

OUTLINE Lecture 10

High Road Capitalism

I. Introduction

1. A Balance Sheet: Long-term economic decline for average Americans
 - stagnant/declining real wages
 - decline of middle class jobs, decline of good manufacturing jobs
2. Thesis: this decline is in part due to the absence of effective state involvement in economic life.

II. Two ways of organizing capitalist production: high road and low road capitalism

1. Basic Contrasts
2. Examples: automobile manufacturing, banks
3. Consequences

III. Why would anyone prefer the mass production, low skill option?

IV. Obstacles to changing our economic path are rooted in the nature of markets:

1. Transition costs trap
2. Training-deficit trap: a free rider problem
3. Anti-unionism, anti-labor movement trap

V. Solutions: The affirmative democratic state essential to get out of these traps

1. Subsidize transition costs
2. Extensive Public involvement in training
3. Legal rules that facilitate unionization and worker participation

VI. The Milwaukee WRTP as an example (Wisconsin Regional Training Partnership)