction of new integration mechanisms to replace the ones that have been lost. The institutions that might perform this function are themselves trapped inside the escalate-block-bypass-delegitimise spiral. Congress cannot reform itself because the veto points prevent it. The parties cannot rebuild their integrative capacity because the primary system and the fundraising environment reward polarisation. The media cannot reconstruct a shared public sphere because the economic incentives of the attention economy reward outrage over synthesis. The spiral is self-reinforcing not merely at the level of policy outcomes but at the level of institutional design. The capacity to build integration capacity has been destroyed by the same mechanisms that make integration capacity necessary.

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## 2.2 Constitutional Over-Vetoing: The Architecture of Blocking

The United States Constitution is the world's oldest operating written constitution, and it is, by design, a machine for making governance difficult. The Founders who drafted it in Philadelphia in 1787 feared concentrated authority above all else. They had rebelled against a monarchy. They had experienced the Articles of Confederation as too weak, but they feared a new central government that might become too strong. Their solution was to distribute power across multiple institutions, each with the capacity to check the others, and to require broad consensus for significant action.

The architecture they built was ingenious. The legislative power was divided between two chambers, the House and the Senate, which represented different constituencies and operated on different electoral cycles. The executive power was vested in a president elected independently of the legislature, with a veto that could be overridden only by a two-thirds majority in both chambers. The judicial power was given to courts whose members served for life, insulated from electoral pressure. And all powers not explicitly delegated to the federal government were reserved to the states, creating a further layer of institutional competition.

The result was a system in which the number of actors who could block action far exceeded the number who could initiate it. A bill must pass the House, pass the Senate (where a supermajority of sixty votes is effectively required for most significant legislation due to the filibuster), be signed by the president (or

override a presidential veto by a two-thirds majority in both chambers), and survive judicial review—while also, in many domains, accommodating the independent authority of fifty state governments. The veto points multiply. The pathways for action narrow. The default condition of the system is stasis.

This architecture was not irrational. It reflected a considered judgment about the relative dangers of tyranny and paralysis. In a world of slow communication, limited federal scope, and a relatively homogeneous political elite, the difficulty of federal action was a feature, not a bug. It forced compromise. It protected minorities from majoritarian overreach. It ensured that significant policy changes reflected broad and durable consensus rather than temporary partisan advantage.

But the architecture was never designed for the world it now inhabits—a world of sorted parties, algorithmic media, continuous campaigning, an administrative state whose scope would have been unimaginable to the Founders, and a political culture in which the informal mechanisms of elite coordination have been discredited or abandoned. The veto points that were intended to force deliberation now enable obstruction. The supermajority requirements that were intended to ensure broad consensus now ensure that no consensus can be reached. The architecture that was designed to protect liberty now prevents adaptation.

The Constitution never had a formal integration layer. It assumed that integration would happen outside the constitutional text—through political parties that bridged institutional divisions, through a shared public culture that accepted the legitimacy of outcomes reached through constitutional processes, through informal norms of deference and reciprocity that made the machinery operable. Those assumptions were reasonable in the context of the founding. They have become progressively less tenable over the subsequent two centuries. And the Constitution provides no mechanism for building new integration capacity when the informal mechanisms fail, because building new capacity requires action through the same architecture that the failure has rendered inoperable.

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## 2.3 The Adversarial Subsidiarity Trap

If the veto architecture is the federal dimension of the integration deficit, the adversarial subsidiarity trap is its state-level expression—and the two are mutually reinforcing.

American federalism is, on paper, a brilliant governance innovation. Fifty states, each with significant autonomy over education, healthcare, criminal justice, housing, environmental regulation, and occupational licensing, can serve as laboratories of democracy. This was Justice Louis Brandeis's vision in his dissenting opinion in

*New State Ice Co. v. Liebmann*

in 1932: "a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." The vision was sound. For much of the twentieth century, it functioned approximately as intended. State experiments in workers' compensation, in

minimum wage laws, in environmental protection, in healthcare financing, in civil rights—some succeeded, some failed, and the successful ones gradually diffused across state lines and, in many cases, into federal law. Wisconsin's unemployment insurance became a national model. California's auto emissions standards became the basis for federal regulation. Massachusetts's healthcare reform became the template for the Affordable Care Act. The learning loop functioned: states experimented, evidence accumulated, successful models spread.

That learning loop has been broken. Policy innovation at the state level has been captured by the same escalate-block-bypass-delegitimise spiral that paralyses the federal government. When California adopts stringent emissions standards, the response from Texas is not a competing technical evaluation of emissions reduction strategies. It is a declaration of cultural identity: "California's values are not our values." When Massachusetts achieves near-universal health coverage through a combination of subsidies, mandates, and insurance market reforms, states with higher uninsured rates do not study the Massachusetts model and adapt it to their own conditions. They reject it on ideological grounds, even when the rejection costs their own citizens measurable improvements in health outcomes—Medicaid expansion being the most consequential example, where states that refused expansion under the Affordable Care Act experienced higher mortality rates than states that accepted it, with the policy divergence driven almost entirely by partisan affiliation rather than by evidence.

This is adversarial subsidiarity. Federalism, the constitutional mechanism intended to enable adaptive learning across diverse jurisdictions, has been converted into an instrument for hardening division. States are no longer laboratories from which the nation can learn. They are territories in a low-intensity culture war, and the policy choices they make are read by national media and national political actors not as experiments to be evaluated but as declarations of allegiance to be rewarded or punished. A governor's decision on climate policy, on voting rules, on transgender rights, on curriculum standards is immediately nationalised, amplified by partisan media, and transformed into a symbolic battle that has almost nothing to do with the actual consequences of the policy for the citizens it affects.

The structural consequence is that the United States has lost its most powerful mechanism for building integration capacity from below. If states could genuinely experiment—if successful innovations were rigorously evaluated, if the results were compared across jurisdictions, if effective models were adapted and adopted by other states facing similar challenges—the resulting evidence base would create pressure for federal coordination that the veto architecture could not indefinitely resist. The integration would be built from the ground up, through demonstrated effectiveness rather than through constitutional fiat. But the adversarial subsidiarity trap ensures that the learning loop cannot function. The islands of excellence remain islands. The bridges between them are never built, because the national political environment punishes any attempt to learn from the other side as ideological betrayal.

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## 2.4 The Fiscal Federalism Trap

The adversarial subsidiarity trap is reinforced by a fiscal architecture that systematically undermines the capacity of states and localities to govern effectively. The United States operates one of the most complex intergovernmental fiscal systems in the developed world, and it is optimised for compliance rather than performance.

Federal funding for state and local governments flows primarily through categorical grants—funds that must be spent on specific programmes, with detailed federal requirements governing eligibility, administration, and reporting. A state that receives federal Medicaid funds must comply with hundreds of pages of federal regulations. A city that receives federal transportation funds must follow federal procurement rules, federal environmental review processes, and federal labour standards. The grants achieve their intended purpose: they ensure that federal dollars are spent on federal priorities. But they do so at a significant cost. They consume administrative capacity that might otherwise be devoted to solving local problems. They constrain local discretion, preventing states and cities from adapting federal programmes to local conditions. And they create a fiscal dependency that severs the link between local taxation and local accountability—citizens cannot easily determine whether the quality of their public services reflects the decisions of their elected local officials or the constraints imposed by distant federal agencies.

The problem is compounded by matching requirements and unfunded mandates. Many federal programmes require states to contribute their own funds as a condition of receiving federal dollars. Wealthy states can afford the match; poor states cannot, creating a regressive dynamic in which federal funds flow disproportionately to jurisdictions that already have greater fiscal capacity. Unfunded mandates—federal requirements imposed on states and localities without accompanying federal funds—further strain local budgets, forcing difficult choices between competing priorities and generating resentment that is often directed at the federal government rather than at the structural conditions that create the strain.

The cumulative effect is a system in which states and localities chase federal dollars rather than solving local problems. The grants are available. The compliance costs are manageable for well-resourced jurisdictions and crushing for poorly resourced ones. The political incentives reward securing federal funds—a grant announcement, a project ribbon-cutting—over the slow, invisible work of building local institutional capacity. The result is a fiscal architecture that reproduces the archipelago: wealthy, high-capacity jurisdictions navigate the federal system effectively and extract significant resources from it; poor, low-capacity jurisdictions are overwhelmed by the administrative burden and fall further behind. The sea between the islands widens.

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## 2.5 The Administrative State as Fragile Integrator

One of the most significant adaptations to congressional gridlock has been the expansion of the administrative state. As Congress has become less capable of passing legislation, the executive branch—through federal agencies like the Environmental Protection Agency, the Food and Drug Administration, the Securities and Exchange Commission, and the Department of Health and Human Services—has increasingly filled the void. Agencies promulgate rules with the force of law. They issue guidance documents that shape behaviour without formal rulemaking. They adjudicate disputes through administrative law judges. They have become, in effect, a parallel legislature and a parallel judiciary—an integrator of last resort, stepping in when the constitutional integrator has failed.

This adaptation has genuine achievements. The EPA's regulation of air and water pollution, the FDA's drug approval process, the SEC's oversight of financial markets—these are functions that Congress is structurally incapable of performing at the level of detail and responsiveness that modern governance requires. The administrative state, for all its flaws, has enabled the federal government to act in domains where the veto architecture would otherwise prevent any action at all.

But the administrative state is a fragile integrator. Its actions are easily reversed. A rule promulgated by one administration can be rescinded by the next, creating a policy environment in which long-term planning is impossible for the businesses, state governments, and individuals affected. Its legitimacy is perpetually contested. The same actors who block legislation in Congress challenge agency rules in court, and the judicial branch—itself increasingly polarised—has become more willing to strike down agency actions, particularly when those actions address politically contentious issues. The Supreme Court's "major questions doctrine," articulated most prominently in

*West Virginia v. EPA*

in 2022, holds that agencies may not decide questions of "vast economic and political significance" without clear congressional authorisation—a principle that sounds reasonable in the abstract but that, in a context of congressional paralysis, effectively prevents the federal government from addressing major challenges through any mechanism at all.

The administrative state, in other words, is an integrator that the system simultaneously depends on and delegitimises. It fills the gap left by Congress, but it cannot fill it durably, because the same veto architecture that prevents legislative action also provides multiple pathways for undoing administrative action. The result is a policy environment that is both hyperactive and unstable—a continuous churn of rulemaking, litigation, rescission, and re-rulemaking that consumes enormous institutional energy without producing durable outcomes. The administrative state integrates in the short term, but its mode of integration amplifies the bypass-delegitimise cycle: each administrative action is experienced by its opponents as an illegitimate end-run around the legislative process, feeding the very polarisation that makes legislative action impossible.

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## 2.6 The Corporate Sovereignty Problem

As public governance capacity has eroded, private governance capacity has expanded to fill the vacuum—not through any deliberate design, but through the logic of institutional substitution. When the state cannot set rules, other actors set them instead.

The most significant of these actors are the large technology platforms—Meta, Google, Apple, Amazon—whose decisions about content moderation, data privacy, and algorithmic design shape the information environment for hundreds of millions of Americans. These are governance decisions in everything but name. When Facebook determines what content its algorithms amplify, it is making choices about what kinds of speech receive public attention—decisions that, in an earlier era, would have been shaped by the Federal Communications Commission's fairness doctrine or by the editorial judgments of a handful of broadcast networks accountable to public norms. When Google determines the ranking of search results, it is making choices about what information is accessible—decisions with profound consequences for democratic deliberation, public health, and commercial competition.

These decisions are not subject to democratic accountability. The platforms' content policies are set by corporate executives, not by elected officials. Their algorithms are proprietary, their decision-making processes opaque. They are accountable primarily to shareholders and to the reputational pressures of the market—pressures that are real but that do not substitute for the democratic legitimacy that public governance requires.

The corporate sovereignty problem extends well beyond the technology sector. Large employers now shape healthcare access, retirement security, and even political participation through their benefits decisions and their workplace policies. Financial institutions determine credit access in ways that affect housing, education, and entrepreneurship. Supply chain decisions by multinational corporations affect environmental conditions, labour standards, and community stability across the country. In each case, decisions with significant public consequences are made by private actors with no democratic mandate and limited public accountability.

The integration deficit creates the conditions for corporate sovereignty, and corporate sovereignty deepens the integration deficit. The more the public sector fails to coordinate collective action, the more governance functions migrate to private actors. The more governance functions migrate to private actors, the harder it becomes to rebuild public integration capacity, because the actors who benefit from the current arrangement have every incentive to preserve it. The spiral tightens.

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## 2.7 The Epistemic Infrastructure Collapse

Beneath all the structural mechanisms described so far lies a deeper failure: the collapse of the epistemic infrastructure that any integration capacity depends on. Governance requires a shared understanding of reality—not agreement on values or priorities, but agreement on what is happening, on what the relevant facts are, on what the starting conditions of democratic deliberation might be. Without that shared epistemic baseline, integration is impossible, because there is no common object to integrate around.

The United States has lost the capacity to produce shared authoritative facts. The institutions that once performed this function—the scientific advisory bodies, the statistical agencies, the independent regulatory commissions, the broadcast news organisations, the major newspapers—have been systematically undermined. Some of this undermining has been deliberate: political attacks on the credibility of institutions whose findings conflict with partisan interests. Some has been structural: the economic collapse of local journalism, the fragmentation of the media market, the algorithmic amplification of content that maximises engagement rather than accuracy. Some has been self-inflicted: the failure of expert institutions to acknowledge their own limitations and the occasional catastrophes of expert judgment—the Iraq weapons intelligence, the financial crisis forecasting failures—that provided ammunition for those who wished to discredit expertise entirely.

The result is a public sphere in which different segments of the population inhabit different factual realities. A pandemic occurs, and there is no agreement on whether vaccines are safe and effective, because the institutions that should certify safety and effectiveness are no longer trusted by large portions of the population. An election occurs, and there is no agreement on whether the results are legitimate, because the mechanisms for resolving electoral disputes have been delegitimised by sustained attacks from the candidates who lost. A climate disaster occurs, and there is no agreement on its causes, because the scientific consensus on climate change has been successfully politicised by interests that benefit from inaction.

This is not a condition from which integration can emerge. Integration requires that the actors who must coordinate share a model of reality that is accurate enough to enable collective diagnosis. If the actors cannot agree on whether a problem exists, or what its dimensions are, or what the likely consequences of different interventions might be, the integration project stalls before it begins. The bridges cannot be built because the architects cannot agree on where the islands are located.

The epistemic collapse is particularly devastating for the American case because the Constitution's integration architecture—to the extent it had one—depended on shared epistemic institutions. The Founders assumed a world of limited information, but they also assumed that what information existed would be broadly shared among the political class. The newspapers of the early republic were partisan, but they circulated among a relatively homogeneous elite that shared a common educational background and a

common cultural framework. The broadcast networks of the mid-20th century provided a common factual baseline even as they were criticised for homogenising American culture. Those mechanisms are gone, and the architecture provides no substitute.

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## **2.8 The Trust Asymmetry**

The epistemic collapse feeds a distinctive pattern of trust in American governance: the trust asymmetry. Americans consistently express higher trust in local government than in state government, and higher trust in state government than in the federal government. Local government is proximate, visible, and responsive in ways that distant federal agencies cannot be. Citizens encounter their local government through specific interactions—the pothole that gets filled or ignored, the school their children attend, the police officer on the beat—that generate direct evidence of competence or its absence. Federal governance is abstract, mediated through media narratives and political rhetoric that are optimised for outrage rather than accuracy.

The asymmetry creates a structural problem for integration. The level of government that Americans trust most—local—is the level that cannot solve the problems that require integration. A city cannot address climate change, or manage migration flows, or regulate financial markets, or conduct foreign policy. These are inherently federal or international challenges that require the very level of governance that Americans trust least. The level that Americans trust least—the federal government—is the level whose legitimacy crisis most directly undermines the capacity to act on the challenges that most urgently require action.

This asymmetry is not inevitable. It is the product of specific institutional choices—the design of federal grant programmes that sever the link between local taxation and local services, the procedural architecture that makes federal decision-making opaque and inaccessible, the media environment that nationalises every local conflict and nationalises every policy failure. And it is self-reinforcing. The more the federal government is distrusted, the harder it is to build the integration capacity that would allow it to perform effectively, and the more its ineffectiveness reinforces the distrust. The spiral tightens from yet another direction.

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## **2.9 The Sorting Mechanism**

Underpinning the trust asymmetry and the epistemic collapse is a mechanism that operates at the level of daily life: the sorting of Americans into increasingly homogeneous communities, media environments, and social networks. This sorting is not new—Americans have always clustered by class, race, and religion—but its scale and speed have accelerated dramatically in the twenty-first century, driven by a combination of economic restructuring, digital technology, and deliberate political strategy.

Geographic sorting has intensified as the knowledge economy has concentrated opportunity in a limited number of metropolitan regions. College graduates migrate to cities with strong labour markets, leaving behind communities with declining economic bases and aging populations. The result is not merely economic divergence but cultural and political divergence, as the life experiences, social networks, and information environments of urban and rural Americans diverge. A software engineer in San Jose and a former manufacturing worker in the Ohio River Valley live not only in different economies but in different worlds—different media, different social circles, different experiences of public services, different encounters with government. They have less and less in common, and fewer and fewer opportunities to encounter each other as fellow citizens rather than as abstractions in the opposing tribe.

Media sorting has been accelerated by the fragmentation of the information environment. In 1980, most Americans got their news from one of three broadcast networks, which competed for the same mass audience and therefore converged on a relatively centrist editorial posture. In 2025, Americans choose from hundreds of cable channels, digital platforms, and social media feeds, each calibrated to a specific ideological niche. The economic logic of the attention economy rewards content that provokes strong emotional responses, and the emotional responses that drive engagement are disproportionately negative—anger, fear, outrage. The result is an information environment that is not merely fragmented but actively polarising, training its consumers to view the other side not as opponents in a shared democratic contest but as existential threats.

Social sorting has been accelerated by the platforms themselves. Facebook's algorithmic curation creates echo chambers in which users are exposed primarily to content that reinforces their existing views. Twitter's engagement metrics reward the most provocative voices over the most considered. The platforms are not neutral conduits for information; they are active shapers of the information environment, and their shaping is optimised for engagement, not for democratic deliberation.

The sorting mechanism deepens the integration deficit by reducing the supply of cross-cutting social contact—the informal, everyday encounters with people who think differently that build the tolerance and mutual understanding on which democratic integration depends. When Americans live in different neighbourhoods, consume different media, and inhabit different social networks, the shared civic space in which integration can occur shrinks. The archipelago becomes not merely a metaphor for governance capacity but a description of lived experience.

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## 2.10 Bootstrap Individualism as Cultural Constraint

Every governance system operates within a cultural frame—a set of assumptions about the relationship between the individual and the collective, about the legitimate scope of public authority, about the nature of social problems and the appropriate means of addressing them. For the United States, that cultural frame is bootstrap individualism: the conviction, deeply embedded in American political culture, that individuals are

primarily responsible for their own fate, that collective action is a supplement to individual effort rather than its foundation, and that government is, at best, a necessary evil whose scope should be limited and whose legitimacy should be perpetually contested.

This is not a comprehensive description of American political culture—there are strong counter-traditions of collective responsibility, from the New Deal to the civil rights movement to the mutual aid traditions of immigrant communities—but it is the dominant frame, and it shapes what kinds of governance are politically possible. Americans demand a great deal from their government—disaster relief when the hurricane hits, Social Security when they retire, medical research when they get sick—but they are reluctant to grant government the authority, the resources, or the legitimacy that would allow it to perform these functions effectively. The result is a permanent gap between expectations and capacity, between what Americans want the state to do and what they are willing to allow it to become.

The bootstrap individualism frame is not merely a rhetorical posture; it has structural consequences. It makes it politically difficult to invest in the preventative infrastructure—community health, social services, early childhood education—that reduces the need for more expensive downstream interventions. It makes it difficult to build the administrative capacity that effective governance requires, because administrative capacity is expensive and its benefits are diffuse and long-term. It makes it difficult to construct the integration mechanisms this report describes, because integration requires that actors accept the legitimacy of collective processes whose outcomes they may not control.

The contradiction at the heart of American governance is that the country depends on immensely complex collective systems—the power grid, the financial system, the internet, the public health infrastructure—that no individual could build or maintain, while simultaneously valorising an individualistic ethos that treats collective action as morally suspect. Americans demand that the lights stay on and the water run clean and the diseases be cured, but they do not want to pay for the institutions that make those things possible, and they do not trust the people who run them. The result is a culture that simultaneously demands and delegitimises governance—a culture that generates permanent frustration with a state that it prevents from functioning.

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## 2.11 How the Mechanisms Reinforce Each Other

The integration deficit is not the sum of the mechanisms described in this section. It is their product. They interact, amplify, and stabilise each other, creating a configuration that is remarkably resistant to change.

The constitutional veto architecture creates the structural conditions for gridlock. The adversarial subsidiarity trap ensures that state-level experimentation, which might otherwise build integration capacity from below, instead hardens division. The fiscal federalism trap starves local governments of the resources and discretion they need to govern effectively, while the administrative state fills the resulting vacuum with fragile,

contested, and reversible federal action. The corporate sovereignty problem transfers governance functions to private actors with no democratic accountability, further eroding the legitimacy of public institutions. The epistemic collapse destroys the shared factual baseline on which any integration project depends. The trust asymmetry concentrates legitimacy at the level of government that cannot solve the problems requiring integration. The sorting mechanism reduces the supply of cross-cutting social contact that might rebuild the tolerance and mutual understanding on which democratic integration depends. And the cultural frame of bootstrap individualism delegitimises the very idea of collective action, making it politically impossible to build the integration capacity that the other mechanisms make structurally necessary.

The escalate-block-bypass-delegitimise spiral is the dynamic expression of this interacting system. The veto architecture blocks legislative action; the administrative state and the states bypass the blockage; the bypassed outcomes are delegitimised as partisan overreach; the delegitimation feeds the epistemic collapse and the sorting mechanism, which intensify the escalation of the next issue. The spiral tightens with each iteration, and each iteration further erodes the capacity to interrupt it.

This is the structural diagnosis. The United States is not failing because of bad leaders, or corrupt institutions, or a citizenry that has lost its civic virtue. It is failing because its governance architecture—brilliantly designed for the conditions of the 18th century—lacks the integration capacity that the conditions of the 21st century demand, and because the mechanisms that might build that capacity are themselves captured by the dynamics they would need to overcome. The next section describes what it would take to break the spiral—not by reforming the federal architecture directly, but by building integration capacity at the sub-federal level, where the veto points are fewer and the possibility of demonstrated success is greater.

### 3. What Building Integration Capacity Would Look Like

#### 3.1 The Principle: Route Around the Federal Architecture

The diagnosis presented in the previous sections carries an uncomfortable implication for anyone who wishes to see the United States govern itself more effectively: the federal architecture cannot be reformed directly. The constitutional veto points, the adversarial subsidiarity trap, the Veto Industrial Complex, the epistemic collapse, the trust asymmetry—these are not obstacles that can be overcome through better leadership, stronger political will, or more compelling policy ideas. They are structural features of the system. They are mutually reinforcing. And they are defended by a political immune system that has evolved over two centuries to protect the existing distribution of power against any attempt to redistribute it.

The honest starting point for any transition architecture is therefore this: the federal government, in its current configuration, cannot fix itself. The amendment process is blocked. The legislative process is blocked. The administrative process is fragile, contested, and reversible. The judicial process is polarised. Any reform that requires action through these channels will be consumed by the same escalate-block-bypass-delegitimise spiral that makes reform necessary.

But the United States is not the federal government. It is a continent-scale nation of fifty states, thousands of municipalities, hundreds of regional economies, and a civil society that remains, despite everything, among the most vibrant and creative on earth. The archipelago of American governance contains islands of genuine excellence—in state government, in municipal administration, in the nonprofit sector, in the private economy—that have demonstrated the capacity to govern effectively even as the federal architecture deteriorates around them. These islands are not waiting for Washington to act. Many of them have stopped expecting Washington to act at all. They are already building functional governance at the scale where the veto points are fewer, the feedback loops are tighter, and the possibility of demonstrated success is greater.

The principle of the transition architecture is therefore to **route around the federal architecture rather than through it**. Do not attempt constitutional reform, because the amendment process is inaccessible. Do not attempt major federal legislation, because the veto points will consume it. Build functional governance at the sub-federal level—in states, in municipalities, in cross-state compacts, in bioregional councils, in the networks that connect them—and let the evidence of what works create the political conditions under which federal reform eventually becomes imaginable. This is the logic of demonstrated value before formal authority, applied to the American constitutional context.

The task is not to build new islands. The islands already exist—in Massachusetts and Colorado and Tulsa, in the Federal Reserve and the NIH, in Silicon Valley and the community land trusts. The task is to construct the bridges, ferries, and lighthouses that connect them: the integration infrastructure that the Constitution never provided, and that the current architecture cannot build at the federal level, but that can be assembled from below.

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### 3.2 Cross-State Compacts as Coherence Regions

The most immediate and most distinctively American mechanism for building integration capacity outside the federal architecture is the cross-state compact. The Constitution, in Article I, Section 10, provides that "No State shall, without the Consent of Congress, enter into any Agreement or Compact with another State." This clause was intended to prevent states from forming alliances that might threaten the Union. But it also created a constitutional pathway for states to voluntarily coordinate their policies, pool their resources, and create shared governance institutions—with congressional consent, which has historically been granted for a wide range of functional purposes.

The compact mechanism has been used successfully for over a century. The Colorado River Compact of 1922 allocates water rights among seven western states and has functioned, however imperfectly, as a governance framework for a shared resource that no single state could manage alone. The Port Authority of New York and New Jersey, created by interstate compact in 1921, operates critical transportation infrastructure across state lines. The Northeast Regional Greenhouse Gas Initiative, established in 2009, coordinates carbon pricing among participating states. These are not theoretical models. They are operational governance institutions, built through voluntary agreement, sustained by the shared interests of the participating states, and largely insulated from the federal veto architecture.

The compact mechanism can be dramatically expanded. A **Climate Coordination Compact** could establish shared emissions reduction targets, coordinated carbon pricing, and pooled investment in clean energy infrastructure across a bloc of states that collectively represent a significant portion of the national economy. A **Prescription Drug Pricing Compact** could enable participating states to jointly negotiate drug prices, creating purchasing power comparable to that of a single-payer national system without requiring federal legislation. A **Grid Infrastructure Compact** could coordinate electricity transmission planning across the regions that share an interconnected power grid, addressing one of the most significant bottlenecks to renewable energy deployment.

What makes compacts viable as an integration mechanism is that they do not require the federal government to act. They require a small number of willing states—perhaps as few as three or four—to agree on shared standards and pooled resources. They are voluntary. They scale by attraction, not by mandate. A compact that demonstrably reduces carbon emissions or prescription drug costs in its member states creates a visible contrast with non-member states, and that contrast generates political pressure for expansion. States join because their citizens demand access to the benefits that the compact provides.

The compact model also addresses one of the deepest structural problems of American governance: the mismatch between the scale of problems and the scale of political institutions. Climate change, water management, grid reliability, drug pricing—these are not problems that respect state borders. They are

regional or national in scope. The federal government, which should be the natural institutional response to this scale mismatch, is incapable of acting. The compact provides an alternative pathway—a way to match governance scale to problem scale without requiring the federal government to function.

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### 3.3 Municipal Laboratories, Anchored by FREE in Tulsa

If cross-state compacts address the regional scale, municipal laboratories address the local scale—and they do so at the level where the trust asymmetry actually works in favour of governance. Americans trust their local government more than their state government, and their state government more than the federal government. The municipal level is where the possibility of rebuilding democratic legitimacy is greatest.

The United States contains thousands of municipalities with significant autonomy over land use, public safety, local taxation, and service delivery. Some of these municipalities are already pioneering the governance models that a more integrated America would need. Participatory budgeting, pioneered in Porto Alegre, Brazil, and adapted in cities across the United States, gives citizens direct authority over a portion of the municipal budget—transforming them from passive recipients of public services into active participants in resource allocation. Community land trusts, operating in cities from Burlington, Vermont, to Atlanta, Georgia, remove land from the speculative market and place it under community stewardship, addressing the housing affordability crisis in a way that federal policy has proven incapable of doing.

The most significant current example is **FREE in Tulsa**—the Forum for Real Economic Emancipation. Founded by economist Clara Mattei and rooted in Tulsa's specific history of racialised economic destruction and resilience, FREE is not merely a community organisation. It is a proto-integration mechanism at the local level. It operates horizontal assemblies that bring residents together to deliberate on shared challenges. It runs participatory budgeting campaigns that give citizens direct influence over public spending. It develops community land trusts that decommodify housing and build neighbourhood stability. It engages with municipal government—Mayor Monroe Nichols has participated in its forums—without being captured by it.

What makes FREE significant for the transition architecture is that it demonstrates, in a small and specific context, what integration looks like when it works. It connects citizens to decisions. It rebuilds the legitimacy of collective action through demonstrated effectiveness. It links input—what the community says it needs—to output—what the community actually gets. It operates at the scale where trust is highest and veto points are fewest. It does not yet solve the problem of cross-scale integration—what happens in Tulsa does not automatically affect what happens in Oklahoma City or Washington—but it provides a template that can be adapted, replicated, and connected across municipalities.

The transition architecture would establish a networked set of municipal laboratories—diverse in geography, size, and political alignment—that adopt a common set of governance practices: participatory budgeting, Algorithmic Bypass transparency tools for all municipal expenditures, standing citizens' deliberative councils

with formal government response obligations, and independent evaluation of outcomes published openly. The municipalities would be voluntary. They would be diverse: a mid-sized city in the Midwest, a coastal suburb, a rural county, a post-industrial town. They would share their results through a National Learning Loop—a dedicated institution that documents what works, what doesn't, and why, and makes that knowledge accessible to other municipalities considering whether to join.

The model scales by attraction. A municipality that adopts the laboratory model and demonstrates improved outcomes—better service delivery, higher citizen trust, more effective use of public funds—becomes visible to its neighbours. The contrast between a laboratory municipality and a comparable non-laboratory municipality becomes a political argument. Mayors and city councils, observing the results, choose to join. The network expands not because Washington mandates it but because local leaders see that it works.

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### 3.4 Bioregional Governance

Some of the most urgent governance challenges facing the United States are organised around ecological boundaries that bear no relationship to state lines. The Great Lakes, which contain twenty percent of the world's surface freshwater, are bordered by eight states and two Canadian provinces—a governance challenge that no single jurisdiction can address. The Colorado River Basin, which supplies water to forty million people across seven states and northern Mexico, is governed by a century-old compact that is collapsing under the pressure of climate change and overallocation. The Mississippi River Basin drains forty percent of the continental United States, and its water quality, flood control, and ecosystem health are managed by a patchwork of federal, state, and local agencies with no coordinating mechanism. The Cascadia corridor, stretching from Vancouver to Portland to San Francisco, shares an economic geography, a seismic vulnerability, and an ecological identity that the state and provincial borders slicing through it ignore.

Bioregional governance is the mechanism for matching governance scale to ecological scale. It would take the form of multi-state governance bodies—building on the compact model but oriented around ecological rather than purely administrative boundaries—with the authority to manage shared resources, coordinate infrastructure investment, and enforce environmental standards across the territory. The Great Lakes Compact, already in existence, provides a template that could be strengthened and replicated. A Mississippi River Basin Authority, modelled on the Colorado River Compact but updated for contemporary conditions, could coordinate water quality, flood management, and ecosystem restoration across the entire watershed. A Cascadia Bioregional Council could align transportation, energy, and environmental policy across the states and provinces of the Pacific Northwest.

Bioregional governance is not a substitute for federal environmental regulation. It is a complement—a mechanism for addressing the specific challenges that arise in specific places, using the knowledge and the accountability that only place-based governance can provide. And it is a mechanism for building integration capacity from the ground up, by demonstrating that coordinated governance across jurisdictional boundaries

is possible, effective, and legitimate, in the places where the functional logic of coordination is most compelling. The health of the Great Lakes does not depend on ideology. It depends on whether the states around them can agree to limit phosphorus runoff. The viability of the Colorado River does not depend on which party controls Congress. It depends on whether the states that depend on it can negotiate a sustainable allocation before the reservoirs run dry. Bioregional governance takes the integration challenge out of the realm of partisan spectacle and grounds it in the functional necessities of shared resources.

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### 3.5 Integration Infrastructure: The Explicit Missing Layer

The most significant gap in the current American governance architecture is not a shortage of innovation, or capacity, or democratic energy. It is the absence of the institutional connective tissue that would allow the innovations, the capacity, and the energy to accumulate across jurisdictions and scales. The United States has islands of excellence. It does not have the bridges between them.

Building those bridges requires a deliberate investment in **integration infrastructure**—the institutions, the data platforms, and the coordination mechanisms that allow what works in one place to become available to others, and that allow the diverse experiments occurring across the archipelago to be synthesised into a coherent national picture. This infrastructure does not currently exist, and its absence is one of the reasons that the learning loop between states and municipalities is broken. Without it, the archipelago remains an archipelago, regardless of how many islands achieve excellence.

The integration infrastructure would have several components. **Cross-state data platforms** that track outcomes across jurisdictions in comparable, publicly accessible formats—allowing citizens, researchers, and policymakers to see how different states and municipalities are performing on common metrics, and to identify which approaches are producing results. **Policy translation institutions**—nonpartisan, academically grounded organisations that evaluate state and local experiments, extract the design principles that make them effective, and produce guidance that other jurisdictions can adapt to their own conditions. **Meta-governance councils** that bring together representatives of the cross-state compacts, the municipal laboratories, and the bioregional councils to share learning, coordinate strategies, and build the relationships that make future collaboration possible. **Evaluation and replication engines** that provide rigorous, independent assessment of what is working and why, and that actively assist jurisdictions that want to adopt proven models.

The integration infrastructure does not require federal legislation. It can be built by the actors who already need it: the states and municipalities that are experimenting, the foundations that fund governance innovation, the universities that study it, the civic organisations that demand it. A consortium of willing states could establish a shared data platform for tracking policy outcomes. A coalition of foundations could fund a policy translation institution. A network of municipal laboratories could create its own meta-governance

council. The federal government's role, if any, would be to support and amplify what is already being built—not to direct it. The infrastructure grows from below, funded by those who benefit from it, governed by those who use it.

The integration infrastructure is not glamorous. It generates no headlines. It wins no elections. But it is the missing layer that the Constitution never provided—the formal integration mechanism that the Founders externalised to elite consensus and informal norms, and that has been absent since those substitutes collapsed. Without it, the bridges between the islands will never be built, because no one has the institutional mandate or the resources to build them. With it, the bridges become possible—and, over time, the archipelago begins to become a continent.

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### 3.6 Translation Layers Between State Innovation and National Policy

The integration infrastructure serves a second function: it creates the translation layers that allow successful state and local innovations to inform national policy without requiring the federal government to act in the first instance. This is the mechanism that the adversarial subsidiarity trap has broken—the learning loop through which successful experiments spread—and it must be rebuilt deliberately.

A translation layer is an institution that performs three functions. First, it **identifies**—scanning the landscape of state and local policy for innovations that are producing measurable, replicable results. Second, it **evaluates**—subjecting those innovations to rigorous, independent analysis that distinguishes genuine effectiveness from confounding factors, selection effects, or chance. Third, it **translates**—extracting the design principles that make the innovation effective, and producing guidance that other jurisdictions can adapt to their own conditions without requiring them to adopt the entire model wholesale.

This is not a new function. The translation layer existed, in informal form, for much of the twentieth century. The National Governors Association, the Council of State Governments, the various professional associations of state and local officials—these were networks through which policy ideas travelled, were evaluated, and were adapted. What has changed is not the need for translation but the conditions under which it occurs. The nationalisation of state politics, the adversarial subsidiarity trap, and the epistemic collapse have made it harder for policy learning to cross partisan boundaries. A successful climate programme in California is not evaluated on its merits by Texas policymakers; it is pre-emptively rejected as "California policy," regardless of its effectiveness. A successful healthcare reform in Massachusetts is not studied by Florida; it is dismissed as "Romneycare," then "Obamacare," then ignored.

Rebuilding the translation layer means creating institutions that are explicitly nonpartisan, rigorously empirical, and focused on outcomes rather than ideology. The model exists in other governance systems. The United Kingdom's National Institute for Health and Care Excellence (NICE) evaluates the effectiveness of

medical treatments and issues guidance that the National Health Service is required to follow—a translation mechanism between clinical research and clinical practice. Germany's conference of state ministers coordinates education policy across sixteen

*Länder*

with different governing parties and different educational traditions. The United States possesses partial examples in its own institutional landscape—the Congressional Budget Office, the Government Accountability Office, the What Works Clearinghouse of the Department of Education—but these are fragmented, underfunded, and often captured by the very partisan dynamics they should transcend.

A dedicated translation infrastructure, built outside the federal government and funded by a consortium of states, foundations, and universities, would provide the missing evaluation and dissemination function. It would not replace democratic decision-making. It would inform it, by providing a shared evidence base that actors on different sides of a policy debate can consult and trust. The translation layer is an epistemic institution as much as a policy institution. Its function is to rebuild the shared factual baseline that the epistemic collapse has destroyed—the capacity to say "here is what is happening, and here is what the evidence suggests we should do about it" in a way that most actors accept as the starting point for debate.

### 3.7 Deliberative Infrastructure

The integration mechanisms described so far—compacts, municipal laboratories, bioregional governance, integration infrastructure, translation layers—address the structural dimensions of the integration deficit. But integration also requires a cultural and democratic dimension. It requires mechanisms that allow citizens to encounter each other as co-participants in a shared democratic project, rather than as adversaries in a zero-sum culture war. It requires spaces where disagreement can be processed productively, where preferences can be formed and revised through exposure to different perspectives, and where the legitimacy of collective decisions can be rebuilt through the experience of genuine participation.

The United States once possessed significant deliberative infrastructure. The jury system, for all its flaws, provided ordinary citizens with direct experience in collective decision-making. The town meeting tradition in New England gave communities a forum for face-to-face deliberation on shared challenges. The local newspaper, the civic association, the union hall, the church social—these were sites where Americans encountered each other across lines of difference and practised the skills of democratic citizenship. Many of these institutions have atrophied or disappeared, and what has replaced them—cable news, social media, the algorithmic curation of outrage—is optimised for the opposite of deliberation.

Rebuilding deliberative infrastructure means creating new spaces for democratic participation that are designed to counter the dynamics of the escalate-block-bypass-delegitimise spiral rather than to amplify them. The most promising mechanism is the **citizens' assembly**—a randomly selected, demographically representative group of citizens, provided with expert information and professional facilitation, tasked with

deliberating on a specific policy question and producing recommendations. Citizens' assemblies have been used successfully in Ireland on issues including abortion and climate policy, in France on climate, and in the United Kingdom on social care. They have demonstrated that ordinary people, when given the conditions for serious deliberation, are capable of grappling with complexity, engaging respectfully with opposing views, and reaching nuanced conclusions that command broad public support.

The transition architecture would establish standing citizens' assemblies at multiple levels: state-level assemblies on long-horizon issues like climate adaptation, fiscal sustainability, and healthcare reform; municipal assemblies on local budget priorities, land use, and public safety; and cross-state assemblies attached to the compacts and bioregional councils, ensuring that the governance of shared resources includes the voices of the people who depend on them. The assemblies would not replace elected government. They would supplement it, providing a channel for democratic input that is not captured by the partisan duopoly, the permanent campaign, or the outrage economy.

The assemblies would also serve a second function: they would be sites of cross-partisan contact in a society that has sorted itself into mutual incomprehension. A citizens' assembly on climate policy in the Midwest would bring together farmers and environmentalists, conservatives and progressives, in a structured setting where they must listen to each other and work toward a shared conclusion. The experience of deliberation does not erase disagreement, but it transforms its character—from mutual delegitimation to a recognition that those who disagree are fellow citizens with legitimate concerns, not existential enemies. This is the cultural dimension of integration, and it is as essential as the structural dimension. The bridges between the islands cannot be built by institutions alone. They must be built by citizens who have learned, through experience, that the other island is inhabited by people rather than by abstractions.

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### 3.8 Anti-Sorting Safeguards

Any transition architecture that operates at the sub-federal level must contend with the risk that the same dynamics that have paralysed the federal government will replicate at smaller scales. The escalate-block-bypass-delegitimise spiral does not require a federal stage to operate. It can function within a single state, a single municipality, a single compact, if the conditions that generate it are present. Building integration capacity at the sub-federal level without safeguards against the replication of the spiral would simply create more islands of dysfunction—smaller, more local, but equally paralysed.

The anti-sorting safeguards are institutional design features that prevent the spiral from replicating at smaller scales. They include **ranked-choice voting** in state and local elections, which reduces the incentive for negative campaigning and allows candidates who appeal across partisan lines to compete effectively. They include **independent redistricting commissions**, which prevent gerrymandering and the resulting creation of safe districts where the only electoral competition is in partisan primaries dominated by ideological extremes. They include **cross-partisan civic engagement requirements** for any institution receiving public

funds under a compact or a municipal laboratory designation—mandates that advisory boards, citizens' councils, and deliberative bodies include members from across the political spectrum, ensuring that the institutions of sub-federal governance do not become monocultures.

They also include more structural mechanisms. **Supermajority requirements for compact adoption**—a threshold of sixty percent of member state legislatures, for example—ensure that compacts are not captured by a single party and reversed when political control shifts. **Rotation requirements for compact leadership** mandate that the chairs and directors of compact institutions alternate among member states and, where relevant, among political parties. **Sunset clauses** require periodic reauthorisation, forcing compacts to demonstrate their value to a broad coalition of stakeholders and preventing the entrenchment of unaccountable bureaucracies. **Independent evaluation** by academic institutions or nonpartisan watchdogs, with mandatory public reporting, ensures that the performance of sub-federal governance institutions is visible and that failure cannot be hidden.

The anti-sorting safeguards are not an afterthought. They are a design requirement. The integration infrastructure this report describes is intended to rebuild the capacity for collective action that the federal architecture has lost. If the sub-federal institutions that replace it simply reproduce the same dynamics, the transition will have failed—more islands, better islands, but still islands, still separated by the same corrosive sea. The safeguards are the architectural immune response against the replication of the disease they are designed to cure.

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### 3.9 Corporate Governance Reform

The final element of the transition architecture addresses the corporate sovereignty problem—the migration of governance functions to private actors with no democratic accountability. This is the most difficult dimension of the integration deficit to address through sub-federal mechanisms alone, because the largest corporations operate at national and global scales that exceed the reach of any state or municipality. But it is also one of the dimensions where inaction carries the highest cost, because the legitimacy vacuum created by corporate governance without democratic accountability directly feeds the escalate-block-bypass-delegitimise spiral.

The reform agenda has several components, operating at different scales. At the state level, corporate charter reform—revising the legal frameworks under which corporations are incorporated to require consideration of stakeholder interests alongside shareholder returns—can begin to shift the incentives that drive corporate behaviour. States like Delaware, where most large American corporations are legally incorporated, have significant leverage over corporate governance standards, and a coalition of states could use that leverage to establish minimum standards for environmental disclosure, labour practices, and political spending transparency.

At the level of the technology platforms specifically, the emerging framework of **algorithmic accountability**—requiring platforms to disclose the design principles of their recommendation algorithms, to submit to independent audits of their effects on democratic discourse, and to provide users with meaningful control over their information environments—addresses the structural drivers of the epistemic collapse. The platforms have become de facto governors of the public sphere. Holding them to governance standards commensurate with their governing power is not a radical intervention. It is the application of democratic principles to the institutions that now shape democratic life.

At the federal level—acknowledging the difficulty of federal action—the most viable pathway is through the enforcement of existing antitrust law, which provides statutory authority for breaking up or regulating firms that have accumulated excessive market power, and through the federal government's own procurement power, which can be used to require contractors to meet minimum standards for wages, environmental performance, and corporate governance. These are imperfect tools, constrained by the same veto architecture that blocks other forms of federal action. But they are tools that already exist, and that can be deployed by a committed executive branch even in the absence of new legislation.

The corporate governance agenda is not a substitute for rebuilding public integration capacity, and it should not be mistaken for one. The goal is not to replace public governance with better corporate governance. It is to reduce the degree to which corporate governance substitutes for public governance, and to ensure that where corporate decisions have public consequences, those decisions are subject to public accountability. The integration capacity that this report describes—the compacts, the laboratories, the bioregional councils, the integration infrastructure—is a public project, built by public institutions, accountable to public processes. The corporate governance agenda supports that project by reducing the pressure on public institutions to govern domains they cannot reach, and by ensuring that the private actors who operate in those domains do so under rules that respect democratic values.

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The shifts described in this section—cross-state compacts, municipal laboratories, bioregional governance, integration infrastructure, translation layers, deliberative infrastructure, anti-sorting safeguards, and corporate governance reform—are not a comprehensive programme. They are an interconnected set of investments in the integration capacity that the United States currently lacks. They do not require constitutional amendment. They do not require the federal government to become functional before they can begin. They can be built by the actors who already need them—states, municipalities, foundations, universities, civil society organisations—working in voluntary coordination, scaling by attraction rather than mandate.

The next section confronts the political immune system that will resist any such effort: the Veto Industrial Complex, its symbiotic relationship with adversarial subsidiarity, the partisan entrenchment and permanent campaign that make long-term institutional design nearly impossible. Understanding that resistance—and designing around it—is the subject to which we now turn.

## 4. The Political Immune System: The Veto Industrial Complex and the Permanent Campaign

### 4.1 The Veto Industrial Complex as Immune System

Every governance architecture develops defences against the redistribution of authority. In Germany, the immune system is bureaucratic inertia—the multiplication of veto points that makes decisive action difficult. In France, it is the Jacobin spectacle—an arena that amplifies conflict and consumes reform before it can take root. In Sweden, it is satisfied competence—the belief, grounded in strong aggregate performance, that the machine is already working well enough. In India, it is the permanent noise of competitive democracy and the widening gap between high-capacity and low-capacity states. In the European Union, it is sovereignty-as-veto—the right of any member state to block collective action. In the United Kingdom, it is the visibility trap—the structural confusion of the appearance of control with the effectiveness of control. In Brazil, it is the

*Centrão*

—the thermodynamic sink that absorbs any president's ideological energy and converts it into transactional rent.

In the United States, the immune system is the most entrenched of any democratic case in this series. It is the **Veto Industrial Complex**: a multi-hundred-billion-dollar ecosystem of lobbying, litigation, campaign finance, partisan media, and professional obstruction that is economically predicated on the continuation of gridlock, and that has evolved sophisticated mechanisms for defending the architecture that sustains it.

The Veto Industrial Complex is not a conspiracy. It is an emergent property of the constitutional veto architecture, operating over two centuries, in an economy of continental scale and a political system in which money and speech have been increasingly conflated by courts and practice. It has developed because the architecture created the opportunity, and actors rationally responded to the incentives the architecture provided.

The core structural fact is straightforward: **blocking legislation is dramatically cheaper than passing it**. To pass significant federal legislation requires a majority in the House, a supermajority of sixty votes in the Senate, the signature of the president, and survival of judicial review. To block the same legislation requires convincing a single committee chair not to schedule a hearing, or a single senator to place a hold, or a handful of House members in safe districts to pressure leadership. The asymmetry is extreme, and it creates a structural advantage for concentrated private interests over diffuse public interests in every domain.

A corporation that wishes to prevent environmental regulation need not persuade a majority of Congress that the regulation is unwise. It need only persuade a small number of strategically placed legislators—perhaps the chair of the relevant committee, or a senator from a state where the corporation is a major employer—that the regulation should not proceed. The persuasion can take many forms: campaign contributions to the

legislator's reelection fund; independent expenditures supporting the legislator or attacking their opponent; the implicit promise of a lucrative post-congressional career in lobbying or consulting; the cultivation of long-term relationships through the social and professional networks of Washington. None of this is illegal. Most of it is protected by the First Amendment. All of it is rational behaviour by actors pursuing their interests within the rules of the system.

The same asymmetry applies in litigation. An environmental regulation that survives the legislative process can be challenged in court by any party with standing. The litigation can delay implementation for years, even if the regulation is ultimately upheld. The mere threat of litigation changes the behaviour of the agencies that promulgate regulations, making them more cautious, more procedurally elaborate, and slower to act. The cost of bringing a lawsuit is a rounding error in the budget of a large corporation or trade association; the cost of defending against one consumes significant resources in the budget of a public agency that must also perform its substantive functions.

Media amplifies the dynamic. Outrage drives ratings, and ratings drive revenue. The economic logic of cable news and digital media rewards content that provokes strong emotional responses, and the strongest emotional responses are negative—anger, fear, grievance. A congressional hearing that generates a viral clip is more valuable to a media organisation than a hearing that produces a thoughtful, bipartisan compromise. The incentive structure of the attention economy is perfectly aligned with the incentive structure of the Veto Industrial Complex: both reward conflict over resolution, escalation over integration, spectacle over substance.

The Veto Industrial Complex is self-reinforcing. The more gridlock blocks action, the more actors invest in the tools of obstruction—lobbyists, lawyers, campaign consultants, media strategists. The more actors invest in obstruction, the more resources flow into the ecosystem, attracting additional entrants and increasing the sophistication of the tools. The more sophisticated the tools, the easier obstruction becomes relative to action. The easier obstruction becomes, the more gridlock blocks action. The spiral is an economic engine as well as a political one, and it has been running for decades.

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## **4.2 Adversarial Subsidiarity and the Veto Industrial Complex as Symbiotic Twin Engines**

The Veto Industrial Complex and adversarial subsidiarity are not separate problems. They are a single feedback loop, and understanding their symbiosis is essential to understanding why the integration deficit is so resistant to correction.

The mechanism operates as follows. The Veto Industrial Complex blockades federal action on issues that would benefit from national coordination—climate policy, healthcare financing, immigration reform, infrastructure investment. The blockade has structural causes: the constitutional veto architecture makes

legislation difficult, and the economic incentives of the Complex reward obstruction. But the consequence of the blockade is that states must act independently or not at all. California sets its own emissions standards because the federal government cannot. Texas sets its own immigration enforcement policies because the federal government cannot. Massachusetts and Tennessee adopt radically different approaches to healthcare because the federal framework is frozen in place, too politically contested to be updated.

The states' independent actions are then nationalised by the same media ecosystem that profits from the federal gridlock. California's emissions standards become not a policy experiment but a culture-war declaration. Texas's immigration enforcement becomes not a response to federal inaction but an assertion of territorial sovereignty. The nationalisation transforms technical policy questions into symbolic identity battles, which intensifies the affective polarisation that makes federal action even harder. The intensified polarisation increases the value of obstruction, because the stakes of any federal action are now perceived as existential by both sides. The increased value of obstruction feeds more resources into the Veto Industrial Complex. The Complex blockades the next federal action. The spiral tightens.

The two mechanisms are twin engines of the same dysfunction. Adversarial subsidiarity generates the cultural outrage that the Veto Industrial Complex monetises. The Veto Industrial Complex produces the federal paralysis that makes adversarial subsidiarity necessary. Each depends on the other. Each reinforces the other. Together, they form an immune system that is far more powerful than either would be alone, because any attempt to address one without addressing the other will be captured by the mechanism that remains intact.

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### 4.3 Partisan Entrenchment

Beneath the Veto Industrial Complex lies a set of institutional arrangements that make the current configuration of American politics unusually resistant to change. These arrangements—gerrymandering, primary system dynamics, the Electoral College, Senate malapportionment—do not cause the integration deficit, but they entrench the actors who benefit from it and make it extraordinarily difficult for electoral majorities to translate into governing capacity.

**Gerrymandering** has reached a level of technical sophistication that would have been unimaginable a generation ago. Computer algorithms, fed with granular demographic and political data, can draw district lines that are precisely calibrated to maximise partisan advantage. The result is a House of Representatives in which approximately eighty percent of seats are non-competitive in a typical election—districts where the outcome is effectively determined in the primary, and where the only electoral threat facing an incumbent comes from a challenger who is more ideologically extreme than they are. The structural incentive is toward polarisation: a representative who compromises risks a primary challenge from the flank, while a representative who refuses to compromise faces no general election risk in a safe district. The incentives are aligned to produce obstruction, not integration.

**The primary system** amplifies the gerrymandering effect. Primary electorates are smaller, more ideologically motivated, and less representative of the general population than general election electorates. The voters who determine which candidates appear on the general election ballot are disproportionately the most partisan, the most ideologically committed, and the most hostile to compromise. A Republican who negotiates with Democrats risks being labelled a RINO—Republican In Name Only—and losing their primary to a challenger who promises purer ideological commitment. A Democrat who negotiates with Republicans faces the same dynamic from the left. The primary system filters for candidates who are good at winning primaries, not for candidates who are good at governing.

**The Electoral College** introduces a further distortion. The president is elected not by the national popular vote but by a majority of electoral votes distributed by state, a system that weights the preferences of voters in small, rural states more heavily than those in large, urban ones, and that concentrates presidential campaigns in a handful of competitive states while effectively ignoring the rest of the country. The structural consequence is that presidential elections are determined by the preferences of a narrow slice of the electorate in a narrow slice of the country—and that those preferences may diverge significantly from the preferences of the national majority. When the structure of electoral representation systematically favours one party over the other, the resulting government's legitimacy is contested from the moment it takes office, deepening the politisation that makes integration impossible.

**Senate malapportionment** is the most constitutionally entrenched of the partisan distortions. Each state receives two senators regardless of population—a compromise necessary to secure the ratification of the Constitution in 1787, when the small states feared domination by the large. The result, two and a half centuries later, is that a senator from Wyoming represents approximately six hundred thousand people, while a senator from California represents approximately thirty-nine million. The filibuster compounds the distortion: forty-one senators, representing states with a combined population of roughly eleven percent of the country, can block most legislation indefinitely. The Senate as currently constituted is not a chamber of deliberation; it is a machine for minority veto, and the minority it empowers is disproportionately white, rural, and conservative. The legitimacy costs of this arrangement are immense, and they feed directly into the escalate-block-bypass-delegitimise spiral.

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## 4.4 The Permanent Campaign

If the structural arrangements described above create the institutional conditions for the immune system, the permanent campaign provides its temporal dimension. The United States is unique among developed democracies in the length, cost, and intensity of its electoral cycles. The House of Representatives is elected every two years, which means that members of the majority party begin their reelection campaigns roughly eighteen months before the next election—which is to say, roughly six months after the previous election

concluded. The Senate cycle is longer, but the fundraising required to compete in a modern Senate race is so immense that senators effectively campaign continuously as well. The presidency dominates national attention for at least two years of every four-year cycle.

The permanent campaign has several structural consequences for governance. First, it compresses the window for legislative action. A new Congress convenes in January of an odd-numbered year. By the summer of the following even-numbered year, the midterm campaign is in full swing, and the political incentives to compromise—never strong—evaporate entirely as members position themselves for reelection. The effective window for legislating is perhaps twelve to eighteen months out of every twenty-four-month cycle, and during that window, the party that controls Congress must decide whether to invest its limited time and political capital in legislating or in oversight of the executive branch, in advancing its own agenda or in blocking the other party's. The structural scarcity of legislative time is one of the mechanisms through which the Veto Industrial Complex operates: the more time is consumed by the permanent campaign, the less is available for governing.

Second, the permanent campaign requires permanent fundraising, and permanent fundraising creates permanent dependence on the donors who fund it. Members of Congress spend an estimated thirty to fifty percent of their working hours on fundraising activities—calling donors, attending fundraisers, cultivating relationships with the individuals and organisations that can finance their reelection. This is not corruption in the sense of explicit *quid pro quo*. It is structural dependence. A member who consistently votes against the interests of the donors who fund their campaigns will find themselves outspent and out of office. The dependence shapes behaviour not through explicit threats but through the gradual internalisation of donor preferences—the knowledge, rarely articulated but always present, that certain positions are politically safe and others are politically fatal. The integration of campaign finance and legislative behaviour is so complete that it is no longer possible to determine where the politics ends and the governance begins.

Third, the permanent campaign makes long-term institutional design nearly impossible. The investments that would rebuild integration capacity—in cross-state compacts, in municipal laboratories, in translation layers, in deliberative infrastructure—pay off over decades, not over election cycles. A governor who launches a cross-state compact for climate coordination will be out of office before the compact produces measurable results. A mayor who pioneers participatory budgeting will not be in the same role when the model spreads to other cities. The politician who invests in invisible architecture receives no credit for a decade and significant blame in the interim if anything goes wrong. The politician who announces a visible initiative—a new programme, a tax cut, a ribbon-cutting—receives credit immediately. The structural incentive is toward the visible and the immediate, and away from the invisible and the long-term. This is the temporal dimension of the integration deficit, and it is as powerful as any constitutional veto point.

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## 4.5 The Capture of Reform Itself

The most insidious feature of the American immune system is that it has evolved to capture the very mechanisms that might reform it. Any attempt to reduce the veto points is itself subject to the veto points it seeks to reduce. Any attempt to change the electoral rules is blocked by the politicians who were elected under the existing rules. Any attempt to limit the role of money in politics is challenged in courts by the interests whose money would be limited. The immune system is not merely strong. It is self-protecting.

The Senate filibuster cannot be abolished except by a majority vote of the Senate—a body whose members were elected under rules that, in many cases, gave them their seats precisely because the filibuster prevents the majority from governing. A constitutional amendment to address Senate malapportionment would require a two-thirds vote of the Senate itself—the institution whose malapportionment the amendment would correct. Campaign finance reform that would limit the ability of wealthy donors to influence elections must be passed by legislators whose campaigns are funded by those same donors. Independent redistricting commissions can be established by state legislatures—the same legislatures whose members were elected from districts drawn by the previous legislature to ensure their own reelection.

The immune system has converted reform into a paradox. The changes that would make reform possible are blocked by the architecture that reform would change. The actors who must consent to reform are the actors who benefit from the current arrangement. The mechanisms for achieving reform are controlled by the interests that reform would constrain. The result is not merely gridlock but a deeper condition: a system that is structurally incapable of self-correction, because the capacity to self-correct has been captured by the dynamics that make self-correction necessary.

This is the most significant difference between the United States and the other democratic cases in this series. In Germany, the immune system resists reform through bureaucratic inertia, but inertia can be bypassed at the margins—through pilot programmes, through state-level experimentation, through the gradual accumulation of demonstrated value. In France, the immune system resists through spectacle, but spectacle can be evaded at the local level, as the *Territoires d'Intégration Adaptative* demonstrate. In Brazil, the capture equilibrium is formidable but not total—there are islands of integrity within the state, and the Algorithmic Bypass can be built by actors within those islands without requiring the *Centrão's* permission.

In the United States, the immune system has captured the constitutional machinery itself. There is no institution that can reform the federal architecture from within because every institution that might perform that function is itself part of the architecture. The veto points that prevent legislative action also prevent the reform of the veto points. The campaign finance system that entrenches incumbents also prevents the reform of campaign finance. The Senate malapportionment that amplifies rural, conservative power also prevents the reform of the Senate. The immune system is not a separate entity that can be bypassed. It is the system. And the system cannot reform itself using its own mechanisms, because those mechanisms are the instruments of its dysfunction.

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## 4.6 The Narrative Strategy

Given the immune system described above, the way the integration agenda is

*talked about*

is not peripheral to its success. It is central.

A reform proposal that announces itself as an assault on the Constitution—that frames the cross-state compacts as a rejection of federal authority, the municipal laboratories as a repudiation of Congress, the bioregional governance as a threat to state sovereignty—will trigger every immune response simultaneously. It will be painted as a power grab, as an elite project disconnected from ordinary Americans, as a foreign import that misunderstands the genius of the American system. The Veto Industrial Complex will mobilise against it. The partisan media will frame it through the lens of the current political cycle. It will fail before it begins.

The task, therefore, is to frame the integration agenda not as a rupture but as a **completion**—the fulfilment of the constitutional promise that the current architecture prevents from being realised. The Founders designed a system that assumed integration would happen through informal mechanisms—through elite consensus, through shared civic norms, through a common public sphere. Those mechanisms no longer function, and the Constitution provides no pathway for rebuilding them. The cross-state compacts, the municipal laboratories, the bioregional governance, the integration infrastructure—these are not replacements for the constitutional order. They are the integration layer the Founders assumed would exist, built through the means the Founders provided for building it: voluntary association, state initiative, democratic experimentation.

This framing speaks to multiple constituencies. To constitutional conservatives, it says: the Constitution is not being abandoned. It is being supplemented in the way the Founders intended—through the states, through voluntary coordination, through the laboratories of democracy that federalism was designed to enable. To progressives who have given up on structural reform, it says: the federal government may be paralysed, but the country is not. The capacity to build functional governance already exists at the state and local level. The task is to connect it, not to create it from scratch. To the citizen who has stopped believing that government can work, it says: look at what is already working—in Tulsa, in Massachusetts, in the cross-state compacts that manage shared resources—and imagine what could happen if those fragments were connected.

The core message is deceptively simple:

*America has already built the future in fragments. The fragments are there—in the states that govern effectively, in the cities that are experimenting with new forms of democracy, in the compacts that coordinate shared resources, in the communities that are rebuilding trust from the ground up. The problem is not invention. The problem is connection. And connection, unlike constitutional amendment, can be built from below. The bridges between the islands can be constructed without Washington's permission—and once they are constructed, Washington will eventually follow.*

The political immune system is formidable, but it is not omnipotent. The Veto Industrial Complex depends on the federal architecture remaining the primary arena of governance conflict. The adversarial subsidiarity trap depends on states being territories in a culture war rather than laboratories in a learning network. The transition architecture described in the next section—cross-state compacts as prime movers, municipal laboratories anchored by FREE in Tulsa, bioregional governance, and scaling by attraction—is designed specifically to operate in the spaces where the immune system is weakest: the sub-federal level, where the veto points are fewer, the feedback loops are tighter, and the possibility of demonstrated success is greater. It does not attack the Veto Industrial Complex directly. It makes the Complex progressively less relevant, by building functional governance in the domains the Complex cannot reach.

## 5. Working with the Grain: Transition Architecture for the United States

### 5.1 The Principle: Build on What America Already Excels At

Every transition architecture must be matched to the immune system it navigates. In Germany, the strategy is to bypass bureaucratic inertia—to build capacity beneath the threshold of political controversy. In France, it is to bypass the national spectacle—to start in low-visibility zones where results can be demonstrated before the arena consumes them. In Sweden, it is to work with existing trust rather than against it. In India, it is to build on the platforms that already work—the digital infrastructure, the federal laboratory, the competitive energy of states. In the European Union, it is to make variable geometry explicit and institutionalised. In the United Kingdom, it is to build on Greater Manchester and the combined authority model. In Brazil, it is to use the country's proven digital capacity to construct an Algorithmic Bypass that makes the capture equilibrium incrementally harder to sustain.

In the United States, the strategy is different again. It is to build on the capacities that the Veto Industrial Complex has not yet captured—the islands of excellence that have demonstrated genuine effectiveness despite operating within a deteriorating federal architecture—and to construct the bridges between them. The United States possesses a set of assets that no other country in this series can replicate. Fifty states with genuine constitutional autonomy. Thousands of municipalities with significant control over land use, public safety, and local taxation. A civil society that remains, despite everything, among the most creative and well-resourced on earth. A private sector that has demonstrated an extraordinary capacity for innovation when the conditions are right. And a cultural tradition—however battered by recent experience—that still valorises local democracy, voluntary association, and pragmatic problem-solving over ideological purity.

The transition architecture for the United States does not need to import expertise or build capability from scratch. It needs to connect the capabilities that already exist, to protect them from the dynamics that would consume them, and to give them the tools and permissions to scale what they already know how to do. The principle is straightforward: **don't replace. Connect.** America does not need a new constitution, a new political class, or a new federal government. It needs the integration layer that the Constitution never provided—the bridges, ferries, and lighthouses that would allow the islands of excellence to become a continent of competence.

This principle has a practical consequence. Reform should be framed not as a critique of the American experiment but as its **continuation**—the next chapter of a tradition that has always built governance capacity through voluntary association, through state-level experimentation, through the pragmatic adaptation of institutions to changed circumstances. The Founders did not imagine the environmental, technological, and geopolitical challenges of the twenty-first century. They built an architecture that assumed integration would happen outside the constitutional text, through the informal mechanisms of a functioning democratic culture.

Those mechanisms have eroded. Building new ones—through the means the Founders provided: state initiative, interstate cooperation, local democracy—is not a rejection of the constitutional order. It is the fulfilment of the constitutional promise.

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## 5.2 Cross-State Compacts as Prime Movers

The most immediate and most distinctively American component of the transition architecture is the cross-state compact—the prime mover, the first domino. It does something that no previous American reform has done: it changes the scale at which governance occurs without requiring the federal government to act at all.

The compact mechanism is constitutionally authorised, historically proven, and politically viable. Article I, Section 10 of the Constitution provides that "No State shall, without the Consent of Congress, enter into any Agreement or Compact with another State." The clause was intended to prevent states from forming alliances that might threaten the Union. But it also created a constitutional pathway for voluntary coordination that has been used successfully for over a century—the Colorado River Compact, the Port Authority of New York and New Jersey, the Northeast Regional Greenhouse Gas Initiative. These are not theoretical models. They are operational governance institutions, built through voluntary agreement, sustained by the shared interests of participating states, and largely insulated from the federal veto architecture.

The compact strategy begins with a single, high-visibility, high-impact domain where the functional logic of coordination is overwhelming and the federal government's failure to act is undeniable. Climate policy is the most natural starting point. The federal government has been incapable of passing comprehensive climate legislation for decades. The executive branch's regulatory approach—the EPA's Clean Power Plan under Obama, its reversal under Trump, its partial restoration under Biden—demonstrates exactly the bypass-delegitimise dynamic that makes administrative action fragile and contested. Meanwhile, states that have adopted aggressive emissions reduction targets are already coordinating informally, and the economic case for coordination—pooled investment in clean energy, harmonised regulations that reduce compliance costs, joint procurement that lowers prices—is overwhelming.

A **Climate Coordination Compact** would begin with a small number of states—perhaps three to five, representing a significant share of national emissions and national GDP—agreeing on a common carbon pricing mechanism, shared emissions reduction targets, and pooled investment in clean energy infrastructure. The compact would not require all fifty states to join simultaneously, or ever. It would begin with the willing, and it would expand by attraction. A state that joins the compact gains access to a larger market for clean energy, lower costs for renewable procurement, and a coordinated regulatory framework that reduces uncertainty for businesses. A state that remains outside the compact faces higher costs, regulatory fragmentation, and competitive disadvantage. The compact does not coerce. It attracts.

The same model can be applied to other domains. A **Prescription Drug Pricing Compact** would enable participating states to jointly negotiate prices with pharmaceutical manufacturers, creating purchasing power comparable to that of a single-payer national system. A **Grid Infrastructure Compact** would coordinate electricity transmission planning across the regions that share an interconnected grid, addressing one of the most significant bottlenecks to renewable energy deployment. A **Worker Mobility Compact** would harmonise occupational licensing requirements across participating states, allowing nurses, teachers, and skilled tradespeople to move freely across state lines without costly and time-consuming recertification.

What makes compacts viable as a transition mechanism is that they do not require the federal government to function. They require a small number of willing governors and state legislatures. They are voluntary. They are incremental. They can be framed not as "bypassing Congress" but as "exercising the constitutional authority that states have always possessed"—a framing that appeals to federalist principles across the political spectrum. And they generate the evidence that makes scaling possible. A compact that demonstrably reduces carbon emissions or prescription drug costs in its member states creates a visible contrast with non-member states. That contrast generates political pressure for expansion. Citizens in non-member states begin to ask why they are paying higher costs or breathing dirtier air than their neighbours. The pressure builds not from ideological advocacy but from demonstrated results. This is the logic of scaling by attraction, and it is the only logic that can work in a system where the federal government is incapable of mandating coordination from above.

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### 5.3 Municipal Laboratories, Anchored by FREE in Tulsa

If cross-state compacts address the regional scale, the municipal laboratories address the local scale—and they do so at the level where the trust asymmetry actually works in favour of governance. Americans trust their local government more than their state government, and their state government more than the federal government. The municipal level is where the possibility of rebuilding democratic legitimacy is greatest, and where the veto points that paralyse other levels of government are fewest.

The municipal laboratory model draws on a long tradition of American local governance innovation—the Progressive Era municipal reforms, the community organising traditions of Saul Alinsky and the civil rights movement, the participatory budgeting experiments that spread from Porto Alegre to cities across the United States. But its most significant contemporary expression is **FREE in Tulsa**—the Forum for Real Economic Emancipation.

FREE is more than a community organisation. It is a proto-integration mechanism at the local level. Founded by economist Clara Mattei in a city whose history includes both the 1921 Tulsa Race Massacre—one of the most devastating acts of racialised economic destruction in American history—and a contemporary resurgence of civic creativity, FREE operates horizontal assemblies that bring residents together to deliberate on shared challenges. It runs participatory budgeting campaigns that give citizens direct influence over public

spending. It develops community land trusts that decommodify housing and build neighbourhood stability. It engages with municipal government—Mayor Monroe Nichols has participated in its forums and has set a goal of functional zero homelessness by 2030—without being captured by it.

What makes FREE significant for the transition architecture is not its scale—it operates in a single mid-sized city—but its design principles. It connects citizens to decisions. It rebuilds the legitimacy of collective action through demonstrated effectiveness. It links input—what the community says it needs—to output—what the community actually gets. It operates at the scale where trust is highest and veto points are fewest. It is a working proof of concept that integration is possible at the local level, even in a country whose federal architecture prevents integration at the national level.

FREE also embodies a specific political economy argument that is directly relevant to the integration deficit. Mattei's scholarly work—

*The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism*

—argues that austerity is not an economic necessity but a political technology for disciplining labour and preserving elite power. The integration deficit diagnosed in this report is not politically neutral. It systematically advantages capital over labour, concentrated interests over diffuse ones, blocking over building. FREE represents an attempt to rebuild economic agency at the community level in a context where federal coordination has failed—not as an act of charity or a policy experiment, but as a direct response to the political economy of the integration deficit. The report should make that connection explicit: the bridges between the islands are not merely governance infrastructure. They are economic infrastructure, and their absence is one of the mechanisms through which the current architecture reproduces inequality.

The municipal laboratory programme would establish a networked set of cities—diverse in geography, size, and political alignment—that voluntarily adopt a common set of governance practices: participatory budgeting, Algorithmic Bypass transparency tools for all municipal expenditures, standing citizens' deliberative councils with formal government response obligations, and independent evaluation of outcomes published openly. The programme would be anchored by FREE and by other existing municipal innovations—participatory budgeting in New York and Chicago, community land trusts in Burlington and Atlanta, data-driven governance in What Works Cities—and would provide technical assistance, peer learning networks, and seed funding for cities that wish to join. The federal government's role, if any, would be to support and amplify what is already being built, not to direct it. The infrastructure grows from below, funded by those who benefit from it, governed by those who use it.

The municipal laboratories scale by attraction. A city that adopts the laboratory model and demonstrates improved outcomes—better service delivery, higher citizen trust, more effective use of public funds—becomes visible to its neighbours. The contrast between a laboratory city and a comparable non-laboratory city becomes a political argument. Mayors and city councils, observing the results, choose to join. The network expands not because Washington mandates it but because local leaders see that it works. Over time, as the network grows, it creates a constituency for integration—citizens, local officials, and civic organisations that have experienced what functional governance feels like, and that demand it from higher

levels of government. This is the same dynamic that drove the spread of participatory budgeting from a single Brazilian city to a global movement. It is slow, patient, incremental work, but it is work that can begin immediately, without anyone's permission, in any city where the political will exists.

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## 5.4 Bioregional Pilots

Some of the most urgent governance challenges facing the United States are organised around ecological boundaries that bear no relationship to state lines. The bioregional pilots are the mechanism for addressing these challenges at the scale they actually occur. They build on the compact model but orient governance around ecological rather than administrative boundaries, and they incorporate the participatory and deliberative infrastructure that the municipal laboratories pioneer.

The most immediate candidate is the **Great Lakes Basin**. The Great Lakes contain roughly twenty percent of the world's surface freshwater, supply drinking water to over forty million people, and support a regional economy valued in the trillions. They are bordered by eight American states and two Canadian provinces. Their governance is fragmented across dozens of federal, state, provincial, and local agencies, coordinated informally through the Great Lakes Compact and the International Joint Commission but lacking the authority to manage emerging threats—climate-driven water level fluctuations, toxic algal blooms, invasive species, aging infrastructure—at the scale those threats demand.

A Great Lakes Bioregional Council would bring together the governors of the eight American states, the premiers of the two Canadian provinces, and representatives of the Indigenous nations whose territories lie within the basin. It would have a defined mandate: water quality, ecosystem restoration, climate adaptation, and infrastructure investment. It would be governed by a board composed of elected officials, technical experts, and citizen representatives selected through the deliberative assembly process. It would have a dedicated budget, funded by member contributions and by user fees on water withdrawals and discharges. It would not replace existing agencies. It would coordinate them, filling the integration gap that the current patchwork of fragmented authorities cannot close.

The Great Lakes example is not speculative. The region already possesses significant institutional infrastructure—the Great Lakes Commission, the Council of Great Lakes Governors, the International Joint Commission—that could be upgraded into a genuine bioregional governance body. The compact model provides the legal foundation. What has been missing is the political will to grant the coordinating body the authority and resources it needs to function, and the participatory infrastructure that would give it democratic legitimacy. The bioregional pilot fills that gap.

Other candidates include the **Colorado River Basin**, where a century-old compact is collapsing under the pressure of climate change and overallocation, and where the seven basin states will be forced to negotiate a new framework regardless of whether the federal government facilitates it; the **Mississippi River Basin**,

which drains forty percent of the continental United States and whose water quality, flood control, and ecosystem health are managed by a patchwork that no one defends as effective; and the **Cascadia Corridor**, stretching from Vancouver to Portland to San Francisco, which shares an economic geography, a seismic vulnerability, and an ecological identity that the state and provincial borders slicing through it ignore. Each is a case where the functional logic of coordination is overwhelming, where the federal government is incapable of providing it, and where the states and communities affected have both the capacity and the incentive to act together.

The bioregional pilots do not replace the federal government's environmental role. The EPA, the Army Corps of Engineers, the Fish and Wildlife Service—these agencies retain statutory authority and technical expertise that regional bodies cannot replicate. But the federal government's capacity to act has been degraded by the escalate-block-bypass-delegitimise spiral and by the systematic underfunding and politicisation of its scientific and regulatory functions. The bioregional pilots provide a complementary pathway—one that operates below the federal veto ceiling, that is grounded in the specific knowledge and accountability that only place-based governance can provide, and that can begin immediately, without waiting for Washington to become functional.

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## 5.5 Scaling by Attraction

The transition architecture described in this section—cross-state compacts as prime movers, municipal laboratories as the local expression, bioregional pilots as the ecological dimension—is not a formula for comprehensive national reform. It is a strategy for building integration capacity incrementally, at the scales where it is politically and institutionally possible, and for creating the conditions under which broader reform becomes imaginable.

The mechanism of scaling is **attraction, not mandate**. The federal government does not require states to join compacts, cities to become laboratories, or regions to form bioregional councils. It enables, funds, evaluates, and celebrates success. The states, cities, and regions that pioneer the new governance models do so voluntarily, either because their leaders are convinced by the evidence or because their citizens demand access to the benefits that the models provide. The contrast between participants and non-participants—visible, measurable, politically salient—creates the pressure for expansion.

This is slow. It will not produce dramatic political transformation within a single electoral cycle. It may take a generation. But it is durable, because it is built on demonstrated value rather than ideological commitment. It is resilient, because it does not depend on any single political leader, party, or institution. And it is consistent with the subsidiarity principle that the architecture itself is designed to instantiate—decisions at the level where knowledge lives and consequences are felt, authority matched to capacity, scaling by attraction rather than imposition.

The United States has done this before. The same-sex marriage movement scaled through attraction: state-level victories accumulated, the evidence that marriage equality did not destroy the family accumulated, the cultural and political ground shifted, and the Supreme Court's eventual recognition was less an act of judicial activism than a ratification of a consensus that had already been built from below. The Progressive Era reforms that professionalised municipal government and curtailed machine politics scaled through attraction: cities that adopted professional city managers and nonpartisan elections demonstrated better outcomes, and the model spread. The Americans with Disabilities Act built on years of state-level experimentation and advocacy that demonstrated both the feasibility and the moral necessity of accessibility requirements.

The integration architecture this report proposes follows the same path. It does not require a constitutional convention, a presidential crusade, or a defeat of the Veto Industrial Complex. It requires a small number of willing governors, mayors, and community leaders who are prepared to demonstrate that a different governance model produces better outcomes. It requires the patience to let the evidence accumulate, the humility to acknowledge that some experiments will fail, and the confidence that the ones that succeed will attract imitators. The federal architecture will eventually follow—not because Washington has been persuaded, but because the contrast between the states, cities, and regions that are governing effectively and those that are not will become too stark to ignore. The bridges between the islands will be built from below. The continent will emerge gradually, not through a single act of creation but through the slow, patient, unglamorous work of connection. The next section describes the concrete first step.

## 6. A Concrete First Step: Cross-State Compacts and Municipal Laboratories

### 6.1 The Logic of the Pilot

A framework without a first step is a thought experiment. The integration capacity described in this report—the cross-state compacts, the municipal laboratories, the bioregional governance, the integration infrastructure, the translation layers, the deliberative assemblies—cannot be built everywhere at once. Attempting to impose it nationally would be to commit the very error this report diagnoses: another grand design conceived at the centre, broadcast uniformly, and consumed by the escalate-block-bypass-delegitimise spiral before it has a chance to prove itself.

The wiser path is to begin with a small number of demonstrations—specific, visible, and compelling—that can prove the model works at scales where the veto points are fewest and the possibility of results is greatest. This is the logic of demonstrated value before formal authority, applied to the American constitutional context. The pilot does not require constitutional amendment. It does not require federal legislation. It does not require the Veto Industrial Complex's permission. It requires a small number of willing governors and mayors, a modest budget, and the patience to let the evidence accumulate.

This section proposes a **dual-track pilot**: a high-visibility cross-state compact in a domain where federal action is gridlocked and the functional logic of coordination is overwhelming; and a networked set of municipal laboratories, anchored by FREE in Tulsa, adopting a common set of governance practices and sharing their results openly. The compact demonstrates integration at the regional scale. The municipal laboratories demonstrate integration at the local scale. Together, they test the hypothesis that functional governance can be built from below—and that successful demonstrations attract imitators.

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### 6.2 The Dual-Track Design

**Track One: A Climate Coordination Compact.** The first track establishes a compact among a small number of states—three to five initially—to coordinate climate policy across a shared regional economy. The compact would establish a common carbon pricing mechanism, shared emissions reduction targets, and a pooled investment fund for clean energy infrastructure and just transition programmes. It would be governed by a board composed of member state representatives, technical experts, and citizen delegates selected through state-level deliberative assemblies. It would have a dedicated budget, funded by member state contributions and by a portion of the carbon pricing revenue. It would be authorised through the

constitutional compact mechanism, with congressional consent secured through the ordinary legislative process—a process that has historically been granted for functional interstate agreements without significant controversy.

The compact is designed to be high-visibility precisely because it demonstrates the core thesis of this report: that states can coordinate interstate challenges effectively when they choose to, and that this coordination can occur without waiting for Washington. The climate domain is chosen because the federal government's failure is undeniable—decades of legislative gridlock, regulatory churn that reverses with each administration, and scientific warnings that grow more urgent with each passing year—and because the economic logic of coordination is overwhelming. States that coordinate their energy transitions gain economies of scale in renewable procurement, reduce regulatory fragmentation for businesses, and attract investment that avoids jurisdictions where policy uncertainty is high.

The initial cohort of states should be chosen from a single regional electricity market—the Northeast (RGGI states), the Midwest (MISO region), or the West (California and neighbouring states)—where the physical infrastructure of the grid already requires coordination, and where the economic case for harmonised policy is most immediate. The compact is not a substitute for federal climate legislation. It is a demonstration that effective climate governance is possible without it, and that the demonstration itself changes the political calculus for national action.

**Track Two: Municipal Laboratories.** The second track establishes a networked set of five to ten municipalities that voluntarily adopt a common set of governance practices: participatory budgeting for a defined portion of the municipal budget; Algorithmic Bypass transparency tools that track all municipal expenditures in real time, with geo-tagged, publicly accessible data; standing citizens' deliberative councils, randomly selected and demographically stratified, with formal government response obligations; and independent evaluation of outcomes conducted by academic partners and published openly. The municipalities receive seed funding from a consortium of foundations and technical assistance from the existing networks of participatory governance practitioners. Their results are shared through a common data platform, allowing citizens, researchers, and other municipalities to compare outcomes across jurisdictions.

The Track Two municipalities should be diverse in geography, size, and political alignment: a mid-sized city in the Midwest, a coastal suburb, a rural county seat, a post-industrial town in Appalachia, a rapidly growing Sunbelt exurb. At least one municipality should be in a region where the state government is actively hostile to the principles of participatory governance, to test whether the model can function even in unsupportive political environments. The diversity ensures that if the model succeeds, the evidence is not dismissible as the product of uniquely favourable conditions.

The municipal track is anchored by FREE in Tulsa, which already operates several of the core components—horizontal assemblies, participatory budgeting campaigns, community land trusts, engagement with municipal government—and which provides a template that other municipalities can adapt to their own conditions.

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## 6.3 Selection Criteria

The states and municipalities that participate in the pilot should not be chosen by political convenience or by a competition that rewards the most polished application. The goal is to create a credible proof of concept, and credibility depends on selecting jurisdictions where the conditions are broadly representative and the political commitment is genuine.

For the compact, four criteria guide selection. **Regional coherence:** the participating states should share a regional economy and, ideally, an interconnected energy grid, so that the functional logic of coordination is immediate and undeniable. **Political diversity:** the compact should include at least one state governed by each major party, so that the compact is not dismissible as a partisan project. **Existing institutional capacity:** the participating states should have demonstrated the administrative capacity to manage complex regulatory programmes—a state environmental agency that has successfully implemented emissions monitoring, a public utility commission that has experience with carbon pricing. **Gubernatorial commitment:** the governors of the participating states must be personally committed to the compact's success, willing to invest political capital in its design and defence, and prepared to protect it through the inevitable difficulties of its first years.

For the municipal laboratories, five criteria guide selection. **Existing participatory governance tradition:** the municipality should have some history—even if partial or nascent—of citizen participation in resource allocation. **Administrative capacity:** the municipality should have a functional administrative apparatus capable of managing the transparency and accountability requirements of the laboratory model. **Political willingness:** the mayor and council must be genuinely committed, not merely tolerant, with cross-partisan support where the municipality has a partisan council. **Geographic and demographic diversity:** the cohort should span regions, sizes, and economic bases. **Willingness to be evaluated transparently:** the municipality must commit to independent, public evaluation of its outcomes, with data shared openly.

A transparent selection process—published criteria, open call, publicly reasoned decisions—would itself be a signal of the governance model the pilot is designed to demonstrate.

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## 6.4 Core Design Features

The cross-state compact and the municipal laboratories share a set of common design features that embody the integration architecture described in this report.

**Shared governance with citizen participation.** The compact's governing board includes not only state officials but also citizen delegates selected through state-level deliberative assemblies. The municipal laboratories include standing citizens' councils with formal government response obligations. The principle is

that integration cannot be achieved through intergovernmental coordination alone. It requires democratic participation that gives citizens direct experience of collective decision-making and that builds the legitimacy of the institutions that coordinate it.

**Algorithmic transparency.** All public expenditures under the compact and the municipal laboratories are tracked in real time, geo-tagged, and publicly accessible through open APIs. The transparency infrastructure is modelled on the Algorithmic Bypass proposed for Brazil—visibility coupled to automatic constraints, triangulated verification from multiple data sources, version-controlled publicly auditable rules. The infrastructure is built by the same technical communities that have demonstrated the capacity to deliver complex digital public goods, and it is funded by the same consortium of foundations that supports the pilot.

**Cross-partisan deliberation requirements.** Building integration capacity at the sub-federal level requires deliberate investment in cross-partisan deliberative habits. Otherwise, adversarial subsidiarity will replicate at smaller scales, and the municipal laboratories will become islands of progressive governance in blue cities while conservative municipalities refuse to participate. The pilot therefore includes design features that require cross-partisan engagement: citizens' councils stratified by political affiliation as well as by demographics; participatory budgeting processes that require supermajority support for major allocations; evaluation reports that explicitly compare outcomes across political contexts. The goal is not to eliminate partisan disagreement but to channel it into productive forms—to demonstrate that people who disagree about values can nonetheless collaborate on specific, concrete improvements to their shared environment.

**Independent evaluation and open data.** Each compact and each municipal laboratory is paired with an independent research partner—a university, a research institute, a nonpartisan watchdog—that documents its experience, evaluates its outcomes, and publishes results openly. The evaluation is formative, designed to help the pilot learn and adapt in real time, as well as summative, designed to generate evidence for other jurisdictions. All data is published under open licences, accessible to citizens, journalists, and policymakers in any state or municipality considering whether to adopt the model.

**Voluntary participation and protected exit.** The pilot is voluntary. Jurisdictions apply to join. Those that join can leave at any time, without penalty beyond the loss of the benefits that participation provides. The exit option is structurally protected, consistent with the anti-capture architecture that the integration model requires. Participation must be earned; it cannot be compelled.

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## 6.5 Budget and Governance

**Budget.** The pilot should be funded generously enough to be serious but not so lavishly that its results are dismissed as the product of exceptional resources. A rough envelope of \$100–200 million over a five-year initial phase, covering the compact's coordination infrastructure, the municipal seed grants, the technology development for the transparency platform, and the independent evaluation, would be appropriate. Funding

could be drawn from a consortium of philanthropic foundations with an established interest in democratic governance—the Hewlett Foundation, the Omidyar Network, the Rockefeller Brothers Fund, the Ford Foundation—combined with state and municipal contributions and, potentially, federal support through existing grant programmes that do not require new legislation. The total investment is modest relative to the scale of the challenges the pilot addresses—a fraction of what the federal government spends annually on programmes whose ineffectiveness the integration deficit perpetuates.

**Governance.** The pilot is governed by a tripartite board comprising representatives of the participating states and municipalities, the funding consortium, and independent experts drawn from academia, civil society, and the technology sector. The board approves the selection of participants, oversees the evaluation framework, and ensures the independence of the research partners. Decisions are taken by consensus where possible, with a qualified majority fallback. The board does not direct the substantive policy decisions of the compact or the municipalities, which remain under the democratic authority of their elected governments.

**Legal basis.** The compact is authorised through existing state law and the constitutional compact mechanism. Congressional consent is sought through ordinary legislation—a process that has historically been uncontroversial for functional interstate agreements. The municipal laboratories operate under existing municipal authority, requiring no changes to state law except where states choose to grant additional fiscal or administrative flexibility to participating cities. The pilot is designed to operate within the existing constitutional architecture, not to challenge it.

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## 6.6 How to Measure Success

The pilot should be evaluated in terms that connect directly to the integration deficit diagnosis.

**Compact compliance and impact.** The extent to which member states meet the compact's emissions reduction targets, compared to non-member states over the same period. The cost reductions achieved through pooled clean energy procurement. The degree to which the compact's carbon pricing mechanism functions as designed, with revenue collection, disbursement, and enforcement operating transparently. The stability of the compact across electoral cycles—does it survive changes in state government?

**Municipal outcome improvement.** Delivery fidelity: the gap between budgeted and verified project completion, as measured by the Algorithmic Bypass transparency tools, compared to baseline data from the same municipalities before the pilot. Citizen satisfaction with public services. Participatory budgeting engagement rates. The quality and influence of citizens' council recommendations, as measured by the rate at which they are adopted or substantively addressed by municipal government.

**Citizen trust trajectories.** Trust in local government, measured through regular surveys in the pilot municipalities and compared to baseline surveys conducted at the start of the pilot and to control municipalities with similar profiles. The hypothesis is that citizens who experience transparent, participatory

governance will express higher trust than those who experience the current architecture.

**Replication rate.** The number of additional states that join the compact, and the number of additional municipalities that adopt the laboratory model, after the first three years of demonstrated results. The ultimate metric of success is not whether the pilot jurisdictions perform well—that is necessary but not sufficient—but whether their performance attracts imitators. If the compact reduces emissions and costs but no other state requests to join, the transition architecture has failed. If a steady stream of states and cities requests participation, the transition architecture is working.

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The dual-track pilot is a proposal, not a demand. It does not require constitutional amendment. It does not require the Veto Industrial Complex's surrender. It requires a small number of governors and mayors who are willing to demonstrate that functional governance is possible at scales where the veto points are fewest and the feedback loops are tightest. It requires a consortium of foundations willing to fund the experiment. It requires the patience to let the evidence accumulate—to resist the temptation to declare victory or failure prematurely, and to let the results speak for themselves.

That is how America's most successful governance innovations have always spread—not through grand constitutional moments, but through the patient accumulation of demonstrated success, the quiet spread of what works from one state to another, from one city to another, and the gradual recognition that the old way of governing has become harder to defend than the new one. The cross-state compact and the municipal laboratories are the next chapter of that tradition—not a rupture, but an extension of what America has already demonstrated it can do. The question is whether the political will exists to begin.

## 7. Coda: From Archipelago to Continent

### 7.1 The Wealth That Matters

The United States is the wealthiest nation in human history. Its economy is larger than the next two combined. Its military can project force to any point on the planet within hours. Its universities dominate global rankings. Its technology companies have reshaped the daily lives of billions of people. Its cultural output—films, music, literature, design—sets the terms of global conversation. By any conventional measure of national power, the United States remains, and will likely remain for the foreseeable future, the most capable society ever built.

But wealth, in the sense that matters for a society's long-term flourishing, is not the stock of what has already been accumulated. It is the capacity to translate what has been accumulated into collective action when collective action is what the moment demands. It is the capacity to convert distributed intelligence into shared direction, to align diverse capacities toward common purposes, to integrate the fragments of excellence into a coherent whole. On that measure—the measure of integration—the United States has been running down its reserves for at least a generation.

The escalate-block-bypass-delegitimise spiral is the mechanism through which this depreciation occurs. Each iteration of the spiral produces a slightly more fragmented public sphere, a slightly more contested institutional landscape, and a slightly wider gap between what the nation is capable of and what it can actually achieve. The archipelago of American governance contains islands of genuine brilliance—in the Federal Reserve and the NIH, in Massachusetts healthcare and Silicon Valley innovation, in the community land trusts of Tulsa and the participatory budgeting experiments of a hundred cities. But the sea between the islands is rising, and the bridges between them have been allowed to rot.

This is not a condition that will correct itself. The spiral is stable. It is self-reinforcing. It will continue to produce the same pattern—intensifying polarisation, institutional delegitimation, fragmented and reversible policy—until the architecture that generates it is changed. The question is not whether the United States can survive in its current form. It can survive, in the sense that a ship with a damaged rudder can survive: it can drift, responding to each wave as it comes, never reaching port but never quite sinking. The question is whether drift is an acceptable condition for the world's most powerful democracy in an era of climate disruption, great-power competition, and technological transformation that will reshape the global order within a single generation. Drift is not survival. It is slow surrender.

## 7.2 The Shift

The shift this report describes is not a shift in resources, though resources will need to be allocated differently. It is not a shift in political will, though political will is necessary. It is a shift in how the United States understands the relationship between its distributed capacities and the integration mechanisms that connect them.

For most of American history, the integration problem solved itself well enough that it did not need to be named. The informal mechanisms of elite consensus, shared media, and cross-party coalition-building provided a functional integration layer without requiring formal institutional design. That era is over. The informal mechanisms have collapsed, and the Constitution provides no pathway for rebuilding them at the federal level, because the veto architecture prevents the construction of new integration capacity through the same channels that the integration failure has paralysed.

The shift is to stop waiting for Washington to become functional and to start building integration capacity where it can be built: in state capitals and city halls, in cross-state compacts and bioregional councils, in the networks of municipal laboratories and the infrastructure that connects them. It is to recognise that the United States is not the federal government—it is a continent-scale nation of fifty states, thousands of municipalities, and a civil society that has repeatedly demonstrated the capacity to innovate when the conditions are right. It is to accept that the federal architecture may remain paralysed for years or decades, and to build the alternative infrastructure that can function regardless.

This is not a counsel of despair. It is a realistic assessment of where the possibility of action currently lies. The federal government has been the primary arena of American governance for so long that it has become difficult to imagine governance occurring anywhere else. But the American experiment began with governance distributed across the states, and the states remain constitutionally empowered to act. The compact mechanism is embedded in the constitutional text. The municipal authority that cities exercise is among the most robust in the democratic world. The philanthropic and civic infrastructure that sustains American civil society has no equal in scale or sophistication. The raw materials for the integration architecture this report describes are already present. What has been missing is the recognition that they can be assembled into something more than the sum of their parts—and the political will to begin.

## 7.3 The Global Spillover

The United States is not merely a domestic polity. It is the anchor of the postwar international order—the provider of reserve currency, security guarantees, and institutional leadership that has structured global governance for eight decades. The integration deficit diagnosed in this report has consequences that extend far beyond American borders.

The most immediate consequence is that the United States cannot make credible long-term international commitments. Every treaty, every trade agreement, every alliance pledge is now understood by foreign partners to be potentially reversible by the next administration. A climate agreement signed by one president is rescinded by the next. A trade deal negotiated over years is abandoned after an election. A security guarantee extended to an ally is questioned when a new president muses publicly about withdrawing from NATO. The gridlock at home produces unreliability abroad, and the unreliability erodes the foundation of American power—the trust of allies, the confidence of markets, the credibility of commitments.

The deeper consequence is that the international order the United States built and sustained is losing its institutional centre. The World Trade Organization's dispute resolution mechanism has been paralysed by American refusal to appoint judges. The World Health Organization's pandemic response capacity has been undermined by American withdrawal and re-engagement on partisan timelines. The climate regime lacks an American partner capable of making durable commitments. In each case, the American integration deficit produces a global coordination failure: the institution that should be leading collective action is itself incapable of sustained action, and the resulting vacuum is filled by actors—China, Russia, the multinational corporations—whose interests are not aligned with the liberal democratic order that American leadership sustained.

The integration architecture proposed in this report—the cross-state compacts, the municipal laboratories, the bioregional governance—will not directly address the global spillover problem. A climate compact among American states does not substitute for American participation in a global climate treaty. A municipal laboratory in Tulsa does not restore American credibility at the United Nations. But over time, the reconstruction of domestic integration capacity would create the conditions under which a more reliable American foreign policy becomes possible. A United States that can coordinate its own internal governance across partisan lines is a United States that can make commitments its partners can trust. The global dimension is not an argument for delaying domestic reform until the international situation permits. It is an argument for recognising that domestic reform is a precondition for international effectiveness—that the capacity the United States needs to exercise abroad must first be rebuilt at home.

## 7.4 The Series Boundary Condition

This report is the ninth in a series of Country Reports for Systemic Change, and it extends the series logic to its most difficult case. The previous reports diagnosed deficits in governance systems that, for all their flaws, retained the capacity to be reformed through mechanisms internal to the architecture. Germany's execution deficit could be addressed through pilot regions. France's integration deficit could be addressed through low-visibility territorial experiments. Sweden's feedback deficit could be addressed through municipal laboratories. India's synchronisation deficit could be addressed through digital public infrastructure and state-level sandboxes. The European Union's coherence deficit could be addressed through variable geometry and crisis-mode governance. The United Kingdom's control-delivery mismatch could be addressed through

trailblazer devolution deals. Brazil's accumulation deficit could be addressed through the Algorithmic Bypass and municipal laboratories. Even Russia—where transition is impossible under the current regime—presents a clear diagnostic: the power vertical must be dismantled before any reform can proceed.

The United States is the case that asks: what happens when a governance system possesses all the components of adaptive capacity—distributed authority, genuine innovation, democratic energy, immense resources—but lacks the integration layer that allows those components to function together? The answer, across every domain examined in this report, is the same: the components remain components. They do not cohere. The islands of excellence do not become a continent. The whole is less than the sum of its parts.

This is the integration deficit, and it is the most challenging diagnosis in the series because the mechanism that produces it—the constitutional veto architecture—is the mechanism that prevents it from being addressed through normal democratic politics. Every other country in the series has a pathway to reform that does not require constitutional amendment. The United States, uniquely among the democratic cases, has a constitutional architecture that makes amendment nearly impossible and that externalised its integration layer to informal mechanisms that the architecture itself has since destroyed.

The honest implication is that the United States cannot fix itself through its own federal processes, and that no amount of better leadership, stronger political will, or more compelling policy ideas will change that structural constraint. The transition architecture must therefore operate outside the federal framework—in the states, the municipalities, the compacts, and the civil society organisations that the Constitution empowers but that the federal gridlock has obscured. This is not an ideal solution. It is the only available one. And it is available now, without anyone's permission, in any state or city where the political will exists to begin.

## 7.5 A Final Word

The United States has always been, in its most fundamental character, an experiment in distributed governance—a bet that a continental-scale republic could govern itself through the voluntary coordination of diverse communities rather than through the command of a centralised state. The Founders who designed the constitutional architecture were not naive about the difficulties this would entail. They understood that the system they were building would require constant maintenance, constant adaptation, constant renewal. They built an amendment process precisely because they knew the architecture would need to evolve. What they could not have anticipated was a world in which the amendment process would become inoperable—not because of formal repeal, but because the conditions that make amendment possible (broad consensus, shared epistemic ground, cross-partisan trust) had been undermined by the very dynamics the architecture was supposed to prevent.

The task this report has described is not to abandon the Founders' vision. It is to continue it—to build the integration layer that the Founders assumed would exist, using the tools that the Founders provided. The Constitution gave states the power to form compacts. It gave municipalities the authority to govern their own affairs. It gave citizens the rights of association, speech, and petition that make democratic innovation

possible. These tools have always been available. What has been missing is the recognition that they can be used not merely to govern within the existing architecture but to transform it—to build, from below, the integration capacity that the architecture at the federal level can no longer provide.

America has already built the future in fragments. The fragments are there—in the states that are governing effectively despite Washington, in the cities that are pioneering new forms of democratic participation, in the communities that are rebuilding trust from the ground up, in the compacts that manage shared resources across jurisdictional boundaries. The problem is not invention. America remains among the most inventive societies on earth. The problem is connection. The bridges between the islands have not been built because no institution has had the mandate, the resources, or the political incentive to build them. The integration infrastructure this report describes—the cross-state compacts, the municipal laboratories, the bioregional councils, the translation layers, the deliberative assemblies, the anti-sorting safeguards—is the bridge-building project that the nation has deferred for too long.

The escalate-block-bypass-delegitimise spiral is stable, but it is not eternal. The archipelago can become a continent. The task is not to build new islands. It is to construct the bridges, ferries, and lighthouses that connect the ones that already exist. The materials are at hand. The tools are available. The question is whether the will exists—in Springfield and Sacramento, in Tulsa and Toledo, in the state capitols and city halls where the actual work of governance occurs—to begin.

## Appendix A: Value Systems and Policy Mindsets — A Guide for the American Context

### A Note on This Appendix

The main body of this report avoids specialised terminology from developmental psychology or cultural theory. It speaks the language of governance architecture, integration capacity, and institutional design. This appendix offers a complementary lens for readers who wish to understand the deeper value-system dynamics at play in American governance. It is optional, but it makes the report's underlying logic fully transparent.

### A.1 The Basic Insight

Different institutions and political cultures tend to operate from different centres of gravity in how they think about governance, resources, and change. These are not personality types or party affiliations, though they correlate loosely with both. They are underlying value systems—ways of constructing what feels real, legitimate, and important.

Each value system represents a coherent response to particular life conditions. None is "better" in any absolute sense. Each has characteristic strengths that emerge under certain conditions and characteristic blind spots that emerge under others. The challenge of governance in a complex society is to integrate the legitimate concerns of multiple value systems without being captured by any single one.

The framework used here draws on Spiral Dynamics integral theory. What follows is a simplified map of the systems most relevant to contemporary American governance.

### A.2 The Value Systems in the American Arena

**Order and Stability (sometimes called "Blue") — the Constitutional Order.** In the American context, this mindset expresses itself through the Constitution, the rule of law, the separation of powers, and the deep cultural reverence for the founding document and the institutions it created. Strengths: institutional memory, procedural integrity, and a framework of rights that has proven remarkably durable over two centuries. Blind spots: rigidity, a tendency to elevate constitutional text over functional outcomes, and the fact that an architecture designed for the 18th century is being asked to govern a 21st-century superpower. The veto architecture and the sovereignty reflex—"this is how the Founders intended it"—are expressions of this mindset operating without sufficient integration from other value systems.

**Achievement and Efficiency (sometimes called "Orange") — the Market and Innovation State.** This mindset drives America's economic dynamism, its technological innovation, its entrepreneurial culture, and its global corporate reach. It expresses itself in Silicon Valley, Wall Street, the venture capital ecosystem, and

the cultural valorisation of the self-made individual. Strengths: extraordinary innovation capacity, global competitiveness, and a results-oriented pragmatism that has produced the world's largest economy. Blind spots: externalities that fall outside market metrics, inequality that growth does not automatically address, and a tendency to treat market solutions as substitutes for governance rather than complements to it. The Veto Industrial Complex—the multi-billion-dollar ecosystem of lobbying, litigation, and campaign finance that profits from gridlock—is an Orange industry built on a Blue constitutional architecture.

**Inclusion and Care (sometimes called "Green") — the Social Justice and Environmental Tradition.**

This mindset expresses itself through the civil rights movement, the environmental movement, the push for universal healthcare and social provision, and the diverse coalitions that advocate for marginalised communities. Strengths: empathy, solidarity, and a genuine commitment to ensuring that the American promise extends to all Americans. Blind spots: consensus-dependency, difficulty with hard trade-offs, and a tendency in some expressions to treat moral clarity as a substitute for political effectiveness. The adversarial subsidiarity trap—where progressive states adopt policies that conservative states reject on identity grounds—partly reflects a Green cultural style that can alienate the very constituencies whose support is needed for national integration.

**Integrative and Systemic (sometimes called "Yellow") — the Integration Architect.**

This mindset prioritises functional fit, systemic awareness, and the capacity to integrate multiple perspectives without being captured by any of them. Strengths: flexibility, whole-systems thinking, comfort with uncertainty and experimentation, and a focus on what works rather than on who gets credit. Blind spots: can appear detached, overly intellectual, or politically unworkable to those operating from other mindsets. In the United States, this mindset is nascent—visible in the cross-partisan reform organisations, the municipal innovation networks, and a handful of state-level experiments—but it has not yet achieved institutional expression at any significant scale.

### **A.3 The Integration Deficit as a Value-System Clash**

The American governance system is dominated by the interplay—and frequent collision—of the first three mindsets. The constitutional Blue insists on the sanctity of the founding architecture and the procedural constraints it imposes. The entrepreneurial Orange builds extraordinary wealth and innovation within that architecture while also constructing the Veto Industrial Complex that prevents the architecture from being updated. The caring Green demands that the nation live up to its promises of equality and justice, often through state-level action that the federal architecture cannot coordinate and that the adversarial subsidiarity trap converts into cultural conflict.

Each has made essential contributions to American governance. The Blue architecture has provided two centuries of political stability—an achievement without parallel in the modern world. The Orange economy has generated prosperity and innovation at a scale unmatched in human history. The Green movements have

expanded the circle of democratic inclusion and forced the nation to confront its deepest contradictions. But the system lacks the integrative architecture that would allow these three value systems to function together rather than at cross-purposes.

The integration infrastructure proposed in this report—the cross-state compacts, the municipal laboratories, the bioregional governance, the deliberative assemblies, the translation layers—speaks to all three mindsets. It respects the Blue constitutional architecture by building on the compact clause and the federalist tradition. It harnesses Orange innovation capacity by using digital transparency tools, algorithmic accountability, and market mechanisms where they serve public purposes. It advances Green commitments to inclusion and participation through citizens' assemblies, participatory budgeting, and community governance. The bridges between the islands cannot be built by any single value system acting alone. They require the integration that only a Yellow perspective can provide.

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## Appendix B: International Analogues and Precedents

The proposals in this report are not without precedent. The following examples illustrate existing implementations of integration-oriented governance reforms across multiple countries.

### B.1 The European Union: Cohesion Policy and Coherence Regions

The EU's Cohesion Policy transfers resources from higher-income to lower-income regions while requiring recipient regions to build administrative capacity and align with shared policy frameworks. It is the world's largest institutionalised integration mechanism—an attempt to coordinate economic development across sovereign states with different languages, legal systems, and political cultures. The EU's experience demonstrates both the possibility and the difficulty of building integration capacity across jurisdictional boundaries: the structural funds have produced measurable convergence in some regions and negligible impact in others, and the administrative burden of compliance has sometimes outweighed the benefits. The American cross-state compacts proposed in this report can learn from the EU's successes and failures.

### B.2 Germany: Federalism and Cooperative Governance

Germany's federal architecture distributes significant authority to sixteen

*Länder*

while maintaining strong coordination mechanisms—the Bundesrat, the conference of state ministers, the joint task forces—that enable coherent national policy without centralised command. The German experience demonstrates that federalism and integration are not opposed principles: they can be complementary when the integration infrastructure is deliberately built and maintained. The United States possesses the federal structure but lacks the coordination mechanisms that make German federalism work.

### B.3 India: State-Level Experimentation and Digital Public Infrastructure

India's federal architecture, like America's, creates significant variation in governance capacity across states. The companion report in this series on India identifies a synchronisation deficit—the inability to align extraordinary pockets of capacity across a vast and heterogeneous territory. India's experience with digital public infrastructure—particularly the Aadhaar identity system and the UPI payment platform—demonstrates that well-designed digital public goods can provide an integration layer that bypasses institutional fragmentation. The Algorithmic Bypass transparency tools proposed for American municipalities draw on the same design logic.

## **B.4 Brazil: The Algorithmic Bypass and Municipal Laboratories**

The companion report on Brazil proposes an Algorithmic Bypass—a constrained digital coordination layer that makes political resource allocation visible, verifiable, and subject to automatic constraints when delivery fails. The Bypass is built by the same technical community that delivered PIX, Brazil's world-class instant payment system. The American municipal laboratories proposed in this report adapt the same design principles to the American context: algorithmic transparency coupled to automatic consequence, triangulated reality verification, and public auditability.

## **B.5 United Kingdom: Devolution and Trailblazer Regions**

The United Kingdom's combined authority model—particularly the Greater Manchester devolution experiment—demonstrates that place-based integration of health, social care, skills, and economic development can produce measurable improvements in outcomes even within a highly centralised national architecture. The American municipal laboratories build on the same logic: give local institutions genuine authority, match it with capacity and transparency, and let the results attract imitators.

## **B.6 FREE in Tulsa as Proto-Integration Mechanism**

The most directly relevant precedent for the American municipal laboratory model is FREE in Tulsa—the Forum for Real Economic Emancipation, founded by economist Clara Mattei. Operating in a mid-sized city with a history of both racialised economic destruction and civic renewal, FREE combines horizontal assemblies, participatory budgeting, community land trusts, and engagement with municipal government. It demonstrates that integration is possible at the local level even in a nation whose federal architecture prevents integration at the national level. It is a proof of concept, not a scalable template, but its design principles—connect citizens to decisions, rebuild legitimacy through demonstrated effectiveness, link input to output—are generalisable.

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## Appendix C: The Governance as Engineering Connection

### C.1 The Architectural Foundation

This report draws on a deeper body of work: the Governance as Engineering series, a set of formal analyses that model governance institutions as feedback control systems using standard mathematics from control theory, information theory, and cybernetics. The series is technical; this appendix summarises its core findings in non-technical language and shows how they underpin the integration deficit diagnosis.

### C.2 The Five Papers in Brief

**Paper I — Governance Stability Simulator** demonstrates that centralised governance systems operating on aggregated signals destroy spatial information. A central controller observing only the national average cannot see which regions are in distress and which are stable. This is the formal basis for the argument that American federalism—distributing authority across fifty states without the integration mechanisms that would connect them—produces fragmentation rather than subsidiarity.

**Paper II — Fractality as Stability** demonstrates that no single-scale controller can stabilise a system facing simultaneous fast, medium, and slow disturbances. This is the formal basis for the multi-level integration architecture proposed in this report—municipal, state, compact, bioregional—each addressing the challenges at the scale where information and capacity are richest.

**Paper III — The Observability-Democracy Connection** demonstrates that citizen preferences cannot be reliably transmitted through representation chains deeper than two or three layers. The American representation chain—citizen to municipal councillor to state legislator to member of Congress to federal agency—is deep enough to destroy the signal, and the epistemic collapse further degrades what remains. The municipal laboratories and citizens' assemblies are mechanisms for shortening the chain and restoring observability.

**Paper IV — Requisite Variety and the Commons** demonstrates that governance systems with low-dimensional observation cannot stabilise high-variety resource systems. The American governance architecture observes the economy, the environment, and society through a set of metrics that are fragmented, politicised, and increasingly distrusted. The integration infrastructure proposed in this report—cross-state data platforms, translation layers, independent evaluation—is designed to increase the observational variety that effective governance requires.

**Paper V — The Coordination Failure Tax** demonstrates that the four failure modes do not add—they multiply. A governance system exhibiting all four simultaneously is categorically incapable of the functions it claims to perform. The United States exhibits all four—spatial blindness, frequency gaps, preference

invisibility, and observational inadequacy—and their interaction produces the escalate-block-bypass-delegitimise spiral. The integration deficit is the compounding output.

### **C.3 From Engineering Analysis to Institutional Design**

The Governance as Engineering series provides the formal proof that the integration deficit is not merely a political pathology but a structural condition. The series does not prescribe specific institutional designs; it identifies the parameters that any viable design must satisfy. This report translates those parameters into a concrete proposal for the United States: cross-state compacts to match governance scale to problem scale, municipal laboratories to shorten the representation chain and restore observability, integration infrastructure to increase the variety of signals available to decision-makers, and anti-sorting safeguards to prevent the replication of the spiral at smaller scales.

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## **Appendix D: Anticipated Objections**

### **D.1 "The Constitution is sacred. This proposal undermines the Founders' design."**

The Founders designed a Constitution that assumed integration would occur through informal mechanisms—elite consensus, shared civic norms, a common public sphere. They also provided tools for building integration: the compact clause, the federalist structure, the rights of association and petition. The cross-state compacts, municipal laboratories, and bioregional governance proposed in this report use those constitutional tools to build the integration layer the Founders assumed would exist. They do not amend the Constitution. They fulfil it.

### **D.2 "The Veto Industrial Complex will crush any reform. This is naive."**

The Veto Industrial Complex is optimised to block federal action. It has less leverage over sub-federal governance, where the veto points are fewer, the economic incentives for obstruction are weaker, and the possibility of demonstrated success is greater. The transition architecture does not attack the Complex directly. It builds functional governance in the domains the Complex cannot easily reach, and lets the evidence of what works create political pressure that the Complex cannot indefinitely resist.

### **D.3 "This is just a workaround, not a solution. The federal government still needs to be fixed."**

The federal government cannot fix itself through its own processes—that is the core structural diagnosis of this report. Waiting for Washington to become functional before addressing urgent governance challenges is not a strategy. It is an acceptance of drift. The sub-federal workarounds proposed here are not a permanent substitute for a functioning federal government. They are a bridge to the conditions under which federal reform becomes possible—by building the evidence base, the political constituency, and the institutional capacity that a future constitutional moment would require.

### **D.4 "Adversarial subsidiarity will just replicate at the municipal and state level."**

The report explicitly acknowledges this risk and proposes anti-sorting safeguards—ranked-choice voting, independent redistricting, cross-partisan deliberation requirements, supermajority thresholds for compact adoption—to prevent replication. The safeguards are not guarantees. They are design features that make

replication harder and correction easier. No architecture can eliminate the possibility of dysfunction. The question is whether the architecture makes dysfunction more or less likely, and whether it provides mechanisms for self-correction when dysfunction occurs.

### **D.5 "This is just an elite project—ordinary Americans don't want any of this."**

The municipal laboratories are anchored by FREE in Tulsa—a grassroots organisation whose participants are not elites but residents of a mid-sized city with a history of both racialised economic destruction and civic renewal. Participatory budgeting, citizens' assemblies, and community land trusts are mechanisms for giving ordinary people direct influence over the decisions that affect their lives. They are not impositions from above. They are channels for democratic participation that the current architecture does not provide. The support they attract will depend on whether they deliver results. That is the point: demonstrated value, not ideological advocacy, is the mechanism of scaling.

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## Appendix E: About the Author and Method

### The Author

This report was written from a position of comparative engagement with governance systems across multiple continents, but not from within the United States' institutional core. The author is not a former member of Congress, a senior federal official, or an accredited expert on American constitutional law. The perspective offered here draws on a sustained engagement with complexity science, developmental psychology (Spiral Dynamics), governance theory, and control-theoretic approaches to institutional design—pursued with the conviction that the most valuable diagnoses sometimes come from outside the system being diagnosed, where questions can be asked that insiders have learned not to hear.

The distance from institutional power is both a limitation and a resource. It limits access to the granular, day-to-day texture of American policy-making—the unwritten norms, the informal power structures, the lived reality that no formal framework can capture. But it also enables a freedom of diagnosis that proximity to power often discourages. The report does not claim insider knowledge. It claims a coherent lens—one that may prove useful to those who do hold institutional positions and are searching for frameworks that make sense of what they are experiencing.

The author has also contributed directly to governance design through the Global Governance Frameworks, the Governance as Engineering whitepaper series, and the EU Subsidiarity Protocol—all of which are referenced in this document and available in full on the author's website. The synthesis is offered in the spirit of collaborative sense-making, not definitive pronouncement. Feedback, criticism, and dialogue are welcomed.

### A Note on Method

This report was developed through a structured, multi-model synthesis process. Several large language models were engaged in parallel, each prompted to approach the United States' situation from a different strategic angle—institutional architecture, political economy, cultural dynamics, and comparative governance. Their contributions were woven together, challenged for contradictions, and shaped by the author's own systems-thinking framework into the final argument. The AI served as a research partner and a perspective engine; the editorial judgment, and the intellectual responsibility are entirely human.

This method is an experiment in cognitive amplification: using AI to facilitate analysis and also to deliberately juxtapose multiple strategic intelligences, surfacing patterns and tensions that might otherwise remain invisible. The report is richer for that polyphony. It is also, like any work of synthesis, provisional. It makes no claim to finality. It claims only that the lens it offers merits testing against reality—and that the testing, in the end, is what matters most.

## **The Country Reports Series**

This report is the ninth in a series of Country Reports for Systemic Change. The first examined Germany through the lens of an execution deficit. The second examined France through the lens of an integration deficit. The third examined Sweden through the lens of a feedback deficit. The fourth examined India through the lens of a synchronisation deficit. The fifth examined the European Union through the lens of a coherence deficit. The sixth examined the United Kingdom through the lens of a control-delivery deficit. The seventh examined Brazil through the lens of an accumulation deficit. The eighth examined Russia through the lens of a power-vertical deficit. Together, the nine reports form a global diagnostic framework spanning the full spectrum of adaptive capacity failures—nine different ways that governance architectures fail under complexity, unified by the common structural pressure of the subsidiarity deficit. The series does not claim to be complete. It claims to be a foundation on which further analysis, deeper testing, and better design can be built.