

Humanity is Not Finished Advancing from Slavery and Feudalism.

SLAVERY

Among the reasons slavery was immoral was the labor of slaves produced much more in value than the slaves were allowed to possess. The slaveholder or “master” took the excess.

FEUDALISM

Among the reasons feudalism was immoral was the labor of serfs produced much more in value than the serfs were allowed to own. The King, Lords and other members of the aristocracy took the excess.

Societies required advancement from these economic systems because they were immoral.

CORPORATE CAPITALISM

In our capitalist system, no one owns anyone. There is freedom of movement and some freedom to choose your occupation and move from the lower to upper economic classes. But a large majority of people remain as employees in hierarchical, not democratically run companies. Employees take orders from their “boss,” and produce substantially more in value than they receive in pay, generating inequalities more immense than what existed under feudalism and slavery.

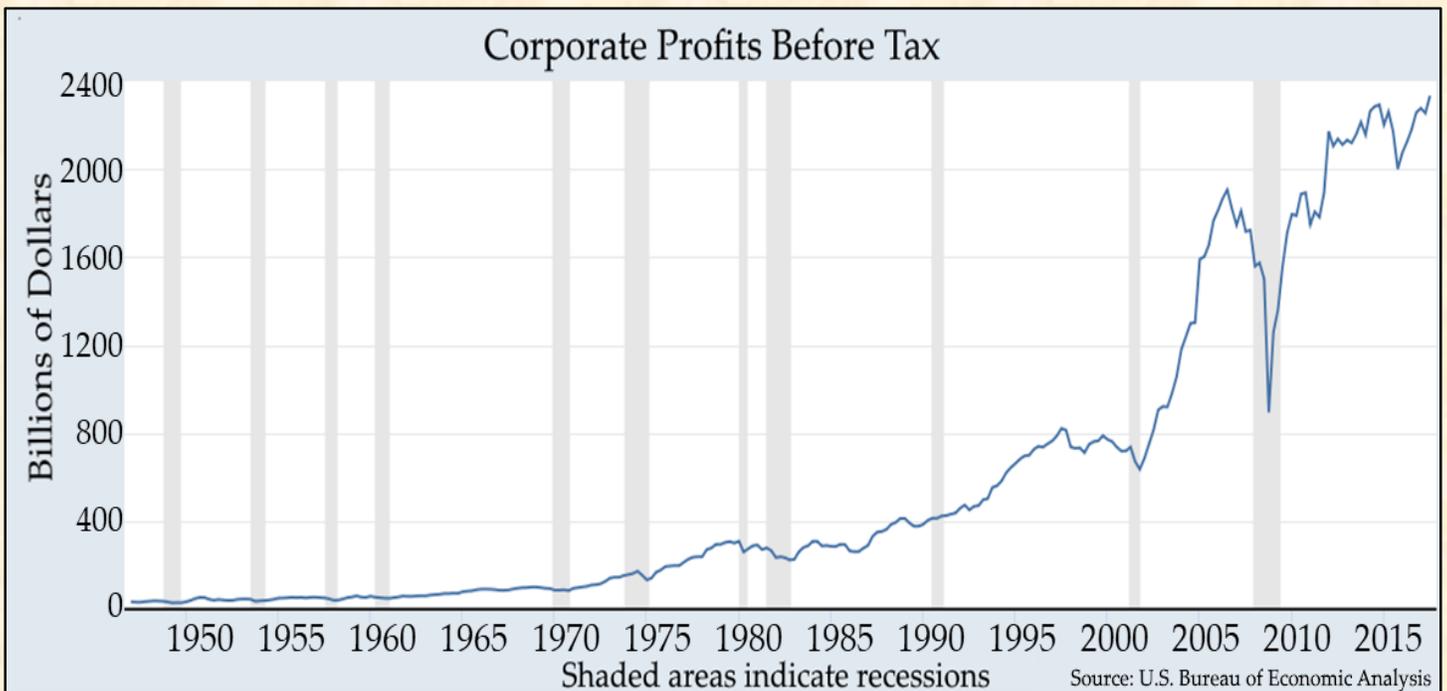
Historically high upper management pay and corporate profits mean that the value produced by, and then taken from, employees is also historically high. The vast majority of people never become the top managers or principal owners of corporations who are the main beneficiaries of the value produced by employees that they are not allowed to keep. Also, it is not uncommon that employees are compensated in amounts so low they cannot meet their basic needs.

Again, economic system created injustices require major system advancements.

CORPORATE CAPITALISM

The Value Produced by Workers That They Do Not Keep

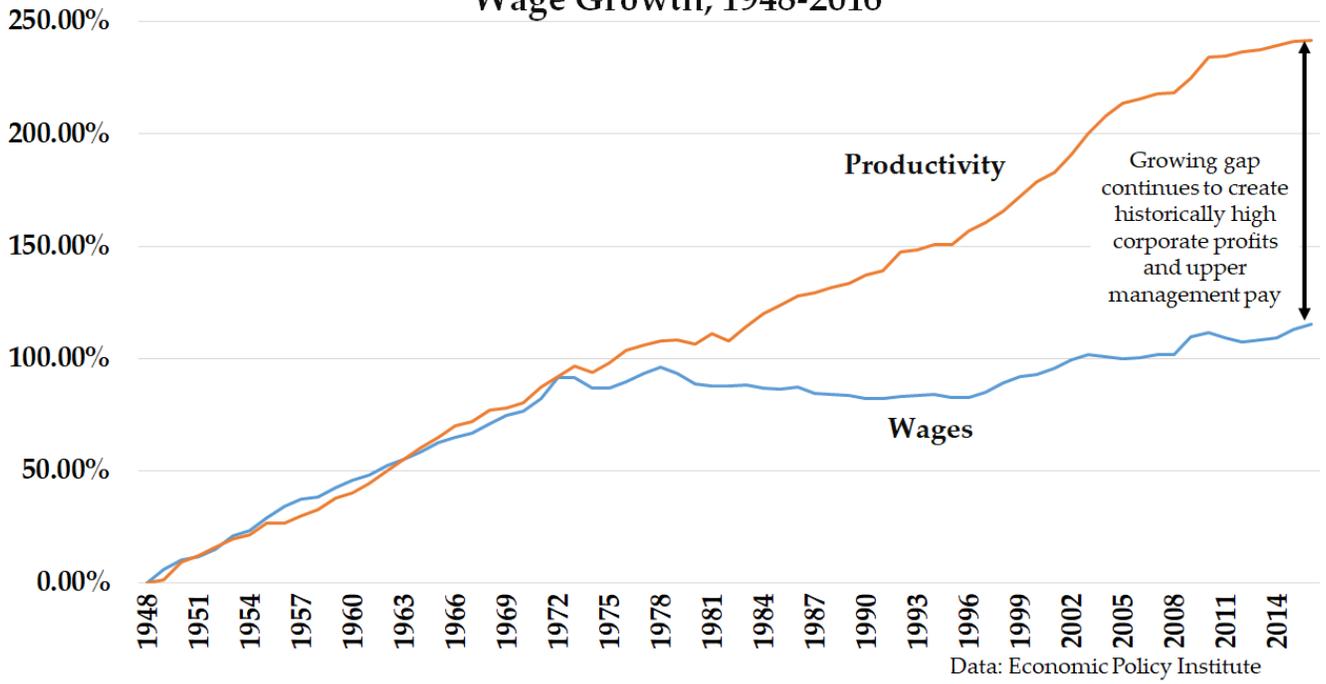
Below is a graph of corporate profits from 1948 to 2016. It shows that workers are having a rapidly increasing amount of the value they produce taken by corporations for their profits, benefiting owners and top managers.



The following graph shows a cause of the profit boom. Since the mid-1970s, the increasing amount workers have produced has been diverging from the amount they are paid, while owners and upper management have been taking almost all the benefits of productivity advancements.

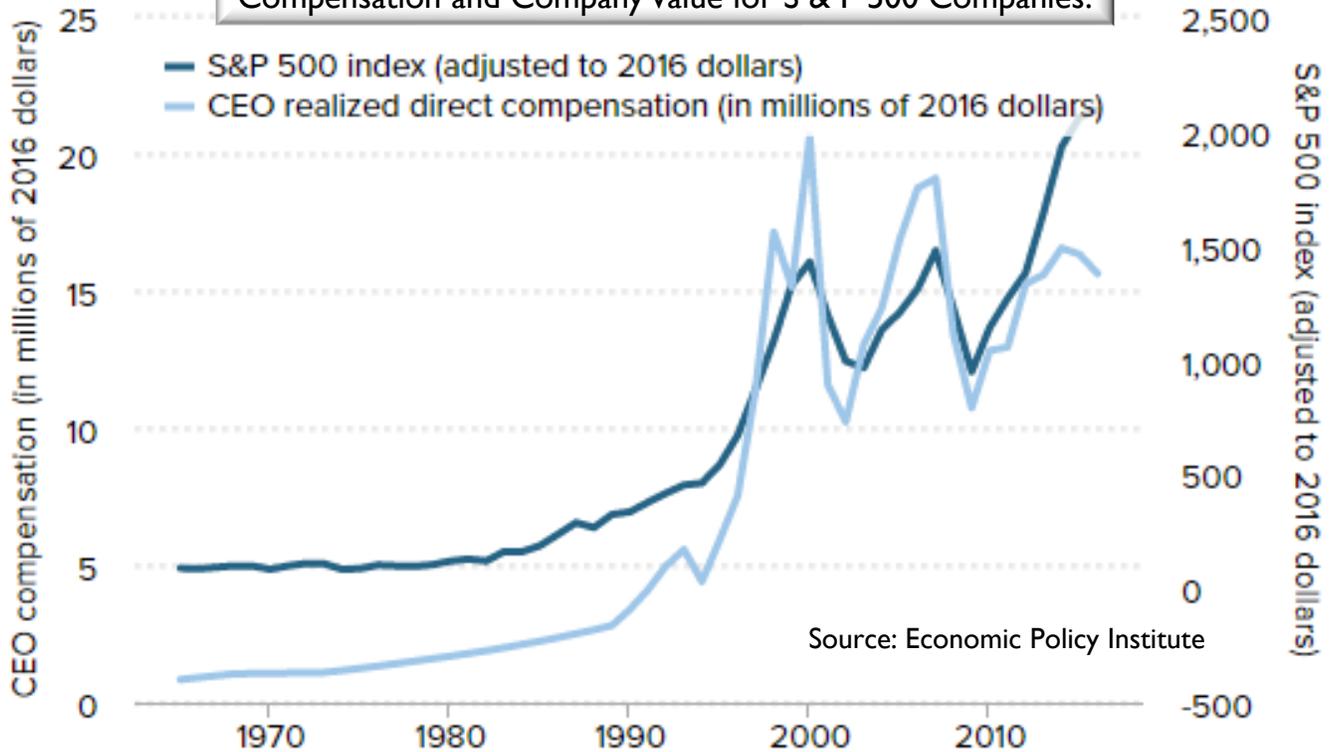
In 1968, the minimum wage in 2016 dollars was \$11.35 per hour, the highest in US history. Productivity grew since 1968 through 2016 by a factor of 2.52. If we all shared in the benefits resulting from these gains, the 1968 minimum wage would be \$28.70 in 2016. instead it was \$7.25 per hour. Also, the 1968 median annual household income of \$52,400 in 2016 dollars would be \$132,100 in 2016, instead it was \$59,000.

Disconnect Between Productivity and Nonsupervisory Wage Growth, 1948-2016



Owners, who typically include top managers compensated with stocks, benefit from increased profits, which grow both company value and dividends. A compensation process CEOs commonly control either themselves or through people they can strongly influence is essentially allowing them to decide how much they will take of the profit boom as compensation.

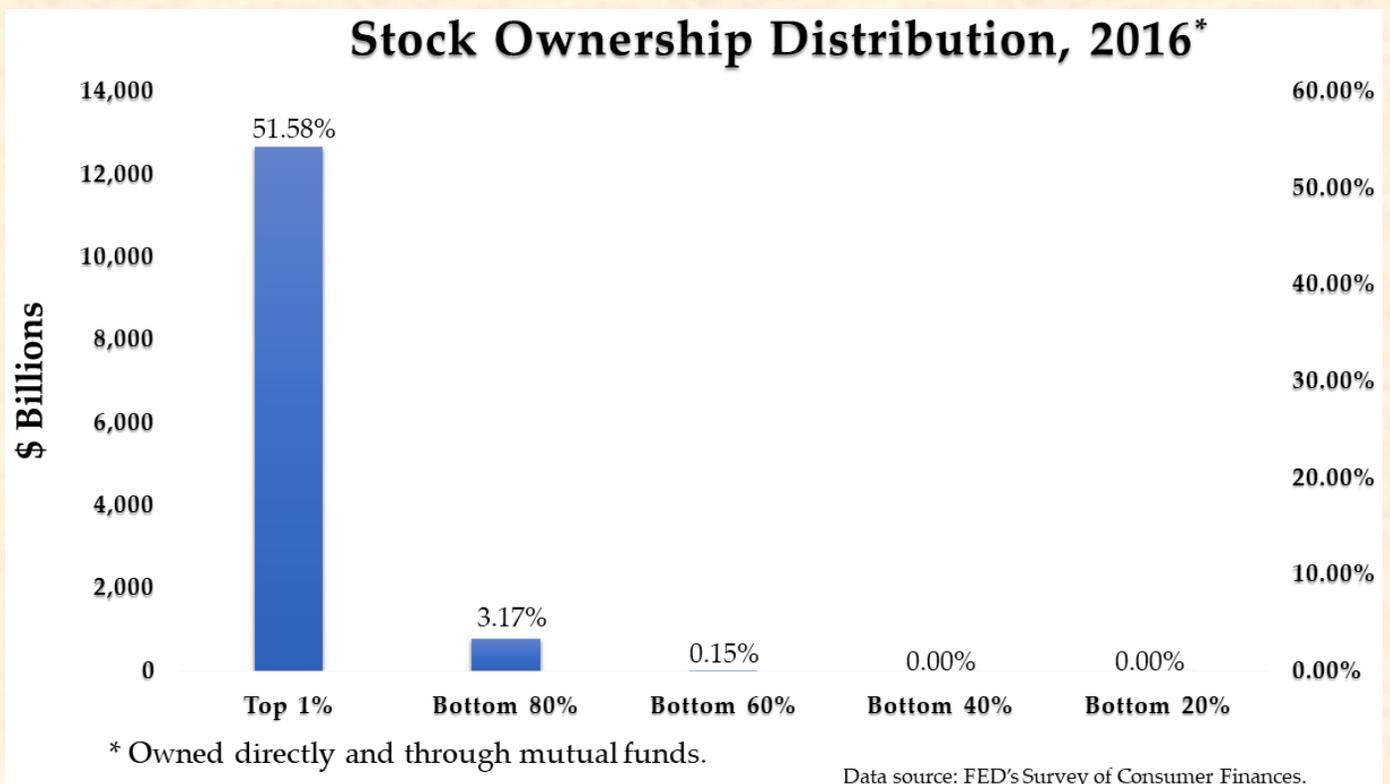
The Explosion in Corporate Profits Effect on CEO Compensation and Company Value for S & P 500 Companies.



Maximizing corporate profits is the primary mission of corporate CEO's. To accomplish it, a labor oversupply has allowed them to depress workers' wages and benefits. Millions of jobs sent to foreign low wage, low regulation countries is one cause of the oversupply, and it essentially puts American workers in competition with workers making a small fraction of the U.S. minimum wage.

But Doesn't the Public Own Public Companies so Also Benefits from the Profit Boom ?

This depends on what you mean by "the public." The chart below shows how stock wealth is distributed. The top 1% own more than the rest of us combined, and over 16 times the total wealth of 80% of Americans.



In 2014, the average total wealth for individuals in the top 1% was \$11,180,000. The average total wealth of the poorest 50% was \$360. (All in 2017 dollars). S & P 500 CEOs have incomes averaging about 350 times the median income of workers.

THE DETAILED ECONOMIC AND POLITICAL SYSTEM ADVANCEMENT PROGRAM OF THE NEW ENLIGHTENMENT IF INSTITUTED WILL CREATE A FAR MORE JUST, DEMOCRATIC, AND PROSPEROUS SOCIETY.

Initially, redistributive policies will play the predominant role in reducing economic inequality but ultimately we will transform the character of our economic system so it doesn't generate extreme inequalities requiring redistribution.

Several New Enlightenment programs detail ways to a society where most economic activity will be performed by worker owned and controlled businesses at the end of a 20-year transition period. Public-private partnership loans, and public loans, grants, tax benefits, subsidies, and education assistance will accomplish this. (The New Enlightenment's free college education proposal requires that the basic skills and knowledge needed for cooperative business enterprise management and direction be a part of the core curriculum of two and four-year colleges). By extending democratic practices into workplace, and substantial capital ownership to the workforce, income and wealth inequality reduction, productivity enhancements, and other significant benefits will result.

Aren't worker cooperatives uncommon because they perform poorly?

Some believe that worker cooperatives are uncommon because they see the fraction of the time it takes for a boss to decide on and hand down a bureaucratic order compared to the time it would take a group to decide the issue democratically implies superior efficiency in undemocratic structures. But those who would implement the policy are less likely to overlook unforeseen contingencies if they participated in its development, and any democratically determined policy is likely to be implemented more effectively since workers would be more committed to it.

In fact, hierarchical bureaucracies are inefficient because of their undemocratic, inflexible, uncommunicative, uncreative character. In centralized organizations, change can come only from the top—but at the top are people who often do not learn of "errors" at the bottom. Information does not flow efficiently to bureaucrats, who are isolated from the consequences of their actions. And workers who can expeditiously and effectively correct an "error" instead wait for dictates from on high. These and other failures of bureaucracy do not apply to democracy.

Worker ownership and self-direction is a superior way to structure business enterprises

Worker cooperatives are relatively uncommon due to difficulties in securing capital, but there's also lack of knowledge and support systems. Poor performance is not the reason they are uncommon. Many studies have shown that participatory ownership, when combined with participatory work practices, greatly improves business performance, as indicated by higher sales and sales growth per worker. Also, worker cooperatives have lower failure rates compared to conventional companies.

Studies have revealed that workers in these companies have greater company loyalty and pride in working for the firm, so turnover is reduced. This creates a competitive advantage by reducing the costs of recruiting, training, and integrating new employees in money, time, and effort. Also, workers in firms with participatory ownership and participatory work practices express a willingness to work harder and innovate more, and they are more willing to co-monitor other worker's performance which, in addition to workers being more motivated to perform well, reduces the need for supervisors. Studies comparing square-foot output have repeatedly shown higher physical volume of output per hour, and others show higher quality of product and also economy of material use.

Some people claim that co-ops are impractical due to their inability to attract good managers. But this claim is false, and the mythology of super-managers being mainly responsible for the performance of well-performing companies is just that, mythology. Studies have found a negative correlation between CEO pay and long-term profitability of companies. Researchers from the University of Utah, Purdue University and the University of Cambridge studied 1,500 company's performance compared to other companies in the same field from 1994 to 2011. They found "The (stock value) returns are almost three times lower for the high paying firms than the low-paying firms" and that the longer the highly paid CEOs were in office, the more their firms underperformed.

The economic benefits of widespread worker ownership and self-direction of businesses are among other important social impacts

Almost everyone considers democracy the best way to govern our society. In democracies, people participate in decisions that affect their lives either directly or through their representatives. Why are we willing to forgo this ideal during about half our waking hours—our worktime? Workers in conventional corporations are told what to do and have no influence on corporate policy, including how corporate income is distributed among workers, management, and owners. All social structures where some people can dominate others unaccountable to any kind of democratically determined system of justice are unjust. We must restructure them to a democratic form if we are to live in a truly democratic country. Also, the current corporate form creates economic elites controlling large corporations that are dominating the political process thus destroying democracy beyond the corporation.

Widespread employee ownership and control of business enterprises will create a more democratic society. Democratic control will eliminate wide income disparities and the resulting negative economic, political and social consequences and eliminate other injustices resulting from an anti-democratic, hierarchical form; develop a sense of community within businesses and between businesses and their local communities; and motivate more productive work. Democracy in the workplace will motivate more active participation in the democracy outside the workplace, and it improves workers' job and life satisfaction.

Economic democracy does not reject the role of markets, rather it tempers the profit maximization motive that currently drives the way in which businesses engage with the market with a greater emphasis on worker and community interests. In cooperatively owned businesses the workers make all the important decisions through democratic processes, both directly and through an elected board of directors from among the workers. The workers choose the maximum level of wage disparity among workers that they consider the most just and beneficial, which results in far lower disparities. The New Enlightenment details a practical route to widespread worker-ownership and control of business enterprises.

At the beginning of the industrial system when an economy formed where the preponderance of work was performed by employees with no control or ownership stake in the enterprises in which they worked, the injustice of the system was obvious to most workers. As this enterprise form became common we have lost sight of the inherent injustice.

In 1845, the industrial system began, and many people left their farms to be employees in factories. Women factory workers produced a publication they called, "Factory Tracts" where they described the employer-employee social order.

Factory Tracts Excerpt

"When you sell your product, you retain your person. But when you sell your labour, you sell yourself, losing the rights of free men and becoming vassals of mammoth establishments of a monied aristocracy.... Those who work in the mills ought to own them, not have the status of machines ruled by private despots who are entrenching monarchic principles on democratic soil as they drive downwards freedom and rights, civilization, health, morals and intellectuality in the new commercial feudalism."

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