

Re-imagining the corporation

“Real Utopia” proposal session

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Executive summary

The problems of increasing inequality, decreasing mobility, and greater economic insecurity in the United States are in large part due to the collapse of the traditional American corporation. For most of the twentieth century, vertically integrated, shareholder owned corporations were the central pillars of the American economy, producing goods and services, providing secure employment and opportunities for advancement, ensuring social welfare for employees and their dependents, and offering a vehicle for retirement savings. Due to the success of the “shareholder value” movement and the widespread Nikefication of the American economy over the past generation, however, public corporations have become less concentrated, less integrated, less interconnected at the top, shorter lived, less remunerative for average investors, and less prevalent since the turn of the 21st century. There are fewer than half as many public corporations today as there were 15 years ago. Those that remain are ill-equipped to provide long-term employment, opportunities for economic advancement, and benefits such as health care and retirement security. The range of activities for which the most economical format is to organize as a corporation and list shares on a stock market is rapidly diminishing. Corporations today are in retreat, and there is reason to expect that their significance will continue to dwindle over the next generation as they are superseded by alternative forms of organizing.

Shareholder capitalism has bequeathed a large set of social pathologies. We are left with one generation entering the labor force saddled with enormous student loan debt, a broken social welfare system still tied to employment, and limited prospects for future economic advancement, while another anxiously eyes the stock market and awaits a point when it will be safe to retire--if ever. Moreover, the effects of climate change are upon us, requiring both large-scale capacities for remediation and a less carbon-intensive economy. But we also have in hand a legacy of technological and economic infrastructures suitable for being re-purposed in more democratic and localized social forms. Production technologies such as CNC machines are both far more powerful and vastly cheaper than they were a few years ago, while newer digitally-enabled tools such as 3D printing are rapidly declining in price and increasing in quality and flexibility. Equipping every town with a high-end DIY facility capable of producing products from scratch based on digital designs, from furniture to prosthetic limbs to replacement auto parts, is within reach technically and economically. At the same time, Web-based tools for design, collaboration, sharing, and participation enable a cosmopolitan localism; these tools are second nature for the digital generation.

Local solutions for producing, distributing, and sharing can provide functional alternatives to corporations for both production and employment.¹ The technology for locavore production is already here; what is needed is the social organization to match the tools that we have in hand, or will have shortly. To inform this effort we can draw on the long history of non-corporate forms in the US and elsewhere such as mutuals, co-ops, and municipal companies (Schneiberg, 2011), which provide a kind of organizational seed bank. Experiments in collaborative locavore economies are underway in Cleveland, Detroit, and other post-industrial cities, and merit systematic study by social scientists to determine what works and what does not. Successful formats can be compiled and made available along the lines of open source software. Combined with new technologies that lower the “transaction costs of democracy,” this suggests that the time for democratic local economic forms prophesied by generations of activists may finally be at hand.

¹ Social welfare functions that involve risk-sharing, such as health care and income security, are best organized at a more aggregated level such as by the Federal government.