

Broad-based Worker Ownership and Profit Sharing:
Can These Ideas Work in the Entire Economy?

Joseph R. Blasi and Douglas L. Kruse

Rutgers University School of Management and Labor Relations

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Abstract

This paper examines whether broad-based worker ownership and profit sharing could be expanded to the entire economy. First, it provides a brief overview of the problem and the rationale for the solution proposed. The problem is that capital ownership and capital income are highly concentrated in a very small group in American society. This suggests that a solution broadening capital ownership and capital income, namely worker ownership and profit sharing, fits well and makes sense. Second, there is a discussion of some guiding principles. Worker ownership and profit sharing need to at least deliver comparable economic performance as the existing system and the plan to move towards them economy wide should be nonpartisan in nature and not involve mechanical redistribution of wealth but work in the context of the current market system. Third, following the overall purpose set by the ASA President, the paper examines current pockets of empirical cases that “embody these emancipatory aspirations and prefigure utopian alternatives“ will be considered “to see how these cases work, to diagnose their limitations, dilemmas and unintended consequences, to examine their transferability and scalability, and to understand ways of developing their potential.” Pockets of worker ownership and profit sharing are examined in large and small corporations and cooperatives, on the stock markets and in the small business sectors, and the suboptimal and excessively risky forms of worker ownership on which one would not want to base a public policy are identified. Fourth, there is a brief overview of some research evidence indicating that such a possible utopia can be within reach. Fifth, several realistic institutional designs for an enhancement to the corporation using more extensive worker ownership and profit sharing are presented. Sixth, following an evaluation of the failure of past policies, forward-looking policies to move society towards these designs are presented. The paper shows that the research suggests that much more worker ownership and profit sharing is possible and attainable but that a common explanation of why it is unattainable, that individuals and organizations find it hard to bring it about, is not really the major barrier. The major barrier is a favoritism by existing public policies and tax incentive regimes for corporations that concentrate capital ownership and capital income. If these barriers, largely thrown up by the Federal Government, cannot be removed, it is highly unlikely that worker ownership and profit sharing can support economic democracy in the entire economy.