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Univerzitet u Beogradu – Fakultet političkih nauka

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Dušan Pavlović

SUKOBI. STABILNOST. DEMOKRATIJA?

Conflicts. Stability. Democracy?

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Worker Ownership and the Current Crisis

SUMMARY

How has the autonomy of ex-Yugoslavian workers changed throughout the 1990s transition? We argue that the transformation of a socialist workplace into an absentee-owned workplace is characterized by the loss of autonomy for its employees. Researchers studying social preferences of workers have confirmed the intuition and concluded that the employees of democratic companies show higher degrees of pro-social behavior. If the transition to the neoliberal capitalism is partly to be blamed for the current political situation in the Balkans, it seems sensible to think about the alternative ways of organizing a workplace. In this paper, we propose a 21st century employee ownership model which has been very successful in the USA. We explain how it can be implemented within the regional legislation and propose some political measures that would allow to spread employee ownership in the economy.

KEYWORDS: *Employee Stock Ownership Plans (ESOPs), neoliberal transition policies, disenfranchisement, youth out-migration, succession problems*

1. INTRODUCTION: THE NEOLIBERAL TRANSITION

The current situation in Europe, especially the SE and E Europe, is that of a rising and predominately right-wing populism. The far-right-wing family of political parties has been, for some years, the fastest growing set of political parties in Europe (Golder 2016). Their scapegoats are always a different group of individuals, these days, the blame is on the refugees. In this paper, we argue that to better understand the phenomenon in the general region of ex-Yugoslavian countries, we should also be looking at the post-socialist transition policies of the 1990s. State socialism had failed, and the West had triumphed. The people of the South-East have lost "the will to be different" and just wanted to be "like in the West." But the vision of "the West" was not a German social market economy or a Scandinavian social democracy; it was Wall Street capitalism with globalizing neoliberal economic policies (e.g., the Washington Consensus).

In addition to the neoliberal thrust of the international development organizations (IMF and World Bank) and bilateral aid agencies, there was the strong and specific vision of the emigres who left after state socialism was established in the 1940s and 1950s, and who then returned in the 1990s after having economically successful careers in the West. They expected to be received as returning heroes (they were against "communism" all along) and to be put into positions of power (they know how the Western system works). Moreover, they viewed all the accomplishments of the people under so-called communism as illegitimate. Hence their old family property, not matter how it had been developed in the intervening years, should be fully returned to them. The property rights (actual or de facto) that people had acquired under state socialism were illegitimate so they should be renationalized and redistributed in a proper way. Any other policy would just "reward" those who benefited under the state socialism. The proper way to redistribute any new property rights was determined by neoliberal economic theory; put the rights on the *market* so they will automatically find their highest valued uses.

With specific regional variations, this neoliberal vision was the controlling narrative for the post-socialist transition in Eastern and Southeastern European countries. There were alternative policies for the post-socialist transition. For instance, in Slovenia the employee-oriented privatization law was proposed under Jože Menciger, who was the Deputy Prime Minister for Economic Affairs and Minister of Economy at the time. The law would legally recognize the *de facto* property rights that ordinary people had acquired under state socialism to their places of work. The proposal suggested that the companies should be denationalized in a way that employees of these companies would receive shares through separate legal entities (i.e., trusts), so that the ownership would remain with the employees of a certain company at the any given time. In that manner, ordinary people would meet the market economy and private property system as something that empowered them with legally defensible property rights–rather than as something that took away even their *de facto* rights.

But the neoliberal ideology does not recognize any achievements of socialism and wanted to have all assets find their "highest valued use" on the new embryonic markets. By and large, the neoliberal policies were not followed concerning people's personal property or places of living; that would have led to open revolt. But places of work were different.

In the many voucher privatization programs in the region, the ownership shares in companies were put on the market like so many marbles rolling free on a tabletop. Then, to the "surprise" of neoliberal policy advisors, the marbles all rolled in the direction of whoever had the heaviest thumb on the table–and thus the oligarchs and tycoons became the "highest valued uses" for those assets. It later became clear that workers were often manipulated in selling the shares, either through soft methods of persuasion or through hard methods of threats and extortion, sometimes by the managerial class: "We can't afford to pay your full wages this month, but we have friends who will buy your shares for good prices." In many other post-socialist countries, the economic assets were directly transferred to the regime's cronies (often returned emigres) by a variety of schemes without bothering with the intermediate step of putting the marbles on the tabletop (i.e., putting the shares on the stock market).

Today, 'the chickens have come home to roost.' As consumers, people have enjoyed the flood of consumer goods (when they can afford them), but as producers, most of the people have been disenfranchised by the neoliberal privatization policies. Studies have recently found a strong relationship between the lack of individual autonomy, economic disempowerment, and precarity on one side, and the growing populism and xenophobic political discourse on another. It will become clear that this has a lot to do with how the economic institutions were organized in the post-transitional period. If the alienation from the workplace leads to a pathological pride in being a citizen of one's country or having a certain ethnicity in distinction to the foreigners, other ethnic groups, and immigrants, then a political program, which would encourage employee participation and ownership in the economy, might have an important impact on resisting fascistoid ideologies. In this paper, we will argue that the transition to economic democracy – employee ownership and workplace democracy – is the policy that would guarantee the democratic and liberal ideals necessary to fight off the current crisis. We will define the model that looks not into the Yugoslavian past but into the democratic future, and which suggests policies that might help to advance the employee ownership in the former Yugoslavian countries.

2. WORKPLACE ALIENATION AND THE CURRENT CRISIS

“Citizens who believe they are personally responsible for what happens in their lives, and by extension, capable of effecting change in society, should be less hostile towards immigrants.” (Harell, Soroka, and Iyengar 2017)

The rise of anti-immigrant sentiments and predominately right-wing populism is an empirical fact that calls for an explanation. The hypotheses in the literature most often focus on structural causes. Some argue that a sudden inflow of immigrants into a country may explain the anti-immigrant sentiments (Newman and Velez 2014), others claim that what matters is how traditional is multiculturalism in a given area (Kaufmann and Harris 2015). There are many who focus on economic factors like economic insecurity (Inglehart and Norris 2016), economic inequality (Han 2016), and unemployment (Georgiadou, Rori, and Roumanias 2018), yet others claim that cultural determinants are the most important in studying right-wing populism (Inglehart and Norris 2016).

A rich strain of literature tries to explain the phenomenon in the general Balkan region (Golder 2016; Messing and Ságvári 2018; Georgiadou, Rori, and Roumanias 2018; Bieber 2018). What emerges after the years of research seems to be a very complex exhibition of theoretical speculation. What is missing there is a causal mechanism that would link the structural factors with the individual choice of asocial political behavior. In a recent extensive study Harrel *et al.* (2017) exposed the psychological mechanism, which seems to connect the anti-immigrant sentiments with the beforementioned structural factors like economic inequality or unemployment. Their analysis found that individual’s perception and actualization of control over things in their own lives has a significant influence over the immigration sentiments. Most of the structural hypotheses are consistent with this observation – whenever people suffer from economic insecurity, high unemployment, low wages. When they perceive a sudden inflow of “foreign” culture that feels threatening beyond citizens’ control, it would be logically to infer that they feel they are losing autonomy, their ability to influence their lives and the environment around them.

Harrel *et al.* (2017) operate with the ‘locus of control’ (henceforth LOC), which has been devised in the sociological literature in the 60s. It was conceived as a predisposition to view one’s personal situation as either under one’s own control (internal) or beyond one’s control (external). They operationalized the concept by connecting it to people’s perception of their own circumstances: the LOC is high if respondents in the research felt their circumstances were internally driven, therefore within their control, and the LOC is low when they felt that their circumstances are externally driven, hence, out of their agency. The researchers found that people who view themselves to be in control are inclined to feel less threatened and more open to those who are different compared to the people with low degrees of LOC. They conclude that “[h]ostility toward immigration decreases when citizen (1) feel that they, and/

or their country, are more in control and (2) believe that potentially negative outcomes for immigrants are the product of external rather than internal forces." (Harell, Soroka, and Iyengar 2017, 11).

If we focus to the economic sphere the following question arises. What does it mean to have autonomy over the economic institutions, that is, the institutions of production? Casassas and De Whispelaere (2016) argue that the key problem behind the European democratic demise is the economic disenfranchisement of the general population in the winner-takes-all society. We should insist, they argue, on the core values of classical republicanism, which are that of a truly free person. This entails "the constitution of collective self-determination". In the very core of the collective self-determination, they continue, is *property*, which should be understood "as durable control over a set of material resources or assets that leverages one's freedom in economic exchanges by effectively securing a form of bargaining power vis-a'-vis other agents." (*ibid.,* 286) Indeed, property in the productive capital is ever more concentrated (Piketty 2014).

In a classical capitalist enterprise, where ownership is absent from the productive faculty, employees neither have a right to reap the fruits of their labor (they are 0 percent owners of the net revenues), neither have they any meaningful voice and control over the operations of the enterprise they work for. Recent research confirms that workers who enjoy higher degrees of autonomy in the workplace also show much higher degrees of tolerance for those, who are different. A meta-study covering over 60 previously conducted psychological studies of employees in worker-owned enterprises around the world finds out that genuinely democratic employee participation, which is "ongoing, broad-based and institutionalized" but not "ad hoc or occasional in nature", leads to "prosocial and civic behavioral orientations" of the employees (Weber, Unterrainer, and Höge 2019, 1). This would seem to confirm our intuition that employees in democratic workplaces have higher degrees of LOC, and hence higher degrees of tolerance, however further empirical work is necessary to confirm the hypothesis.

To localize the discussion, it would be necessary to consider how the ex-Yugoslavian citizens and workers, have lost the property rights and the control rights, and hence the autonomy over our economy and economic institutions. The answer at first sight is intuitive enough; in the years since the fall of Yugoslavia we have witnessed a rapid transition from socially owned and partially workers' managed economy to the economy, which is in the hands of external investors, stock market and often corrupt business tycoons. If the ownership and governance of the company is associated with perceived autonomy of an employee, we should infer that the swift transition to capitalism increased the anti-social sentiments in the region. Among other things, the transition to neoliberal capitalism made us more vulnerable to the right-wing anti-immigrant rhetoric.

For this reason, it is important to think about alternative ways of structuring the ownership of our local companies. To address the issue, we propose a widespread political action that would stop and gradually reverse the leakage of company stock to the outside investors or the stock market, and that would decentralize the ownership in the hands of the citizens of the Balkan states. The problem is that worker ownership is often associated, especially in this general region, with the Yugoslavian self-management. The last thing we want, however, is to step back into the unsuccessful aspects of our history, but rather to build on the strong labor tradition and look at the best practices of employee ownership in market-based private property economies around the developed world. It is therefore important to first make a clear distinction about the state-socialist self-management system and the employee ownership of the 21st century.

3. ECONOMIC DEMOCRACY VS. SELF-MANAGEMENT

Whenever economic democracy or worker ownership is being discussed in the former Yugoslav space, the questions inevitably arise: "Didn't we already try that with self-management, and didn't it fail?" or "Isn't this just more Yugo-nostalgia?". What young academic would want to jeopardize their career by raising these issues when their elders would only ask those questions? The elders supposedly "already know that self-management doesn't work." Hence, it is important to distinguish the worker ownership model proposed here with the Yugoslav model of self-management.

The first point is that what we are proposing is based on the American model of employee ownership, the Employee Stock Ownership Plan or ESOP. Since the initial legislation in the late 1970's, more than 7000 ESOPs have been established covering 10 percent of the private workforce in America even though the US is one of the most labor-hostile countries where only 7 percent of the private workforce is unionized. Thus, without further analysis, it should be clear that ESOPs are rather different from the Yugoslav model of self-management.

How are they different? In more technical terms, one important difference lies in the treatment of the "net asset value" (also called "equity") in a company which is defined as the value of the balance sheet assets minus the value of the external debts of the company. The proper treatment of this net asset value in a democratic firm is illustrated by the system of internal capital accounts in the Mondragon cooperatives (since the worker portion of the ESOP model proposed here is modeled as close as possible to the Mondragon model). The net asset value is divided between individual capital accounts, one for each worker-member of the cooperative, and one collective account that is unindividuated. Since the workers are the members of the cooperative, not employees or wage-workers, they are entitled to the net value they produce each year, the net value-added (NVA) = total revenue – total nonlabor costs. Some of that net value-added or NVA is paid out during the year to the members as an 'anticipation' and then at the end of the year, the amount left is the NVA minus the anticipations already paid out.

It is important to understand that the anticipations are not "wages" since the members are not wage-workers or employees, and there is only a timing difference between the anticipations and the year-end remainder of the NVA. The year-end decision is then what to do with that remainder: reinvest it in the cooperative or pay it out as a year-end bonus (assuming it is positive)? If that remainder is reinvested in the cooperative, then a certain portion is set aside for the collective fund (as a sort of rainy-day fund) and the remainder is credited to the members' individual capital accounts in proportion to their anticipations. If that remainder is negative (e.g., due to overly optimistic anticipations paid out during the year), then those losses are distributed as debits to the collective and individual accounts.

It is also important to not carry over concepts from conventional capitalist firms to the analysis of a democratic firm such as Mondragon-type of worker cooperative. Firstly, the anticipations are not "wages" and the remainder of the NVA left at the year's end are not "profits." Hence the whole analysis of firms in terms of "for-profit" or "not-for profit" is a non-starter. It's a democratic organization with whatever goals the membership establishes. Secondly, the individual capital accounts are not "equity capital" since a member's voting rights (one-person.one-vote) and net-income rights (proportional to anticipations) are totally independent of the balance in their accounts (quite unlike "equity capital" in a conventional firm). In accounting terms, the individual capital accounts are a form of subordinate debt capital that differs from the usual external debts of the cooperative only in being owed to the internal members and being subordinate to the external debts owed to non-members.

One major contrast with the Yugoslav firm is that any retained income in a self-managed firm was 'socialized' and the workers lost all claim on it. That creates an immediate bias against retaining any net income to fund new investment (or even investment to replace depreciated old investments) and in favor of funding all investment by debt. This socialization of retained income led to the well-discussed problem called the Furubotn-Pejovich horizon problem (Ellerman 1986). If the retained income was to buy a new machine, then the workers whose horizon with the firm exceeded the lifetime of the machine would get the full benefit of the machine. But the workers nearer retirement would be paying their share for the machine (as it were) but not receiving the full benefits. This horizon problem is solved by the system of internal capital accounts since each worker's share of the retained income is credited to their individual account (after the subtraction for the collective account) regardless of the worker's horizon with the firm. Because of that, the socialist government imposed crude "capital maintenance requirements" instead of recognizing workers' natural incentive to get the fruits of their joint labor (now or in the future payouts of the individual accounts).

The second important contrast with the Yugoslav self-managed firm is that a democratic firm can go bankrupt. For instance, in the Mondragon cooperatives there is a substantial solidarity fund between cooperatives to assist any co-op in temporary trouble, but there are limits to one troubled co-op soaking up the solidarity funds for the other cooperatives–as illustrated by the recent bankruptcy of the Fagor cooperative. In the Yugoslav self-management system, bankruptcy was generally avoided by soft loans from some level of government and the folding of a troubled firm into another less-troubled firm.

The last major difference is that a democratic firm is a *private* democratic organization of the workers. It is not 'owned' in any sense by any level of government. In the Yugoslav case, "social" ownership ended up being government-ownership at the end of the day. After all the socialization of retained income and soft loans from the government, the workers' sense of any "ownership" was rather diminished when the bigger firms were nationalized under government ownership as a part of the transition programs in the early 1990s. Thus, the nationalizations ended the so-called "self-management" and with barely a whimper from the workers since they had no real private property rights (such as individual capital account balances owed to them) in the companies in the first place.

4. THE EMPLOYEE STOCK OWNERSHIP PLAN OR ESOP FORM OF WORKER OWNERSHIP

The above should make it clear enough that we are not trying to flirt with the past. Some readers may not yet be fully satisfied – we need working models, not utopian ideas! We propose to bring over from the USA, with minor adjustments, the most successful legal invention to spread employee-ownership in a private property and market-based economy. The Employee Stock Ownership Plan (ESOP).

It is firstly important to say what an ESOP is not. The acronym "ESOP" is often used outside the US to denote any form of employee ownership no matter how it was established. In particular, an ESOP is quite different from the relatively common Employee Share Purchase Plans (ESPPs) where employees set aside a portion of their wages and salaries on an individual basis to purchase shares at a discounted price. Such plans rarely amount to a significant percentage of corporate ownership. The slow increase in employee shares through an ESPP seems to have little effect on either employee or management perceptions or incentives or on the corporate culture.

In contrast, the ESOP leveraged buyout involves a loan to buy a significant amount of ownership at one time, although the employees only gain individualized ownership of the shares as the loan is paid off over a period of years. In the ESOP arrangement, the employees acquire company shares without taking out loans or mortgages risking their personal assets.

The acronym "ESOP" is sometimes even used to stand for Employee Stock *Options* Plan (which would probably be illegal in the US). In a company with publicly traded shares, a stock option is the right to buy a share from the company at a certain price at some future date. If the market price of the share is above the option's share price, then the option holder can exercise the option to buy the share at the pre-determined price and immediately resell it at the higher price and pocket the difference. Stock options are not a form of employee ownership (except during the split second between the purchase and resale) and have no voting rights. It is only an incentive device to motivate employees and managers to do what they can to make sure the market price is above the option's share price. In addition to not being a form of employee ownership, stock options in the hands of the top managers can even be detrimental to the long run prospects of the company when the managers use the company's investment funds just to buy back shares off the market to artificially jack up the price so they can cash in their options. The ESOP is quite different from an employee share purchase plan and an employee stock options plan.

In a conventional corporation, where the owners want to bring all employees into some ownership or where employees already own a sizable amount of the equity shares, it is desirable to set up an ESOP with the legal entity being a trust to organize and to perpetuate the ownership by employees. In the ESOP arrangement, the Trust systematizes the employee ownership so that when an employee shareholder retires (if not sooner), the Trust will buy back the shares which will then be automatically redistributed to the ownership accounts in the Trust of all the current employees who are the members of the Trust. In that manner, the ownership of the shares by the employees is sustained instead of slowly leaking to outsiders who might eventually take over the company.

In the United States, a special legal category of a retirement trust has been created to function as this sort of employee ownership vehicle. Since retirement trusts normally can hold only a small percent of their assets in employer stock, special legislation was required to "carve out" a special Employee Stock Ownership Trust that could hold 100% of its assets in employer stock. But corporations in other countries might also want to set up a similar employee ownerships vehicle where there is not as yet any special legislation. Until such legislation can be passed, what sort of legal vehicle might serve as an employee ownership trust (but possibly without all the tax advantages of the specially-legislated ESOP)?

Since all countries should have some form of legislation for worker cooperatives, *one suggestion* is for a new type of worker cooperative to serve as an employee stock ownership trust for a conventional joint stock company (or limited liability company). This is the *Coop-ESOP model*. In this manner, the employee portion of the ownership of a company can be stabilized and increased prior to special legislation.

In the American ESOP, contributions made by the company to the ESOP are counted as deferred labor compensation expense and thus are deductible from taxable corporate income at the company level. Moreover, payroll taxes are not paid on the contributions to the ESOP. If a worker cooperative is to serve as an ESOP, then how can money go from the company to the co-op/ownership-trust?

Suppose the company is willing to pay an extra 2.5% of payroll as ESOP contribution in order for the employees to "work like owners" instead of just as employees. And this deductible employee benefit is going to be paid out to a Coop-ESOP –*so that they will actually become owners* through this arrangement. In a leveraged Coop-ESOP, a certain percent of the shares will start off in the trust (in an unindividuated 'suspense account') financed by an external loan or by seller finance. In that case, the transfers from the company to the trust are the ESOP contribution agreed to by the other owners in the original ESOP agreement. The 2.5 percent is just an arbitrary percentage since it represents one hour out of a forty-hour week. Surely this contribution would be allowed in the legislation of most any country and as a payment not to individuals but to another legal entity, the Coop-ESOP, it should not involve extra payroll taxes.

Let's suppose the initial goal is to transfer 10% of the ownership to the Coop-ESOP when the ESOP arrangement is first established. The initial transaction could be financed by an external loan directly to the Coop-ESOP with the purchased shares as collateral. Then the ESOP purchases 10% of the corporate shares or 10 percent of the LLC ownership from the owners. If external credit is not available, then the transaction needs to be seller-financed; the seller transfers 10 percent of the ownership to the ESOP in return for a note from ESOP with specified monthly payments, the ESOP contributions agreed to by the company.

Since external credit may not be initially available, we will focus here on the seller-finance option–where the other option is treated similarly. When the seller stock transfer is agreed upon, the company agrees to make monthly transfers of cash (ESOP contributions) from the company to the ESOP to pay off the ESOP's debt to the seller over a period of years. As that debt is paid off, the proportionate amount of the ownership is transferred from the ESOP's collective "suspense account" to the worker-members' individual ownership accounts according to their share of payroll.

The monthly payments from the company to the ESOP may be a *post-tax* contributions prior to authorizing legislation. Since the ESOP is a 10% owner and a legal person, that transfer would (in most jurisdictions) *not* be taxed again at the Coop-ESOP level (since it is like a post-tax ownership transfer within a corporate group). Only when the value is eventually paid out to the worker-member natural persons are there individual tax liabilities–and even then, perhaps at lower capital-gains rates.

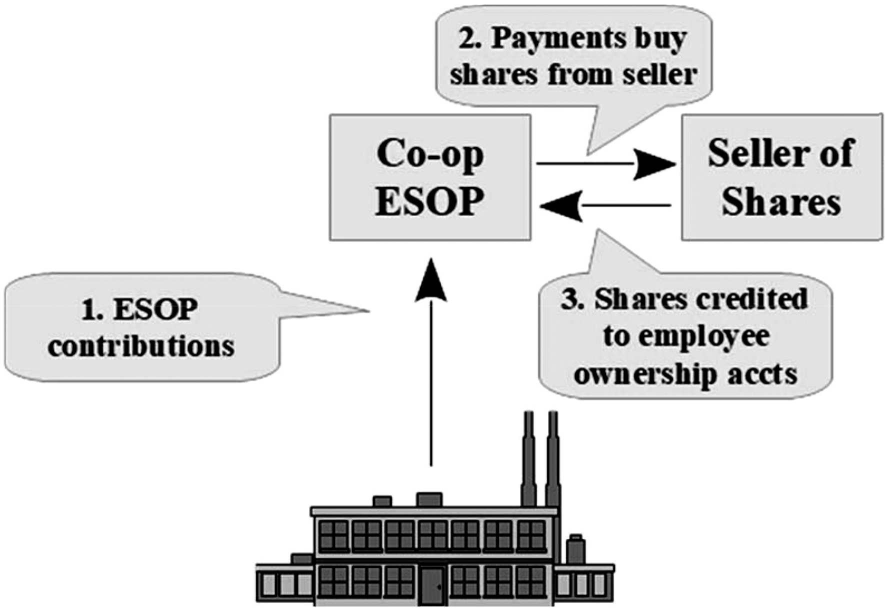

Figure 1. Initial purchases of shares by Co-op ESOP

In the case of the US ESOP, special legislation was required on the "deferred labor compensation" going to the ESOP, to make that compensation deductible from taxable corporate income, and to have no tax at the ESOP level on the incoming transfers. That system of tax breaks should be a goal of any later legislation to promote employee ownership modeled on the US ESOP experience.

The idea is for the members of the worker cooperative to be *all* the permanent employees of the company. "Permanent employee" includes full-time and part-time employees as long as it is an ongoing arrangement, not just a temporary or seasonal matter. There might be a probationary period for each new employee of the company, but after that all employees should 'automatically' be in the Coop-ESOP (perhaps with a nominal membership fee).

Each member in the Coop-ESOP is to have an individual capital account which would have credits in the form of cash and/or in the form of company shares (or ownership percentages). In the normal course of operation, the monetary credits to a member's account would be turned into so-many shares in the company that were repurchased from retiring or exiting shareholders. The shares "in" a member's account are held in trust for the member; they may not be sold or mortgaged by the member as if they were separate individual property. Eventually, the shares will be "repurchased" by the Coop-ESOP and then redistributed to the current co-op members.

When a member retires or otherwise leaves the company, then the account is closed to new credits, and the Coop-ESOP is then obliged to buy back the shares credited to the account (and any monetary amounts) over a fixed period of time as established in the by-laws of the Coop-ESOP.

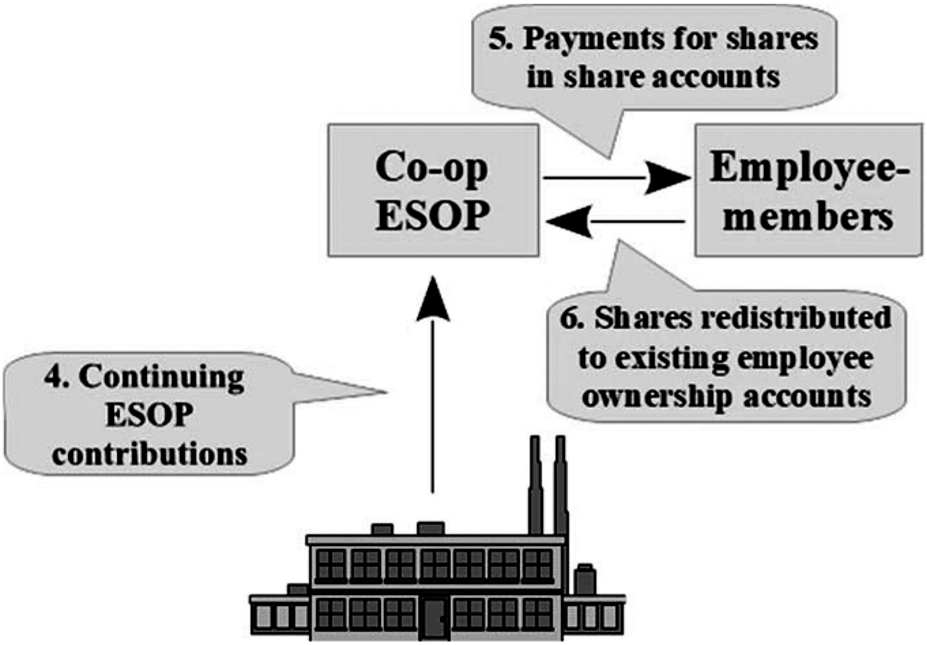

Figure 2. Coop-ESOP paying out ownership accounts

When an employee-member wants a "special payout" due to some family emergency or special need, that should be handled–if at all–by special loans from the company to be paid back out of payrolls deductions, not by breaking the rules on paying out Coop-ESOP accounts. If an employee-owner retires or exits the company with such special debt unpaid, then any payout from their internal capital account would be redirected to pay off the debt to the company first.

In addition to the individual capital accounts, there would be a "suspense account" to initially "hold" shares obtained with seller credit or some outside loan used to purchase shares from an existing owner. The idea is that the shares should only be individually allocated to the employee-members who earn them by paying off the loan, not to the employees who happen to be with the company when the loan or credit arrangement was made. Hence the credit-purchased shares would be held in the suspense account and would only be individuated to the individual accounts as the loan was paid off with the ESOP contributions.

In the American ESOP, it is required by law that the shares (in a company that are not publicly traded) are valued each year by an independent certified valuator. In a Coop-ESOP arrangement, there needs to be some similar valuation or at least a rule by which a share's value is determined that is *not* subject to individual negotiations, e.g., a fixed percent of book-value per share, and that has some resemblance of fairness to both buyer and seller. If the rule was a fixed percentage of book-value per share, then the book-value (not the fixed percent) would be determined at the end of each accounting year and be fixed for transactions during the coming year.

When a Coop-ESOP is originally set up, there might be existing or retired employees who individually own shares in addition to the shares of, say, the retiring or exiting major owner. The still-working employee shareholders and the retired employee shareholders should be strongly encouraged to put their shares (or percentages) the Coop-ESOP in return for Notes Payable as if they were an exiting owners. Then using a 'rollover plan,' they will get regular payouts and this ownership is then 'recycled' to the individual capital accounts of the current employees (including the still-working employee-owners).

Conclusion: What is to be done? Policy proposals for the SE/E Europe

How might worker ownership be promoted in SE/E Europe? Judging from the experience elsewhere (e.g., in America), there is a fairly clear sequence of steps.

1) In each small country or region of a large country, a non-profit public policy institute to advocate worker ownership needs to be established to carry out education programs for the public at large and for new entrepreneurs or retiring owners facing a succession problem. The institute could be a private association with grant funding, or a quasi-public body associated with a city or regional government. Educational materials need to be written explaining initial questions, e.g., how Western-style employee ownership differs from Yugoslav-style self-management. Op-Eds need to be penned to connect worker ownership to public problems such as:

a) Using a 20–30 percent ESOP in a larger company privatized to a foreign owner so that the ESOP could serve as a watchdog for the decapitalization problem to prevent the tunneling out of the assets of the company and the winding down of the business after taking the customer list and the best people to their main business elsewhere.
b) Addressing the youth out-migration problem by giving younger workers a stake in the companies so that out-migration would mean losing not only a stable job but the possibility of participating as an owner in the future growth of the company.
c) Addressing the disenfranchisement problem resulting from the neoliberal forms of post-socialist transition that abolished people's social rights (education, job, healthcare, housing) without establishing any corresponding private version of those rights. Outside the elite ben-

eficiaries of those programs, many people lost their sense of agency that they could control their own life prospects and those of their children. Establishing some private ownership of their workplace through an ESOP would help to re-establish people's sense of agency, control, and dignity in their lives in addition to fostering the development of democratic character by discussing and participating in workplace decisions.

d) Solving the succession problem by providing a "neat exit" for retiring owners of family-firms with no interested (or qualified) heirs. If they sell the company to a trade competitor who has no commitment to the local community (jobs to support the local economy and taxes to support local public services), then the company will probably be slowly shut down after taking the customer lists and best personnel. The same sort of succession problem arises for mid-career entrepreneurs who want a payout from their existing company so that they can pursue other opportunities.

e) Addressing the anchoring problem of anchoring the capital, jobs, and taxes in the local community.

f) Addressing the restructuring problem in moribund factories by fostering the partitioning of the factory space into spaces for new employee-owned businesses started by the unpaid employees to use their skills and perhaps some of the old machinery to produce some new product. The demise of an old enterprise becomes an incubator for new ones–as in a successful program carried out in the poorest of the former Soviet Union countries. (Ellerman and Kreacic 2002)

2) After figuring out how to implement the ESOP mechanism using local laws, a number of pilot projects need to be established to show that the concept works, and to provide lessons for future legislation.

3) After the public education programs and pilot projects, legislation should be drafted and passed to standardize the legal form of the ESOP model in order to attach some tax benefits to the model and to prevent corrupted forms of employee ownership that only apply to some of the managers and top employees. This legislation should also encourage public funding agencies and chambers of commerce to include ESOPs in their normal work.

4) New for-profit companies need to established or existing consulting, accounting, and financial enterprises need to be encouraged to adopt the setting up of ESOPs as a normal form of business.

5) And finally, the non-profit public policy institute needs become self-supporting and more independent of grant or public funding by holding conferences, developing educational materials, and holding educational workshops to promote best practices in the growing community of ESOP firms.

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Tej Gonza i David Ellerman

RADNIČKA SVOJINA I TRENUTAČNA KRIZA

SAŽETAK

Kako se menjala autonomija radnika iz bivše Jugoslavije tokom tranzicije iz devedesetih? Tvrdimo da je transformacija socijalističkog radnog mesta u svojinu „odsutnog vlasnika” našla ishodište u gubitku autonomije zaposlenih. Istraživači koji proučavaju socijalne sklonosti radnika potvrdili su ovu intuiciju i zaključili kako zaposleni u demokratskim preduzećima pokazuju viši stepen prosocijalnog ponašanja. Ako prelazak na neoliberalni kapitalizam treba delimično kriviti za trenutnu političku situaciju na Balkanu, čini se razumnim razmišljati o alternativnim načinima organizovanja radnog mesta. U ovom radu predlažemo model radničkog vlasništva za 21. vek, koji je bio veoma uspešan u SAD. Objašnjavamo kako ga je moguće sprovesti u okviru regionalnog zakonodavstva i predlažemo neke političke mere koje bi omogućile širenje radničkog vlasništva u ekonomiji.

KLJUČNE REČI: *planovi radničke svojine, neoliberalne tranzicione politike, gubitak prava glasa, migracije omladine, problemi sukcesije.*