

# Who Owns What? An Egalitarian Interpretation of John Rawls's Idea of a Property-Owning Democracy

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## I. Redressing Inequalities of Wealth: The Idea of a Property-Owning Democracy

### *A Neglected Rawlsian Idea*

The wealthiest five percent of Americans, measured by net household assets, holds nearly three-fifths of all wealth in the United States, including more than two-thirds of financial wealth. The top one percent of wealth holders in the United States now holds more than one-third of all wealth, including thirty-nine percent of corporate stock. And, at the very top, the richest 0.5 percent of Americans holds more than twenty-five percent of total net worth and nearly thirty percent of stock.<sup>1</sup> Conversely, the bottom sixty percent of the asset distribution holds just four percent of all wealth. The ratio between the share of wealth held by the top one percent of wealth holders to the share held by the middle quintile has increased from 6.2:1 in 1962 to 9:1 in 2004.<sup>2</sup> In short, ownership and control of wealth—itself a key determinant of both political influence and personal liberty—are overwhelmingly and increasingly concentrated among a small proportion of Americans.

These facts have attracted critical attention from a number of economists<sup>3</sup> and activists,<sup>4</sup> and the political consequences of concentrated wealth have received attention from some journalists<sup>5</sup> and political scientists.<sup>6</sup> Nonetheless, as Joseph Schwartz has argued in detail, the question of whether it is possible to have a meaningfully democratic society in which a tiny minority of the population controls the bulk of productive assets has not often been a central concern for academic political theory in recent years.<sup>7</sup> In particular, much more attention needs to be paid to the question of whether we can identify alternative political-economic institutional configurations with a more realistic prospect than contemporary capitalism of realizing commonly held democratic norms concerning inclusiveness, equal representation, and equal voice.

Despite the relative silence of democratic theorists on this set of questions, there are resources within the canon of liberal political theory we might draw upon to engage the problem. Most notably, John Rawls sketched out—all too briefly—an alternative conception of market society that would adhere to liberal democratic norms, uphold meaningful liberty, and yet not be characterized by

large concentrations of wealth and a politics in which vested private interests have a permanent upper hand. Rawls called this conception a “property-owning democracy,” and explicitly contrasted it to both the traditional welfare state and the command economies associated with historically existing socialism.

Apart from sporadic attention in recent decades,<sup>8</sup> the notion of property-owning democracy (POD) remains a largely unexplored avenue in contemporary political and social thought. While there recently has been increased recognition of the implicit radicalism of Rawls’s proposal,<sup>9</sup> the literature lacks a sustained discussion of the institutional basis of a property-owning democracy, or of what concrete forms the idea might take in advanced industrialized societies. Consequently, this article aims, first, to try to spell out what Rawls *means* by the idea of a “property-owning democracy” and second, to undertake a sympathetic reconstruction of what such a political economy might look like under modern conditions.<sup>10</sup>

## II. Rawls’s Sketch of Property-Ownning Democracy

Rawls never develops, nor purports to develop, a full-fledged, systematic account of property-owning democracy. What he has done is indicate the general outlines of the sort of political economy that might be fully consistent with justice as fairness. In the broadest possible terms, a property-owning democracy will be a market economy in which holdings of capital are widely dispersed across the population. The view is that fair equality of opportunity and limited inequality can be better achieved through a more broad-based distribution of initial holdings rather than by relying on the mechanism of “after-the-fact” redistributive taxation.<sup>11</sup>

What institutional form would such an economy take? First, Rawls assumes there will be a market and a price system. The existence of a market is defended on efficiency grounds (the use of price signals leading to an efficient *allocation*, though not necessarily a just *distribution*, of resources), and because “it is consistent with equal liberties and fair equality of opportunity.” In particular, individuals are to have “free choice of careers and occupations.” Further, competitive markets decentralize economic power. While general government regulation of the economy aimed at upholding the conditions of investment is required, “comprehensive direct planning” is not.<sup>12</sup>

Second, Rawls assumes the existence of a mixed economy, with a public sector devoted to providing public goods. Third, Rawls assumes the existence of a constitution providing a system of equal basic liberties. Fourth, Rawls assumes the presence of a government committed to providing “equal chances of education and culture for persons similarly endowed and motivated either by subsidizing private schools or by establishing a public school system.”<sup>13</sup> This government will also combat the formation of economic monopolies, and provide a “social minimum.”

Fifth, Rawls envisions a government structured into four branches, each aimed at carrying out a fundamental function that contributes to the basic struc-

ture. The “allocation branch” monitors the market and guards against monopolies and attempts to correct for market distortions caused by the “failure of prices to measure accurately social benefits and costs.” The “stabilization branch” is concerned with managing macro-economic policy, with the goal of maintaining full employment. The “transfer branch” is concerned with providing a social minimum to all citizens sufficient to “[guarantee] a certain level of well-being and [honor] the claims of need.”<sup>14</sup> This task might be implemented through, for instance, a negative income tax, a suitable tool since the goal is to ensure a social minimum while interfering in the overall operations of the market as little as possible. This minimum is the mechanism by which the well-being of the least well off is secured and maximized, and is “to be set at that point which, taking wages into account, maximizes the expectations of the least advantaged group.”<sup>15</sup> Finally, the “distribution branch” defines property rights and overall taxation rates with the goal of maintaining a suitably wide distribution of property.<sup>16</sup>

Rawls’s favored mechanism for preventing long-term accumulations of property is broadening taxation of bequests and restrictions on transmissions of accumulated wealth. Notably, Rawls argues that inequality of inheritance is not inherently unjust, so long as it remains consistent with the difference principle: “Thus inheritance is permissible provided that the resulting inequalities are to the advantage of the least fortunate and compatible with liberty and fair equality of opportunity.”<sup>17</sup>

Rawls cites James Meade’s *Efficiency, Equality and the Ownership of Property* to provide a hint as to the mechanics of how inheritance and gift taxes might work. Meade’s scheme would tax gifts and bequests “according to the existing wealth of the beneficiary” or, alternatively, “the size of the total amount which he had received over the whole of his life by way of gift or inheritance.”<sup>18</sup> Those already wealthy, or who had already received a substantial amount of gifts within their life, would be taxed at markedly higher rates when receiving additional wealth transfers; the intent in either case is to give “the rich property owner . . . every incentive to pass on his property in small parcels to persons who had up to date received little by way of gift or inheritance” or who had “only small properties.”<sup>19</sup> Pegging inheritance tax rates to the size of recipients’ existing assets would lead to a more equal distribution of wealth; pegging rates to the number of lifetime gifts one had received would avoid penalizing persons who accumulated wealth by means other than collecting inheritances. In contrast, the federal estate tax in the United States is levied according to the size of the estate,<sup>20</sup> although a number of states also levy inheritance taxes that are targeted at recipients.

The Meade approach has some strikingly inegalitarian features: it would not guarantee that *each* individual received an inheritance, as only those who were chosen by the wealthy to receive inherited wealth would get any money. As Elster<sup>21</sup> points out, this might breed an unhealthy social divide between those who are chosen to receive such gifts and those who are not. Further, even if inheritances were broken into “small parcels” in the way Meade intends, it seems unlikely that

much inherited wealth would trickle down to recipients in the bottom half of the income distribution.

The Meade scheme would, however, have the effect of breaking up large inherited fortunes, which is one of Rawls's primary aims. Moreover, the exact scheme for taxing and redistributing inherited wealth in a POD need not be Meade's. To assure that all citizens get an "inheritance" of some kind, for instance, revenues from inheritance taxes could be paid out as equal "stakes" to all citizens as they reach adulthood, in the spirit of Ackerman and Alstott's stakeholder society proposal.<sup>22</sup> The fundamental point is that if large accumulated fortunes are not to produce generationally transmitted inequalities of wealth and in turn political power, then property and taxation laws must be written so as to mandate the dispersal of large estates.

In contrast, progressive taxation of *income* plays a less prominent role in Rawls's account of property-owning democracy. Indeed, Rawls prefers a flat tax on consumption (with progressivity assured by providing exemptions below a certain minimum level) to income taxes, and also suggests that in a fully functional property-owning democracy (with presumably a very wide distribution of assets), progressive taxation of income or expenditure might not be necessary at all.<sup>23</sup> But Rawls allows that such taxation will often continue to be necessary and justified to realize the difference principle, and we can reasonably assume that significant progressive taxation of income would be a necessary (though not sufficient) element of any strategy to move in the direction of a property-owning democracy.

### III. Critical Questions for Property-Owning Democracy

This rough sketch is as far as Rawls goes in specifying the nature of a property-owning democracy. To be sure, in *Justice as Fairness* Rawls helpfully clarifies the contrast between property-owning democracy and welfare state capitalism, succinctly re-states his view of the sort of taxation a property-owning democracy will require, and offers some potentially important remarks about the role workplace democracy might play in achieving justice; but he does not substantially develop the institutional account of property-owning democracy beyond that offered in *A Theory of Justice*.<sup>24</sup> Needless to say (and as Rawls is well aware), that sparse account leaves many critical questions unanswered.

Consider, first, the problems with what Rawls terms "welfare state capitalism" that a property-owning democracy is intended to redress. These include violation of the fair value of political liberties due to the excessive political power of the wealthy, as well as violation of the principle of equal opportunity due to the strong correlation between economic position and effective opportunity under conditions of large-scale inequality. Here Joshua Cohen<sup>25</sup> usefully identifies several fundamental tensions between capitalism and democracy, two of which are particularly salient in assessing property-owning democracy: the "resource constraint" problem and the "structural constraint" problem. The resource con-

straint problem refers to the fact that in capitalist democracies, economically privileged groups have more resources and greater capacity to engage in politics to defend their aims than economically disadvantaged citizens and groups, leading to systemic biases in democratic processes and policy outcomes. The structural constraint problem is that certain public policy options that might be endorsed by popular majorities are effectively taken off the table by the dependence of policymakers on the investment decisions of capitalists; public policies that might alienate or constrain investors are thus not adopted even by relatively “liberal” leaders.

Rawls’s expression of his concerns about the relationship between democracy and capitalism perhaps lacks the analytical precision provided by Cohen. But his stated concerns about the impact of welfare state capitalism on the fair value of political liberties are sufficiently clear to conclude that, to meet the normative aspirations Rawls assigns to it, a POD should be able to solve both the resource constraint and the structural constraint problems.<sup>26</sup> It is not immediately obvious, however, that a POD, as sketched by Rawls, could actually achieve those goals.

Consequently, in the next section I present a somewhat more detailed interpretive reconstruction of the property-owning democracy idea that builds upon the sketch Rawls provides. I pay particular attention to two critical questions: how a property-owning democracy might assure that resources remain widely dispersed over time, and how a property-owning democracy might assign ownership rights in corporations (i.e., how control of productive capital will be organized).

My reconstruction of what a property-owning democracy looks like in practice comes with one major added proviso: Rather than simply consider the sort of institutional configuration that could limit large accumulated estates and disperse property, I aim to describe an institutional configuration that could guarantee a meaningful share of property to *all* citizens, not just those who happen to be chosen to benefit from (dispersed) inherited wealth. Although Rawls does not explicitly say that all citizens in a just POD should be property owners, I contend that this is a reasonable extension of his concern with putting “all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality.”<sup>27</sup> Simply put, a POD should not be a society in which some have property and others do not, combined with a cap on maximum property holdings or inheritance; call this interpretation of the concept “minimalist property-owning democracy.” Rather, a POD should be a society in which *all* citizens have tangible property, and enough of it to materially affect their life prospects and possibilities for exercising personal liberty. Here I follow DiQuattro’s interpretation of Rawls as intending a social system not based on class distinctions between owners and non-owners of capital and property.<sup>28</sup> This interpretation is also motivated by what might be termed a republican concern with fostering independence from domination by private interests, which in turn requires that individuals have sufficient economic

holdings so as not to be forced into relations of social domination in order to secure their material existence.<sup>29</sup> What I aim to describe, then, is not simply a property-owning democracy, but an *egalitarian* property-owning democracy.

#### IV. Who Owns What? The Composition and Distribution of Property in an Egalitarian POD

One fundamental question is just what sort of property needs to be distributed in a “democratic” fashion. If the notion of an egalitarian property-owning democracy is to have any substance, it cannot mean merely that all citizens own *some* property, such as a home or a savings account endowed by the state.

Rather, it must mean that the real productive wealth of a market society—land and capital—is held widely, and that there is no longer a dominant class of capital-holders. Any version of property-owning democracy that failed to achieve this would reproduce both the resource constraint and the structural constraint problems of contemporary corporate capitalism. Specifically, a property-owning democracy must concern itself with the distribution of land, holdings in corporations, bond holdings, holdings of real assets (buildings, machinery), and cash savings, as well as, plausibly, intellectual property. Last but not least, such a democracy must also be concerned with the distribution of human capital, that is, the distribution of ability to earn income through labor (mental or physical).

The question of a democratic distribution of opportunities to develop one’s human capital is an enormous one, but it is also the more familiar and safer subject, falling squarely within the terrain of widely accepted ideas about “equal opportunity.” Presumably a system of universal high-quality public education and job training that managed to correct for initial inequalities of position due to class background, or at the least made high quality educational opportunities available to all regardless of class, race, or geographic background, would be the primary mechanism for human capital development under a POD.<sup>30</sup> Obviously, achieving such a system is no simple matter, but for the moment we will set this relatively familiar idea aside.

The more difficult question is how to organize a political-economic system that achieves widespread distribution of the other forms of productive capital. Indeed, it can plausibly be argued that it is impossible to obtain a fair distribution of opportunities to develop human capital without also fairly distributing the other types of capital; Rawls’s comments on the inadequacy of redistributive public policies within welfare state capitalism appear to be a nod to this view.<sup>31</sup>

We will shortly return to the critical topic of how a POD might assign property rights to productive capital. First, however, it will be helpful to articulate some overall parameters for the desired distribution of wealth in an egalitarian POD.

### ***How Much Property Is Enough? Wealth Distribution in an Egalitarian POD***

What would the distribution of property actually look like in a property-owning democracy? Rawls is notably vague about this question, simply saying that inequalities of property must benefit the least well off. For the sake of adding some specificity to this precept, let us assume in the context of the United States that a property-owning democracy that met the difference principle would distribute wealth such that each household of four possessed net assets equivalent to the median family wealth accumulation in 2004: roughly \$93,000 (2004 dollars).<sup>32</sup> For convenience, we will round up and call it an even \$100,000 in 2006 dollars.

Using the median level of family wealth as a benchmark for the minimum household may seem like an overly generous, overly egalitarian application of the difference principle, until we consider that this median was in 2004 just more than *one-fifth* of the *mean* family worth.<sup>33</sup> Because wealth holdings in the United States are currently extraordinarily skewed, there is a large gap between mean and median wealth holdings. A society in which the bottom forty percent of households on average possessed the minimum \$100,000 of household wealth (compared to average holdings of just more than \$2000 today); in which the middle quintile of households possessed an average of \$200,000 of net assets (compared to roughly \$82,000 in 2004); and in which assets were redistributed away *only* from the top one percent, would allow for roughly a 42:1 gap in average wealth holdings between the top one percent and middle quintile households, compared to roughly 180:1 in 2004.<sup>34</sup> This is still a staggering degree of inequality (indeed, plausibly far too much to fulfill the difference principle). Moreover, it is not obvious that a less stringent standard than this—for instance, affording each household a minimum of half the current median household worth (roughly \$50,000)—would be sufficient to correct the core problems of political inequality Rawls wants a POD to solve (though this alone would have certainly have massive welfare benefits for the least well-off compared to the status quo).<sup>35</sup>

### ***The Composition of Property Portfolios in a POD, I: Residential Property and Cash Assets***

Let us assume, then, a system of property rights and tax policies designed to assure that the typical household in the asset-poorest decile of the population possessed at least \$100,000 in net wealth.<sup>36</sup> What would be the likely composition of this property portfolio for the least well-off? On the one hand, Rawlsians might be inclined to leave this question entirely open; it should be left to the individuals concerned to choose whether to hold real property, invest in corporations, or maintain cash assets. On the other hand, it does not appear that Rawls can remain totally indifferent to this question if the POD is to achieve its stated goals. In particular, it should be a matter of concern if the least well-off possess no holdings in corporate or business property whatsoever, and corporations continue to be disproportionately owned by the most well-off. Such a society would likely be



subject to the same criticisms regarding excessive corporate power weighted to the interests of a narrow class now leveled at contemporary capitalism.

Let us also assume (for sake of illustration) that a desirable portfolio of property for the least well-off would be diversified. A typical household in the poorest decile thus might possess home equity of \$30,000, amounting to roughly a one-fifth stake in a home priced at two-thirds the current median sales cost (\$218k) of existing homes in the United States;<sup>37</sup> \$20,000 in cash savings, equivalent to a year's salary for a worker earning \$10 per hour; and \$50,000 in stock holdings. Let us further assume this stock holding is vested in a mutual fund, and that the stocks owned pay dividends equivalent to two percent of holdings annually.

The financial position of citizens with a portfolio of this type would be vastly superior to that currently enjoyed by Americans in the bottom one-half of the wealth bracket. The fact of homeownership would give each household a tangible stake in the well-being of their local communities, and would help cultivate the idea that everyone has an interest in the overall health of the economic system; moreover, we would expect the value of this stake to rise over time for households as equity accumulates. The presence of substantial cash savings would provide security against short-term financial crises, and would improve the bargaining power of labor, especially on the low end of the labor market: workers would have greater capacity to hold out or negotiate for a job with a better wage. The stock holdings would provide a tangible annual boost in the form of dividends (on order of \$1000 a year in this example) and also would be expected to grow over time, on the assumption that the value of stock holdings on average should in the long run grow at the same rate as productivity in the economy as a whole. If we also assume that this minimum distribution of property to worse-off households were accompanied by adoption of universal social insurance, in particular health insurance,<sup>38</sup> then it seems quite clear that the position of the least well-off would be dramatically improved by a shift in property holdings of this kind.

It also seems reasonable to conclude that property in such a society would indeed be "widely dispersed" in the way Rawls believes desirable (though as indicated, it's debatable whether the concrete standard described above would suffice to meet the difference principle, rigorously interpreted). But would such an initial distribution of property be sustainable over time without resort to continual interventions into market transactions? And wouldn't the dynamics of market transaction work to quickly undo this initial relatively desirable distribution of property and replicate the old order?

Consider the particular case of stock holdings. There are two all too plausible scenarios by which the seemingly desirable distribution of household property sketched above might dissipate. First, some households might engage in high-risk investment strategies aimed at allowing them to leapfrog economic positions quickly. Many of those households will lose most or all of their initial holdings. Second, wealthier households may find it desirable to buy the shares of less wealthy households with a premium price attached, either to obtain the long-term



expected benefits of stock ownership or perhaps in some cases to obtain effective control of an enterprise. Given the differences between richer and poorer households in the utility derived from increases in present consumption, poorer households may readily agree to such deals. The result would be a short-term financial boon for those at the bottom at one particular moment, but in the long term the re-emergence of a class of individuals with no ownership rights in capital. This is, more or less, exactly what happened in the 1990s in the former Soviet Union after the distribution to citizens and workers of ownership vouchers in formerly state-owned enterprises.<sup>39</sup>

This observation lends itself to the following proposition: that a stable property-owning democracy must have well-established rules to maintain the broad dispersal of property; and that it should employ different strategies for achieving this for different categories of property. Consider the three broad classes of property included in this example: residential holdings, cash holdings, and stock holdings.

Residential holdings are the most inherently stable form of property: residential owners do not generally acquire their property for speculative purposes (though this may be an ancillary benefit), and cannot easily be dispossessed against their will (provided that mortgage payments are met). While the recent housing market crisis has led some progressive observers to question the very idea of using housing as a vehicle for boosting assets,<sup>40</sup> home equity remains the principal asset held by a large proportion of Americans; in 2004, the median home-owning family controlled roughly \$184,000 in assets, compared to \$4000 for the median renting family.<sup>41</sup> Given that the fact of homeownership remains a critical pivot distinguishing citizens who have meaningful assets from those who do not, it is natural that a property-owning democracy should seek to both secure existing owners and to extend such ownership as far as possible, in ways that are viable over the long term. The key is that such a policy strategy must involve real asset redistribution to fund individual or collective acquisition of housing.

A policy regime committed to property-owning democracy could bolster the security of homeowners in lower economic brackets by subsidizing mortgage payment insurance and by subsidies offsetting property tax increases associated with gentrification in urban areas. Such a regime also would likely increase public subsidies for first-time homeowners, via grants to cover down payments on initial home purchases. It might also introduce (if feasible) a mandatory right to purchase for renters who have remained a given length of time (say one year) in the same property. Policy support might also be given for collective forms of home ownership, such as urban community land trusts; indeed, there is good reason to think these forms of homeownership may offer poor and middle-income households greater security against economic down times than conventional ownership.<sup>42</sup> The object of such initiatives would be to reduce the rate of what we might term “involuntary renting” and consequently reduce the scope for what we might (equally inelegantly) term “landlordism,” or collecting rent from residential property. Ownership of residential property offers both relative security to poor and

working people and frees them from bleeding income away to landlords;<sup>43</sup> this in itself would be sufficient justification for the policy.

Note however an important distinction: whereas in the context of highly stratified societies in which social class and residential location are highly correlated, promotion of homeownership as an ideal often carries a conservative, exclusionary connotation; in the context of a society striving to meet Rawls's background conditions for justice, near-universal adult ownership of residential property might help provide citizens with self-respect and contribute to a social order that fostered such respect.<sup>44</sup> Obviously, any such effort must be distinguished from attempts to expand homeownership *without* bolstering the assets of low-income households, such as the use of subprime mortgages. A serious effort must focus on providing assets and assistance to households to allow them to acquire property that will be of lasting value, not on getting people into homes they cannot afford over the long run.

The treatment of savings—cash held in various kinds of savings accounts—provides a more complex problem and would require a different sort of solution. Here, the goal cannot readily be conceived as guaranteeing each household a stable amount of cash savings. Such a principle would immediately create perverse incentives as well as a fiscal sinkhole. It cannot be the case that as soon as a household exhausts its initial savings, the state automatically replenishes its account. Moreover, we might view some degree of risk taking with cash assets as desirable. This means, in effect, that some households will periodically fall below the \$100,000 asset baseline suggested above.

This dynamic can be mitigated, however. First, the use of personal savings accounts endowed in part with state funding (see below) might be, in part or in whole, restricted to certain purposes with a high likelihood of yielding long-term benefit (such as educational expenditures, a home down payment, and so on); or citizens might be required to meet with a long-term financial consultant before making any withdrawals; or withdrawals might be limited to a certain proportion of the total capital in any given year. Alternatively, there could be a system of different kinds of savings accounts devoted to different purposes, each with different rules: some accounts would permit borrowing at will, others would only permit use of funds for very specific purposes (i.e., tuition payments, acquisition of a vehicle, and so on). A diversified account system of this kind would be less likely to fall afoul of anti-paternalistic objections.

Second, a POD might initiate voluntary public insurance schemes allowing households to ensure themselves against the risk of bankruptcy resulting from investment losses, failed businesses, and the like. These schemes must be carefully designed to avoid moral hazard problems; households undertaking especially risky investments would need to be required to pay higher premiums, for instance.

But how would holdings of cash assets be diversified in the first place? Again, two strategies suggest themselves. The first would implement a version of the "stakeholder society" proposal of Bruce Ackerman and Anne Alstott.<sup>45</sup> Ackerman and Alstott proposed affording each U.S. citizen a grant of \$80,000 (roughly

\$105,000 in 2008 dollars) starting at age twenty-one; college-bound students could begin accessing grant money at age eighteen. In a Rawlsian POD, we might assume funds for college would be paid for out of other sources (via provision of guaranteed university tuition as a matter of right to all qualified students); hence such a “stake” could take the direct form of a cash grant, to be invested or saved as each individual saw fit.

The second strategy would consist of providing not a one-time lump sum but an annual cash grant to all residents, following the proposals for a universal basic income of van Parijs<sup>46</sup> and related authors. If the United States chose to expend two percent of annual GDP on such a grant, this would amount to a grant of roughly \$3700 a year for each family of four, or \$925 per capita.<sup>47</sup> The advantage of the annual grant is simply that, unlike the Ackerman-Alstott stake, it cannot be lost entirely; the disadvantage is that the annual grants would likely be too small to build a real pool of savings capable of providing tangible security to citizens, and instead might be used simply to enhance short-term consumption.<sup>48</sup>

Detailed discussion of the merits of these alternative strategies is beyond the scope of this article; already there is a rich literature on both sorts of proposals.<sup>49</sup> It should be noted, however, that there is no logical obstacle to employing a hybrid strategy (i.e., a lump sum at age twenty-one combined with modest annual grants), or a strategy allowing citizens themselves to choose the form in which they will take their savings grant. Because each new generation of citizens would have access to the grants regardless of the financial circumstances of their parents, both approaches would fit the Rawlsian criteria of providing substantive equal opportunity to each new generation.

Logically, these grants could be funded directly out of taxation on large inheritances, Rawls’s preferred method of redistributive taxation; the explicit normative justification for such taxation would be precisely to maintain a society in which wealth is not narrowly controlled. Inheritance taxation if used alone would have to be dramatically higher, however, to fund meaningful transfers of this kind: In the United States, savings grants amounting to two percent of GDP would cost roughly \$285 billion; but estate and gift taxes were projected to account for just \$27 billion in federal revenue in 2008.<sup>50</sup> Even doubling the effective inheritance tax rate would leave insufficient funds for any redistribution substantial enough to seriously improve citizens’ life prospects. Money for meaningful wealth transfers thus would need to be financed not just out of inheritance taxes, but by the institution of a wealth tax or some other mechanism capable of tapping resources now controlled by the top one percent of wealth holders.<sup>51</sup>

### ***The Composition of Property Portfolios in a POD, II: An Economy of Small Entrepreneurs?***

The very phrase “property-owning democracy” invites an attractive mental image of a society of small-holding entrepreneurs, in which each individual or

household either personally operates an independent enterprise, holds a substantial stake in such an enterprise, or has a reasonable hope of some day coming to own such an enterprise. This would be the Smithian capitalism of the butcher, baker, and candlestick maker rather than the capitalism of Exxon, General Motors, and Dupont. While the attraction of this image is undeniable, it does not comprise a realistic vision of a modern economy organized according to democratic norms. Five cogent objections to the small-enterprise interpretation of property-owning democracy immediately present themselves.

First, such an entrepreneurial society runs the obvious risk of morphing into a society once again dominated by powerful corporations or oligarchs, as successful entrepreneurs use their initial success to leverage increased economic and in turn political power. To avoid such an outcome, a small enterprise society must have stringent rules in place—far beyond even the relatively aggressive antitrust policies in the United States of the early twentieth century, let alone their current neutered application—to prevent not simply manipulation of markets by dominant firms but the emergence of dominant firms in the first place. Such restrictions would likely face opposition from both the more successful entrepreneurs and from those concerned about minimizing “interference” with market operations, and hence might not be politically sustainable over time.

Second, there are potential efficiency objections to a society based on the small entrepreneur. These include economies of scale and internal coordination achievable by larger business units, as well as long-term efficiency breakthroughs attributable to technology and research undertaken by corporations.<sup>52</sup> To be sure, there is good reason to doubt that *existing* levels of industry concentration can be justified on efficiency grounds; at a certain point, excessive corporate size and bureaucratization can become impediments to efficiency and innovation.<sup>53</sup> The important point here simply is that in many industries, efficiency in production and the ongoing generation of new research and technology often will necessitate the existence of relatively large firms that do not conform to a Jeffersonian model of the small entrepreneur. While efficiency per se is not a decisive consideration for Rawls, the costs associated with trying to create a true small-entrepreneur society in modern conditions could be severe enough to damage the position of the least well off compared to a society that accepts the existence of larger business units.

Third, there are questions about the difficulty of upholding labor and environmental regulations in a small enterprise society. A small enterprise society would likely be a highly competitive one, in which business owners could be expected continually to seek to cut costs at the margins. Such owners are likely to skirt the edges of environmental and labor laws—or worse—to maintain competitiveness. Moreover, the task of enforcing such laws will be more challenging, and likely more costly. Specific laws impacting the micro-level organization of firms—requiring, for instance, worker participation in monitoring and enforcing regulations along the lines suggested by Cohen and Rogers<sup>54</sup>—might alleviate this problem; but if so, this simply indicates that an

account of a small enterprise society intended to achieve the goals of a property-owning democracy must also provide an account of the internal governance of such enterprises.

Fourth, achieving a small enterprise society would require at some point breaking up existing corporations into sufficiently small units so that the owners of each unit would not have disproportionately large economic or political power. This, I submit, is literally an impossible proposition; at a minimum, it would be a legal nightmare requiring courts to make thousands if not millions of decisions about how to best disperse corporate property.

Fifth, and perhaps most daunting of all, any proposal to transform existing corporate property into widely dispersed small business property would face overwhelming political opposition, some of it in defense of existing interests and some of it perhaps well-motivated (i.e., moved by concerns like those noted above). It is hard to imagine a legislative, as opposed to a revolutionary, path to such a goal.

The combined weight of these considerations leads to the conclusion that a property-owning democracy cannot be a small-enterprise, “nation of shopkeepers” economy. This is not to say that there is no possibility for expanding the small business sector in a modern economy, and no case to be made for breaking up at least some existing corporations, particularly when they accumulate excessive political power. Rather, it is to acknowledge that the large-scale corporation, in one form or another, will continue to play a central role in any plausible model of a reformed market economy.

### ***The Composition of Property Portfolios in a POD, III: Ownership in Corporations***

It may be helpful at this point to briefly review where we are in the argument. If we

1. Interpret the POD idea as meaning that widespread ownership of business property is necessary to achieve the stated goals of a POD;
2. Also conclude that such widespread ownership cannot plausibly take the form of reverting to a small-enterprise, shopkeeper’s economy given modern historical conditions as well as efficiency considerations; and
3. Further conclude that any one-time effort to distribute stock widely across the population is highly unlikely to lead to stable, widespread ownership of capital, but instead will sooner or later revert to highly concentrated of capital;

then we must consider alternative strategies for achieving stable widespread ownership of capital. Here the market socialist literature supplies three plausible answers.

First, individuals might be issued non-tradable coupons entitling them to a fixed percentage of stock in corporate firms (which would be publicly owned). This proposal is at the heart of John Roemer's vision of market socialism.<sup>55</sup> Under Roemer's proposal, individuals could move coupons between a variety of mutual funds, which would use market criteria to decide which firms to invest in. Firms receiving coupon investments could then exchange the coupons for cash from the government treasury. Because such coupons could not be sold by individuals for cash, they would provide a stable, enduring access to capital and returns from capital to all citizens.

Second, individuals might come to have rights to the use of capital via the workplace. Among market socialists, this idea has been best expressed by David Schweickart; he proposes that capital be socially owned, and that firms be legally required to be organized as democratic cooperatives.<sup>56</sup> The cooperatives would pay a fee to the state for the right to use capital, but be allowed to keep profits in excess of this capital tax. Numerous other authors have advocated for expanding direct employee ownership of firms within the context of existing capitalist economies, and there is now considerable experience in the United States with establishing and sustaining worker-owned firms.<sup>57</sup>

Third, public institutions might directly hold stock on behalf of the public, and, when appropriate and feasible, distribute returns from such holdings to individual citizens in the form of dividends. This possibility is an integral part of the "Pluralist Commonwealth" proposal of Gar Alperovitz.<sup>58</sup> Alperovitz points to numerous examples where states and localities own significant corporate stock on behalf of publics, most notably via public pension funds.<sup>59</sup> James Meade argued in a similar vein for a pluralistic approach to enhancing socially owned wealth, recommending "the encouragement of institutional forms (such as profit-sharing schemes, the installment purchase of municipal houses by their tenants, and the development of suitable investment trusts) which would make easier and more profitable the accumulation of small properties."<sup>60</sup>

Further discussion of the relative merits of these various ownership possibilities is beyond the scope of this article, other than to observe that there is once again no logical reason why these various models may not in practice be mixed together. The crucial point is that insofar as a Rawlsian POD is to achieve the aim of establishing stable, widespread ownership of business property, resort to one or all of these strategies will be necessary. Consequently, Rawls's own distinction between "property-owning democracy" and what he terms "liberal socialism," though useful, should not be overstated: while there are cogent grounds for distinguishing the two ideas (see below), there is also significant overlap between them at the level of practical application.

## V. The Institutions of an Egalitarian Property-Ownning Democracy: A Restatement

If we accept the argument thus far, the following revised sketch of property-owning democracy emerges. First, the existence of a basic market in which goods are allocated is assumed; particularly important is the existence of a labor market in which individuals are free to choose their occupation and to exit their jobs at will. Second, citizens are to be provided equal opportunity to develop their human capital through familiar mechanisms such as public education, subsidies for higher education, job training programs, and the like. Third, a basic scheme of universal social insurance is assumed to be in place to prevent against ruinous financial costs associated with job loss, health problems, and other adverse events; citizens are also to be guaranteed a social minimum of income and resources, and it is assumed that there will be substantial transfers aimed at bolstering the income of the least well-off.

Fourth, a variety of schemes are implemented with the aim of quite substantially broadening effective ownership of the major forms of property. Here we have focused on three crucial categories: real estate (real property); savings and cash reserves; and ownership of corporate business property. (We have not given attention to retirement accounts and pensions, or the question of household debt, though these too must be addressed in any comprehensive POD proposal.) It is proposed that government pursue different strategies aimed at providing *stable* widespread distribution of *each* of these types of wealth. In the case of real estate, this means subsidies and asset transfers aimed at extending and stabilizing home ownership. In the case of savings and cash reserves, this means cash grants, on either a lump-sum or an annual basis, intended to provide all citizens with a meaningful financial reserve and increased freedom to pursue their own ends. In the case of corporate property, ownership may be vested in workers, or it may be vested in public institutions. In some cases these public institutions may be organized so as to mimic the operations of existing private stock markets by allowing individuals (via mutual funds) to move “coupon” investment vouchers from less to more profitable companies.<sup>61</sup> Even when this is not the case, it is expected that returns from public holdings in profitable enterprise will either be returned directly to individuals or invested in public goods benefiting the population at large.

### *The Fit Between Institutions and Ideal*

A political-economic system with these features would reasonably approximate Rawls’s notion of a property-owning democracy. First, it would be consistent with a system of basic liberties as well as a system of substantive equal opportunity. Second, via strong inheritance and/or wealth taxes, it would act to dissipate extreme concentrations of wealth. Third, it would provide mechanisms for ensuring that the least well off have access to at least some property in each of three



domains (real estate, savings, capital ownership) as well as presumably sufficient human capital to be able to earn a reasonable income via one's labor. Property as such thus would be both less concentrated and widely distributed among *all* (adult) members. Related to this, there is good reason to think this arrangement would substantially improve the position of wage laborers, both economically and with respect to workplace power (see Nien-hê Hsieh's contribution to this symposium for elaboration). Fourth, although a coherent institutional configuration of property-owning democracy would almost certainly require, as seen above, some plainly socialist elements, it could nonetheless be plausibly claimed that property-owning democracy is distinct from democratic socialism as such: most notably, the system sketched above does not involve or require democratic approval of a comprehensive economic plan. It does allow for partial economic planning carried out via partial public ownership of corporate firms, as well as the usual governmental channels; but so too does welfare state capitalism. The overall pattern of investment remains largely independent of public control under this conception of a POD.

Fifth, it could be plausibly claimed that this stipulation of the content of a POD does not, contrary to the worries of some libertarian critics,<sup>62</sup> require continuous government interference in market transactions so as to uphold a rigid pattern of wealth holdings. Once the background institutions for allocating property are established, the system should operate of its own accord to produce a less concentrated, far wider distribution of property, with no "interference" in the everyday operations of the economy required beyond that present in the existing system of periodic taxation.<sup>63</sup> But this virtue could be claimed only on behalf of an already-established POD; the process of transitioning from welfare state capitalism to a POD would require, probably in a quite substantial degree, redistribution of assets accumulated under the "old" rules defining property rights and taxation.

It is less clear that a society of this sort would fully solve the structural constraints problem; many democratic socialists<sup>64</sup> have argued that only democratic economic planning (i.e., social control of investment) can achieve that goal, and such planning has no place in Rawls's proposal.<sup>65</sup> The property-owning democracy idea differs from democratic socialism in another crucial way as well: it appeals to a different set of cultural values—those associated with independence, responsibility and ownership—than does democratic socialism; and it may have political appeal to a different, or at least wider, audience than have traditional socialist ideas (especially in the United States). Property-owning democracy is not an ideal that valorizes industrial workers or regards them as the necessary agents of social change; rather it is an idea with a greater likelihood of appealing to what Unger<sup>66</sup> terms the "petty bourgeoisie" (small entrepreneurs and others who aspire to upward social mobility, conceived in individualistic terms).

While this fact will make the POD idea controversial and perhaps unattractive to some left theorists, it is also, apparently, a major reason why Rawls focuses on property-owning democracy and not democratic socialism as the vehicle for

realizing justice as fairness. “When a practical decision is to be made between property-owning democracy and a liberal socialist regime,” Rawls writes, “we look to society’s historical circumstances, to its traditions of political thought and practice, and much else.”<sup>67</sup> Property-owning democracy, Rawls seems to suggest, should at least have a fighting chance of achieving cultural and political resonance in the political cultures of advanced industrialized democracies. Much more effort must be exerted in both translating the basic idea into a concrete political program and in presenting the idea to the larger public before the truth of Rawls’s judgment can be assessed.

*A longer version of this article was initially given at the September 2007 meetings of the American Political Science Association in Chicago; I thank panel respondents Corey Brettschneider and David Schweickart for their comments at that time, as well as fellow presenters Nien-hê Hsieh, Waheed Hussain, and Martin O’Neill for detailed comments on the shorter version of the article. I also thank the two anonymous reviews for JSP for their very helpful comments.*

## Notes

<sup>1</sup>These figures exclude stock held via pension funds and retirement accounts. When stock held via these sources is included, the proportion of stock held by the top 0.5 percent and top 1.0 percent falls from 29.5 percent to 27.6 percent and 39.2 percent to 36.9 percent, respectively. See Lawrence Mishel, Jared Bernstein, and Sylvia Allegretto, *The State of Working America 2006/2007* (Washington, DC: Economic Policy Institute, 2006), 258, Table 5.7. Accessed via the Economic Policy Institute Datazone Website, <http://www.epinet.org>.

<sup>2</sup>Mishel, Bernstein, and Allegretto, *State of Working America*, 252.

<sup>3</sup>Edward Wolff, *Top Heavy: The Increasing Inequality of Wealth in America and What Can Be Done About It*, 2nd ed. (New York: New Press, 2002); Paul Krugman, “The Death of Horatio Alger,” *The Nation*, (January 2004): 16–17.

<sup>4</sup>Dollars & Sense, *The Wealth Inequality Reader* (Cambridge, MA: Economic Affairs Bureau, 2004).

<sup>5</sup>David Cay Johnston, *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich—and Cheat Everybody Else* (New York: Portfolio, 2003); Kevin Phillips, *Wealth and Democracy: A Political History of the American Rich* (New York: Broadway Books, 2002).

<sup>6</sup>Michael J. Graetz and Ian Shapiro, *Death by a Thousand Cuts: The Fight Over Taxing Inherited Wealth* (Princeton, NJ: Princeton University Press, 2005); John Ehrenberg, *Servants of Wealth: The Right’s Assault on Economic Justice* (Lanham, MD: Rowman & Littlefield, 2006).

<sup>7</sup>Joseph Schwartz, *The Future of Democratic Equality: Rebuilding Social Solidarity in a Fragmented America* (New York: Routledge, 2008).

<sup>8</sup>Richard Krouse and Michael McPherson, “A ‘Mixed’-Property Regime: Equality and Liberty in a Market Economy,” *Ethics* 97 (1986): 119–38.

<sup>9</sup>Will Kymlicka, *Contemporary Political Philosophy: An Introduction*, 2nd ed. (New York: Oxford University Press, 2002); Simone Chambers, “The Politics of Equality: Rawls on the Barricades,” *Perspectives on Politics* 4 (2006): 81–89; Samuel Freeman, “Consequentialism, Publicity, Stability, and Property-Owning Democracy,” in Freeman, *Justice and the Social Contract: Essays on Rawlsian Political Philosophy* (New York: Oxford University Press, 2007); Samuel Freeman, *Rawls* (New York: Routledge, 2007).

<sup>10</sup>Throughout the article, I take the United States as the primary context for considering what a property-owning democracy might look like in practice; the basic outline, however, should be applicable to other advanced democracies as well.

<sup>11</sup> For further explication of the basic idea, see Martin O'Neill's contribution to this symposium.

<sup>12</sup> John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971[1999]), 240–41.

Page citations to *A Theory of Justice* in this article refer to the 1999 revised edition.

<sup>13</sup> Rawls, *A Theory of Justice*, 243.

<sup>14</sup> *Ibid.*, 244.

<sup>15</sup> *Ibid.*, 252.

<sup>16</sup> Rawls also describes a fifth branch, labeled the “exchange” branch, which would be charged with overseeing public expenditures which are not strictly required by justice but which might nonetheless be desired by the population; the activities of this branch do not (in Rawls's view) affect the degree to which the basic political economic structure is just (Rawls, *A Theory of Justice*, 249–51).

<sup>17</sup> Rawls, *A Theory of Justice*, 245.

<sup>18</sup> James Meade, *Efficiency, Equality, and the Ownership of Property* (London: Allen & Unwin, 1964).

Reprinted in James Meade, *Liberty, Equality and Efficiency* (New York: New York University Press, 1993), 53.

<sup>19</sup> Meade, *Efficiency, Equality*, 54.

<sup>20</sup> Joel Slemrod and Jon Bakija, *Taxing Ourselves: A Citizen's Guide to the Debate Over Taxes*, 3rd ed. (Cambridge, MA: MIT Press, 2004).

<sup>21</sup> Jon Elster, “Comments on Krouse and McPherson,” *Ethics* 97 (1986): 146–53.

<sup>22</sup> Bruce Ackerman and Amy Alstott, *The Stakeholder Society* (New Haven, CT: Yale University Press, 1999).

<sup>23</sup> Rawls, *A Theory of Justice*, 246–47; John Rawls, *Justice as Fairness: A Restatement*, ed. Erin Kelly (Cambridge, MA: Harvard University Press, 2001), 160–61.

<sup>24</sup> Rawls does not discuss property-owning democracy in any detail in *Political Liberalism*, although he does there stipulate that citizens should be constitutionally guaranteed a “social minimum,” that provides for “the basic needs of all citizens” (John Rawls, *Political Liberalism* [New York: Columbia University Press, 1993], 228–29). This is significant, but provision of a social minimum meeting basic needs does not (taken alone) imply realization of either property-owning democracy or the difference principle itself. This issue is a potential source of confusion since, in *A Theory of Justice*, Rawls does describe the “social minimum” as the minimum to which citizens are entitled under the difference principle (see Rawls, *A Theory of Justice*, 252, quoted above); in *Political Liberalism* the term has a more modest meaning. See Freeman, *Rawls*, 234–35 for further discussion.

<sup>25</sup> Joshua Cohen, “The Economic Basis of Deliberative Democracy,” *Social Philosophy and Policy* 6 (1989): 25–50.

<sup>26</sup> Rawls, *Justice as Fairness*, 139ff.

<sup>27</sup> *Ibid.*, 139.

<sup>28</sup> Arthur DiQuattro, “Rawls and Left Criticism,” *Political Theory* 11 (1983): 53–78.

<sup>29</sup> Philip Pettit, *Republicanism: A Theory of Freedom and Government* (Oxford: Oxford University Press, 1997); Richard Dagger, “Neo-Republicanism and the Civic Economy,” *Politics, Philosophy, and Economics* 5 (2006): 151–73.

<sup>30</sup> Meade, *Efficiency, Equality*.

<sup>31</sup> Rawls, *Justice as Fairness*, 138.

<sup>32</sup> Brian Bucks, Arthur Kennickell, and Kevin Moore, “Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances,” *Federal Reserve Bulletin* (March 2006): A8.

<sup>33</sup> *Ibid.*

<sup>34</sup> Author's calculation, based on Mishel, Bernstein, and Allegretto, *State of Working America*, 261.

<sup>35</sup> In strict terms, the difference principle does not allow us to specify either the exact degree of inequality or the minimum holdings of the least well off, since it is impossible in advance to specify the exact point at which a further reduction in inequality would lead to a worsening in the position of the least well-off. Here, I assume that narrowing the wealth gap in the manner indicated above would not create serious economic problems of the kind that would actually harm the least well off.

- <sup>36</sup>I focus here on a *typical* household in the poorest decile as representative of the worst-off households. As we shall see, at any given time at least some poorer households are likely to have assets below the \$100,000 target under the scheme described below.
- <sup>37</sup>Joint Center for Housing Studies, *The State of the Nation's Housing 2008* (Cambridge, MA: Harvard Joint Center for Housing Studies, 2008).
- <sup>38</sup>Rawls, *Justice as Fairness*, 173–75.
- <sup>39</sup>Marshall Goldman, *The Privatization of Russia: Russian Reform Goes Awry* (New York: Routledge, 2003); Andrew Barnes, *Owning Russia: The Struggle Over Factories, Farms, and Power* (Ithaca, NY: Cornell University Press, 2006).
- <sup>40</sup>Peter Marcuse, “The Housing Change We Need,” *Shelterforce* 156 (Winter 2008). Retrieved July 2, 2009, from <http://www.shelterforce.org/archive/issues/156/>.
- <sup>41</sup>Bucks, Kennickell, and Moore, “Recent Changes in U.S. Family Finances.”
- <sup>42</sup>John Emmaus Davis, “Homes That Last,” *Shelterforce* 156 (Winter 2008). Retrieved July 2, 2009, from <http://www.shelterforce.org/archive/issues/156/>.
- <sup>43</sup>Michael Sherraden, ed., *Inclusion in the American Dream: Assets, Poverty, and Public Policy* (New York: Oxford University Press, 2005), 378–80.
- <sup>44</sup>It should be acknowledged here that the case for making homeownership an integral part of POD will be somewhat weaker in countries in which homeownership is not viewed as either a sign of economic success or a symbol of civic independence, and in which tenants have strong rights. Even here, however, there is a good case to be made for promoting policies aimed at ending non-voluntary renting (as opposed to policies *mandating* home ownership). It should also be stressed that efforts to increase ownership of residential property via genuine asset redistribution are not inconsistent with efforts to strengthen the rights and security of tenants in countries like the United States.
- <sup>45</sup>Ackerman and Alstott, *The Stakeholder Society*.
- <sup>46</sup>Phillipe van Parijs, *Real Freedom for All: What (If Anything) Can Justify Capitalism?* (New York: Oxford University Press, 1995).
- <sup>47</sup>Author's calculation based on United States Council of Economic Advisors, *2009 Economic Report of the President* (Washington, DC: Government Printing Office, 2009) and Census estimates of current population.
- <sup>48</sup>Bruce Ackerman and Amy Alstott, “Why Stakeholding?” *Politics and Society* 32 (2004): 41–60.
- <sup>49</sup>For example, Stuart White and Dominic Maxwell, eds., *The Citizen's Stake: Exploring the Future of Universal Asset Policies* (Bristol, UK: Policy Press, 2006); Sherraden, *Inclusion in the American Dream*.
- <sup>50</sup>United States Office of Management and Budget, *Budget of the United States Government: Fiscal 2009. Analytical Perspectives* (Washington, DC: Government Printing Office, 2008).
- <sup>51</sup>Assume that the goal was set of undertaking a one-time redistribution such that the bottom sixty percent of households would each have \$100,000 in net assets. (Those in the top forty percent already have well over this much wealth, and would not receive any new assets.) Getting to that point would require transferring to the bottom sixty percent an average of \$4.3 million in assets from each household in the top one percent. (Author's analysis of data from Mishel, Bernstein, and Allegretto, *State of Working America*, Table 5.9, 261.) This sounds like an enormous amount of money, and it is, but the top one percent would still retain more than seventy percent of their current asset holdings in this scenario. (See Wolff, *Top Heavy* for a concrete wealth tax proposal and Sam Pizzigati, Sarah Anderson, and Chuck Collins, “Ending Extreme Inequality: The Need to Concentrate on Concentrated Wealth,” In *Mandate for Change: Policies and Leadership for 2009 and Beyond*, ed. Chester Hartman [Lanham, MD: Lexington Books, 2009] for discussion of additional ways to increase effective taxation of the very rich.)
- <sup>52</sup>Joseph Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper, 1942); Alfred Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, MA: Harvard University Press, 1990).

- <sup>53</sup>Walter Adams and James Brock, *The Bigness Complex: Industry, Labor and Government in the American Economy*, 2nd ed. (Stanford, CA: Stanford University Press, 2004).
- <sup>54</sup>Joshua Cohen and Joel Rogers, *Associations and Democracy* (New York: Verso Books, 1995).
- <sup>55</sup>John Roemer, *A Future for Socialism* (Cambridge, MA: Harvard University Press, 1994); John Roemer, *Equal Shares: Making Market Socialism Work*, ed. Erik Olin Wright (New York: Verso, 1996).
- <sup>56</sup>David Schweickart, *Against Capitalism* (Boulder: Westview Press, 1996); David Schweickart, *After Capitalism* (Lanham, MD: Rowman and Littlefield, 2002).
- <sup>57</sup>John Logue and Jacqueline Yates, *The Real World of Employee Ownership* (Ithaca, NY: Cornell University Press, 2001).
- <sup>58</sup>Gar Alperovitz, *America Beyond Capitalism: Reclaiming Our Wealth, Our Liberty, Our Democracy* (Hoboken, NJ: John Wiley, 2004).
- <sup>59</sup>Gar Alperovitz, "The Wealth of Neighborhoods," *Democracy: A Journal of Ideas* 1 (Summer 2006): 19–32.
- <sup>60</sup>Meade, *Efficiency, Equality*, 67.
- <sup>61</sup>Roemer, *A Future for Socialism*; Roemer, *Equal Shares*.
- <sup>62</sup>Robert Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974).
- <sup>63</sup>Rawls, *Justice as Fairness*.
- <sup>64</sup>Cohen, "Economic Basis of Deliberative Democracy," and Schweickart, 2002.
- <sup>65</sup>It is important to clarify here that contemporary proposals for democratic economic planning—the use of democratic processes to shape investment patterns—do not entail Soviet-style central planning of the entire economy. Schweickart, for instance, proposes a system in which *new* investment is allocated via democratic processes, with investments in (worker-owned) firms ultimately made at the local level by local public banks according to market criteria.
- <sup>66</sup>Roberto Mangabeira Unger, *What Should the Left Propose?* (New York: Verso, 2006).
- <sup>67</sup>Rawls, *Justice as Fairness*, 139.