The Corporation and Large Scale Enterprises in the New Economy

Beginning in the 1970s, profitability pressures led the capitalist class in advanced countries to shift away from investment in industrial production at home toward the higher returns that financial products promised. Accompanying this was an absolute decline in the bargaining power of labor, a decline in wages and the dispersion of production throughout the developing world.

Corporations, as they operate today, drive to maximize financial income in a competitive environment regardless of people, communities and nature. However, they are the principal political and economic actors that we have. Building a new economy thus requires that they redefine their relationship to capital and that they acknowledge their social and environmental responsibilities.

As Pope Benedict explained, *"Perhaps at one time it was conceivable that first the creation of wealth could be entrusted to the economy, and then the task of distributing it could be assigned to politics. Today that would be more difficult, given that economic activity is no longer circumscribed within territorial limits, while the authority of governments continues to be principally local. Hence the canons of justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally."*

This NET discussion opens up new directions for large enterprise. It presents an agenda for creating new community-based and democratically accountable corporate structures that care about the well-being of humans and natural systems.

Gar Alperovitz (Democracy Collaborative) and **Gus Speth** (Demos) open the discussion with questions about the aims of the corporate sector. **Marjorie Kelley** (Tellus Institute) talks about "generative design." The Tellus Institute's Richard Rosen offers solutions on how enterprise might be regulated as a public utility. **Christina Clamp** of the Center for Cooperatives presents large-scale (i.e, Mondragon) integrated cooperative models and **Steve Dubb** (The Democracy Collaborative) discusses public enterprise in Europe.

Agenda

- **Introductory comments: Gar Alperovitz** and **Gus Speth**
- **Presentations**
  1. **Marjorie Kelley:** Tellus Institute
     Generative corporations
  2. **Richard Rosen:** Tellus Institute, Boston
     How large enterprises might be regulated as a public utility
  3. **Christina Clamp:** Center for Co-operatives, Manchester, NH)
     The Mondragon Case Study— a large scale (100,000 employees) integrated cooperative model
  4. **Steve Dubb:** The Democracy Collaborative (University of Maryland)
     Privatiation and Public Ownership — public enterprise in Europe
- **Open discussion:**

This conversion was open to every participant for comments and questions.

SUGGESTED BACKGROUND READING

Tellus Institute: *When the World Rules Corporations: Patway to a Global Corporate Charter*

Christina Camp : Powerpoint: *What sets Mondragon apart from other large corporations?*

Powerpoint presentation about small business

Marjorie Kelly: 30-page excerpt of the book: *Owning Our Future: The Emerging Ownership Revolution*

Gar Alperovitz and Thomas M. Hanna *Beyond Corporate Capitalism: Not So Wild a Dream*

James Gustave Speth: *America the Possible: A Manifesto, Part I, From decline to rebirth*

Richard Rosen: *Regulating the ecoomy*

Steve Dubb: Why Building Community Wealth is a Key Challenge to Corporate Power

ADDITIONAL RESOURCES

The Cooperative Economy: A conversation with Gar Alperovitz

Pope Benedict XVI: *Charity in Truth, Chapter 3: fraternity, economic development and civil society*

David Harvey: *The Enigma of Capital and the Crises of Capitalism*

Marjorie Kelly: *The Divine Right of Capital: Dethroning the Corporate Aristocracy*

David Morris: *The Mondragon System: Cooperation at Work*

E. F. Schumacher: *Small is beautiful*

Joseph Stiglitz: *The Economic Role of the state: Efficiency and effectiveness.*

J. R. Stanfield: *Karl Polanyi and Contemporary Economic Thought*

MINUTES

➢ INTRODUCTION

John Cavanagh

Co-chair of NEWgroup and Director of IPS

Thank you all. We have been co-sponsoring these sessions with the New Economy Network and Sarah Stranahan. Other sessions have focused on GDP/indicators, money/banking, organizing efforts, etc.. Some invited us to explore deep ideas, others have been focused on practical actions. This is the eighth in our series – and we will talk about the role of large enterprises in the new economy.

Gar Alperovitz

Professor of Political Economy at the University of Maryland, and co-founder of the Democracy Collaborative

Our discussion will be divided into two parts:

1. First, the four positions on the table: what to do about corporations. Brief clarifying questions will be in order.
2. We will then compare and contrast each position.

Here are some facts: One third of the labour force is in corporations above 5,000 employees and a large percent (23%) is in companies over 10,000. What do we do about scale in the New Economy? We have three main questions:

1. These corporations are powerful – economically *and* politically. Can you control them for the public purpose?
2. Do they inherently grow? The new economy doesn't want corporations to grow in material output. What do you do about these entities that are doing that?
3. Corporations tend to move as they choose, internally and otherwise, without regard for community. How do you manage these entities to disrupt community?

Gus Speth

Professor of Law at the Vermont Law School, Senior Fellow with Demos, The Democracy Collaborative, and the Tellus Institute.

Gar asked me to set the context. We all appreciate that we won't have success with the new economy if we don't get beyond the growth fetish (mainly our GDP fetish). The growth that we have today is not producing social justice, is destroying the environment and not generating jobs. We must move beyond that.This involves consumers, politics, and perhaps the biggest of all – the business sector.

Corporations, as they operate today, are growth machines. As explained in David Harvey 's very good analysis: *The Enigma of Capital and the Crises of Capitalism* – which describes the drive to grow and make a profit in a competitive environment. As long as corporations are the principal economic actors that we have, building a new economy requires that they pursue very different objectives. Rather than focussing on maximizing profit and power, the corporate sector should care about sustaining people and the planet.

When building new corporate structures, we must consider the current system of corporate dominance and ownership and regulations that can affect the transformation. The primary focus needs to be on the well-being of humans and natural systems.

➢ THE ROLE OF LARGE ENTERPRISES IN THE NEW ECONOMY, PRESENTATIONS

Marjorie Kelly

Tellus Institute

Generative Corporations: redesign private ownership to create a truly generative economy

John C.: Marjorie has been writing about corporations for a long while; some would say she has gotten into the DNA of corporations.

Marjorie: I'm going to share a few ideas based on the book I'm working on. I want to talk about generative design. When I use the term generative, I mean life serving. We can contrast it with extractive design that maximizes financial income. Generative design is a big territory. It's about employee ownership, cooperatives, community banks, social enterprise, Community Land Trusts, conservation easements.

There are also mission-controlled corporations. These are large enterprises that have serious living, social missions and they have control of that mission.

There are five main design elements:

- **Living purpose** – A generative design aims to meet human needs and to serve the common good. It's about having a positive impact on the community. These companies are often profitable as a means to an end and not as an end in itself. The first example I talk about is the John Lewis partnership. It's the largest chain department of its sort in the UK; it has revenues of about 7 Billion dollars, 70k employees, it's 100% employee-owned. Its first purpose is to serve employee happiness. A bicameral governance design protects this mission. Employees direct and elect their partnerships council, which is separate from the board of directors.
  In this model we see *purpose, ownership* and *governance.*
  ➔ To make a generative design you need at least purpose and one element more.
- **Ownership** – Ownership means "held in living hands" such as families, employees, and foundations. Somewhere, there should be people engaged in the life of the firm.
- **Living Governance:** Here I want to talk about Novo Nordisk in Denmark. They are the largest manufacturer of insulin, have $10b in revenue and 31,000 employees. The mission of that firm is to defeat diabetes. This corporation is foundation-controlled and publically traded. You and I could invest in it tomorrow. The executives have to report every year on social and environmental responsibilities. Here we see to elements: *mission* and *control*.
- **Relationship to capital** – Capital is a friend rather than a master. Here I would like to point at Organic Valley. It's the 4th biggest organic brand in the U.S. They have $500m in revenue. It's a cooperative of 1,600 Organic Family farms that produce milk, cheese and eggs. The company's aim is to save family farms. They try to pay suppliers as much as possible (which is exactly the opposite of what traditional corporations do). I met with CEO George Siemon and he told me: "*We don't have much need for profit over about 2%; we'd rather give it to the farmers.*" They raise capital through preferred stock. Preferred stock behaves like equity (potential appreciation) but performs like debt (fixed dividends). They pay 6% annually on debt and are able to get capitalization into this firm without giving up control.
  I would like to add that 2/3 of agricultural products in the U.S. are distributed via cooperatives. It's a surprisingly large sector. In Europe, cooperative banks hold 21% of all deposits.
- **Networks –** of ethical communities of practice. Here I would point to the New York Times. They are a mission controlled company. It's controlled by the Ochs-Sulzberger family. This firm has a $3b revenue and the family controls board of directions. The mission of that company is to create informed electorate – it's the mission of excellence in journalism. Murdock would like to take over that company but he can't because of a single design element that is those *voting shares* that the family control. The family protects the living mission of that company. So here we see the design elements of *Purpose* and *Governance*. What is missing in the case of the NYT is the network of ethical practice. There is a missing community of practice, which I think would really strengthen this particular model.

I'll close by saying that generative design, when functioning normally, promotes social justice and ecological responsibility. They tend to benefit the many rather than the few.

Questions and discussion

Q: David Kane: I would like to have clarification about ownership. What do you mean exactly with Living ownership?

Marjorie: I would contrast living ownership with absentee ownership. What we have now is ownership by capital. When you have that, you tend to measure success by return on capital. Life of firm and impact become invisible. With living ownership, e.g., family or foundation or employees owning the company, people are connected to the life of the firm. They can make human decisions. You can also dialogue with them. For example, in the place where I live, we would love to get Community Wind. But we have no one to phone to, to interact with. If the utility was municipally owned, citizens would interact with the city and change things.

Q: Gus: Do some companies morph into the generative model?

A: It's hard to go this direction. There are some start small experiments on the side. For example, DANONE joined with the Grameen Bank to start making yogurt on a small scale, with village women selling it. It's all aimed at ending starvation and advancing nutrition. It's designed to have a 1% return on investment. It's a chance to learn about generative design. I hope it might creep over. But I haven't seen a company start out rapacious and morph to generative.

Q: Gar: Is there an evolving possibility…?

A: How do you take existing companies and push them into this new model? That's not going to work. We have to think of the process more like emergence – How does a forest change form one dominant form of trees to another? The old trees die, new trees grow and overtime you can have a totally different forest. 15% of the jobs in the US go away every year (newspaper, recording industries, autos, fossil fuels) and new jobs are created. There is a constant churn.

Every silo needs its own strategy; e.g., in certain sectors, rapacious corps cannot function – education, healthcare, we don't want profit maximizing firms.

Other questions:

Q: Emira: What about the global South? Are there other models?

Q: Daphne: Would you have examples of generative models promoting ecological sustainability?

Q: David: Great presentation. Is there any potential taking a company private to buy-out a corporation and take it generative?

Richard Rosen

(Tellus Institute, Boston)

How Should the Economy be regulated? How large enterprises might be regulated as a public utility.

I'm going to talk about my proposal for establishing industrial regulatory boards, e.g., public utility commissions. The main idea is that a Public Utility Commission must approve all major investments that utilities make. In this paper, I'm assuming that corporations are not likely to properly allocate enough capital to achieve sustainable development. We can't trust private corporations to invest enough, we must have another approach to how to make investments in sustainable development related activities.

This proposal is also based on reactivating the initiative of corporation. It's not about central planning and directing investments. Corporation would need to have the investments that they propose approved by industrial regulatory boards. The boards would react like Public Utility Commissions.

This is a regulatory approach of managed capitalism.

The proposal also assumes that investments can't be considered democratic because they are only approved by boards of private corporations. In most corporations, not even workers have a say.

The main thesis of the proposal is: How to establish democratic input into how capital is invested in society – in private corporations and public corporations as well. We need a **democratic decision making process to achieve sustainable development**. It's justified as a form of democratic oversight. All major investments have environmental and social implications so they need to achieve what's best in the public interest.

The proposal is also based on the concept of subsidiarity. We want to establish boards for each industry on regional or local basis. The boards would have multiple stakeholders participating. Just like a Public Utility Commission, they would be entitled to hire experts to draw alternative proposals.

This whole system would run under administrative legal proceedings, which means that there is transparency. Information on investments; products/services would be all subject to discovery and made public.

Decisions made by these boards are subject to appeal to the court; if there is a legal problem, it's appealable.

These boards have to be industry specific because members need expertise in areas where they make decisions. You would also need a special time frame for decision.

This form of regulation, while intensive, is highly cost-effective because it involves a **process of social learning**. Once we were able to raise issues about conservation, all groups learned from the process. The outcome benefitted tremendously. If regulation cost is 1% of a proposed investment, would save many percent from social learning process and alternatives that would emerge.

I'm convinced that regulation could be cost effective, contrary to what economists would say.

Where market powers are a concern, boards could deal with pricing products and services.

In general, when you make investments that lead to products and services, not only the prices should be regulated, but also the products themselves – *Are they safe? Are they a good addition to products/services already provided or are they duplicative?*

The basic idea is to establish a process for **democratic input and control of how society's money is spent.**

Questions and discussion

Q: Gar: We may need a lot more capital. How might capital be allocated among industries?

Rich: This model doesn't go to this issue; it's a part of central planning: what kind of mechanisms need to be set up to allocate and how do so among industries? In my proposal, corporation have a lot of freedom to raise money for services they think might be productive.

Q: Gus: Have you thought of grounding this proposal in Public Utility Theory? Where, internationally, could it be used?

A: Public Utility Theory has been primarily focused on whether it's a natural monopoly or not; this is too narrow. My proposal says: even if the industry could be competitive, society has to decide whether it even wants/needs the products/services.

Other parts of the world could do faster; Germany and other parts of Europe have no formal boards like this, but informally, government and unions do adjudicate proposals much more so than in US.

Christina Clamp (Center for Co-operatives, Manchester, NH)

The Mondragon Case Study— large scale (100,000 employees) integrated cooperative model
PPT HERE
Mondragon is the name of a successful cooperative group and also the name of the town where the first co-ops were founded in 1956. This is a community that was dominated once by a single company, La Union Cerrajera, and today is one of the most economically secure communities in Spain. The cooperative advantage is that the cooperatives are owned by their worker members. They see it in their best interest to create policies that will protect jobs and protect themselves as workers in the Basque Country.
Given the fact that we have seen a jobless recovery, Mondragon is a good case example to consider since it treats labor as a fixed cost and there is a strong commitment to place. While it does allow for some elasticity in the labor force – 10% is what I was told, they do have a model that provides greater protection for workers.
We can start by looking at unemployment data. Keep in mind that 70% of the population in Alto Deva are employed in the cooperatives.
The key indicators on unemployment in the Basque Country are significantly better than other parts of Spain.
Unemployment for all of Spain is officially 21.29% as of the first quarter of 2011. In the Basque country, it was 11.61% and in Guipuzkoa where Alto Deva is located, it is 8.98%.
As of May 2011, there were only 500 worker members laid off from the co-ops. This is down more than 50% from what it had been in 2010.
Youth unemployment is between 26 and 30% in the Basque Country – 15 percentage points less than the rest of Spain according to El Correo 5/30/11 change slide
Mondragon has historically been engaged in manufacturing and primarily in products to supply the big 5 automakers. Yet, unlike Detroit and other US rust belt communities, they have not had the same devastation and job losses.
The group sees its future not in sunset industries but in new technologies and knowledge-based sectors. Staying at the forefront of innovation is their strategy for maintaining jobs in the Basque Country. Blue Collar work was the focus of their efforts in job creation when they began. Today, they see the need to develop a highly educated workforce that can lead in fields such as alternative energy, mass transit and tourism and knowledge sectors of the economy.

- 10% of Mondragon's investments have been in new co-ops, new investments and greater internationalization.
- 8% of investment is in R&D
- 21.4% of sales in the Industry Area were new products and services that did not exist five years previously.

This next slide indicates where Mondragon has international plants and offices. They enter foreign markets to gain access to those markets. A second reason for entering foreign markets is when the co-ops can't preserve a product line competitively. They will take it to less expensive labor markets. They will then try to redesign the manufacturing process to bring the remaining jobs back to the Basque Country. The co-ops decided to extend membership to workers outside of the Basque Country but have slowed that process because of the recession. Currently there are 14,674 workers in 77 overseas plants.
(next slide) The recession has been felt in the Mondragon group but they have a history of setting aside reserves in good times for weathering tough times. In the machine tool sector, they had 2 years of reserves going into the

recession. One co-op, ORIZA closed in 2009 and its 35 workers were transferred to other co-ops. The household appliance manufacturing co-ops and the retail co-op, Eroski have had the toughest challenges in the recession. Profits for 2010 tripled those of the previous year.
Why is it different in Mondragon? Their ability to cooperate with each other is key. Co-ops contribute 15 – 18% of net profits into their sectoral group. They also treat labour as a fixed cost. This is only feasible because of their inter-cooperative agreements.
The co-ops are able to do this due to 3 factors: the recycling of workers between co-ops that are countercyclical; the commitment to preserve good jobs in the Basque Country while emphasizing engineering innovation and their social insurance program
Recycling of redundant labor through inter-cooperation amongst the co-ops. When there is the need for a work stoppage, workers (including professional staff) can be put into a pool of workers to work in other co-ops that are counter-cyclical. Blue collar workers are given the option of working in another co-op or attending community college or university. Public universities are free (1200 fees). If a worker is furloughed, they can receive compensation but will be asked to make up the hours at a later time.
When workers are laid off, they receive 80% of their wages. Unemployment benefits are paid by the Lagun Aro, the social insurance program, which is funded by 2% of workers earnings in 146 of the cooperatives. This covers 30,000 workers in the group. The fund contribution changed in the last year from 1% due to the higher costs during the recession.

When workers are transferred to another firm, they receive a differential if their job in the other plant would be paid at a lower rate than they were paid in their co-op. The social insurance also pays the cost of any retraining. And as mentioned previously, there is a strong commitment to place so that the co-ops look for ways to keep jobs in the Basque Country even if it means making the production more capital intensive.

In conclusion, we can see from the Mondragon experience that you can be successful in business while treating workers as a fixed cost and by maintaining a commitment to your community.

Questions and discussion

Q: Thomas: Can we have more information about lay-offs?

A: Christina: There is a big difference in employment outside of the Basque region; people who were not members of cooperative. There is a 5-year cycle for becoming a member now. Typically young people come as interns and work their way into prominent employment. I would attribute the difference between 100k and 83k to the people who are not members of coop.

Q: France: I have a question about overseas operations. How does ownership structure work and commitment to place and workers?

A: Christina: I wrote an article on this. Mondragon has really figured out how to work in capital markets. If plant is owned outright (e.g., Mexico), they integrate ownership into plant by bringing workers to shadow workers in existing co-op; they integrate them into an ownership culture. There are Lots of coops in Mexico and they also understand the patrons. They want to break down top-down structures and myths.

A: Gar – The Cleveland is not a Mondragon model; it's a place based model.

Q: David – A few years ago I read David Morris' article in which she indicated that their overseas operations operate on a very conventional model and where not organized in worker cooperatives. What you have been saying sounds like there is it a mixture, e.g., adjustments in international factories? Is there a trend to be more internationally cooperative?

A: Christina– They made a commitment that they would begin a transition to extend opportunity for membership regardless of where the plants are.

Let me explain some of the History on this: The co-ops grew out of oppression under Franco. For a long time they were apprehensive to open up membership beyond the Basque region. They wanted to keep closely within the

Basque country. The irony is that the Basque economy has out-performed the economy of the rest of Spain and there has been specific immigration to the Basque region. As integration has happened, the experience of who they are has also changed. They saw that they could offer participation and still have what they wanted. At the beginning, it was more a profit sharing model. Now, wherever you are, you can be a member.

There is a monolithic version of Mondragon AND the individual cooperatives. At that level, there are still variations. At the level of the group, they decided that they needed to create co-op membership and ownership as they move overseas. In Mexico it's harder; in Thailand too. – The standard labour practices and the core values create contradictions with the Mondragon model.

The trend towards extending membership is inevitable. The fundamental policy question is: when the next recession hits, how will labour be handled across the board? There are issues for insurance fund and member recycling. When we are talking about one plant in Thailand, two in china and 100 in the Basque country, it may create some important ethical challenges.

Steve Dubb

Research Director at The Democracy Collaborative and University of Maryland
Privatisation and Public Ownership — public enterprise in Europe

I have a slightly different role here, I'm not advocating, but instead putting a model on the table: Direct State Ownership of Corporations. Even though the U.S. presently own Fannie Mae, Freddie Mac, GM, CityCorp, we don't think of this as a strategy to control growth or to transform the economy.

To bust a couple of myths:

1) "*State-owned enterprises don't exist anymore.* " 117 state owned companies in Brazil, Russia, India, and China appeared on the fortune global 2000 list (the 2000 biggest companies in the world). They appeared for the first time between 2004 and 2008 and they are growing. In 2009 ICBC, China Mobile and Petro-China were among the top 5 companies by market value in the world. 3 out of the 5 largest companies of the world are state owned and they are a growing part of global economy.

2)"*State owned enterprises are not efficient"* We think that public companies aren't efficient because Margaret Thatcher got rid of many. In fact, when you compare private US companies and private GB companies between 1950 and 1985, you find that annual productivity growth in UK, mining, communications, etc. exceeded private companies in the US. This period is known to be the Golden Era of US economic growth.

On an overall level, efficiency is relatively comparable.

There are a number of problems with public enterprises:

- Lack of threat of failure because it is hard for them to go bankrupt.
- It's harder to change personnel
- Managers can try to expand the service instead of becoming more productive.(Bureaucratic Power)
- The Government could unfairly favour public company over private

This is a growing sector. How does it fit into New Economy?

There is nothing magically beneficial about public enterprise but it can prioritize environment for example. A government that chooses to be more sustainable has better chances to do so if it owns the companies that impact on the environment.

You could find other examples where public ownership impacts social criteria. In Sweden and Norway, for example, it's a priority of the government to have gender parity on the board of directors. As government is the largest company owner, all those companies have gender parity.

Where are the areas where we want to think of public enterprise? (Charts) It's unlikely that we can break down all sectors.

Why use public sector?

- Avoid monopolies
- Provide public good
- Avoid under-production of socially desirable goods such as health and education. (Stiglitz)
  - ➔ Considering the crisis, there are priority sectors. We need to reduce our carbon emission by 80% over the next four decades. It's unlikely that we are going to have a market solution to that. Only public sector can propel development in that case. We have historical examples, for good or for ill: then Manhattan project in terms of WWII for example.
- Public sector can be a regional development strategy. One of the major problems we face in terms of environment is that we have Throw-away cities. Detroit for example, in the lost 25% of its population in 10 years. That's a lot of buildings and structures that have been dismantled and built somewhere else. Public ownership is a tool to plan the location of production.
- In some cases, corporate power blocks change. Is it more efficient to fight every coal battle or to take over the coal industry to work with the work force in a way that doesn't destroy livelihoods?

Public ownership needs to be on the table.

➢ GROUP DISCUSSION

John: Let me start with one observation. The Top 10 companies of the Fortune 500 that have combined sales of $10b are Walmart, three car companies, three oil companies, General Electrics…. one is public: Fannie Mae. None of them are particularly good companies. What's our strategy here? Make public, regulate, cooperatives, generative?

How can we create incentives to generative companies?

Q: David B: I'm wondering if you have observations on the unique problems of mustering capital for innovation that supports the next application for Facebook, Google. This seems to be a particularly difficult challenge for large-scale regulatory structure or public ownership because of the high uncertainty and high failure rate of companies that step into that space. Do we need to carve out or find a different treatment or approach for generating high levels of innovation in risky areas?

A: Rich- I'm concerned with the issue of innovation in the following sense. It could be good innovation and not so good one. What if too much capital flow e.g., 1990's in high tech. I'm not sure that was all socially worthwhile with what was neglected – education, renewable energy… Regulation needs to discern between good innovations and wasteful innovations.

Q: John – Marjorie, you suggested that Generative companies need at least two criteria. I was wondering about Mondragon: They are producing car parts, not growing things.

A: Marjorie – Mondragon… I'm fond of their cooperative model, their living ownership, their sense of place, the control of capital. However, I don't think sustainability is part of the model because it was created 100 years ago. In large companies, they talk about but are not focused on sustainability, except Organic Valley.

When you look for Generative models, many are not corporations at all. Corporation itself is an industrial age models. It won't go away but we need other models.

In Mexico for example, you can find community forests. When governments give governance to local communities, a natural stewardship occurs. They make a living caring for it. 60-80% of forests are community forests in Mexico. It's a large scale solution that's not well known- our minds are so filled with the ideas of public corporations that we can't see other things.

In Denmark, they have community Wind. Wind guilds (local cooperatives) jump-started wind; people pooled investments for wind turbines. 20% ownership is offered to local people.

When you have local investment it mitigates community resistance. ("Your own pigs don't stink"). People love having local wind when they own it. You can combine individual ownership and municipal ownership.

The third thing I want to talk about is conservation easements. You strip off development rights and sell them to a non-profit or to the state so land can never be developed. You can transfer ownership but wild life is preserved.

A lot of tools can serve ecological purposes –they are not corporations.

Gus: There's a gap between building from the bottom and Rich's proposal (a bridge too far?) – What about challenging the corporations? It's a long list of things – ESOPs, anti-trust, government taking shares and fighting for public, institutional actions, periodic review of corporate charters, consumer actions, community resistance (big box stores), new government structures (community and labour participations on boards), trimming sales in political lobbying, reasserting the Commons, etc. This is an Agenda that goes after corporations – what about all of that?

A: Thomas: I want to make some broad observations about antitrust: In the last four years it has been sparsely used: only 9 cases since 1970s. AT&T was the last one. Modern antitrust enforcement is almost exclusively based on economic arguments and is characterized by small numbers. Anti-trust laws are basically useless in breaking up power concentrations. They could be useful, but not it's not likely.

David: Some of what Pope Benedict said about the economy totally fits our opinions: "*Perhaps at one time it was conceivable that first the creation of wealth could be entrusted to the economy, and then the task of distributing it could be assigned to politics. Today that would be more difficult, given that economic activity is no longer circumscribed within territorial limits, while the authority of governments continues to be principally local. Hence the canons of justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally. Space also needs to be created within the market for economic activity carried out by subjects who freely choose to act according to principles other than those of pure profit, without sacrificing the production of economic value in the process. The many economic entities that draw their origin from religious and lay initiatives demonstrate that this is concretely possible*."

I like the idea of working with corporations to dedicate 5% of their personnel time and money to address the roots of corporate power. That's a concrete thing we could do.

Sarah: When challenging corporate power we need to acknowledge that our ability to regulate is limited. One of the remedies is to amend the constitution or at least to redefine corporate rights, relationship between corporations and citizens. We have to impose limits on corporate behaviour; re-establish legal rights that have been taken away from us.

David K: It's important to keep the matter of scale on the table, I'm surprised that it's not on Marjorie's list. The smaller the scale, the more rooted in community your company is. How do you organize large-scale activities that are at the same time localized, e.g., manufacturing.

Gar:

I agree with David on the questions of internationalization.

What is missing from discussion, even if it's implicit is the question of institutional power. I've been studying the decline of power, especially the collapse of labour. People can get angry enough for more radical solutions. I'm sceptical of regulation and anti-trust because of power relationships.

We have to start with the principle of subsidiarity. The challenge is: what do you do when you have the bigger technologies that demands for larger scale and growth dynamic? We are all familiar with Schumacher's *Small is Beautiful*. In Part 4 he asked: what to do with big guys and the power questions?

John: Thank you everyone, have a nice Week End!