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Worker-Owners of America, Unite!

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THE Occupy Wall Street protests have come and mostly gone, and whether they continue to have an impact or not, they have brought an astounding fact to the public's attention: a mere 1 percent of Americans own just under half of the country's financial assets and other investments. America, it would seem, is less equitable than ever, thanks to our no-holds-barred capitalist system.

But at another level, something different has been quietly brewing in recent decades: more and more Americans are involved in co-ops, worker-owned companies and other alternatives to the traditional capitalist model. We may, in fact, be moving toward a hybrid system, something different from both traditional capitalism and socialism, without anyone even noticing.

Some 130 million Americans, for example, now participate in the ownership of co-op businesses and credit unions. More than 13 million Americans have become worker-owners of more than 11,000 employee-owned companies, six million more than belong to private-sector unions.

And worker-owned companies make a difference. In Cleveland, for instance, an integrated group of worker-owned companies, supported in part by the purchasing power of large hospitals and universities, has taken the lead in local solar-panel installation, "green" institutional laundry services and a commercial hydroponic greenhouse capable of producing more than three million heads of lettuce a year.

Local and state governments are likewise changing the nature of American capitalism. Almost half the states manage venture capital efforts, taking partial ownership in new businesses. Calpers, California's public pension authority, helps finance local development projects; in Alaska, state oil revenues provide each resident with dividends from public investment strategies as a matter of right; in Alabama, public pension investing has long focused on state economic development.

Moreover, this year some 14 states began to consider legislation to create public banks similar to the longstanding Bank of North Dakota; 15 more began to consider some form of single-payer or public-option health care plan.

Some of these developments, like rural co-ops and credit unions, have their origins in the New Deal era; some go back even further, to the Grange movement of the 1880s. The most widespread form of worker ownership stems from 1970s legislation that provided tax benefits to owners of small businesses who sold to their employees when they retired. Reagan-era domestic-spending cuts spurred nonprofits to form social enterprises that used profits to help finance their missions.

Recently, growing economic pain has provided a further catalyst. The Cleveland cooperatives are an answer to urban decay that traditional job training, small-business and other development strategies simply do not touch. They also build on a 30-year history of Ohio employee-ownership experiments traceable to the collapse of the steel industry in the 1970s and '80s.

Further policy changes are likely. In Indiana, the Republican state treasurer, Richard Mourdock, is using state deposits to lower interest costs to employee-owned companies, a precedent others states could easily follow. Senator Sherrod Brown, Democrat of Ohio, is developing legislation to support worker-owned strategies like that of Cleveland in other cities. And several policy analysts have proposed expanding existing government “set aside” procurement programs for small businesses to include co-ops and other democratized enterprises.

If such cooperative efforts continue to increase in number, scale and sophistication, they may suggest the outlines, however tentative, of something very different from both traditional, corporate-dominated capitalism and traditional socialism.

It's easy to overestimate the possibilities of a new system. These efforts are minor compared with the power of Wall Street banks and the other giants of the American economy. On the other hand, it is precisely these institutions that have created enormous economic problems and fueled public anger.

During the populist and progressive eras, a decades-long buildup of public anger led to major policy shifts, many of which simply took existing ideas from local and state efforts to the national stage. Furthermore, we have already seen how, in moments of crisis, the nationalization of auto giants like General Motors and Chrysler can suddenly become a reality. When the next financial breakdown occurs, huge injections of public money may well lead to de facto takeovers of major banks.

And while the American public has long supported the capitalist model, that, too, may be changing. In 2009 a Rasmussen poll reported that Americans under 30 years old were “essentially evenly divided” as to whether they preferred “capitalism” or “socialism.”

A long era of economic stagnation could well lead to a profound national debate about an America that is dominated neither by giant corporations nor by socialist bureaucrats. It would be a fitting next direction for a troubled nation that has long styled itself as of, by and for the people.

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