ECONOMIC DEMOCRACY THROUGH COLLECTIVE CAPITAL FORMATION

THE CASES OF GERMANY AND SWEDEN, AND STRATEGIES FOR THE FUTURE

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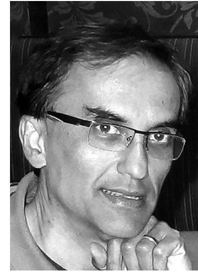

Abstract: The global economic crisis, whose effects are ongoing, was the result of an undemocratic, anti-social system of production, investment, and finance. Therefore, it is an opportune time to revisit the question of economic democracy. This question has emerged in various periods and places as a salient issue within the labour movement and the Left. In Europe, two paths to economic democracy have been considered: the co-determination line and the more radical property line challenging private ownership of capital. While the former has been dominant in social democracy, in the 1970s, the latter became the main focus of debates in Germany and especially Sweden in the social democratic parties and trade unions. In both cases, system-transforming proposals for collective capital formation, aiming beyond the Fordist accumulation regime, played a key role. This article examines these experiences, paying particular attention to the issue of hegemony in a changing mode of production, and then explores several newer strategies of collective capital formation: trade union pension funds, societal funds, and hybrid citizen–worker ownership. Based on the lessons of the German and Swedish debates, it concludes that labour and Left forces need to form a transnational hegemonic bloc to overcome the resistance of international capital and advance an economic democracy agenda, with the structural reformism of collective capital formation occupying a central place on this agenda.

Key words: wage-earner funds; Fordist accumulation; hegemony; power relations; societal funds; citizens investment funds; worker ownership

Introduction

The global economic crisis of 2008–2009, whose effects are still being felt around the world, including the ongoing European debt crisis, once again exposed fundamental flaws in the capitalist system and highlighted the need to ask basic questions about the distribution of economic power and wealth and to re-examine alternatives to the status quo. The crisis is the result of an undemocratic, anti-social system of production, investment, and finance controlled by unelected, unaccountable corporate and financial oligarchies pursuing their own self-interest. At the same time, the ongoing process of globalisation, and the resulting tendency towards deindustrialisation in the advanced capitalist societies brought about by the global mobility of capital, has accelerated the disempowerment of labour, and citizens as a whole, in those societies.

It is therefore a very opportune time to put the question of democratisation of the economic system back on the European and the international agenda. How can workers and citizens gain greater control over the deployment of capital and the wealth produced as a result? Economic democracy has emerged at various times and in various places as a salient issue, particularly within the European Left and the European labour movement. It has taken different forms in different socio-historical contexts, countries, and traditions. In general terms one can say that "economic democracy comprises two central perspectives: an overarching structural perspective which concerns ownership and control of the productive means, and a strong perspective from below which is about democratic organising, self-governance and influence" (Jansson et al. 2002).

In order to achieve economic democracy, the European labour movement has historically considered two paths: what Niedenhoff (1979) calls the parity principle (*Paritätsprinzip*) and the property principle (*Eigentumsprinzip*) or the co-determination line and the property line. The co-determination line has been the dominant one within social democracy, in line with classic reformism aiming to limit the functions and rights emanating from the ownership of capital—without changing basic capitalist property conditions per se.

Within the Left and the labour movement, this strategic line has been criticised from a Marxist point of view: if one really wants to achieve economic democracy—where the economy is democratically controlled and the workers have real power and influence and where the returns generated will be distributed in a fair way—this will not be possible without challenging the sacred core of capitalism, the private ownership of the means of production. From time to time, the property line has also been manifested within social democracy. Examples of this were (West) Germany and Sweden in the 1970s in the form of the issue of collective capital formation and fund building by wage earners as a strategy for economic democracy.

The aim of this article is to analyse these German and Swedish experiences and then explore models and strategies of collective capital formation[1] that could serve as key elements in a renewed effort to promote economic democracy.

Collective Capital Formation in Germany

In the late 1950s, theorists affiliated with the Confederation of German Trade Unions (DGB) and the Social Democratic Party of Germany (SPD) first began to talk about collective capital formation by wage earners as a way to change fundamental power and property conditions in the direction of economic democracy. There were ideas that became the subject of concrete decisions by the DGB and SPD at the beginning of the 1970s and later were elaborated in Sweden. The pioneer of collective fund-building strategies was Bruno Gleitze, an economist affiliated with the DGB. His ideas have to be put in a historical socio-economic context, that is, the specific post-war conditions in West Germany. After the war, private capital accumulation was supported by government economic policies, which led to an increasing concentration of capital and wealth in a few hands. By the beginning of the 1960s, 1.7% of the population owned 70% of the means of production (Take 1988, 117–20).

The Gleitze Plan was first presented in 1957 (Gleitze 1969). Gleitze questioned the fact that the growth of wealth that emanates from self-financing in industry goes to capital owners. This concentration of capital in a few private hands prevented wage earners from building up their own capital and wealth. Gleitze believed that this problem could not be solved solely through active wage and tax policies. He suggested socialising capital accumulation through the construction of "social funds" controlled by trade unions. Under his plan, a certain amount of the profits of large companies was to be transferred to the social funds. Through these funds, wage earners would have acquired part of the capital of big industry. Only large companies were to be included in the fund system, because capital and power are concentrated in them. Wage earners would have received individual shares in the funds which could not be sold for a long time to ensure that capital did not get concentrated once again.

This proposal was the starting point for a lively discussion on collective capital formation and fund building in both Germany and later in Sweden (see, e.g., *Das Mitbestimmungsgespräch* 1972; Eidem and Skog 1980; Jettmar 1980; Wredén 1976). During the 1960s, Gleitze's ideas were elaborated by a working group within the DGB (e.g., the Buttner Plan) and by important DGB theorists such as Wilfried Höhnen and Gerhard Leminsky.

By the beginning of the 1970s, the SPD and DGB were ready to make some important decisions. At the SPD congress in Saarbrücken in 1970, a motion from

the executive board on collective capital formation had been adopted that talked about investment funds in decentralised forms under public control that could be used to give wage earners a share in capital growth and change the unjust capital and property structure (Halbach 1973).

In 1971, a capital commission was elected at an extraordinary SPD congress in Bonn. The point of departure was that it was necessary to take measures to ensure that wage earners get a share in the increasing capital growth. In June 1972, the SPD's executive board declared, "The implementation of co-determination does not eliminate the unjust distribution of wealth in our society. Therefore it is not a substitute for the demand for greater participation of employees in productive assets" (Halbach 1973, 108). Decentralised funds controlled by wage earners were once again recommended. A resolution of the extraordinary SPD congress in Dortmund that same year stated that the third capital formation law was good for wage earners, but that "Ownership of the means of production remains concentrated in the hands of a small group" (Halbach 1973, 146).

At the DGB congress in Berlin in June 1972 several proposals for collective capital formation were adopted. One of the proposals stated that "Employees in all sectors should be given an appropriate share in productive assets through an industrywide profit-sharing system" and another that "This trade union capital policy aims to eliminate the excessive concentration of wealth in the Federal Republic and the economic and social power structures associated with it" (*Deutscher Gewerkschaftsbund, Protokoll* 1972, 9).

A motion from the DGB national executive that was passed by the congress demanded a share for wage earners in the capital growth of companies. To bring this about, it proposed that capital formation funds (*Vermögensbildungsfonds*) be built up with two basic aims: (1) the redistributive aim of complementing wage policy with rectification of the unequal distribution of wealth and (2) the socio-political aim of counteracting the concentration of power, property, and wealth in the hands of the big capital owners.

A certain share (4%–15%) of the annual profits of large companies would have been transferred as stocks to funds on a regional basis. It was argued that if profit shares are transferred as stocks and not as cash, the liquidity of the companies would not be harmed. The funds' boards would have been elected by all their worker-shareholders. The boards would then have appointed a supervisory board, in which one-third of the members would have been representatives of the public interest. The worker-shareholders would have received certificates corresponding to their shares. The congress pointed to two alternative ways of handling the certificates: (1) making them redeemable only in exceptional cases and (2) making them sellable on the stock market after 10 years. The first option was favoured in the arguments: "The distributional and social policy goals of capital policy

can only be achieved through essentially perpetual lock-up periods" (*Deutscher Gewerkschaftsbund, Protokoll* 1972, 9).

The DGB had now made a principled decision in favour of funds which called for the SPD to formulate a position on this question. The 1973 SPD congress in Hanover then positioned itself very close to the 1972 DGB congress decision. An elaborated fund proposal based on a report from the party's capital commission was adopted. It stated that

> Property in productive assets in our economy is still concentrated in relatively few hands. One of the goals of Social Democratic policy is to give employees a share in the growing productive capital of the economy and also in this way to contribute to the democratisation of the economy. (Vermögensbildung 1973)

Under the proposal, big companies would have been required to transfer part of their profits to a central fund, which would then have distributed these earnings to regional funds. The capital supply was not to be in cash, because the aim was not to introduce a new tax but to give wage earners a share in productive capital. The shareholders, that is, the wage earners, would have elected an assembly, which in turn would have appointed a governing council, with one-third of its members representing the public interest. The fund's shareholders were to receive certificates that could be cashed after 7 years. Fund capital was to be used for investments in infrastructure.

This decision meant that the trade union and political parts of social democracy were now united behind the principle of a wage-earner-controlled collective fund system for capital building. At the same time, each of the social democratic actors, that is, trade union movement and party, was divided internally.

Within the DGB there was a strong minority against the capital formation funds, with Industriegewerkschaft Metall (IG Metall) the dominant oppositional voice. The position of IG Metall was that collective capital formation through profit-sharing could harm the struggle for higher wages and greater co-determination. For IG Metall, active wage and tax policies and the struggle for co-determination would better fulfil the aims of the proposals for collective capital formation (Fuest, Hemmer, and Strasser 1997). A very different position was taken by the SPD's youth wing, the Young Socialists *(Jungsozialisten)*, who at their congress in 1970 declared that, "capital policy, tax policy and co-determination policy are inseparable . . . A change in the scandalous distribution of wealth can only be achieved through industrywide profit-sharing" (Fuest, Hemmer, and Strasser 1997, 70). They therefore proposed a collective fund system without individual certificates.

The SPD leadership now had the task of handling the different sorts of critiques within social democracy and at the same time working in a government coalition with the liberal Free Democratic Party (FDP). The FDP position regarding collective capital formation was that fund building should be in cash form, with individual shares that can be sold after 3 years, and the funds should be included in the financial market. The FDP also spoke about security for private property and the old capital owners. The conservative Christian Democratic Union (CDU) also had proposals for collective capital formation in the form of "personally accessible joint property in productive capital and against collective property" (Fuest, Hemmer, and Strasser 1997, 32), which meant *individual* wage-earner shares of profits and capital. The Confederation of German Employers' Associations (BDA) was the actor most critical towards collective capital formation and attacked "DGB efforts to syndicalise the economy . . . In the foreseeable future, through such compulsory transfer these funds would even turn into majority shareholders" (Halbach 1973, 18).

At the time of the DGB and SPD proposals in 1972–1973, the collective capital formation funds were being criticised both by bourgeois actors and by actors within social democracy itself. The SPD leadership, being in a coalition with the FDP, had to perform a difficult balancing act. The coalition government in 1974 decided in favour of a plan that fundamentally differed from the DGB and SPD proposals and was more in line with the FDP's Freiburg programme. This proposal showed that the internal DGB opposition driven by IG Metall had grown stronger. But, ultimately, in spring 1974 the new chancellor Helmut Schmidt declared that even this FDP-oriented plan would not be implemented (Halbach 1977).

After that, the German discussion on collective capital formation funds for economic democracy faded away. Or perhaps one can say that the issue emigrated to Sweden, where it was brought into the Swedish discussion by a Jewish German refugee, Rudolf Meidner, who fled to Sweden after the Reichstag fire in 1933 and later became one of the most important theorists in the LO, the Swedish counterpart of the DGB.

Wage-Earner Funds (WEFs) in Sweden

Swedish society was heavily marked by the WEF debate for about a decade (Sjöberg 2003, 2004). The Social Democratic Party (SAP) was in power from 1932 to 1976. One of the cornerstones of the Swedish welfare model was the Social Democratic labour market policy, based on active measures for full employment combined with the so-called solidaristic wage policy. The primary architects behind this policy were Gösta Rehn and Rudolf Meidner, both working at the Swedish Trade Union Confederation (LO).

However, at the end of the 1960s, it became clear that the solidaristic wage policy also entailed negative consequences for the workforce. In high-profit sectors, this meant that capital owners got even higher profits—what were to be called "excess profits." One could see that even though the Social Democratic "people's home" *(folkhemmet)* had meant rapidly increasing living standards for the working class, the concentration of capital, property, and power in the hands of big capital owners was increasing. In the late 1960s, there was also a wave of wildcat strikes in Sweden, beyond the control of the LO, pointing to the fact that improving living standards, social welfare, etc., did not mean democratisation of workplaces with real influence and power for workers.

The LO had to do something to deal with this situation. In accordance with a decision by the LO congress in 1971, the confederation's board appointed a working group chaired by Meidner. The working group presented its first proposal in August 1975 (Meidner, Hedborg, and Fond 1975). In this first report, there was a direct focus on existing power and property conditions and how to fundamentally change them. The Meidner Plan called for the establishment of sector-based "WEFs" stating that their main purpose was to democratise the ownership of Swedish enterprise and that, in time, the majority of shares in large companies would be owned by these funds.

A profit-sharing model was proposed that would shift the ownership and power structure of companies without influencing their liquidity. One can easily see the influence of the DGB discussions on collective capital formation. Under the Meidner Plan, a certain share of the annual profits of big companies (the working group talked about 20%) would have been transferred to WEFs as newly issued stocks in those companies. That way the profits would not have left the companies but remained as active capital. By relating the calculated profit share sum to the total amount of stocks in the company, the amount of new shares could have been established. Individual certificates, such as those in the German proposals, were abandoned based on the argument that they would be consumed and therefore would not lead to a real change in fundamental power and property relations. The fund system was to comprise only companies with at least 50–100 employees because power and property are concentrated in larger firms.

It was proposed that the WEFs be controlled by employees through their trade unions—the members of the funds' boards were to be appointed by the unions. Funds were to be built up in different sectors of the economy, comprising all large companies in each sector. Half the union representatives on the board of each fund were to be appointed by unions organising employees in the relevant sector and half from other unions, with some representation for the public interest as well. The fund representatives on each company board were to be jointly appointed by the fund boards and the local trade unions. More precisely, the fund boards

would appoint the representatives, with the unions having the right to nominate and veto candidates. But until the WEFs exceeded 20% ownership, unions would themselves appoint the WEF representatives (Meidner 1978). At the shop floor level, far-reaching self-determination was envisaged, complementing rather than contradicting the Co-Determination Act of 1976.

This original WEF model would have meant that the collective fund share of large companies would have gradually increased in relation to private shares. The working group estimated that in 20–40 years large Swedish companies would have been majority owned and controlled by the WEFs (Meidner, Hedborg, and Fond 1975).

An elaborated form of this proposal, *Kollektiv kapitalbildning genom löntagarfonder*, was adopted by the LO congress in June 1976. The powerful trade union confederation, organising some 90% of the blue-collar workforce, now stood behind the WEFs that aimed to build economic democracy. The whole organisation from bottom to top was very enthusiastic. In the LO press, you could read headlines such as “With the funds we take over!” and “This is how we will take power from the owners of capital” (Sjöberg 2003, 130). In an interview for the trade union press, Meidner stated that, drawing on Marx and Wigforss, it was his conviction that real economic democracy was not possible without changing fundamental ownership and property conditions (*Fackföreningsrörelsen* 1975).

In September 1976, the Social Democrats lost the parliamentary election, obtaining 0.8% less support than in the previous election. The loss meant that for the first time in 44 years the SAP was removed from power. Inside the party, there was a large amount of scepticism towards the WEFs, especially when it came to the leadership. The funds were considered a deviation from classic reformism. Olof Palme, the SAP leader, often seemed very ambivalent about the whole idea of WEFs. Therefore, many thought the defeat was due to the fund issue. Afterwards, however, it was shown that it was probably more due to the current atomic energy issue than the WEFs issue.

Meanwhile, Sweden’s main communist party, the Left Party Communists (VPK), which had stayed on the sidelines in the beginning, added criticism from the left while being denied participation in the government by the Social Democrats. The VPK’s critique was similar to that of Germany’s IG Metall, proposing direct nationalisation, active wage struggle, and radical co-determination. Another important actor was the white-collar union Swedish Confederation of Professional Employees (TCO), which originally was receptive to the idea of WEFs, but later became paralysed by internal conflicts.

The bourgeois actors and the press were shocked by the original 1975–1976 LO wage-earner proposals. The headlines of daily newspaper *Dagens Nyheter* on August 28, 1975, shouted out “Revolution in Sweden!” and later *Dagens Nyheter*

and the evening paper *Expressen* on August 17, 1976, had headlines asking, "Is this the most dangerous man in Sweden?" (beneath a picture of Rudolf Meidner). The Conservatives (*Moderaterna*) had said "No" from the beginning to all forms of collective fund building, and they considered the original proposal a "socialisation" of Swedish enterprise. The liberal parties, the People's Party (*Folkpartiet*) and the agrarian-oriented Centre Party (*Centerpartiet*), were, at the outset, more open to discussions about collective funds. After internal mobilisation, the employers' federation (SAF) and other organisations deployed tremendous resources in the ideological struggle, resulting in a series of anti-fund campaigns, and by the beginning of the 1980s, all major bourgeois actors in Sweden were united against the "socialist funds."

After the 1976 parliamentary loss, the LO and the SAP formed joint working groups to re-evaluate the WEF proposal. In 1983, the SAP, back in government, finally put forward a bill concerned with WEFs, which was then adopted by the parliament (*Regeringens proposition* 1983).

However, the WEF proposal that was implemented was very different from the original LO proposals. The issue of economic democracy and the aim of transforming power and property conditions had faded away. The funds were *no longer* to aim at majority ownership of companies—they could reach a maximum of only 40% of the shares in a company. Moreover, the profit shares could no longer be transferred as stocks, but as cash, to be invested in industry. The main purpose was now to supply companies with investment capital. In 1991, when a non-socialist alliance once again took over the government, one of their first acts was to dissolve the WEFs which had accumulated and to use their financial resources to set up foundations focussing on research.

The Question of Hegemony in a Changing Mode of Production

The Swedish WEF struggle was a power struggle over hegemony in the Gramscian sense of the concept, covering all levels of the social formation: economy, politics, ideology (Gramsci 1975). Actors with different strength and power resources confronted each other in a hegemonic struggle, where the bourgeois actors in time managed to unite as a hegemonic force, with a common will to constitute the dominating force in society. The labour movement never managed to unite as such a force. This hegemonic process was related to underlying societal factors, power and property conditions, and class relations in their institutionalised form, through collective actors. The bourgeois forces, broadly understood, defended the dominating "nodal point" (Laclau and Mouffe 1996) that legitimates capitalist property conditions, a nodal point that was threatened by the labour movement and the (original) WEF proposals. This core issue of property conditions and the

private ownership of capital, big companies, and the means of production, was left outside the "historical class compromise." The original WEF proposals meant the question was brought into the agenda by parts of the labour movement, but without success. During the WEF struggle, different ideologies with contradicting positions concerning property conditions confronted each other, yet bourgeois ideology prevailed on this nodal point.

While the divided Swedish labour movement failed to form a hegemonic bloc, the bourgeois bloc (broadly defined) gradually succeeded in forming a united hegemonic force. As the arguments and positions of this centre–right bloc solidified—helped by the international Thatcher–Reagan right-wing wave—and the attack on the WEFs intensified, the divided labour movement was put increasingly on the defensive and its arguments became weaker and weaker. Labour simply could not withstand the onslaught, which explains the gradual transformation of the funds and the final bourgeois victory. The implementation of the original LO proposals 1975–1976 would have meant a transformation of the capitalist structure in the direction of economic democracy and socialism, in the meaning of a system where common ownership is prevalent and where all large companies are commonly owned. Bourgeois class interests were threatened, so a hegemonic bloc was mobilised to put counterpressure on labour. The WEF struggle, both the process and the outcome, was a *hegemonic turning point* (Sjöberg 2003) in post-war Sweden.

In understanding the changes and the outcome, one also has to take into consideration the changing economic conditions in Sweden and internationally. The Swedish, like the German, post-war economy could boast tremendous achievements, enough to both raise working-class living standards and increase capital growth for business owners. This was the background to the issue of collective capital formation for the benefit of employees. However, by the time the Swedish WEFs were finally implemented, things had changed. The world economy, and to a large extent the export-dependent Swedish economy, had been struck by oil crises, so it was no longer a situation where "excess profits" were increasing. This also explains why the focus of the WEFs got twisted as it did. One can see that economic factors had a crucial impact on developments at the political and ideological levels.

Developments from the time of the fund debates in Germany and Sweden until today's situation are the result of a complex combination of relatively autonomous (Althusser and Balibar 1975; Poulantzas 1975) political and ideological factors, including long-term processes in the capitalist mode of production. The German and Swedish proposals for collective capital formation were raised within the framework of what theorists of the "Regulation school" (such as Aglietta 1979; Boyer 1990; Lipietz 1988) characterised as the Fordist accumulation regime

and regulation mode. This regime was characterised by mass production, nearly full employment, innovations in technology and the work process, increasing productivity, economic growth, and rising rates of profit leading not only to increasing wages and living standards but also concentration of capital. The Fordist regulation mode that corresponded to the accumulation regime was characterised by a bureaucratic welfare state at the national level, social legislation, reformist mass parties, and the corporatist "Fordist compromise" between labour and capital, with the state as a mediator of institutionalised conflicts (Häusler and Hirsch 1987). Keynesianism functioned as the theory corresponding to this mode of regulation, mitigating crises and conflicts and stabilising the class compromise, while leaving the conditions of property and capital concentration untouched.

During the 1970s, the oil crisis, international economic crises, and neo-liberal ideology and politics resulted in a crisis of the Fordist mode of production and the breakdown of the Keynesian mode of regulation. An increasingly globalised mode of production and a "transnational high-tech capitalism" (Haug 2001) were emerging. The capital accumulation mode burst out of the social regulation mode in which it developed and functioned (Häusler and Hirsch 1987, 653). A structural crisis of the accumulation regime means social and political conflicts and societal changes, a process of searching for a new accumulation regime and social structures. According to this line of thought, a Post-Fordist regime was developing, characterised by new computer-based technology in production, distribution, and administration, increasing rationalisation and automation, a "Post-Tayloristic" work process with flexible specialisation and fragmentation, individualisation, and increasing unemployment. This led to a Post-Fordist regulation mode with new forms of organisation of industrial and finance capital on the international level, internationalisation of corporate concentration processes, globalisation of labour-capital relations, liberalisation and deregulation of capital flows, and the dissolution of national Fordist corporatism (Häusler and Hirsch 1987, 653).

These processes of fundamental change in the mode of production, characterised by increasing economic globalisation and neo-liberal ideology and politics, have resulted in the dissolution of the whole Fordist compromise and hegemonial structure, meaning fundamental changes in the welfare states, including reduction and fragmentation of social insurance provision, deregulation, and privatisation and a decreasing level of public services. Following this theoretical line of thinking, the process of change from a Fordist to a Post-Fordist accumulation regime and regulation mode also implies a crisis or even dissolution of mass parties and the rise of an Americanised party system (Haug 2001). We will discuss the long-term political implications later in the text.

For a long period, the Fordist accumulation regime managed to speed up the economy at the same time as the regulative compromise led to a rapidly increasing

concentration of capital and fortunes. The German and Swedish collective fund proposals from the 1960s and 1970s were strategies for economic democracy that emerged from the crises of this regime. By the 1970s, it became clear that the Fordist hegemonial structure, and the class compromise designed to stabilise it, hid an unresolved implicit conflict. The fund strategies were a response to the changing mode of production, aiming beyond the Fordist regime and the corporatist compromise.

Drawing on Marx, one can say that capital in the Post-Fordist accumulation regime is getting more and more social in its character—with, for example, various institutionalised forms of pension and insurance funds—while the conditions of its ownership and control are still of a private character. That is the kind of contradiction Marx predicted would lead to the abolition of the capitalist mode of production. The development is, however, not just an outcome of purely economic changes in the means of production; it is always in the final analysis the result of the relations and conflicts between the organised hegemonic forces and their comparative strengths. Collective capital formation aiming to transform the mode of production needs to be pushed forward by a united hegemonic force in order to succeed. That is a crucial point that we will return to later in the text.

The German and Swedish fund strategies sought to fundamentally transform the Fordist accumulation regime and regulation mode, but the labour movement never succeeded in constituting a hegemonic bloc. Looking at the actors within the German and Swedish labour movements, one can find both differences and similarities. A fundamental difference was that in Germany the SPD had to compromise with the FDP, while in Sweden the SAP "only" had to gain the passive support of the Left Party Communists. However, in Germany, an SPD congress passed a resolution in favour of collective capital formation funds, with profit-sharing in stocks, which the Swedish SAP also did in a modified form, but more to overcome the historically exceptional division between party and union.

In Sweden the SAP never did adopt the original radical WEF proposal, while in Germany the SPD positioned itself very close to the DGB, with the difference that the DGB was originally leaning towards a collective solution without individual certificates. In that way it seems the DGB/SPD was more successful in forming a common platform than the LO/SAP. Another aspect was the internal split within the DGB, with IG Metall strongly opposing collective capital formation funds. In Sweden the situation was the opposite, with Metall being the driving force behind the original WEF proposals. It seems important to ask, "How come?" IG Metall was in favour of the co-determination line. It favoured a sort of functional socialism, while the Swedish Metall proposed a Marxist-influenced property line with a direct focus on changes in the fundamental structures of the ownership of capital. Metall realised that the original LO proposal was system-transforming at

its core, while IG Metall feared that the relatively weak SPD would never be able to implement proposals like that and that the whole thing would then harm the active struggle for wages, co-determination, etc.

One reason for the fundamentally different IG Metall and Metall positions could be that IG Metall was not included in a solidaristic wage policy to the same degree as Swedish Metall. If so, this could mean that Metall considered the WEFs to be good for the solidarity of the whole LO collective—this was actually one of the guidelines for the working group—while IG Metall considered it damaging to the wage struggle for its own members. This needs to be researched further.

From the experiences with collective capital formation funds in Sweden and Germany, one can draw the conclusion that to be able to implement such a system-transforming strategy, the labour movement and the Left in the broad sense have to function as a hegemonic force. As soon as labour raises the question of transforming fundamental power and property conditions, it will face united bourgeois opposition.

To be able to once again put the issue of collective capital formation and fund building, and the wider question of economic democracy, on the agenda, it seems the Left needs to put pressure on the social democratic labour movement. To do so, the "old" Left parties have to improve and strengthen their relations with the new social movements and pose the question of another order. The Left has a responsibility to present strategic alternatives to both the new movements and to social democracy. This could be a way to strengthen the mobilisation for economic democracy within social democracy.

For the last three decades, there has been silence around the issue of economic democracy, even within the labour movement. Yet, the issue has probably never been as relevant as it is today in light of the global crisis that has rocked the capitalist system and the negative impacts of globalisation on working people and citizens in the advanced capitalist countries. Ownership and control of capital, and the economic power associated with it, remain concentrated in an oligarchy of wealthy owners, investors, and financiers. Democratising this power should be the prime challenge for the Left.

In working out new strategies for economic democracy, one can identify elements in the German and Swedish fund strategies that are useful and important. The strategy of collective capital formation is structural reformism[2] that—contrary to classic social democratic reformism[3]—focuses on fundamentally changing the core of capitalism, the private ownership of capital and the means of production. It is a structural reformism that has the capacity to revolutionise the capitalist mode of production, not as an immediate break but as a far-reaching "process of transformation" (a concept elaborated by Brie, Chrapa, and Klein 2002; Brie and Klein 2004; Klein 2004).

Trade Union Pension Funds: A Strategy for the Future?

In recent years, new pension fund systems built on a private and individual basis, instead of public and collective, have been introduced in several countries in Europe as well as other parts of the world. This has led to the emergence of a new discussion around collective capital formation funds, so far mainly among Left intellectuals but also to some extent within trade unions. It is a discussion about the possibilities of using collective pension funds in a progressive way, where theorists from the United Kingdom such as Robin Blackburn (2002) and Richard Minns (1996) have made particularly important contributions.

According to authors such as Blackburn and Minns, the huge amount of workers' accumulated pension capital has the potential for contributing to the development of a fund-based strategy for economic democracy. Once again, we can observe a contradiction between the increasingly social character of capital—in the sense of pension capital being the capital of millions of pension savers—and the private nature of its ownership. Therefore, it has been argued that trade unions themselves should create collective pension funds where their members may choose to invest their pension capital, instead of giving it away to privately controlled institutions and investors.

One model could be partially similar to the Meidner Plan, with fund boards democratically elected by trade union members. The union funds would invest the collective capital in companies in a variety of sectors. Also, as in the Meidner model, fund representatives on company boards could be appointed jointly by the funds and local trade unions representing employees in those companies. Union funds could use their power and influence as shareholders, for instance, to prevent the closing down of profitable companies or the moving out of production to low-wage countries. As the funds would be democratically managed, company executives could be directed to make socially responsible investments. Returns accruing to the funds could be used for various purposes, decided democratically rather than by private shareholders pursuing their private interests.

The possibility of trade unions creating their own pension funds where their members can place pension capital would, of course, mean a tremendous amount of collective capital in the hands of workers through their unions. In this there lies a potential for real power and influence for labour, enabling it to actually take over the ownership of large companies this way, which is to say "from within" the capitalist system itself.[4]

It is also important to recognise the drawbacks of this kind of fund strategy. A major objection is that the funds buy shares and thereby contribute to market speculation as well as company profits. There is also a risk that union funds will end up only supplying private business with venture capital, not really aiming at

majority ownership and real democratic shop floor power and influence. As an alternative, Robin Blackburn suggests that the funds could also invest in public bonds. That would, of course, limit the risks and could significantly contribute to necessary public investments in infrastructure, health, education, etc. However, if one really wants the funds to fundamentally change power and property relations, it is also necessary to change the ownership structures of business enterprises.

There is a notable real-world example of a trade union pension fund that invests in companies with the aim of strengthening local economies and reducing unemployment, as well as ensuring that companies meet high social and labour standards. This is the Quebec Federation of Labour's Solidarity Fund, which invests the pensions of Quebec workers in small- and medium-sized companies across that Canadian province. It has 600,000 shareholders (i.e., trade union members and other citizens who have pension accounts in the fund), holds equity in more than 2,400 companies, and has created or protected nearly 170,000 jobs (Fonds de solidarité des travailleurs du Québec (FTQ) 2014b). Unlike the Meidner Plan, the Fund does not aim to establish majority worker ownership of companies: as a general rule, it only seeks a minority stake in the enterprises in which it invests, although in some cases it does have majority ownership (FTQ 2014a, 9).

The board of directors of the Fund consists of the heads of Quebec's 10 largest trade unions (who are elected by their rank and file), 2 members elected directly by Fund shareholders, 4 members from business, finance, and civil society, and the president chosen by these different groups.[5] Such a governance structure provides a certain degree of economic democracy, with union members, shareholders, and various interest groups being represented on the board.

It seems that the most important thing today is to defend and reconstruct the public pension systems as well as other public sector structures. That is a long-term process that would need a stable Left majority for a long period. But in countries lacking public pension schemes, where pension capital is controlled by actors in the private capital market, union-controlled pension funds might be a model to consider. However, the crucial question remains of whether trade unions should take on the responsibility of investing their members' pension savings, with the risk of decreasing the value of the capital.

Societal Funds: A Strategy for Public Capital Formation

Instead of using pension capital, there are other alternatives for collective capital formation aiming towards economic democracy. The Meidner proposal for WEFs was criticised for one-sidedly favouring trade unions and for giving unions two potentially conflicting roles—as defenders of workers and as employers through their ownership of companies. An alternative approach that would substantially

avoid this problem is what has been labelled “societal funds” (Sjöberg 2002, 2004). Under this model, it would be possible to bring about a balance between the interests of workers and the wider interests of the society. These interests often overlap, but at times they are in conflict. Creating such a balance was at the heart of “Guild Socialism,” developed by the British socialist theorist G. D. H. Cole in the early 20th century (Cole 1917, 1920). He tried to design a model that would establish a balance between producer and consumer interests. Cole envisaged the state owning the means of production, but worker-controlled guilds having decision-making power in the production process. Inspired by Guild Socialism, the idea of “societal funds” is a variation of the original Meidner Plan that combines societal ownership with wage-earner influence.[6]

Societal funds would be publicly owned institutions built up on a regional basis within individual countries, with a national levelling fund to counteract regional inequalities. Each fund would be managed by a board with members appointed by the relevant regional legislative body and could also include members appointed by the national parliament, trade unions, and civil society organisations. The capital supply for a given fund would be built up using the ingenious Meidner mechanism described earlier in this article: a certain percentage of the annual profits of large companies (e.g., 20%) would be transferred to the fund, not in cash form, but as newly issued shares in the companies concerned. This way the profits would not leave the company but remain as active capital. By relating the calculated annual profit share sum to the total amount of stocks in the company, the amount of new shares can be established. Therefore, the ownership and power structure of companies would shift without affecting their liquidity.

When a societal fund achieves a certain level of share ownership in a company, it can start having representatives on the company’s board, including some chosen by the employees. When it reaches majority share ownership, it can appoint the board chairperson while the workers choose the managing director and other top management people responsible for day-to-day activities. In this way, there would be a balance between societal interests and employee interests. Through this strategy, capitalist private power and property would be gradually transformed into democratic and common ownership, power, and influence over a period of decades. As with the original WEF proposal, it would take 20–40 years (depending on annual profit levels and the share percentage) for a societal fund to obtain a majority stake in a given company.

Such a fund strategy for economic democracy would combine the balance proposed by guild socialism between public power and workers’ power, and between a macro focus on property conditions and a micro focus on shop floor conditions and co-determination. This power-sharing model could also help with preventing group selfishness in successful companies.[7] Some basic structures

of the desired social system would already be found in the construction of the societal funds model. This would be a type of structural reformism where the new system grows out of the property core of the capitalist system and transforms it from within.

The two models outlined above have certain drawbacks. Besides the problems already mentioned, the union fund approach presumes a high degree of private sector unionisation in a given country as well as a high degree of public support for collective union influence over large companies. In the European Union (EU), the level of private sector unionisation ("union density") varies greatly: from 67% in Sweden to only 14% in Britain, 5% in France, and 3% in Poland (Department for Business Innovation & Skills (BIS), UK Govt. 2012, 11; European Industrial Relations Observatory (EIRO) 2008; European Trade Union Institute (ETUI) 2013; Public Opinion Research Center (CBOS) 2006, 4). But the Swedish experience with the Meidner Plan shows that even in a high-density country, public support can be lukewarm—accepting unions as defenders of workers, but not as majority owners of large companies. The Solidarity Fund has substantial public support given that Quebec has relatively high union density and is union-friendly, but the Fund does not aim at majority ownership (Diekmeyer 2005).

Regarding societal funds, they have the same basic drawback as Meidner's WEF mechanism: it would take many years, even decades, for the funds to attain a majority controlling stake in companies. In the meantime, many things could happen: for example, the firm could be shut down and jobs outsourced to a lower-wage country. Another problem that lies in the ownership structure is that under the societal funds plan, workers don't have a collective ownership stake of their own, although they do have growing self-management rights. So this is the opposite of the problem we have with the WEFs, where there is no societal ownership stake and where social control over corporations, as opposed to trade union control, is not clearly established. It cannot be assumed that social and trade union interests will always coincide.

Citizens Investment Funds (CIFs) and Citizen–Worker Hybrid Ownership: An Alternative Strategy for the Future

To avoid these drawbacks, another option can be conceived, one that combines societal ownership and worker ownership and utilises a shortcut, as it were, to substantially reduce the time required to establish societal and worker ownership. This option, like the other ones, would apply to the largest shareholding corporations above a certain size (based on turnover or number of employees). Under this plan, a CIF could be set up in each EU member-state as a sort of national foundation—and the CIFs could be linked together under a European Citizens Investment

Fund (ECIF). The Citizens Funds would be given immediate ownership of *up to one-third* of each corporation in the defined group of large corporations. At the same time, collective worker equity would be gradually built up in each of these companies as per the Meidner Plan via WEFs until the combined CIF–WEF stake reaches at least 51%.[8]

The CIF concept builds on a number of existing and proposed institutions. First, it expands to a large multi-enterprise scale the ownership of companies by foundations, many examples of which exist in Germany and Scandinavia (including famous firms such as Bosch).[9] A variation of this model is the worker-controlled charitable trust that owns the successful Scott Bader chemical firm in Britain (Dube 2012; Scott Bader Company Ltd 2013). Second, it applies in a different way the multi-enterprise model provided by the Quebec Solidarity Fund, which we have already examined. Third, it builds on the concept of the "Public Trust" proposed by American political economist Gar Alperovitz (2005, 71, 73) as a national institution accountable to the public that would hold shares in large corporations. Fourth, it also takes some inspiration from the concept of "State Trust Ownership" proposed by British political sociologist Luke Martell, as well as his alternative concept of "Non-State Social Ownership" (Martell 1990, 17–18).

The immediate transfer of a large stake in these corporations could be achieved in different ways. One option could be targeted public investments in buying of shares in primary industries of public interest. Another perhaps more controversial method might be that the stake transferred to a national CIF would be paid for simply by *abolishing corporate taxation* on the companies concerned. This idea of converting taxation into equity is based on a proposal made by visionary German–British economist E. F. Schumacher in the 1970s.[10] The percentage of Fund ownership in each country could be equal to the corporate income tax in that country.[11] The revenues from equity ownership replacing the foregone taxes would still be allocated to public interest goals, but through the Citizens Funds. And unlike taxes, CIF ownership cannot be evaded, nor can any deductions be taken. As for the WEF allocations, they would work as a sort of wealth tax, having the biggest impact on the biggest shareholders (Blackburn 2005), but would not affect the liquidity of the companies concerned since these profits would remain within them as active capital, as with the original Meidner Plan or the societal funds plan.[12]

If a company's average annual profit is, for example, 5%, the joint CIF–WEF majority share would be achieved in 20 years (instead of 75 as in the Meidner-plan), but with a 10% profit rate, it could be reached in 10 years. But already before that, the joint CIF–WEF share could obtain a controlling stake in the company, since in many cases only a plurality is sufficient to take effective control of a company, especially if the remaining shares are more widely dispersed among many

shareholders. And if workers' co-determination is added to the picture, perhaps along German parity principle lines, joint citizen–worker control of companies could be established immediately upon implementation of CIF ownership.[13] It may be objected that abolishing corporate taxes for all large shareholding firms subject to CIF ownership would reduce the funds available for public sector programmes and projects. In fact, corporate tax is not such a large source of state revenues in European countries, for example, constituting only 7.4% in the United Kingdom and 6% in Sweden (Institute for Fiscal Studies 2012, 5; Swedish Tax Agency 2011, 13). But in any case, large parts of the CIF's revenues from equity ownership could be channelled into the public sector as with taxes, and the joint CIF–WEF revenues would exceed the former corporate tax revenues, given that no tax deductions would be available and no tax evasion would be possible.

The CIFs would be autonomous public bodies overseen by national parliaments. There are various ways that their governing councils could be structured. One possibility is a three-way division, with one-third of the members chosen by parliaments, one-third by Citizens Economic Assemblies (CEAs), and the remaining third by civil society organisations.[14]

Such a tripartite structure would enable citizens to steer the CIFs through their political representatives, through direct "Athenian-style" bottom-up democracy[15] and through a variety of civic organisations advocating for various public and group interests found among the citizenry. The CIFs would therefore enable the exercise of genuine social ownership and control, ensuring that while companies generally function as autonomous entities they act broadly in the public interest. Together with workers' representation through WEFs and co-determination bodies, this type of arrangement would allow for representation of what Luke Martell (1990, 9) calls "all affected interests," that is, all interests affected by enterprise decisions and actions. Regarding the ECIF, its Governing Council could have a structure similar to the national CIFs, with one-third of its members chosen by the European Parliament, one-third by the European Economic and Social Committee, and the remaining third by the national Citizens Economic Assemblies.[16]

Having looked at their ownership shares and their structure, let us now examine the functions of CIFs. The CIFs would steer companies to make socially responsible decisions that serve worker, consumer, and citizen interests while still making a profit by producing quality products and services for the market.[17] More specifically, CIFs would (1) contribute to keeping unemployment down by ensuring that companies invest and hire when they have the financial capacity to do so; (2) steer corporate investment into priority regions and economic sectors; (3) monitor pay scales and ensure fair differentials within companies; (4) ensure adherence to labour, product, and environmental standards;[18] (5) ensure that corporate decisions

have minimal social costs; (6) maximise use and development of renewable energy sources; and (7) implement any other democratically set goals.

Another major task of CIFs would be to invest for the common good what they earn from their shareholdings. These earnings would constitute a substantial pool of collective capital that can be spent in a variety of ways to benefit the public at large, working people, and communities. National parliaments would have to lay down some ground rules regarding how CIF funds are to be deployed. Ideally, the CIFs should be *decentralised*, with a large part of their resources allocated at the sub-national level based on regional and local priorities. Part of the funds can be channelled into traditional public spending (infrastructure, health care, etc.), while another part could be disbursed as grants and loans to support worker buyouts of smaller companies and also to launch new companies (as needed to combat unemployment and boost local economies), with CIFs retaining a considerable ownership stake and their workers also having a stake and participating in management.[19]

Moreover, the CIFs could have their own networks of public banks that provide credit on favourable terms to socially responsible worker-owned businesses, cooperatives, etc., that are not subject to the CIF–WEF hybrid structure. Worker cooperatives and other employee-owned firms often have problems accessing capital through traditional banks. This is a variation on proposals by writers such as Michael Krätke and David Schweickart who call for tax-based social investment funds that are disbursed as credits and grants by public banks to enterprises based on set criteria (Krätke 2008; Schweickart 2002, 50–56). As for the WEFs, their share of ownership would entitle workers to the corresponding share of control over enterprises subject to the CIF–WEF structure.[20]

Collective Funds and Multinational Companies

One of the more complex aspects of the types of collective fund ownership we have outlined above is the question of multinational companies. How can societal and worker influence be brought to bear in a global economy full of transnational corporations? Neo-liberal globalisation has meant that, in most countries around the world, there are companies that are wholly owned or majority owned by foreign-based corporations. Any system of collective funds has to come to terms with this phenomenon.

We can envisage two primary scenarios: one where a company based in a country without collective fund ownership owns a subsidiary in a country that does and the other where the situation is reversed. The companies in question, of course, would have to cross whatever size threshold is set for fund ownership to become applicable.

In the first case, the subsidiary could be subject to fund ownership just as if it were a domestic firm, so in effect the foreign parent company and the domestic collective fund would be joint owners, with the fund's influence dependent on its ownership share.[21] In the second case, the domestic collective fund can have influence over the foreign subsidiary, depending on its ownership share and the extent to which the corporate structure of the company is centralised. The fund can push for the subsidiary to raise its labour and environmental standards. Generally speaking, collective fund ownership of multinationals based in developed regions, like the EU, could have a major impact on improving the behaviour of these corporations worldwide.[22]

The Path to Economic Democracy

Having looked in some detail at two European attempts to launch collective capital formation to gradually transfer ownership and control of capital to working people—including the debates among various actors—and various alternative models of collective capital formation that could be pursued in the future, we have to consider the economic, social, and political conditions necessary to make a new and broader push for fund-based economic democracy a reality.

Clearly, we are a long way from the 1970s when radical solutions were seriously considered by social democratic and Left parties and their trade union allies. We are living in a different world, one where the neo-liberal paradigm has become dominant. By and large, social democratic parties can be considered the social wing of neo-liberalism, rather than forces that oppose neo-liberalism. The New Left radicalism of the 1960s left a strong imprint on the 1970s. The youth wings of social democratic parties continued to make radical demands. Large sections of the major trade union confederations called for radical steps towards changing the structures of economic power, especially in Germany and Sweden. And within the main social democratic parties themselves, there were also strong voices calling for greater economic democracy.

Yet, even in the 1970s, it was difficult to get collective capital formation proposals adopted by social democratic-led governments because of divisions within the social democratic parties and the trade union movements and also to some extent due to the realities of coalition government, which was the case in Germany. These divisions enabled the pro-capitalist forces to mount a united hegemonic opposition to proposals to advance economic democracy through worker-controlled collective funds. These proposals therefore came to a political dead end. The global neo-liberal tsunami was soon on its way, hitting with full force in the 1980s.

So what hope is there in this second decade of the 21st century? Of course, there was the financial crisis that struck the world in 2008–2009, which to a large extent was the result of the earlier ideological wave. The global economic crisis should have been a godsend to the Left, giving it the best opportunity in many decades. Already in the 1990s, there was a New Left-style revival of sorts in the form of the anti-globalisation movement. Indeed, there has been a re-flowering of oppositional movements and political activism across Europe, the USA, and much of the rest of the world.[23] However, in the face of the crisis, the mainstream Left has been paralysed, unable to come up with a powerful response. It remains adrift, without fresh ideas, without a vision. Contemporary social democracy is mainly a part of the problem, not the source of a solution.

Since the 1950s, social democracy has functioned as a sort of counterweight or even complement to the economic *un*democracy of capitalism. But with the hegemonic rise of neo-liberalism, this role has been difficult to sustain. Social democracy has withered under the pressure of neo-liberalism and neo-liberal globalisation (Dube 2012). Having failed over the decades to tackle the structures of economic power, it unwittingly paved the way for the neo-liberal ascendancy and the growing power of the corporate oligarchy, with the result being the erosion of social democratic achievements, the labour movement, and workers' rights.

Yet despite the weaknesses of Europe's large social democratic, socialist, and labour parties and of its trade unions, economic democracy cannot be put on the European and international agendas without these actors. At the same time, they have to raise the whole question of the structure of economic power and the need for its democratisation if they are to seriously challenge the neo-liberal hegemony which continues despite the crisis. Indeed, democratisation of economic power should be the core task of the Left. Europe's mainstream Left parties and trade unions will need to make economic democracy a central part of their agendas and programmes—it is the vision they need to gain a new relevance and a new vigour.

This points to the necessity of establishing "beachheads" of economic democracy within the mainstream Left parties and the large trade unions from which further advances can be made. A network will have to be built around advocacy for economic democracy, including collective fund-building solutions such as the ones discussed in this article. This network will need to include people from other institutions such as progressive foundations, institutes, and networks, progressive economists, as well as various grassroots activist networks and groupings.

In Europe with its historically strong labour and Left movements, an EU-wide strategy will be needed to advance economic democracy. To face the concentrated power of the European corporate oligarchy and those working for it (politicians, media, think tanks) the Left must act in a concerted manner, forming a hegemonic EU-wide bloc, comprising Left, socialist, and social democratic parties. One of

the most important conclusions from the analysis of the Swedish WEF issue and the hegemonic turning point is that the hegemonic force needs to be strong enough to counteract a potential Swedish-style mobilisation led by business forces, only this time happening on an international scale. We are a long way right now from the Left uniting around a common vision and strategy, acting in a systematic and determined way to make the vision a reality. But it has to be done if neo-liberalism is to be defeated and capitalism transformed into a much more democratic and socially oriented economic system.

Given the transnational nature of capital in this era of globalisation, democratisation of capital must also be transnational, or more precisely, it should be structured so that it can meet the challenges of borderless, highly mobile capital: any systems of worker- and citizen-controlled collective funds must incorporate a high degree of international linkages. Otherwise, national fund systems would be vulnerable to efforts by transnational corporations and financial institutions to carry out strong countermeasures. The funds in any type of collective fund system would have to be linked together across national borders.

The role of the financial sector in precipitating the global crisis shows that it is essential to take major steps to transform this sector, going far beyond the various types of financial regulations introduced in recent years or being considered and the financial transactions tax ("Tobin tax") proposed by a wide range of experts, organisations, and governments. Therefore, alongside democratisation of corporate ownership and control through collective fund building and other measures, there would need to be democratisation and socialisation of financial institutions, both at the national and international levels.

To advance economic democracy today, the political lessons of the German and Swedish debates over collective fund building and democratisation of corporate ownership have to be learned. The collective fund strategies that we have examined in this article, both those debated in Germany and Sweden, and newer ideas for the future, are not utopian visions or revolutionary blueprints for overthrowing the current system. Rather, they are strategies that utilise the existing corporate shareholding systems to transform the capitalist system in a structural way. We have presented some concrete models of collective capital formation so that economic democracy can be put on the agenda, not just as some sort of slogan or a vague goal for the future, but as a set of specific, workable proposals that can be discussed and elaborated.

In conclusion, we believe that embracing economic democracy—in all its various forms—is the single most important thing that the international Left can do, and that strategies of collective capital formation have to occupy a central place on any agenda for economic democracy as they are probably the best way to democratise the corporate power that lies at the heart of the capitalist system and to create economies that sustain healthy, cohesive, and just societies.

Notes

1. For the purposes of this article, we can define "collective capital formation" as the gradual accumulation of capital on a multi-enterprise basis on behalf of given groups of working people or given communities of citizens, at local, regional, national, or supranational level, for their collective benefit, with these groups gaining increasing ownership of the enterprises in question through funds which are the recipients of the capital.
2. A concept elaborated within Eurocommunism in the 1970s, for example, by Togliatti in the Italian Communist Party.
3. And the social democratic reformism that Gunnar Adler-Karlsson (1970) called "functional socialism," a "socialism" that seeks to balance the power of capital with a variety of welfare reforms, without changing the ownership structure.
4. This potential was actually recognised by the most famous neo-classical theorist Milton Friedman:

   > I have often speculated that an ingenious way for a socialist to achieve his objective could be to . . . invest the accumulated reserves in the capital market by purchasing equity interests in domestic corporations . . . To return to my fantasy, full funding would have long since brought complete socialism. (quoted in Blackburn 2002)

5. This information was provided in a private e-mail from Patrick McQuilken, Senior Advisor for Media Relations and Communications at the Fonds de solidarité des travailleurs du Québec (FTQ), November 12, 2012, which included a reference to the Act to Establish FTQ, adopted unanimously in 1983 by the Quebec National Assembly, accessible through the web page: http://www.fondsftq.com/en/a-propos/centre-de-documentation.aspx
6. During the Swedish WEFs debate, suggestions for some form of "citizen funds" were also made, for example, in Korpi (1982). Much earlier, the Swedish Social Democratic Minister of the Treasury, Ernst Wigforss (1959), also had ideas about what he vaguely called "Societal companies without owners," which called for collective fund building.
7. One of the critical points in the kind of market socialism that existed in former Yugoslavia.
8. An initial version of this idea was presented by Nyegosh Dube (2012).
9. A study by the Copenhagen Business School found that contrary to the expectations of conventional economics, firms owned by non-profit foundations pursuing philanthropic goals performed just as well as traditional corporations (Thomsen and Rose 2004, 343–64).
10. As Schumacher put it, "this conversion would be an explicit recognition of the undoubted fact that a major role in the creation of 'private' economic wealth is in any case played by the public hand" (Schumacher 1973, 285–86).
11. This ranges from 10% to 35% in the EU, with 27% being the average in Western Europe, 18% in Central and Eastern Europe (i.e., the new EU member states) (KPMG 2014). Another option is to set 27% as the rate across Western Europe and 18% across Central and Eastern Europe (CEE), based on those averages. In the case of the European Citizens Investment Fund (ECIF), its ownership share in a given multinational could be equal to a proportionally weighted average of corporate taxes applicable in the countries where that company has operations.
12. Let's take the example of France where the corporate income tax rate is 33.33%. This means that France's CIF would automatically get a one-third stake in the largest French corporations. So, for the joint societal-worker stake to reach 51%, the WEFs would only need to build up an 18% ownership share of a given company. For sure, ownership of France's largest companies needs to be democratised—a 2009 survey showed that only 98 people control 43% of the shares in the companies comprising the Cotation Assistée en Continu (CAC) 40 index (Crumley 2010).
13. In Germany, all companies with more than 500 employees are required to institute co-determination, with workers having one-third of the seats on supervisory boards or one-half in companies with more than 2,000 employees (Eurofound 2009).

14. We can envisage Citizens Economic Assemblies (CEAs) at three levels: (1) national, (2) provincial or regional, and (3) county or commune (or whatever unit comprises the next level). A county-level CEA could, for example, have 60 members chosen by lot from among citizens of that county who have registered for selection. All county CEA members would constitute the selection pool for province-level CEAs, whose members in turn would be the pool for the national CEA, which would then delegate members to the CIF. The CEAs would enable citizens to make their voices heard and take part in goal setting and policymaking from the county level on up. In a somewhat similar way, civil society organisations could be structured in multi-level Civil Society Economic Councils.
15. For a detailed discussion of selection by lot in ancient Athens, see Tridimas (2011, Abstract, 5–7, 26–28). According to Tridimas, selection by lot was "a process which yielded an accurate representation of individual preferences."
16. The ECIF could replace a national CIF where a company has less than half its EU employees in any one EU country. It could be overseen by the European Parliament.
17. The CIF–WEF plan is therefore a form of market socialism, where the production is largely guided by the market mechanism, but in contrast to capitalism (even of the social democratic variety) the market would function within a framework where social priorities take precedence, with a considerable degree of socialised investment planning.
18 Similar to the screening carried out by the Solidarity Fund (International Labour Organization [ILO] 2004).
19. Luke Martell (1990, 22) proposes such a function for CIF-like bodies: "Socialised fund bodies holding capital accumulated under democratic social ownership can found democratic companies and enterprises, so expanding the role of democratically determined and socially-minded activity in the economy."
20. To a large extent, the WEFs would pursue the same agenda as CIFs, but with a greater focus on the specific interests of the enterprises' workers. The earnings from WEFs can be allocated in various ways that collectively benefit the workers of the enterprises where they have a stake. For some examples of how WEF funds could be used, see Meidner (1978, 84–90).
21. In his book on the WEF plan, Rudolf Meidner raises the issue of multinationals that are structured in such a way that key decisions are made by the parent company, not the subsidiary (Meidner 1978, 63–65). A collective fund with an ownership stake in the subsidiary would therefore not have much influence. In this situation, if or when the fund reaches majority ownership, it could make the subsidiary an independent firm.
22. Within these scenarios, the EU presents a special situation. Where a multinational, whether based in the EU or not, operates in several member states with collective fund systems, there could be joint EU-level fund ownership across all the entities belonging to that multinational (e.g., through an institution like the ECIF in the case of citizen–worker hybrid ownership) or at least coordination at European level of national funds. Such a joint approach would strengthen the collective funds vis-à-vis multinational corporations.
23. For a comparison of the 1990s anti-globalisation movement and the recent Occupy movement, see "A Comparison of Global Protests: Occupy Wall Street and the 1990s Anti-Globalisation movement," Occupy Wall Street Analysis website: http://owsanalysis.wordpress.com/2012/03/30/a-comparison-of-global-protests-occupy-wall-street-and-the-1990s-anti-globalisation-movement-part-1-similarities/, and also: http://owsanalysis.wordpress.com/2012/04/05/a-comparison-of-global-protests-occupy-wall-street-and-the-1990s-anti-globalisation-movement-part-2-differences/.

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