**Reinventing the Common Good**

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**INTRODUCTION**

The interrelated political, economic, ecological, and spiritual crises that threaten civilization in the 21st Century have a common root cause. To understand this cause, it is convenient to begin by confronting the nature of corporate capitalist civilization, which continues to colonize all of the Earth’s traditional cultures. These include thousands of indigenous cultures dating back to the Neolithic era as well as East Asian, Greco-Slavic, South Asian, Muslim, recent African, and Western European culture itself, in which capitalism was born more than four hundred years ago.

It is obviously not possible to adequately generalize about the sheer diversity of humanity’s pre-capitalist cultures. And yet, all these cultures had something in common that is only becoming apparent as we begin to realize the completely anomalous status of corporate capitalism in the history of our planet. Traditional cultures, most of which legitimized social inequality in its various forms, also recognized a fundamental unity of all humans with one another and with the Earth. This was typically expressed in terms of religious ideas, such the common origin of all things in a supernatural Creator.

At a higher level of reflection, philosophers and mystics in various cultures professed some version of “the perennial philosophy,” the doctrine that the ever changing and apparently autonomous world of egos and objects is really the manifestation of a single, immortal Mind (Huxley, 1945). Proponents of this philosophy over the ages have included Laozi, Plato, Shankara, Al-Ghazali, and Hegel. For all these philosophers, the fulfillment of the individual is mystical experience and the aim of political economy is promotion of the common good.

By contrast, the philosophical premise of capitalist civilization can be summed up in the phrase “possessive individualism” (Macpherson, 1962), the notion that fulfillment of the individual is unending consumption and the aim of political economy is accumulation of wealth and protection of property. While modern science rose up side by side with capitalism and for several hundred years reinforced it, scientific developments in recent decades are undermining its materialist world view. These developments—including systems theory, ecology, and unified field theories in physics—constitute a new incarnation of the perennial philosophy in our own time. Notwithstanding this holistic thinking, however, important work remains to be done to create an egalitarian and sustainable planetary civilization—the common good reinvented for the 21st century.

The Earth therefore finds itself at a crossroads. Will humanity continue on the path of possessive individualism and corporate capitalism, or will a new consciousness of the unity of all things and

a new political economy that promotes the common good take off in time to avert ecological and social catastrophe? No one knows the answer to this question, but all can agree that people of good will throughout the world must act now or the achievement of our preferred future may forever elude us. In this essay, I will probe further into the nature of capitalism, identify the seeds of an egalitarian and sustainable future, and sketch a political and policy agenda that can accelerate the emergence of this future. This agenda is intended to guide progressive movements, especially in the United States, over the next ten years.

**MARKETS WITHOUT CAPITALISM**

America and the world are sorely in need of a grand vision and coherent theory of life after capitalism and the role of markets in the economic systems of the future. Defining capitalism is a good place to begin. In my definition, it is an economic system with two essential characteristics. First, its basic unit is the firm that buys its factors of production in markets and sells its products in other markets. Second, the firm is directly or indirectly controlled by those who supply its capital, and these capitalists appropriate economic surplus jointly produced by capital and labor. An enterprise is “capitalist” inasmuch as it possesses both these characteristics. By comparison, a firm that possess only the first characteristic—buying and selling in markets—is not capitalist if it is controlled by its workers (Dow, 2003).

The problem with capitalist firms, I would argue, is not their relationships with markets, but their structures of ownership and control. Virtually all the evils of capitalism stem from the direction of enterprises by or on behalf of people whose primary or sole interest is making money off other people’s labor. This system of property and governance is why the rich get richer, while the middle class and poor get poorer (Heilbroner 1985). It is why corporations abandon their workers in search of cheaper labor in a global race to the bottom (Melman 1983). It is why profit-seeking enterprises develop technologies that disregard the health and safety of their employees and customers, and the very existence of ecosystems on which life as we know it depends (Klein 2011).[[1]](#footnote-1)

Conversely, worker control of firms, whether complete or partial, can be expected to impact all these problems at a fundamental level. In this section, I discuss a two-pronged strategy for accomplishing this transition to a post-capitalist, market-based economic system. First, thousands of new enterprises fully owned and controlled by workers can be formed immediately by groups of workers acting locally, modeled on Spain’s Mondragon cooperatives (Mondragon Cooperative Corporation 2011) and supported by a progressive mass movement.

Second, existing capitalist corporations can be transformed into hybrid enterprises that are jointly controlled by their workers and outside investors, with some involvement of government. Like the first prong, this one can begin locally, through worker buyouts of individual corporations financed by workers’ savings, unions, and various forms of credit (Dow, 2003). However, the second prong is essentially a national political project for instituting partial worker control of corporations. It would involve national policies, such as formation of worker equity in lieu of the existing U.S. corporate income tax and the substitution of government representation on corporate boards in lieu of excessively cumbersome government regulation.

**Producer Cooperatives: The Mondragon Model**

One of the best kept secrets of the 21st century is a highly successful federation of worker controlled enterprises, the Mondragon Cooperative Corporation, which grew in a few decades from a small workshop to one of the largest manufacturers of appliances and industrial components in Europe. Seymour Melman (2002), a pioneering American theorist of industrial democracy, identified Mondragon as a model for linking innovation, productivity, and economic democracy. Nembhard and Haynes (2002) believe that cooperative enterprises of this type hold great promise for African American urban redevelopment. The United Steel Workers and the city of Riverside are currently setting up Mondragon-affiliated producer cooperatives in California (Davidson 2009; Gigacz and Ting 2011). I view Mondragon as a viable model for working people who want to regain control of their livelihoods from a global capitalist economy that is eroding their wages and job security.

Producer cooperatives date back at least to the “Utopian Socialist” experiments of Robert Owen in the 1820s. Father Jose Maria Arizmendi, a pastor in Spain’s Basque region, studied the successes and failures of these early cooperatives and the writings of both Karl Marx and Catholic social teaching. In 1943, responding to the poverty and unemployment in his community, Arizmendi started a small technical school administered on democratic principles, which became Mondragon University and expanded over the years to meet the educational needs of producer cooperatives.

After the war, a number of his students designed a small kerosene stove and began a manufacturing operation, which became the first Mondragon cooperative. The enterprise was successful, and they consulted their pastor for advice about how to expand and organize on a larger scale. Arizmendi had studied how workers previously lost control of their cooperatives when they raised capital from outside investors. He advised his students to form their own cooperative bank to raise the funds they needed. They did, and the bank expanded alongside an increasing number of industrial cooperatives, providing interest-bearing accounts for the local community and capital for existing and new Mondragon enterprises. This three part cooperative model—production, education, and finance—is one of the keys to Mondragon’s success. Producers need the innovation provided by education and training to succeed in a global marketplace. To retain control and internal democracy, they also need worker ownership of capital.

The other major reason for Mondragon’s success may be its internal organizational structure. Individual cooperatives are limited to about five hundred members, to insure meaningful participation in governance. Worker-owners each have one vote and elect their managing director (and the managing director of the entire corporation) by a majority vote. A co-op’s key decisions are made by a governing board drawn from the workers themselves; the managing director participates in these meetings, but has little influence over them and is expected to carry out their decisions.

Matters of compensation are decided democratically, and the highest paid manager or expert earns on average no more than five times the compensation of the lowest paid worker, compared to an approximately 300 to 1 ratio of average C.E.O. to worker pay in recent years in the United States (Mishel 2006). A worker-owner cannot sell her shares as long as she belongs to a Mondragon enterprise, but sells them back to the co-op upon leaving, at which point she collects capital gains and (if retiring) a pension. A person is first admitted to the coop by agreement of the existing members, after working for a brief period as a non-member, and once admitted cannot be laid off.

If a struggling co-op cannot support all its members during a given period of time, some are sent back to school for retraining or absorbed by other co-ops. Failure of Mondragon enterprises is extremely rare, with only a few cases out of the nearly 300 that have been created in sixty years, compared with an approximately 70% failure rate within ten years for start-ups in the United States (Shane 2008). In the unlikely event that a Mondragon enterprise goes out of business, its workers are absorbed by other cooperatives.

Mondragon is a living refutation of the capitalist notion that workers will slack off without top-down management and the threat of job loss, and that they are incapable of organizing production by themselves. With the leanest possible administrative hierarchies and with workplaces that are dynamic learning environments, its cooperatives exceed the levels of innovation and productivity of conventional firms. This is a major cause of their extraordinary success—more than $20 billion in annual sales today and enrollment of more than 100,000 worker-owners in nearly 300 enterprises spanning over 40 countries (Mondragon Cooperative Corporation 2011). Mondragon is to economic democracy today what the United States was to political democracy in 1776, and Arizmendi is what Locke and Montesquieu were to the Founding Fathers. To renew itself and lead the world in the field of democracy once more, America needs to build on this pioneering Spanish model as it once built on English parliamentary traditions.

**Transforming Capitalist Corporations**

While Mondragon provides a fully developed and tested model of worker ownership and control, and can be implemented in the U.S. with little or no modification, there is no such obvious and ready-made solution to the problem of existing capitalist corporations. Employee Stock Ownership Plans (ESOPs), for example, create worker equity in their corporations but generally divorce this ownership from control, which remains in the hands of external stockholders typically having a short term profit agenda. Similarly, employee pension funds, which are diversified across many corporations, cannot give workers control over their own workplaces and livelihoods. The result is that a worker with equity in an ESOP or pension fund can still be laid off by a profit-seeking corporation in favor of a cheaper worker abroad. The small amount of stock that the worker retains after termination, needless to say, is scant consolation for loss of their livelihood.

Nor is the converse—worker control divorced from capital ownership—any more viable in the long term. To be sure, workplace democracy typically increases productivity by eliminating unnecessary administrative overhead and tapping the creativity and intelligence of workers, consistent with the Mondragon model. But while such experiments may have greater than average long term profit potential, top managers typically pull the plug on them when they enter periods of unprofitability and/or when rival, conventionally managed divisions outmaneuver the innovators in the corporation’s internal politics. Such was the fate of the Saturn Corporation, a promising worker-controlled and largely autonomous enterprise created by General Motors in 1985 but terminated twenty years later.

Going beyond the precedents just discussed, the kind of post-capitalist economic system I propose here combines worker ownership of capital with control rights in the firm’s governance structure. Further, it combines two innovations at the level of national policy. First, substantial worker equity, say between thirty and sixty percent, would be instituted in exchange for abolition of the corporate income tax.[[2]](#footnote-2) To minimize political resistance to the new proposal, it could be enacted as an option that existing shareholders and top managements could forgo or choose to adopt. If widespread loopholes are first eliminated from existing tax law, however, the proposed system would be more advantageous to existing owners and managers than paying the corporate income tax. Some managements would still be hell bent on retaining the status quo, of course, but their position would become increasingly untenable as competing firms adopting worker ownership and control began to outperform them in the marketplace.

Some external credit, which could be provided by the Federal Reserve, might be needed to finance worker equity. As with the Mondragon model, workers would not be permitted to sell their equity, except back to the corporation upon retirement. The worker equity and control part of this grand bargain would appeal to Democrats in Congress, while Republicans would like the tax elimination part, making bipartisan support conceivable at some future time. Worker ownership and control, as with Mondragon, would increase the level of innovation and productivity of firms, positioning American corporations to compete in the global economy without resorting to low wage labor.

The second national innovation (part of the same system of post-capitalist corporate governance) is also a bipartisan grand bargain: government representation on corporate boards in exchange for simplification of onerous regulations. The Federal Reserve would purchase perhaps 10% of corporate stock and appoint a member of each corporation’s board. Having access to all internal corporate information, the government director would serve as watchdog for the common good. He or she would be a salaried civil servant insulated from the forces of crony capitalism.[[3]](#footnote-3) To be sure, wielding only one vote, the government director would only prevail in board decisions as part of a majority coalition of directors representing both labor and capital. But the government director would often hold the swing vote and, having access to the inner workings of the boardroom, would bring an unprecedented degree of transparency to corporate decision-making.

The reformed system of corporate governance proposed here may be a uniquely effective solution to America’s problem of crony capitalism. The interlocking and incestuous nature of corporate boards and their monopoly of inside information enable directors to advance their own interests at the expense of legitimate stakeholders. C.E.O.s carry out these corrupt agendas and receive obscenely lavish compensation packages in return. The presence of worker and government representatives on corporate boards would be an antidote to such corruption.

The purpose of having a government representative on corporate boards is not to eliminate regulation, but to advance the common good in the halls of corporate power in ways that existing regulatory regimes cannot. The limitations of the latter stem from the adversarial or potentially adversarial relationship between the regulatory agencies and the companies they regulate. An agency makes rules on behalf of the public and profit-seeking companies seek to circumvent the rules, requiring the agency to make more complicated rules, in a vicious circle.[[4]](#footnote-4) Having a government representative on every corporate board would help break this vicious circle by promoting corporate policies that are informed by the public interest from the outset. The result should be a significant shrinkage of the red-tape and paperwork generated by the current, more adversarial regulatory process.

In one sector of the U.S. economy—banking and finance—government representation on corporate boards can not only streamline but virtually replace traditional regulation, such as many parts of the Dodd-Frank law. One of the intentions of this legislation was to prevent the kind of excessively risky lending and derivative making that created the 2008-2009 financial crisis. But no set of general rules—however complex—can adequately accomplish this, especially in a sector being continually remade by innovation, much of it intended precisely to circumvent the rules. By contrast, the presence of a Federal Reserve employee in the boardrooms of the big financial firms would enable government to continually monitor excessive risk taking in a simple and effective manner. Further, the entire cohort of these government directors, meeting among themselves, would have a unique capacity to access systemic risk—precisely the kind of knowledge government needs to prevent financial crises but which is not currently available to external regulators.

The reforms of corporate ownership and governance proposed here are a uniquely American way of bringing the U.S. economy up to speed with institutional innovations that give some European and Asian firms competitive edges in the world economy, such as German co-determination and the kind of government-corporate partnerships developed in Japan, China, and elsewhere. Important details—such as the exact percentages of worker, government, and outside investor equity—remain to be worked out and will be determined largely through political bargaining in Congress. (For a discussion of technical issues raised by this proposal, see D’Agostino, 2012, Chapter 6, Appendix.) The general public, acting as consumers and investors, can also strengthen the hand of progressives in Congress by withdrawing funds from capitalist firms and applying them to the emerging economy of Mondragon-type producer cooperatives as well as corporations that are bought out by their workers.

In summary, the progressive movement should be creative and politically pragmatic in promoting worker control of enterprises. Its bottom line, however, is the need for at least substantial worker equity and control, along with some minimal government stake and involvement in existing capitalist corporations. The goal is to fashion an economic system that preserves the advantages of free markets but that works for all ordinary people, not only for the rich. This section has provided a conceptual framework and strategies for advancing such an agenda. But more is involved in securing a sustainable, prosperous, and just future. I turn now to the role of government in promoting the common good, including a sustainable economy and a demilitarized foreign policy.

**A GREEN NEW DEAL**

While a far-reaching reform of corporate governance can transform the operation of markets, it is not sufficient to secure the common good when the market economy is distorted by certain conditions, such as information asymmetries, economic rents, and externalities (Stiglitz and Walsh, 2006). It is the role of government to correct such distortions where feasible as well as to serve as employer of last resort and provider of public goods.

In assessing the economic impact of regulations and other government intervention, the distinction between short-term vs. sustainable growth and prosperity is fundamental. Agricultural practices that degrade soil fertility, for example, may increase food output in the short-term while leaving future generations with barren land. This illustrates what economists call a “negative externality," that is, a cost that is not paid by the buyers and sellers of a product (is not internal to the transaction) but is imposed on a third party, in this case, future generations. Externalities are common, and all economists know that unregulated markets do not produce rational outcomes when they are present (Stiglitz and Walsh, 2006, p, 240).

Externalities can frequently be corrected by government regulation, which, far from interfering with the rational operation of markets, may be in such cases a necessary condition for market rationality. Free market ideology generally ignores externalities, which is bad economics and leads to bad public policy. In this essay, I argue that far-reaching government intervention is necessary to achieving sustainable prosperity for all, illustrating the point with the issue of fossil fuel use and the threat of climate change. Specifically, carbon taxes and a set of policies that I call the "Green New Deal" are needed to accelerate the transition to a sustainable economy, at once ameliorating unemployment and maintaining the ecological stability upon which future prosperity depends.

**Externalities and the Climate Crisis**

While much remains uncertain in the field of climate science, there is little disagreement that increases in atmospheric carbon dioxide greater than 2% of pre-industrial levels will almost certainly result in climate disturbances that endanger the lives and wellbeing of billions of people (Richardson et al. 2009). Droughts, floods, and windstorms, for example, are already more frequent and severe today than would have occurred at pre-industrial levels of CO2, and will become even more frequent and severe as carbon emissions continue to increase (Schwalm et al. 2012). Such extreme weather events are decimating world agriculture (Krugman 2012), a harbinger of the mass starvation and social conflict in store for humanity unless a rapid transition to renewable energy is achieved (Brown 2009, 55-76).

To be sure, renewable energy will eventually become cheaper than energy from fossil fuels, at which point market forces will drive the transition to a green economy and reduced carbon emissions. With pressure from the oil, coal, and natural gas industries in the United States and elsewhere to expand fossil fuel production in the near term, however, it is unlikely that this transition—if left to the free market—would occur in time to avert environmental disaster. According to one authoritative study, construction of infrastructure that produces or uses oil, coal and natural gas will, at its current rate, lock the world by 2017 into a trajectory of irreversible, catastrophic climate change in the coming decades (Harvey 2011).

While the preponderance of research in climate science indicates the urgent need for public policies to reduce carbon emissions, there is and will continue to be scientific disagreement about the precise rate at which fossil fuel emissions are increasing, the concentration of atmospheric CO2 that will produce environmental catastrophe, and the number of years that remain for corrective action. When the likely consequences of inaction are as dire as mass starvation and ecological collapse, however, the risks of inaction are unacceptable and recourse to uncertainty as an excuse for inaction is irresponsible.

To be sure, timely and responsible energy and environmental policies face formidable political obstacles, not least of which is the stranglehold on the Washington Beltway exerted by big oil, coal, and natural gas interests (Gelbspan 2004). Exxon-Mobil, coal giant Peabody Energy, and other powerful corporations whose profits are tied to the fossil fuel economy dominate energy policy through lobbying, campaign contributions, and the exchange of personnel through the revolving door between industry and government. Anti-democratic forces of this sort can only be counteracted by a mass movement demanding sane environmental and economic policies.

Before the Occupy Movement, it was hard to imagine mass mobilization in the United States on a relevant scale. But the Zuccotti Park occupation beginning the Occupy Wall Street movement in September 2011 and the subsequent outbreak of similar protests nationwide suggest that a political sleeping giant—America's middle class—may finally be awakening (D’Agostino 2012). Progressive protest will wax and wane in the coming years and take a succession of different forms, but the paralysis of American political institutions will continue until a mass movement forces the hands of Beltway elites. And since it is that very paralysis that has created the conditions for radical protest, the protest will continue as long as the paralysis does. This essay outlines a concrete policy agenda that can realize the aspirations of ordinary people for a just and sustainable future, and thus provide a coherent direction for a progressive mass movement.

**Carbon Taxes: Making Energy Markets Rational**

The time is long overdue to recognize the externalities associated with carbon fuel use and factor these costs into public discussions of energy policy. A stark illustration of these externalities is the tens of billions of dollars of direct and indirect damage to the U.S. economy due to drought-induced crop failure in 2012 (Krugman 2012). And these costs are trivial by comparison with the future disruptions of world agriculture that will occur if the United States and the world continue on their present course, not to mention such consequences of global warming as the flooding of coastal areas due to rising ocean levels (Brown 2009, 55-76).

A more proactive method of quantifying the costs of climate change is clearly needed, and one way is to determine the price increase in fossil fuels that would be needed to reduce their use enough—and soon enough—to avert environmental disaster. It is then a simple matter to institute carbon taxes that raise the price of these fuels by that amount. By making renewable energy sources more economical relative to fossil fuels, this policy would speed up the transition to a sustainable energy system. For the same environmental and economic reasons, subsidies for fossil fuels should be discontinued immediately in favor of subsidies for the design and rapid deployment of renewable energy infrastructure and for such activities as reforestation and preservation of forested areas. In addition to direct subsidies, the U.S. taxpayer is indirectly subsidizing fossil fuels through expensive military and other policies designed largely to protect the access of U.S. corporations to Persian Gulf oil (Chomsky 2003, 2008; Fusfeld 1988; Kramer, 2008).

Incentives are also needed to encourage people to resettle into more compact, energy-efficient living spaces where they are less dependent on automobiles and more reliant on mass transit for daily transportation needs, a pattern of land use that many urban planners call "smart development" (Knight 2014; Marohn 2012; Marohn et al. 2012; Rynn 2010). This can be achieved through tax incentives that encourage suburban and exurban dwellers to relocate (e.g. favorable tax treatment for the sale of their current residences). Land that is freed by eliminating sprawl could then be converted to agriculture, or returned to its natural state.

Carbon taxes are already familiar to the American public in the form of the gasoline tax, which must be increased as part of a rational energy policy. Political resistance from motorists can be overcome by extending the "Cash for Clunkers" program and providing interest-free loans for buying hybrid cars. A tax on coal would create an incentive for utilities to generate electricity from renewable sources, and thus provide clean energy for transportation and other uses. Taxes on heating oil and natural gas would create incentives for homeowners to make their homes energy efficient and supplement or replace fossil fuels for heating with solar panels and solar heaters on their roofs. Carbon taxes would be levied on fossil fuels at rates reflecting the CO2 emissions each fuel generates when burned (Stiglitz 2007, 180–182). This would enable individuals and enterprises to make the most efficient energy decisions for their needs while collectively achieving the required CO2 reduction, an advantage over regulations mandating across the board fossil fuel reductions.

While accelerating the transition to a sustainable economy, carbon taxes, to be sure, also impose short-term costs on individuals and firms. Note, however, that these costs will occur with or without government intervention because they are the true costs inherent in carbon fuel use. The only choice is whether the costs will be paid in the present by those who incur them when they use these fuels, or whether they will be paid by future generations condemned to suffer starvation, violence and other consequences of climate change for which market participants in the present refuse to take responsibility. Those who attack carbon taxes or equivalent government policies on grounds that they are "bad for the economy," are adopting a short-term perspective at the expense of future generations.

While the immediate effect of carbon taxes will be to reduce fossil fuel use and increase the consumption of renewable energy, this transition will take decades to complete. In the interim, energy of all kinds will be more expensive. This, too, is desirable because higher energy costs create incentives for energy conservation and efficiency. But as with the phasing in of renewables, energy efficiency will also take years to fully implement. If this economic transition were left to the free market, the United States would enter a multi-year period of unacceptably high unemployment during which massive job loss in the waning carbon economy is not yet offset fully by job creation in the emerging sustainable economy. Fortunately, public policies can be designed to prevent such dislocation, to which I now turn.

**Public Investment, Subsidiarity, and Responsibility**

The steep carbon taxes (or equivalent carbon reduction policy) proposed here is an absolute, objective requirement for averting catastrophic ecological and social upheavals that are already beginning to engulf the world. For that reason, the policy should be an urgent and nonnegotiable demand for democratic mass movements in the United States and elsewhere. But all public policies have economic consequences, and an effective mass movement must understand what these are and how they can be managed. Indeed, a single-policy strategy, such as a carbon tax, must be pursued as part of a coherently designed set of synergistic strategies that move in the same direction of a humane and sustainable future.

The most obvious consequence of steep and rapidly implemented carbon taxes is the unemployment and idling of physical capital that would occur—in the absence of countervailing policies—during the period of transition from an energy wasteful economy based on fossil fuels to an efficient one based on renewable energy. The needed countervailing policy strategy is a well-planned program of public investment—at the federal, state, and local levels—in the green infrastructure of tomorrow. “Well planned” means coherently designed to serve the common good (Rynn 2010), not a hodgepodge of pork-barrel projects and privatization schemes designed to serve the short-term political priorities of legislators and the profits of contractors. Public investment should be determined through a process of democratic planning and coordinated among the levels of government through the principle of subsidiarity, that is, in the most decentralized way possible consistent with national and international goals and objectives.[[5]](#footnote-5)

For example, anything that can be done efficiently by individuals, cooperatives, and firms should be done at that level, delegating the rest to government. Of the remaining policy needs, municipal governments should undertake everything that can be done at the local level, delegating the rest upward, and so on up through the states, regional planning bodies, the federal government, and the United Nations and other global planning forums. Subsidiarity ensures that the federal government undertake only such planning and implementation as cannot be or is not being handled by lower levels.

The principle of subsidiarity may be understood as the general presumption that decentralized actors do not need authorization from a higher level to act. This must be combined, I would argue, with the principle of responsibility, according to which every actor at every level has an *obligation* to take effective and appropriate action on behalf of the common good. This entails social responsibility by individuals and firms as well as the responsibility by various levels of government to correct externalities and other market failures to the extent that they can be corrected. If entrepreneurs do not want government imposing onerous regulations, then let them practice social responsibility, making such regulations unnecessary.

The days are over when it is acceptable for corporations to externalize their costs onto their customers and workers and to saddle future generations with the ecological consequences of short-term profit seeking. Whenever the private sector is unable or unwilling to act in ways consistent with the public interest, responsibility passes to the next-highest level beginning with municipal governments. It continues up through the governmental hierarchy so that the problems that eventually land on the president’s desk and the congressional docket are only those that cannot be (or at least have not been) solved at lower levels. An aroused public must hold individuals, firms, and every level of government accountable for discharging the responsibilities appropriate to the various levels.

In *Manufacturing Green Prosperity: The Power to Rebuild the American Middle Class*, Jon Rynn (2010) depicts in greater detail what the program of public investment I am advocating might look like. Needed projects include rail and other public transportation systems, urban construction designed for sustainability and energy efficiency, and a green energy infrastructure that includes solar, wind, and geothermal technologies. Rynn notes that public investments of this kind and scale would set in motion a rebirth of American manufacturing, revitalizing the private sector and putting the country back on the road to prosperity for the middle class, though this needs to be redefined in a postconsumerist framework (Cobb et al. 1995; Klein 2011).

In addition to this infrastructure and manufacturing agenda, public investment in what some call biological capital is needed. First, the United States needs an energy-efficient and health-promoting food system based on organic plant and animal agriculture, minimal food processing, and minimal intermediaries between food producers and consumers. Government subsidies paid to agribusiness should be eliminated immediately and the revenues used to pay the transition and start-up costs for this sustainable food system, which will be operated mostly by small farmers and farming cooperatives (see D’Agostino, Chapter 5 Appendix). Rynn (2010) suggests that the outermost ring of land around a given urban area be devoted to such food production, with clean, energy-efficient manufacturing in the middle ring and residential and commercial spaces in the core. Finally, the planting of trees and other projects to restore and conserve vital ecosystems (Brown 2009) are important components of the program of public investment proposed here.

**Building on What Has Worked**

In my view, Franklin D. Roosevelt's policies in the 1930s provide a model of how best to manage the economic dislocation that would be created by a rapid transition to a sustainable economy. His New Deal put millions of Americans to work through public works projects of all kinds, encompassing everything from conservation and infrastructure construction to scholarship and the arts (Leuchtenburg, 2009). While conservative ideologues denounce government, it was that institution during the Great Depression that organized the planting of nearly 3 billion trees to help reforest the country, the building of countless works of infrastructure from hydroelectric plants on the Tennessee River to the Triborough Bridge, and the enrichment of millions of lives with public concerts, exhibitions, oral history projects and other activities that put tens of thousands of unemployed artists and scholars to work. America knows how to do this and has succeeded at it before.

Roosevelt's New Deal is perhaps the most dramatic illustration in history of massive government intervention that transformed widespread economic failure into economic growth and prosperity. While some conservative economists question the Keynesian theory of the New Deal's macroeconomic effects (Krugman 2009), that debate is really of academic interest only; at the very least, the historical record shows indisputably that large-scale government intervention created prosperity (or at least relief from extreme adversity) for the millions of people it hired directly, even as it created enduring wealth for the society as a whole through the kind of public works enumerated above. And it did this in the midst of the worst failure of free market capitalism in history. The United States and the world currently suffer from just such as failure, and the salutary role that government can play as employer of last resort should once again be on the country's political agenda.

Interestingly, few conservative economists question the notion that spending on war and war preparations generates prosperity, even though such "military Keynesianism" constitutes government intervention no less than the New Deal. Indeed, U.S. corporate leaders called for a "permanent war economy" after World War II precisely to prevent the country from slipping back into depression. While stimulating the economy in the short-term and disproportionately benefiting the rich, however, unnecessary military spending produces no public goods for ordinary people even as it depletes middle class taxpayers of hundreds of billions of their hard earned dollars every year (D’Agostino 2012, 23–28). In order to create sustainable prosperity, government spending must be shifted from unnecessary and unproductive programs of this sort to a Green New Deal that can create public wealth in the present and invest in the sustainable economy of the future.

What I call a "green" New Deal would not be limited to public works that reduce the country's carbon footprint, such as planting trees, building public transportation systems, installing solar energy systems on the roofs of buildings, and research and development in the field of renewable energy (Rynn 2010, 165–265). It would encompass creating productive jobs of all kinds for workers displaced from the fossil fuel economy, including those who build and operate oil, coal, and natural gas facilities; uniformed military personnel no longer needed to protect access to Middle Eastern oil; and secretaries, accountants and other staff who operate the administrative apparatuses of the fossil fuel and permanent war economies. One area of great unmet need that can absorb displaced personnel from all these areas is urban public education. White collar workers can be re-trained and re-employed to teach America's youth, soldiers to build and maintain facilities, and support staff to operate school offices.

To be sure, the problem of global warming cannot be solved by the United States alone. The U.S. government should of course work closely with the governments of China and other large energy consumers to achieve international reductions in carbon emissions. Another important need is international cooperation to subsidize the maintenance of tropical rain forests, which not only remove carbon from the atmosphere but also host tens of thousands of irreplaceable species now being lost to deforestation.

But a rapid retooling of the U.S. energy system to reduce carbon emissions is not only, or even primarily, a matter for international diplomacy. It is also a matter of economic self-interest; there are huge commercial advantages for countries that become global leaders in energy efficient and renewable energy technologies, a fact not lost on Chinese leaders. Indeed, enlightened self-interest may yet motivate corporate support for a green New Deal in a way that no other motivation can. That would be fortunate, because the environmental consequences of delaying America's transition to a sustainable economy are unacceptable.

Finally, we must confront the question of how such a massive program of public works should be funded. I have already indicated carbon taxes and diversion of resources from the bloated and unproductive war economy as sources of funding. Oher sources include public bonds, increased taxes on the rich, and simply printing money, which can be done without creating inflation as long as the real economy expands along with the increased money supply (Zarlenga 2010; Brown and Simpson 2012).

**DEMILITARIZATION AND HUMAN SECURITY**

In thinking about how to define “the common good” for the 21st Century, a concept I find helpful is that of “human security” (Cabasso 2007). By contrast with “national security”—which serves the interests of nation states and power elites—human security is the condition in which ordinary people can meet their basic and higher needs. It is similar to what President Franklin D. Roosevelt called the Four Freedoms, that is: (1) freedom of speech and expression; (2) freedom of religion; (3) freedom from want; and (4) freedom from fear (Cabasso 2007). Human security—defined in these or similar terms—is the true aim of government, not the freedom of rich and powerful people to accumulate more wealth and power at the expense of others.

The concept of human security differs in three ways from the old capitalist modes of thinking (Cabasso 2007). First, it is truly universal, rejecting the double standards that have plagued America throughout its history. Poverty, for example, disproportionately affects certain groups such as Blacks and Hispanics, a state of affairs indicating that the needs of some people are currently considered more important than those of others. Human security is a condition that applies equally to all.

Second, human security is global, not something that can be achieved only by Americans while poverty, violence and disease afflict hundreds of millions of people in other parts of the world. This global sensibility is already familiar to Americans, who respond empathically to news coverage of wars, natural disasters, and other conditions that cause appalling suffering abroad. Such coverage, however, rarely explains the role of the American power elite in much of this suffering. The U.S. government, for example, has a long history of providing military aid to dictatorships, and the oil and coal companies are the driving force behind the climate change that makes extreme floods, droughts and hurricanes increasingly common worldwide. Along with an awareness of global problems, citizens need to understand their causes, including the role of capitalist institutions and policies.

Third—and following from its universal and global character—human security is indivisible. This means that the security of some groups cannot be advanced by negating the security of others, as when austerity measures spare the wealthy while balancing government budgets on the backs of those who can least afford it. Similarly, the pursuit of military supremacy violates the principle of indivisibility because it seeks to advance the security of one country at the expense of others.

These characteristics of human security—its universality, global dimensions, and indivisibility—require new modes of thinking that break from violence-based, state-centered national security as well as from capitalist accumulation of wealth through exploitation of ordinary people’s labor. While national security ideology legitimizes militarism, a commitment to human security requires demilitarization, both because the violence of war is destructive of human wellbeing and because war preparations are undertaken at the expense of human needs.

**Demystifying National Security Expenditures**

Twenty-five years after the collapse of the Soviet Union, national security spending by the United States remains at Cold War levels (in constant dollars; see Wheeler, 2013) When confronted with this fact, hawk politicians and pundits respond that American military spending as a percentage of gross domestic product has steadily declined since the Korean War (Wheeler 2013). As a result, they argue, American military power has waned to dangerous levels and is no longer adequate for the global challenges facing the country. In this section, I will show why this argument is spurious and how the United States can in fact greatly reduce its national security spending without adversely affecting the country’s security. This is good news, since the financial, physical, and human resources tied up in America’s permanent war economy are needed for the Green New Deal discussed above.

National security spending is not an end in itself. What is the relevance, then, of a decline in this spending as a percentage of gross domestic product? Double the nation’s fleet of obsolete ships and aircraft and the defense budget would soar, but the U.S. population and the world would not be any safer. National security spending is not a kind of magic elixir that somehow makes the country “strong.” On the contrary, it weakens the country by diverting resources from productive public and private investment on which future prosperity depends.

The combined Department of Defense and related national security expenditures for FY 2017 amount to $768 (United States Office of Management and Budget 2016). What does this staggering sum of money provide? Several hundred military bases around the world, over a million men and women in uniform, thousands of conventional tanks, ships, planes, missiles, and other large weapon systems, and the biggest bureaucracy on earth to administer the whole system. What should we make of this defense system? For the most part, I would argue, it is a living museum of Cold War weapon systems and troop deployments.

The Soviet Union was a heavily armed superpower intent on maintaining military parity with the United States. Even if the combined security threats facing the U.S. today are comparable to those of the Cold War era, which is highly debatable, rapidly accelerating technological advances have rendered obsolete the kind of gigantic war machine described above. Most notably, unmanned combat vehicles (e.g. aerial drones, unmanned tanks) are greatly reducing both the number of combat personnel and the size and expense of vehicles needed to achieve various military capabilities.

In the past, the size and much of the cost of many weapon systems was determined by the need to protect the human operators of the vehicles in combat environments. Current technology enabling military personnel to operate weapon systems remotely in locations far from the battlefield removes a key constraint on the design of fighter planes, tanks, and other vehicles, which can now be smaller and much less expensive.

These technologies have far-reaching ramifications that can cut costs even further. A greatly reduced need for combat personnel means that the size and number of military bases can be greatly reduced, as can the logistical capabilities for “putting boots on the ground” and maintaining supply lines. The large fleet of aircraft carriers and transports that had served these logistical needs can now be greatly reduced, and so also the ships deployed to protect them. Finally, a much smaller army and navy means a much smaller civilian bureaucracy needed to administer the whole system.

As for “overseas contingency operations,” the United States deployed tens of thousands of troops for more than twelve years in Iraq and Afghanistan. Notwithstanding the staggering human and financial cost of these wars, it is hard to see what they accomplished. A Sunni insurgency is currently destabilizing Iraq, while al-Qa’ida simply moved from Afghanistan to new havens in Pakistan and Yemen, and the Taliban are poised to regain power in Afghanistan in some form when the United States leaves. In fact, the Iraq war actually made things considerably worse in the Middle East, creating major instability in the region and fueling the rise of a new security threat, Islamic State.

This whole nightmare is reminiscent of America’s failed counterinsurgency war in Vietnam, which should have been a cautionary tale to defense policy makers in the 21st Century. But if it wasn’t clear then, it should be now—large-scale military occupation of territory is an ineffective and counterproductive way to achieve security and establish stable governments. The best way to honor the thousands killed and maimed in these wars is to finally learn this lesson and make Afghanistan the last land war the United States ever fights.

It takes time, of course, for innovation to transform anything as big and complex as the U.S. Department of Defense. This time lag is exacerbated by the tendency of power-holders to cling to power. In this case, high-level admirals and generals, whose power is measured by the number of people and amount of resources under their command, are fiercely resisting the kind of efficiencies and economies that are now possible. Also, while defense contractors are happy to supply the most advanced technologies, they do not want to lose contracts for all the obsolete, unnecessary and expensive weapons systems that account for such a large part of their profits.

The above analysis brings us to the political crux of the problem regarding defense policy. The top military brass and big defense contractors are well connected in Congress (Hartung 2012), whose individual members have their own vested interest in defense manufacturing and military bases located in their districts. This is a perfect storm for a massive rip-off of the American taxpayer in the name of national security. Only a sustained taxpayer revolt can effect the major downsizing that advancing military technology makes possible.

**Demilitarizing U.S. Foreign Policy**

Until now I have focused on the obsolescence of the country’s weapon systems and troop deployments. The upshot of my analysis is that modernizing the country’s armed forces would enable the United States to downsize its national security state dramatically and save several hundred billion dollars every year without in any way diminishing current military capabilities.[[6]](#footnote-6) But these capabilities are not ends in themselves. War is the continuation of politics by other means, as Carl von Clausewitz famously put it. In order to achieve its legitimate ends—U.S. and international security—military power must be subordinated to a foreign policy that addresses the political sources of security threats.

Unfortunately, U.S. foreign policy since the end of World War II has put the cart before the horse, pursuing military supremacy as an all-purpose solution to myriad problems that are fundamentally political. In the year 2000, this quest for military supremacy found expression in the doctrine of Full Spectrum Dominance, according to which the U.S. armed forces seek the capability to conduct military operations unhindered in all domains—land, sea, air, and space—everywhere on the planet. They also seek to control cyberspace, which raises a host of questions that go beyond the scope of this paper. Here I will limit myself to explaining why the quest for military supremacy in the other domains is not in the public interest.

Arguably the four greatest security challenges that U.S. foreign policy faces in the coming decades are Islamist and other insurgencies, the confrontation with Russia in Europe, the rise of China as a military power, and nuclear weapons proliferation.

As noted above, it is long overdue for the United States to learn the lessons of its failed counterinsurgency wars in Vietnam, Iraq, and Afghanistan. It is now obvious that large-scale “boots on the ground” military occupations are ineffective and counterproductive. Beyond this, alternative foreign policy paradigms yield divergent lessons, which are relevant both to the U.S. exit strategy in Afghanistan and to future insurgencies.

Under a foreign policy driven by Full Spectrum Dominance, the lesson is purely military. Instead of boots on the ground, a more effective counterinsurgency strategy, military planners might conclude, would be to establish a single military base remote from population centers, say in the Afghan desert, staffed with a few hundred special operations and technical personnel, who would use unmanned drones to monitor the country and interdict any armed person not bearing a valid electronic identification. Assuming the effectiveness of such a system (not a trivial assumption since guerilla movements are highly resourceful at infiltration and sabotage), Clauswitz’s dictum about the political nature of military force raises two questions—what is America’s political objective and what are the likely political consequences.

Under Full Spectrum Dominance, the de facto, unstated objective would be a stable government in Kabul friendly to the United States backed by a small but permanent U.S. military presence such as the abovementioned desert base. But the likely consequences of such an affront to Afghan sovereignty would be bitter and increasing resentment towards the United States and contempt for the collaborationist Afghan government. Further, the long term projection of American power in Pakistan’s backyard would further exacerbate U.S. relations with that country, which would take every opportunity to undermine the unpopular regime in Kabul and make its eventual replacement with an anti-American government highly likely.

This is a familiar story to students of international relations in the 20th century, which is littered with U.S. foreign policy failures of precisely this sort (Chomsky 2003; Johnson 2004). Under a demilitarized foreign policy, by contrast, the United States would seek an exit strategy that respected Afghan sovereignty, enlist Pakistan and possibly Iran in the creation of regional security arrangements, and use cultural, political and economic influence (forms of “soft power”) to promote democracy and human rights, to whatever extent that can be done.

Second, regarding the confrontation with Russia, it is necessary to rethink the conventional wisdom that Vladimir Putin’s recent aggression in Ukraine justifies the US policy of “projecting power” right to the borders of Russia. Mainstream journalists and pundits uncritically assume that only massive military power can deter Russia, which requires the US, EU and NATO to maintain their existing military capabilities in Europe and even to expand them. This overlooks one of the best kept secrets of military science—that it takes far fewer and less expensive armed forces to defend a territory from invasion than it does to conquer it. This principle is not new and it is not controversial (Conetta 1994; Møller 1996). Rather, it is simply ignored by policymakers because it undercuts the permanent war economy from which corporate and state elites benefit. (D’Agostino 2012)

For many decades, Switzerland has maintained a military posture, known as “non-offensive defense” (Conetta 1994; Møller 1996), based on the abovementioned principle. It has enabled Switzerland to deter threats from more heavily armed neighbors, including Bismarck’s and Hitler’s Germany. Though lacking Switzerland’s mountainous terrain, Ukraine could be rendered similarly unconquerable for a small fraction of what it costs Russia to threaten it. This would involve anti-tank capabilities to deter a land invasion and anti-aircraft capabilities to deter air attack. The U.S. should promote Ukrainian security (and European security generally) through non-offensive defense, paving the way for the demilitarization of Europe and for win-win-win political and economic relationships between Russia, the EU, and the United States.

Regarding the third emerging threat, the rise of China as a military power, the United States stands at a crossroads between the paths of confrontation and collaboration. The first path leads to a futile, counterproductive, and expensive militarization of the Pacific and of space. This path is a lose-lose proposition for the citizens of both countries, who would bear the costs, but a win-win proposition for the U.S. and Chinese military establishments and defense sectors—who would amass greater power and profits at taxpayer expense. This path also leads to disaster for the rest of the globe because it ensures that China, as in the abovementioned case of confrontation with Russia, will be at loggerheads with the U.S. in the UN Security Council and unable to collaborate in the maintenance of international security.

The path of collaboration, by contrast, leads to demilitarization and international security. Since the U.S. currently holds the upper hand militarily, it is in the stronger negotiating position and can afford to make concessions in pursuit of a collaborative long term relationship. China’s policy on the militarization of space indicates a willingness to collaborate but also a resolve to compete militarily if the United States refuses to collaborate (Moore 2008). China has long championed the negotiation of a PAROS treaty (Prevention of an Arms Race in Outer Space) in the United Nations. But the U.S. has insisted on its own military supremacy in space and has not supported such initiatives. In this context, China successfully tested an ASAT (antisatellite) weapon system in 2007, indicating that if negotiation fails it will pursue military parity with the United States (Moore 2008).

Thus, Full Spectrum Dominance is leading to a costly and unnecessary arms race with an emerging superpower, a race that the U.S. could actually lose but that at the very least would enrich the shareholders of defense contractors at the expense of middle class taxpayers. Instead, Americans should demand that our government join with China in the negotiation of a PAROS treaty and a range of other multilateral agreements in areas that include abolition of nuclear weapons, reduction of carbon emissions, and a trade regime that can eradicate global poverty.

Finally, as with the first three security challenges, the United States faces a crossroads on the issue of nuclear proliferation. The Nuclear Nonproliferation Treaty (NPT) is a social contract in which the nuclear “have-nots” agreed to forgo acquisition of nuclear weapons on the condition that the “haves” work in good faith for complete abolition. Over the several decade history of this treaty, the “have-nots” have a nearly perfect record of compliance and the “haves”—the U.S., Russia, China, France and Britain—have a perfect record of *non-compliance*. (Deller et al. 2003). The “have nots” (185 of the world’s governments) find this rogue behavior and nuclear double standard politically unacceptable. In this context, one of the non-nuclear signatories (North Korea) withdrew from the NPT and another (Iran) maintained an ambitious nuclear energy program until 2015 that could have eventually resulted in nuclear weapons capability.

Under a demilitarized foreign policy, by contrast, the United States would honor its obligations under the NPT and work with the other nuclear-armed signatories to establish a timetable for abolishing nuclear weapons. This would give the US some semblance of moral authority when it talks about nuclear non-proliferation. Abolition is the best way to prevent terrorists from acquiring nuclear weapons and would finally end the morally and legally indefensible practice of nuclear deterrence (Weiss 2011; Moxley et al 2011).

The U.S. would also work to de-escalate tensions between Israel and its neighbors and lay foundations for enduring regional security. It would make military aid to Israel and economic aid to the Palestinian Arabs contingent on progress towards a just, two state solution.

Another goal of U.S. diplomacy and economic influence would be the promotion of purely defensive military postures by all states in the region. Such “non-offensive defense,” mentioned above in the Ukrainian context, would mean reliance on anti-tank, anti-aircraft, and similar defensive weapons rather than nuclear and other offensive weapons that threaten neighboring countries (Conetta 1994; Møller 1996).

To the militarists and so-called realists, all of this undoubtedly seems ridiculously utopian. Yet these are the very people whose foreign policies have utterly failed to uphold international security. Only a utopian could have dreamed in 1915 that centuries of armed conflict among European countries would be permanently over in a mere 30 years. If that wildly improbable outcome could occur, it is certainly thinkable that conflicts in the Middle East and elsewhere that seem intractable today can be resolved in the present generation, including the elimination of all nuclear weapons. Guided by this kind of bold vision, the organization Global Action to Prevent War has assembled dozens of innovative policy ideas that collectively can advance demilitarization of the world as a whole (Global Action to Prevent War 2009)

**Demilitarizing the U.S. Economy**

Given the need to demilitarize America’s foreign policy and modernize its armed forces, it is an important question how to effect a rapid transition of financial, human and physical resources from unnecessary military programs to alternative uses while minimizing social and economic dislocation. There are three policy strategies for accomplishing this—attrition, redeployment of personnel, and economic conversion of the private sector defense economy (D’Agostino 2012). Attrition, specifically a hiring and procurement freeze, would shrink the defense sector over time with minimal economic dislocation. Waivers to the freeze can be made as long as Pentagon managers pay for them by more rapid downsizing elsewhere in the system.

Secondly, the federal government should commit to retrain and redeploy displaced defense personnel, either elsewhere in the defense sector or in job openings in civilian agencies. Examples of redeployment are as follows. Veterans returning from Afghanistan can be retrained and put to work building and maintaining public infrastructure. Many of these troops have transferable skills as operators of vehicles and other machinery, electricians, mechanics, and so on. Accountants, secretaries and other support staff can be redeployed in the same occupations elsewhere in the public sector. Displaced defense sector employees can also be put to work by state and local governments, and the revenues previously used for their pay and benefits put into a special fund and reallocated to their new employers.

The third strategy—economic conversion—means planning alternative civilian production for private sector manufacturing facilities, work forces, and communities currently dependent on defense contracts (Feldman 1998, 2006).

All the human and physical resources currently being squandered on unnecessary defense programs can be reclaimed for productive public and private investment, especially for a Green New Deal, discussed above. Some of the many unmet needs include rebuilding the country’s crumbling bridges, water works and other infrastructure; providing adequate facilities for underfunded public schools; planting trees to reforest areas devastated by wildfires; and constructing the windmills, biomass facilities, solar equipment and other sustainable energy infrastructure than can enable the country to reduce carbon emissions, avert catastrophic climate change, and lay economic foundations for sustainable prosperity for generations to come (Rynn 2010).

What is standing in the way of such a rational and urgently needed reallocation of resources? The answer is an “iron triangle” of big defense contractors, Pentagon elites, and a corrupt and dysfunctional political system. Only a sustained revolt of middle class taxpayers and a determined mass movement demanding the kind of well-defined policy reforms outlined here can turn the tide (D’Agostino 2012).

**ENDING GLOBAL POVERTY AND POLITICAL VIOLENCE**

The indivisibility of human security and its global dimensions are nowhere more apparent than in the issue of poverty, which affects rich countries in at least three ways—the transmission of infectious diseases, downward pressure on wages, and terrorism. First, human contact through travel—vastly accelerated by commercial aviation—spreads throughout the world epidemics that originate in unsanitary conditions in poor countries (Wolfe 2011). This was the case with AIDS, for example, which most likely originated in the Congo River Valley (Pepin 2011). Similar spillover effects occur within countries, as when infectious diseases in the South Bronx and other poor neighborhoods triggered by municipal service cuts were spread by commuters to affluent suburbs and then nationwide (Wallace and Wallace 2001).

Second, global poverty exerts downward pressure on wages in rich countries through immigration, whether legal or illegal, which increases the supply of labor. In addition, the availability of cheaper labor abroad creates an incentive for capital flight, which deindustrializes advanced economies and reduces the demand for domestic labor. While capital flight began in the United States in the 1970s, the practice eventually made its way to Europe and Asia, whose capitalists have more recently joined the global race to the bottom.

Third, extreme inequality between countries and the resentment it produces create political conditions in poor countries conducive to terrorist movements. This inequality results primarily from a system of international trade that enables rich countries to become richer by exporting manufactured goods to poor countries and impedes the latter’s efforts to develop their own manufacturing industries (Stiglitz 2003, 2007; Reinert 2008; Diaz 2010; Cobb and Diaz 2009). At the same time, capitalist advertising and consumer culture—transmitted through global media—heighten the awareness in poor countries of their poverty even as they undermine religious traditions and local cultures (Sachs 2002). It is surely no accident that the 9/11 hijackers—who were religious fundamentalists—struck the World Trade Center, a potent symbol in developing countries of capitalist economic and cultural domination.

**The Neoliberal Trade Regime and Global Poverty**

For all the reasons indicated above, anyone interested in advancing human security needs an understanding of what causes global poverty and how it can be eradicated. According to neoliberal theory, a global economy with no national barriers to the movement of capital or goods was supposed to industrialize the developing countries. The International Monetary Fund, backed by the power of the United States, imposed such “liberalization” on much of the developing world beginning in the 1970s and Western banks and economists promoted it to the former Soviet republics in the 1990s. These policies produced disappointing results at best in Latin America and Asia, actually increased poverty in sub-Saharan Africa, and created a decade-long economic catastrophe in the former Soviet republics before the latter recovered to the merely disappointing level (Stiglitz 2003).

Meanwhile, a number of Asian countries—most notably South Korea, Japan, China, and India—followed a diametrically different path and achieved dramatically better results (Stiglitz 2003; Reinart 2008). In this approach, which might be called the Asian development model, governments maintained formal and informal trade barriers to protect their own industries from American and European corporations. While neoliberal theory predicted that sheltering firms from the rigors of competition would reward incompetence, their corporations in fact thrived to the point of being able to produce high quality goods at lower cost than their Western

competitors. (China started on this path later than Japan and South Korea, and is still working on the quality of its consumer goods). Their lower costs were initially based on cheaper labor, but the Asian development model also featured indigenous finance and capital accumulation, enabling Asian firms to catch up to and even exceed Western producers in capital investment in mechanization and automation (D’Agostino 2012, Chapter Two).

In fact, contrary to neoliberal theory, Western countries that are rich today industrialized not through free trade but precisely through such government limitation of free trade (Stiglitz 2003; Reinert 2008). In the 18th century, for example, India was the world’s leading producer of quality textiles. In order to develop its own textile industry, Britain first had to ban the import of Indian products (Toussaint 2009). That policy gave British producers protected access to the British market, enabling them to stay in business long enough to learn to match the price and quality of Indian products. To be sure, it was industrial technology that eventually enabled British industry to compensate for India’s lower labor costs. But that industrialization took time, and could never have occurred without the import ban enacted by Parliament.

Once Britain surpassed India in textile manufacturing, the former no longer needed trade barriers to compete. It was only then that Britain preached free trade to the rest of the world, turning the tables on India and getting rich by exporting more than it imported. Similarly, the United States initially could not compete with British manufacturing except by imposing steep tariffs on British imports. By the 20th century, American producers were surpassing their European rivals, and after World War II, the U.S. became the world’s leading promoter of free trade.

At the present time, the developing countries of Latin America, Africa and parts of Asia need tariffs on foreign imports in order industrialize and capital controls to protect their emerging financial sectors from the big multinational banks (Stiglitz 2003, 2007; Reinert 2008). But the United States, Europe, and Japan use the World Trade Organization and other instruments of political and economic power to oppose such measures. Further, even while preaching free trade, they hypocritically maintain trade barriers against agricultural exports from the developing countries, the latter’s main source of foreign exchange revenue. Specifically, the advanced countries generously subsidize agribusiness, harming not only poor farmers in developing countries but ordinary people in the advanced countries (D’Agostino 2012, Chapter Five Appendix).

Recognizing the indivisibility and global dimensions of human security, the progressive movement must take the eradication of world poverty as one of its goals. The United States can go a long way towards this goal by donating as foreign aid about five percent of the money that it currently spends on its national security state. In order to be effective, such aid programs must be controlled by the recipients, who understand local needs far better than outsiders (Stiglitz 2007). In addition, and most importantly, the U.S. should eliminate subsidies to U.S. agribusiness and promote an international trade regime that abolishes agricultural subsidies worldwide and permits developing countries to erect tariffs and capital controls, the only proven path to industrialization.

**Terrorism: Blowback From a Violent Foreign Policy**

As for ending political violence, it is not enough to eradicate global poverty, which interacts with non-economic factors such as the rage and desire for revenge rooted in individual and group trauma and humiliation (Beisel 2009; Strozier et al 2010). Al-Qaeda, for example, was formed largely in response to such events as the 1979 Soviet invasion of Afghanistan, the ongoing Israeli occupation of Palestine, and Saudi reliance on U.S. forces for protection from Iraq in 1990 (Dudek et al 2006). When Saddam Hussein invaded Kuwait in that year, Osama Bin Laden approached Saudi leaders with an offer to lead an international jihad against the Iraqi dictator, but was rebuffed (Dudek et al 2006). Bin Laden and his followers denounced the presence of American troops in Muhammad’s native land as an intolerable desecration of Islam, a message that resonated with many Muslims throughout the world and swelled the ranks of Al-Qaeda’s supporters and recruits.

To be sure, groups like Al-Qaeda and now Islamic State are essentially fundamentalist cults (Strozier et al 2010), which they will continue to be regardless of military actions by Russia, the US, and Israel. But it is violent foreign policies by the US and other state actors that transform what might otherwise be at most local criminal enterprises into international terrorist move-ments. Consistent with this analysis, the second target of the 9/11 hijackers was the Pentagon, which represents nothing if not the arrogance of U.S. military power. All of this underscores the need for a new kind of foreign policy based on non-violent methods for resolving political conflicts. Military power is both ineffective in dealing with such conflicts and provocative of further violence (Johnson 2004). Consistent with this demilitarization of foreign policy, terrorist acts by non-state actors must be framed as crimes and handled as such in national and international courts, not as acts of war against political groups that merit group responses.

The principles of demilitarization and eradication of global poverty provide the framework for a foreign policy that can actually achieve human security, which—as discussed above—is necessarily universal, global, and indivisible. To be sure, none of this is possible under America’s system of corporate capitalism, in which oil companies, defense contractors, and other big business interests dominate foreign and defense policy on behalf of the rich. But the Occupy Wall Street protests that began in September 2011 and quickly went national and international suggest that the era of corporate capitalism may be coming to an end. Political forces are now in play that make fundamental change conceivable, including the kind of foreign policy outlined here.

**Healing Individuals and Communities**

The establishment of human security requires far-reaching institutional and policy reforms of the sort I have discussed in this essay. But there are limits to what any such reforms can achieve inasmuch as human relationships are deformed by the traumas and narcissism of individuals and entrenched social pathologies such as racism, sexism, and other forms of prejudice and group hatred.

Such problems cannot be completely resolved without the healing of individuals and communities, which requires the involvement of non-governmental organizations, practitioners of group psychotherapy, religious groups, women’s networks, and other forms of what political scientists call “civil society” (Lederach 1995, 2005; Conaway and Sen 2005; Kind, 2014; Orme-Johnson et al 1988). Rabbi Jonathan Sachs (2002) eloquently expressed the need for such healing:

For centuries, Jews knew that they or their children risked being murdered simply because they were Jews. Those tears are written into the very fabric of Jewish memory, which is to say, Jewish identity. How can I let go of that pain when it is written into my very soul? And yet I must. For the sake of my children and theirs, not yet born. I cannot build their future on the hatreds of the past . . . The duty I owe my ancestors who died because of their faith is to build a world in which people no longer die because of their faith. (p. 190).

As builders of families and local communities, women often play a uniquely important role in promoting the kind of consciousness Sachs describes and the inter-group reconciliation that can prevent violence or heal the survivors of violent conflict. Yet women are all too often excluded from the governmental arenas in which security arrangements are decided. In 2000, the UN Security Council acknowledged this problem and called for concrete steps to rectify it (Conaway and Sen 2005). This should be an important consideration in America’s new foreign policy.

Organized religion has been and continues to be marred by sexism, homophobia, and xenophobia. The traditional equation of women with child bearing drives a cumulative growth in population that is not sustainable and imperils the earth’s ecology. Related to this is the notion that sex is inseparable from procreation, a religious basis for the rejection of homosexuality (Scanzoni and Mollenkott 1994). But not all who believe in God hold these views, and it is a mistake of many on the secular left to overlook the struggle between fundamentalists and progressives within each of the world’s religions (Lerner 2006). The group Opus Dei, for example, interprets Catholicism in a way that legitimizes their right-wing social and political agenda (Walsh 2004), while the Focolare Movement sees the same religious tradition as a call to inter-religious dialogue and a global economy of sharing (Gallagher 1998). Rigorous historical scholarship vindicates the progressives, finding that Jesus called for the cancellation of debt (Yoder 1994), for example, and that Muhammad advanced the rights of women (Ahmed 1992; Nashat and Tucker 1999).

Religion scholar Constance L. Benson (1999) encapsulates why these internal struggles over the authentic meaning of religious traditions matter for the rest of humanity:

The far-reaching economic, social, and political changes needed to secure a humane future will require far-reaching transformations of consciousness and values. Religious renewal can help bring about the needed consciousness and values, or, in the absence of renewal, the religions of the world can remain part of the problem—continuing to legitimize wealth, patriarchy, and militarism. (p. 215)

Any mass movement that hopes to achieve human security and sustainable global arrangements needs to be as inclusive as possible and welcome every group committed to these goals. Even rich individuals should be included, provided they are socially responsible, like Warren Buffet.

The success of progressive politics will depend on a civil society that celebrates diversity and fully utilizes the unique contributions of every person and group that wants to participate.

Spirituality has a positive role to play in creating the egalitarian and sustainable planetary civilization of the future. More than forty years ago, anthropologist Ernest Becker said that the fear and denial of death are the root cause of ethnocentrism, imperial projects, and war (Becker 1973). Humans construct religions and other cultural systems of meaning, he argued, as bulwarks against our own, individual mortality and violently defend these cultural systems whenever they are threatened or whenever we are reminded of our own mortality. Dozens of peer-reviewed experimental studies in the “terror management” literature have now confirmed Becker’s hypothesis (Solomon et al 2015).

There is to my knowledge only one satisfactory solution to the problem of death—the palpable experience by individuals of our unity with nature, one another, and with pure consciousness, the eternal and immortal self of all things. This brings us full circle to the perennial philosophy, a topic with which I began this essay. If capitalism is predicated on consumerism and materialism, a sustainable post-capitalist civilization must be based on a fundamentally different understanding of human fulfillment. We need not re-invent the wheel. Vedanta and other monastic traditions East and West have fully explored this terrain (Forman 1999) and peer reviewed science has established the benefits for health and wellness of meditation practices drawn from these traditions (O’Connell and Bevvino, 2015).

A renewal of spirituality and of the perennial philosophy along these lines provides an alternative to capitalist materialism on the one hand and religious fundamentalism on the other, the twin cultural pathologies of the 21st Century. Such a renewal must of course be combined with the kind of far reaching institutional and policy reforms sketched in this essay. If progressive movements and visionary leaders in the United States and elsewhere embrace this agenda, a peaceful, just, and sustainable planetary civilization is within our reach in the coming decades.

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1. To be sure, some capitalist businesses are socially responsible, and a worker owned business can be irresponsible, for example, if the firm continues to manufacture an inherently destructive product such as nuclear weapons, cigarettes, or carbon based fuels (in the context of global warming). In general, however, ethical considerations are extraneous to the culture of American capitalism and to the legally defined fiduciary responsibility of corporate boards. By contrast, a worker-controlled enterprise is under no pressure to satisfy arbitrary, externally imposed profit expectations, cannot be bought or sold in the interests of profit, and is governed democratically by stakeholders who have the most intimate possible relationship to the workplace, its surrounding community and natural environment, and the firm’s suppliers, products and customers. In such a governance structure, the self-interest of the controllers is generally aligned with the long term needs of the enterprise itself, and thus of other stakeholders and the natural environment. [↑](#footnote-ref-1)
2. Based on existing corporate tax rates, that would mean issuing about 30 percent of a corporation’s equity to the workers. A higher percentage of worker equity could be achieved with external financing by the Federal Reserve. As discussed in D’Agostino (2012, Chapter Six, Appendix), new shares issued to workers would not dilute the value of existing equity, since the workers’ shares would not be traded in the stock market. [↑](#footnote-ref-2)
3. Many will object to expanding the power of the Federal Reserve in this way. Alternatively, the public directors could be appointed by a public agency independent of the Fed, whose director could be elected by the people or appointed by the president. In my opinion, the question of who appoints the public directors is less important than the terms of their appointment. The revolving door between corporate and government office—a system of legalized corruption—should be shut by a rule that no person who was employed in private industry is eligible to serve as a publicly appointed director in that industry, and no person serving as a director can be privately employed later in the same industry. Under these rules, only individuals willing to forgo private gain in order to work for the common good would agree to serve as publicly appointed directors.

 [↑](#footnote-ref-3)
4. Corporations generally prevail in this conflict by getting elected officials to appoint industry representatives to top positions in the agencies, part of what social scientists call “regulatory capture.” But politics is an ongoing process and corporate control of the agencies is never complete or secure, especially when elections change the party in power. [↑](#footnote-ref-4)
5. The concept of subsidiarity that I am proposing here is an approach to coordinating grassroots, local initiatives with national government planning, both of which are necessary to averting catastrophic climate change, as discussed by Naomi Klein (2011). [↑](#footnote-ref-5)
6. For examples of the many unnecessary weapon systems that can be cut, see Hartung (2013). [↑](#footnote-ref-6)