

# Is Property-Owning Democracy a Politically Viable Aspiration?

Thad Williamson

At the start of this volume, Simone Chambers (Chapter 1) provided a rich discussion of the ambiguous politics of John Rawls. Chambers shows how Rawls's preferred set of economic arrangements implied a systemic critique of modern capitalism and its incompatibility with socially just institutions and policies. Succeeding chapters in Part One explored the idea of "property-owning democracy" (POD) from a variety of angles, including its historic roots, its philosophical justification, and the connections between Rawlsian property-owning democracy and republicanism. Parts Two and Three have taken up the political economy of property-owning democracy, with the aim of specifying in some detail what it might look like and what sorts of policies and institutional developments might help bring it into being, as well as the aim of critically assessing what a property-owning democracy might and might not accomplish. In this closing chapter, we turn full circle by once again returning to the question of *politics* in a more explicit way. In this chapter I pose the question of whether it is possible to imagine a politics of property-owning democracy that did not compromise the essentially radical nature of the idea yet also might, over the medium and long term, prove politically viable in a nation like the United States with its many distinct strands of conservative and neoliberal political opinion and its formidable power structure (i.e., corporate and financial economic and political power, as well as the political influence of the rich, the super-rich, and their ideological compatriots.) The answer to that question may, of course, well prove to be "no." This chapter aims to make the case for a more positive (albeit uncertain) answer to that question.

The thrust of my argument is this: property-owning democracy is a quite distinct ideal from welfare state liberalism, just as late-nineteenth-century American populism was a quite distinct ideal from middle-class progressivism (Goodwyn, 1976). Consequently, it is a mistake, or at least premature, to draw strong conclusions from the weakness of American liberalism over the past generation about the future prospects of a form of populist or radical politics that is both (a) explicitly redistributionist and (b) argues not for redistribution from the middle and upper-middle classes to the poor

via taxation, but for redistribution of access to and control over wealth and capital from the *very* rich to almost everyone else. Further, it is also a mistake to presume that developing a substantive politics of property-owning democracy requires, in the first instance, an unlikely revival of trade unions or other building blocks of traditional social democratic politics, or an unlikely embrace by democratic publics of full-bore Rawlsian egalitarian principles. Acceptance of the basic (negative) idea that our economic and political life ought not be dominated by a narrow self-serving elite, and the basic (positive) idea that extremely wealthy countries ought to provide sufficient resources to each citizen to allow them to construct and carry out a meaningful life plan, without being excessively burdened or motivated by economic necessity, is sufficient to get the idea of property-owning democracy off the ground. What proportion of Americans (or citizens in other advanced nations) might be receptive to arguments for these ideas in practical form cannot be known in advance of a serious effort to forward them.<sup>1</sup>

### Why a Politics of Property-Owning Democracy Is Needed

We begin by making a brief detour into contemporary political realities, with the aim of showing *why* a politics of property-owning democracy is so sorely needed. The election of Barack Obama as President in 2008 triggered a wave of optimism in the United States (and elsewhere) about the possibility of serious political change in the USA and a reversal of a 30-year drift toward greater income and wealth inequality and increased corporate power. These long-term trends have taken the United States very, very far away from the idea of a society characterized by equal political liberties, substantive equality of opportunity, and moderate, ethically justifiable inequalities. Not only did Obama run and win on what (relative to American politics) was a plainly progressive agenda, he took office in the midst of the worst economic crisis seen in America since the 1930s.

Soon after being elected, however, Obama enlisted big-name economic advisors with experience from the Clinton presidency – especially former Treasury Secretary Lawrence Summers and his protégé Timothy Geithner – to lead his own economic team. Both men had deep ties to Wall Street as well as a long record of supporting neoliberal, free-market policies of the kind that helped spawn the economic crisis. In office as Obama’s Treasury Secretary, Geithner crafted a “bailout” plan for financial institutions that offered massive, publicly guaranteed incentives to the private financial sector to buy up bad loans accumulated by banks, eschewing the more straightforward and less risky option of simply nationalizing the banks, firing management, and cleaning away the bad assets (Kuttner, 2010; Suskind, 2011).

Equally significant, Obama appointed a task force composed primarily of financial experts to tackle the crisis in the automobile industry and force General Motors (GM) and Chrysler to either declare bankruptcy or come up with an acceptable business plan, in exchange for government loans. The resulting bankruptcy and subsequent restructuring of General Motors, which saw the federal government take a majority stake in the company, took as its premise the reduction of industrial jobs and the scaling back of production; indeed, part of the revised strategy for the “new” GM involved the closing of 14 (of 47) plants in the United States, increasing the proportion of cars built for the

US market in low-wage countries such as Mexico, and extracting severe concessions from labor, most notably a two-tier wage structure in which new workers are hired at much lower wages than existing workers. The priority has been to restore GM to profitability as quickly as possible so as to make the firm attractive to a new private buyer (Rattner, 2010). Alternative approaches that prioritized preserving jobs and communities over the companies' financial profits, or that connected the idle productive facilities of GM to the need to build mass transit equipment and other "green" products were rejected, if they were contemplated at all by decision makers. (The account of Rattner, 2010, suggests they were not.) The result is that a "progressive" President, strongly supported by organized labor, in effect used public money to help a failed, incompetently managed company shut down more production and eliminate more jobs in order to restore corporate viability. GM issued an initial public offering in shares in November 2010, and the federal government was expected to sell its remaining stake by the end of 2011.

Taken on its own terms, analysts such as Robert Kuttner view the GM takeover as a good example of the sort of approach government should have taken with the large financial institutions – for instance, using the power of government to force out bad management. Indeed, optimistic appraisals of both the GM and even the TARP (Troubled Asset Relief Program) interventions might point to it as an example of the capacity of government to take public stakes in private institutions with beneficial consequences (the American economy did stabilize, and cars sold by GM increased from 2009 to 2010). But from a perspective critical of the concentration of economic power in the United States, and critical of the traditional capitalist mode of production, these interventions represent a major missed opportunity.

Indeed, Obama's approach to the economic crisis – conceptualizing the problem as how to preserve traditional capitalist arrangements – is the almost-inevitable consequence of the lack of a well-articulated, coherent alternative vision of the post-crisis political economy in which markets play a subordinate and not a leading role. Simply put, progressive political forces have lacked a compelling account of how the political economy should be organized so as to best realize liberal, democratic, and egalitarian values. Most mainstream progressive politicians in the United States take the structure of the current political economy for granted, and speak in terms of ways to enhance opportunity and ease social pain within the current system. In short, mainstream liberal and progressive politicians practice (at best) a politics of what Rawls would term welfare state capitalism. To be fair, they do so in a political climate which is often hostile to even minimal norms of redistribution or any effort to question the distribution of society's wealth and resources. But the recent financial and economic crisis demonstrates both the limitations of liberalism and why having a much better developed vision of the alternative to which the society should aspire is a political necessity if those limitations are to be overcome.

For example, a progressive governing regime that had committed itself to the goal of forging a property-owning democracy could have approached the automobile industry bailout with a quite different set of priorities. From the standpoint of property-owning democracy, there is no inherent moral value in having a large automobile producer generate profits that flow to a (relatively) small group of private investors. There is, however, a moral value to preserving jobs and communities. Moreover, there is a moral

value in broadening ownership of productive assets and in employees having democratic control over the companies for which they work. Both sorts of considerations point strongly in the direction of using public funding either to buy the companies outright on behalf of the public for the long term, or to reestablish the companies as employee-owned enterprises. Additional steps likely would have been required to make such re-formed companies viable over the long term (such as assistance in converting plants from car production to mass transit vehicles). The important point is that a governing party motivated by the ideal of property-owning democracy would have seen the failures of the auto industry as an opportunity to restructure ownership in a more democratic fashion, not an occasion to do whatever is required to restore traditional capitalist ownership patterns (Williamson, Dubb, and Alperovitz, 2010).

This excursus into contemporary politics is intended to illustrate one crucial point: there is tremendous political significance in whether or not progressive governing parties are guided by a substantive conception of the kind of society and kind of political economy they intend to build. Where such a conception is lacking, the default assumption that a capitalist political economy is desirable and inevitable will remain unchallenged and play a key role driving crucial policy decisions. As many authors have noted, since the collapse of “actually existing socialism” left parties throughout the West have generally failed to offer a plausible and attractive social ideal that represents a genuine alternative to (as opposed to mild improvement within) capitalism and capitalist social relations. The difficulty is more severe in the United States in that the Democratic Party – the party purporting to represent workers – has *never* offered or embraced such an alternative, instead advocating for at best a more extensive welfare state. Indeed, during the 1980s and 1990s the “centrists” dominating party leadership – including most especially Bill Clinton – embraced the neoliberal agenda, especially on issues of trade, financial deregulation, and “welfare reform.”

## Property-Owning Democracy and Public Opinion

It is in this context that Rawls’s vague but suggestive discussion of property-owning democracy is of particular *political* interest. In my view, if Rawls’s original intent in *A Theory of Justice* was to articulate and argue for a set of philosophical principles capable of becoming the consensus view undergirding political debate in a country such as the United States, his project has clearly failed (see Chambers, Chapter 1). Even among relatively egalitarian thinkers, there is no consensus on the philosophical content of social justice, and in the wider political arena, it is clear that public opinion in America strongly opposes key features of Rawls’s thought, including especially his rejection of pre-institutional moral desert and his commitment to the difference principle.

But as Joshua Cohen (2003) and many others have observed, the aspiration to build a consensus on well-defined principles of social justice within the context of a democratic society was always a flawed enterprise, based on an inappropriate application of norms within academic philosophy (the assumption that in principle better arguments can be identified and come to be widely accepted) to the practical world of politics. The more relevant question is whether it is possible to establish a conception of both broad principles of justice *and* measures to implement those principles capable of winning and

maintaining majoritarian support in actually existing democratic societies. This means shifting the terms of debate from philosophical to political terrain, and from ideal to nonideal theory. Posing the question this way abandons any aspiration to consensus, and admits from the outset that many persons and organizations will oppose both the institutional proposals and their normative rationales.

This does not mean that ideal theory is a useless enterprise – I concur with Ingrid Robeyns’s assessment (2008) that ideal theory can play a modest but vital role in indicating the broad direction in which society should move. It also does not mean that progressive political actors should refine their proposals to accord with the current views on distributive justice of the “median voter” in actually existing capitalist societies. It does mean, however, that proposals should take seriously public opinion on these matters, in just this sense: far-reaching institutional proposals must be built on moral principles that *could* plausibly be understood and embraced by a stable political majority.

What implications does that requirement have in the context of the United States (and the other “advanced” industrialized countries)? I would suggest that there is in fact widespread public support for two legs of Rawls’s three-legged distributive justice stool: the principle of substantive equal opportunity, and the principle of equal political liberty. The fact that life chances are so strongly shaped by the quality of education one receives and the sort of neighborhood one happens to live in strikes many Americans as fundamentally unfair (Ryan, 2010). Thoughtful conservatives are sensitive to this criticism, which is why they often contest empirical claims about the intergenerational transmission of class status, and why many claim that voucher programs and other market-based approaches to public education are the best way to improving struggling urban schools. There is no question that a great many citizens are misinformed about the degree to which class position is influenced by initial starting points, and that many affluent persons in particular lack an accurate understanding of the reality of poverty, both as a sociological fact and as a lived human experience. But I would contend that even in the United States, a stable majority of citizens would endorse the core Rawlsian principle that one’s initial socioeconomic position should not have a major influence upon long-term life chances.<sup>2</sup> Almost no one in American public life defends explicitly the view that we *ought* to have a social system characterized by sharp class distinctions in power and resources, and that one’s class position *ought* to be primarily a function of who your parents are or were.

Similarly, almost no one in American public life explicitly endorses the view that large corporations *ought* to have more political influence than ordinary citizens, or that the views of persons with greater income and wealth should have more sway over political outcomes than the views of the less well endowed. To be sure, many conservatives argue that huge inequalities in political influence are an inevitable consequence of “free speech,” and that ability to use as many resources of one’s own to influence politics is a fundamental freedom for both individuals *and* corporations that trumps any concern about maintaining political equality. In *Citizens United v. Federal Election Commission*, the current conservative majority on the Supreme Court endorsed the (widely unpopular) view that corporate political speech must receive the same protection as individual political speech. This is an example where a society-wide consensus on a substantive principle of justice is not likely to be reached. But it is also an example in which the

contradiction between public opinion (generally wary of corporate political power) and actual institutional practices creates the potential for future reform efforts.

Indeed, it is a significant fact that large proportions of Americans believe government is currently influenced much too heavily by the rich and well connected and by corporations.<sup>3</sup> These data suggest that a stable political majority could in fact be forged that endorsed the Rawlsian idea that we should aspire to build a society in which neither the rich nor powerful corporations are able routinely to secure policy and administrative outcomes favorable to their interests. To be sure, arguably that majority has not yet been mobilized – for instance, while there was much public resentment in the United States toward bank executives who claimed bonuses after their institutions were bailed out by the federal government, that resentment did not translate into a coherent political force capable of altering the terms and priorities of the various federal bailouts of 2008 and 2009. But arguments from the basis of a concern for equal political liberty have a large potential audience in the United States.

It is much less plausible, however, to suppose that a stable political majority could endorse the difference principle itself. Most Americans believe that moral desert (in what Rawls would term the pre-institutional sense) should be a relevant consideration in determining how resources are distributed to individuals. Politically efficacious arguments for reducing inequality of *outcome* must recognize that fact. Allowing desert back into the picture does not mean sanctioning unlimited inequality of outcome, however; on the contrary, powerful arguments for reducing existing inequalities on the basis (in part) of a concept of desert are available. At the top end of the spectrum, Gar Alperovitz and Lew Daly have persuasively argued that the marginal contribution made to individual capitalists, entrepreneurs, and inventors in our knowledge economy is slight compared to the much larger contribution of humanity's collected accumulation of knowledge (Alperovitz and Daly, 2008). At the other end of the scale, David Miller (1999) and others note the widespread popular belief that persons of modest means who work ought to be afforded a decent living and not live in constant fear of losing one's livelihood, health care, housing, and so on; the implicit claim is that workers *deserve* a raise – that is, more than the market currently awards them. Benjamin Page and Lawrence Jacobs thus report that the median respondent in a 2007 survey of 608 Americans favored wage increases of 10–25% for sales clerks, skilled and unskilled factory workers, small shop owners, and even doctors, but lower salaries for heart surgeons and corporate CEOs (Page and Jacobs, 2009, p. 42).

There is also good reason to believe that a stable majority could endorse the idea of providing a minimal social baseline on the basis of need, as well as social insurance to compensate for harms caused by events out of one's control (such as job loss and accidents). Page and Jacobs find that 67% of Americans support government-provided jobs for the unemployed, 73% favor government-backed universal health coverage, 68% believe government “must see that no one is without food, clothing, or shelter,” 76% support a minimum wage high enough to lift a family out of poverty, and 87% support government spending “whatever is necessary to ensure that all children have really good public schools they can go to” (Page and Jacobs, 2009, pp. 58–72, 91–92). Page and Jacobs also find that majorities of Republicans share these views (but for a discussion of how conservative political views impact attitudes toward distributive justice, see Bartels, 2009). Importantly, from the standpoint of property-owning democracy,

majorities of Americans also support the views that “Our government should redistribute wealth by heavy taxes on the rich” (favored by 56%) and that estates larger than \$100 million ought to be taxed at a rate of at least 25% (favored by 60%).

These findings suggest that public opinion as such is not the principal obstacle to a politics aimed explicitly at reducing severe inequalities. Taken together, it is plausible to believe a stable political majority in the United States could endorse the principles of substantive equality of opportunity, substantive political equality, and modifying market-generated inequalities to reflect considerations of perceived desert (in particular people getting less than what they are held to deserve) and human need. Those principles are sufficient to undergird a strong argument that the top 1% ought not control nearly so large a proportion of society’s wealth as at the present, and that we should move in the direction of something like property-owning democracy. Further agreement on the proposition that society’s inequalities ought to be organized so as to benefit the least well off is *not* required to make the judgment that the inequalities characteristic of contemporary capitalism violate *widely shared values*, and that we should seek a systemic alternative. To be sure, this conclusion will not be obvious to many Americans: advocates for property-owning democracy must argue for both the idea and its necessity. The point here is that they may do so by arguing from shared values that are by no means alien to American political culture. Indeed, the most pressing political task is precisely to describe a coherent, systemic alternative that has a fighting chance of gaining the endorsement of a stable political majority within the foreseeable future.

### **Property-Owning Democracy Versus the Welfare State, Revisited**

Close readers of this volume will note a tension between my argument here – that property-owning democracy may be a viable political project in a country like the United States *even if* we assume most Americans will reject the difference principle as an appropriate vantage point to evaluate our institutions for the foreseeable future – and the argument of Martin O’Neill in Chapter 4, where O’Neill contends that the difference principle offers the most decisive reason for favoring property-owning democracy over “welfare state capitalism.” If one accepts O’Neill’s argument, the question may arise: why should we be concerned with property-owning democracy if its underlying normative basis is a principle of justice that most citizens reject, or at least find strange and unfamiliar?

In my view, the answer to that question depends on what society one is talking about, the strength of the welfare state and its underlying social base in a particular country, as well as the ideological, cultural, and historical context being considered. In nations with highly developed welfare states, strong labor unions, strong norms about distributive justice, and relatively effective mechanisms for insulating money from politics, then it may make little sense for progressive political forces to focus effort on creating a property-owning democracy simply for the sake of equal political liberty and equal opportunity, taken alone. The United States at present is certainly not such a country. Simply put, its patchy welfare state does too little to alleviate

poverty and bolster economic security (Hacker, 2008); millions of working families even if employed face lifetimes of low security and low power at work, as well as low wages (Greenhouse, 2008; Wright and Rogers, 2010); and politics from the local to national levels are typically dominated by powerful economic interests. Indeed, the complacent pluralism of mainstream American political science has given way to increasingly alarmed assessments from leading scholars about the inability of American politics to contain sharply rising income and wealth inequalities since the 1970s (Jacobs and Skocpol, 2007; Bartels, 2009). More often, in fact, public policy in recent years has acted to exacerbate inequality (Hacker and Pierson, 2010). Even the steps taken by the Obama administration to extend health care coverage utterly failed to challenge the existing political economy of health insurance in the United States: Obama's political strategy was to buy off those private interests likely to be most wary of a health care bill (i.e., the pharmaceutical industry), at a heavy cost to the public interest (Taibbi, 2010; Suskind, 2011; but for a more positive assessment see Jacobs and Skocpol, 2010).

In this context, the politically relevant question is not whether a well-designed property-owning democracy might do a better job than a strong welfare state in realizing the difference principle (though I concur with O'Neill's judgment that it would). Rather, the politically relevant question is whether a politics of property-owning democracy might emerge that would be a more powerful vehicle for realizing equal opportunity and political equality than existing forms of liberal, reformist politics. (Indeed, nothing in O'Neill's argument, which is concerned with the *possibility* of realizing these principles under more familiar forms of capitalism, speaks against this political conclusion that a politics of property-owning democracy would in practice be more conducive to these goals.) In the context of the United States, I concur with Gar Alperovitz's judgment (2004; see also Chapter 13) that traditional social democratic-type politics faces too many obstacles – the large-scale and federalist structure of the country (allowing internal capital mobility), the nation's racial history, weak and declining organized labor, the sheer political muscle of financial and corporate interests – to achieve its stated goals, even when such goals are modest. Philosophical debate over the morality of the difference principle is, except in a very indirect way, essentially irrelevant to the practical politics of the United States at this moment in history. The practical question in the USA is whether and how a politics capable of realizing values that are widely shared in the political culture but persistently violated in practice might emerge in response to long-term negative trends and the evident weakness of conventional liberal and progressive remedies. This way of characterizing the problem may not, of course, apply to all advanced capitalist countries, especially those with strong welfare states and where organized labor remains quite strong.

## The Viability of Property-Owning Democracy

One dimension upon which an alternative must be plausible is its normative basis. An alternative must be explainable and defensible with reference to normative values that are widely (not necessarily universally) shared. If the argumentation above is correct, then property-owning democracy meets this criterion, insofar as it appeals primarily to



the values of substantive equality of opportunity and of equal political liberty. Strong arguments for widely dispersing property and breaking up large inheritances can be anchored in the view that society should not consist of intergenerationally transmitted social classes and that the most economically privileged members of the society should not control the political system.

But this alone does not show that property-owning democracy is a politically viable project. Attention must be paid to three other dimensions of viability: whether the proposal is in fact internally coherent and plausibly functional; whether the proposal accords with the “culture and history” of a given country’s self-understanding; and finally, whether the proposal is capable of attracting constituencies who will fight in the political arena on its behalf. This chapter will set aside the (critical) question about the internal coherence of property-owning democracy, and instead focus on these last two questions.

Rawls himself called attention to questions of culture and history as potentially decisive in judging whether property-owning democracy is better suited than democratic market socialism to fulfill the principles of justice in a given situation. The strong implication is that in countries like the United States with a weak tradition of socialist politics and strong cultural fascination with entrepreneurship, property-owning democracy may be appealing in ways that any form of “socialism” cannot be.

There is some justification for this inference. To argue for property-owning democracy does not require that one challenge the institution of property, the ideal of the market, or the virtues of entrepreneurship. Nor does it require one to make an argument on behalf of the necessity of democratic social planning. Instead, the argument can be framed colloquially in terms of ideas like “private property is such a good idea, that everyone should have some,” “everyone should have a chance to make something of themselves,” and “everyone should have the independence that property affords.” Indeed, support for broadening ownership of property has often been voiced by conservatives in the United States, including Ronald Reagan (1987), who praised employee ownership of enterprise as the next phase in the development of capitalism and “the path that befits a free people.” In this sense, property-owning democracy seems a good fit for a nation of what Page and Jacobs (2009) call “conservative egalitarians.”

It is far too simple to leave the question at this, however. First, it is important not to understate the degree to which the property-owning democracy idea challenges entrenched cultural norms in the United States. Consider the surprising rehabilitation of the word “socialism” in the American political lexicon since the fall of 2008, when Republican activists began describing Barack Obama’s very modest proposals for increasing taxes slightly on the wealthiest households as “socialist.” While these attacks failed to sway moderate voters, they did force Obama to state that he was not a socialist and pledge his support for capitalism. On the one hand, this episode seems to confirm the view that “socialism” remains a toxic label in American politics and that “property-owning democracy” is a better rhetorical vehicle for arguing for redistribution. On the other hand, the episode also makes clear that the right wing in the United States will vociferously attack *any* substantive proposal for redistribution of wealth or income – especially proposals of the scale needed to give property-owning democracy substance.

The key point is that advocates of property-owning democracy in the United States would be quite wrong to think that using that term will spare them from being labeled as socialists and otherwise red-baited by conservative activists. One unanswered question, then, is whether such attacks would succeed in dissuading moderates or even some liberals from taking property-owning democracy seriously. Would the prospect of such attacks by vociferous conservatives cause liberal politicians to retreat from embracing property-owning democracy? If moderates and liberals can be scared off by charges of being “socialist” from embracing quite substantial redistribution of assets, then prospects for property-owning democracy attaining support from a politically stable majority are bleak indeed. At a minimum, both the general public and progressive political leaders will have to develop a far more nuanced understanding of the differences between command (Soviet-style) socialism, market socialism, property-owning democracy, welfare state capitalism, and laissez-faire capitalism than is characteristic of most public debates.<sup>4</sup>

To successfully develop that understanding will require that property-owning democracy be clearly defined and given institutional and policy substance. In its essence, property-owning democracy consists of two distinctive planks: systematically redistributing wealth away from the top 1% (or top 0.1%) of households, and establishing mechanisms by which each household in the United States could come to control meaningful assets. Property-owning democracy (on Rawls’s conception) also must involve expanded provision of certain public goods (especially universal health care) via familiar welfare state mechanisms, but it is the emphasis on altering who holds wealth that makes property-owning democracy distinctive. Another way to assess the question of the long-term political viability of property-owning democracy, then, is to ask whether we could imagine the public supporting (a) concrete proposals to expand wealth ownership and (b) serious proposals to redistribute wealth away from the very top.

Elsewhere I have argued that a property-owning democracy should aim to provide all households with (a) stable ownership of real property (i.e., housing), (b) a reserve of cash assets, and (c) a meaningful share of productive assets (Williamson, 2009; see also Chapter 11 in this volume). I have further suggested that if the worst-off households in the United States had on average roughly \$100,000 in net assets nested in some combination of these three kinds of wealth, it would represent an enormous improvement in welfare of these households and also be an enormous step toward realizing the values of equality of opportunity and equal political liberty.

Already there are significant policy precedents for “asset development” in all three of these areas (see Sherraden, 2005; Sodha, Chapter 12 in this volume). Similarly, policies to nurture community development corporations, employee-owned firms, cooperatives and other forms of place-based enterprise are widespread and in most cases uncontroversial, especially in distressed communities (Williamson, Imbroscio and Alperovitz, 2002; Alperovitz, Chapter 13 in this volume). Incremental policy steps in the direction of providing citizens greater assets *are* politically attainable in the United States at present, so long as they are relatively small in scale and do not involve challenging politically powerful constituencies. The political difficulty for advocates of property-owning democracy is not with the idea that it is desirable for ownership to be more widespread or the idea that government should pursue “asset-

based” social policies or provide support to community-rooted, democratically organized firms. Rather, the greatest obstacles lie in (a) bringing such policies to sufficient scale to have a large impact on the distribution of assets and (b) undertaking redistribution of narrowly held assets so as to make such a larger-scale asset-building initiative possible.

### **The Core Issue: The Morality of Large-Scale Taxation of the Very Rich**

Indeed, the most severe difficulty facing serious property-owning democracy proposals is likely to revolve around the morality of dramatically increasing taxation of wealth and inheritances of the rich and super-rich. Since the 1990s, conservative activists have waged a surprisingly effective campaign against the estate tax, claiming it amounts to a “double tax” or a “death tax.” They also crafted a narrative claiming that family farmers and small business owners were being forced to sell by the tax, even though in reality the tax affects only a tiny minority of households. At bottom, the most important conservative argument against the estate tax is the moral claim that individuals have the right to pass on accumulated wealth to whoever they wish, and that restrictions on this right amount to an unjustified curtailment of liberty.

As political scientists Michael Graetz and Ian Shapiro (2005) pointed out, responses to this argument from most congressional Democrats focused on pragmatics rather than principle: Democratic leaders claimed that the federal coffers could not afford a tax reduction on the richest Americans. But this response falls short because it does not meet the moral issue at stake. Advocates for property-owning democracy must advance their own moral argument for the morality of redistributing accumulated wealth in order to build a consensus on behalf of not just existing taxes on accumulated wealth but dramatically increasing such taxes over time. In addition, they should craft proposals for increased taxation in ways that isolate and target the most extreme concentrations of wealth amongst the top 0.1% of households.

Four kinds of moral argument can be made on behalf of wealth distribution of this kind – two of which challenge the claim that individuals have an untrammelled right to control and dispose of property, one which appeals to quasi-utilitarian principles, and one which appeals to the kind of society that substantial redistribution for the sake of a property-owning democracy would produce.

The first argument straightforwardly holds that property rights are socially constructed, and that individual claims to wealth and income come only in the context of a set of social rules which have been established to regulate property (Murphy and Nagel, 2002). This is a quintessentially Rawlsian argument, and one that would be endorsed by almost all nonlibertarian political philosophers. But it runs counter to the understanding of many American conservatives (and libertarians), who adhere to a natural rights understanding of property in which individuals have strong claims to whatever property they happen to hold upon which the state cannot intrude. Here again is a point where universal consensus on a crucial principle of justice is impossible, at least in the American context. Further, it is not entirely clear that the Rawlsian understanding of property – which challenges the common view that citizens have a

moral right to their pre-tax income and wealth – can in fact secure support of a stable majority in the United States. Ideological battle on this point is likely to be fierce, should property-owning democracy in fact gain political headway in coming years.

A second sort of argument more specifically challenges the prerogatives of extremely wealthy households by arguing that modern fortunes made by persons such as Bill Gates owe more to our inherited accumulation of knowledge than to individual achievement. The claim here is not simply (as Rawls would agree) that society provides the institutional framework in which fortunes can be generated, and hence society should have a claim on those fortunes; it is that wealth creation relies on the steady accumulation of knowledge and technical advances, to which the entire society contributes. The innovations Bill Gates helped spawn and the money he subsequently made lie less to his own brilliance and effort than to the steady accumulation of knowledge about computers over the course of the twentieth century (much of it directly funded by the US government). Contrary to the impression left by heroic portrayals of Gates and similar figures, there are strong reasons to believe that the personal computer explosion and the networking revolution would have taken place even without the existence of Gates and Microsoft; the specific history and timing may have been different, but the long-run outcome would have been the same. This argument, articulated in detail by Gar Alperovitz and Lew Daly, is of potential interest to advocates of property-owning democracy because rather than arguing that the question of “desert” is simply immaterial to who should get what, it challenges desert-based explanations for the accumulation of enormous fortunes on their own terms. If we truly believe that individuals should only be rewarded according to their contributions, then it is quite clear that society should have a very substantial claim on the private fortunes generated by, for instance, the computing revolution, in view of society’s essential contribution to that revolution (Alperovitz and Daly, 2008).

The remaining moral arguments on behalf of breaking up large estates are consequentialist in nature. The claim that redistributing wealth away from those now living extraordinarily exorbitant lifestyles so as to underwrite the distribution of a meaningful share of assets to the millions of households with few if any net assets would generate a huge net increase in aggregate welfare is highly plausible – and hence can be defended on not only egalitarian but utility-maximizing grounds.

Equally important, advocates of dispersal of wealth can and should provide an attractive, persuasive account of the kind of society that large-scale wealth distribution would make possible. This means calling attention not just to the shares of wealth that poor and middle-income households would possess under a full-blown property-owning democracy, but to the moral consequences of such a shift: namely, a society in which economic security and the freedom to make truly independent choices about how one will live one’s life would be near-universal, not the domain of a small minority. Closely related, advocates for wealth distribution will want (and often need) to invoke a conception of community, in three senses: first, by insisting that we share a common fate with fellow citizens, and hence that we should structure our institutions on a principle of social inclusion and overturning invidious class distinctions; second, by clearly pitting the establishment of universal mechanisms for ensuring access to property and wealth in opposition to the narrow control of property by a small segment of the society; and third, by making a claim about the meaning of the nation’s cultural

ideals, and asserting that *we* are the kind of nation that takes fairness and liberty seriously enough to be sure everyone has a piece of the pie and a legitimate opportunity. The establishment of a system of universal assets holdings in the United States on anything like the scale envisioned in Chapter 11 would itself have profound long-term effects on what it means to be an “American,” as it would on any other nation that adopted such a program.<sup>5</sup>

As historian Ben Jackson shows, historically successful appeals by radical and egalitarian politicians in the USA and the UK have often employed such rhetorical strategies, by contrasting the good of the community with the narrow interests of the few, and claiming that egalitarian proposals “expressed the traditions, values, and interests of their communities; that among other things, redistribution expressed the fairness and solidarity of the national character” (Jackson, 2009, p. 239). To paraphrase Franklin D. Roosevelt’s appeals on behalf of the New Deal, a practical politics of property-owning democracy must claim that its adoption would lead to a “happier, safer, more American America” (quoted in Jackson, 2009, p. 240). The near-disappearance of such language from mainstream American political discourse (the failed presidential campaign of John Edwards was a partial exception) speaks in my judgment more to the capture of both political parties in the United States by corporate-oriented elites rather than to lack of public receptiveness to such a message. As Jackson reminds us, too, citing statistics (however astonishing), let alone formal philosophical argumentation, is rarely if ever in itself adequate as a political strategy; stories need to be told. In the case of property-owning democracy the stories to be told involve not just the traditional contrast between the exorbitant, wasteful lifestyles of the idle super-wealthy and the struggles and deprivation of the poor, but the contrast between the kinds of constraints ordinary working-, lower-middle, and middle-class citizens now face as they seek to make their way in the world and the opportunities that would be opened up by property-owning democracy. Advocates for property-owning democracy must craft stories about POD both as a vehicle for liberation from crushing financial pressures and as a mechanism for individuals to become more truly themselves. Advocates for POD must then in turn link those individual narratives to a collective story about “America becoming more American.”

Are these arguments and appeals, either alone or taken together, capable of legitimating the idea of large-scale transfer of wealth from the top 0.5% or top 0.1% in order to finance universal assets holdings? To reiterate, the question is not whether these arguments will face fierce opposition – they will. The question is whether a stable political majority *could* eventually endorse these ideas. That question cannot be answered simply with references to Americans’ current preferences and ideas about taxation, wealth, and capitalism. As suggested already, most Americans and elected officials lack the kind of nuanced understanding of different possible political-economic systems which Rawls outlines, and liberals and progressives in the United States have in recent decades only rarely made explicitly moral critiques of wealth inequality a central theme. If property-owning democracy and its associated proposals are to have viability, they must be strenuously argued for in the political arena.

This brings us to the fourth relevant consideration regarding POD’s political plausibility – whether concrete political actors willing to struggle on its behalf can be identified. Advocates for property-owning democracy necessarily must engage in what

we might term (borrowing a phrase from Gramsci) a “war of position.” In such a war of position, ideas matter, but so too do interests. One key move in the “war of position” over the legitimacy of accumulated wealth is to focus redistributive proposals on the very top of American society. As noted in Chapter 11, redistribution of just 30% of the net wealth held now by the wealthiest 1% of households would suffice to capitalize all households in the United States with roughly \$100,000 in assets. It might well be smart politics to focus even more tightly at the top 0.1%; after all, the top 1% consists of over three million people, many of whom are politically active and could be expected to defend their interests aggressively. Moreover, many Americans aspire to join the top 1%. But the lifestyles led by the top 0.1% of society are a world apart from the experience of the vast majority of Americans, even relatively affluent Americans (Frank, 2007). Publicizing the excesses of this group and contrasting it with the unrealized possibility of providing every American a very decent assets portfolio could be an effective political strategy.

### **From Moral Critique to Mobilization: Who Would Be For Property-Owning Democracy?**

A moral critique of extreme concentrations of wealth and the absurd use of resources it generates is crucial, but will not in itself be sufficient to make property-owning democracy politically viable. Constituencies must be mobilized on its behalf. One complicating feature of property-owning democracy is that organized labor, the bedrock of social democratic politics in advanced industrialized countries, is unlikely to be the most enthusiastic supporter of property-owning democracy, at least initially. Strong arguments can be made that a full-blown property-owning democracy would enhance the bargaining power of labor dramatically (see Hsieh, Chapter 7 in this volume), but the distinctive features of POD do not directly impact workplace conditions and worker power. In practice, advocates for property-owning democracy should (as suggested by several contributors to this volume) embrace community wealth-building initiatives, including worker ownership of firms, that preserve jobs from corporate outsourcing, and should stress that establishing a system of savings accounts for all households could dramatically improve the well-being of low-wage service workers.

There is no reason why organized labor could not in time endorse the goals and tactics of property-owning democracy, but other constituencies likely must play the lead role. The cultural ideals to which POD appeals are individualistic and entrepreneurial, and stand in tension with labor’s traditional emphasis on solidarity. In a provocative essay, Roberto Unger (2006) has suggested that the “left” should in fact move away from over-identification with the fading industrial working class, and instead develop a politics that speaks to the aspirations of the “petit bourgeoisie” – individuals struggling to build better lives for themselves with very limited resources, often through self-improvement (education) and entrepreneurial activities. The average young person of modest means in the United States today does not often aspire to be a well-paid, unionized industrial worker with good benefits, whose material well-being is entirely dependent on the well-being of the union (and the employer). Rather,

the aspiration is to have sufficient human capital (skills and abilities) and resources to make one's own way in the world and to be independent of any particular job or economic context.

Property-owning democracy, properly advertised, should have particular appeal for persons fitting this description. A difficulty, however, is that this stratum is generally not well organized politically; indeed, the political sensibilities of the petit bourgeoisie may often lean in a libertarian direction. A key goal in organizing on behalf of property-owning democracy then must be to win the explicit support of organizations representing young persons in general (such as student associations) and young entrepreneurs in particular.

Another major category of potential supporters of property-owning democracy are racial minorities in the United States, especially Hispanics and African Americans. Together these groups comprise roughly 29% of the population, a figure that is projected to rise to 35% by 2030 and 42% by 2050 (US Census, 2009). As has been well documented, the median wealth of white households today (\$143,600) is over 15 times higher than the median wealth of African Americans households (\$9300) (Wolff, 2007, Table 10; based on 2007 figures). This tangible legacy of America's history of slavery and racial discrimination has received increasing attention from scholars and activists in recent years (Oliver and Shapiro, 2006; Conley, 2009). Redressing this situation has often been linked to the question of reparations for slavery. Whatever the moral merits of that case, the subject of large-scale slavery reparations remains a political nonstarter in the United States. However, a universalist program to distribute assets widely and to tax away a larger share of the holdings of the wealthiest Americans could achieve many of the same practical aims as a reparations policy. One can particularly imagine African American business people and entrepreneurs enthusiastically supporting a serious assets-based approach, in preference to expansion of the traditional welfare state.

Indeed, the prospect of building a society in which each person has sufficient assets to "make something of themselves" as well as tangible stake in property has potential appeal across social class lines. The politics of a property-owning democracy cannot be traditional working-class politics. Rather it must be a politics of the working class and the economically excluded in alliance with the middle class, in antagonism to a quite narrow group of wealth holders at the economic pinnacle of society. Without support of the bulk of the middle class, this politics cannot succeed (Elkin, 2006). As suggested above, appeals to the ideals of equal opportunity and of equal political liberty may carry considerable political weight with the American middle class, and it is fortuitous that institutional proposals for property-owning democracy do not need to be framed in terms of more controversial arguments about the scope of permissible inequality of results.

This is not to say that winning over the middle class toward property-owning democracy will be an easy proposition. Four kinds of obstacles can be identified. First is the tendency of many middle-class persons to identify with and valorize the very wealthy; the United States is generally not a society characterized by cultural hostility toward the super-rich. Increasing the level of resentment and antagonism toward the super-rich may well be a prerequisite of building popular support for serious taxation of wealth, but few politicians (least of all Barack Obama) are willing to cast their

politics in terms of social antagonism; progressive politicians in the United States prefer the language of community and “we’re all in it together.” Communitarian rhetoric that draws no distinctions between the interests of the vast majority and those of the very wealthy will not be powerful enough to underwrite dramatic levels of redistribution. A politics of property-owning democracy with real traction cannot be a politics without enemies.

The second obstacle is ideological opposition to increased taxation, often rooted in the “everyday libertarian” view that individuals ought to be able to keep whatever they have accumulated because they have “earned it” (Murphy and Nagel, 2002).

A third, related obstacle is a general lack of sophistication, or perhaps just lack of information, about the general differences between socialism, different types of capitalism, and conceptions of property-owning democracy, and about the likely consequences of different sorts of tax policies. Opponents of a wealth tax will try to argue that the middle class will be hurt by higher taxes on the very rich. While a wealth tax should be carefully designed so as to minimize the plausibility of such distortions, any concrete proposal must be accompanied by relentless demonstration of how the middle class stands to benefit from substantial redistribution aimed at the top.

The fourth and final obstacle is in some ways the flip side of the first: a reluctance of some middle-class Americans to join into political coalition with working- and lower-class Americans, a reluctance that often is tied to ideological views about poverty and its causes that tend to blame individuals and individual behavior rather than policies and structure. Property-owning democracy may offer a more promising route to building the needed measure of cross-class solidarity compared to traditional welfare state capitalism, insofar as its aims are to provide citizens with a measure of independence and to reduce the need for citizens to be sustained by means-tested welfare payments. One of the oldest saws in conservative discourse about poverty in the United States (often repeated by George W. Bush) is that if you give a man a fish, you feed him for a day, but if you teach a man to fish, you feed him for a lifetime. Property-owning democracy can be framed as a vehicle for independence and self-reliance, a way to both teach a man or woman to fish and provide a rod with which to do so.

## **Conclusion: Going Public With Property-Owning Democracy**

There is no way to judge whether these obstacles are insuperable in advance of a serious, sustained effort to engage the general public with the idea of property-owning democracy. The place to begin is by dramatizing several startling facts of which most Americans are unaware: the degree to which wealth is concentrated, and the fact that the United States could easily afford to establish a system affording to each citizen a quite substantial amount of property, at a cost roughly equivalent to the cost of recent wars, the annual military budget, or the sticker price of the 2008–2009 financial bailouts (see Williamson, Chapter 11). A program of popular education about the basic facts of inequality of wealth and opportunity in the United States needs to be combined with an effort to educate opinion makers and politicians on the fact that there are a variety of plausible alternatives to neoliberal forms of capitalism that are quite different in character than Soviet-style socialism.



A small number of intellectuals and activists in the United States have in fact been engaged in such activities for some time, but they have yet to impact the broader public consciousness in a lasting way. The adoption of some or all of a property-owning democracy platform by a prominent interest group or organization could have some impact; so too might the formation of grassroots study groups in the spirit of feminist “consciousness-raising.” Popular education regarding the economy, how it works, and the contradiction between the enormous wealth holdings of the top fraction of society and the highly stressed economic existence experienced by most people is a precondition for generating a social movement on behalf of a concerted effort to broaden wealth ownership.<sup>6</sup>

At some point, however, prominent public figures (such as politicians) will need to begin talking about property-owning democracy in a serious way, both in soapbox style and in concrete political campaigns. Since 2008, numerous dogmas about the virtues of the free market have been abandoned, and ordinary people and opinion makers have begun to ask increasingly probing questions about capitalism. As the crisis continues, interest in long-run alternatives to capitalism is likely to increase. Now is thus an opportune time to make a serious effort to launch a discussion of plausible systemic alternatives.

At its heart, property-owning democracy is a fairly radical proposal based on fairly moderate normative principles. Once confronted with the practical reality that capitalism-as-usual no longer delivers functional or sustainable, let alone just, outcomes, democratic publics in the United States and elsewhere might eventually view property-owning democracy as an attractive alternative – if it is argued for persistently, persuasively, and creatively. This does not mean that property-owning democracy is the best possible alternative to capitalism, or that it alone can solve all of the fundamental problems capitalism generates. In particular, Rawls’s conception of property-owning democracy has little to say directly about the fundamental question of how finance should be organized in a market society, and too little to say about environmental issues and how we might in practice shift to an economic system oriented around ecological sustainability rather than endless growth. A full-blown political-economic alternative must address those issues, and efforts to do so necessarily must go far beyond the guidance Rawls provides. Nonetheless, pursuing some version of property-owning democracy – that is, some systematic effort to broaden the distribution of wealth and assets in a serious way, within the context of a market society – is probably the most politically plausible route to seriously challenging and altering to capitalism over the next generation. The social changes and leveling of political power it promises to deliver could lay the groundwork for yet further movements in the direction of a just and democratic political economy in the more distant future.

## Notes

1. As this volume went to press, the Occupy Wall Street (#OWS) movement was launched, with the aim of protesting against economic and political inequality in the USA (and elsewhere). The staying power and long-term trajectory of this movement is uncertain at this early point, but the adoption of the theme of contrasting the “99%” with the “1%,” as well as the

favorable response of many people to the protest, are worth noting. At a minimum, the movement's emergence reinforces this chapter's primary argument: that a populist economic critique of the domination of the economy and of politics by a plutocratic minority has significant political potential in the United States.

2. In an analysis of 20 years of survey data (1984–2004), Bartels (2009, p. 131) reports that 88% of Americans “agree strongly” (60.5%) or “agree somewhat” (27.5%) that “Our society should do whatever is necessary to make sure that everyone has an equal opportunity to succeed.” To be sure, it is not clear that middle-class Americans would take this principle as far as Rawls would like. Whereas Rawls would like to minimize the impact of socioeconomic position on long-term outcomes as much as feasible and consistent with the institution of the nuclear family, most middle-class and affluent Americans regard intergenerational transfers of funds for the purpose of paying for college, down payments on first homes, first motor vehicles and the like as not just morally permissible but laudable (i.e., the mark of a caring parent). But this does not necessarily imply that such persons would oppose or reject measures intended to increase the capacity of poorer, lower-asset Americans to confer opportunities and advantages on *their* children. Believing one has a moral obligation to one's children to use available assets to improve their life chances in the context of a society that is highly unequal and where the consequences of falling out of the middle class are severe is not inconsistent with also believing that it would be better and more just if the society were organized more fairly (greater equality of opportunity, less inequality of outcome). Nonetheless, this poses a tricky political problem for advocates of a property-owning democracy – how to articulate the case for equalizing the resources and opportunities provided to the next generation without alienating or excessively threatening middle-class families who are now able to pass on advantages out of their own resources (i.e., the middle-class family that scrimps and saves in order to be able to live in a locality with a “good” public school district); and how to distinguish between intergenerational transfers of wealth that are intended to provide the next generation with a good “start” and those transfers characteristic of the super-rich (i.e., transfers that allow the children of the rich to control enormous amounts of wealth and capital while living a highly opulent lifestyle in which work is optional.)
3. In 2000, for instance, a *Business Week* poll found that 74% of Americans believed that large companies have too much political power; only 40% said the same of labor groups, and 2% said small business had too much power (*Business Week*, September 11, 2000). Other polls over the past 10 years have consistently generated similar results.
4. Note, however, that if more nuanced understanding were widespread, Rawls apparently believed that property-owning democracy might fare better in the American context not only than market socialism but than welfare state capitalism: property-owning democracy better exemplifies the idea of independent, free-standing citizens than does a system with a class of people more or less permanently dependent on public support.
5. For a useful discussion of how egalitarian politicians in the past have framed egalitarian demands in terms of a language of national community see Jackson (2009). An interesting related question is whether a system of universal asset distribution ought to be linked to or paired with increased civic obligations (i.e., a program of universal national service, required voter registration). Here I simply observe that in some political cultures (including likely the United States) linking increased civic entitlements with increased civic obligations may increase the political and cultural appeal of property-owning democracy; such a dual program in effect creates thicker citizens whose lives are more obviously and explicitly connected to the larger (national) political community than is now the case in the United States.

6. Again, the international “Occupy” protests that began on Wall Street in Fall 2011 and quickly spread across the U.S., as well as to other countries, may prove to be an embryonic form of such a movement. At any rate, the protests have provided an unusual opportunity for public discussion and public education concerning the inequality of wealth and its possible remedies. It is worth noting here (in light of Simone Chamber’s chapter in this volume) that while Rawls himself may have never made it to the barricades, at least some of his ideas did. In a visit to London in October 2011, I viewed a sign consisting of a single printed page posted on a wall nearby the “Occupy London” protests at St. Paul’s Cathedral. The poster read as follows: “In constant pursuit of money to finance campaigns, the political system is simply unable to function. - John Rawls.” The quote is from Rawls’s final published essay, “The Idea of Public Reason Revisited,” reprinted in the expanded 2006 edition of his *Political Liberalism*, pp. 449–450.

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