*Seeing capitalism in a cooperative light*

# ECONOMIC EQUALITY

## A WORLDLY RATIONALE FOR A HEAVENLY REQUIREMENT

*By Roger Terry*

IN ALL FOUR STANDARD WORKS OF THE CHURCH of Jesus Christ of Latter-day Saints, a common theme appears whenever the Lord establishes his church among his children: economic equality.

After the Savior's ascension, his followers "were together, and had all things common; and sold their possessions and goods, and parted them to all men, as every man had need" (Acts 2:44–45).

In the Book of Mormon, when Alma first established the church of God among the people of King Noah, he "commanded that the people of the church should impart of their substance, every one according to that which he had; if he have more abundantly he should impart more abundantly; and of him that had but little, but little should be required; and to him that had not should be given" (Mosiah 18:27).

Later, after the resurrected Lord's appearance among the descendents of Lehi, "they had all things common among them; therefore there were not rich and poor, bond and free, but they were all made free and partakers of the heavenly gift" (4 Nephi 1:3).

In the Pearl of Great Price's account of the city of Enoch, we read that "the Lord called his people Zion, because they were of one heart and one mind, and dwelt in righteousness; and there was no poor among them" (Moses 7:18).

The Doctrine and Covenants is unique among the standard works because it contains revelations given to Joseph Smith to direct the restoration of Christ's church on earth. Among these revelations are specific instructions about how the Lord intended to establish economic equality among the Latter-day Saints. Indeed, these revelations repeatedly touch upon economic themes, including the following:

> But it is not given that one man should possess that which is above another, wherefore the world lieth in sin. (D&C 49:20)
>
> Nevertheless, in your temporal things you shall be equal, and this not grudgingly, otherwise the abundance of the manifestations of the Spirit shall be withheld. (D&C 70:14)
>
> I, the Lord, stretched out the heavens, and built the earth, my very handiwork; and all things therein are mine. And it is my purpose to provide for my saints, for all things are mine. But it must needs be done in mine own way; and behold this is the way that I, the Lord, have decreed to provide for my saints, that the poor shall be exalted, in that the rich are made low. For the earth is full, and there is enough and to spare; yea, I prepared all things, and have given unto the children of men to be agents unto themselves. Therefore, if any man shall take of the abundance which I have made, and impart not his portion, according to the law of my gospel, unto the poor and the needy, he shall, with the wicked, lift up his eyes in hell, being in torment." (D&C 104:14–18)

It could not be more clearly expressed in scripture that the Lord wants his children to live in economic equality. No rich, no poor. And this is not just a special test he gives

ROGER TERRY *is senior associate editor at* BYU Studies*, author of* Economic Insanity: How Growth-Driven Capitalism Is Devouring the American Dream*, and former faculty member at BYU's Marriott School of Management. He blogs at WWW.MORMONOMICS.BLOGSPOT.COM*

to those who are trying to establish Zion. It is the way the Lord wants us to live on his earth.

The question no one seems to ask is "Why?" Elsewhere in scripture we read that opposites are essential for our existence: light and darkness, health and sickness, pleasure and pain, happiness and misery, corruption and incorruption (see 2 Nephi 2:11–13). But why is it not so with poverty and wealth?

Perhaps the Lord gives us a clue in section 104, quoted above, when he says that "the earth is full, and there is enough and to spare." It is apparent from the context of this statement that there is enough and to spare only if we practice economics the Lord's way. And his way is to exalt the poor "in that the rich are made low." Apparently, if some of his children consume or hoard far more than they need, there is not "enough and to spare," causing others of his children to go without.

Although the Latter-day Saints made several attempts at implementing the economic principles outlined in the Doctrine and Covenants, the Church officially abandoned its United Orders in the latter years of the nineteenth century and began embracing the economic system that prevailed in the United States, seeking assimilation in place of the independence it had so jealously guarded during its first sixty years. Gradually, the Saints moved away from their communitarian roots, not just in practice but also in point of view, until today's Mormons are among the nation's most ardent supporters of conservative economics.[1]

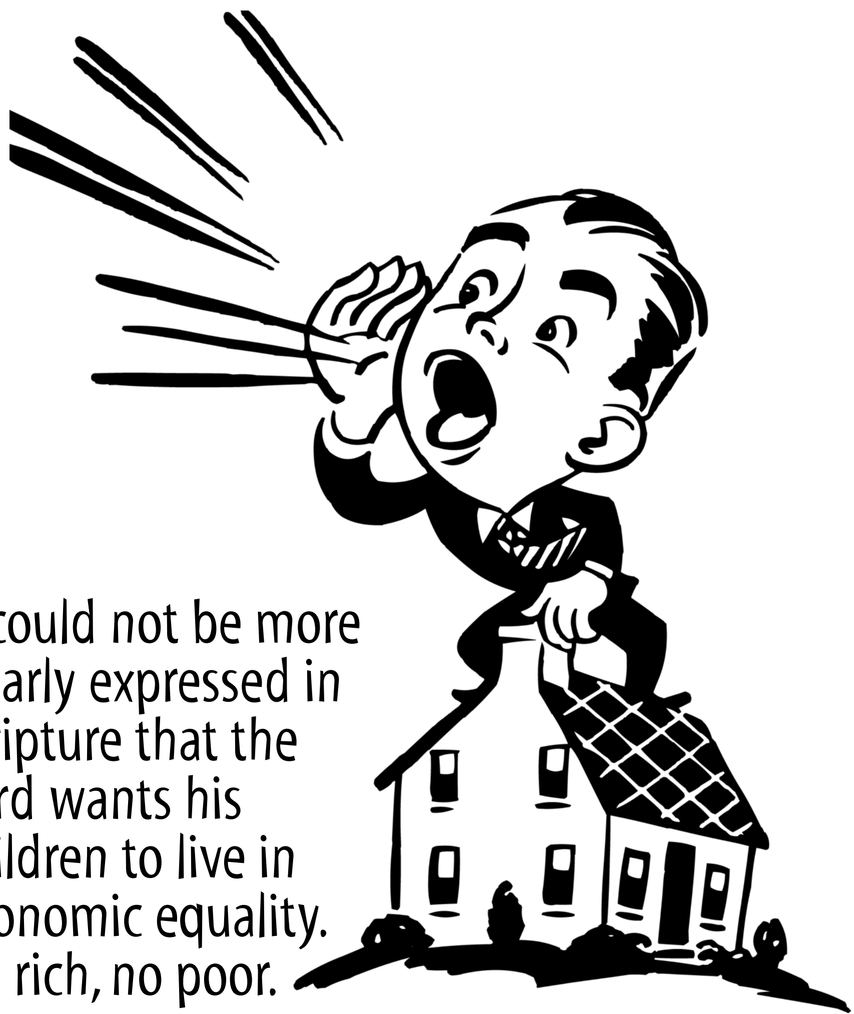
In this context, it is significant that present-day Saints are not asked to live the law of tithing as it stands in section 119 of the Doctrine and Covenants. If we did, we would first place "all [our] surplus property . . . into the hands of the bishop. . . . And this," the Lord reminds us, "shall be the *beginning* of the tithing of my people." Then, "*after that*, those who have thus been tithed shall pay one-tenth of their interest annually" (D&C 119:1, 3–4, emphasis added). As the Lord revealed it, the law of tithing included an initial requirement that leveled the economic playing field, much as the law of consecration did. Our present interpretation of tithing, however, has the opposite effect. It requires the poor to sacrifice more in relative terms than the wealthy. In this sense, tithing is consistent with conservative economic dogma and does not directly promote economic equality. Economic equality is, in fact, so far from LDS thought today that most Utah Mormons saw no red flags at all in the flat income tax that was legislated in 2008.

A WORLDLY RATIONALE

WHY IS IT important for us to reconsider the Lord's economic preferences in our modern capitalistic world? Why should we think there might not be "enough and to spare" if we allow unlimited accumulation of wealth for anyone who has the drive, ingenuity, and luck to succeed at materialistic endeavors? The scriptures offer very little by way of explanation. Perhaps, then, a worldly rationale for this heavenly requirement would be in order.

There is no need to explore at length here the many positive contributions of capitalism, but among them would certainly be the technological advances that have improved our standard of living, the market system that promotes innovation and competitive pricing, and the trade relationships that in some ways have reduced political tensions between countries. We don't have to look far, however, to see that our current system, which I will term corporate capitalism,[2] has fundamental flaws. Indeed, the particular form of capitalism that has become entrenched in nearly the entire world in recent decades has serious internal conflicts.

A primary purpose of the corporate system is to generate as much profit as possible for those who own or control



It could not be more clearly expressed in scripture that the Lord wants his children to live in economic equality. No rich, no poor.

ALL IMAGES: RETROCLIPART.COM

capital (generally defined as the means of production). To do this, business enterprises pursue two strategies. One is to constantly increase revenues; the other is to constantly decrease expenses. The resulting profits go almost exclusively to those who supply or manage capital. These individuals, who comprise the capitalist class, are thus paid as much as possible. But on the other side of the ledger, a vital expense that corporations seek to minimize is the cost of labor. They do this in two ways: first, by increasing productivity, which enables workers to produce more product per dollar spent on wages (and simultaneously reduces the number of workers needed); and second, by moving production to locations where wages are lower. Within legal and socially acceptable parameters, corporations seek to pay their productive workers as little as possible. At its foundation, then, corporate capitalism is a system explicitly designed to increase the gap between the owners or managers of capital and everyone else. Trickle-down economics, as this arrangement is sometimes called, is a fairly apt description. If those at the bottom are receiving a trickle, those at the top generally receive a flood.

And here is where the first serious internal conflict of corporate capitalism erupts. As inequality increases in a tax-averse and loosely regulated corporate economy, the wealthy class does not spend a proportionate share of its income on the products corporations need to sell in order to generate profit. Instead, directly or indirectly, these individuals invest a significant portion of their earnings in new production capacity, often in developing countries, expecting a bountiful return. The logical consequence is an excess of productive capacity feeding the U.S. economy, from both domestic and foreign sources—excess because the lower and middles classes don't have enough disposable income to purchase this increased supply of goods and services. Compounding this shortfall of disposable income is the fact that a large portion of new productive capacity increases employment abroad at the expense of domestic wages, and workers in developing countries are simply not paid enough to purchase the consumer goods they are creating. (Neither are Americans, but as we shall see, we have found a way around this little speed bump on the road to artificial affluence.)

In his 1997 book *One World, Ready or Not*, William Greider demonstrated at length how and why nearly every major industry in the global economy—from automobiles and steel to pharmaceuticals and textiles—had achieved 20 to 50 percent overcapacity. This trend did not reverse itself in the next eleven years. After the 2008 financial crisis, production declined temporarily as consumers and businesses suddenly slowed their buying, but overcapacity did not vanish. It is merely lying fallow for the moment. But why such an excess in production capacity in the first place? Why didn't the laws of supply and demand kick in and bring things into balance? During economic crises, multinational corporations scale back production; however, in the "normal," pre-2008 economic circumstances, instead of cutting back capacity when demand was merely insufficient for the pool of suppliers, which economic theory suggests they should have done, corporations kept adding, investing heavily in the Third World, building new lower-cost plants in a self-centered effort to ensure that overcapacity became their competitors' problem.[3]

This is not an exclusively U.S. predicament. It affects all interconnected national economies. In Greider's assessment, "The imperatives of industrial revolution create more supply faster than new demand, and the expanding productive capacity overruns the available market of consumers. Together and separately, no one in the global system—not governments or enterprises—is willing to face the gathering crisis of inadequate demand and to reverse the flows of incomes between capital and labor."[4]

The net effect of this unequal wealth distribution and its resulting overcapacity is that the lower and middle classes have relatively less disposable income with which they can be expected to purchase the products corporations need to sell to stay in business. Having been thoroughly indoctrinated by corporate advertisers, however, the consumer classes know it is their responsibility to consume, and so they do—on credit. Indeed, according to Richard K. Green, director of the USC Lusk Center for Real Estate, consumer purchases account for 70 percent of U.S. gross domestic product (GDP), up from 63 percent in the 1950s and 1960s, in spite of the increasingly unequal distribution of wealth over the same time frame. Not surprisingly, "the driver of [this increase in] consumption," says Green, "was consumer debt: the ratio of consumer debt to GDP rose from about 60 percent in 1995 to over 100 percent in 2007."[5] Ivan Lee, former head of Citigroup, cites the same statistics but adds that growth in consumer debt has far outpaced the growth of business debt in recent years: "U.S. households were accumulating debt at a pace equal to about one half of China's national output every year, between 2001 and 2007. And China is the world's third largest economy!"[6] Most economic commentators admit that such debt levels are unsustainable, but the common solution is simply to say that up to 30 percent of this debt must be either paid off or written off. Unfortunately, this solution ignores the source of our exponentially expanding debt—the imbalance between capital and labor we have just discussed—as well as the inevitable result of not correcting this imbalance: namely, decreased demand, which causes the downward-spiraling domino effect of faltering industries, soaring unemployment, and even lower demand.

An economy that grows by financing consumption with increasing debt endures only until the consumer class extends itself too far, as it finally did in the United States with the 2008 subprime mortgage debacle. And then the house of (credit) cards starts to collapse. Alas, the remedy for this sickness prescribed by economic doctors on both sides of the political divide is a second dose of the very microbe that caused the malady in the first place: huge infusions of debt-generated cash to bail out faltering financial institutions and other industries.

In summary, a major malfunction of global corporate capitalism is the lopsided distribution of capital. This is the source of what has already become a dangerous predicament, and it will worsen unless we can fundamentally alter the way our businesses do business. Indeed, the current "jobless recovery," in which corporations become profitable again without hiring new employees, is another indication of how out of balance things have become.

If we were looking for a convenient scapegoat, we could blame Reaganomics[7] for these dire circumstances, but this would be a simplistic overreaction to the depth and breadth of our current dilemma. The very fabric of capitalism practiced by the multinationals that dominate the global marketplace is woven from the illogical thread of supply-side economics. Reagan or no Reagan, corporate capitalism is a supply-oriented system. His shortsighted philosophy simply hastened the global economy on its inevitable course.

Is it any wonder that an economic system focused primarily on increasing supply should produce immense government debt? Someone has to buy the excess production, and consumers don't have the wherewithal to do it, so the federal government, the "consumer of last resort," has to pick up the tab, either through tax breaks and welfare spending to prop up individuals and corporations, bailouts of faltering industries, or direct spending. China and other foreign countries that do not share our national interests are now financing the U.S. devotion to inequality, but sooner or later these countries will decide that U.S. government bonds are not a wise investment, and then we will be forced to look at other options.

The primary problem with the supply-side doctrine is that the consumer half of the equation can never catch up. Why? Because too little of the profit the system generates is used to purchase all the products pouring into the marketplace; instead it is reinvested to create even more productive capacity. This produces an imbalance we can never "grow out of." The growth is too lopsided: too much going to the owners and managers of capital, too little to the consumers. In fact, growth exacerbates the imbalance.

The Census Bureau uses a statistic called the Gini index to measure income inequality. Applying this measurement to the nations of the world reveals a fairly consistent pattern: those countries with the greatest economic equality

**Gradually, the Saints moved away from their communitarian roots, not just in practice but also in point of view, until today's Mormons are among the nation's most ardent supporters of conservative economics.**

(Central Europe, Scandinavia, Canada) generally have the strongest economies, while nations with less equality (South and Central America, Asia, Africa) tend to have weaker economies.[8] The glaring exception is the United States, which despite its traditionally strong economy, exhibits income inequality similar to that of a Third World country. And U.S. inequality has increased markedly in recent decades.

According to *News Batch*, "The index reflects the rather dramatic increase in the inequality during the past 25 years. . . . What is truly remarkable is that this change has occurred at a time when overall economic growth has been unprecedented. In real dollars, the GDP has tripled since 1960 but wage increases have been stagnant, . . . The income level of the upper 1% of families has almost tripled and only the income levels of the top 20% of families have significantly increased in the past two decades. Today, the top 20% receive over half the country's income and their share is growing."[9] Even though economic growth from 1983 to 2008 was exceptional, almost all the resulting

Many modern Americans would be surprised to learn that the definition of the American Dream is not "a mansion, a million dollars, and twenty milligrams of Ambien before bedtime." The dictionary defines it instead as a "social ideal that stresses egalitarianism and especially material prosperity."

wealth went to the economic elite. As they sought to invest their wealth in high-return ventures, they increasingly purchased highly leveraged and highly speculative financial instruments. In order to create these investment opportunities, the financial sector extended credit to many who were poor credit risks. The result is the disaster we are still trying to survive. And the trillions of dollars it took to bail out Wall Street and stave off total economic collapse merely added to the already immense debt burden that will sooner or later bring the corporate economy to its knees.[10]

The wealth imbalance directly and severely impacts individuals and families. For instance, 13.2 percent of U.S. citizens (39.8 million) now live in poverty;[11] half of American children live in households that will use food stamps before the children reach age 20;[12] in July 2008, more than 35.8 million Americans used food stamps;[13] in 2008, 49 million U.S. citizens (14.6 percent of households) struggled to put food on the table, and 16.7 million children didn't have enough to eat;[14] roughly 46.3 million Americans do not have health insurance;[15] about 700,000 U.S. citizens declare bankruptcy every year because of medical expenses;[16] and 22,000 Americans die each year of treatable diseases because they lack insurance and can't afford a doctor.[17] These are results one would expect from such a marked wealth imbalance. But my point here is that there is also an unexpected result; over the long haul, wealth inequality creates an inherently unsustainable economy. The preceding evaluation of our economic troubles is admittedly brief, but it may nevertheless have some relevance to the Lord's insistence that we seek to establish economic equality.

## WIDESPREAD, LIMITED OWNERSHIP

WERE WE TO become serious about restructuring our errant economic system and equalizing wealth, we could go about it in two very different ways. The first would be to redistribute significant amounts of income through taxation and entitlement programs. We are all familiar with this method and its inherent weaknesses, which include breeding a spirit of dependence among the recipients of redistribution, generating resentment among those being taxed, and creating a cumbersome and flawed tax code that will always be subject to manipulation by the wealthy. Because of a half-century of tax cuts, U.S. citizens, particularly the wealthy, have come to expect low tax rates. Indeed, most Americans today would be shocked to learn that the top marginal tax rate in 1953 under Republican President Dwight D. Eisenhower was 92 percent (on any income over $400,000); it then dropped to 91 percent for the rest of his presidency. This tax rate did not change until 1964 when Democratic President Lyndon Johnson signed into law a 20 percent tax cut proposed by President Kennedy a few months before his assassination. The top rate hovered near 70 percent (with an income threshold of $200,000) until Reagan's initiatives dropped it to 50 percent in 1982 (also lowering the corresponding income threshold to $85,600). under Reagan, Congress again cut the top marginal tax rate in 1988, this time to 28 percent, and lowered the income threshold to $29,750.[18]

The high marginal tax rates following World War II helped pay off war debts, rebuild Europe, establish the American middle class, and create greater economic equality; but as mentioned, taxation and redistribution produce imperfect results and cause a variety of societal problems. So, if redistributing income, which is only the *fruit* of productive endeavor, is a flawed approach, what other option do we have?

The alternative is to redistribute ownership, the *source* of productive endeavor. This is economic heresy in today's corporate capitalist economy, but it is not so un-American as we might assume. Historian Paul Johnson points out that the Declaration of Independence "laid down what no other political document in the whole of history had yet claimed, that men were 'endowed by their Creator' with the right not only to 'Life' and 'Liberty' but the pursuit of Happiness. By this last, what the Founding Fathers had in mind was the acquisition of property, which they saw as the precondition of human felicity. Without widely dispersed property, true individual independence, and so a sound Republic, was impossible."[19] Limited, widespread ownership is not a new idea. Thomas Paine, for instance, declared, perhaps naively, that "commerce is capable of taking care of itself,"[20] but he also condemned "all accumulation . . . of property, beyond what a man's own hands produce."[21] This idea of limited, universal ownership persisted well into the nineteenth century. A mid-century labor leader named Robert MacFarlane declared that "small but universal ownership" was the "true foundation of a stable and firm republic."[22] During this era, it was generally agreed that freedom could not thrive in a nation of hirelings.

But a nation of hirelings is exactly what we have become. This is a second, and particularly ironic, internal conflict within corporate capitalism. William Greider identifies one fundamental element of freedom that the free market does not disperse very broadly: capital. "The problem," says Greider, "is not that capital is privately owned, as Marx supposed. The problem is that most people don't own any."[23] One might wonder how we can even call a system capitalism when only a small minority of the population can be considered capitalists.[24] The cause of this disparity in ownership is inseparably connected with certain developments that accompanied the Industrial Revolution, primarily the rise of the modern corporation.

The Revolutionary War liberated the colonists not just from the British monarchy but also from the oppression of British corporations. Consequently, citizens of the new United States and their elected leaders were justifiably suspicious of corporations. In 1816, Thomas Jefferson expressed this distrust: "I hope we shall . . . crush in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country."[25]

For many years, government chartered these businesses cautiously and kept them on a very short leash, dissolving them if they violated the restrictions specified in their charters. Unfortunately, this sense of caution did not last. According to Kalle Lasn, the Civil War was a great turning point in American economic history. "Corporations made huge profits from procurement contracts and took advantage of the disorder and corruption of the times to buy legislatures, judges and even presidents. Corporations became the masters and keepers of business."[26]

President Lincoln foresaw the likely consequence of this development. In a letter written on 21 November 1864 to Colonel William F. Elkins, Lincoln expressed his dismay: "I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. . . . Corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war."[27]

"President Lincoln's warning went unheeded," says Lasn. "Corporations continued to gain power and influence. They had the laws governing their creation amended. State charters could no longer be revoked. Corporate profits could no longer be limited. Corporate economic activity could be restrained only by the courts, and in hundreds of cases judges granted corporations minor legal victories, conceding rights and privileges they did not have before."[28]

A watershed year for corporate rights was 1886, when the Supreme Court decision in *Santa Clara County v. Southern Pacific Railroad* (a simple property tax dispute) established a rather amazing legal fact: corporations are actually "persons" and are therefore protected under the Fourteenth Amendment. The difference, of course, between corporate "persons" and human persons is that human persons generally don't have the financial means to exert the same social, economic, political, and even moral influence that corporations do. We now live in a very different sort of society than even the one Abraham Lincoln feared.

Although nothing in the law requires a corporation to adopt a particular model of ownership, in most instances the corporate form of business takes on an authoritarian structure with distinct boundaries separating the owners and managers of capital from the workers who create the products but who are also regarded as a cost to minimize.

Huge corporations, says historian and social critic Christopher Lasch, as well as the wage system and a more and more intricate subdivision of labor, made it pointless to restore the independence of individual proprietorship. Instead of giving the wage earner a piece of the action (meaning capital), "enlightened social policy" aimed instead to make his job secure, his working conditions tolerable, and his wages equitable. "Hardly anyone asked any more whether freedom was consistent with hired labor. People groped instead, in effect, for a moral and social equivalent of the widespread property ownership once considered indispensable to the success of democracy." But redistributing income, guaranteeing job security, and turning the working classes into consumers are nothing more than pale substitutes for ownership of capital; for none of these strategies produces "the kind of active, enterprising citizenry envisioned by nineteenth-century democrats."[29]

This idea of widespread, limited ownership was also at the heart of the many utopian and communitarian experiments of the nineteenth century, including the failed attempts Joseph Smith and Brigham Young orchestrated among the Mormons. Indeed, our communitarian past makes the current dedication of Latter-day Saints to conservative economics that much more mystifying.

Many modern Americans would be surprised to learn that the definition of the American Dream is not "a mansion, a million dollars, and twenty milligrams of Ambien before bedtime." The dictionary defines it instead as a "social ideal that stresses egalitarianism and especially material prosperity."[30] Yes, interestingly, one of our central social ideals combines the notions of prosperity and equality, suggesting that they are not incompatible after all.

We live in a democratic republic, which, while imperfect, is better than any other political system humankind has yet devised. Within this democratic republic, we enjoy a wide variety of freedoms as well as having a voice in electing our governmental representatives. This is a right our forebears and many other oppressed peoples around the globe have been willing to fight for. Does it not seem odd, then, that we so willingly embrace economic authoritarianism? This mindset represents a third internal conflict within our system of corporate capitalism. Anyone who has worked as an employee in a corporation, or even in a limited partnership or a small business, has firsthand experience not with what could be termed an economic democratic republic but with an authoritarian organization.

A fundamental philosophical incongruity separates our nation's founding principles from the economic tenets that govern corporate capitalism. This disparity would be of little consequence were its impact limited to the esoteric arguments of scholars. Unfortunately, this is not the case. The incompatibility between our political ideals and our economic realities affects each of us at a very personal level. Indeed, the authoritarian nature of our economic institutions effectively prevents most U.S. citizens from achieving their innate potential as they seek a fulfilling life, an equal share of liberty within the shelter of democracy, and a true and independent sense of happiness. A sobering corollary to this reality is that these authoritarian economic institutions are also permitted to exert so much political influence that for most individual citizens the constitutional ideal of equal participation in the democratic republic is a pipe dream at best.

**The problem with the easy economic choice most people see—between corporate capitalism and communism—is that it does indeed distract us from a third alternative.**

Some may choose to discount this argument, insisting that most workers prefer to be employed from eight to five each workday by someone else and are fully satisfied with their work. This argument, however, runs counter to both common sense about human nature and recurring research. A worker survey published in 2010 by the Conference Board, for instance, found that "only 45 percent of those surveyed say they are satisfied with their jobs, down from 61.1 percent in 1987." Even though 10 percent of American workers were unemployed at the time of the survey, "their working compatriots of all ages and incomes continue to grow increasingly unhappy," says

Lynn Franco, director of the Consumer Research Center of the Conference Board. "Through both economic boom and bust during the past two decades, our job satisfaction numbers have shown a consistent downward trend." The survey reveals that the drop in job satisfaction between 1987 and 2009 covered all categories measured.[31] Apparently, spending forty hours or more each week performing tasks someone else requires of us is not so enjoyable to most of us—especially when we are paid as little as possible while those who own our time and productive output live in increasing relative opulence.

A popular argument in favor of our current form of capitalism is that it works in tandem with the "free market," in contrast to the command economies of communism. But the free-market system is misnamed, as is free enterprise. In the free market, freedom exists only between businesses, not within them. And free enterprise is not the same as what Gifford and Elizabeth Pinchot have called "free intraprise." Of course, even between businesses, the free market itself is a misnomer, because in a world of mammoth corporations, the exchange of goods and services in the marketplace is anything but free. Not only do individual consumers have very little bargaining power in their relationship with corporations, but a careful examination of corporate behavior shows that these large institutions do not actually favor unfettered competition in a free market. As David Barash explained, they prefer the current corporate welfare system, with its bailouts, special benefits, tax breaks, and behind-closed-doors deal making for government contracts. The only competition corporations really desire is competition among the wage earners, because this sort of competition results in lower wages and a more submissive workforce.[32]

Unlimited ownership of capital is based on flawed reasoning anyway. The rule most capitalist businesses have always followed is that the entire harvest of profit should go exclusively to those who supplied the seed. But what about those who planted, weeded, watered, cultivated, nurtured, harvested, packaged, and delivered the produce? In reality, pragmatic concerns may soon make the legal and ethical questions irrelevant. If we continue down the corporate path to inequality, we will find ourselves in a land of shrinking employment opportunities and declining real wages for an increasing number of workers, as well as deteriorating public services for everyone. If we truly wish to solve our economic problems, we must reshape the system so that it creates greater economic equality, and the most sensible method of doing this is to share ownership of capital with those who through their efforts actually help create it.

## A THIRD ALTERNATIVE

HUGH NIBLEY EXPOSED a fallacy in the two-dimensional thinking most people employ—which is also one of Lucifer's most common ploys. Said Nibley:

> When I find myself called upon to stand up and be counted, to declare myself on one side or the other, which do I prefer—gin or rum, cigarettes or cigars, tea or coffee, heroin or LSD, the Red Rose or the White, Shiz or Coriantumr, wicked Nephites or wicked Lamanites, Whigs or Tories, Catholic or Protestant, Republican or Democrat, black power or white power, land pirates or sea pirates, commissars or corporations, capitalism or communism? The devilish neatness and simplicity of the thing is the easy illusion that I am choosing between good and evil, when in reality two or more evils by their rivalry distract my attention from the real issue.[33]

The problem with the easy economic choice most people see—between corporate capitalism and communism—is that it does indeed distract us from a third alternative that is more consistent with scripture and with our American social and political ideals than either of these two corrupt systems, both of which are authoritarian in their economic practices and both of which concentrate capital in the hands of people who do not do the productive work or create the product. Plainly stated, the only way people can experience freedom and representative democracy in all facets of their lives is by possessing a share of ownership in their places of work and having a voice in the decision making, including the opportunity to choose their organizational leaders.

Ownership of capital is the central factor that defines and differentiates economic systems. Under communism, ownership supposedly resides in the hands of the people as a whole, but in practice the Party elite control capital. Corporate capitalism also concentrates ownership in the hands of a small but elite group. The law of consecration, however, offers a very different ownership model. Granted, we cannot resurrect the United Order without divine direction, and we certainly cannot expect the entire U.S. population to embrace the law of consecration, but perhaps we can find viable principles in the Lord's revelations to guide us in reforming our economic system.

A thorough analysis of the law of consecration as applied under Joseph Smith and Brigham Young is beyond the scope of this article, but such an examination can be found in *Working toward Zion: Principles of the United Order for the Modern World*, by James Lucas and Warner Woodworth. After outlining the history of the United Order, Woodworth and Lucas suggest ways in which we might apply principles of the Lord's economy in our modern organizational world. They conclude that worker-owned businesses or cooperatives are the form of enterprise most consistent with the principles the Lord has revealed.

In short, if workers own their time, effort, and product, they will not pay themselves as little as possible. They will pay themselves as much as possible with a sense of equity absent from typical corporate pay structures. They will not

# The Mondragon Cooperative Experience

A COMMON REACTION to the possibility of worker ownership on a large scale is to dismiss it as pie-in-the-sky idealism, something that could never work in the real world, especially in the rough-and-tumble, high-tech global economy of the twenty-first century. If this is your reaction, I invite you to take a half-hour tour of the Mondragon website (*http://www.mondragon-corporation.com/ENG.aspx*). What you will find is a $45 billion (€33.5 billion) organization that is the seventh-largest business group in Spain, with annual revenues of nearly $23 billion (€17 billion) and a workforce of 93,000. You will also find a group of people who are very conscious of the unorthodox principles that guide their success.

*Don José María Arizmendiarrieta, founder of the Mondragon Cooperative.*

The Mondragon cooperatives' product line is diverse, encompassing such goods as domestic appliances, office furniture, home furnishings, sports and fitness equipment, machine tools, automobile parts, automation systems, and electrical transformers. Mondragon is involved in the construction of large buildings and major infrastructure projects; operates 2,600 retail outlets, including hypermarkets, supermarkets, and specialty stores; manufactures complete installations for the hotel and catering sector; manages its own financial group, embracing three specific activities: banking, social welfare, and insurance; sponsors a university and several training and research centers; provides consulting services for civil, urban development, industrial, and environmental engineering; and offers a state-of-the-art language service. The Mondragon group of businesses is an impressive and vibrant operation, built upon the foundation of worker ownership and participative management.

All this began in 1943, when José María Arizmendiarrieta, a Catholic priest assigned to Mondragón in 1941, established a polytechnic school in the town. On 14 April 1956 (which, by coincidence, also happens to be the day I was born), five graduates set up the first cooperative, based on Father Arizmendi's economic principles, and soon began producing petrol-based heaters and cookers. As the cooperative grew and members developed ideas for additional products, new cooperatives were spun off and ventures were started in numerous industries, until there are now 256 separate companies under the Mondragon Corporation umbrella. Because of rapid expansion outside the Basque Country of Spain in recent years, only half of the companies are currently cooperatives and roughly a third of the workers are cooperative members. This is because capital can move from place to place with ease; not so cooperative workers. A core of workers who understand cooperative culture and principles is required for this form of organization to take root in a new area. In the short term, then, the umbrella organization has opted to create formulas that facilitate worker participation in the ownership and management of the companies in which they work. Eventually, these companies will become cooperatives. In fact, the Mondragon business group estimates that in three years, 75 percent of its workers will be cooperative members.

In the early years of the Mondragon cooperatives, the pay ratio of the highest-paid worker to the lowest was 3 to 1. To account for income tax changes, this was later increased to 4.5 to 1. In the 1990s, after the creation of the Mondragon Corporation and due to the growing complexity of the organization and the day-to-day activities of the cooperatives, a salary ratio of 6 to 1 was implemented, reaching 8 to 1 for certain exceptional top-level managers. Job security is a high priority, and Mondragon offers better retirement conditions than most other businesses do. It also distributes a portion of its profit annually to all members, although most is reinvested to strengthen the cooperatives and ensure a secure future for the worker-owners. Because of these principles, the Alto Deba region (where most of Mondragon's cooperative businesses are located) is ranked highest in Spain for both per capita income and equitable wealth distribution.

When asked if they consider cooperativism to be an alternative to the capitalist production system, the Mondragon response is typically practical: "We have no pretensions in this area. We simply believe that we have developed a way of making companies more human and participatory. It is an approach that, furthermore, fits in well with the latest and most advanced management models, which tend to place more value on workers themselves as the principal asset and source of competitive advantage of modern companies."

fire themselves or move production to a low-wage country or eliminate their own health insurance and other benefits. If more people receive a direct share of the profits instead of a marginal wage, they will have more disposable income to spend on the products generated in the marketplace. Conversely, if fewer people are reaping exorbitant profits from the labor of others (what Gandhi would label “wealth without work”), then there will be less excess capital to invest in unneeded productive capacity or speculative financial instruments. Overcapacity will correct itself, as will the exaggerated economic growth that multinationals require to reap the unrealistic rates of return demanded by out-of-touch financial markets.

Interestingly, even though there are only 300 worker-owned cooperatives with a total of 3,500 worker-owners in the United States,[34] a variety of religious and secular perspectives have promoted this very economic form for many reasons. From a historical and social angle, Christopher Lasch argues for worker ownership’s being consistent with capitalism as Adam Smith and other early economic thinkers conceived it. In his economic treatise *Adam Smith’s Mistake: How a Moral Philosopher Invented Economics and Ended Morality*, Kenneth Lux arrives at a similar conclusion. So does William Greider in his examination of the global economy, *One World, Ready or Not: The Manic Logic of Global Capitalism*, where he attempts to prescribe a cure for what he sees as the inevitable shortcomings of globalism. In his tour de force *When Corporations Rule the World* and his more recent *Agenda for a New Economy*, David Korten argues persuasively for worker-owned businesses. Although farmer cooperatives are not an exact parallel to worker-owned enterprises, there are overlaps, and Ezra Taft Benson, as U.S. Secretary of Agriculture, promoted farmer cooperatives as an alternative to the government subsidies, price supports, acreage allotments, and overproduction that prevailed in the United States during his years in Washington.[35]

In 1941, when Catholic priest José María Arizmendiarrieta arrived in the town of Mondragón in the Basque Country of Spain, the region was suffering from mass unemployment in the wake of the Spanish Civil War. Drawing on his studies in Catholic social doctrine, Father Arizmendi determined to focus his energies on economic development. He settled upon a system of worker cooperatives. The area surrounding Mondragón has since become one of the most vibrant regions in the Spanish economy. (See sidebar on page 44.) These cooperatives have been studied for decades now and provide ample proof that worker ownership is indeed a viable economic model on a small or a large scale.[36] As a Latter-day Saint, I cannot help thinking it is ironic that such an economic success story came through the inspiration of a Catholic priest and not an LDS bishop or stake president or apostle. Trapped by a narrow, two-dimensional view of economics, Mormons have positioned themselves among the world’s most ardent supporters of corporate capitalism, a system that works at cross-purposes with virtually every economic principle outlined in the Doctrine and Covenants, most particularly the ideal of economic equality.

## WHAT WE CAN DO NOW

AROUND THE TURN of the twentieth century, Latter-day Saints formally abandoned not just polygamy and theocracy but also their last attempts at communitarian economics. Admittedly, many of these communitarian efforts had limited success at establishing economic equality,[37] but they at least represented an official attempt to implement principles the Lord had given in revelations to Joseph Smith. With the abandonment of the various United Orders, however, the Saints came to discard also the ideals that drove the communitarian effort.

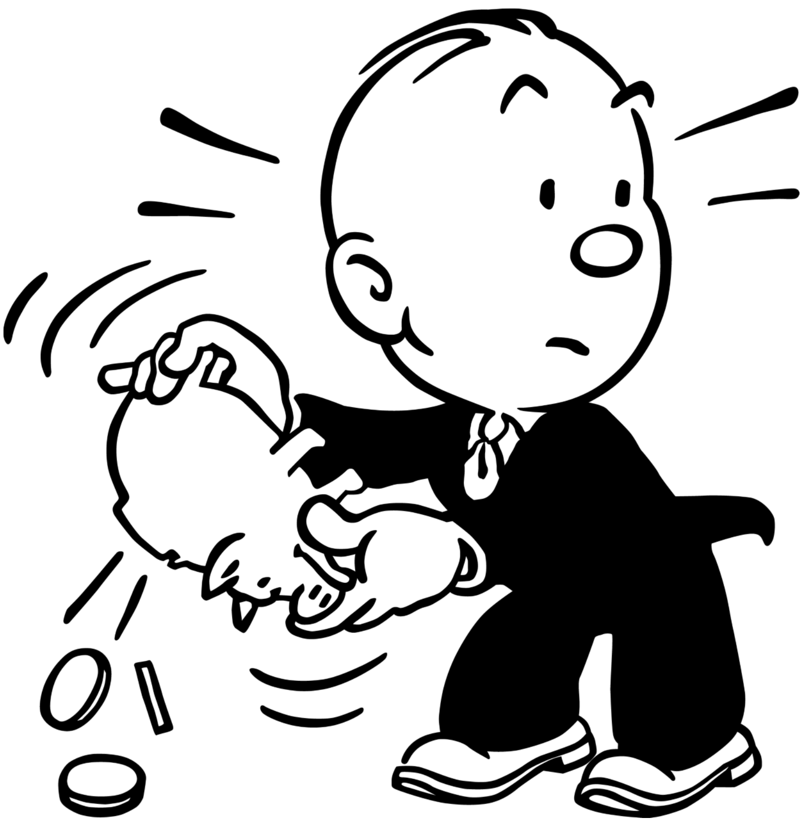
Perhaps, however, the day has come for Latter-day Saints to look to their collective past for solutions to the economy’s present predicament. There are many reasons to do so—among them the Lord’s stated desires for economic equality, the ever-advancing inequality in the United States today, the negative consequences of this inequality, and the need to prepare ourselves for the Lord’s eventual Second Coming, which will usher in a thousand-year epoch that will undoubtedly feature a different sort of economy than our current arrangement. The sorry state of the U.S. economy is an obvious sign that Mormons need to begin questioning their support of the corporate system of concentrated, limitless ownership and seek instead paths to greater economic equality.

Some Latter-day Saints have argued that since a key principle of the law of consecration is that it is voluntary, it would be inappropriate for government to take and redistribute capital. This would be stealing. But this argument ignores both Alma’s command to his people to redistribute their property and the fact that even in Zion there will be a government, a government that will require economic equality of all those who desire the benefits of living within the system. Justification for creating a more equitable economic order in the United States can follow a similar line of reasoning, particularly if our national well-being is dependent on leveling the economic playing field. But for those who still insist this is stealing, we might well ask who is really stealing from whom and what we must do to rectify this injustice. As Michael Ventura puts it:

> As a worker, I am not an “operating cost.” I am how the job gets done. I am the job. I am the company. . . . I’m willing to take my lumps in a world in which little is certain, but I deserve a say. Not just some cosmetic “input,” but significant power in good times or bad. A place at the table where the decisions are made. Nothing less is fair. So nothing less is moral. . . . It takes more than investment and management to make a company live. It takes the

> labor, skill, and talent of the people who do the company's work. Isn't that an investment? Doesn't it deserve a fair return, a voice, a share of the power? . . . If the people who do the work don't own some part of the product, and don't have any power over what happens to their enterprise—they are being robbed. You are being robbed. And don't think for a minute that those who are robbing you don't know they are robbing you. They know how much they get from you and how little they give back. They are thieves. They are stealing your life.[38]

The corporate system of ownership is a strange thing indeed and is a remnant from our aristocratic past. We speak of stock market transactions as investing, but Marjorie Kelly reminds us that "there is only the smallest bit of direct investment in companies going on. What is at work is speculation, the trading of shares from one speculator to another. Another word for it is gambling."[39] In reality, most companies have not sold any new common stock for decades, and new stock offerings in the market are generally exceeded by the amount of stock corporations buy back and retire. In this sense, as Ralph Estes observes, the stock market works very much like the used car market.[40] When you buy a used Ford Taurus, none of the money goes to Ford. Similarly, when you buy Ford stock on the New York Stock Exchange, that money does not change Ford's balance sheet by so much as a penny.



But the stock market is very different from the used car market in a crucial way. Because a company's workers are both ingenious and productive, the value of the company generally increases over time, whereas the value of a used car decreases. The effect this produces is that a company's initial stock offering usually represents a very small fraction of a company's current worth. But that enormous increase in value was not created either by those who purchased the stock initially or by those who acquired it later on the stock exchange. It was created by the productivity of the workers. And yet, the corporation's number one priority is to maximize shareholder wealth, not employee wealth. Thus, people who have nothing to do with the day-to-day operations of the business, and who didn't even provide capital directly to the business, are the ultimate insiders, while the workers, who are there every day creating the wealth, are not even corporate citizens (citizens have a vote); they are subjects or even commodities, a cost to be minimized. They are treated as outsiders. This doesn't make any sense, but it's the way we have traditionally done things in the corporate world. In fact, if workers in a corporation increase their wealth (their pay), this is viewed by the corporation not as a success but as a failure. Success occurs only when *shareholder* wealth increases.[41]

**The sorry state of the U.S. economy is a fairly obvious sign that Mormons need to begin questioning their support of the corporate system of concentrated, limitless ownership and seek instead possible paths to greater economic equality.**

Conventional reasoning about capital distribution ignores the fact that corporations are not only chartered by government, but also that they were originally established to serve public purposes. They were originally tightly regulated for the same reason. Businesses exist at the pleasure of the people. Even a sole proprietorship must file for a business license with government before it can legally engage in commerce. It is certainly within the rights of the people and their representatives in government to regulate business, including, I would argue, more carefully defining ownership requirements and reversing faulty legislation and judicial blunders.

Even though the debate over who ought to own corporate assets and products is both contentious and legally labyrinthine, capital redistribution doesn't need to involve what Greider calls "the expropriation of anyone's existing wealth." He points out a fundamental paradox of capitalism: "People do not usually get rich by saving money but by borrowing it. . . . The problem, in other words, is not debt *per se*, as people are led to suppose. After all, the capitalist process relies on debt, continuous lending and borrowing for its creativity and progress. The problem is that most people cannot get into debt—not the kind of debt that will enable them to become capital owners."[42] While consumer debt is a drag on the economy, debt that facilitates capital ownership has the opposite effect. Greider proposes a solution that investment banker Louis O. Kelso conceived more than fifty years ago: the employee stock ownership plan, or ESOP. Kelso's financial innovation enabled ordinary workers to borrow money to buy stock shares in the companies where they worked, using the companies' productive assets as collateral. As stock owners, they received dividends and could use their share of the profits to pay off the loans. This arrangement may sound vaguely familiar because it is the same principle corporate raiders employ to orchestrate leveraged buyouts (LBOs), a financial strategy used and often abused during the 1980s.

Moving from our current system of ownership to a more equitable system ought not to happen abruptly, barring some drastic crisis, but government at both the state and federal levels can do much to begin the necessary transformation. For instance, by increasing taxes on traditional corporations and other businesses owned by one person or a closed group, and by simultaneously offering tax breaks to worker-owned businesses, government can create attractive incentives for businesses to begin this shift willingly and immediately. Government should also move toward reinstating a top marginal tax rate of at least 90 percent to prevent the continued accumulation of wealth in a small minority of hands and to help pay down the immense national debt we have accumulated over the years.

Latter-day Saints can promote such changes by first rethinking their political ideology. But perhaps the most important step Latter-day Saints could take would be for those among us who own or manage corporations and other businesses to lead out in the transition to a new sort of economy by sharing ownership with their employees, which might include using profits to buy back stock from absentee owners (another topic altogether) and offer it through compensation programs to workers within the business.

A detailed description of how worker-owned businesses should be structured is beyond the scope of this article, but I will offer a few general guidelines.[43] Some economic thinkers, including Indian philosopher Prabhat Ranjan Sarkar, have proposed a three-tiered economy.[44] Following is a simplified outline of such a system.

- The first level would consist of small enterprises that produce mainly nonessential goods and services and perhaps a few essentials. These enterprises would generally have a single founder or a few partners, who would welcome on board new associates and offer them a share of ownership. These organizations could operate as small democracies.

- The second level of economic activity would consist of larger enterprises owned collectively by the workers. No shares of ownership would be held by absentee stockholders. This level would encompass the bulk of what we now call corporate America. Whereas level-one businesses could operate quite easily as true democracies, level-two enterprises would generally be too large for this. These organizations would have a republican form of leadership, patterned after our political system, in which workers would be able to elect the leaders.

- The third level would consist of basic industries that benefit everyone in the community, such as transportation, communication, education, defense, health care, sanitation, and utilities. These industries are too large to be managed effectively as cooperatives and too important to be driven by the profit motive. Of necessity, many of them must be monopolies. They must therefore exist in the public realm. Public boards or local governments would be the logical bodies to manage most of these entities, and they would be supported by taxation.

- Equality in most worker-owned businesses would need to be carefully defined. Since it would not be just to give an eighteen-year-old high-school graduate an ownership share equal to that of a Ph.D. in mechanical engineering and thirty years experience, the ownership equation would need to incorporate such factors as age, experience, education, seniority, and financial investment. But the differential between the workers with the largest and smallest portion of ownership would be dictated by a factor of, say, five to ten, rather than what we see in today's corporate world, where owners and professional executives earn hundreds of times as much as some of their employees.

- Economic enterprises should be free to hire some workers part time (because some people do not desire or cannot manage full-time work) or to create an apprenticeship program in which new workers can be trained and carefully evaluated before being given full ownership rights and responsibilities.

These and other parameters for an economy based on worker ownership would have to be thoroughly weighed and discussed in public forums before being implemented. But regardless of how change begins, common sense suggests it should occur gradually—unless, of course, the current system collapses and we are forced to deal with a different set of realities.

## THE ECONOMICS OF BABYLON

WHY SHOULD WE even consider the possibility that the current system might fail? Aside from the suffocating quantities of debt our inequality has generated, 2008 brought the distinct possibility of "sudden death by derivative." The world economy came closer to collapse than most people realize. And we have not corrected the systemic flaws that pushed us to the precipice. According to figures published by the only institution that tracks the derivatives market (the Bank of International Settlements), the size of that market—consisting of both over-the-counter and exchange-traded derivatives—exceeded $1.1 quadrillion in July 2008.[45] Yes, quadrillion. "By contrast, the value of the world's financial assets—including all stock, bonds, and bank deposits—was pegged at $167 trillion" in 2007.[46] In other words, the derivatives market was almost seven times as large as the world's combined financial assets. To put this in another context, world gross domestic product in 2008 was just over $61 trillion. The derivatives market, then, was eighteen times as large as the total of all goods and services produced in the world in 2008. But these financial instruments are not like stocks or bonds, and they certainly have little similarity to bank deposits. Even though David Korten has labeled them "phantom wealth," they are massive in quantity and frightening in their destructive potential.

The derivatives market is something akin to a global casino. It consists of bets financial speculators place in hope of winning the jackpot. These "investors" can bet on anything from the future price of crude oil to the financial solvency of the Port Authority of New York and New Jersey. Derivatives also include insurance contracts on regular financial instruments such as corporate bonds. The problem with derivatives is that they are highly leveraged, meaning that a small foundation of real assets supports an immense tower of speculation. This is the bubble that almost popped in 2008. In March of that year, Bear Stearns, with derivatives valued at $13.4 trillion (larger than the U.S. national income), almost failed. Because the financial sector is so interlinked, this would have caused a complete systemic collapse. Disaster was averted because the Fed allowed J.P. Morgan to add the endangered Bear Stearns derivatives to its own $77 trillion portfolio.[47] Then, in September 2008, AIG and its derivatives—called credit default swaps—almost sank the whole financial sector.[48]

**If our current economic system collapses under the weight of its own excesses and imbalances and its merchants can no longer sell their wares, will the Saints be ready, or will we still be supporting Babylonian economics?**

Investment sage Warren Buffett had good reason to call derivatives "financial weapons of mass destruction."[49] "We view them as time bombs," he wrote, "both for the parties that deal in them and the economic system."[50] This was five years before the 2008 meltdown, which would have been catastrophic without government intervention. But the derivative bubble still exists, and even if Congress enacts financial reform, the market will still be largely unregulated and highly leveraged.

A more cryptic reason to consider the possibility of economic collapse is that we believe in scriptural prophecy. We read in the Revelation of St. John the Divine about a day when Babylon the Great will fall—a day when "the merchants of the earth shall weep and mourn over her; for no man buyeth their merchandise any more" (Revelation 18:11). What could cause the merchants of the earth to marvel and say, "In one hour so great riches is come to nought" (Revelation 18:17)? What event could create circumstances in which merchants would suddenly no longer be able to sell their wares and shipmasters would mourn because the source of their wealth is suddenly destroyed? If this question brings to your mind thoughts of global financial and economic collapse, who am I to argue with you?

If Babylon the Great is not global corporate capitalism, then the global economy is certainly the central nervous system of Babylon. As Hugh Nibley repeatedly insisted, Babylon is the opposite of Zion in every way. Thus, if Zion is a society in which there are no rich or poor, then Babylon is a society with extreme forms of wealth inequality. From scripture we know this: Babylon will fall, and Zion will rise. In other words, all systems of wealth inequality are doomed, including corporate capitalism.

So, the question we ought to consider is this: If our current economic system collapses under the weight of its own excesses and imbalances and its merchants can no longer sell their wares, will the Saints be ready, or will we still be supporting Babylonian economics? Perhaps we should consider the thoughts of Brigham Young, the last prophet to make an earnest attempt at establishing economic equality among the Saints:

> We have a great work before us; and that portion of it we are now trying to inaugurate is not new. The doctrine of uniting together in our temporal labors, and all working for the good of all is from the beginning, from everlasting, and it will be for ever and ever. No one supposes for one moment that in heaven the angels are speculating, that they are building railroads and factories, taking advantage of another, gathering up the substance there is in heaven to aggrandize themselves, and that they live on the same principle that we are in the habit of doing. No Christian, no sectarian Christian, in the world believes this; they believe that the inhabitants of heaven live as a family, . . . and [are] willing to do whatever is required of them and to work for the interest of the whole community, for the good of all. We all believe this, and suppose we go to work and imitate them as far as we can.[51]
>
> I have looked upon the community of the Latter-day Saints in vision and beheld them organized as one great family of heaven, each person performing his several duties in his line of industry, working for the good of the whole more than for individual aggrandizement; and in this I have beheld the most beautiful order that the mind of man can contemplate, and the grandest results for the upbuilding of the kingdom of God and the spread of righteousness upon the earth. Will this people ever come to this order of things? Are they now prepared to live according to that patriarchal order that will be organized among the true and faithful before God receives His own? We all concede the point that when this mortality falls off, and with it its cares, anxieties, love of self, love of wealth, and love of power, and all the conflicting interests which pertain to this flesh, that then, when our spirits have returned to God who gave them, we will be subject to every requirement that He may make of us, that we shall then live together as one great family; our interest will be a general, a common interest. Why can we not so live in this world?[52]

## NOTES

1. Scott Taylor, "Mormon Faithful Most Conservative Religious Group in U.S., Poll Finds," *Deseret News*, January 11, 2010, A1.
2. Although a corporation can be structured in a variety of ways, including some very positive ones that I will mention later in the article, I use the term corporate capitalism to describe the form of ownership that almost exclusively prevails in the global economy today: large commercial entities that are owned not by the workers but by either a small group of owners or a host of absentee owners. This separation of ownership and productive labor lies at the heart of the inequality that defines modern capitalism.
3. William Greider, *One World, Ready or Not: The Manic Logic of Global Capitalism* (New York: Simon & Schuster, 1997), 195.
4. Greider, *One World, Ready or Not*, 195.
5. Richard K. Green, "Don't Count on the Consumer to Revive Real Estate Soon," *USC Lusk Center for Real Estate*, http://blogs.usc.edu/lusk/2009/09/dont-count-on-the-consumer-to-revive-retail-real-estate-soon.html (accessed May 1, 2010).
6. Ivan Lee, "How Deep a Hole Has the U.S. Dug for Itself?" http://english.caijing.com.cn/2009-04-20/110149909.html (accessed May 1, 2010).
7. Reaganomics restored to prominence three incompatible conservative economic doctrines that had been discredited in the collapse of 1929. They were: monetarism (managing the economy by controlling the money supply), supply-side economics (reducing taxes on the wealthy so that they would invest in new production), and balancing the budget. William Greider sums up the theoretical incompatibilities as follows: "How could the supply-side tax cuts pump up economic growth if the monetarists' money policy was simultaneously retarding it? How could the Reagan program lead to a balanced budget if the tax cuts were at the same time increasing the deficits?" William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country* (New York: Touchstone, 1987), 366. Reagan's economic advisers were drawn from all three conservative schools of economic thought and argued intensely among themselves, prompting Fed vice chairman Fred Schultz to refer to the whole affair as "a zoo." Unfortunately, these conflicting theories, along with Reagan's inability to reduce government spending, transformed America from the world's largest creditor to the world's largest debtor, a legacy that still burdens us.
8. See comparative United Nations and CIA statistics at "List of Countries by Income Equality," http://en.wikipedia.org/wiki/List_of_countries_by_income_equality (accessed May 1, 2010).
9. "Economic Inequality," *News Batch*, http://www.newsbatch.com/econ.htm (accessed May 1, 2010).
10. Patrice Hill, "Bernanke Delivers Blunt Warning on U.S. Debt," *Washington Post*, February 25, 2010, http://www.washingtontimes.com/news/2010/feb/25/bernanke-delivers-warning-on-us-debt (accessed May 1, 2010).
11. Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2008," U.S. Census Bureau, September 2009, Table 4, p. 21.
12. Liz Szabo, "Study: Half of U.S. Kids Will Receive Food Stamps," *USA Today*, November 2, 2009, http://www.usatoday.com/news/health/2009-11-02-food-stamps_N.htm (accessed May 1, 2010).
13. Szabo, "Study: Half of U.S. Kids."
14. Henry C. Jackson, "USDA: Number of Americans Going Hungry Increases," *Salt Lake Tribune*, November 16, 2009, http://www.sltrib.com/

News/ci_13801071 (accessed May 1, 2010).

15. DeNavas-Walt, Proctor, and Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2008," Table 7, p. 28.

16. T. R. Reid, "No Country for Sick Men," *Newsweek*, September 12, 2009, http://www.newsweek.com/id/215290 (accessed May 1, 2010).

17. Reid, "No Country for Sick Men."

18. Top U.S. Marginal Income Tax Rates, 1913–2003, http://www.truthandpolitics.org/top-rates.php#fn-2 (accessed May 1, 2010). Although it is true that U.S. presidents do not have the ability to reduce tax rates—this power resides with the House of Representatives—they are generally given credit for them, since Congress usually acts on a president's economic initiatives. Hence we speak of Reagan's or Bush's tax cuts.

19. Paul Johnson, "An Awakened Conscience," *Forbes*, September 14, 1992, 183.

20. Thomas Paine, *The Political Writings of Thomas Paine* (Granville, Middletown, N.J.: George H. Evans, 1839), 398.

21. Moncure Daniel Conway, ed., *The Writings of Thomas Paine* (New York and London: G. P. Putnam's Sons, 1895), 3:340.

22. Christopher Lasch, *The True and Only Heaven: Progress and Its Critics* (New York: Norton, 1991), 205.

23. Greider, *One World*, 416.

24. The fact that I may own a little stock through a pension plan or mutual fund does not make me a capitalist. Being a capitalist has more to do with the control of capital.

25. Thomas Jefferson to George Logan, 1816, http://etext.virginia.edu/jefferson/quotations/jeff5.htm (accessed May 1, 2010).

26. William Kalle Lasn, "The Uncooling of America: The History of Corporations in the United States," http://www.thirdworldtraveler.com/Corporations/Hx_Corporations_US.html (accessed May 1, 2010); excerpted from Kalle Lasn, *Culture Jam: The Uncooling of America* (New York: William Morrow, 1999).

27. See Rick Crawford, "What Lincoln Foresaw: Corporations Being 'Enthroned' after the Civil War and Re-Writing the Laws Defining Their Existence," http://www.ratical.org/corporations/Lincoln.html (accessed May 1, 2010), emphasis added. Crawford gives as his source Archer H. Shaw, *The Lincoln Encyclopedia*, (New York: Macmillan, 1950), 40.

28. Lasn, "Uncooling."

29. Lasch, *The True and Only Heaven*, 207–8, 224–25.

30. *Webster's Ninth New Collegiate Dictionary* (Springfield, Mass.: Merriam-Webster, 1990).

31. "U.S. Job Satisfaction at Lowest Level in Two Decades," *The Conference Board*, January 5, 2010, http://www.conference-board.org/utilities/pressDetail.cfm?press_ID=3820 (accessed May 1, 2010).

32. David P. Barash, *The L Word: An Unapologetic, Thoroughly Biased, Long-Overdue Explication and Defense of Liberalism* (New York: Morrow, 1992), 176.

33. Hugh W. Nibley, *Approaching Zion* (Salt Lake City: Deseret Book; Provo, Utah: Foundation for Ancient Research and Mormon Studies, 1989), 163.

34. See "About Worker Cooperatives," *US Federation of Worker Cooperatives*, http://www.usworker.coop/aboutworkercoops (accessed May 1, 2010).

35. Gary James Bergera, "'Rising above Principle': Ezra Taft Benson as U.S. Secretary of Agriculture, 1953–61, Part 1," *Dialogue* 41, no. 3 (Fall 2008): 85–95.

36. For more specific information about the Mondragón cooperatives, see their website, http://www.mondragon-corporation.com/ENG.aspx. For an extended recounting of Father Arizmendi's arrival in Mondragón and the genesis of the cooperative movement he started, see Kenneth Lux, *Adam Smith's Mistake: How a Moral Philosopher Invented Economics and Ended Morality* (Boston: Shambhala, 1990), 169–90.

37. See, for instance, "The United Orders of Brigham City and Orderville: Opposite Ends of the Spectrum," Elkym's Weblog, http://elkym.wordpress.com/2009/04/22/the-united-orders-of-brigham-city-and-orderville-opposite-ends-of-the-spectrum (accessed May 1, 2010).

38. Michael Ventura, "Someone Is Stealing Your Life," *Utne Reader*, July/August 1991, 78, 80, reprinted from *L.A. Weekly*.

39. Marjorie Kelly, *The Divine Right of Capital: Dethroning the Corporate Aristocracy* (San Francisco: Berrett-Koehler, 2001), 33.

40. Estes, *Tyranny of the Bottom Line: Why Corporations Make Good People Do Bad Things* (San Francisco: Berrett-Koehler, 1996), 50.

41. Kelly, *The Divine Right of Capital*, 3.

42. Greider, One World, 418.

43. For a more detailed discussion of how we might transition from corporate capitalism to a system based on worker ownership, see my book *Economic Insanity: How Growth-Driven Capitalism Is Devouring the American Dream* (San Francisco: Berrett-Koehler, 1995).

44. For a more detailed discussion of Sarkar's ideas, see Michael Towsey, "The Three-Tier Enterprise System," in *Understanding Prout—Essays on Sustainability and Transformation*, Volume 1 (Australia: Proutist Universal Publications, 2009), http://www.pia.org.au/UnderstandingProut/Volume1/UP_v1_Essays.htm (accessed May 1, 2010).

45. Jutia Group, "Global Derivatives Market Now Valued at $1.14 Quadrillion!" *iStockAnalyst*, http://www.istockanalyst.com/article/viewarticle/articleid/2432853/ (accessed May 1, 2010).

46. Jacob Leibenluft, "$596 Trillion!" *Slate*, http://www.slate.com/id/2202263 (accessed May 1, 2010).

47. Jutia Group, "Global Derivatives Market."

48. If you're interested in learning more about how derivatives work and why they almost brought the house down, a good place to start is Adam Davidson, "How AIG Fell Apart," http://www.reuters.com/article/idUSMAR85972720080918 (accessed May 1, 2010).

49. Berkshire Hathaway Inc. 2002 Annual Report, 15.

50. "Introduction to Derivatives," Global Derivatives, http://www.global-derivatives.com/index.php?option=com_content&task=view&id=185 (accessed May 1, 2010).

51. Brigham Young, discourse given on June 28, 1874, in *Journal of Discourses*, 17:117–18.

52. Brigham Young, discourse given on January 12, 1868, in *Journal of Discourses*, 12:153.

# WAKING

*. . . step back,*
*Heave, and a light, a little light, will nimbus your*
*going forth.*

—Charles Wright
*Apologia Pro Vita Sua*

You're seeing the world with its sharp-angled
shadows, colorless, speaking in your sleep
like an inward prophet with the window-sill's
ashes in his hands. Only cold light weeps,
but the heart tries to swallow it, the stark
refractions, scrambled landscapes, the gleaming
beads of violet transcendence. What part
wakes in the actor's mask of your blinking

shutter? What part breathes the sky's
resuscitating
breath leaking through the blinds? The day itself,
a sacrament: the mundane as sacred
bread; and the opposite of fear pulsating,
moving you through the truth—that is held
like light in the center of your deep sleep.

—BARRY BALLARD