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Gar Alperovitz

The Democracy Collaborative

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THE POSSIBILITY OF A PLURALIST COMMONWEALTH: EVOLUTIONARY RECONSTRUCTION TOWARD A CARING AND JUST POLITICAL ECONOMY

Gar Alperovitz, PhD

Abstract

New developments at various level of the political-economic system suggest possible institutional trajectories supportive of community and a longer term systemic design more supportive of strong democracy and a caring culture. An integration of institutional elements also produces more equitable and ecologically sustainable outcomes. The “Pluralist Commonwealth” is both pluralist in its institutional characteristics and supportive of such “commonwealth” institutions as co-operatives, neighborhood land trusts and community corporations, municipal utilities and a range of other larger scale ownership forms. An “evolutionary reconstructive” institutional, political, and cultural path is projected as a longer term transformative process different from both traditional reform and traditional ideas of revolution. Such a path inherently seeks to maximize the development of a caring community as it builds.

Keywords: Evolutionary Reconstruction; Pluralist Commonwealth; System Design; Caring Democracy; Culture of Community; Democratic Ownership

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It is increasingly obvious that the United States faces systemic economic and political challenges. Income and wealth disparities have become severe and corrosive to democratic possibilities. Ecological decay deepens day by day. Today 43.1 million Americans are in poverty, and inequality has increased to a level not witnessed since before the Great Depression (Desilver, 2013; Proctor, Semenga, & Kollar, 2016). A mere 400 people at the top of American society now own more wealth than the bottom 61 percent of Americans, 194 million people, taken together (Collins & Hoxie, 2015). Corporate power now dominates decision-making through lobbying, uncontrolled political contributions, and political advertising (Gilens & Page, 2014).

The planet itself is threatened by global warming. The lives of millions are compromised by economic and social pain. Many of our communities are in decay.

Is there any way forward?

BEYOND REFORM OR REVOLUTION

For the most part, serious scholars and activists have addressed the possibility of progressive change in capitalist systems from one of two perspectives. The *reform* tradition assumes that corporate institutions remain central to the design and structure of the system and that politics in support of various policies (e.g. taxation, spending, incentives, or regulation) will contain, modify and control the inherent dynamic of a corporate dominated system. Liberalism in the United States and social democracy in many countries are representative of this tradition.¹ The *revolutionary* tradition assumes that change can come about only if the major corporate institutions are largely eliminated or transcended, usually but not always by violence. This is often precipitated by a crisis collapse of the system, leading to one or another form of revolution.

But what happens if a system neither reforms nor collapses in crisis?

This is essentially where the United States finds itself today. Put slightly differently, the United States is entering a potentially decades-long period characterized by a situational logic of this kind. In a context of “neither reform nor crisis collapse,” very interesting strategic possibilities *may* sometimes be viable. Such possibilities are best understood as neither reforms (i.e. policies to modify and control, but not transcend

¹ The term “liberalism” is notoriously vague. Indeed in Europe it is often used to refer to right-of-center politics (e.g., Margaret Thatcher) rather than progressive politics. In the U.S. context, however, American liberalism—sometimes referred to as “New Deal liberalism” has typically referred to moderately left-of-center politics, which is how the term is used here. For a classic treatment, see Schlesinger, A. (1956). *Liberalism in America: A Note for Europeans*. Boston, MA: Riverside Press. Retrieved from <http://www.writing.upenn.edu/~afilreis/50s/schleslib.html>.

corporate institutions) nor revolution (i.e. the overthrowing of corporate institutions), but rather as a longer-term process that is best described as an *evolutionary reconstruction*—that is, systemic institutional transformation of the political economy that unfolds over time.

Like reform, evolutionary reconstruction involves step-by-step nonviolent change. But like revolution, evolutionary reconstruction changes the basic institutions of ownership of the economy, so that the broad public, rather than a narrow band of individuals (i.e., the “one percent”), increasingly owns more and more of the nation’s productive assets. Neither reform nor revolution are likely to provide the necessary pathway to an economic and political democracy that is radically caring. Reform does not change the underlying system of power that buttresses the current system of economic exploitation and social violence against many groups considered both different and “less than.” Revolution would likely result in violence that may or may not change these patterns of domination. The middle path of evolutionary reconstruction is the most promising peaceful path toward a socially, ecologically, and economically just, caring world.

OPENINGS FOR EVOLUTIONARY RECONSTRUCTION

A growing number of openings for evolutionary reconstruction are becoming observable in many parts of the current American system, and these openings could, if progressives seize upon them, become a potentially system-altering force over time. One area where this logic can be seen at work is in the financial industry. At the height of the financial crisis in early 2009, for example, some kind of nationalization of the banks seemed possible. It was a moment, President Obama told banking CEOs, when his administration was “the only thing between you and the pitchforks” (Javers, 2009). The President chose to opt for a soft bailout engineered by Treasury Secretary Timothy Geithner and White House Economic Adviser Lawrence Summers, but that was not the only choice available. Franklin Roosevelt attacked the “economic

royalists” and built and mobilized his political base (1936). Obama entered office with an already organized base and largely ignored it.

When the next financial crisis occurs (or the one after that)—and in the judgment of many experts, it may occur soon—a different political resolution with more system-changing consequences may well be possible. One option has already been put on the table: in 2010, 33 senators voted to break up large Wall Street investment banks that were “too big to fail” (Herszenhorn, 2010). Such a policy would not only reduce financial vulnerability; it would alter the structure of institutional power.

Nor is an effort to break up banks, even if successful, likely to be the end of the process. The modern history of the financial industry—to say nothing of anti-trust strategies in general—suggests that the big banks, even if broken up, will ultimately regroup and re-concentrate as ‘the big fish eat the little fish’ and restore their domination of the system. So what can be done when breaking them up fails?

The potentially explosive power of public anger at financial institutions could be seen in May 2010 when the Senate voted by a stunning 96-0 margin to audit the Federal Reserve’s lending (a provision included ultimately in the Dodd-Frank legislation)—something that had never been done before (McGrane & Crittenden, 2010). Traditional reforms have aimed at improved regulation, higher reserve requirements, and the channeling of credit to key sectors. But future crises may bring into play a spectrum of sophisticated proposals for more radical change offered by figures on both the left and right. For instance, a “Limited Purpose Banking” strategy put forward by conservative economist Laurence Kotlikoff would impose a 100% reserve requirement on banks (2009). Since banks typically provide loans in amounts many times their reserves, this would transform them into modest institutions with little or no capacity to finance speculation. It would also nationalize the creation of all new money as federal authorities, rather than bankers, directly control system-wide financial flows.

On the left, the economist Fred Moseley has proposed that for banks deemed too big to fail, “permanent nationalization with bonds-to-stocks swaps for bondholders is the most equitable solution.” Nationally owned banks, he argues, would provide a basis for “a more stable and public-oriented banking system in the future” (Moseley, 2009). Most striking is the argument of Willem Buiter, the Chief Economist of Citigroup, that if the public underwrites the costs of bailouts, “banks should be in public ownership” (2008). In fact, had taxpayers demanded voting stock in return for their investment when bailing out major financial institutions in the Great Recession, one or more major banks would, in fact, have become essentially public banks.²

Nor is this so far from current political tradition as many think. Unknown to most, there have been a large number of small and medium-sized public banking institutions for some time now. They have financed small businesses, renewable energy, co-ops, housing, infrastructure, and other specifically targeted areas. There are also 6,105 community-based credit unions (Credit Union National Association, 2016). Further precedents for public banking range from Small Business Administration loans to the activities of the U.S.-dominated World Bank. In fact, the federal government already operates 140 banks and quasi-banks that provide loans and loan guarantees for an extraordinary range of domestic and international economic activities (Pollin, 2009). Through its various farm, housing, electricity, cooperative and other loans, the Department of Agriculture alone operates the equivalent of the seventh largest bank in America (Childes, 2009). In spring 2012, under pressure from American business, Congress reauthorized the Export-Import Bank to support U.S. trading interests (Runnigen, 2012).

The economic crisis has also produced widespread interest in the bank of North Dakota, a highly successful state-owned bank founded in 1919 when the state was governed by legislators belonging to the left-populist Nonpartisan League. Between

² For example, Citibank had a market capitalization fell to \$36 billion by December 31, 2008; by contrast, the amount of bailout funds Citi received from the U.S. government totaled \$45 billion. See: Citi. (2009). *Annual Report 2008*. New York, NY: Citi. 11.

1996 and 2008, the bank returned \$340 million in profits to the state (Bank of North Dakota, 2010). The Bank enjoys broad support in both the business community and among progressive activists. In the aftermath of the Great Recession, between 2010 and 2012, activists and legislators introduced public bank legislation of one form or another in 20 states (Public Banking Institute, 2012). A number of cities are also considering creating their own public banks, including Allentown, Philadelphia, Pittsburgh, Reading, San Francisco, Santa Fe, Seattle, and Tacoma (Public Banking Institute, 2014). How far the various strategies develop is likely to depend on the intensity of future financial crises, the degree of social and economic pain and political anger in general, and the capacity of a new politics to focus citizen anger in support of major institutional reconstruction and democratization. Changing the nature of financial institutions and banks by democratizing them would afford them a greater ability to use a triple bottom line, investing in projects that are beneficial to actual communities, rather than maximizing profit by engaging in speculation to enrich the financial elite.

That a long era of social and economic austerity and failed reform might open the way to more populist or radical ‘evolutionary reconstructive’ institutional change—including various forms of public ownership—is also suggested by emerging developments in health care. Here, the next stage of change is already underway. Even though the Affordable Care Act survived challenges in court, cost pressures continue to build. Shortly after its passage, the federal Center for Medicare and Medicaid Services estimated that health care costs would rise from the 2010 level of 17.3 percent of GDP to 19.9 percent by 2022 (Centers for Medicare and Medicaid, 2012; Centers for Medicare and Medicaid 2014).

It has long been clear that the central question is to what extent, and at what pace, cost pressures ultimately force development of some form of single-payer system—the only serious way to deal with the underlying problem. The Affordable Care Act expanded coverage, but, because it propped up rather than replaced a dysfunctional private insurance system, Obamacare promises, at best, to only modestly reduce

costs. Peter Orszag, who served as President Obama's first Director of the Office of Management and Budget, and Ezekiel J. Emanuel, a special advisor to the White House during the Affordable Care Act development, observed that, "with reform, total health care expenditures as a percentage of the gross domestic product will be 0.5 percent lower in 2030 than they would otherwise have been" (2010, p. 601). But national health care expenditures in 2030 are projected to exceed 25.0 percent of GDP (Caldis, 2009, p. 15).

Current health care costs in the US (just under 17 percent of the GDP in 2015) are vastly higher than countries like Canada that have single payer and maintain health care costs around 10 percent of GDP (Organization for Economic Cooperation and Development, 2015). Canada's healthcare model is also, simply put, more caring. A study by the Commonwealth Fund found that if the US had Canada's healthcare system, 5,400 fewer infant deaths would occur, 57 million fewer adults would go without care because of cost, and there would be 56,000 fewer preventable deaths each year (Commonwealth Fund, 2014). While Americans are forced to depend on a private healthcare industry that prioritizes profit above people's health and even survival, our northern neighbors have created a public option that provides a higher quality of care at a more affordable price.

New solutions are likely to emerge either in response to a burst of pain-driven public outrage against poor health outcomes and high medical costs, or more slowly through a state-by-state build-up to a national system. In Vermont, Governor Peter Shumlin signed legislation in May 2011 creating "Green Mountain Care," a broad effort that would ultimately allow state residents to move into a publicly funded insurance pool—in essence a form of single-payer insurance (Bergthold, 2011; Consumer Reports, 2011; Trapp, 2011; Weigel, 2011). Universal coverage, dependent on a federal waiver, in principle could have begun in 2017. In Connecticut, legislation approved in June 2011 created a "SustiNet" Health Care Cabinet directed to produce a business plan for a non-profit public health insurance program by 2012 with the goal of offering such a plan beginning in 2014. Although both states eventually backed away from the

legislation, citing high costs in small states, the attempts suggest a direction that is likely to intensify as costs and problems increase. (Buck, 2011; Wilson, 2014) Indeed, with the announcement by Aetna, one of the largest insurance companies, that it would be withdrawing from most state Obamacare exchanges, discussion about the need for universal healthcare has again been pushed to the fore (Bomey, 2016). As recently as September 2016, a senate resolution calling for the addition of a public option to the health insurance market was introduced by 33 senators (Merkley, 2016; Sullivan, 2016).

One can also observe a developing institution-changing dynamic in the central neighborhoods of some of the nation's larger cities, places that have consistently suffered high levels of unemployment and underemployment, with poverty commonly above 25 percent (Wogan, 2013). In such neighborhoods, democratizing development has also gone forward, again paradoxically, precisely because traditional policies—in this case involving large expenditures for jobs, housing, and other necessities—have been politically impossible. 'Social enterprises' that undertake businesses in order to support specific social missions now increasingly comprise what is sometimes called a *fourth sector* (distinct from the government, business, and non-profit sectors). Roughly 4,500 not-for-profit community development corporations are largely devoted to housing development (National Congress for Community Economic Development, 2005). There are now also more than 11,000 businesses owned in whole or part by their employees (Riley, 2013). Fifteen million Americans are now involved in some form of employee ownership—more than the number of workers who are union members (National Center for Employee Ownership, 2015; United States Bureau of Labor Statistics, 2016). Another 350 million memberships in various urban, agricultural, and credit union cooperatives are held by Americans (Deller, 2009). Across the country an estimated 242 community land trust developments are using an institutional form of nonprofit or municipal ownership that develops and maintains low- and moderate-income housing (Thaden, 2011).

Although the financially stressed popular press covers very little of this, the various institutional efforts have also begun to develop innovative strategies that suggest broader possibilities for change. In Cleveland, Ohio, an integrated group of worker-owned companies has developed, supported in part by the purchasing power of large hospitals and universities.³ The cooperatives include a solar installation and weatherization company, an industrial scale (and ecologically advanced) laundry, and a greenhouse capable of producing over three million heads of lettuce a year. The Cleveland effort, partly modeled on the 74,000-person Mondragon Cooperative Corporation based in the Basque region of Spain, is on track to create new businesses, year by year, as time goes on (Mondragon Corporation, 2015). However, its goal is not simply worker ownership, but the democratization of wealth and community-building in general in the low-income Greater University Circle area of what was once a thriving industrial city. Linked by a community-serving non-profit corporation and a revolving fund, the companies cannot be sold outside the network; they also return ten percent of profits to help develop additional worker-owned firms in the area.

A critical element of the strategy, moreover, points to what is essentially a quasi-public sector planning model: Hospitals and universities in the area currently spend \$3 billion on goods and services a year—none, until recently, purchased from the immediately surrounding neighborhood. The “Cleveland model” is supported in part by decisions of these substantially publicly financed institutions to allocate part of their procurement to the worker-co-ops in support of a larger community-building agenda. The taxpayer funds that support programs of this kind do double duty by helping, too, to support the broader community through the new institutional arrangements. The same, of course, is true for a range of municipal, state and other federal policies available to local businesses, including employee-owned firms.

³ The Democracy Collaborative, with which the author is associated, has been a partner in this effort, which began in 2007. The Democracy Collaborative is also involved in the efforts in Atlanta, Pittsburgh, Washington DC, and Amarillo cited below.

The Cleveland Model represents a holistic approach to development, ‘community wealth building,’ that is being replicated both in U.S. cities and in other countries. Traditional for-profit economic development promotes what are often exploitative relationships characteristic of modern society—what Riane Eisler terms the “domination social configuration” (Eisler, 2007). In contrast, community wealth building may be understood as a form of Eisler’s “partnership social configuration” by spreading ownership broadly, providing services that are needed by the community, and fostering mutual support rather than competition among businesses, community organizations, and individuals. Community wealth-building extends relationships of care, which have traditionally been relegated to the domestic sphere, into the economic sphere. Numerous other cities are now exploring efforts of this kind, including Atlanta, Pittsburgh, Amarillo, and the metropolitan Washington, D.C. area. Related institutional work is also underway through the leadership of the United Steelworkers, a union that has put forward new proposals for a co-op-union model of ownership (Witherell, Cooper, & Peck, 2012).

Yet another arena of institutional growth involves municipal development. By maintaining direct ownership of areas surrounding transit station exits, public agencies in Washington, D.C., Atlanta, and other cities earn millions capturing the increased land values their transit investments create. The town of Riverview, Michigan has been a national leader in trapping methane from its landfills and using it to fuel electricity generation, thereby providing both revenues and jobs. There are roughly 650 similar projects nationwide (United States Environmental Protection Agency, 2016). Many cities have established municipally owned hotels. There are also more than 2,000 publicly and cooperatively owned utilities that provide power (and, increasingly, broadband services) to more than 21 million Americans, in the process generating \$56 billion in annual revenue (American Public Power Association, 2015-2016). Significant public institutions are also common at the state level. CalPERS, California’s public pension authority, helps finance local community development needs (California Public Employees’ Retirement System, 2015); in Alaska, state oil revenues provide each citizen with dividends from public investment strategies as a

matter of right (Alaska Permanent Fund Corporation, 2015); in Alabama, public pension investing has long focused on state economic development (including employee-owned firms) (Deravi, 2012).

Although such local and state ownership is widespread, it can also be vulnerable to challenge. The fiscal crisis—and conservative resistance to raising taxes—has led some mayors and governors to sell off public assets. In Indiana, Governor Mitch Daniels sold the Indiana Toll Road to Spanish and Australian investors (Puentes, 2014). In Chicago, retired Mayor Richard Daley privatized parking meters and toll collection on the Chicago Skyway, and even proposed selling off recycling collection, the city pound, and the annual “Taste of Chicago” festival. (Huffington Post, 2014; Tresser, 2011).

How far continuing financial and political pressure may lead other officials to attempt to secure revenues by selling off public assets is an open question. On the other hand, public resistance to such strategies, although less widely publicized, has been strong in many areas. Toll road sales have been held up in Pennsylvania and New Jersey, and Chicago Mayor Rahm Emanuel recently rejected an attempt to privatize Midway Airport as previously attempted by Daley. (Primack, 2011; Samuel, 2011; Wilson, 2013). An effort to transfer city-owned parking garages to private ownership in Los Angeles also failed when residents and business leaders realized that parking rates would spike if the deal went through (Zahniser, 2011).

At the heart of the paradoxical strategies of development in these varied and increasingly widespread illustrations is one or another form of democratized ownership—a form at the national, state, municipal, and neighborhood level that stands in contrast to traditional ideas that only corporations or private businesses can own and manage productive wealth.

Nor should it be forgotten that at the height of the recent financial and economic crisis, one of the nation’s largest manufacturing corporations—General Motors—was placed under majority government ownership (with the government also taking a

minority share of Chrysler) *because the alternative was all but certain to be the collapse of the heart of the U.S. manufacturing economy in general.*

EVOLUTIONARY RECONSTRUCTION IN THE ERA OF GROWING PAIN

How far might these various kinds of evolutionary reconstructive developments toward a caring democracy go if ongoing difficulties continue to create ever-deepening social and economic pain, and traditional policies, both liberal and conservative, fail to deal with it?

One thing is certain: traditional American liberalism, dependent on expensive federal policies and strong labor unions, is in a moribund state in the United States. The government no longer has much capacity to use progressive taxation to achieve equity goals or to regulate corporations effectively. Congressional deadlocks on such matters are the rule, not the exception. At the same time, ongoing economic stagnation or mild upturns followed by further decay appear more likely than a return to booming economic times.

Paradoxically, evolutionary reconstructive processes of institution-shifting change over an extended period of time may be more viable in the United States than in many European nations—in part because of American traditions of decentralization, and in part precisely because American liberalism’s reform capacity has historically been weaker than most social democratic political formations in Europe. Moreover, the decline of American labor unions from 34.7 percent of the labor force in the 1950s to 11.1 percent now (and only 6.7 percent in the private sector) continues to further weaken traditional progressive reform capacities (Goldfield, 1989, p. 9; United States Bureau of Labor Statistics, 2016).

To be sure, some hold out hope for a reversal of this decline. California, where labor has benefitted from a “powerful mix of the awakening militancy among the

mushrooming low-wage, largely immigrant workforce, the growing political strength of labor in local and state elected bodies, and the use of that political clout to improve the climate for organizing” provides perhaps the best-case scenario (Zabin, Quan, & Delp, 2001). But even in California, union density, after a brief surge between 1997 and 2002, has fallen from 18.2 percent in 2002 to 16.1 percent in 2015 (Hirsch, Macpherson, & Vroman, 2016).

Most observers agree with the judgment of Georgia State economist Bruce Kaufman that the long-range trend of decline will likely persist, which could leave “union density in the next decade at five percent or less of the workforce.” Kaufman acknowledges that “a 1930s-style resurgence” is possible, but only in the event of “war or economic disaster” (2001, p. 450-452). Many unions themselves see long odds, leading some, such as the United Steelworkers, as previously noted, to experiment with employee ownership.

The Steelworkers’ employee ownership efforts, though nascent, speak to a different kind of progressive change that is emerging—one that involves an extended, slow, and difficult transformation of institutional structures and power. Such efforts, over time, are also likely to offer possibilities for the bolstering of progressive political relationships. Liberal activists and policy-makers since the time of the New Deal and the Great Depression have implicitly assumed they were providing one or another form of countervailing power against large corporations. With the decay of this approach, evolutionary reconstructive efforts aim either to *weaken* or *displace* corporate power. Strategies like anti-trust or efforts to break up big banks aim to weaken corporations by reducing their size. Public banking, municipal utilities, and single-payer health plans attempt to slowly displace privately owned companies. At the same time, community-based enterprises offer local public officials alternatives to paying large tax-incentive bribes to big corporations.

To be sure, a several-decades-long developmental trajectory of evolutionary reconstruction may fail to, or only modestly, alter fundamental institutional

relationships and political power balances as have most kinds of top-down national reforms. The era of stalemate and decay might simply continue and worsen. Like ancient Rome, the United States could simply decline, falling into the status of a nation fundamentally unable to address its social ills.

The alternative possibility—that a painful and sustained era of stalemate and decay may allow for the development and ultimate politicization of a coherent new long-term progressive strategic direction—is not to be dismissed out of hand, however. Such a direction would build upon the remaining energies of traditional reform, animated over time by new populist anger and movements aimed at confronting corporate power, the extreme concentration of income, failing public services, the ecological crisis, and military adventurism. It would explicitly advocate the slow construction of new institutions run by people committed to developing an expansively democratic polity—an effort that could give political voice to the new constituencies emerging alongside the new developments, adding a new, potentially powerful and growing element in support of longer-term progressive change. And of course, most fundamentally, this requires institutionalizing democracy and equity not only within the political and economic system, the so-called ‘public sphere,’ but also within household relationships and at the community level as well.

New organizations like the Business Alliance for Local Living Economies (BALLE) and the American Sustainable Business Council (ASBC) have also been quietly developing momentum in recent years. BALLE, which has 80 community networks representing more than 35,000 small businesses, works to promote sustainable local community development (Jarvis, 2015). ASBC (which includes BALLE as a member) is an advocacy and lobbying effort that involves more than 200,000 business professionals, 100,000 businesses, and thirty separate business organizations committed to sustainability (American Sustainable Business Council, 2011). Leading White House figures such as former Labor Secretary Hilda Solis have welcomed the organization as a counter to the U.S. Chamber of Commerce (Hollender, n.d.b). Jeffrey Hollender, Chair of ASBC’s Business Leadership Council and former CEO of Seventh Generation, has denounced the Chamber for “fighting democracy and destroying America’s economic future”

because of its opposition to climate change legislation and its support for the Citizens United decision (Hollender, n.d.a)

At the heart of emerging institutional change is the traditional radical principle that the ownership of capital should be subject to democratic control. In a nation where one percent of the population owns more investment wealth than the remaining 99 percent (51.5 percent of total), this principle is likely to be particularly appealing to the young—*the people who will shape the next political era* (Wolff, 2014). In 2009, even as Republicans assailed President Obama and his liberal allies as immoral ‘socialists,’ a Rasmussen poll reported that Americans under thirty were “essentially evenly divided” as to whether they preferred ‘capitalism’ or ‘socialism’ (Meyerson, 2009). The finding has been confirmed in additional polls. A December 2011 Pew survey, for example, found those aged 18 to 29 have a more favorable reaction to the term “socialism” than “capitalism” by a margin of 49 to 43 percent (Pew Research Center, 2011). A 2010 Pew Research Center poll also found a majority of Americans now have an unfavorable view of corporations—down from nearly three quarters holding favorable views only twelve years before (Pew Research Center, 1998; Pew Research Center 2010).

Even if many of the youth who prefer socialism to capitalism may not have a coherent and fully developed vision for a caring socialist economic system, they are clearly open to something new, whatever it may be called. A non-statist, community-building, institution-changing, democratizing strategy could well capture their imagination and channel their desire to heal the world. It is surely a positive direction to pursue, no matter what. And plausibly it could open the way to an era of true progressive renewal, even one day perhaps step-by-step systemic change or the kind of unexpected explosive movement-building power evidenced historically, in our own Civil Rights, feminist, and other great movements.

THEMES OF EMERGING SYSTEMIC DESIGN

A long, painful era of social and economic decay, on the one hand, and of the slow buildup, community by community, state by state, of democratizing strategies, on the other, may be understood also as the preliminary historical developmental work needed to clarify new principles for larger scale application. As in the decades prior to the New Deal, state and local experimentation in the ‘laboratories of democracy’ may suggest new democratizing approaches for larger scale system-defining institutions when the appropriate political moment occurs.

It is possible to begin to clarify the parameters of a systemic model (1) to which the various emerging trajectories of institution-building and democratization point; and (2) which are suggested by the logic of longer-term challenges being created by issues of political stalemate, of scale, and of ecological, resource, and climate change. Different in its basic structure both from corporate capitalism and state socialism, the model might be called “A Pluralist Commonwealth” (to underscore its plural forms of democratized ownership) or a “Community-Sustaining System” to underscore its emphasis on economically and democratically healthy local communities, anchored through wealth-democratizing strategies as a matter of principle. Central to the Pluralist Commonwealth is democratic control of wealth at various levels, extending from the microeconomic level of the household all the way to the community, regional, national, and perhaps one day even the global, macroeconomic level.

Four critical axioms underlie the democratic theory of a model that builds on the evolving forms and structural principles appropriate to the larger emerging challenges: (1) democratization of wealth; (2) community, both locally and in general, as a guiding theme; (3) decentralization in general; (4) and substantial but not complete forms of democratic planning in support of community and of achieving longer term economic, democracy-building, and ecological goals.

Democratization of Ownership

A beginning point for understanding why interest in the democratization of ownership has grown is the simple observation that traditional after-the-fact redistributive measures depend upon power relationships that no longer hold. As noted, particularly important has been the decline of the labor union as an institutional base of traditional progressive politics. Hence, either another way forward is possible, or the power that attends high levels of income and wealth is likely to continue to produce growing inequalities of income, wealth, and political power—and thereby also to subvert genuine democratic processes.

The various institutions briefly highlighted above—from co-ops to land trusts, as well as municipal enterprises, and national financial, health, and manufacturing forms—all challenge dominant ideologies, which hold that private corporate enterprise offers the only possible way forward. They also help open new ways of conceptualizing practical approaches to meaningful larger scale democratization. The steady illumination of this principle has important political implications both locally and nationally, introducing new conceptions into American political dialogue in ways appropriate to American culture. These new economic arrangements provide fertile ground for planting the seeds of care with in our economic system.

New wealth-building forms may also contribute directly to building progressive political power either through the ‘displacement’ principle or by offering local officials alternative strategies (or both). Historically, cooperative and other federations also helped establish institutional and organizational support for explicit political efforts in support of specific policies. Critically, worker-owned firms, co-ops, land trusts, municipal enterprises, and the like help stabilize local community economies. Unlike major corporations, which commonly come and go (often after extracting large subsidies), such institutions tend to be anchored locally by virtue of their democratic ownership structure.

The early 20th century economist and sociologist Thorstein Veblen, once suggested that private ownership, “confers a legal right of sabotage, and absentee ownership vests the owner with the power of sabotage at a distance” (1923, p.66). Though clearly not always the case, the steady development of new democratic ownership forms—and especially those beginning in the local community—offer a positive response to such dangers by conferring on the community itself (whether workplace, neighborhood, municipality or other) powers now often conferred on absentee owners. The change offers one important and oft-neglected avenue to establishing further conditions that favor a caring culture.

Community as a Guiding Theme

A systemic model that hopes to alter larger patterns of distribution and power must also nurture a culture that is supportive of broad and inclusive goals and, in particular, must contribute to the reconstruction of principles of community. In economic terms, building community means introducing and emphasizing practical forms of *community ownership* in systemic design, vision, and theory. In the Cleveland effort discussed previously, the central institution is a community-wide, neighborhood-encompassing non-profit corporation. Its board includes representatives both of the worker cooperatives and of key community institutions. Worker co-ops are linked to the board (and to a revolving fund at the center), and though independently owned and managed, they cannot be sold without permission from the founding community-wide institution. The basic principle is that the effort should benefit the broader community, not only or simply workers in one or another co-op. Related to this is the fact that initial support is provided by the core institution. Future efforts in other settings will undoubtedly test further approaches to democratizing core community-wide institutions.

Furthermore, it is only because of the larger community-benefiting legitimating principle that serious political and moral claims on broader public support can be put forward with integrity, and with force. It is because the linked co-ops have a larger community-building purpose that major hospitals, universities, and other community-

serving institutions are also involved—and why public or public-supported funds are appropriately shifted to their support when possible. Individual co-ops, worker-owned firms, small business, and the like, though important, inevitably represent interests distinct from those of the community as a whole. Moreover, the workforce at any one time does not comprise the entire community. The community as a whole includes older people, stay-at-home spouses, children, and the infirm.

Put another way, as opposed to simply emphasizing worker ownership of specific enterprises, the model is based on a broader theoretical and cultural concept—namely, that the interests of the workers, and particularly workers in any particular sector—are not inherently and institutionally the same as those of the overall community, understood in terms of its necessarily broader and more encompassing concerns. This is not to suggest that freestanding, worker-owned cooperatives are unimportant or to be left out of a comprehensive model. It is simply to suggest that any genuine effort to emphasize equality must come to terms with the fact that large-order systemic models based entirely—rather than partly—on worker ownership, as urged by some theorists, are likely to develop power relationships of a particular kind. The workers who might control the garbage collection enterprises, for instance, are on a different footing from the workers who might control the oil industry in a model structured along pure worker ownership lines. Furthermore, worker-owned businesses operating in a challenging market environment can easily be overwhelmed by competitive forces that undermine larger social and ecological goals. Though, to a degree, regulations and after-the-fact efforts aimed at controlling the inherent dynamics of such models can modify and refine outcomes, they are unlikely to be able to alter the underlying conflicts of institutional interest and power involved.

Decentralization for a Meaningful Democracy

To emphasize the importance of local communities—and within that, the importance of institutions of democratized ownership—is implicitly to emphasize a third systemic design principle: *decentralization*. This raises an additional challenging question: Can

there be meaningful democracy in a very large system without far more rigorous decentralization than is commonly assumed in the United States?

It is a commonplace that Washington is now ‘broken,’ that decision-making at the center is stalemated, in decay. Part of this is clearly constitutional (e.g., the checks and balance system, voting procedures in the Senate, the over-representation of small states, etc.) But part of the problem has to do with scale—and in two quite distinct ways. First, we rarely confront the fact that the United States is a very, very large geographic polity—one difficult to manage in general, or to manage through meaningful democratic participation in particular: Germany could easily be tucked into Montana; France into Arizona and New Mexico (United States Census Bureau, 2010; United States Central Intelligence Agency, n.d.) In the words of George F. Kennan, compared with most nations, it is a “monster” country (1993, p. 143, 149).

Furthermore, the US has a very large population—currently more than 318 million, likely to reach nearly 400 million by mid-century and (in the “high estimate” of the U.S. Census Bureau) possibly to reach or approach over a billion by 2100 (Colby & Ortman, 2015; United States Census Bureau, 2000; United States Census Bureau, 2015)

Decentralization in these circumstances is nearly inevitable, and if the continental nation is too large and most states too small to deal with economic matters, what remains is the intermediate scale we call the region—a unit of organization much discussed in serious theoretical work by conservatives, liberals, and radicals at various points in modern history—and a unit of scale that is likely to become of increasing importance as time (and population growth) go on. The question is almost certainly, not whether, but how to regionalize—what powers to maintain at the center and what powers to relegate to various smaller-scale units. The principle of subsidiarity—keeping decision-making at the lowest feasible level, and only elevating it to higher levels when absolutely necessary—is implicit as a guiding principle of the emerging model. By moving the decision-making to a lower level, the process is made more accessible to women, minorities, and workers who have often been excluded in the

past. Making the process explicit is likely to become both inevitable and strategically critical.⁴

Clearly we are discussing long-term change, not abrupt shifts in direction. Inherent in any long developmental effort of the kind suggested by evolutionary reconstructive processes is a profound need to clarify large-order matters of principle. At each stage, very serious questions need to be asked of specific projects—whether genuine democracy can be maintained without altering current patterns of wealth ownership, without nurturing a culture of community, and without dealing with the problem of scale, particularly as population and the economy grow in our continent-spanning system.

Democratic Planning in Support of Community

A fourth principle involves the importance of two kinds of democratic *planning* that can include contributions from the market. In the Cleveland effort, the principle of community-wide economic benefit and stability is partly affirmed by the inclusive structure of the model. It is also affirmed, however, by the carefully structured relationship to institutions that can help stabilize the local market—in this case, the so-called ‘anchor institutions’ (non-profit hospitals and universities) that rarely leave the community. (It is not coincidental that such institutions, deeply anchored in communities, are those which provide educational and health services—services of care.) Importantly, too, as noted, the arrangement sketched, in which such (significantly publically supported) institutions agree to purchase some part of their needs from new businesses that are owned by the employees and are part of the larger integrated community-wide effort, is in fact a form of a planning system that provides some of the stability needed to nurture a caring community.

⁴ For further reference, see Alperovitz, *America Beyond Capitalism*; and Alberto Alesina and Enrique Spolaore. (2003). *The Size of Nations*. Cambridge, MA: MIT Press.

It is a planning system that alters relationships between firms and the community on the one hand, and the market on the other, and approximates a design in which community is a central goal (but with worker-ownership as a subsidiary feature), and in which substantial support is provided through a partially planned market. Note carefully: *partially planned*, not totally planned. Outside competitors are free to challenge local firms. In principle, however, since there are much broader community benefits (including rebuilding the local tax base, and a better local economic environment for independent small businesses, co-ops, and worker-owned firms), the principle of support for the larger community-building effort is seen as both socially and economically important.

Related to this is the point that substantial local economic stability is clearly necessary if community is a priority and—critically—if democratic decision-making is also a priority (and to be meaningful in local communities). First, because without stability, the local population is tossed hither and yon by uncontrolled economic forces that undermine any serious interest in the long-term health of the community. Second, because to the extent that local budgets are put under severe stress by these processes, local community decision making (as political scientist Paul E. Peterson in particular has shown) is so financially constrained as to make a mockery of democratic process (1981).

Even more important to the larger systemic model is the judgment that an authentic experience of local democratic practice is absolutely essential for there to be genuine national democratic practice (as theorists from Alexis de Tocqueville and John Stewart Mill to Benjamin Barber, Jane Mansbridge, and Stephen Elkin have argued.)⁵ To the degree that this central judgment is accepted, some form of explicit public planning to achieve the local economic stability required for local democratic processes becomes absolutely essential as well.

⁵ For further reference, see *America Beyond Capitalism*, 2nd Edition.

In this context, too, experiments in participatory budgeting, stemming from innovations in Porto Alegre in Brazil in the late 1980s and which spread to over 140 cities and six states throughout Brazil within 15 years, offer a good deal of promise (Schneider and Goldrank, 2002). Despite a deep recession, in part the result of widespread corruption, research has shown that Brazil's experiments in participatory budgeting at the municipal level have generated major improvements in development outcomes for the country's poor (Ramkumar, 2016). The basic idea of participatory budgeting is that citizens meet in popular assemblies throughout the city to deliberate about how the city budget should be spent. Most of these assemblies are organized around geographical regions of the city; a few are organized around themes with a citywide scope, such as public transportation or culture. Attempts have been made to adopt elements of participatory budgeting in the United States, notably in Chicago and New York City. These efforts have definite limits, since they are restricted to local budget decisions. Nonetheless, to the extent that the practice of participatory budgeting can be extended over time to municipal, state, regional, and national economic planning and other questions, it could provide an important mechanism for increasing meaningful democracy.

Elsewhere I have suggested ways to think about larger-scale system-wide planning approaches similar in principle to that exhibited on a smaller scale in Cleveland by considering the nation's longer-term mass transit and high-speed rail needs (Williamson, Dubb, & Alperovitz, 2010). The United States has very little capacity to build equipment for any of this. (Though there is one small firm in Portland, Oregon, the United States mainly assembles parts produced by foreign companies.) When the next financial crisis generates major problems (perhaps again in the auto industry), a future systemic model might well use public contracts needed to build mass transit and high speed rail in ways that also help support quasi-public national and community-based firms—both to produce what is needed and simultaneously to help stabilize local communities.

It is again important to note that taxpayer money and commuter fares will inevitably finance the effort. The approach—which might employ a mix of worker and community ownership—could clearly be applied in connection with other industries as well; and, again, some carefully structured forms of competition might be encouraged to keep the model on its toes.

A related point of principle has to do with community stability and global warming. It is not widely realized that community stability is required to help deal with climate change issues as well. One reason for this is simply that it is impossible to do serious local sustainability planning that reduces a community's carbon footprint if such planning is disrupted and destabilized by economic turmoil. Stability is especially important in achieving high-density housing and in transportation planning. Stability is also important, quite simply, because continuing the current policy of literally 'throwing away cities' is both extremely carbon- and capital-costly. Unplanned corporate decision making commonly results in the elimination of jobs in one community, leaving behind empty houses and half-empty schools, roads, hospitals, public buildings, and the like, only to have to build them again in the new location to which the jobs have been moved. The process is extremely wasteful of capital and human resources, but also extremely wasteful in terms of the carbon content both of the structures discarded and of replacements built anew in a different location. A serious caring approach to the environment at the large scale cannot occur without attention to such economic matters as well. It follows that any serious approach to achieving ecological sustainability in the nation's communities—one that can allow for the reduction of the carbon footprint of cities—requires a system of planning sufficiently robust to substantially stabilize communities.

Democratization of Wealth (again) at Larger Scale

A systemic model aimed at dealing with economic issues, ecological challenges, and local community stability must inevitably also come to terms with corporate power and corporate dynamics—especially in the era of global warming and resource limits. Publicly listed, large-scale corporations are subject to Wall Street's first

commandment: Grow or die! “[S]tockholders in the speculation economy want their profits now,” observes Laurence Mitchell, author of *The Speculation Economy*, “and they do not much care how they get them (2007, p. 275). Indeed, if a corporate executive does not show steadily increasing quarterly earnings, the grim quarterly returns reaper that haunts the stock market will cut her or him down sooner or later. Growing carbon emissions come with the territory of ever-expanding growth—both as an economic matter and above all as a political matter, where opposition to anything that adds costs is part and parcel of the basic corporate dynamic. And climate change in general and global warming in particular are *the* central challenges of the 21st century, challenges that go well beyond any we have previously faced.

Moreover, to the degree that businesses (*including worker-owned businesses*) are subjected to intense market competition, most face steady pressure to expand sales, profits, and growth. If they do not expand, they are likely to be severely punished by the markets, or, alternatively, competitors will find ways to achieve gains as *they* expand, often to the detriment of the less aggressive firm.

The destructive “grow or die” imperative inherent in the current market-driven system cannot be wished or regulated away. In addition to the overriding issue of global warming, countless studies have documented limits to energy, minerals, water, and arable land, along with other limits to unending growth—limits which many corporations are trying to avoid through one or another technological fix that is often equally or more environmentally destructive (fracking, tar sands extraction, deep water drilling, etc.) Yet the trends continue: The United States, with less than 5 percent of global population, consumes 21 percent of the world’s oil, 11 percent of the world’s coal, and 21% of the world’s natural gas (United States Census Bureau, 2016; United States Energy Information Administration, 2015). In the brief period 1940-1976, Americans used up as large a share of the earth’s mineral resources *as did everyone in all previous history* (Kirby & Prokopovitch, 1976).

At some point, a society like the United States that already produces the equivalent of \$223,639 for every family of four in the country must ask when enough is enough (World Bank, 2015). As Juliet Schor has argued, one important step is to shift the economy to encourage less consumption and more leisure time (Schor, 2010). A number of policy measures could help facilitate this shift, such as reforming unemployment insurance policy to encourage work sharing, changing government hiring practices to model shorter working hours, and changing labor policies to discourage excessive overtime. Such policies can also help alleviate intra-household inequality and the “second shift” of domestic work often undertaken exclusively by women in the households. Providing greater free time can help allow for a more balanced distribution of unpaid reproductive labor between men and women. Significant paid maternity leave for people of all genders contributes to the normalization of relationships of care (rather than framing them primarily as ‘soft’ or ‘feminine.’) In addition to improving work-life balance for families, such a shift can also facilitate lower-impact forms of consumption: taking the bike instead of the car and cooking at home instead of buying fast food are two obvious examples.

While a focus on restoring balance on a personal level is important, it is also necessary to confront the systemic dynamics that promote a continued focus on growth. Former presidential adviser James Gustave Speth has bluntly observed that for “the most part we have worked within this current system of political economy, but working within the system will not succeed in the end when what is needed is transformative change in the system itself” (2011, p. 555).

As a matter of cold logic, if some of the most important corporations have a massively disruptive and costly impact on the economy in general and the environment in particular—and if experience suggests that regulation and anti-trust laws in important areas are likely to be largely subverted by these corporations—*a public takeover becomes the only logical answer*. The challenge of climate change and the challenge of growth in a world of finite resources underscore the importance of coming to terms with this difficult logic, the sooner the better. The general argument that regulation

would not suffice was, in fact, put forward most forcefully not by liberals, but by the founders of the Chicago school of economics. Conservative Nobel Laureate George Stigler repeatedly observed that regulatory strategies were “designed and operated primarily for [the corporation’s] benefit” (1971, p.3). Henry C. Simons, Milton Friedman’s teacher and one of the most important Chicago school thinkers, was even more forceful. “Turned loose with inordinate powers, corporations have vastly over-organized most industries,” Simons held. The state “should face the necessity of actually taking over, owning, and managing directly...industries in which it is impossible to maintain effectively competitive conditions” (1948, p.51).

Contrary to conventional wisdom, research on public and quasi-public forms of enterprise also suggests new possibilities in this area. For example, between 2004 and 2008, 117 state-owned companies in Brazil, Russia, India, and China appeared for the first time on the Forbes Global 2000 list of the world’s largest companies. In 2009, three of the top five global companies by market value were Chinese state-owned firms: Industrial and Commercial Bank of China, China Mobile, and Petro China (Bremer, 2010, p.20-21). Research on both past and emerging developments also suggests that public enterprise is not necessarily inefficient.⁶ Research shows, contrary to widespread myth, that public enterprise in Great Britain has performed well historically. Between 1950 and 1985, annual productivity growth in English public sector mining, utilities, transportation, and communications companies consistently exceeded private sector productivity growth in the same industries in the United States (Millward, 2000). In the modern era, as Francisco Flores-Macias and Aldo Musacchio document in a Harvard International Review article, state-owned enterprises in many areas are, or can be, as efficient as their private counterparts (2009).

⁶ For more on public enterprise, efficiencies, and new developments, see: Gar Alperovitz and Thomas Hanna, “Beyond Corporate Capitalism: Not So Wild a Dream,” *The Nation*, June 11, 2012.

CONCLUSION

Implicit in the above argument are two judgments about the role of ideas (as well as ideology) in certain contexts. First, I have noted the practical introduction into American culture of projects, models, and public efforts involving the democratization of wealth at various levels. In a nation with little experience with such ideas, the various forms may also be thought of as positive ways of challenging in everyday life what Antonio Gramsci termed the dominant hegemonic ideology. The introduction of such themes in local experience may also be understood as the necessary precondition for larger-scale applications of the same principles at the appropriate moment.

At a very different level is the question of ideas in general—and when they may have meaningful impact. Rarely do ideas matter in politics. What usually matters is the momentum of entrenched power. But this is not always the case. Sometimes—when the old ideas no longer explain the world, when it is obvious that something is wrong—then new ideas can matter, and matter a very great deal. The recent presidential election suggests that now may well be such a time—and further, that new options are likely to contend for power if traditional options fail.

As the global and domestic economic, political and climate change crises both increase pain and force people to ask ever more penetrating questions, there is a need for—and hunger for—new understanding, new clarity, and a new way forward that is intelligible and intelligent. Accordingly, not only may the new evolutionary reconstructive models begin to suggest practical ways forward; they also suggest *ideas* about what might become of strategic political importance, hence offering hope of building longer-term political common ground among serious activists and intellectuals. Momentum is building, and new theories are emerging to extend democracy to all levels of society. An explosion of new thinking has occurred just beneath the level of broad public awareness, and is now reaching into a broad and wide discourse. New systemic visions of varying form have been proposed to transform

domination to partnership—beginning in the household and community, all the way up to overhauling national political systems and transnational corporations.

Similarly, for many decades the only choices to many have seemed state socialism on the one hand, or corporate capitalism on the other—with one or another form of social democratic or liberal reform as perhaps a moderating form. Neither traditional reform nor revolution offers meaningful change. Nor at this writing has the beginning of the Trump era suggested the likelihood of trend changing possibilities for the vast majority. Indeed, given the highly conservative nature of the major new Cabinet appointments, quite the opposite appears likely. The steady forward motion of evolutionary reconstruction, however, suggests an ongoing path, in part the product of frustration at all levels, for systemic transformation of the system in the direction of a truly a democratic political economy that prioritizes care for self, family, community, and planet.

When traditional systems falter and fail, or appear in decline, ideas concerning the development of coherent new systemic designs may gain far greater importance: they begin to offer specific answers to specific questions concerning whether a new system (or any system) may offer hope of genuine democracy, equality, community, and ecological sustainability. A minimum goal of the above proposals is to offer handholds on processes of important new forms of change (and therefore *strategy*) on the one hand, and on possibilities for systemic design, on the other—handholds that, in turn, may permit further refinement and ongoing development of a genuinely democratic and just political economy.

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appeared in work published in an article in *The Good Society*, Vol. 22, No. 1 (2013). For a review of the longer history of research and theoretical work contributing to this summary, see: www.pluralistcommonwealth.org. A version of the argument was also presented in a Keynote Address to the Association of Social Economics in Denver, Colorado in January 2011. A non-academic statement of the approach can be found in Gar Alperovitz, *What Then Must We Do?* (White River Junction, VT: Chelsea Green Publishing, 2013).

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Gar Alperovitz, PhD, is former Lionel R. Bauman Professor of Political-Economy at the University of Maryland, and cofounder of The Democracy Collaborative, an organization devoted to developing community wealth-building approaches to local and national democratic reconstruction. Correspondence about this article should be addressed to Gar Alperovitz at galper@democracycollaborative.org.