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"What Then Must We Do?" Part II

Michael Sean Winters | Oct. 7, 2013 Distinctly Catholic

In my post on Friday [1], I looked at the book *What Then Must We Do? Straight Talk About the Next American Revolution*, by Gar Alperovitz. There, I discussed what Alperovitz rightly terms a systemic meltdown in the American social, economic and political spheres, and the many data points he brings to his argument that the system must change in fundamental ways if the U.S. is to move away, instead of towards, a plutocracy. Alperovitz?s indictment is strong and compelling. But, even better, is his examination of the signs of hope.

Alperovitz tells the tale of the closing of a large steel plant in Youngstown, Ohio in 1977. 5,000 workers were laid off in one day. The workers, working with a coalition of religious leaders, worked to convert the now empty mill into a worker-owned enterprise. Their efforts fell short, but they gave rise to an idea: why should workers *not* own the companies where they work? And the coalition of workers and religious leaders kept at it. ?There are now many, many worker-owned businesses in the state of Ohio, and the support system for building them is one of the best in the nation,? he writes. Kent State University established the Ohio Employee Ownership Center which helps worker-owned firms get off the ground. Many worker-owned companies are linked with a community-building nonprofit corporation, with a revolving fund, which helps other such firms get off the ground.

Pioneer Human Services in Seattle provides employment, job training, counseling and housing to recovering alcoholics and drug addicts. PHS was begun fifty years ago as a traditional non-profit charitable organization, but by including community-focused businesses in its plans, it has built itself into an organization with a $67 million annual budget, much of the funding coming from companies it helped generate, including a metal fabrication and machining shop, a catering service that supplies meals to hospitals and other large institutions, and several firms that supply aerospace parts for Boeing. ?PHS?s social enterprises employ nearly a thousand theoretically impaired and unemployable people,? Alperovitz writes.

In Austin, Texas, the Southwest Key Programs followed a similar model to assist the poor, mostly Latino neighborhoods in that city?s eastern section. They now employ more than 1,300 people in a variety of business they started, including a popular café and a janitorial service.

Community Development Corporations are common in many cities and they also focus on starting businesses that will build up the community as well as generate profits. Land trusts have been started in rural communities to help small farmers compete with large agribusinesses.

What all these varied enterprises share is a commitment to something other than shareholder value. As Alperovitz notes, a traditional corporation ?is required by law to make decisions that financially benefit its shareholders, [and so] officers who devote significant resources to social purposes can be sued by shareholders for not paying attention to their primary business responsibilities.? The emergence of B Corporations, which are

now legal in 12 states, is a healthy antidote to the idea that shareholder value is all that matters. B Corporations are legally structured precisely so that they can pursue goals other than dividends and in some states, L3C corporations pursue similar objectives, combining a traditional non-profit structure with a for-profit arm that is part of the ?business model? of the ?not-only business? enterprise.

In short, there are plenty of innovative experiments, many of them very successful, that prove the value of worker-owned companies and social enterprise, all of which, taken together, represent a counter-trend to the wealth accumulation and income inequality that otherwise dominates the socio-economic landscape. Democratizing wealth is one way of ensuring social stability. Plutocrats, throughout history, have often lived well, but their systems never live long.

Throughout the book, Alperovitz raises uncomfortable questions for our nation?s political leaders. If we the people had to bail out AIG and the big banks, what does this say about the dread fear so many have of government-run enterprise? Were those bailouts a step down the road to serfdom? And, why, if the US government essentially had to buy AIG did we not keep it? Alperovitz is not afraid of government-run business, although he cautions against the dangers of statism. Localization is a key part of his agenda, and one that comports well with traditional Catholic ideas about subsidiarity.

What is missing from this book, however, is important. Mind ? I am not faulting Alperovitz for failing to write the book I wanted to read. His book led me to conclude that someone else, someone smart, should write a book that could serve as a companion book to Alperovitz?s analytical, systemic analysis. For, what Alperovitz does not supply is a moral argument. He assumes that the system we have is wrong-headed and adduces much data to make the point. But, the libertarians and free market devotees bring a moral argument into the public square, one that is thin and suspect to be sure, but a moral argument nonetheless. Alperovitz took the title of this book from Tolstoy, but Tolstoy was not a government analyst, he was a writer deeply concerned about the human soul. It is not criticism of this book to say that more work needs to be done. Quite the contrary. This book is a spur to others to engage, in moral and anthropological terms, the issues that Alperovitz has raised, issues that are important and none more so than that fundamental question: why should not the workers own the companies at which they work?

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