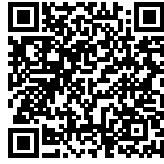




PRACTICAL POLICIES FOR A DISTRIBUTIST ECONOMY

Posted on April 1, 2024 by Zebulon Baccelli



Part One.

Distributists want as many people as possible to own the means of their production. A farmer should own the farm, a baker should own the bakery, and factory workers should own the factory. But how do we bring this about? Anyone from a libertarian to a socialist may identify as a distributist, agreeing on the end goal but disagreeing completely on what will get us there. So answering “how?” is the key to any distributist politics. I argue that once we get past the false dilemma of government intervention, we must pursue three lines of progress: countering capital concentration, directly distributing capital, and expanding the commons.

The Question of Government Intervention

The first disputed question between distributists is: how much should the government intervene in the economy so as to bring about the distributist goal?

This is a meaningless question. Government intervention is what every economic system is composed of! Of course the libertarian wants to say that a truly free market with all goods and services owned privately and traded voluntarily is a state of minimal government involvement. But this is an illusion. Private property itself is a government program. You own property only to the extent that the government says you do. You may claim to own your coat, but if I file suit claiming the coat belongs to me and the court decides in my favor, then the coat is mine even if you continue to illicitly possess it. Even such minor instances of private property are a government program.

This is even more clear in the case of large assets like vehicles and real estate where ownership is established directly by government in the form of title documents, and all the more so for fictitious entities such as corporations, whose very existence depends completely on the government. So a “free market” is not “free” of government intervention. Just the opposite: it is constituted through and through by government interventions. Distributists, then, should seek the most effective and just forms of government intervention to achieve their goals, and should repudiate objections that doing so is coercion, theft, or giving power to the State. The real question is: in what ways should the government intervene in economic life?

Countering Capital Concentration

Distributism is not "nice capitalism". It is bluntly anti-capitalist. But what I mean by capitalism is not "free markets and entrepreneurialism." That is just a market economy. Capitalism is the system where a class of people are paid simply to own the means of production. Not paid to develop or utilize capital, nor to allocate it wisely; just paid to be the person who is on some government form somewhere listed as the owner. Distributism would have all capital owned by the people who use it: by the workers, and ideally in as small and local units as possible.

But how do we dismantle capitalism without lopping off heads? Can we radically change our world without the violence and chaos of revolution? As explained above, private property is a government program, so we begin by looking at how government creates capitalism in order to see how we should dismantle it.

Any free market economy is going to tend toward the concentration of wealth: specifically and most importantly of capital. As businesses compete inevitably some will out-compete others and acquire their capital and their market share. Smaller numbers of companies continue to compete and consolidate, gaining competitive advantage through economy of scale as they go. This trend is accelerated by capitalism which demands that the consumer pay 5-10% more than the cost of production. That portion goes to ownership, which increases the owners' share of national wealth year by year. Occasionally concentration gets disrupted here and there by luck, by technological change, and by exceptionally skilled or ruinous management. Still, the overall trend of wealth concentration is inevitable and unquestionably proven by all historical evidence since the beginning of capitalism. Let's find the apparatuses set up by the state to enable and protect this concentration, and reroute them toward widespread distribution.

If you've ever tried to create a company more complex than a sole proprietorship, you've seen that the state has detailed rules about who in the partnership, LLC, or corporation has what rights and what responsibilities, and who gets what in the event of dissolution. It could just as well be written into all business law that the state and the employees must get some equity and/or profit share in any business.

I'm the founder and current sole owner of a business. I realize how much effort and risk and how little reward a founder often sees in the first few years of a company. That should be compensated. Our

economic well-being depends on the entrepreneurial drive and it should be incentivized. But it does not follow that the founder of a successful company naturally "deserves" a lifetime (much less his descendant's lifetimes!) of increasing income just because his name is on the charter.

The workers who build and maintain the company deserve their share of the success. Distributists believe every worker should own the means of his own production. We could simply require that all employees get a share of annual profit, and any employee who stays at a company more than a few years starts accruing equity in the company. Couple this with increased worker protections so that employers can't just fire employees to prevent them from getting equity, and eventually the company becomes (at least to a significant degree) employee owned. In an age when unions continue to shrink, this would empower employees to have some say in the conditions of their employment while giving them more of a stake in their company's success.

For larger companies, I'd suggest they should also be partly publicly owned. Our original corporations were created by the government to provide some public benefit, such as the transcontinental rail roads, that purely private business would never undertake. There was an understanding that these corporations were to serve the public good, not just their shareholder's private financial interests.

Perhaps it's too late to go back to that form of the corporation, but we could turn the purely financial drive of corporations to the public good by having a significant part of the shares of any publicly traded company automatically go to a sovereign wealth fund. The income generated by the sovereign wealth fund would provide public goods such as infrastructure, health care, education, or direct income. A sovereign wealth fund ensures that the public benefits from the profitability of that part of the private sector most dependent on government support.

We'd also do well to consider limiting corporations' ability to own property in multiple states, and certainly in multiple nations. Part of the reason our government must be so large is because business is so big (thanks to government enabling). By limiting the geographic reign of corporations we could scale back the level of government needed to regulate them.

States cannot stand up to national corporations because those corporations wield enormous economic power over states. They are able to play one state off of another to see who can cut regulations and taxes most, sacrificing good governance for the sake of procuring the corporation's favor. Thus ten thousand small acts of different businesses have the unintended result of growing the centralized,

federal government because they are the only ones left to direct the market as the corporations require.

We now see this race to the bottom in the service of capital on a global scale. Yet there is no natural reason a New York corporation must be able to buy a factory in South Carolina, or an American corporation buy a factory in Honduras; it only happens because the state and federal governments choose to allow and enable it. Limiting corporations to smaller geographic areas would allow smaller governments to regulate them, and would open up space for smaller businesses to compete with them.

Countering capital concentration is the negative side of the distributist program. It is an ongoing necessity, but in itself it only provides the open space for widespread ownership. The ground is tilled but the seed must be planted and watered. [Next] I will describe how we can continually replenish an ownership society through distribution of capital and expanding the commons.

Part Two

Directly Distributing Capital

Countering capital concentration is only half the solution to the distributist goal of widespread capital ownership. The positive half is actually getting capital into the hands of each worker. I've already identified one way to do that – mandatory equity for all employees. The American Solidarity Party supports worker-owned cooperatives, but an employee equity mandate would give that support real teeth. Worker ownership is not just a nice idea, it's a requirement of justice.

We can also distribute capital to individuals directly by transfer payment. A substantial bit of real capital should be provided to every adult at the beginning of their career. It's nice to be born into a family business that you learn as you grow, and then help take over as an adult. But that's not a realistic opportunity for most children, and wouldn't be for those born to parents in worker-owned cooperatives either. If every citizen had, say, \$50,000 seed money available for use pending approval, using something like the same process as loan approval but with no repayment needed, everyone would have an opportunity to launch into an ownership economy without usury. Even if it were used on a prudently considered home purchase, this would allow stability of place and economic freedom to

resist the forces of capitalism that turn people into atomized wage slaves.

Free post-high school education and training would lift a heavy burden from the working and small-business owning classes, and it would widely distribute one of the most useful forms of capital. "Human capital" (a problematic phrase, but makes sense when talking about skills and qualifications rather than about people) is especially valuable in a distributist sense because it can never be alienated from the worker: you can't sell off your welding skills to pay for a kidney transplant. Wherever you may need to travel, that training accompanies you, and your employer must pay enough to access it.

This sort of capital distribution is especially amenable to cheap, local-scale solutions. Currently professional accreditation programs (i.e. universities) have become a sort of cartel designed to create scarcity and drive up costs, thus supporting a massive industry of accreditation suppliers, and a constrained class of accredited elites. This drives up the costs of all kinds of professional services (medicine being the most obvious). And it keeps many talented people out of the most respected and high paying vocations. The state has participated heavily in creating this state of affairs, and it could do much to reverse it. We probably all know more than one disgruntled philosophy or English MA who can't find an academic job, but who could lead a book discussion more worthwhile than any intro-level Gen-Ed class in a seven hundred student lecture hall.

The Saxifrage School in Pittsburgh was (as far as I know it is currently stalled out) an attempt to create an accredited asset-free college program. The idea was students would meet with instructors in public spaces such as libraries and coffee shops. The professors would be free-lancing, so the only expense would be paying for the professor's time and the administrative cost of the program. The government could facilitate and fund such decentralized educational programs as they do state schools. Everyone who wants to get two years of liberal arts and/or two years of vocational training (white or blue collar) should be able to get it for free, and we could do it a lot cheaper than the current university system by using existing resources in our own communities.

Expanding the Commons

In our agrarian past 'the commons' was land available to all for grazing, hunting and gathering fuel. The commons provided a resource for people who had lost all private property, enabling them to survive and get back on their feet. We should expand the concept and the content of the commons in ways suitable to our modern context. I think we can turn some expensive goods into public goods provided

to all free of charge. We already do this with many of the goods businesses depend upon, like roads, fire fighting, crime prevention, trade regulation, and primary research. Let's do more of the same for workers. What are expensive goods that don't work well as market commodities which we could add to the commons?

I've already explained why and how post secondary education should be added to the commons. Let me reinforce that bit by noting that education is often bought with little to no price-based rational analysis. No 18-year old knows if \$100,000 of debt is worth it, nor are they likely to make a prudent decision at that age anyway. And frankly parents are hardly in a better position to make the evaluation, even the few who are in a position to pay. It just doesn't make sense for education to be a market based commodity. Prices become distorted by lack of information, prevalence of irrational decision, and collusion between supplier and regulators. Rather education should be in the commons, available freely to all who can make the most of it.

Health care is another socially-created good that does not work well as a market commodity. Very few people have the resources to pay for it personally when needed, and when it is needed no one is able to make a free and rational decision about what health care to get. You're basically the victim of a stick-up at that point. A personal anecdote: in the early days of starting my business I was providing for a wife and two kids on income of about \$30,000 a year and simply could not afford health insurance. One day I received a visit from the appendicitis fairy and was rushed to the emergency room. I was never asked what treatment I wanted or told any prices, but to be honest, I would have said yes to anything, especially once the euphoria of the first dose of pain medication set in!

When I received \$12,000 of bills from about six different providers, I was lucky enough to negotiate major reductions and assistance on all of them except the anesthesiologist. When that bill went to collections I had many entertaining conversations with debt collectors arguing about whether we should negotiate the price after the fact. Considering that when service was rendered I was on death's door, under the influence of drugs and had no recollection of being offered a choice of services or told their price, I thought we could make a deal. Those conversations ended only when I was doing well enough to just pay the bill in order to save my credit score. A more prudent person, foreseeing this possibility, would never have started my business. They would have chosen a job with Monsanto, something which offered health insurance. We can change that calculus. Free universal health care would allow many more workers to strike out on their own as entrepreneurs or just be independent homesteaders without the fear of losing employer provided health insurance. And it would allow small

business owners to survive, both literally and financially, a surprise injury or illness. We should stop hedging about this as a 'possible option to be explored' and fully support free universal single-pay health care.

Finally and most controversially, we should support Universal Basic Income without reservation. UBI would enable employees to stand up for better pay and working conditions because they can hold out longer during a strike or period of unemployment. It would enable entrepreneurs much more freedom to strike out on their own, sustaining them during the lean start-up years that crush many new businesses. It would support homesteaders on the path to economic independence. And for the unsuccessful business owners who lose their personal capital to bad luck or poor management on the first try, UBI would give them a surer way to build up capital and try again, wiser for the experience.

Although as distributists we should want wage labor to be a minimal part of the economy, there will always be a role for it, especially as a way for new workers to enter the economy before they become long term owners in their own business. UBI would allow the wage labor market to be a truly free market. No one would be coerced into taking an exploitative job by material need, and businesses would not have to pay an arbitrary minimum wage. If, say, we had a UBI equivalent to \$10/hr full time (or whatever covered the necessities of a modest but decent life), a business could offer \$2/hr for an unneeded but valued greeter position. That would allow someone who has few skills a chance to participate in work life and improve their financial situation through their own effort. At the same time no one would be forced to take demeaning or grueling jobs at low pay simply because they lack the credentials for more respectable and high paying work. With a UBI we might find that a business has to pay just as much to get someone to clean the toilets as to design the website. Our current system values white-collar work at the real expense and dignity of blue-collar workers. But manual labor, be it cleaning the toilets or raising children, is what allows the website designer to work at all. The world has existed without website designers; we cannot survive as a species without waste management. UBI would make us acknowledge the real value of all jobs, as opposed to our current system which artificially inflates some while denigrating others.

In these two posts I've laid out some concrete policies distributists should advocate to bring about the goal of widespread capital ownership. We should counter capital concentration by mandating public and employee equity in corporations and by limiting companies' ability to own property; we should directly distribute capital through mandated employee equity, transfer of funds for capital purchase, and free education; and we should expand the commons to include education, health care and

universal basic income. Some of these ideas might seem distant and far-fetched, but it is only by boldly naming our destination and then taking the first incremental steps directly towards it that we will ever arrive.

Zebulon Baccelli is a father of five in rural western Pennsylvania. He runs a business selling organic produce grown by a local community of Amish farmers. The Baccellis are active in their Byzantine Catholic church community and in a Catholic-Orthodox home school cooperative. This article appears through the kind courtesy of *Imago Dei Politics*.

Featured: *Reapers*, by Edith Hume; painted ca. 1890.
