

Introduction

HOW DO WE DETECT when a society is in trouble—*real* trouble? What canary in the coal mine signals danger? The real signs of major trouble are to be found not only in huge deficits, unemployment, even terrorism. The time to pay close attention is when people begin to lose belief in things that once mattered profoundly—like the most important values that have given meaning to American history from the time of the Declaration of Independence: *equality, liberty, and democracy*.

The long trends are ominous: the beginning point of the following study is the painful truth that there is now massive evidence that for decades Americans have been steadily becoming *less* equal, *less* free, and *less* the masters of their own fate.

The top 1 percent now garners for itself more income each year than the bottom 100 million Americans combined. Even before the war on terrorism produced new threats to civil liberties, the United States (as a conservative judge, Richard Posner, has observed) criminalized “more conduct than most, maybe than any, non-Islamic nations.”¹

And repeated studies have shown the majority of Americans know full well that something challenging and fundamental is going on with “democracy”: Four out of five in a recent assessment judged that “[g]overnment leaders say and do anything to get elected, then do whatever they want.” Another study found that seven out of ten felt that “people like me have almost no say in the political system.”²

We tend to dismiss such signs of trouble. Most political debate focuses on who wins this or that election or on immediate problems like medical costs, tax cuts, unemployment. Some writers sense that something deeper is at work—that, for instance, with the radical decline of labor unions and the rise of the global corporation, the balance of power between labor and corporations that once kept U.S. politics within a certain range simply no longer operates. (The administration of George W. Bush in significant part reflects this shift in underlying institutional power.)

A few have recognized that we face even more fundamental questions. Thus Kevin Phillips writes of a new American “plutocracy” in which wealth “reach[es] beyond its own realm” to control political power and government at all levels.³ Robert Kaplan suggests that we are moving in the direction of a regime that could “resemble the oligarchies of ancient Athens and Sparta.” He believes: “How and when we vote during the next hundred years may be a minor detail for historians.”⁴

But the idea that the American “system” as a whole is in real trouble—that it is heading in a direction that spells the end of its historic values—*that* idea is difficult, indeed all but impossible, for most people to grasp.

It is, however, the first major contention—or rather, observation—at the core of this study. Moreover, as we shall see, though the evidence is rarely confronted, it is a contention that is not at all difficult to support. Indeed, it is obvious to most people when they reflect on the long-developing trends in connection with equality, liberty, and democracy.

If the critical values lose meaning, politics obviously must also ultimately lose moral integrity. Cynicism, apathy, and a sense that the powerful control, no matter what, must grow until, finally, recognition that current political processes are at a dead end quietly becomes endemic. The polls already indicate that beneath a patina of conventional political concern, the basic elements of such an understanding are not far off.

Beyond this, if equality, liberty, and meaningful democracy can truly no longer be sustained by the political and economic arrangements of the current system, this defines the beginning phases of what can only be called a *systemic* crisis—an era of history in which the political-economic system must slowly lose legitimacy because the realities it produces contradict the values it proclaims.

Moreover, if the system itself is at fault, then self-evidently—indeed, *by definition*—a solution would ultimately require the development of a new system.

For most Americans the idea that a “different system” might be possible is something very few have considered. With the collapse of the Soviet Union—and the decline of older, more democratic visions of socialism—what, specifically, would it mean to “change the system”?

Furthermore, the United States today is the most powerful political-economic system in world history. To most Americans, the notion that ways might ultimately be found to transform the institutions at its very core seems utterly utopian and impractical—even if one had an idea of what an alternative system might entail.

The conventional wisdom, of course, leaves us at a dead end. The old ways don’t work, but no one even imagines the possibility of systemic change.

Or so it seems.

The fact is, just below the surface level of media attention, theorists, policy makers, and informed citizens have been generating an extraordinary range of new ideas in recent decades. As we shall see, these suggest that traditional economic and political strategies are not the only ways, institutionally, to secure equality, liberty, and democracy.⁵

The appeal of many of these ideas, moreover, reaches across traditional left-right political divisions. They deal in a thoroughgoing way with matters ranging from the local and mundane to the radical and systemic—including: How to build democracy with a small d in each community as a basis, ultimately, of rebuilding Democracy with a big D in the system as

a whole. How, as technology advances, to ensure that people have enough free time and security to have real rather than illusory freedom of choice. And how—the ultimate and most important issue—the vast wealth of the nation can be managed so as to directly democratize its benefits.

Even now, as we shall also see, the most interesting new approaches suggest the outlines of a radically different system-wide political-economic model. Furthermore, the quietly intensifying crisis itself is forcing ever greater understanding—and it is producing (and promises continually to produce) ever more refined clarifications of the basic ideas.

That this has begun to occur should not be surprising. In general, when traditional ways no longer work, people are forced to rethink what they have been doing. We often do not stand back from our current moment in history to reflect on the simple fact that this might also be happening here and now, and as time goes on, in our own society.

Even if it were possible to bring together the emerging new thinking to define the outlines of a system that might in principle be able to sustain equality, liberty, and democracy—and do so in ways better than either U.S. capitalism or its traditional socialist rival—could such an exercise ever have meaning in the real world of politics?

It is, of course, theoretically possible that nothing major will ever change in the United States—but it is also highly unlikely. Serious historians understand—indeed, take for granted—that political-economic systems come and go over time, and that the current American system is probably not the be-all and end-all of world development.

To grant the simple possibility that the present system, like others in history, might one day be transformed opens a certain perspective on possibilities both for the coming century and for its opening decades. The tendency of those who think about systemic change is commonly toward abstraction. Words like “revolution” appear often in traditional writing. This, however, is only one way to think about structural change. It is striking that—again, just below the surface of most media

concern—there has also been an extraordinary explosion of practical real-world economic and political experimentation in the United States that ties in with (and points in the direction of) some of the main features of the new system-oriented ideas.

Systemic change above all involves questions of how property is owned and controlled—the locus of real power in most political economies. The ownership of wealth in the United States is more concentrated even than income: the richest 1 percent of American households are now estimated to own half of all outstanding stock, financial securities, trust equity, and business equity!⁶ At the heart of the new thinking is a different principle—that the ownership of wealth must benefit the vast majority directly. Especially interesting, accordingly, is the evidence assembled in the following pages of long-developing trends that have produced thousands of new worker-owned firms, community-owned enterprises, even state and national examples of alternative ways wealth might be owned to benefit small and large publics.

In Newark, New Jersey, a nonprofit neighborhood corporation employs two thousand people to build and manage housing and help run a supermarket and other businesses that funnel profits back into health care, job creation, education, and other community services. In Glasgow, Kentucky, the city runs a quality cable, telephone, and Internet service at costs far lower than commercial rivals. In Harrisonburg, Virginia, a highly successful company owned by the employees makes and sells cable television testing equipment. In Alabama the state pension fund owns a major interest in many large and small businesses. In Alaska every state resident as a matter of right receives dividends from a fund that invests oil revenues on behalf of the public at large.

* This is an overall national figure. The most recently available data register median black financial wealth at a mere 3 percent of non-Hispanic white financial wealth. “Changes in Household Wealth in the 1980s and 1990s in the U.S.,” in *International Perspectives on Household Wealth*, ed. Edward N. Wolff (Elgar Publishing Ltd., forthcoming).

The emerging changes in these and hundreds (indeed, thousands) of other related instances involve new institutions—and the process of change is different from that which we commonly understand in connection both with traditional politics and traditional systemic change. Typically, political *reform* involves *policies* that improve or clean up around the edges of existing systems. Typically, *revolution* involves changing the *institutions* at the core of the system, often violently. What is happening in several key areas involves the steady building of a mosaic of entirely different institutions but in a manner that is both peaceful and evolutionary.

Even a very widespread evolutionary build-up of new local and state institutions, of course, would be a far cry from system-wide restructuring. I believe, however, that such developments may have significant implications beyond their immediate impact. Importantly, they are exploring principles of ownership in everyday life that have broader applications at other levels. The deeper question explored in the following pages is whether the emerging political-economic context might open the way to building upon and beyond the new ideas, on the one hand, and upon the emerging trajectory of practical institutional development, on the other.

The election of candidates committed to the key values might—or might not—lead to modest gains in the short term. Given the underlying pressures constraining traditional politics, however, those who have faced the issue squarely know that even when better candidates win office, serious change is unlikely following any currently feasible political strategies.

On the other hand, the social and economic pain that is now hitting Americans at virtually every level is also increasingly confronting diverse groups with ever more severe choices. In case after case, the converging viselike pressure of events is forcing new questions.

Either at some point a new strategic approach will have to be found, or issues of central importance to workers and to

ethnic, racial, elderly, gender, family, and other constituencies on both the left and the right are likely to become increasingly and profoundly compromised. The growing pain levels point to the likelihood, ultimately, of a backlash—especially as the pressures the Bush era has unleashed continue to hit home.

Furthermore, the growing national fiscal crisis inevitably forces attention to the extraordinary income and wealth controlled by elites and major corporations. Quite apart from matters of equity, there are very few other places to look for resources. With the decline of traditional twentieth-century progressive strategies, a new and more militant “twenty-first-century populism,” which targets those who control the lion’s share of the nation’s income and wealth, is already beginning to take shape. Far-reaching ethnic and demographic changes—and the coming minority status of non-Hispanic whites—are likely to reinforce the pressures leading to change as the twenty-first century unfolds.

The trajectory that points toward an ever more sharply focused challenge to corporations and elite concentrations of income and wealth, moreover, is beginning to converge, even now, with the developing trajectory of change defining a host of alternative institutions in which wealth ownership benefits the public directly—and in which community-based democratic practice is important.

It is quite possible—even probable—that life in the United States will get worse before it gets better (if it gets better) in the coming decades. We are likely to experience profoundly challenging times. Even in an era focused narrowly on issues of terrorism and war, however, large-order, longer-term change is rarely precluded. There are reasonable possibilities in the coming period of history (as in most periods of history) for much more fundamental change—building to and through the difficulties—than many conventionally hold.

There have been five major political realignments over the course of U.S. history—from before the Civil War to the Pro-

gressive era and beyond. Each has occurred in the face of arguments that nothing of great political significance was feasible. Further realignments over the course of the twenty-first century are not only possible but likely. The question is what they might entail and how far-reaching they might ultimately become.⁷

PART I

THE PLURALIST COMMONWEALTH

Equality, Liberty, Democracy

WE OFTEN FORGET THAT IT was once simply assumed the United States would move inevitably in the direction of ever greater equality. A 1963 *American Economic Review* article observed that "most recent studies" of U.S. economic history take for granted that "since the end of the depression the nation's wealth has been redistributed and prosperity has been extended to the vast majority." A respected group of researchers declared, "The United States has arrived at the point where poverty could be abolished easily and simply by a stroke of the pen." The title of an important book by the liberal economist John Kenneth Galbraith proclaimed the "Affluent Society."¹

Such assumptions now appear strange, indeed, unreal. Statistical studies show growing, not diminishing, inequality. Writers like Galbraith have been forced to a radical reassessment: "Alas, I am not nearly as optimistic now as then. . . . [T]hose who dismiss the pro-affluent movement of these past years as a temporary departure from some socially concerned norm are quite wrong."²