



Two Red-Green Strategies from America

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Basic Division on the Left

Purpose of getting elected / getting power is to:

1. *Do good things for the people (socialist left):*
 - Universal health care, education, pension, basic income, job guarantees, etc.
 - Agency of the people is to get the Left elected and into power.
2. *Make it so people are empowered to do good things for themselves (non-socialist libertarian left, e.g., Chomsky):*
 - Control their own economic life, e.g., through worker ownership of their businesses.
 - Decentralized agency of people is the goal, which means taking the market seriously—as a servant, not a master.

With Liberty and Dividends for All (Peter Barnes)

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- Basic idea: everyone has *an equal right to natural resources* (which are not the fruits of anyone's labor).
 - When specific individuals and companies use up those resources, they should pay for it and that value should be a *social dividend* in cash to all citizens.
 - It should *not* be Govt. income for politicians to spend “for the good of the people.”

Two Sources of Social Dividends

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- Leased (not sold) natural resource rights that will generate a continuous income for the social dividends—like offshore oil.
 - American example: Alaska Permanent Fund distributes a cash dividend to all Alaska citizens from the leases on the north shore oil.
 - License fees in an emissions trading scheme to price carbon and other pollutants. [see books by my brother Alfred D. Ellerman and new research at special center of European University in Florence.]

Political Strategy

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- Directly dividend to citizens as much as possible & and then raise money for public uses by taxes.
 - Citizens getting periodic checks will:
 - Make it easier to pass the program,
 - Cement the program in place politically, and
 - Make it easier to expand the program.
 - Forcing politicians to raise money by taxes will force public justification and scrutiny.
 - Avoid letting money raised from potential dividend sources to be directly spent by Govt.

Economic / Workplace Strategy

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- Basic idea: everyone has the right to self-governance in all aspects of life (e.g., the workplace) and to the private ownership of the fruits of their labor.
 - Decentralized empowerment of people to do good things for themselves.
 - Not empowerment of Govt to do “good things” for people.

Remarkable real-world example: Mondragon

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- 110 cooperatives in Basque region of northern Spain.
 - Industrial, financial, consumer/worker, and agricultural/processing worker coops based on “priority of labor over capital”.
 - Own social security system,
 - Own medical system,
 - Own education system from kindergarten to university,
 - Own hi-tech R&D centers to apply modern technology,
 - Own coop development program for spin-offs from existing coops and to develop new companies for youth employment.
 - All that a most ambitious socialist govt. promises to do for people, Mondragon has already done by and for themselves.

Basic Lesson from Mondragon

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- Economic security comes from learning to do business and create/recreate your own jobs through the socialization of the entrepreneurship,
 - Not from getting “socialist” govts in power to give out better welfare payments or job guarantees.
 - But Mondragon only does start-ups and spin-offs from growing start-ups, not conversions from capitalist/socialist firms.

ESOPs: A model for worker buyouts from America

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- ESOPs or Employee Stock Ownership Plans were legalized in US in late 1970's.
 - Today *10% of private US workforce* work in ESOP companies, while only 7% or less of workforce is unionized.
 - Key is that workers can buy all or part of their company *using the company as collateral* with no risk to their private property (like flats or cars).
 - And *the company pays off the loan* so workers do not pay out of their pockets for shares.

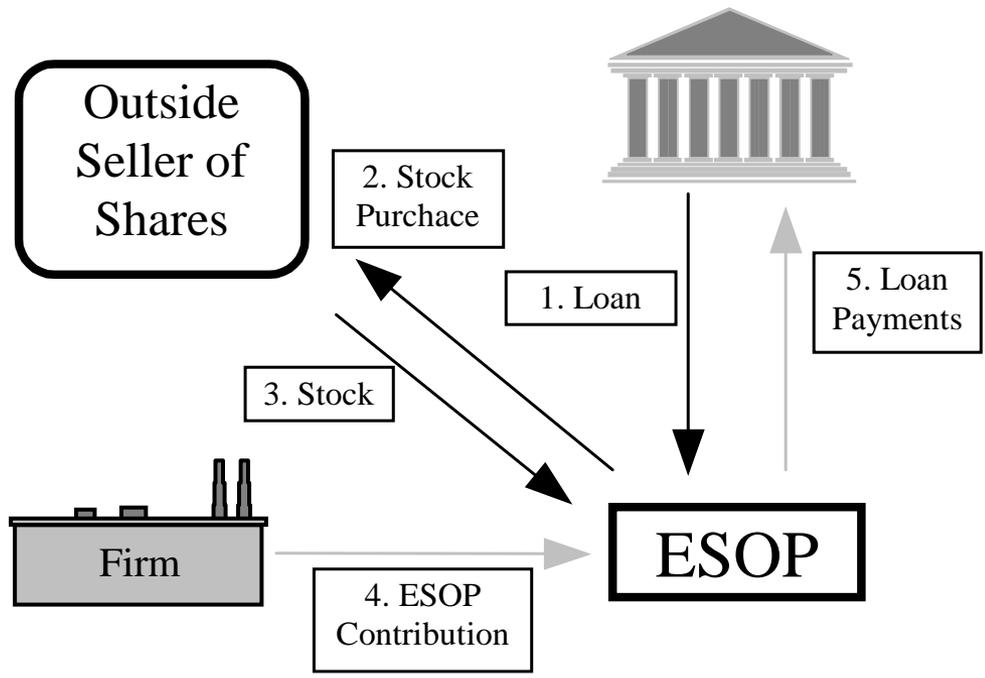
Leveraged ESOP buying old shares



- 1. Loan Money
- 2. Stock bought from old owner
- 3. Stock to ESOP

Later

- 4. ESOP Contribution
- 5. Loan Payments



Legislative History of ESOPs

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- ESOP ideas came from an ultra-capitalist lawyer, Louis Kelso, who wanted to turn workers into capitalists and were pushed through Congress by Senator Russell Long, son of populist Huey Long.
 - ESOPs were supported with legislation and tax breaks by *both* sides of the aisle in Congress.
 - People in worker co-op movement (like me) and unions opposed them for many years until they realized that the vehicle could be used for progressive purposes.

ESOPs in other countries

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- *No other country* has passed ESOP legislation for the *leveraged* buyout by workers.
 - What are called “ESOPs” in other countries are employee stock purchase plans at discounted prices (workers buying shares out of pocket at special prices).
 - Why? Mostly ignorance but may be partly just anti-worker ownership prejudice.
 - Example: in some discussions with Govt of Croatia, the officials could only imagine workers taking out individual loans, using their own collateral, to buy shares. Could be just ignorance or wanting to save companies for tycoon friends??

Summary: Red-Green Strategy

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- Make people and companies pay for what should be the equal right of all, and then distribute proceeds as social dividends to all citizens to spend as they wish.
 - Sponsor ESOPs as American-approach to employee ownership to give people control over their economic lives.
 - Worker ownership sponsors decentralized pollution reduction since no one wants to foul their own community.

Extra slides



Repeat: Basic Division on the Left

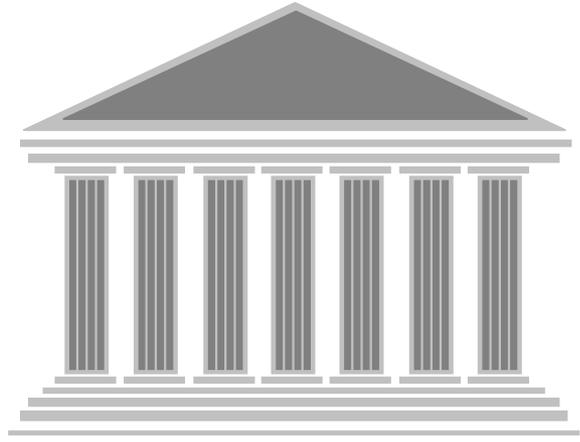
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ESOP Payments and Share Repurchases

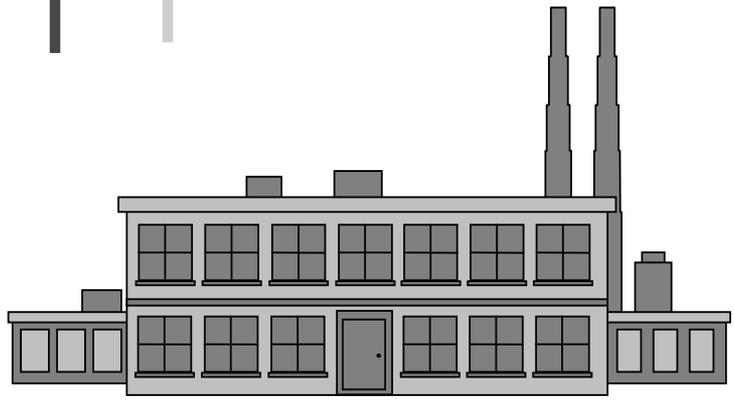
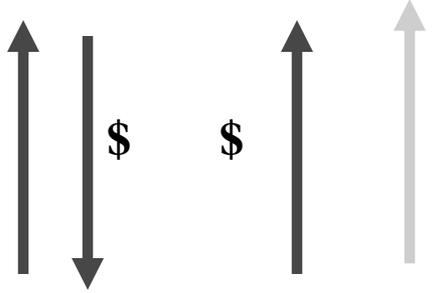


As ESOP pays off loan, stock is allocated to worker share accounts in ESOP.



Shares Reallocated

Firm buys back stock when workers leave.



Libertarian Left, e.g., Chomsky

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- Noam Chomsky is a good reference point as an example of a well-known left-libertarian figure.
 - In Chomsky's recent second Dewey Lectures at Columbia University, he gave a summary of his scientific, political, and social views.
 - After describing his own views in terms of the (European) libertarian tradition, he went on to give a "shoutout" to my work:
"In particular, at this point the American brand of libertarianism departs from the libertarian tradition, accepting and indeed advocating the subordination of working people to masters of the economy, and the subjection of everyone to the restrictive discipline and destructive features of markets. These are topics worth pursuing but I will put them aside here, while at the same time noting that there may be ways to bring together the energies of the libertarian left and right--as is sometimes done, for example in the valuable theoretical and practical work of economist David Ellerman."