

***AMERICA BEYOND CAPITALISM: THE PLURALIST COMMONWEALTH***

Gar Alperovitz

Lionel R. Bauman Professor of Political Economy

University of Maryland, College Park

Is it possible to conceive in serious and practical terms an “America Beyond Capitalism” (*ABC*)? The following presents a summation of the pluralist systemic argument of my recent book of this title, together with an elaboration of certain key points related to problems of political-economic context and possibility, on the one hand; and, on the other, of larger system goals and outcomes (Alperovitz 2006).<sup>1</sup>

Just below the surface level of media attention, theorists, policy makers, and informed citizens have been generating an extraordinary range of new ideas in recent decades. It is possible to bring together critical elements of the evolving foundational thinking, and project and extend others, to define the underlying structural building blocks of a democratic political-economic system “model” that is different in fundamental ways from both traditional capitalism and socialism.<sup>2</sup>

*ABC* holds that we face a long term (and unusually structured) systemic crisis, not simply a political crisis. From any serious historical perspective the long term trends are

ominous: there is now massive evidence that for decades Americans have been steadily becoming *less* equal, *less* free, and *less* the masters of their own fate. Although we may experience momentary periods of important renewal, *ABC* argues that the emerging era is one in which truly fundamental values—equality, liberty, meaningful democracy, ecological sustainability—are all likely to be increasingly thwarted by real world trends. Given the emerging constraints on traditional politics, it suggests, both serious liberal reform and genuine conservatism are likely to falter. In addition to growing social and economic pain, given the failing long-term trends related to equality, liberty and democratic capacity, it holds that we are beginning to enter a sustained period in which the classic elements of a legitimation crisis appear to be slowly coming to the fore.

One of the critical points to grasp is that the American labor movement has long been in the process not simply of decline, but of radical decline. This, along with America's unusual racial and ethnic divisions, is a key reason why the book judges (after allowing for certain definable exceptions like health care) that most progressive social-democratic proposals based on European precedents are unlikely to be achieved in more than marginal ways in the United States. Although I would welcome whatever can be done, *ABC* argues that the traditional hope of reforming capitalism in general following the best liberal welfare state and corporatist precedents is not likely to be realized.

The book's central argument also rests on the judgment that we face a crisis which is not easily described in conventional or classic terms: The system may not be capable of fundamental reform; but it also unlikely to collapse. What we are already beginning to

experience, *ABC* suggests, is a process of slow decay, one in which reform achieves sporadic gains, but the long-term trends of growing inequality, economic dislocation, failing democratic accountability, deepening poverty, ecological degradation, greater invasions of liberty (and growing imprisonment, especially of minorities) continue to slowly and quietly challenge belief in the capacities and moral integrity of the overall system and its governing elites. Surveys demonstrate that whereas forty years ago three out of four believed the government does what the citizens wish, now roughly three out of four believe it does what the rich, the corporations, and the special interests urge.

It is quite possible, *ABC* suggests, that a sustained process of occasional gain, large-order stalemate and failing belief will simply mean the continuation of long term decay: Rome declined. Period.

That there might be other possibilities as well is the thesis of the book.

## A PLURALIST COMMONWEALTH

The central intellectual problem at the heart of *ABC* is whether it is feasible even in theory to develop an institutional architecture that allows for true democratic control of the political-economy. The book answers in the affirmative, but stresses that the problem is far more challenging than is commonly understood. Among other things it points out that the two main traditional capitalist strategies for controlling corporate behavior—anti-trust and various forms of regulation—are both deeply compromised: The attempt to use

the former is almost a forgotten relic of history. And repeated studies of “regulatory capture” have shown that various forms of regulation are commonly narrowed, and often redirected, by the powerful corporate interests they seek to control. In socialist systems, many studies also demonstrate that in practice powerful institutional economic actors commonly dominate planning and other policy mechanisms.

What long-term structural arrangements might in principle be capable of achieving and sustaining the key values?

*ABC* accepts the traditional socialist argument that democratic control ultimately will require some form of social ownership of significant industry. But this is hardly sufficient: The first question is “what form?” The second and third are: “What else would be required?” And: “Are there any real world experiences which suggest the practicality and feasibility of a new approach?”

*ABC* argues that what is actually happening “on the ground” in a number of key areas involves the build-up of a mosaic of entirely different institutions that suggest the direction of new answers—and, further, a process which at this stage of development is both peaceful and evolutionary. At the heart of the emerging model is the principle that ownership of the nation’s wealth must ultimately be shifted, institutionally, to benefit the vast majority—and in ways which draw upon and extend what is already happening in diverse areas.

The fact is literally thousands of real world efforts that illuminate how alternative wealth-holding principles can work in practice have developed in communities throughout the nation over the last several decades. The range of social or ‘common’ ownership models suggest a ‘pluralist’ vision which may ultimately nurture greater diversity, decentralization, and democratic control of crucial economic institutions and processes. It might accordingly be called a “Pluralist Commonwealth.”

*ABC* also holds that larger-scale industry will ultimately require new institutional forms. Here it also proposes a diverse and pluralist institutional model. In some areas, traditional public ownership will be appropriate. In Medicare and Medicaid we already have a nationalized partial health insurance system, and this is ultimately likely to be expanded. European experience provides numerous other practical public ownership precedents to draw upon and it underscores the obvious fact that private U.S. corporate control is not the only practical economic option.

*ABC* (23-27, 70-80) further suggests that in connection with a number of large industries the most appropriate structure of ownership is something close to that suggested by Nobel Laureate James Meade some time ago and a variation suggested by John Roemer more recently. In the first instance this involves establishing some form of national “Public Trust” or other agency which would own major controlling interests (ultimately perhaps nearly all stock) in very large corporations. Within a new public investment framework different groups of investment managers would compete with each other in managing chunks of the public portfolio (as investment managers commonly do today in

both private and public pension fund investing). Larger ecological and other non-economic criteria for investment would be set by government trustees, in a manner analogous to the kinds of criteria that are imposed today in California by the California Public Employees' Retirement System (CalPERS). Such strategies, though modest and flawed in their current limited range of demands, have demonstrated a growing capacity to bring together economic efficiency and larger political goals. They also maintain the market mechanism and competition. Critical from the perspective of longer term democratic control are the possibility they suggest for a system of public accountability and transparency—and the accrual of major portions of profits to the public.<sup>3</sup> Precedents also exist in the way the Swedish and Norwegian governments organize a substantial share of their present holdings. “Sovereign fund” investment management by other nations owning large shares of U.S. corporations suggests additional possible precedents.

*ABC* argues that for many industries there is no way around something like the Public Trust form of social ownership as a first approximation. However, it suggests that such a mechanism alone—a partial analog for large industry to some ‘market socialist’ models—would hardly be adequate to achieve democratic accountability. The power of large enterprises—and of the market—would likely continue to substantially dominate even a fully realized system of public ownership of this kind.

Countering this power requires the *systematic* development of local democratic experience, along with its precondition: community economic stability. *ABC* gives great emphasis to the strategic arguments of earlier theorists like de Tocqueville and John

Stuart Mill, and of modern theorists like Jane Mansbridge, Steven Elkin, and Benjamin Barber, who hold that over the long haul only if a strong and participatory version of democratic experience is nurtured at the local level can there ever be a strong and participatory capacity for democratic control in the nation at large.

Partly to achieve such objectives—but for much larger reasons as well—the model stresses the need to steadily develop new local ownership institutions, especially worker-owned and other community-benefiting firms. Most important are enterprises that are practical, anchored locally, and which either alter inequality directly or use profits for public or quasi-public purposes (or both). Employee-owned firms, co-ops, neighborhood-owned corporations, and a wide range of municipal and social enterprises, along with municipal and state investing agencies, are among the key locally based institutions of the “Pluralist Commonwealth” articulated in *ABC*.

#### AN EMERGING NEW MOSAIC

*ABC* spends a great deal of time on the issue of practicality. As noted, it emphasizes that key elements suggesting some of the outlines of what a new system would ultimately require are already discernable in American practice—if one takes the time to look. *ABC* provides information on the nearly 10,000 employee-owned firms now operating in the United States, on co-ops (more than 120 million members), on neighborhood corporations (4,600), and on numerous quasi-public land trusts and municipal businesses (including 2,000 public electric utilities), etc. It suggests that these and related efforts,

including state and municipal investment strategies, already provide a practical basis for building towards an expanding decentralized, socially owned, public and quasi-public sector, and—along with public pension fund management—for learning the principles and practicalities of larger public efforts which might build upon these as time goes on. The quiet development of a mosaic of entirely different institutions suggests the possibility of an evolutionary process which, if extended and refined, points in the direction of a pluralist model organized around the principle that ownership of the nation's wealth must ultimately be shifted, institutionally, to benefit the vast majority.

### Worker Owned Firms

That individuals work harder, better, and with greater enthusiasm when they have a direct interest in the outcome is self-evident. The obvious question is: why aren't large numbers of businesses organized on this principle? The answer is: roughly 10,000 are. Indeed, 11.2 million Americans now work in firms that are partly or wholly-owned by the employees, three million more than are members of unions in the private sector (Bureau of Labor Statistics 2008, Table 3; National Center for Employee Ownership 2008).

Appleton (Co.) in Appleton, Wisconsin (a world leader in specialty paper production) became employee-owned when the company was put up for sale by Arjo Wiggins Appleton, the multinational corporation which owned it—and the 3,300 employees decided they had just as much right to buy it as anyone else (Appleton Ideas 2006, Dresang 2001). Reflexite, an optics company based in New Avon, Connecticut, became

employee-owned in 1985 after 3M made a strong bid for the company and the founding owners, loyal to their workers and the town, chose to sell to the employees instead (Case 1992). W. L. Gore—the maker of Gore-Tex apparel—has been owned, since 1974, by (currently 8,000) worker-owners in 45 locations around the world (W.L. Gore and Associates, 2008).

Although there are 300-500 traditional worker co-ops, most worker-owned businesses are organized through “Employee Stock Ownership Plans” (ESOPs). Technically an ESOP involves a “Trust” which receives and holds stock in a given corporation on behalf of its employees. What is positive about this mechanism is that it offers major tax benefits for the creation of large numbers of worker owned firms—especially when an original owner retires and decides to sell to the employees. What is negative is that although there are exceptions, in the main the ESOP form is not at this stage organized democratically.

Several considerations suggest, however, that greater democratic control of ESOPs is likely to develop: First, many ESOP companies — more than 25 percent according to one report (Wirtz 2007)—are already majority-owned by workers. Of these, the National Center for Employee Ownership estimates 40 percent already pass voting rights through to plan participants. Second, as workers accumulate stock their ownership stake tends to increase. Annual ESOP Association member surveys indicate that in 1982 only 20 percent of ESOP Association member companies were majority ESOP-owned companies; by 2000, that figure was 68 percent (Democracy Collaborative 2005: 59).

It is conceivable that as more and more ESOPs become majority-owned, workers will simply ignore the fact that some have little power. On the other hand, the more likely probability—as Business Week observed in 1991—is that ultimately workers “who own a significant share of their companies will want a voice in corporate governance.” In Ohio a survey completed in the mid-1990s found that employee ownership was becoming more democratic over time, with three times as many closely held companies passing through full voting rights to ESOP participants as had occurred in a previous 1985-86 survey (Business Week 1991, Logue and Yates 2001).

### Municipal Enterprises

An extraordinary range of local municipal efforts embodying Pluralist Commonwealth wealth-related principles also exist. One of the most important areas of activity is land development. As early as 1970 the city of Boston embarked on a joint venture with the Rouse Company to develop the Fanueil Hall Marketplace (a downtown retail complex). Boston kept the property under municipal ownership. One study estimates that in the project’s first decade the city took in 40 percent more revenue than it would have collected through conventional property tax (Frieden and Sagalyn 1989: 169).

Entrepreneurial “participating lease” arrangements for the use of public property are now common. Alhambra, California, for instance, earns approximately \$1 million a year in rent revenues from a six-acre holding it leases to commercial tenants (Williamson, et al. 2002: 158).

A fast growing arena of new activity involves internet and related services. In Glasgow, Kentucky the municipally owned utility offers residents electricity, cable, telephone services, and high speed internet access—all at costs lower than private competitors. The city also has access to an ‘intranet’ which links local government, businesses, libraries, schools and neighbors (Glasgow Electric Plant Board 2007). Tacoma, Washington’s broadband network “Click!” also offers individuals and private companies internet and cable service; as does Cedar Falls, Iowa (Cedar Falls Utilities 2008; Click! Network 2007). More than 700 public power utilities have equipped their communities with such networks (American Public Power Association 2008).

Municipalities have also been active venture capital investors, retaining publicly owned stock in businesses that hold promise for the city’s economy. A survey conducted in 1996 found more than a third of responding city governments reported venture capital efforts of one kind or another (Clarke and Gaile 1998: 72, 79-86). During the 1990s the publicly owned New York Power Authority and two private companies formed a joint investment pool of \$60 million which yielded \$175 million at the end of the first five years of operation. (Brodoff Communications 2000). Many smaller cities have created local venture funds that make investments in the \$500,000 to \$2 million range (Bowman 1987: 4; Clarke and Gaile 1998: 84).

Municipally owned sports teams are also widespread. Communities which own (or have owned) minor league baseball teams include Indianapolis, Indiana; Rochester, New York; Franklin County (Columbus), Ohio; Lucas County (Toledo), Ohio; Harrisburg,

Pennsylvania; Lackawanna County (Scranton), Pennsylvania; and Visalia, California (Mahtesian 1996: 42-5; Imbroscio 1998: 239-40). At the major league level, the Green Bay Packers are owned by a nonprofit corporation whose stock-holders are mainly city residents.

Other areas of innovation include health services and environmental management.

Denver Health is a municipal enterprise which has transformed itself from an insolvent city agency (\$39 million in debt in 1992) to a competitive, quasi-public health-care system (\$54 million cash reserves in 1997) delivering over \$2.1 billion in care for the uninsured over the last ten years (Moore 1997; Denver Health 2008). Denver Health operates a satellite system of 8 primary care centers and 12 school-based clinics and employs some 4,000 Denver area residents (Denver Health 2008; Nuzum, et al. 2007).

Hundreds of municipalities also generate revenues through land-fill gas recovery operations which turn the greenhouse gas methane (a by-product of waste storage) into energy. Riverview, Michigan, one of the largest such recovery operations, illustrates the trend. Riverview's sale of gas for power production helps produce enough electricity to continuously power over 5,000 homes. Royalties covered initial costs of the effort in the first two years of operation and now add to the city's cash flows. (DTE Biomass 2007; EPA 2007)

Building Community: Neighborhoods and Nonprofits with a Mission

The neighborhood-based Community Development Corporation (CDC) combines the community-serving mission of a nonprofit organization with the wealth-building and ownership capacities of an economic enterprise. The CDC is a hybrid self-help entity that operates at both the community-building level and the economic level, and exhibits micro-level applications of Pluralist Commonwealth principles.

The Bedford-Stuyvesant Restoration Corporation (BSRC)—a CDC developed in the 1960s with the bipartisan support of then Senators Robert F. Kennedy and Jacob Javits—helped set the terms of reference for an institution which can now be found in thousands of communities: In its initial 15 years of operation BSRC developed some 3,000 units of residential and commercial property and provided start-up capital and other assistance to more than 125 local businesses, maintaining thereafter a revolving loan fund. The CDC also launched a major commercial development (Restoration Plaza) – including a 214-seat theater, retail attractions and office space - as well as a property management company, and a construction firm (Pratt Center 1994).

Another leading example is New Community Corporation (NCC) in Newark, New Jersey—a CDC which employs 2,300 neighborhood residents and generates roughly \$200 million in economic activity each year. Profits help support day-care and after-school programs, a nursing home, and four medical daycare centers for seniors (Rusch 2001: 5; Guinan 2003). NCC also runs a Youth Automotive Training Center; young people who complete its courses are guaranteed jobs offering \$20,000-plus starting salaries (Rusch 2001).

Since the 1960s 4,600 neighborhood-based CDCs have come into being in American communities. Most are not nearly as large and sophisticated as the leaders, but all employ wealth-related principles to serve “small publics” in geographically defined areas. The assets they commonly develop center above all on housing, but many also own retail firms and, in several cases, larger businesses (National Congress for Community Economic Development 1999: 3; Sirianni and Friedland 2001: 59).

Other nonprofit organizations have picked up on the underlying principles of development (Emerson 2003; Massarsky and Beinhacker 2002). A leading example is Pioneer Human Services (PHS), in Seattle, Washington. Initially established with donations and grants, PHS is now almost entirely self-supporting. PHS provides drug- and alcohol-free housing, employment, job training, counseling, and education to recovering alcoholics and drug addicts. Its annual operating budget of nearly \$60 million is 99 per cent supported by fees for services or sales of products. PHS’s various social enterprises employ nearly 1,000 people and include a light metal fabricator employing theoretically unemployable people, which manufactures parts for Boeing and other customers; a Food Buying Service which distributes food to other non-profit organizations; and two restaurants (Pioneer Human Services 2005, Dubb 2006).

*A Chronicle of Philanthropy* study estimates that over \$60 billion was earned from business activities by the 14,000 largest non-profits in 1998. Income from fees, charges, and related business activities are estimated in other studies to have grown from 13 per

cent of non-profit social service organization revenues in 1977 to 43 per cent in 1996 (Lipman and Schwinn 2001; Salamon 1999: 177; Strom 2002).

### State and National Innovators

A number of larger efforts based on Pluralist Commonwealth principles have also emerged in recent years, especially at the state level. Particularly interesting are a group of sophisticated developments that point in the direction of practical—even dramatic—applications of the most radical and far-reaching system-wide Commonwealth strategies.

Historically several states have had considerable experience with significant scale efforts. For instance, the state owned Bank of North Dakota—founded in 1919—currently manages nearly \$2 billion in assets (Bank of North Dakota 2003, 2001: 3). The Wisconsin State Life Insurance Fund has assets of over \$75 million and has coverage in force totaling over \$200 million (Wisconsin Legislative Audit Bureau 2002; Williamson *et al.* 2002: 154). More recent developments include venture capital initiatives in more than half the states which involve direct public investment and ownership in companies by state agencies (Heard and Sibert 2000: 48-9). A typical example is Maryland's Enterprise Investment Fund, which provides promising high-tech start-ups with up to \$500,000 in capital in exchange for the state receiving equity shares and a guarantee from the firm that it will continue to operate in Maryland for at least five years.

At the Federal level, public ownership of stock in specific corporations is also a long established (if little discussed!) tradition. In the post 9-11 airline bailout, for instance, the Bush Administration demanded a 10-year option to purchase a third of America West's stock at \$3 per share in exchange for Federal loan guarantees (Kesmodel 2002, Wong 2003). Similarly, in 1980 as part of a \$1.5 billion loan guarantee for the Chrysler Corporation the government received 14.4 million warrants (representing 10 to 15 percent of Chrysler stock). Again, in 1984, the government through the FDIC took a controlling ownership position (over 80 percent) in connection with the \$8-billion bailout of Continental Illinois Bank. Other precedents can be traced back to World War II (Reich and Donahue 1985: 178, 186, 254-7).<sup>4</sup>

We may add to this list the long experience with public ownership the federal Tennessee Valley Authority and port authorities throughout the nation. (Williamson et al. 2002: 158).

Perhaps of greatest significance—and suggestive of future possibilities—are federal, state, and municipal public employee retirement system boards. These institutions now control roughly \$3 trillion in total assets (Barrett and Greene 2007). At the national level the Federal Reserve Board manages a pension fund of this kind, and more than two million Federal employees are involved in a similar public pension program which owns and manages over \$200 billion (Financial Markets Center 2000: 1-9; Thrift Savings Plan 2008; U.S. Census Bureau 2003a: table 521). Critically, many public pension funds have begun to explore new ways to use their ownership position for public purposes. For

instance, in California CalPERS directly invested \$8.3 billion in the state's economy in 2006 (Lifsher 2007). CalPERS also emphasizes information disclosure and the independence of boards of directors—and it enforces transparency, environmental performance and other standards in many of its international investments (California Public Employees Retirement System 2008; Nesbit 2001).

The state of Alabama also actively pursues Pluralist Commonwealth-related strategies. Retirement Systems of Alabama (RSA)—which manages the state employee and teacher's pension system—has invested in numerous local Alabama industries, in some cases also helping create worker-owned firms (Williamson *et al.* 2002: 182). An even more suggestive effort is the Alaska Permanent Fund which invests a significant portion of revenues derived from oil development on behalf of citizens of the state. In 2000, a high payout year, each individual state resident, as a matter of right, received dividends of just under \$2,000 (almost \$10,000 for a couple with three children) (Alaska Permanent Fund Corporation 2008).

CalPERS, RSA, and related efforts offer precedents for using public ownership strategies to achieve greater public oversight of corporate practices, and to help achieve state and community economic goals. The Alaska Permanent Fund takes us one step further: It is an on-the-ground operating system which demonstrates the feasibility of the kinds of far-reaching Public Trust proposals which might ultimately be advanced at the national level. Although each approach differs in specifics—and are at this stage incomplete—all are

based on the principle that capital can and should be accumulated and managed in socially accountable ways.

It is also important to note that many of these emerging ownership-altering forms of wealth have demonstrated a capacity to develop much broader political support than most realize. Though they have progressive redistributive and community-building impact, *at the local level* they are rarely divisive. Because of their practical problem-solving capabilities they are often supported by independents and even moderate Republicans--a fact that also suggests political possibilities for splitting traditional conservative political groupings. Many “community-wealth” initiatives also resonate with new ecologically serious approaches to “the commons,” and to the larger principles of sustainability.

#### AN EVOLVING, RECONSTRUCTIVE PERSPECTIVE ON THE FUTURE

*ABC* argues that ultimately there cannot be effective democracy—hence, control of major economic actors—unless inequality is altered in fundamental ways. It points out that for many years attempts to achieve significant positive improvement via traditional tax-and-spend strategies have been largely blocked; the main battle has involved attempts to reverse Bush era tax reductions. Changing the ownership of capital to benefit both workers and (local, state and national) publics is important for distributional reasons as well as to negate the power associated with private corporate ownership. None of the existing models, of course, are adequate at this stage of development. The question is whether over time they might provide precedents for—and a basis upon which to build—more fully realized efforts.

Other longer term requirements include major “populist” forms of taxation which challenge the top 1-3 percent of elites who also own most of the nation’s investment capital—in part for distributive reasons, in part to sharpen issues of capital ownership. *ABC* reviews various income and wealth taxation proposals aimed at complementing the social ownership strategy and radically altering the distribution of income and wealth. *ABC* also points to several little noticed state efforts which have shown that taxation of elites can be popular (169-181).

Reallocating capital and income in the direction suggested by the model is critical, ultimately, to re-allocating time free from the pressure of long work hours. This in turn is also the key to nourishing a citizenry with sufficient time to participate meaningfully in democracy—and thereby control any large order political-economic system (including the Pluralist Commonwealth). Time not hedged in by necessity of work is also a fundamental long-term condition of liberty, and of allowing the individual to make truly free choices (28-34). Finally, greater free time is one of the strategic keys to altering traditional male-female work-family roles (197-213).<sup>5</sup>

This overview of the various Pluralist Commonwealth elements is best understood as a sketch of the “structural girders” of an alternative system—i.e., the underlying institutional power arrangements of the political economy. *ABC* does not deal directly with the problem of economic planning, or more precisely, the relationship of planning and market. The main reason is related to the book’s central argument about power and

democracy: Any planning system will be compromised, the book holds, unless it deals explicitly with how to constrain the power of large economic institutions. All too many discussions of planning simply ignore underlying questions of institutional power. *ABC* urges that local democratization, decentralization, and time are *necessary* conditions of large-order system-wide democratization in general and planning in particular. It urges attention to *these* problems as a first priority. On the other hand, it is clear that the development of a planning system is necessary in any fully realized political-economy. Such a system would likely also draw upon and use market arrangements in certain sectors. The most intriguing questions are: (1) how various sectors (e.g., health, energy, education, perhaps transportation, etc.) might be dealt with in evolutionary sequence; and (2) how technological progress might permit greater free time. Structures and processes in these and other areas might be expected to evolve as increasing priority is given to issues of planning, of individual fulfillment and ultimately of a cooperative and community-serving culture. The title of the book was carefully chosen; it is about a stage of development we might reasonably term America “*Beyond Capitalism*”— not (yet) about a possibly more radically expansive America that might be built upon the foundations which currently evolving efforts establish.

Given the book’s analysis of the dead-ends now facing most traditional strategies, a truly central question, *ABC* stresses, is whether Americans can achieve a practical and common-sense understanding of the traditional socialist principle that some form of social, public or quasi-public ownership of capital is both necessary and possible. In the absence of this understanding, it holds, we cannot expect to move beyond the difficulties

now facing traditional social democratic politics in many countries, and progressive efforts in the United States. *How* to achieve widespread public understanding of the importance of changing the ownership of capital to other social, economic and planning goals is a key question—one that has hardly been broached by progressive theorist and activists. If changing the ownership of capital is important, then precisely *how* is this idea to be demonstrated and conveyed to large numbers of Americans in everyday life?

*ABC* returns again to practical experience to answer this question. It emphasizes the need to expand on real world forms that embody social ownership principles. Without the development of such principles and ‘knowledge’ in day-to-day experience, *ABC* argues, it is difficult to imagine further progress towards larger forms, or to a politics which builds on this principle. Most Americans have been taught to think of social ownership as inherently inefficient, undemocratic, even tyrannical. In the near term, the various practical efforts the book reports upon may be as important for what they teach about possibilities as what they accomplish in altering major trends. In this sense they are both precedents and instruments of popular education which help teach the practicality and common-sense nature of new principles. They may also slowly help build and nourish a larger community-building and more cooperative culture.

*ABC* stresses that the fiscal crisis, on the one hand, and globalization, on the other, are forcing ever greater attention to neighborhood, municipal and other forms of enterprise which produce income flows for services—and to employee-owned firms and other institutions which anchor jobs in local communities threatened by global trade disruption.

Not only are such efforts already politically viable; over time, there are reasons to believe they could become major (viable) large order political responses to these two ever-increasing challenges. The new forms introduce into everyday life a set of political-economic principles, and they also help solve pressing immediate problems—thereby expanding political support. In this respect, again, the book’s emphasis is on the next major step “beyond,” not (yet) what might ultimately be achieved building forward on the basis of the emerging phase of development.<sup>6</sup>

Other aspects of *ABC*’s “phasing” and developmental understanding of long-term change which point in the direction of a larger vision include an emphasis on state and regional initiatives—especially as Congressional deadlocks continue both to frustrate efforts at reform, and to drive policy down to state and local decision, a condition that may persist even with a Democratic president and Congress, given the ability of 41 Senators to block most legislation through filibuster tactics. Regional level policy development in the direction of the larger model suggested by *ABC* is also already occurring in areas like New England, and in regional scale states like California. (In other writing I have noted how developments at the state and local level during the 1920s became precursors of major national New Deal policies and how important new regional ideas have evolved in recent years (Alperovitz 2007, 2006a).)

*ABC* concludes with an assessment of longer term opportunities for building the political and social support needed for any serious strategy. Possibilities for future change building beneath the seemingly quiescent surface are suggested by the Civil Rights,

Feminist, Environmental movements—and also by the development from a once very marginal position of modern Conservatism. All began to take form at a time when there were few reasons to believe they might achieve serious momentum. A quietly building grass-roots politics of movement-building is already evident in many parts of the country, and--as various global and domestic problems continue to multiply--a more tumultuous, ardent and energized era of change could ultimately give new power to a serious longer term pluralist vision.

The concluding argument is straightforward (234-37):

... the first decades of the 21<sup>st</sup> century are likely to open the way to a serious debate about these and other systemic questions—and, further, that real world conditions during the coming period are likely to offer possibilities for establishing substantial foundations for a longer term systemic transformation thereafter.

The prospects for near term change are obviously not great—especially when such change is conceived in traditional terms. Indeed, although there may be an occasional important ‘progressive’ electoral success, there is every reason to believe that most of the underlying trends will continue their decaying downward course. .

On the other hand, fundamental to the analysis presented in the preceding pages is the observation that for precisely such reasons we are likely to see an intensified process of much deeper probing, much more serious political analysis, and much more fundamental institutional exploration and development. We have also noted that there are important signs of change in the traditional “laboratories” of democratic process...

Few predicted either the 1960s or the conservative revolution which followed. Major eruptions and political realignments are the rule, not the exception in American history. Large numbers of working Americans, blacks and Hispanics who will become a majority as the century develops, senior citizens (and those who will shortly become seniors), women who seek practical ways to achieve thorough-going gender equality, liberals and conservatives alike who value family and community, environmentalists who cannot secure protections either for endangered goals or sustainable growth along current lines of development—all are finding it increasingly difficult to realize their objectives through traditional means...

None of this is to predict the inevitability of major positive change. On the other hand, history suggests that those who assume that nothing fundamental can ever change have repeatedly been wrong. It is appropriate—even urgent—that we clarify the principles and content of what might ultimately become the basis of a serious pluralist vision. Finally, of

course, most of the immediate institutional and policy efforts which could help lay groundwork for (possible) longer term change would be useful to undertake no matter what—especially given the decaying failures of traditional approaches.

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## Notes

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<sup>1</sup> Certain aspects of the discussion of public enterprise and of planning go beyond *ABC* and reflect subsequent research. My thanks to David Ferris and Steve Dubb for their help in preparing sources and other materials used in this essay.

<sup>2</sup> See Part I of *America Beyond Capitalism*, which brings together several key theoretical discussions and provides references to the growing literature.

<sup>3</sup> For a more extended discussion, see Part I of *ABC* (and the summary on pp. 233-34.)

<sup>4</sup> The Chrysler bailout legislation also required Chrysler to create an ESOP, see Logue and Yates (2001: 85).

<sup>5</sup> *ABC* also stresses the importance of economic security, smaller scale governance, local community support, some degree of independent entrepreneurial possibility, and

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intermediate units of political power. All, the book holds, would ultimately be required to round out an institutional and systemic capacity to meaningfully sustain liberty.

<sup>6</sup> Socialists may also find of some interest in this regard various reports of Marx's view that a different non-revolutionary path to fundamental change might be feasible in the United States, Britain and possibly the Netherlands. See Avineri (1969: 215-6).