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Cover Page Footnote

Illustration by K.M. Spencer

As soon as an article goes into mass production the company doesn't want to know about a simpler better article, especially if it is basically different. So a number of very good inventions are scrapped and forgotten. We can extrapolate that the same formula applies to living organisms once we have accepted the supposition that living organisms are artifacts created for a definite purpose.¹

A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental to its very existence. These are such as are supposed best calculated to effect the object for which it was created. Among the most important are immortality, and, if the expression may be allowed, individuality; properties by which a perpetual succession of many persons are considered as the same, and act as a single individual. They enable a corporation to manage its own affairs, and to hold property without the perplexing intricacies, the hazardous and endless necessity, of perpetual conveyances for the purpose of transmitting it from hand to hand. It is chiefly for the purpose of clothing bodies of men in succession, with these qualities and capacities, that corporations were invented, and are in use. By these means, a perpetual succession of individuals are capable of acting for the promotion of the particular object, like one immortal being.²

THE CONCEPT OF DISTRIBUTIVE SHARE IN WORKER OWNERSHIP SCHEMES

by Vincent Gugino

The concept of distributive share is an ancient one which can be traced back in Western thought to the pre-Socratics and before. By distributive share I mean, here at the outset, the concept of a social portion due each member of society as their fair and rightful allotment of economic value. Whether the basis of a distributive share is labor performed, social status or some formalized property right embodied in land or shares of stock, these often opposing forms of the concept will form the historical backdrop of this essay. This essay is, however, an attempt to examine some of the ideological and more recent practical developments of the concept in respect to its use in different forms of worker ownership schemes that are currently assuming a more important role in industrial organization in Europe and the United States. One of the central background questions for this discussion is whether and to what extent these ownership schemes are transitional property forms in a movement away from capitalist property relations, or whether they constitute just another adaptation of capitalism. The role of the idea of distributive share in the history of American ideology will be touched on briefly, as well as more recent discussions of the function of the corporation and the relation of management and shareholders. Lastly, I will examine some of the ideological

implications of the recent Massachusetts and New York cooperatives statutes. At a more practical economic level the central guiding question will be: why have enterprises which feature worker ownership in the form of employee stock ownership tended to revert to traditional capitalist ownership where no significant restrictions exist on sale of shares on the market?

The Distributive Share and the Social Minimum

It will be useful to discuss the role of the distributive share in Rawls' *Theory of Justice* before turning to more strictly legal and economic concerns. One reason to do so is the fact that the distributive share is treated in an entire section of Rawls' work. Another reason is that the concept of distributive share is historically inseparable from the discussion of what justice is. This is true especially in the modern era. Thus, it will be worthwhile to examine how Rawls uses the term and in what setting it is given significance.

At the heart of the Rawlsian view of the distributive share is the concept of social minimum which takes the form of minimal entitlement (a negative income tax) or a fair wage principle. Attached to the notion of negative income tax is, of course, the distributional assumption of a graded tax system.³ Holding to one side the basic principles of socialist economics, Rawls assumes that his two precepts of justice can be fulfilled in a capitalist market economy by means of a fair price system and a tax system incorporating the negative income tax.⁴ Informing his entire view,

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then, is the image of a distributional scheme wholly set apart from the productive/proprietary sector of the economy. The questions of ownership and property forms, whether public or private, appear as matters of indifference in his analysis. The distributive share is something passively received by the waiting millions in this welfare-model of justice which apotheosizes the liberalism of the 1960s. Given the rudiments of a fair pricing system within the market a fair wage will somehow inevitably follow just as the effects of unemployment or underemployment will be mollified by the use of an income supplement. It is one proof of the stunting effect of Reaganism that Rawls' suggestion of a negative income tax now seems almost visionary. However, it must be remembered that the current conservative resurgence is due to the failure of liberalism as a policy and an ideology. The passive image underlying Rawls' concept of distributive share in no way addresses the problems of the era of inflation, deindustrialization, and increased domination of the large corporations in the form of conglomerates and multi-nationals.

Though Rawls' work serves as a useful historical indication of the more recent development of the idea of distributive share, embodying its characteristic weakness, Marx is actually more helpful in clarifying the problems which inhere in the notion of a distributive share. In *Capital*, Marx, for a moment, presents us with a picture of his conception of economic reality outside the critical descriptive presentation of capitalism.

Let us now picture to ourselves, by way of change, a community of free individuals, carrying on their work with the means of production in common, in which the labor-power of all the different individuals is consciously applied as the combined labor-power of the community. All the characteristics of Robinson's labor are here repeated, but with this difference, that they are social, instead of individual. Everything produced by him was exclusively the result of his own personal labor, and therefore simply an object of use for himself. The total product of our community is a social product. One portion serves as fresh means of production and remains social. But another portion is consumed by the members as means of subsistence. A distribution of this portion amongst them is consequently necessary. The mode of this distribution will vary with the productive organization of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labor-time. Labor-time would, in that case, play a double part. Its apportionment in accordance

with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labor borne by each individual, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labor and its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution.⁵

At first glance Marx's formulation may appear very similar to that of Rawls. The reader sees a division between a productive area and a distributive area. However, unlike Rawls, Marx assumes a total social product that is then divided not by the operations of the market as Rawls assumes (whether regulated or not is irrelevant), but by a rational planning process representing the "community of free individuals" who hold and control the means of production in common. Marx is attempting throughout his work to imagine that general middle term which as a democratic decision-making structure will link the separate moments of economic activity, here portrayed as production and distribution. Instead of the alienated relation of things (commodities) in the market, he looks for "the social relations of the individual producers."

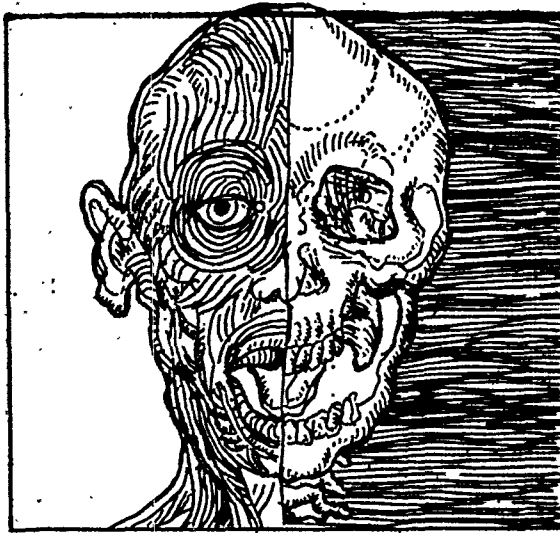
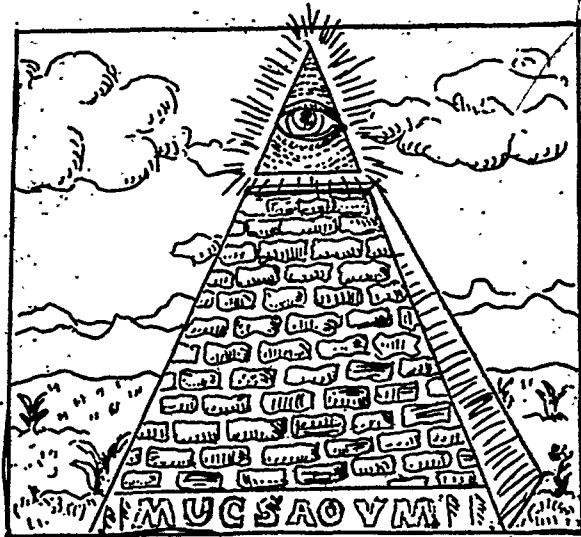
Under this reformulation of economic life the notion of distributive share is transformed. Indeed, from the standpoint of American ideology and its notion of distributive share (as seen in Rawls), this reformulation seems to dispense with the idea of distributive share. The conflict in Marx and Rawls is not only between that which is held (owned) and that which is consumed, but between different notions of ownership. As this essay develops, these conflicts will be further discussed as background to the ideological assumptions behind worker ownership schemes which feature marketed shares and cooperatives which do not.

Before turning to the recent cooperatives statutes, however, two views of distributive shares will be examined. First, the Jeffersonian ideal of the small agrarian freehold, and second, the idea of the share in the corporation.

The Jeffersonian Idea of Distributive Share

The distributive share is most prominently present in early American political thought in the form of the allotment of land. In Jefferson's Proposed Constitution for Virginia of June 1776, the principle of allotment is clearly enunciated in the fourth article:

Every person of full age neither owning nor having owned 50 acres of land, shall be enti-



tled to an appropriation of 50 acres or to so much as shall make up what he owns or has owned 50 acres in full and absolute dominion.⁶

That land was regarded almost religiously as the source of wealth in the eighteenth century is by now a recognized commonplace. The Physiocrats (Turgot, Buffon and others), however, had attempted to raise to scientific exactitude the economic production of French agriculture and Jefferson was later to take their teachings as a further confirmation of his agrarian schemes. The point of this agrarian distributive formula is to create a political majority of "independent" producers in which the owner is the laborer. The distributive share is literally a physical portion of the wealth-producing substance. Yet this supposedly real portion is curiously enough the greatest and most deceptive of fictions. The share (the right of title in the limited amount of land), while ideally an "absolute dominion", is in truth the perfect tidbit for market expropriation by banks and other creditors.

An example, even more, a model, of the sublime vulnerability of Jeffersonian land distribution schemes is recounted in James Willard Hurst's monumental *Law and Economic Growth*. Describing the exploitation of Wiscon-

sin's forests through the nineteenth and early twentieth centuries, Hurst details early Wisconsin property law. Of special relevance is his account of the land appropriation limits imposed on the first settlement of the state and how these limits were routinely evaded without subsequent enforcement.⁷

The political and economic ideal of the farmer-laborer featured at its heart the proposition that wage labor and its attendant evils could be held to a minimum and the domain of the market restricted because the farmer and his family in a well-run farm was the perfectly contained production-consumption unit. Most of what was needed could simply be produced on the farm. This fiction, of course, neglects the historical fact of the need for hired labor running from the hired hand to migrant labor. A species of the landless was essential as an ideologically invisible underpinning.⁸ Moreover, in earlier times, the slave and the indentured servant provided basic labor, not just support, to the farmer.

Though ostensibly a distributive mechanism which is intended to work against concentrations of property and wealth, the Jeffersonian ideal of distributive share in fact sets no upper limit on continuing ownership. The "social relations of the individual producers" referred to by Marx,

which are at the same time economic relations, are left to the accident of economic forces, most prominently the sale of agricultural commodities as well as the means of production itself, land. Under the compulsion of these market forces the idea of a distributive share as a portion of productive land is more realistically a scheme to divide the agricultural base of production as a mere prelude to concentration and the survival of large holdings owned by absentee landlords. Far from being the guarantor of stable and equitable ownership by the largest number, the Jeffersonian distributive share invests its believer with an unfounded picture of individualism based on a fiction of absolute possession, only to place the small freeholder on the verge of dispossession.

The purpose of this brief analysis has been to lay the groundwork for a proposition: The distributive share is itself a commodity and as such has significance only within a larger structure of alienation. Having no ideological or practical connection to a larger unalienated whole, the distributive share is entirely defined by the moment of sale. Even Rawls' social minimum as a distributive share is defined by commodity sale. Either a "fair price" is gotten for the sale of labor or the entitlement of a negative income tax goes into effect. The truth of viewing the distributive share in this way is perhaps best seen in the standard ownership form of the corporation.

The Aggregation of Shares: The Corporation

The modern corporation is a whole whose life tends to exceed that of the sum of its parts. This inertial tendency of "immortality" was recognized in American law as the advantage of the corporation in contradistinction to the small freehold. John Marshall in *Trustees of Dartmouth College v. Woodward* acknowledges this fact in the words of his opinion which attach the Aristotelean attributes of godhood to the corporation.⁹ The corporation has a life of its own apart from its stockholders. This is, of course, the familiar Berle-Means view of the corporation.¹⁰ However, what I am interested in here is the ideological significance of the fact that the corporation is at once an actual economic enterprise producing commodities for the market, as well as a partial commodity in itself. The alienated relation between management, employees, and stockholders is seen in the conflict which inevitably arises out of a division of function among those who run the enterprise, those who are supposed to passively produce for it, and those absentee owners whose interest lies solely in stockholdings.

The distributive share seen as the share of stock is intended not so much as the basis for ownership of the enterprise, as to attract outsiders, who, in exchange for investment acquire a limited owner interest in the corporation. In the corporate model, the absentee or alienated ownership interest is seen as a partial good, or at least a necessity, insofar as the corporation is defined as a capital-seeking entity which acquires its investment base by means

of the operations of the stock market. The producers, controllers, and investors appear as three antithetical forces within this standard scheme of corporate structure. The fact that management or, as we shall see, workers own stock in the corporation does not necessarily lessen these conflicts.

The share of stock which denotes an ownership interest in the corporation has a peculiar characteristic. It is wholly defined in its essential features by the moment of sale. Even dividends derived from possessing it are traceable to its varying price. Like the acre of land, the share of stock as a distributive share has greatest significance when it is being sold. It is held for the purpose of sale, the anticipated moment when its true value will be realized. If the moment of sale is generalized so that all stockholders sell, a kind of dissolution occurs. Those stockholders are entirely replaced by another set. The corporation, however, would not be likely to survive such a drastic turnover.

The alienated character of the share of stock is often not recognized by workers or their unions when buy-outs of companies in the form of wholesale stock purchases are being considered. Perhaps the most striking example of the instability of employee stock ownership schemes is the recent purchase of Weirton Steel by its employees.¹¹ Though ostensibly an instance of "employee ownership," a number of highly restrictive measures have been imposed on the worker-stockholders. They do not effectively pick management. The enterprise is heavily in debt to banks. The workers have waived millions of dollars of close-down benefits owed to them by National Steel, the former owner of Weirton Steel. And most decisively from the standpoint of this essay, after six years stock in Weirton Steel will be sold on the market. In other words, worker ownership will be diluted by outside investors. Thus, the process of reversion to the previous structure of ownership has been inserted into the buy-out arrangement from the very beginning.

Other types of reversions to standard capitalist ownership schemes have occurred in the plywood cooperatives of the Northwest where successful cooperatives such as Olympia Veneer were sold to larger non-cooperative firms.¹² Worker-owned plants such as Vermont Asbestos provide another example of sale to businessmen after relatively few years of operation.¹³ The overall points of difficulty where reversion has occurred seem to be two: first, outside investment funding is scarce and unreliable, and second, the model of worker-ownership based on the sellable distributive share (in the form of stock) is ideologically and economically suited for reversion.

The Cooperative Form of Ownership

The cooperative, despite its many forms, is essentially an attempt to overcome the alienation structure which animates the internal life of an economic enterprise under the normal conditions of modern capitalism. Whether a cooperative also poses a challenge to the external competitive relations of capitalists, i.e. the pressures of the

market between enterprises, is another question.

Certainly in the case of the Mondragon cooperatives of the Basque region of northern Spain, a cooperative view of society as a whole has led to a set of interrelated enterprises ranging from appliance factories to scientific research institutes. The idea behind Mondragon is one that looks to a society in which the distinction between producers and owners are eliminated along with the class antagonisms attendant on the distinction.

The question I wish to raise here in keeping with different views of the problem of the distributive share, is: how does the notion of the distributive share differ in a Mondragon-style cooperative from that in the stock company? The response to this question provides a view as to why reversion occurs in many employee stock ownership situations. It will also shed light on how a certain specific view of the distributive share has become, in the United States, the paragon of equitable ownership which has exerted a dominant and noxious ideological influence to the exclusion of more just and sophisticated views of the distributive share.

A series of more theoretical questions, as a background to further discussion may be helpful here. Can a kind of share be developed which is not essentially a consumption share (like the share of stock), but which brings with it an active participatory element? Is such a form of ownership compatible with the standard capitalist form of property?

The Mondragon cooperatives have attempted, not with automatic success, to introduce worker control mechanisms along with new types of ownership rights. In addition, they have very successfully addressed the problem of the aggregation of stable investment funds by setting up a cooperative banking system. The consequences of this development cannot be overestimated for the long term development of other cooperatives in what is still an essentially capitalist economy. No cooperatives in the United States, the plywood cooperatives for example, have similarly confronted the problem of mutual aid and economic interrelation as a way of ensuring stability in an economically hostile environment. The Caja Laboral Popular, Mondragon's cooperative bank, is a remarkable and necessary step toward a community of stable producer cooperatives.¹⁴

The other important innovation of Mondragon is the introduction of internal capital accounts and one producer/one vote governing schemes. The internal capital account displaces the need for a stock ownership formula. A Mondragon cooperative cannot be dissolved into a collection of shares marketed at a specific price. The capital account of each worker is also always largely invested in the enterprise. As Johnson and Whyte noted in their study of Mondragon, "since 70% of the profits are distributed to the members only by being credited to their accounts, the firm has 85 to 90% of profits to reinvest, instead of 15 to 20% (the reserve fund)."¹⁵ The internal capital account works as a running wage fund and a retirement fund for each member.

The ideological importance of the difference between employee-owned shares of stock and cooperative membership rights is the basis of the difference between an enterprise which can revert to capitalist absentee ownership and one that has a greater chance of remaining worker-controlled. The assumption made throughout this essay is that a social structure is as much a form of consciousness as it is a practical material entity. The Mondragon cooperatives are themselves products of a confrontation between ideal and practical constructs. Thus, to understand these cooperatives it is essential to inquire into the consciousness people have of the structures that they propose. Here, the guiding concept has been that of the distributive share and the various guises it assumes in different social settings. These guises, I have tried to show, are not just different, but often in opposition.

Where the distributive share presents itself as a separate consumption share, as was seen in the small freehold and even more in the share of stock, the ideological assumption, the rhetorical posture, was one that seemed to emphasize individual ownership. Yet another reality, often not ideologically recognized from within the particular conception, was also shown to exist. Where a certain naive belief in a form of ownership was dominant, a corresponding pattern of dispossession also occurred that could not be explained from within the ideological assumption of ownership, for example, the distributive share as a portion of land.

David Ellerman and Peter Pitegoff have offered practical proposals for cooperative statutes that were later adopted by Massachusetts¹⁶ and New York.¹⁷ What I am interested in here is the ideological conception they have offered in support of the statutes, as well as their use of the notion of distributive share.

Membership Rights or Personal Rights

The essential strength of Ellerman and Pitegoff's position is that they recognize that Employee Stock Ownership Plans (ESOPs) and other worker ownership situations where ownership takes the form of discreet sellable shares tend to revert to the previous form of ownership.¹⁸ This recognition has led them to propose a cooperative structure that is very similar to the Mondragon model, with the exception that the important investment structure which would resemble Mondragon's cooperative bank is left out. The reasons for this important difference would themselves make an interesting study, but suffice it to say that American law does not allow credit union arrangements the investment leeway that it does traditional banks.

The other element of Mondragon, however, they have incorporated into their cooperative proposals. The internal capital account is an option under the two statutes adopted. The composite term for this component they call membership rights, a combination of voting rights (one member/one vote) and net income rights. They go out of their way to

explain that "membership rights are not property rights."¹⁹

This significant formulation indicates that their view of the cooperative proposals sets them at odds with those proponents of worker ownership in the form of distributive shares as consumption-alienation shares. Instead, cognizant of the social ideology behind Mondragon, Ellerman and Pitegoff have constructed proposals much closer to Marx than to Jefferson in their conception of distributive justice and the portion of the social product due each member of the collectively held enterprise. This social portion due the member is not, however, a detachable entity that can be dissolved into a value outside except in the form of money returned from the internal capital account.

The concept of membership right has behind it a different idea of the relation of the parts (members) to the whole (the collective enterprise). The portion or distributive share belonging to each member arises from his/her active participation in the cooperative. The membership right is just that right to participation. Because it is not a property right, unlike that of the ideal Jeffersonian farmer, it does not admit to being disposed of or sold in any absolute sense.

The internal capital account represents what is owed to the individual member, but does not stand for a portion of the enterprise itself which can be torn off and alienated to another individual. The new member simply takes up the position of the member who has left or retired. Even the entrance fee does not purchase a share of stock, it simply guarantees a contribution to the investment fund (the collective fund and the new member's internal account). The membership rights exist as long as the activity of membership lasts.

Why then do Ellerman and Pitegoff feel it necessary to resort to the notion of personal rights and, at the end, to the very fictional (and contradictory) theory of natural rights from the eighteenth century to justify and clarify their position on cooperatives? Is not the concept of a membership right directly antithetical to and contradictory with a personal right? Does not the same contradiction exist between a membership right and a natural right? Ellerman and Pitegoff summarize their efforts this way:

Our topic has been the structuring of economic organizations and institutions so that individuals shall "carry about" with themselves two basic rights which, in the parlance of the seventeenth and eighteenth centuries, are natural rights: the right of democratic self-government and the right to the fruits of one's labor. People will carry about these two rights if organizations are structured so that (1) the right to govern is assigned to the functional role of being governed, and (2) the rights to the fruits of production are assigned to the functional role of producing those products.²⁰

The two authors then refer to their attempt to see these

rights both in terms of the cooperatives of Mondragon and their proposed cooperative statute as "institutions embodying these rights."

The first objection to these formulations and their philosophical muddle-headedness is that theories of natural right assume a human being who somehow has these rights prior to the existence of human society, and thus, prior to the existence of institutions. A membership right as such is completely consistent with the mutual recognition of individuals' rights by one another in the context of a community, *i.e.* an institution. There is then no need whatsoever to refer to natural rights as magically inhering in individuals. The idea of a structure of mutual and reciprocal recognition as the basis of rights among individuals seems a more cogent explanation. I offer the suggestion that Ellerman and Pitegoff by their reference to natural rights theory (and the equation of membership right with personal right) have preserved, perhaps unwittingly or for rhetorical reasons, the older idea of distributive share that was also an essential part of seventeenth and eighteenth century political theory.

A personal right as a natural right assumes that the right inheres in the individual and can be carried about by him or her, independent of a social or historical setting. This is, of course, the basis of modern Western individualism and the concept of distributive share as private ownership. The argument here is not so much with the actual cooperative structure set up the statutes as with Ellerman and Pitegoff's explanation of the basis of the structure they endorse. Why would they bother to invoke the concept of personal right when that concept is the basis of the conservative argument that personal rights to one's own labor and how it is disposed (including by transference and inheritance) are best guaranteed when there is no institutional constraint whatsoever? This is certainly Robert Nozick's argument and its corollary of minimal institutions.²¹

Ellerman and Pitegoff do not change the meaning of personal right, though that may have been their intention. Instead, they undermine the significant ideal of social cohesion, and justice within that cohesion, that is an essential part of the ideology of the Mondragon cooperatives. This might be an attempt to Americanize the ideology of cooperatives, but the contradictions they open themselves up to can only be utilized by those who oppose them in an attempt to preserve corporate capitalism.

The membership right should supplant the notion of personal right and natural right. The concept of membership right is simpler and explains the internal capital account. In addition, the membership right goes deeper. It conceptualizes the fact that human beings gain social recognition and achieve elementary economic life in a setting with others. Insofar as they are members of a community or institution they gain individual economic benefits. These benefits and rights are not somehow there prior to entering into relations with others. True rights are something human beings accord each other equally. They are not dropped on each individual from above. Yet, in each of these

pictures of the origin of rights there is an assumption about the distributive share. In the one, the share is something the individual holds. In the other, it is something each individual shares. As such, it is only a part that has significance in the context of a whole.

This brings me to a final consideration of the concept of the distributive share as found in current worker ownership schemes. The supposed guarantee to the producers of the control of the social product in the cooperative form leaves open the question of the larger social and economic organization *between* cooperatives.

The existence of a cooperative here or there, even as possible under the recent Massachusetts and New York cooperatives statutes, does not change the character of corporate domination of American society. These cooperatives, like ESOPs, can be viewed from the outside as enclaves where some of the ordinary exploitations of capitalism do not exist in the harsher forms. However, the cooperative faces other enterprises, including other cooperatives, in a situation of cut-throat competition governed by the market. One assumes that the pressures of the market will simply make isolated, short-lived, cooperative curiosities as has been the case with the older plywood cooperatives.

The Mondragon cooperatives, because based on the ideal of a cooperative society as such and the membership rights accruing therein, have addressed this question at least implicitly. This is not to say that problems have not arisen in Mondragon or that utopia has been achieved in these cooperatives. But one senses a greater ideological sophistication which includes the realization that a single isolated cooperative is a contradiction in terms. A societal change is needed. In contrast, American attempts to confront the question of worker ownership of the workplace seem restrictively tied to previous models of bourgeois ownership and the ideological attachments following from these models. Is it any wonder, then, that worker ownership schemes based if only in part on these models and their ideological concepts, have a tendency to revert to the kinds of ownership most characteristic of their models.

The conclusion is inevitable that the concept of distributive share, as developed in American ideology, is too unstable a concept on which to base worker ownership schemes. As a model of fairness, the distributive share bespeaks a fragmentation and atomization which is perfect for capitalist economies. When it informs the actual organization of worker ownership schemes reversion is common.

In contrast, the notion of membership rights, shorn of natural rights theory, provides a newer and more useful way of seeing the rights of workers in cooperatives. An idea in its historical force can both form and limit practical possibilities. In its idea of distributive share, the ideology of natural rights has written mechanisms of economic control into its very concept of justice.

FOOTNOTES

1. William S. Burroughs, *The Place of Dead Roads* (1984).
2. Trustees of Dartmouth College v. Woodward, 17 U.S. 518 (1819) (Marshall, C.J.).
3. John Rawls, *A Theory of Justice* 275 (1971).
4. *Id.* at 304.
5. Karl Marx, *Capital* 78-79 (Vol. I International Publishers 1967).
6. *The Complete Jefferson* 109 (Saul Padover ed. 1943).
7. James Willard Hurst, *Law and Economic Growth: The Legal History of the Lumber Industry in Wisconsin 1836-1915*, 24-34 (1964).
8. For a discussion of the erosion of agrarian idealism see Cletus Daniel, *Bitter Harvest: A History of California Farmworkers 1870-1941* (1981).
9. 17 U.S. 518 (1819).
10. Adolf A. Berle, Jr. and Gardiner C. Means, *The Modern Corporation and Private Property* (1933).
11. The decision to buy Weirton Steel was made by its employees and its union in 1984. The National Steel Corporation, then owner of Weirton, offered the plant to the employees in the form of an Employee Stock Ownership Plan (ESOP). The 'independent' union at Weirton agreed to a 20 percent wage cut and to waive substantial close-down benefits due its members for the National Steel offer. In addition, significant 'outside' financial backing was garnered from Wall Street, with voting shares of stock and board positions going to the backers. In 1988 stock in Weirton Steel is to be sold on the open market. This arrangement was a precondition for acceptance of the entire sale agreement by the Wall Street backers. See Corey Rosen and Staughton Lynd, *How Bad a Deal is Weirton Steel?*, 7 *Labor Research Rev.* (Fall 1985) and Mary Williams, *The Weirton Steel That Was and May Yet Be: An ESOP Fable*, *The Progressive*, (Nov. 1982).
12. Olympia Veneer was organized as a producer cooperative in Olympia, Washington in 1921. It later acquired plants in Eugene and Willamina, Oregon. The Olympia plant was sold in 1946 and the other two in 1954. At the time of sale the Olympia Veneer cooperatives were operating at a profit. See Carl J. Bellas, *Industrial Democracy and the Worker-Owned Firm: A Study of Twenty-One Plywood Companies in the Pacific Northwest*, New York, 1972. The distinctive feature of many Northwest cooperatives is the tendency for the cooperative worker-owners to hire additional non-cooperative members, creating a work force structure similar to the traditional enterprise.
13. "At Vermont Asbestos Group, workers purchased the Asbestos mine when GAF, the corporate owner, threatened to shut it down. Mine workers from rural Vermont had to dig into their savings to purchase an average of six shares apiece at \$50 per share to save the mine and their jobs. After only a few years, due primarily to increases in the world price of asbestos, the stock jumped in value to nearly \$2,000, and it is not surprising that, at this point, many workers decided to sell. The mine was never democratically managed; it may soon no longer be democratically owned." *Workplace Democracy and Social Change* 15 (Frank Lindenfeld and Joyce Rothschild-Whitt ed. 1982).
14. The Caja Laboral Popular was founded two years after the first cooperative began in Mondragon in 1956. It serves as the source of long term investment funds for the 65 Mondragon cooperatives. It has some 190,000 depositors and is run like a credit union. The Caja Laboral has financed roughly one-half of the Mondragon industrial cooperatives expansion. See *Workplace Democracy and Social Change*, 180-81, 185-187, 194-95, 347.
15. Ana Gutierrez and William Foote Whyte, *The Mondragon System of Worker Production Cooperatives*, in *Workplace Democracy and Social Change*, *supra* at 194-195.
16. Employee Cooperative Corporations Act, Mass. Gen. Laws. Ann. ch. 157A (West 1982).
17. N.Y. Coop. Corp. Law §§ 80-94 (McKinney 1985).
18. David Ellerman and Peter Pitegoff, *The Democratic Corporation: The New Worker Cooperative Statute in Massachusetts*, 11 *Rev. of Law and Soc. Change* 451 (1982-83).
19. *Id.* at 463.
20. *Id.* at 468.
21. Robert Nozick, *Anarchy, State, and Utopia* (1974).