

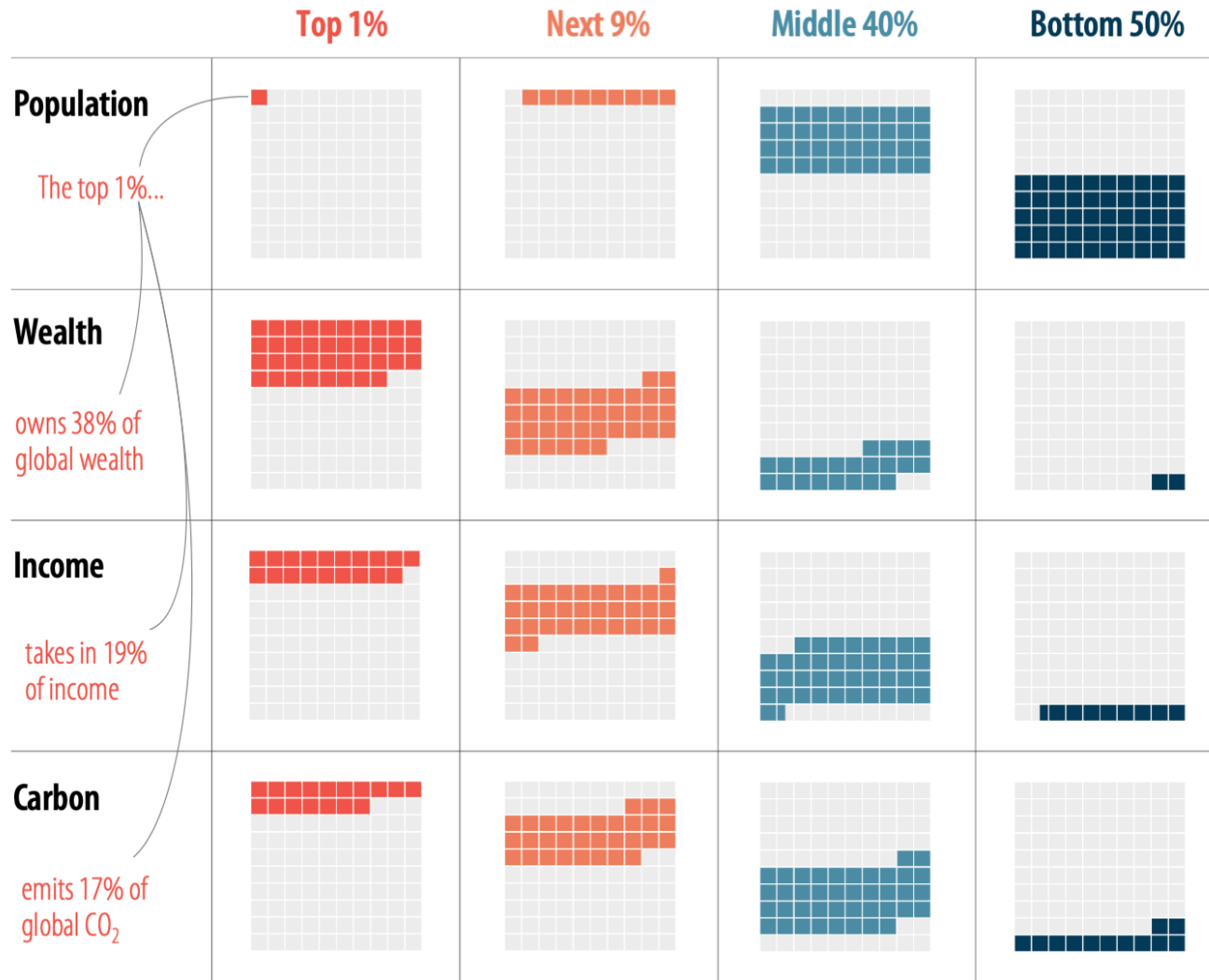
# Shared capitalism: a solution to transitional challenges

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NICOLAS AUBERT, AIX-MARSEILLE UNIV. & RUTGERS UNIV. FELLOW

# A lopsided world

Some 10 percent of the world's population owns 76 percent of the wealth, takes in 52 percent of income, and accounts for 48 percent of global carbon emissions.



“Inequality in the ownership of capital brings the rich and poor within each country into conflict with one another far more than it pits one country against another.”

— Thomas Piketty

# What can we do?

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**“The problem with capitalism is that there are not enough capitalists”** (Louis O. Kelso)

**“If capital ownership is good for the rich, it is a thousand times better for the middle class and the poor.”** (Louis O. Kelso)

**Fighting capitalism with capitalism!**

**Shared capitalism or capitalism for people**





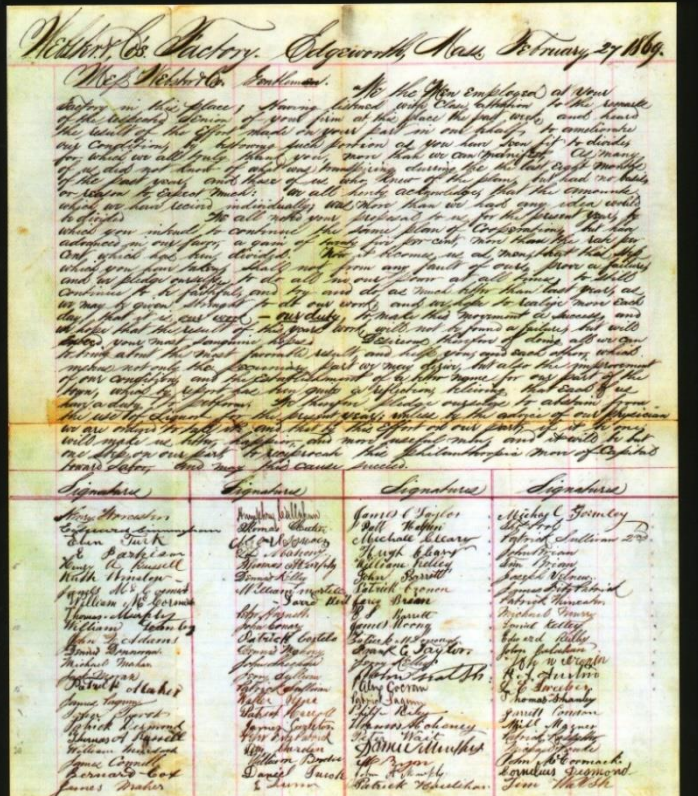
## SHARED CAPITALISM AT WORK:

Employee Ownership, Profit and Gain Sharing, and Broad-Based Stock Options

National Bureau of Economic Research

EDITED BY

DOUGLAS L. KRUSE, RICHARD B. FREEMAN, AND JOSEPH R. BLASI



# What is shared capitalism?

“Employment relations where the pay or wealth of workers is directly tied to workplace or firm performance” (Kruse et al, 2010)

- Shared capitalism (SC) is collective and broad based

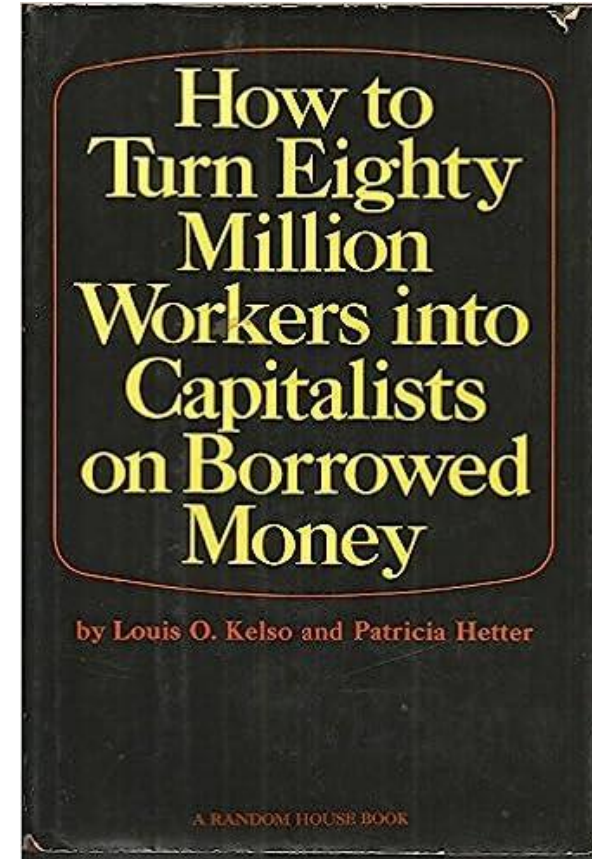
- SC schemes:

- Mandatory and voluntary profit-sharing
- Broad based stock options
- Broad based employee ownership (EO)

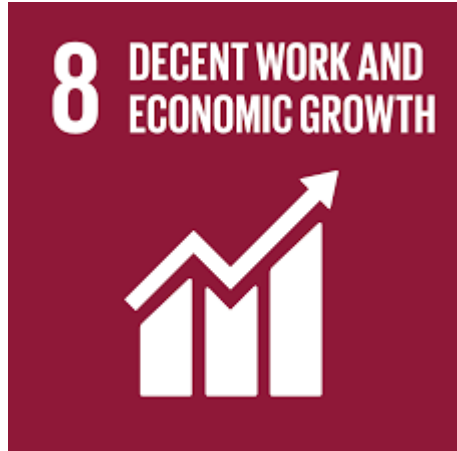
# What does employee ownership represent?

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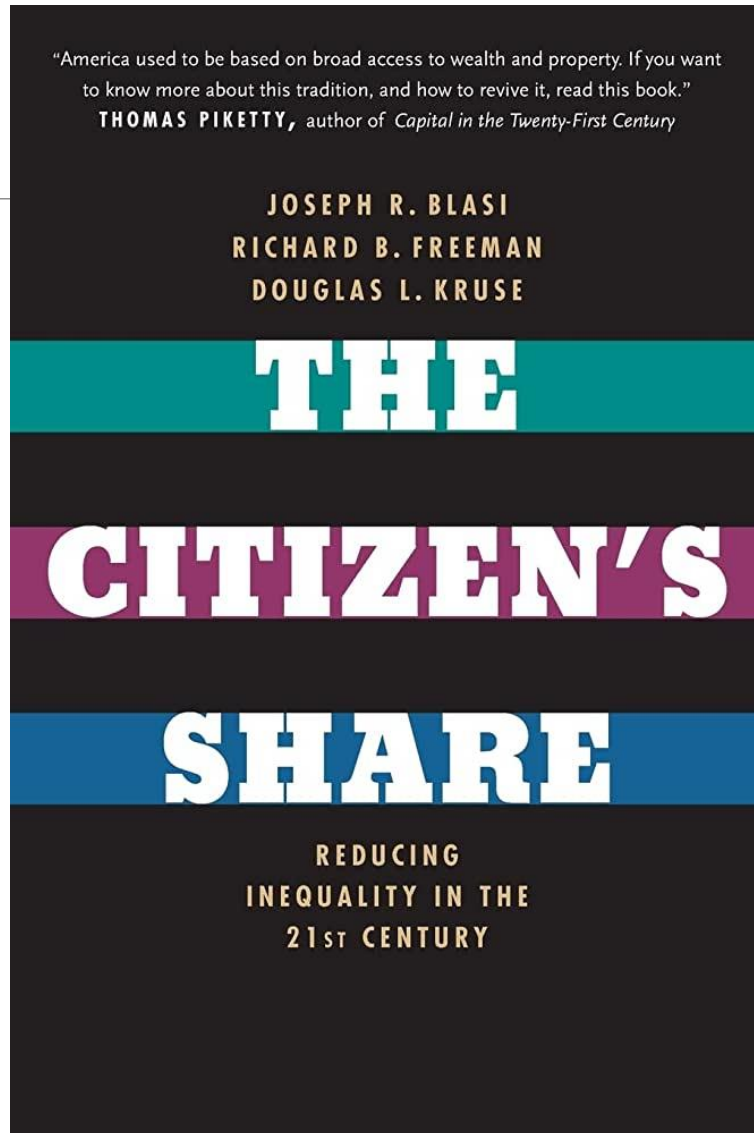
- ✓ Employee owners: 14 millions in the US and 8 millions in the EU
- ✓ Difference between the US and the EU
  - ✓ Examples of employee owned companies: Publix, Wawa, Amsted ind, Gore
- ✓ Where does this difference come from?
  - ✓ Political support
  - ✓ Tax treatment
  - ✓ The employee stock ownership plan (ESOP) invented by Kelso financed by a leveraged buyout (LBO)



# SDGs affected by employee ownership



- Increased corporate performance
- Better workplace outcomes



- 30% ownership of US companies => 10% decreased Gini coefficient (Dudley & Rouen, 2021)



- ESO can address race, gender income and wealth gaps
- ESO contributes to asset building of households



# OWNERSHIP

Reinventing  
Companies,  
Capitalism,  
and Who  
Owns What



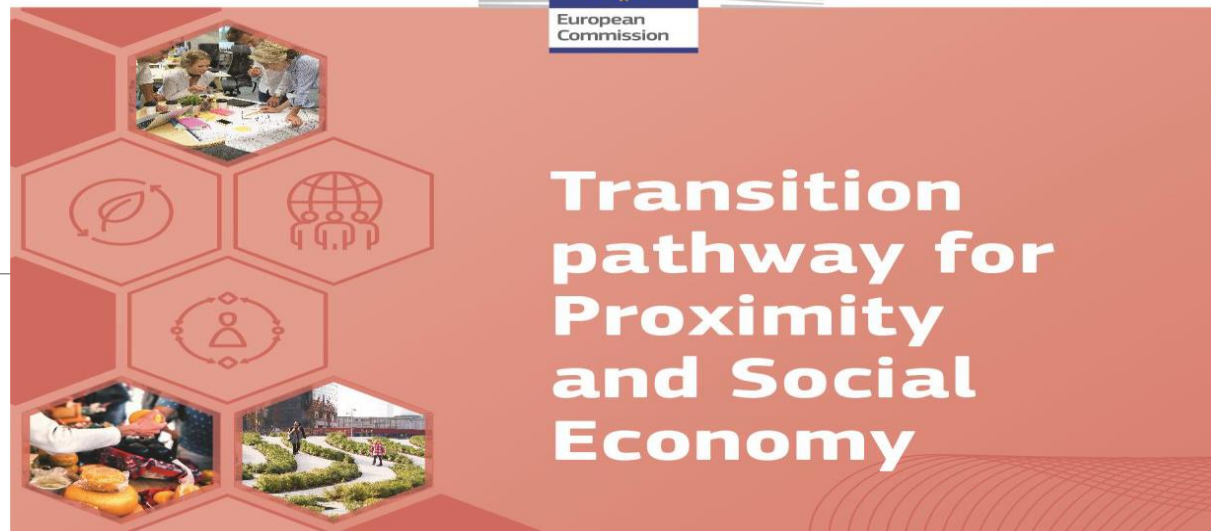
Corey Rosen and John Case

## The way forward

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- ❖ Opportunities (Rosen Case, 2022) : Wall street; Private equity and impact investing; Trusts, coops and the Gig economy
- ❖ Recent bipartisan reforms in the US:
  - ❖ WORK ACT
  - ❖ SECURE 2.0 ACT
  - ❖ Employee Equity Investment Act (EEIA)

The European ESOP (Ellerman, Gonza Berkopec, 2022): featured in the 2022 [EU Commission report Transition Pathway for proximity and social economy](#)



“Stakeholders raised the importance of support for worker buy-outs and employee-owned companies.”

“In particular, stakeholders called for the adoption of a generic model for an Employee Share Plan for Europe ([the EurEsop<sup>1</sup>](#)) and called upon Member States to work on support schemes for employee-owned companies pilot projects as well as to develop financial incentives to encourage investors (e.g. development banks, credit unions) to provide buy-out capital to these entities.”



# Recent International developments FP/EO

USA [Major Wins for Employee Ownership in New Spending Bill](#) (January 2023)

The Employee Equity Investment Act (EEIA) is a proposed federal loan guarantee to advance equity ownership across America by leveraging the full faith and credit of the U.S. government in partnership with private investment funds.



UK [The employee ownership sector has more than doubled in the past three years](#)

The official figures for the sector showed that in December 2022 the number was 1,300 employee owned businesses in the UK. 2.5 times more than in 2020. 90 new transmissions from January 1 to March 31



Canada [Canadian Employee Ownership Coalition](#) ("CEOC") launched in January 2023

The 2022 federal budget included a commitment to introduce employee ownership in Canada to facilitate the purchase of a business by employees and employee ownership of Canadian businesses.



Europe [EU Commission report Transition Pathway for proximity and social economy](#)

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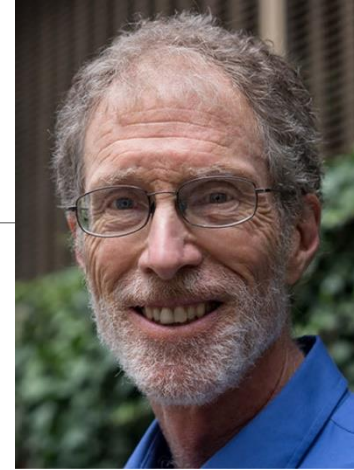


# OWNERSHIP

Reinventing  
Companies,  
Capitalism,  
and Who  
Owns What



Corey Rosen and John Case



## Chapter 12: Tomorrow the world

- Australia
- Canada
- China
- Continental Europe
- Korea
- South Africa, Kenya, and other African nations
- UK
- Eastern Europe and Russia

