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Work, Justice, and Collective Capital Institutions: Revisiting Rudolf Meidner and the Case for Wage-Earner Funds

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ABSTRACT *This article makes the case for a specific variety of what we call Collective Capital Institutions (CCIs), by returning to the idea of Wage-Earner Funds (WEFs) – a 1970s Swedish policy proposal designed gradually to shift ownership and control over parts of the economy to democratically controlled institutions. We identify two attractive rationales in favour of such a scheme and argue that both can fruitfully be transposed to the current worldwide economic situation. The egalitarian rationale is that WEFs could help in the pursuit of equality by giving a wider set of people a stake in collectively owned companies and a right to their profits. The democratic rationale is that WEFs redistribute not only these profits, but also the power over economic decisions made within companies. We then contrast such schemes for collective capital ownership with the similar but much more privatised proposals set out in, for instance, John Rawls's idea of a 'property-owning democracy'. We argue that CCIs ultimately are more likely to contribute to the development of the 'sense of justice' within society that is needed for a stable just society. We conclude that CCIs deserve a great deal more exploration in academic and political discussions of egalitarian economic systems.*

1. Introduction

Many egalitarians share the goal of creating a society that could be more just by virtue of being less structurally unequal, both with regard to the dispersal of wealth and income and with regard to the dispersal of power and control in economic life.[1] This goal might be realised by means of a number of different kinds of institutions and policies, including some that are less familiar or which go beyond the standard redistributive mechanisms of the traditional welfare state. In thinking about the institutions needed for a just society, one way of advancing is to look back at paths not taken or institutional ideas not yet fully developed from both the history of theorising about political economy, and from the practical history of progressive and egalitarian politics. Our approach in this article is to do just that. We here defend a specific variety of what we will call Collective Capital Institutions (CCIs), reviving a proposal that was widely debated and briefly implemented in Sweden four decades ago: Rudolf Meidner's idea of Wage-Earner Funds.

There is a powerful case for revisiting the ideas of Rudolf Meidner and for reexamining the potential of the Wage-Earner Funds he envisaged and developed. Meidner's plan was not just one institutional proposal among others, but perhaps the most distinctive and transformative idea about the institutions of economic life to have emerged in what was by some measures the most egalitarian developed society that has ever existed: Sweden at the high point of social democracy. As such, it constitutes one of the most intriguing episodes in the long history of thinking about how, in practice, the economic system of a democratic socialist society could be organised.[2] In consequence, it is unsurprising that (as we shall discuss below) Meidner's ideas have found an afterlife in recent attempts by democratic socialist politicians – most notably John McDonnell in the United Kingdom and Bernie Sanders in the United States – to develop an institutional pathway to take societies beyond neoliberal capitalism. Given electoral outcomes in 2019 (in the United Kingdom) and 2020 (in the United States), neither McDonnell nor Sanders got to implement their 21st-century versions of the Meidner Plan; but our view is that their interest in this kind of institutional strategy was well founded and that, as we shall argue, there are aspects of the 21st-century economy that make it more appropriately suited to such proposals than was the economy of the 1970s in which Meidner's proposals initially crystallised. Political practice has run well ahead of political philosophy in rediscovering Meidner's ideas; the time is ripe, therefore, for more sustained philosophical attention to be given both to Collective Capital Institutions in general, and the idea of Wage-Earner Funds in particular.

We will show, in Sections 1–3 below, how Meidner's Wage-Earner Funds (WEFs) present a powerful way to deal with the inequalities of wealth, income, and economic power that are so characteristic of contemporary economies. Specifically, the gradual socialisation of productive capital that WEFs would enact has a number of attractive features on its own, as well as when compared with alternative policy proposals. Returning to the Swedish political debate around WEFs in the 1970s, we identify two attractive rationales in favour of a WEF-style scheme. One line of justification is based on the value of equality, while the other appeals to the value of democracy, and we argue that both can fruitfully be transposed to our contemporary socioeconomic situation, where in many parts of the world the owners of wealth face much better economic prospects than do those who earn their income through selling their labour. We then go on, in Section 4, to contrast WEF-style schemes for collective capital ownership with the much more individualised proposals for creating a more egalitarian economy that we see in, for example, John Rawls's idea of a property-owning democracy (POD). We will suggest that a number of possible lacunae and structural weaknesses of a 'pure' version of property-owning democracy could be overcome by a shift to a set of institutional proposals that includes WEF-style collective capital institutions. This will be especially relevant when we consider issues relating to stability and the development of the 'sense of justice' within society, as we explore in Section 5.

We aim to make clear what the attractive features of these kinds of Collective Capital Institutions are, but it is beyond the scope of this article to offer a detailed and practical proposal for comprehensive institutional reform in the economy. Our conclusion is necessarily modest. We do not suggest that this kind of CCI gives us the last word on the path to a more just economic regime, and we do not claim that it is a silver bullet that would solve all the problems that egalitarians see when looking at modern societies. We do not argue here that implementing this institutional form would be sufficient to achieve a just society, nor do we see these CCIs as a replacement for familiar egalitarian institutions and policies, such as health and education systems and various forms of social welfare and social insurance. We will argue, however, that WEF-style proposals could constitute a crucially important element of a just basic institutional structure, and that CCIs deserve a great deal more attention and exploration in discussions of the kind of institutions that a more egalitarian economic system might require.

Collective Capital Institutions, such as Wage-Earner Funds, hold a great deal of promise in two distinct ways. Firstly, as we shall hope to show, it is highly plausible that CCIs could constitute an important element of the institutional structure of a stable just society. Secondly, CCIs are also of particular interest when we consider questions of transition towards a more just society, given that they can operate by way of a gradualist mechanism that can be used to transition smoothly away from one kind of socioeconomic regime and towards a more just socioeconomic settlement. CCIs hence could have an important role both in specifying part of the destination of a significantly more just society and as an important mechanism in charting the journey towards that destination. In having this potential dual role, CCIs have something in common with more familiar policy suggestions such as Universal Basic Income or Basic Capital, whose advocates sometimes defend them as part of the end state of a just society and at other times as a vehicle for a more immediate and feasible form of socioeconomic transformation.[3] We therefore hope that, just as we have seen an explosion in discussion of ideas relating to basic income and basic capital in recent years, so too Collective Capital Institutions should come to have an important place in discussions of the path to a more egalitarian economic settlement within democratic societies.[4]

2. Wage-Earner Funds and the High Tide of Social Democracy

We will begin with a story about what we might think of as the high tide of social democracy – the plans developed by Rudolf Meidner, the chief economist of the Swedish Trade Union Confederation (*Landsorganisationen i Sverige*, commonly known as LO), for a form of collective capital formation that would gradually have socialised the Swedish economy, creating a smooth transfer from capitalist social democracy to an altogether different kind of system.[5] In this era, a number of proposals for versions of '*löntagarfonder*', or Wage-Earner Funds, were developed, starting with an audacious report authored by Meidner and two colleagues in 1975 and ending with a watered-down version passed in parliament in 1983. The 1975 report leaves several key details unresolved, but since we are sympathetic to Meidner's ambition to first discuss the main rationale for the scheme and only then to determine its precise form through public decision-making, we will primarily discuss this proposal and the context in which it emerged.

Under the 'Rehn-Meidner model' of economic policy, drawn up by Meidner and his colleague Gösta Rehn, and guiding the Swedish Social Democrat governments of the 1950s and 1960s, Sweden managed to find a solution to the 'social democratic trilemma' of maintaining full employment, wage solidarity, and economic growth, by implementing a system of wage bargaining and codetermination that kept wage differentials low and employment levels high. As we describe below, however, the problem was that when workers in the more profitable industries maintained wage solidarity and avoided inflationary and inequality-generating wage claims, the owners of capital were able to collect the increase in productivity in what the unions called 'excess profits'. Solidarity between workers, whose unions concentrated on the claims of the most low-waged workers, ended up benefitting the owners of the most profitable companies, leading to an overall shift in national income from labour to capital, concentrated especially on capital returns enjoyed by the owners of the most profitable firms in the economy. Against this backdrop, at the 1971 LO Congress a decision was made to commission a study to investigate policy responses to the problem of 'excess profits'. The committee who was given the job of developing proposals, chaired by Meidner, was directed at achieving three simultaneous objectives:

(1) To further develop a wages policy based on the principle of solidarity;
(2) To address the problem of increased concentration of wealth;
(3) To increase the influence that employees have over the economic process.[6]

The proposal presented by Meidner and his group in 1975 and passed at the subsequent LO national congress was that a proportion of corporate profits should be redirected into collective funds, held by the workers within each firm, and thereby kept as working capital rather than paid out as either dividends or wages.[7] The central idea was that an annual share levy, proportional to profits, would be imposed in each firm with more than 50 (or 100) employees. As the annual levy would be at a relatively low level, at perhaps 20% of profit each year, the effect would be incremental and would not undermine the functioning of the stock market in the short-to-medium run, given that the proposal involved merely a partial dilution of capital returns to existing shareholders, via the mechanism of this levy.[8] The stock subject to this levy would then be transferred into a collective institution under the collective ownership of the employees within a particular firm. These institutions would have a democratic internal structure, with workers electing their representatives to the boards of the companies in which the funds own a stake. The authors of the 1975 report note, however, that local interests should be balanced by additional layers of governance to allow a role for national trade unions and wider social interests in internal fund governance. The funds could thus be a mechanism for spreading both capital returns and economic power not only to the workers themselves (the beneficiaries in the first instance) but also to a broader array of stakeholders.[9] Over time, the steady operation of the share levy would shift more and more of Swedish capital into this form of collective public ownership (nb. not state ownership). As Meidner put it, 'share issues restricted or directed to employee funds … would gradually shift the weight of ownership towards the employees, since the fund would receive each year an issue of shares without the remaining shareholders having a similar entitlement'.[10] This plan would therefore involve a gradual redistribution of both capital returns and control over investment decisions through Swedish society. And in the same gradual fashion, one would thereby see a shift from a capitalist welfare-state economy to something very different – a novel form of democratic socialism, involving a network of democratically governed capital funds, of a kind that had not previously existed.

If successful, the system would have created a gradual but inexorable pathway toward employees owning major parts of the companies they worked in, as well as ensuring the economic viability of the Swedish economic model that already had significantly levelled the playing field and enabled the creation of what was in many respects an unprecedentedly egalitarian society. That, at least, was the idea. But history shows that Meidner's story did not attain its hoped-for conclusion. The proposals seemed like a step too far both for some of the more cautious elements of the governing Social Democratic party (the *Sveriges Socialdemokratiska Arbetareparti*, SAP), and for the representatives of Swedish capital, for whom this went beyond the limits of any bargain they were prepared to accept. Meidner's plan also mobilised opposition from some unexpected quarters: famously the Swedish pop band ABBA's manager arranged a benefit concert designed to oppose these plans.[11]

Partly due to the mobilisation against the perceived threat of socialism, the Social Democrats were ousted from office in 1976. The public debate around the scheme remained energetic, however, and the original plan continued to be investigated and its details filled in by joint LO and SAP working groups as well as in several official government investigations. A circumscribed proposal that lacked many of the original design features was eventually proposed after the Social Democrats got back into power in 1982. At this point, the proposal centred around a temporary 'profit-sharing tax' which raised funds that would go into the existing public pension funds, as well as five newly created WEFs. Small companies would be exempt since only profits exceeding a certain threshold would be subject to the tax, and after 1990 the funds would stop accumulating wealth but only manage their existing capital. This reflected an additional goal – that of raising capital for the pension system – that the Social Democrats introduced during the economic crisis in the latter part of the 1970s. The three directives that guided the original proposal and the idea of pursuing economic democracy were hence downplayed: importantly, none of the five funds would be allowed to control more than 8% of the voting power in a particular firm, and even if they combined their efforts, they could hence never control more than 40% of the votes.[12] As the proposal was being debated and voted on in 1983, its main author – the Minister of Finance – was photographed in parliament penning a disparaging poem about the scheme, revealing the party's disillusionment with having to push for a proposal with which no one was satisfied.[13] The next time the centre-conservative bloc came to power, in 1991, the funds were dissolved and their existing wealth divided up into pension and research funds, well beyond the direct control of either politicians or citizens.[14] In a sense, what was supposed to be the crowning achievement of the Swedish labour movement had created a rallying point for the political opposition which, together with the deregulations and globalisation of capital in the 1980s, brought the Swedish social model to its knees.[15] Nevertheless, despite the disappointments embodied in this historical failure, we will suggest that the normative case for a full enactment of the WEF proposal is a compelling one, and that Meidner's plan stands as one of the most promising roads not taken in the history of progressive political economy. We shall now turn to the plan's normative rationale.

3. The Egalitarian and Democratic Arguments for the Original Swedish WEFs

Sweden was not the first country to suggest a scheme for collective ownership of capital, and although similar but distinct systems have been implemented elsewhere since then, the WEFs stand out in terms of the powerful rationale offered for them.[16] The two main arguments for the funds in the 1975 proposal were (i) that it would promote a more egalitarian distribution of profits and wealth and (ii) that it would set society down a new path towards economic democracy with a more egalitarian distribution of power.[17]

With regards to the egalitarian argument, recall that the WEFs were devised in a historically exceptional economic and political context. The strong labour unions in Sweden, at the time comprising a large majority of all workers, and operating within centralised wage-bargaining processes, meant that it was possible for the unions to strive towards a 'rational' wage structure based on a principle of equal pay for equal work. Although wage inequalities reflecting different choices about kinds of work and how much to work were deemed normatively acceptable, the unions made a justice-based argument that private-sector workers in the same industry ought to receive the same level of compensation, regardless of the profitability, location, or size of their employer.[18] Hence, centralised bargaining would seek not only to avoid the collective-action problem of workers 'underbidding' each other but also prevent a widening gap between workers who essentially made the same effort but worked in more or less profitable companies, even if this required the former to abstain from wage increases. Companies would still have incentives for structural adjustments to increase productivity, since businesses that performed poorly would be required to pay the same wages as more successful competitors. In cases where firms went out of business, workers would then be protected by ambitious national labour-market policies, including retraining and relocation programmes that would seek to quickly help the unemployed into new positions in other companies or sectors.[19]

This strategy therefore seemed to allow Sweden to maintain full employment, wage solidarity, and economic growth, for several decades. Once problems appeared on the horizon, they were not in the form of dissatisfied workers or stifled innovation, but rather – according to the unions – as the 'excess profits' of the more successful companies described above. Although the solidaristic wage policy reduced inequality between workers, it also increased the inequality between workers and the owners of capital.[20] The goal of mending this structural weakness of the Swedish model through some form of profit-sharing scheme, to ensure that an egalitarian approach to labour income did not create runaway gains for sections of capital, was thus central to the overall egalitarian justification of the WEFs.

Alongside this rationale in terms of distributive egalitarianism, the funds were also conceived as the next logical step in the democratisation of society. While the extension of the franchise half a century earlier (with Sweden enacting universal suffrage for everyone aged 23 and over in 1921) had led to political democracy, proponents argued that the time had come to allow the people to influence the economic decisions that often were as consequential as the decisions in parliament. Capital markets were still far from being globalised as they were soon to become, and a relatively large share of Sweden's private industry was in effect controlled by a small number of families with large fortunes.[21] The funds were designed to break this concentration of ownership and economic power, without the need to collectivise all private companies. The 1975 proposal estimates, for instance, that even if the requirement to transfer profits and influence to the funds would only apply to companies with more than 100 employees (roughly 1% of Swedish companies at the time), it would still cover around 60% of the private workforce and would effectively target the few companies that had gained the most economic power.[22]

This democratic political goal also explained why the profit-sharing aspect of the scheme was not seen as sufficient in itself but was instead seen as properly being complemented by allowing the funds, like any large shareholder, to exercise voting rights and to gain places on company boards proportional to their ownership. The authors of the 1975 proposal recognised the potential conflict between increasing the purchasing power of individual workers and actually transferring economic power to workers, and they hence opposed individual dividends in favour of collective ownership. The rationale was that even if workers used their returns from the funds to increase consumption, this would not help reshape the fundamental power structures in society, since it would not change who owns what and thereby who gets to exercise the underlying rights that go along with ownership.[23] Similarly, although new laws strengthening the right to organise and the influence of unions were being passed in the same era, Meidner stressed that 'All experience shows that influence and control are insufficient. Ownership plays a central role. I would like to refer to Marx and Wigforss: we cannot fundamentally change society without also changing ownership'.[24]

Although the emphasis on power and democratisation somewhat retreated in the later real-world enactment of the WEFs, the significance of the funds being envisaged as rather more than merely a mechanism for financial redistribution remained. Given the collective nature of the new institutions, the dividends accruing to the funds could be deployed in different ways and would not necessarily be used only to provide a 'capital return' to individual workers to supplement their wages. Especially interesting in this regard is the fact that the Swedish trade unions consulted their members regarding the 1975 proposal, in a process involving over 18,000 grassroots members. Among the uses to which union members proposed putting the revenue from the funds were purposes such as labour education, as well as research and training, 'including adult education and training to boost financial literacy'.[25] Where some of the initial interest and enthusiasm for the scheme had come from a section of the union movement that had become increasingly interested in issues of democratic control and economic democracy, the funds came to be seen as having the potential to help create the preconditions, in terms of the diffusion of ideas and expertise, to make more widespread economic democracy possible.

The initial proposal from the union economists was audacious and explicitly wanted to challenge the power balance in Sweden's mixed economy. This was a conscious strategy from the scheme's architects, who had taken up economist Gunnar Myrdal's advice that since the balancing of interests was not the job of experts, but of politicians, it is important not to compromise too early. The Social Democratic party, on the other hand, were led by the pragmatic aim of satisfying the demands of the trade unions, while not provoking even more political backlash in light of the political Right's successfully established narrative about the policy being a major threat to freedom of enterprise and property rights. The concern about the concentration of power, for instance, was somewhat ironically picked up by opponents who pointed out that the proposal would allow the labour movement soon to come to control the political as well as the economic sphere.[26] In light of the concerted effort from opponents, it is possible that the revisions made up until the 1983 parliamentary bill were politically necessary. In the end, it is nevertheless difficult to view the funds as anything other than a failed political project, since they did not live up to either their egalitarian or their democratic aspirations, and even the less radical version of the funds was dismantled after less than a decade. There is arguably still a taboo on discussing different kinds of economic democracy in Sweden, and no similar scheme has been proposed in Swedish politics since.[27] Yet the proposal remains an audacious and imaginative one, with a compelling normative justification, even if in some regards it may have turned out to have been ahead of its time.

4. The General Problem of Excess Capital Returns and the Contemporary Case for CCIs

As we have seen, the challenge faced by Meidner was how to deal with excess profits in certain specific sectors of the economy, within a social democratic system with high levels of solidarity and low levels of wage dispersal. The economic situation of the 2020s – half a century later – is altogether different and can in some respects be seen as involving deeper structural problems of economic inequality; this suggests that the original egalitarian rationale for WEFs cannot be straightforwardly translated to our current situation. Nevertheless, we might say that, while Meidner faced a 'special problem' of excess capital returns (limited to some firms and sectors), we face a 'general problem' of excess capital returns. Consider these trends in national income over the course of what we might call the 'neoliberal period' since 1980, as presented in a 2015 OECD research paper, shown in Figure 1.[28]

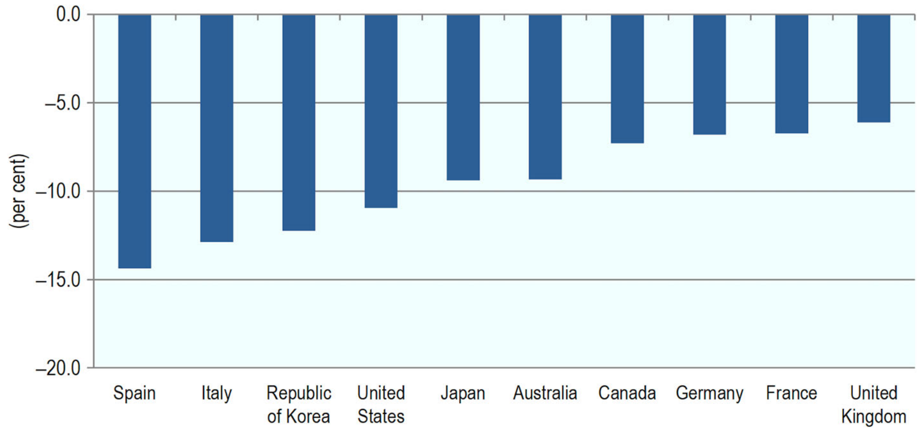

Figure 1. Changes in labour shares in G20 countries (plus Spain) 1970–2014

We take these OECD data to show that one central problem with the development of capitalist economies during this period, is not that there are only some sectors of the economy where excess profits are possible, but that there has been a general shift from returns to labour to returns to capital. This shift has been one of the central themes of Thomas Piketty's work, and is in some respects only to be expected under current economic conditions since the 1980s, given the trends in economic development during the period since the end of the postwar *Trentes Glorieuses* period, and the shift to a neoliberal form of capitalism. Consider in this regard Piketty's observation of what happens when the rate of return to capital remains significantly higher than the rate of growth of the economy as a whole (i.e. $r > g$), under which conditions both income and wealth inequality will tend to very high levels. Where the figure $(r - g)$ is positive, the capital share of national income (α) will be high, and returns to workers comparatively low. One of the central findings of Piketty's *Capital in the Twenty-First Century* can therefore be summarised with this simple equation, where r is the rate of return to capital, g is the growth rate, and s the savings rate:[29]

$$\text{The Piketty Equation}: \alpha = \frac{r \times s}{g}$$

The rise of the capital share of national income, i.e. the rise of Piketty's α, can broadly speaking be met with two strategies, insofar as policymakers are looking to address economic inequality. We could either (a) resist the rise of the capital share or (b) embrace the rise of the capital share. The first kind of strategy would seek to restrict the growth of α by driving up the overall growth rate (g), or driving down savings (s) or reducing the rate of return to capital (r). The alternative strategy, of embracing the rise of the capital share, would simply look to spread capital returns more broadly, through the dispersal of ownership, for example, through the kind of strategy usually associated with the proposals of James Meade or with John Rawls's conception of a property-owning democracy.[30] Intriguingly, the WEF proposals can be seen as enacting both kinds of strategy at once. By having a share levy proportional to profitability (i.e. diluting capital in the most profitable firms) they in effect drive down (r). Alongside this, they also disperse capital returns away from a small group of capital owners, first towards the workforce, and then more widely to the broader community, thereby dispersing the growing capital returns within the economy.

We should emphasise here, though, the separability of two kinds of claims: the first being an empirical claim about the evolution of the capital share over the last 40 years or so, and the second being the claim that, if we think there are reasons of justice to drive down levels of socioeconomic inequality, then there are good reasons to look for mechanisms to redistribute away from the current owners of capital towards workers and other sections of society.[31] That second claim would stand even if the first claim were to be contested.[32] And so even if one were sceptical that the value of α had shifted dramatically in recent decades, it could still be the case that the policy strategies of either driving down α (and so shifting income from wealth owners to other groups in the economy) and/or dispersing capital returns more broadly through giving more people a claim on capital returns, could *both* present viable mechanisms for pursuing less unequal economic outcomes.

4.1. *The Contemporary Egalitarian Argument for Collective Capital Institutions*

Our view is that there are elements of contemporary economic conditions that make advanced capitalist economies – with their deeper and more entrenched forms of socioeconomic inequality – in some respects a more propitious environment for the Wage-Earner Funds than was the world of the era before the 'neoliberal turn'. In this regard, the first main argument for reviving a WEF-style scheme is hence that their profit-sharing mechanisms seem well suited to counteract the 'general problem' of excess capital returns, by harnessing rather than restricting the rise of the capital share. The scheme would gradually lead to a situation where companies would neither be private entities having to tolerate state interference, nor state-run enterprises, but rather hybrid entities with substantial public ownership. Equality would be pursued, then, not by simply taxing and redistributing profits, but instead by giving workers a direct stake in companies and their profits. This change in the ownership structure of the economy would mean that there would be less work to be done in terms of redistribution through the tax system or other mechanisms.

For the purposes of illustration, one kind of Collective Capital Institution of this kind, drawing inspiration from the original WEF proposal, could cover all publicly listed companies of a certain size. It could require these companies to pay a form of corporate tax on profits above a certain threshold, but instead of paying this tax in cash, the companies would issue new shares. This would dilute the value of the existing shares but would not strictly speaking require a transfer of resources or wealth, as it would instead involve the creation of a new, collectively owned stake in the company.[33] Another variation of this proposal, called the 'Inclusive Ownership Funds', was in fact proposed by the UK Labour party in the 2019 election. This version of the scheme would have required companies with more than 250 employees to transfer 1% of their equity (in this case regardless of levels of profit) annually into a company fund. These assets would be controlled democratically by the firms' workers, thereby giving workers a route for influence over decisions in the company. Importantly, in this version of the proposal, annual dividends up to £500 would be distributed among workers, and dividends above that would instead go into a national fund. This source of extra income would give workers a source of 'capital income' to supplement their wages, with the main architect of the policy proposal, Mathew Lawrence, estimating that 40% of those working in the private sector in the United Kingdom would be covered by the scheme.[34] Yet another version of the WEF proposal was advanced by Bernie Sanders during his run for the 2020 Democratic party presidential nomination, with the Sanders version looking to run at twice the speed of the UK Labour proposal (with a levy of 2% rather than 1% per annum on large companies) and the avowed goal to make workers 'not simply cogs in a machine owned by someone else' but with the power to 'play a central role in determining what the company does and how it is run'.[35]

An attractive feature of this specific kind of profit sharing is that the recipients of dividends own a stake in the business that has generated the redistributed resources. If the idea of public ownership were broadly accepted, then people would be perceived not as asking to take a part of someone else's earnings, but rather as claiming their share of a collective enterprise. Yet we must be mindful of potential tensions between different groups when specifying who has a right to a share. The fact that the Swedish WEF proposal was designed by the unions arguably explains why it mostly focused on the rights of 'wage-earners', i.e. employees in each company. The Social Democratic party, on the other hand, stressed that the WEFs should be democratically controlled by all citizens. Navigating this tension between different versions of the proposal is even more important once we relax any idealising assumptions about full employment, since the existence of unemployment opens an additional fault line of inequality between workers outside of the job market and those who have jobs. Redistributing wealth and influence from capital owners to workers employed in profitable companies is not enough, since it would leave out those who are most in need of compensation. This tension, between insiders and outsiders, was arguably a blind spot for the architects of the Swedish WEFs, but it would need to be addressed in a revived scheme. The fund scheme advanced by the UK Labour Party in 2019 did this to some extent, but it could still be accused of leaving out the unemployed, who have been disadvantaged by the very same technological progress that has enabled increased productivity among those who have been lucky to keep their jobs.[36]

4.2. The Contemporary Democratic Argument for Collective Capital Institutions

Although CCIs of this kind are not the only kind of institution that could counteract the concentration of returns of capital, they have the further attractive feature of being capable of counteracting the concentration of power that might otherwise go along with more concentrated forms of capital ownership. Thus the second main argument for a revived WEF-style scheme is that it would disperse control over economic decisions more widely among the people whose interests are at stake in those decisions. A preliminary, common-sense argument for this proposal could make use of the idea that people ought to have a say about decisions that apply to them. Yet, the way capitalist societies are set up, only a small fraction of the decisions that affect economic life are under any kind of democratic control. There is indeed no way for people to influence decisions about where and when to open or close a factory, what kinds of goods and services to produce and in what manner, or what kinds of technologies to develop, other than by voting with their wallets as consumers. These decisions are instead left to the minority of people involved in running businesses or exercising influence as shareholders. This is precisely what Meidner and his coauthors attempted to challenge with the WEF proposal. Over time, the scheme would have allowed the workers to exercise democratic influence over these decisions as shareholders, via their role as members of the unions that held these funds.

In contrast to codetermination laws, or other ways of granting workers influence, this kind of collective ownership clearly goes one step further in granting the workers, taken collectively, the same kind of economic power, on the same basis of ownership, as other large capital owners. It therefore represents a way in which the increased power of workers to influence their firms would be given a deep, structural foundation, securing that power for the long-term future. As long as we share the basic democratic intuition described above, this outcome will seem attractive.

A second way of formulating a democratic argument for collective ownership of capital does not claim that we should extend democracy directly to the economic sphere, but rather emphasises that unchecked economic decisions might undermine democratic decision-making in the political sphere. Joshua Cohen expresses this view in his 'Structural Constraints Argument' against the unchecked private control of investment. Leaving this control to private interests, Cohen suggests, 'limits the democratic character of the state by subordinating the decisions and actions of the democratic state to the investment decisions of capitalists. Political decisions are structurally constrained because the fate of parties and governments depends on the health of the economy, the health of the economy on investment decisions by capitalists, and investment decisions by capitalists on their expectations of profits'.[37] The idea here is that increased democratic control of publicly owned companies would ease the structural constraints that democratic politicians otherwise face. It would be easier for politics and business to harmonise goals and pursue a certain set of policies if the antagonistic relationship Cohen describes were to be softened. It would obviously be naïve to believe that WEFs (or other CCIs) would completely remove structural constraints, but our point, however, is simply that they would be able to handle the problem of structural constraints better than would some other, more widely discussed institutional proposals for dispersing ownership of capital, as can be illustrated by the contrast between CCIs and the institutions of a Rawlsian property-owning democracy, a contrast to which we shall now turn.[38]

5. Equality, Democracy, and the Comparison of Collective Capital Institutions to the Institutions of a Property-Owning Democracy

Having contrasted Meidner-type proposals for public nonstate ownership with systems where the unequal control of capital is largely unchecked, it is instructive to compare the WEF-type proposals also against the kind of 'private-property egalitarianism' associated with John Rawls's idea of a property-owning democracy (POD). A property-owning democracy, in its central elements, is a kind of economic regime that involves institutions working to 'disperse the ownership of wealth and capital', so as to achieve a broadly egalitarian distribution of private wealth, making use of a tax system focussed not on taxing income to provide ongoing redistribution, but instead focussed on the taxation of estates, gifts, and inheritance, so as to change the underlying structural distribution of property holdings within the economy.[39] In his writings on POD, Rawls was very much influenced by the work of the economist James Meade, in whose book *Efficiency, Equality and the*

Ownership of Property the issue of the rise of the capital share and the concern regarding the potential domination of economic life by a relatively small capitalist class was very much a central concern.[40] The same kind of concern was passed on to Rawls when he came to write about economic systems in *A Theory of Justice*, published at the same time that the idea of Wage-Earner Funds were first discussed in Sweden.

We will not rehearse in too much detail here the analysis of Rawls's case for a property-owning democracy and his rejection of the redistributive capitalist welfare state, which has been treated in sufficient detail elsewhere.[41] For present purposes, though, it is worth revisiting the central claims of Rawls's rejection of a merely redistributive solution (through a traditional welfare state, however generous) to problems of socioeconomic inequality. Rawls's concern with such a solution is that 'It permits very large inequalities in the ownership of real property (productive assets and natural resources) so that the control of the economy and much of political life rests in few hands. And although, as the name "welfare-state capitalism" suggests, welfare provisions may be quite generous and guarantee a decent social minimum covering the basic needs, a principle of reciprocity to regulate economic and social inequalities is not recognized'.[42] In these Rawlsian claims, the parallels with Meidner's case for moving beyond the limitations of the Swedish welfare state are already clear: mere redistribution that does not tackle underlying patterns of ownership leaves questions of power and control unaddressed; therefore, changing society requires changing the structure of ownership.

Rawls clearly identified the limits of a 'merely' redistributive welfare state that excludes the question of the ownership of capital. Similarly, Meidner's plan was in part motivated by the fact that the perhaps most generous and redistributive welfare state that had ever existed, which had already done a tremendous amount to create a more egalitarian society, ran up against the kind of limits that Rawls identified. Meidner saw that Sweden in the early 1970s was at or near the limit of what could be achieved within the redistributive paradigm of the postwar welfare state, where the underlying ownership of capital – and hence control over investment and of the evolution of the economy – was nevertheless highly unequal. His proposal was therefore for the creation of a kind of institution that would herald the transition from that kind of regime to something more fundamentally egalitarian. Interestingly, despite their shared analysis of the problem, their solutions are structurally contrasting, as Rawls primarily defended a kind of POD that involves broad dispersal of private ownership of productive assets, rather than the creation of new kinds of Collective Capital Institutions (although Rawls did also hold that his principles of justice could be realised by means of a liberal socialist regime, about which he did not elaborate in much detail).[43]

Rawls also does not go into all that much detail on the institutional mechanisms or structures that would realise a POD, but the main thing to note for current purposes is that Rawls has in mind a broadly egalitarian dispersal of private property.[44] Now it is certainly true that there could be different ways of enacting such a regime and, indeed, there are also possibilities of creating 'mixed' regimes that combine the broad dispersal of private property with more collective ownership forms such as varieties of employee or community ownership.[45] But for the sake of the contrast we want to highlight here – that is, the contrast between an egalitarian pattern of private ownership versus forms of collective ownership – it will be instructive to consider a more austere vision of a fully 'individualised' POD. We could imagine, for example, in realising a POD, a society in which there was a basic capital grant made to all adults at the age of 21 or 25, in the form of a portfolio of equities, representing a share in the productive assets of that society.[46] A stock portfolio of this kind could be used to generate a nonlabour income stream for everyone in society (something along the lines of a Universal Basic Income), where there would also be some kind of restriction put in place to ensure that this holding of wealth was kept in the form of assets, and not just spent down for current consumption.

In such a society – let us call this austerely individualised version of property-owning democracy a 'Mutual Fund POD' – individuals would be protected from the kinds of market vulnerabilities experienced by those who are wholly reliant on selling their labour to generate an income. This would, then, be a society that was in its economic structure significantly more egalitarian than contemporary capitalist societies. Moreover, in such a society, we would not be worried by the rise in the capital share and the fall in the labour share of national income (i.e. the rise of Piketty's α) given that this would be a society of individuals who all had a mix of labour income and capital income (held in a broadly if not strictly egalitarian distribution). In such an economy, a rise in the capital share of income would not mean (as it does mean in actually existing societies) that the income distribution would thereby skew in a more inegalitarian direction, as that distribution comes more closely to resemble the unequal underlying distribution of wealth.[47] So clearly there are some tremendous advantages of this kind of Rawlsian socioeconomic system, which would move us well beyond some of the most troubling features of societies that are marked by deep inequalities in the ownership of productive assets, even societies such as postwar Sweden, which had managed to find a political route whereby an unequal distribution of wealth could coexist with a relatively egalitarian political culture and a broadly egalitarian distribution of income in society as a whole.[48]

Why, then, might we have reason to prefer the CCI route to the POD route for moving beyond the redistributive welfare state?[49] Our suggestion is that the combination of the egalitarian and democratic rationales means that CCIs can deal with Joshua Cohen's 'structural constraints' argument against capitalism and the private control of investment better than the Rawlsian POD proposals. Our argument is that a system with a large role for collective ownership of capital would bring about a more stable institutional order than one built purely on individual private ownership, however equally that private capital ownership was dispersed. To make the point vividly, consider the idea of the 'Mutual Fund POD' mentioned above, in which all citizens have a capital stake, but that capital stake is held in the form of something akin to a mutual fund, with holdings of equities broadly dispersed throughout the society, held as financial assets in a manner that sees those holdings mediated through the structures of a number of intermediate financial institutions. In a Mutual Fund POD, rises in Piketty's α could certainly be seen as a cause for celebration rather than a cause for concern, at least in distributive terms, but nevertheless there would be no real sense in which the dispersal of ownership really represented a dispersal of effective power or control over decision-making in the economic sphere.[50]

In this kind of POD, there is one sense in which the class division between workers and capitalists would have been abolished, but there is another sense in which it would still very much be in play. Even if the interests of the capitalist class would no longer be the interests only of a small group within society as a whole, the interest of individuals *qua* capitalist investors could end up predominating over their broader interests as citizens, in having at least some control over the direction of investment in accord with nonpecuniary purposes. There is, in short, a problem about the undue role of capitalist class interests, even in a society that might in other respects be viewed as a classless society in the sense that everybody would be in effect both worker and capitalist.[51]

This point can be illustrated further by returning to Joshua Cohen's analysis of 'structural constraints', which can operate on (at least) two different levels, even within an egalitarian private property regime such as a POD. Consider the following two kinds of structural constraints.

Level 1 – government-level structural constraints
Democratic governments are constrained by the investment decisions of capitalists. Under current conditions, that may be a comparatively small and privileged class (it certainly was even in 1970s Sweden). But there could still be this kind of structural constraint on government activity even when the beneficial owners of capital are large in number (i.e. where capital returns are broadly spread). We could assume, for instance, that in a 'Mutual Fund POD' most decisions about investment strategies would be made by financial intermediaries in banks, investment funds, and other financial institutions, acting to promote the fiduciary interests of the large population who benefit financially from those investment decisions.

Level 2 – firm-level structural constraints
Further, imagine that in the 'Mutual Fund POD' type society, we all work for firms that must make decisions about their strategy – e.g. to maximise profits in an untrammelled way or to do this alongside the pursuit of a range of other social or environmental objectives. If those firms are embedded in a financial system that always takes profitability as an overriding consideration, then it is hard to imagine how such a firm could have the space or authority to pursue these other goals. We could face something akin to a Prisoner's Dilemma, where we all work for firms that we wished had different strategies, but where the financial intermediaries who manage our 'mutual fund' capital holdings are positioned in a system whereby their fiduciary responsibility to the beneficial owners of that society's productive resources determine them to pursue a much narrower set of interests.

The fact that these kind of structural constraints could remain effectively unchanged in a Mutual Fund POD suggests that there is a case in favour of more democratic control of investment decisions – both at the level of the democratic state *and* at the level of particular firms – that remains in play even if we were to move to an egalitarian but nevertheless wholly private distribution of capital holdings. Indeed, as we have seen, it is common to both Meidner's and Rawls's objections to large inequalities of wealth in productive resources that this gives both too much economic reward and too much control to the small, privileged subset of society that is the capitalist class. What our line of argument begins to suggest, however, is that even when the economic rewards of capital ownership are very broadly spread within society, there remains an objection to having an economic system where the 'capitalist interest' in single-mindedly pursuing profitability crowds out the possibility of a system of more democratic control of investment decisions.

There is much more to be said here about democracy and control of investment decisions and about the interaction between the rationale for decisions made at the level of the democratic community as a whole (level 1) and the rationale for decisions to be made at the firm level (level 2). Just how much better WEFs (or other CCIs) would fare with regard to democratising economic decision-making would of course depend on how they are designed and how such a system would resolve the issue of how to navigate the divergence between individuals' financial interests, narrowly construed, and their broader democratic interests. Consider, for example, how workers' pension funds can act in ways that run counter to those workers' interests, or that differ from courses of action which they would support democratically.[52] These are thorny issues, and of course it also needs to be acknowledged that even an economy with a flourishing network of WEFs is one in which firms will face commercial and financial pressures of many kinds, not least with regard to international competition. But what would be made possible by the existence of Wage-Earner Funds is at least the opening up of a space of contestation in terms of the strategic governance and oversight of economic enterprises, such that a broader range of interests and values can be brought into consideration.

In any case, our core point here is simply that the interest that citizens would reasonably have in exercising more democratic control over momentous decisions about the direction of the economy (and hence the direction of evolution of their society) are pressing issues that remain even after we have addressed the most glaring issues of economic inequality that are typically associated with the unequal ownership of capital. A Meidner-type approach of creating WEF-type CCIs, perhaps with forms of governance that reflect different sets of interests (e.g. of workers within that firm, of workers in the broader sector, of citizens within particular regions, or of other social stakeholders), at least gives one a mechanism whereby the kind of dispersal of economic benefit associated with a POD can be combined with a more democratic approach to the control of investment decisions within that society.

To summarise, we have argued that we cannot disperse power and control sufficiently, and we cannot thereby create a sufficiently democratic economic settlement, unless we find an institutional structure that brings opportunity for collective deliberation on questions of investment strategy. One can think of this, therefore, as a fairly straightforward kind of economic democracy argument for CCIs over this kind of 'privatised' variety of a POD.[53] Indeed, we believe the combination of the egalitarian and democratic rationales is the crucial feature which means that WEFs (and other CCIs) promise to be a kind of institutional mechanism that can do dual service – both as a way of spreading the economic benefits of capital ownership but also as democratic institutions. Democratic CCIs can provide mechanisms through which affected parties can deliberate about investment decisions and the direction of economic activity, can exercise a real measure of control within economic processes, and can engage meaningfully in the governance of the economic institutions with which they are involved. The combination of these two normative elements – the egalitarian and the democratic – within one structure makes for a potentially extremely powerful variety of egalitarian institution.

6. Collective Capital Institutions, Property-Owning Democracy, and the Sense of Justice

There is also a further, related line of argument in favour of CCIs over POD that looks at questions of the stability of a socioeconomic regime and the connection of this question of stability to the development of something akin to what Rawls called the 'sense of justice'.[54] It is a central Rawlsian insight that the way that citizens think about themselves, their interests, and their relation to others will in part be conditioned by the institutions in which they participate. The problem, then, is that a form of overwhelmingly private property economy, even if egalitarian in distributive terms, may reflect back to citizens a conception of themselves as (relatively) atomised property owners, rather than as individuals sharing with others the solidaristic ties generated by joint participation in collective institutions.

Granted, a group of citizens with equally well-funded mutual fund holdings are much better placed to relate to each other as cooperating equal citizens, rather than a group of citizens who find themselves in more straightforwardly antagonistic class relations, with a sizeable majority having no source of income other than their labour, thereby finding themselves subject to the domination of their employers. It may be valuable, from the point of view of justice, both that these workers have more bargaining power as against their bosses, and that they are relatively equally positioned with regard to being more nearly equally as well off as one another. But the avowedly more egalitarian relations of a POD nevertheless give us a very different situation to the institutional environment where groups of citizens are together the democratic members of Meidner-style Wage-Earner Funds, allowing them to deliberate together about how their collective stake in their companies should best be used to advance their collective purposes.

In some respects, our line of argument regarding stability and the sense of justice here shares a kinship with the important arguments for 'democratic corporatism' that were advanced by the late and much missed Waheed Hussain. Hussain's project in this area was to reject what he called a 'liberal market' version of POD (a description that would include the 'Mutual Fund POD' described above) in favour of a 'democratic corporatist' version of POD that combined an egalitarian distribution of private property with a separate system of codetermination, on the model of the *Mitbestimmung* system characteristic of what Piketty calls 'Rhenish capitalism'.[55] Hussain makes the insightful point that, by in effect expanding the sphere of political activity in society so as to incorporate previously 'depoliticized' areas of economic life, his 'democratic corporatist' POD would tend to give citizens a clearer, more vivid, and more readily internalised sense of how principles of justice play out in their day-to-day lives, creating the institutional preconditions for citizens to develop 'a stronger and more widespread commitment to the principles of justice'.[56]

While we do not have space here to discuss Hussain's arguments in the detail they merit, we would certainly endorse this aspect of his view. But note that, in Hussain's proposal, the connection between the distributive egalitarianism of a POD and the democratising impact of codetermination is basically a weak and contingent one, with different elements of the system performing these different functions. What is remarkable about the WEF proposal, by contrast, is that it goes one step beyond a 'democratic corporatist POD', with these twin values of equality and democracy being realised in an integrated manner within one and the same institution. CCIs such as Meidner-style WEFs forge a structural relationship (rather than a merely contingent relation) between egalitarian distributive outcomes and the democratisation of the economy, thereby creating a highly auspicious institutional environment for the development of the 'sense of justice'. We would therefore argue that, by means of a friendly amendment, this line of argument from Waheed Hussain can be extended so as to support, even more strongly than the case for 'standalone' codetermination, our proposal for a more foundational embedding of workers' democratic power. To sloganise, in line with our analysis of the egalitarian rationale for CCIs presented above, the message communicated by the process of redistribution through collective ownership implies neither claiming what is yours alone, nor expropriating what is someone else's, but a message that we are collectively claiming what is *ours*, in accordance with what justice demands.

One of the most powerful themes of Rawls's approach to thinking about social justice is the sense of there being a complicated set of feedback mechanisms between how individuals see themselves and their relation to their fellow citizens, and the nature of the institutional structures that they share with others. Citizens imbued with a sense of justice will seek to establish and comply with just institutions, but our sense of justice is itself partly forged and moulded by those very institutions. Consider for example what Rawls says about the sense of justice in *Justice as Fairness*: 'citizens' sense of justice, given their character and interests as formed by living under a just basic structure, is strong enough to resist the normal tendencies to injustice. Citizens act willingly to give one another justice over time. Stability is secured by sufficient motivation of the appropriate kind acquired under just institutions'.[57] The aim, then, is to create a stable interplay between citizens and their institutions, where we can affirm our shared institutional life in part on the basis of the values that are honed within those institutions. Yet this insight is often lost when political philosophers think about justice and its institutional requirements. Indeed, to put things polemically, we might say that the political right – the opponents of egalitarianism – are often much better than egalitarians are at taking seriously this interplay between citizens and their institutions.

To substantiate that claim, consider what Margaret Thatcher said about her campaign of selling off (publicly owned) council housing to individual households in the 1980s, converting collective property to private property: 'economics are the method … the object is to change hearts and minds'.[58] Thatcher's policies did just that – they created the conditions for their own support by creating a set of 'winners' who had gained from the liquidation of a set of shared institutional assets in favour of the promotion of their own narrower interests as economic agents. A few years after Thatcher's trailblazing privatisations in the United Kingdom, the very same centre-right government that abolished the WEFs in Sweden pursued a number of other policies aimed at deregulating the welfare state. These policies included the introduction of school vouchers, which tended to change the way people thought about education and fostered market-based thinking that changed their preferences, allowing further deregulation that brought about a much more unequal school system. Once society was set down this path, these reforms were not reversed but rather expanded by the Social Democrats in Sweden when they returned to power on a Third Way platform in the 1990s and 2000s.[59]

The egalitarian philosopher G.A. Cohen famously suggested that luck egalitarianism's incorporation of the political right's approach to issues of choice and responsibility was a considerable advance.[60] But one might think this gets things completely backwards. Rather we suggest that what is much more often required, after having diagnosed what is the strongest element of our opponents' thinking, is to find a way to undermine it rather than to incorporate it. Egalitarians need to take these insights into what shapes the ethos of a society that the antiegalitarian right apparently have mastered in practice, and apply those lessons in reverse. We have argued that CCIs can contribute to this goal, whereas at least some versions of a Rawlsian POD may in practice go along with the same kind of sensibility and self-conception for which Mrs Thatcher was aiming with her sell-off of social housing and public utilities: indeed she even used the language of 'property-owning democracy'.[61] Our claim, then, is that a strongly 'individualised' POD might regrettably foster an ethos where people think of themselves as atomised small capitalists, rather than as participants in the creation of collective institutions. And that self-conception is destabilising for any egalitarian political project that relies, as egalitarian projects must do, on citizens' sense of solidarity, community, and collective endeavour.[62]

If we want a just society, we need to think about the way in which intermediate institutions mould and shape people's self-conception and about how that self-conception either supports or undermines just institutions over time. More specifically, if we want people to see themselves engaged together in a 'cooperative venture for mutual advantage' (to use the well-known Rawlsian phrase), then we need to think about what kinds of institutional structures align well with that sense of collective cooperation: emphasising the cooperative element and not just the idea of mutual advantage. All of this points towards a role for collective institutions such as Meidner-style Wage-Earner Funds as precisely the kind of collaborative intermediate institutions that would be likely to apply Mrs Thatcher's lessons fully in reverse, and thereby help to sustain a suitably solidaristic sense of justice within society. Hence, on the basis of Rawlsian considerations about stability and the sense of justice, the case can be made for institutions that align rather more closely with a form of liberal democratic socialism, rather than with a Rawlsian property-owning democracy.[63]

7. Conclusion

Unjust institutions and bad policies can change citizens' sense of political and economic possibilities by narrowing their horizons and impoverishing their sense of what can be realistically achieved. In contrast, just institutions and good policies can aspire to do the opposite, creating a sense of widening possibilities and broadening democratic horizons for the future. In thinking about social justice in a time of high and increasing inequality, we therefore need to look to institutional proposals that would not just act to redistribute money or opportunities in the short run, but which would start to change people's orientation towards political possibility in the longer term. In finding proposals that might play this role, we should pay close attention to the roads not taken in the political history of societies that have had at least some level of success in creating more just and egalitarian economic settlements. Rudolf Meidner's proposals stand out, in the history of 20th-century democratic socialist thinking, as some of the most promising institutional ideas in that long and chequered story.

This article has sought to demonstrate the promise of those ideas by laying out the core of the egalitarian and democratic rationales for CCIs, showing the potential power of Meidner-style Wage-Earner Funds and highlighting their potential advantages over more familiar proposals for a property-owning democracy. Much more could be said about issues such as the relative merits of different versions of the WEF proposal, whether following the initial Meidner model or in the shape of its later variants as propounded in the United States by Bernie Sanders or the United Kingdom by the Labour Party, or in some other as-yet-unrefined form. And there is a need in parallel to discuss significant issues of feasibility in implementing a WEF proposal at the national or supranational level, considering also whether such a policy might work better at a broader geographical level, for example, being implemented across the European Union rather than in just one member state. Our discussion is here to open what we hope will be a broader debate on the details of the design and implementation of CCIs such as Wage-Earner Funds, and our modest hope is that we have at least shown that these ideas clearly merit the serious and sustained attention of those who seek a more egalitarian and democratic society.

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NOTES

1 See Fourie, Carina, Fabian Schuppert, and Ivo Wallimann-Helmer, eds. 2015. *Social Equality: On What It Means to Be Equals*. Oxford: Oxford University Press; Anderson, Elizabeth. 2012. "The Fundamental Disagreement Between Luck Egalitarians and Relational Egalitarians." *Canadian Journal of Philosophy* 36: 1–23; O'Neill, Martin. 2008. "What Should Egalitarians Believe?" *Philosophy and Public Affairs* 36(2):

119–56; O'Neill, Martin. 2010. "The Facts of Inequality." *Journal of Moral Philosophy* 7(3): 397–409; Scanlon, T.M. 2018. *Why Does Inequality Matter?* Oxford: Oxford University Press; Schemmel, Christian. 2021. *Justice and Egalitarian Relations*. Oxford: Oxford University Press.

2 See Sassoon, Donald. 1996. *One Hundred Years of Socialism: The West European Left in the Twentieth Century*. New York: W. W. Norton, pp. 479–87, 706–13.

3 See Bidadanure, Juliana. 2019. "The Political Theory of Universal Basic Income." *Annual Review of Political Science* 22: 481–501.

4 Note that there are numerous examples of collective capital ownership discussed in contemporary political philosophy and several models in place in contemporary societies. Rawls's *Justice as Fairness: A Restatement* (Rawls, John. 2001. Cambridge, MA: Harvard University Press) draws on previous work by Meade (Meade, James. 1964. *Efficiency, Equality and the Ownership of Property*. London: Allen & Unwin) and argues that the idea of 'property-owning democracy' is the best way to arrange economic institutions so as to realise his two principles of justice. This idea has seen renewed interest in recent years, e.g. in O'Neill and Williamson (O'Neill, Martin, and Thad Williamson, eds. 2012. *Property-Owning Democracy: Rawls and Beyond*. Oxford: Wiley-Blackwell). Justice and collective ownership of capital has also been discussed by Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press, chap. 6; White, Stuart. 2003. *The Civic Minimum*. Oxford: Oxford University Press, pp. 197–200; and Scanlon op. cit., p. 147. Further, there exist many kinds of schemes for worker ownership, ranging from the Employee Stock Ownership Plans (ESOPs) that are rather common in the United States and in many startups, to worker-controlled and worker-owned cooperatives such as the Basque company Mondragón. See Kruse, Douglas L., Richard B. Freeman, and Joseph R. Blasi. 2010. "Introduction." In *Shared Capitalism at Work*, edited by Douglas L. Kruse, Richard B. Freeman, and Joseph R. Blasi, 1–38. Chicago, IL: University of Chicago Press; Wright, Erik Olin. 2010. *Envisioning Real Utopias*. London: Verso, pp. 237–46; Hanna, Thomas M. 2018. *Our Common Wealth: The Return of Public Ownership in the United States*. Manchester: University of Manchester Press; Etxeberria, Ander, and Martin O'Neill. 2019. "On Mondragon: Solidarity, Democracy, and the Value of Work." *Renewal: A Journal of Social Democracy*. https://renewal.org.uk/on-mondragon-solidarity-democracy-and-the-value-of-work-an-interview-with-ander-etxeberria/. Accessed 19 October 2022. Finally, large pension funds today control vast amounts of capital and are owned, in a sense, by workers collectively, and so-called sovereign wealth funds (SWFs) are also becoming increasingly common. Although they share similarities with the CCIs we defend here, the primary aim of such schemes is arguably to generate and manage wealth, rather than redistributing the control over capital. See Megginson, William L., and Veljko Fotak. 2015. "Rise of the Fiduciary State: A Survey of SWF research." *Journal of Economic Surveys* 29(4): 733–38; Cummine, Angela. 2016. *Citizens' Wealth: Why (and How) Sovereign Funds Should Be Managed by the People for the People*. New Haven, CT: Yale University Press.

5 Our historical sketch is unavoidably brief. For further details, see Pontusson, Jonas. 1992. *The Limits of Social Democracy: Investment Politics in Sweden*. Ithaca, NY: Cornell University Press; Meidner, Rudolf. 1993. "Why Did the Swedish Model Fail?" *Socialist Register* 29: 211–28; Sassoon op. cit.; Guinan, Joe. 2019. "Socialising Capital: Looking Back on the Meidner Plan." *International Journal of Public Policy* 15(1/2): 38–58; Sunkara, Bhaskar. 2019. *The Socialist Manifesto*. London: Verso, chap. 5.

6 Meidner, Rudolf, Anna Hedborg, and Gunnar Fond. 1978. *Employee Investment Funds: An Approach to Collective Capital Formation*. London: George Allen & Unwin.

7 The report never settles how many funds should be created. The authors note that employee engagement is likely to be higher if there is one fund per company but that funds covering several companies, whole sectors, or regions would be better able to equalise the returns to workers in different companies. Meidner, Rudolf, Anna Hedborg, and Gunnar Fond. 1975. *Löntagarfonder*. Stockholm: Tiden i samarbete med Landsorganisationen, p. 80.

8 The 1975 proposal defends neither a method for deciding which firms would be included nor a particular share of profits that should be directed to the funds, but discusses a number of different principles. The authors note that, for instance, how quickly the funds would become majority owners of a particular company depends both on its profits and the level of provision. As an illustration, if a company makes a 5% profit each year and 20% of the profit is deposited into the funds, the fund will own 52% of the company after 75 years. Alternatively, if the profit level is 10% and 30% of the profit goes into the funds, this process only takes about 25 years. Meidner *et al.* 1975 op. cit., p. 79. Meidner has later noted that although the 1975 proposal contains no suggested ceiling, he expected that the subsequent bargaining process would converge around the funds owning no more than 20% of each company's shares. Meidner, Rudolf. 2005. *Spelet Om Löntagarfonder*. Stockholm: Atlas, p. 141 f.

9 Meidner *et al.* 1975 op. cit., chap. 5. The WEF proposal, therefore, has an inherent flexibility and can be adapted to benefit not only employees but also other social interests. On balancing workers' interests against

other social interests, see Moriarty, Jeffrey. 2010. "Participation in the Workplace: Are Employees Special?" *Journal of Business Ethics* 92: 373–84.

10 Meidner *et al.* 1975 op. cit., p. 47.

11 ABBA did not ultimately play at the show, although their manager assured the press that all four members opposed the funds ("Stickan", *Tidningarnas Telegrambyrå*, August 25, 1982). The clues were all there in their music, of course – after all, among ABBA's hits were *Money, Money, Money* (with its infamous claim that 'It's a rich man's world'), and *Winner Takes It All*, long considered to be about their various divorces but now clearly readable as a parable of life under hypercapitalism. For a hilarious but nevertheless extremely informative proposal by Neil Warner for a musical about the Meidner proposals, based on the music of ABBA, see: https://twitter.com/NeilWarner_/status/1433787022603431940.

12 Each fund would be controlled by a committee consisting of nine members appointed by the government, with at least five 'representing wage-earners' interests', and each fund would represent a particular geographic region. *Löntagarfonder: regeringens proposition 1983/84: 50 B* (*Swedish Government bill*). Furåker, Bengt. 2016. "The Swedish Wage-Earner Funds and Economic Democracy: Is There Anything to Be Learned from Them?" *Transfer: European Review of Labour and Research* 22(1): 125 f.

13 'Löntagarfonder är ett jävla skit, men nu har vi baxat dem ända hit …' or 'WEFs are a piece of garbage, but we have hauled them all the way here …' (our translation).

14 And so, if we can be forgiven a final ABBA joke, the Meidner funds met their 'Waterloo', perhaps unsurprising to those who understand that 'The Name of the Game' of corporate capitalism is serving the interests of existing shareholders in preference to workers.

15 Furåker op. cit.; Sjöberg, Stefan. 2003. *Löntagarfondsfrågan – en hegemonisk vändpunkt: En marxistisk analys*. Uppsala: Department of Sociology; Åsard, Erik. 1985. *Kampen Om Löntagarfonderna: Fondutredningen Från Samtal till Sammanbrott.* Stockholm: Norstedt.

16 West Germany, France, The Netherlands, Denmark, and the United States are examples of countries that had some kind of collective funds (including pension funds) in the latter half of the 20th century, and the Sovereign Wealth Funds mentioned above are now relatively common in countries rich with natural resources, including the United Arab Emirates and Norway. See Meidner, Rudolf. 1981. "Collective Asset Formation through Wage-Earner Funds." *International Labour Review* 120(3): 304–07; Cummine op. cit. Meidner also cited the Social Democratic ideologue and previous Minister of Finance Ernst Wigforss as an influence. Wigforss, in turn, was inspired by G.D.H. Cole and Guild Socialism. Sjöberg op. cit., p. 108 f.

17 In the original 1975 proposal, the explicit aim was the 'Equalisation of differences in the wealth structure and the democratisation of businesses through increased employee influence'; Meidner *et al.* 1975 op. cit., p. 20 (our translation).

18 LO never settled on a clear definition of what kinds of inequalities are consistent with a principle of equal pay for equal work. Some of the underlying assumptions that must be made to make sense of the principle, and the tensions that arise when these assumptions are relaxed, are discussed by Öhman, Berndt. 1982. *Utredningen om löntagarna och kapitaltillväxten, Löntagarna och kapitaltillväxten 10. Två expertrapporter från Utredningen om löntagarna och kapitaltillväxten*. Stockholm: LiberFörlag/Allmänna förlag, pp. 34–47.

19 The solidaristic wage policy hence played a central role in the pursuit of full employment without inflation. See Silverman, Bertram. 1998. "The Rise and Fall of the Swedish Model: Interview with Rudolf Meidner." *Challenge* 41(1): 69–90, p. 73.

20 Meidner 1981 op. cit., p. 308; Furåker op. cit.

21 For instance, in the 1975 proposal, the authors estimate that around 200,000 people, or 8% of the privately employed workforce, worked in companies controlled by the Wallenberg family alone. Meidner *et al.* 1975 op. cit., p. 38 ff.

22 Meidner *et al.* 1975 op. cit., p. 91 f.

23 Meidner *et al.* 1975 op. cit., p. 85.

24 Meidner interviewed in Fackföreningsrörelsen (LO-tidningen) no 19/75, cited in Sjöberg op. cit., p. 113 (our translation). For a contemporary argument on related lines, see Buller, Adrienne, and Mathew Lawrence. 2022. *Owning the Future: Power and Prosperity in an Age of Crisis*. London: Verso Books.

25 Guinan op. cit., p. 50; Åsard op. cit., p. 35.

26 Furåker op. cit., p. 126 ff; Sjöberg op. cit., p. 206.

27 Rothstein, Bo. 2021. "Why No Economic Democracy in Sweden? – A Counterfactual Approach." Social Europe Research Essay 12. https://selnk.eu/SE12Sweden.

28 *The Labour Share in G20 Economies*, Prepared for the G20 Labour and Employment Ministers Meeting and Joint Meeting with the G20 Finance Ministers, Ankara, Turkey, 3–4 September 2015. https://www.oecd.org/g20/topics/employment-and-social-policy/The-Labour-Share-in-G20-Economies.pdf.

29 Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press. For discussion with regards to the consequences of Piketty's findings for political philosophy, see O'Neill, Martin. 2017. "Philosophy and Public Policy after Piketty." *Journal of Political Philosophy* 25(3): 343–75. Piketty's claims about the declining labour share have proved controversial (on which see fn. 32 below).

30 See Meade op. cit.; Rawls op. cit.; O'Neill 2017 op. cit.

31 Not least given that it is not at all contested that, as Piketty puts it, 'in every country and period for which we have data, wealth distribution within each age group is substantially more unequal than income distribution'. See Piketty, Thomas. 2016. "Capital, Predistribution, and Redistribution." In *Crooked Timber Seminar on Thomas Piketty's Capital in the Twenty-First Century*, edited by H. Farrell, 90–107, http://crookedtimber.org/wp-content/uploads/2016/01/piketty-final.pdf; see also O'Neill, Martin. 2016. "Piketty, Meade, and Predistribution." In *Crooked Timber Seminar on Thomas Piketty's Capital in the Twenty-First Century*, edited by H. Farrell, 73–81; and O'Neill, Martin. 2020a. "Power, Predistribution, and Social Justice." *Philosophy* 95(1): 63–91.

32 For a somewhat sceptical view, see Gutiérrez, Germán, and Sophie Piton. 2019. "Revisiting the Global Decline of the (Non-Housing) Labor Share." *Bank of England Staff Working Paper*, no. 811. We are grateful to Tom Parr for pushing us to greater clarity on these issues.

33 This account in turn draws heavily on Erik Olin-Wright's discussion of 'share-levy wage-earner funds' for inspiration. Wright op. cit., pp. 230–34.

34 Lawrence, Mathew. 2018. "John McDonnell's Worker Ownership Funds Could Be the Left's Right to Buy." New Statesman, 24 September 2018. See also Lawrence, Mathew, Andrew Pendleton, and Sara Mahmoud. 2018. *Co-Operatives Unleashed*. London: New Economics Foundation; Lawrence, Mathew. 2016. "Owning the Problem: Democratic Ownership in the 21st Century." *OpenDemocracy*, 2 December 2016; Lawrence, Mathew. 2019. "Inclusive Ownership Funds: A Transatlantic Agenda for Transformative Change." *Renewal: A Journal of Social Democracy* 27(4): 60–66.

35 On Bernie Sanders's version of the Inclusive Ownership Funds, see the proposals on "Corporate Accountability and Democracy" at https://berniesanders.com/issues/corporate-accountability-and-democracy/; see also Bruenig, Matt. 2019. "Bernie Wants Power in Workers' Hands." *Jacobin*, 29 May 2019. https://jacobin.com/2019/05/bernie-sanders-funds-socialism-shares-cooperatives. Accessed 18 October 2022.

36 Åsard op. cit., pp. 50, 59.

37 Cohen, Joshua. 1989. "The Economic Basis of Deliberative Democracy." *Social Philosophy and Policy* 6(2): 25–50, p. 28.

38 One reason structural constraints remain is that the threat of implementing a WEF scheme could lead to capital flight. Indeed, even before the globalisation of capital markets, capital owners in Sweden successfully resisted the WEF proposal. And since that time, of course, many large companies operate in increasingly globalised capital markets and have a much lower degree of unionisation among their employees. Shortly before his death in 2005, Meidner emphasised the importance of these changes more generally but concluded that the argument for economic democracy was more important than ever. Meidner 2005 op. cit., p. 155.

39 Rawls 2001 op. cit., p. 139, see also pp. 50–55, 158–62. See also O'Neill, Martin. 2012. "Free (and Fair) Markets Without Capitalism: Political Values, Principles of Justice, and Property-Owning Democracy." In *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson, 75–100. Oxford: Wiley-Blackwell, pp. 79–80 on 'Rawls (and Meade) on the Aims and Features of Property-Owning Democracy'; see also O'Neill, Martin, and Thad Williamson. 2014. "Taxation." In *The Rawls Lexicon*, edited by Jon Mandle and David A. Reidy, 825–27. Cambridge: Cambridge University Press.

40 Meade op. cit.

41 See O'Neill 2012 op. cit.; Thomas, Alan. 2016. *Republic of Equals: Predistribution and Property-Owning Democracy*. New York: Oxford University Press; and Thomas, Alan, 2022. "Property-Owning Democracy." In *The Routledge Handbook of Philosophy, Politics, and Economics*, edited by C.M. Melenovsky, 289–99. New York: Routledge.

42 Rawls 2001 op. cit., p. 138 (our italics).

43 Rawls 2001 op. cit., pp. 135–40; O'Neill 2012 op. cit.; O'Neill, Martin. 2020b. "Social Justice and Economic Systems: On Rawls, Democratic Socialism and Alternatives to Socialism." *Philosophical Topics* 48(2): 159–202.

44 For more detailed proposals see, respectively, Thomas, Alan. 2012. "Property-Owning Democracy, Liberal Republicanism, and the Idea of an Egalitarian Ethos." In *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson, 101–28. Oxford: Wiley-Blackwell; Williamson, Thad. 2012. "Realizing Property-Owning Democracy: A 20-Year Strategy to Create an Egalitarian Distribution of Assets in the United States." In *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson, 223–48. Oxford: Wiley-Blackwell.

45 See for example O'Neill, Martin, and Thad Williamson. 2009. "Property-Owning Democracy and the Demands of Justice." *Living Reviews in Democracy* 1: 1–10, pp. 8–9; see also White, Stuart. 2015. "Basic Capital in the Egalitarian Toolkit?" *Journal of Applied Philosophy* 32(4): 417–31.

46 See the related proposals made in Piketty, Thomas. 2021. *Capital and Ideology*. Cambridge, MA: Harvard University Press; and Atkinson op. cit. See also O'Neill, Martin. 2021. "Justice, Power, and Participatory Socialism: On Piketty's *Capital and Ideology*." *Analyse and Kritik* 43(1): 89–124.

47 As Piketty points out, the wealth distribution is more unequal than the income distribution for every cohort in every society for which records exist. (See Piketty 2016 op. cit., p. 94; O'Neill 2017 op. cit., pp. 344–47.)

48 We would, in effect, get much closer towards the model often assumed in economists' models, of representative agents, who have a common split in factor incomes between capital and labour income; on this see Atkinson, Anthony B. 2009. "Factor Shares: The Principal Problem of Political Economy?" *Oxford Review of Economic Policy* 25(1): 3–16.

49 Note that a society that holds a great deal of productive wealth in collective CCIs does not fit in a very straightforward way within Rawls's somewhat oversimplified typology of the difference between a POD and a form of liberal socialism. See O'Neill 2020b op. cit., on the limits of this way of thinking about the choice between kinds of regime. Rawls talks about liberal socialism as a kind of economic regime wherein the means of production are 'owned by society', which on one reading might suggest centralised public ownership. So, although CCIs involve forms of collective capital ownership, and might in this sense be seen as part of a regime in which productive assets are 'owned by society', we should stress that these collectivities are particular groups, rather than society as a whole.

50 A reviewer raises the important question of whether this kind of 'Mutual Fund POD' really counts as a form of property-owning democracy in Rawls's sense. After all, Rawls's rationale for the dispersal of private capital characteristic of a POD is that this dispersal would 'prevent a small part of society from controlling the economy and, indirectly, political life as well'. Rawls 2001 op. cit., p. 139. But we take it that it is an importantly open question as to whether POD qua institutional proposal, centred on the egalitarian distribution of privately held wealth and capital, would in fact successfully achieve the aims that Rawls had in mind when endorsing this kind of economic regime. The success of a POD cannot be part of its definition, not least because (as we here argue) a dispersal of *ownership* does not always guarantee a dispersal of effective *control*, and (for related reasons) the abolition of the traditional distinction between the class of capitalists and the class of workers does not guarantee that *capitalist interests* will not at times objectionably dominate over the broader interests of working people.

51 Indeed, Meidner anticipated our analysis when he noted that the West German policy debate regarding wealth distribution in the 1970s dismissed collective ownership, since the aim was to create 'a land of petty capitalists, ideologically strong enough to withstand the Communist pressure from the east'. Meidner *et al.* 1975 op. cit., p. 83 f. (our translation).

52 To our mind, this problem shows that we also may have good reason to democratise other existing investment vehicles, such as occupational pension funds, which could be seen as another candidate form of CCI, distinct from the WEF proposal.

53 On social justice and economic democracy, see also the lines of argument explored in O'Neill, Martin. 2008. "Three Rawlsian Routes towards Economic Democracy." *Revue de Philosophie Économique* 9(1): 29–55.

54 Rawls, John. 1999. *A Theory of Justice*, rev. ed. Cambridge, MA: Harvard University Press, Chap 8.

55 Hussain, Waheed. 2009. "The Most Stable Just Regime." *Journal of Social Philosophy* 40(3): 412–33; Hussain, Waheed. 2012. "Nurturing the Sense of Justice: The Rawlsian Argument for Democratic Corporatism." In *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson, 180–200. Oxford: Wiley-Blackwell. For Piketty's discussion of Rhenish capitalism, see Piketty 2014 op. cit., pp. 140–6; see also O'Neill 2017 op. cit.

56 Hussain 2009 op. cit, p. 426.

57 Rawls 2001 op. cit., p. 185. The role of the sense of justice in Rawls's theory is hence similar to how one of his critics, G.A. Cohen, conceives of the notion of an 'egalitarian ethos', in the sense that both concepts capture

something that helps explain why people would willingly strive towards justice and comply with its demands. See Cohen, G.A. 2008. *Rescuing Justice and Equality*. Cambridge, MA: Harvard University Press.

58 See Guinan, Joe, and Martin O'Neill. 2018. "The Institutional Turn: Labour's New Political Economy." *Renewal* 26(2): 5–16.

59 Andersson, Jenny. 2016. "A Model of Welfare Capitalism? Perspectives on the Swedish Model, Then and Now." In *The Oxford Handbook of Swedish Politics*, edited by J. Pierre, 563–77. Oxford: Oxford University Press, pp. 571–73.

60 More precisely, Cohen approvingly credited Ronald Dworkin (not himself a 'luck egalitarian' *stricto sensu*) for 'the considerable service of incorporating within it [i.e. within egalitarianism] the most powerful idea in the arsenal of the anti-egalitarian right; the idea of choice and responsibility'; see Cohen, G.A. 1989. "On the Currency of Egalitarian Justice." *Ethics* 99(4): 906–44, p. 933.

61 On the long story of the uses and abuses of that term, see Jackson, Ben. 2012. "Property-Owning Democracy: A Short History." In *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson, 33–52. Oxford: Wiley-Blackwell.

62 See Nielsen, Lasse, and Andreas Albertsen. 2022. "Why Not Community? An Exploration of the Value of Community in Cohen's Socialism." *Res Publica* 28: 303–22, for a discussion of the role of community in egalitarian thought. See also Vrousalis, Nicholas. 2015. *The Political Philosophy of G. A. Cohen: Back to Socialist Basics*. London: Bloomsbury, Chap 5.

63 Rawls himself thought that *either* a property-owning democracy *or* a liberal socialist regime could realise his principles of justice (see Rawls 2001 op. cit., pp. 138–40). For some worries about both the terms of Rawls's distinction between socioeconomic regimes, and for his 'prescriptive agnosticism' between POD and liberal socialism, see O'Neill 2020b op. cit. On 'the liberal road to socialism', with regard to Mill, Meade, and Rawls, see Gilabert, Pablo, and Martin O'Neill. 2019. "Socialism." In *The Stanford Encyclopedia of Philosophy* (Fall 2019 edition), edited by Edward N. Zalta. https://plato.stanford.edu/entries/socialism/, at §3.2.5. Accessed 18 October 2022.