Foreword: On the importance of democratic public ownership

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A little under 10 years ago, the United States government essentially nationalized several major American corporations, including General Motors, Chrysler, and AIG (one of the largest insurance companies in the world and hence the manager of extraordinarily large pools of capital). It also established indirect authority over several other large Wall Street banks as part of its wide-ranging bailout program. The 2008 financial crisis was a historical turning point of a kind that rarely comes about. The fundamental question of political economy – *of what, if you don't like corporate capitalism and you don't like state socialism, you actually want* – has come rushing back into circulation. In diverse quarters, ongoing economic pain in everyday life has also given rise to new possibilities. The seeds of a new economic paradigm have begun to sprout. Innovative new complexes of community-cooperative ownership have begun to spring up. Social movements have started to engage with novel, participatory forms of economic development. Worker ownership, neighborhood ownership, municipal ownership, and even large-scale enterprise are back on the table in a serious way for the first time in many decades.

What makes current experimentation with democratic ownership different from historic efforts is that the mix of public and quasi-public economic institutions now being discussed follow lines of what the late E. F. Schumacher termed 'appropriate scale.' Instead of ideological debates, the discussion is largely about different structures designed to meet the requirements of different functions (local farmers' markets on the one hand; nationalized rail systems on the other) – and all open to demanding (researchable) questions: Does this approach actually meet community and public needs? Is

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it efficient? Effective? Responsive to community and national concerns? Ecologically sustainable? Supportive of democracy, equality, liberty – even, perhaps, community?

Thomas Hanna's tight, deeply researched study on public ownership could not have been published at a more opportune moment: It is a time when such questions are fast becoming matters of public and political concern. In the 1960s, I was a Legislative Director in both the US Senate and the House of Representatives as well as a Special Assistant policy advisor in the State Department until my departure during the Vietnam War. Thereafter, I also worked on projects with Dr. Martin Luther King, Jr. and the Mississippi Freedom Democratic Party, and I was active in organizing opposition to the war. As transformative as that era was in many very important ways, I can say without a shadow of doubt that now, today, this era, is of equal and perhaps even greater importance in American history. We are well and truly at a crossroads; we cannot go forward following the traditional twentieth-century path. Economic stagnation, political stalemate, community instability, and climate change won't allow it. In 2005, in the preface to my book *America Beyond Capitalism*, I stated that I was no utopian, and that confronted with these obstacles the country could well turn down a dark path before things got better. With the far right now ascendant in much of the world, including the United States, and a dangerous and erratic right-wing populist holding the reins of power (and the nuclear codes) in the White House, I fear that this projection is coming true – and sooner than I thought. Yet, as in 2005, I remain hopeful; history amply demonstrates that the seeds of transformative change are commonly sown when the night is darkest.

And, indeed, we are also now seeing the emergence and growing sophistication of two interconnected discussions. First are new political and economic movements committed to democratic forms at all levels (especially in the economy), which have been steadily developing in recent years, accelerated greatly by the financial crisis and Great Recession. Often termed the 'New Economy Movement' or the 'Solidarity Economy Movement' (or some variant of both), people across the world are beginning to connect with each other to share experiments, models, and best practices as they build bottom-up alternatives to corporate capitalism and neoliberalism. From reclaimed workplaces in Argentina and Greece, to solidarity cooperatives in Quebec, to local currencies in the United States, to new open-source software that knows no borders, the breadth and energy of the movement is encouraging. Moreover, every year such efforts

grow in sophistication, linking to public policy and large institutions to offer pathways once considered impossible.¹

Second, as the economic problems of traditional political-economic systems deepen – and as such modern threats like climate change converge with traditional problems of inequality, poverty, race, and community degradation – an increasingly informed and sophisticated debate about ‘the system’² (or rather, about the ‘next system’) has also taken on new power, and urgency, in many countries. Here the question is posed in the very largest terms: If both traditional state socialism along Soviet and Eastern bloc lines and modern forms of corporate capitalism offer little hope of showing the way toward a democratic, egalitarian, liberty-supporting and ecologically sustainable system, *what specifically might be a viable systemic answer for the future? One that both achieves and nurtures such values and, we must add, more peaceful and more equal relationships between peoples and nations?*

The ‘system question’ – or ‘what makes sense if neither traditional capitalism nor traditional socialism meets critical criteria?’ – is clearly on the table now, both politically and intellectually, in ways that it has never been, at least in my lifetime. And to the degree that none of the traditional systems offer hopeful solutions to deepening problems at various levels, the question of what has sometimes been termed ‘systemic architecture’³ comes increasingly to the fore. At the heart of that question is: What specific forms of economic institutions offer greatest hope – taken together – of helping develop pathways forward to the evolution of new systems beyond the decaying twentieth-century models? How, really, might we achieve a more participatory, equal, peaceful, and ecologically sustainable democratic system that values both community and liberty?

The ‘how’ in this case focuses not only on attitude, but on the underlying architectures of different systems that lead in certain directions (or restrain others).⁴ At the very heart of this overarching question are the issues Hanna takes up in this book: What, really, do we know about different forms of democratic ownership? And how might different forms, taken together, help us structure ‘the next system’ beyond the traditional decaying twentieth-century models? Guided by an intense concern with what is actually known and can be backed up by research, Hanna ventures only very carefully into this terrain. First things first: What do we know and what can we demonstrate? After we have gotten that clear, what can we begin to explore experimentally? And beyond that, what can we theorize about?

By and large, this book demonstrates that publicly owned enterprises can be – and often are – as efficient or even more efficient than privately owned firms.⁵ The ‘bottom line,’ as the saying goes among economists and political economists, is that a number of traditional myths are shattered. There is also evidence that public ownership can be far more responsive to social and ecological concerns than private ownership in certain sectors. The picture that emerges is of an ownership form at different levels that is flexible enough to address the large-order economic, social, and ecological challenges in front of us, but which also allows for increased participation, liberty, and equality – values that are essential to stemming the rising tide of what threatens to become populist forms of fascism. The book also reports on many particularly interesting and innovative local developments that point in the direction of stabilizing and rebuilding communities from the ground up.⁶

One example that Hanna and I have frequently discussed elsewhere is the Evergreen network of worker cooperatives in Cleveland, Ohio. Here not only does the linkage (via a community-wide neighborhood corporation) build a ‘community’ interest into the very structure of the approach, it also thereby opens the way to public and other support that no single private enterprise (cooperative or capitalist) could enjoy on its own.⁷ One result is that major public and non-profit enterprises – universities and hospitals (termed ‘anchor institutions’ by virtue of their inability to move without great cost) – have begun to support such linked community-building cooperatives through purchases of goods and services (since public health and educational institutions enjoy major public financial support, the result of such targeted and stabilizing purchases is a form of local economic planning – in this case, planning for community stability). A related and equally impressive model based on similar principles has emerged in Preston in the United Kingdom, where there are plans to add a publicly owned bank and energy company into the design.⁸

The kind of research detailed in the following pages is certain to help us gain leverage on a number of important further questions: 1) What advantages and disadvantages might publicly owned enterprises offer in terms of democratic politics? Can public disclosure requirements beyond those that can easily be imposed on private firms, for instance, make it more difficult for large enterprises to have undue political impact? 2) Might public forms of enterprise be more easily regulated, especially in connection with such pressing issues as climate change? 3) Might public firms ultimately be more easily adapted to reduced growth or no-growth economics as limits are

reached in certain areas? 4) Most important in many ways, I believe: In an era when local economic changes and dislocation undermine individual lives (and where regulation and incentive systems regularly fail), might public forms of enterprise be brought into planning systems that help stabilize local economies,⁹ and thereby increase the possibility of building renewed democracy, and perhaps even a deeper sense of community, from the bottom up?

These are some of the questions, beyond those taken up in this work, which Hanna's research brings us to. Put another way, the book offers a point of departure for asking some of the most important, and yet very traditional, questions in quite new ways. It uses empirical reporting to establish a foundation for the ongoing inquiry of how, specifically, to build a more equitable and sustainable world. These are questions that cannot be answered in a serious way without the kind of informed research concerning alternative economic forms that this work addresses. I suspect they are the kinds of questions Hanna himself will make increasing contributions to as time goes on.¹⁰

It is only fair, I think, to mention that Hanna is a colleague and friend who has worked closely with me in support of various research projects. So, my appreciation for this work is both personal and also longstanding. His book is the product of many years of intense study. It is a gift to us all as we look for new ways forward at this difficult time in the increasingly painful economic and political world in which we live.