

## Chapter I

# *Public ownership in the United States and around the world*

Despite more than four decades of pressure for privatization, public ownership in practice remains incredibly common – and popular – on the ground throughout the developed and developing world. A 2014 report by the OECD, for instance, found that in just 34 countries there were 2,111 state owned enterprises with around 6 million employees and a total value of over \$2 trillion (this was only at the central or federal level of government. Local and regional publicly owned enterprises were not included in the survey).<sup>1</sup> Counting companies in which the government owned a controlling stake added \$860 billion in value and another 2.8 million employees to the total.<sup>2</sup> ‘Although varied in size and sectoral scope,’ the report stated, ‘all countries in the sample maintain some level of state ownership in commercial enterprises.’<sup>3</sup> The most important sectors for public ownership include electricity and gas (24 percent of all SOEs by value), finance (24 percent), transportation (14.3 percent), and primary sectors such as mineral extraction (14.3 percent).<sup>4</sup>

Similarly, a 2013 report by researchers associated with the OECD found that state owned companies – defined as those with more than 50.01 percent public ownership – *globally* accounted for 43 percent of the mining support sector, 41 percent of the civil engineering sector, 40 percent of the land transport and transport via pipelines sector, 35 percent of the coal and lignite mining sector, 34 percent of the crude petroleum and natural gas extraction sector, 27 percent of the electricity, gas, and steam sector, 20 percent of the telecommunications sector, 20 percent of the financial mediation sector, 17 percent of the warehousing sector, 15 percent of the tobacco manufacturing sector, 14 percent of the architectural and engineering sector, 13 percent of the air transport sector, and 13 percent of the fabricated metals manufacturing sector.<sup>5</sup>

Many of the companies involved are well known. Publicly owned companies control roughly 75 percent of all oil worldwide.<sup>6</sup> Most of the biggest oil and gas companies are state owned, including

Saudi Aramco, Gazprom, National Iranian Oil Company, Rosneft, PetroChina, and Statoil.<sup>7</sup> Similarly, public ownership of significant or controlling shares in many highly visible international airlines is also common.<sup>8</sup> For instance, the rapidly expanding Middle East luxury airlines Emirates, Etihad, and Qatar Airlines are publicly owned by the governments of Dubai, Abu Dhabi, and Qatar respectively. Airbus Group – producer of Airbus planes and helicopters and a defense and aeronautics provider – is partly owned by government entities in France, Spain, and Germany.<sup>9</sup>

In many countries people interact with a variety of publicly owned enterprises on a daily basis, often without realizing it. Such entities operate advanced, high-speed rail systems in France, Spain, Belgium, Germany, Italy, the Netherlands, China, and South Korea.<sup>10</sup> Brazil, now an economic powerhouse, has more than 100 state owned or controlled enterprises, including major banks and utilities.<sup>11</sup> Fast and widely available internet access is provided in many countries where public corporations exist side by side with private companies. Public ownership of telecommunications companies is common around the world, including in Austria, Belgium, Japan, Sweden, France, Germany, Italy, Switzerland, Sweden, Turkey, and Norway.<sup>12</sup>

In the European Union, more than 200 public and semi-public banks, along with another 80 plus funding agencies, account for around a fifth of all bank assets.<sup>13</sup> In Germany, there are 413 publicly owned municipal savings banks (Sparkassen) with more than €1.1 trillion in assets and 233,742 employees.<sup>14</sup> (Unlike some of the larger banks, these banks have, according to *The Economist*, ‘come through the crisis with barely a scratch.’)<sup>15</sup> The Savings Banks Financial Group – an umbrella organization comprised of a number of publicly owned entities, including the savings banks, regional Landesbank groupings, regional building societies, public insurance groups, real-estate companies, equity-investing companies, and municipal-advising companies – employs around 332,000 people and has business volume of some €2.8 trillion.<sup>16</sup> Japan Post Bank is the world’s largest public bank and one of that nation’s largest employers.<sup>17</sup> In Costa Rica, Banco Popular is combining public and cooperative ownership with major advances in democratic governance and public participation – resulting in a large, economically successful bank that is on the cutting edge of ecological sustainability and the green transition.<sup>18</sup>

Country-specific data in the aforementioned 2014 OECD report details how pervasive and varied public ownership is in some advanced economies. For instance, France had three majority owned companies listed on the stock market, 11 minority owned companies

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listed on the stock market, and 54 non-listed majority owned companies, statutory corporations, and quasi-corporations.<sup>19</sup> Norway had three majority owned companies and five minority owned companies listed on the stock market, as well as 42 non-listed majority owned companies, statutory corporations, and quasi-corporations.<sup>20</sup> These companies were found in a wide variety of sectors, ranging from manufacturing to banking to media to communications.

In many countries, such enterprises – often owned and/or controlled by the central state – are just the tip of the iceberg on public ownership, which extends down through the regional, state, or provincial level to local communities. A 2015 report from the global professional services firm PricewaterhouseCoopers, for instance, stated that ‘regionally and locally-owned SOEs also form an important part of the SOE landscape. And these tend to outnumber centrally-owned SOEs, while being smaller in size.’<sup>21</sup> According to this analysis, there are around 2,563 publicly owned enterprises in Sweden alone, with local, municipally owned enterprises comprising 69 percent of the total, and regionally (county) owned enterprises comprising 5 percent. In Germany, there are around 15,186 publicly owned enterprises, with 89 percent owned at the municipal level and 9 percent at the regional (state) level.

In recent years, the re-municipalization of public services has been gaining support throughout the world, often as a way to address pressing economic and ecological concerns while establishing local democratic control over the economy. In a 2017 study, the Transnational Institute (TNI) identified 835 municipalizations and re-municipalizations involving some 1,600 cities in 45 countries.<sup>22</sup> While re-municipalizations were most prevalent in the energy and water sectors, they have also occurred in transportation, education, housing, and healthcare, among others. ‘These (re)municipalizations generally succeeded in bringing down costs and tariffs, improving conditions for workers and boosting service quality, while ensuring greater transparency and accountability,’ the report found.<sup>23</sup> Since 2007 in Germany, for instance, more than 70 new municipal-level publicly owned electric utilities have been established and hundreds of service concessions have been acquired by public entities from private operators – reversing the privatization wave that swept the sector in the 1990s.<sup>24</sup> This process of *rekommunalisierung* (‘re-communalization’) is part of a larger effort to comprehensively transition the country’s energy sources from coal and nuclear to renewable sources called *energiewende* (‘energy transition’).<sup>25</sup> In September 2013, voters in Hamburg (Germany’s second largest city, with 1.8

million residents) voted in favor of re-municipalization in a referendum backed by a coalition of more than 50 consumer, religious, and environmental groups – and despite the opposition of the business community, the city mayor, and various major political parties.<sup>26</sup>

In Spain, both Madrid and Barcelona, the two largest cities in the country, are exploring public ownership options under the leadership of new political groupings sympathetic to the idea, namely *en Comú*, which controls the Barcelona City Council, and *Ahora Madrid*, which controls the Madrid City Council. Following the lead of 14 other Catalan towns that have re-municipalized their water systems, Barcelona has decided to establish a publicly owned water utility to replace the for-profit company *Aguas de Barcelona*, which has operated for a century without a formal contract.<sup>27</sup> However, even before the long-simmering political crisis between Catalonia and Spain exploded in late 2017 (with the former declaring independence and the latter imposing direct rule), the central government in Madrid had been attempting to block the re-municipalization effort.<sup>28</sup> Other cities in Spain that have re-municipalized services in recent years (or are considering it) include the Catalan district of *Castelldefels*, which saved around €3 million a year by taking refuse collection back into public ownership, *Valladolid*, which found that private street sweeping cost 71 percent more than the city doing it directly, and *Terrassa*, which is aiming to bring its water system back into public ownership after the private operator's 70-year contract expired in 2016.<sup>29</sup>

The United Kingdom has long been at the forefront of privatization, but one of the great ironies of the privatization wave that swept the country in the 1980s is that in several high-profile cases, newly privatized industries didn't remain in private hands for very long. They were subsequently bought up by large international state owned enterprises from other countries that were entering the world market as globalization took hold. A classic example relates to Britain's electricity system – a strong, centralized, publicly owned system for most of the twentieth century. In 1990, the 12 local electricity providers (the regional electricity boards) were sold off as private companies, followed by three new generation companies (taking over coal and nuclear plants that were previously publicly owned), and finally, by 1996, the transmission network that held the system together (the National Grid). As James Meek describes in the *London Review of Books*, the newly privatized system was rife with abuses, attracting foreign takeovers. In addition to private companies from America and elsewhere, the major player that entered the British electricity market was the French state owned energy giant EDF. 'Beginning with the

takeover of London Electricity in 1998, exploiting the Thatcherites' open-door market structures and their decision to split the electricity industry into small, easy-to-swallow chunks,' Meek writes, 'France in effect renationalised the industry its neighbour had so painstakingly privatised. Renationalised it, that is, for France.'<sup>30</sup>

Even more surprising to many observers has been the recent willingness of the Conservative government in Britain to allow Chinese state owned enterprises to participate in the construction and management of new nuclear reactors, alongside EDF. In June 2015, a leading advisor to the government (and free-market proponent) attacked the plan, stating: 'add in the military and security issues of letting Chinese state owned companies into the heart of the British nuclear industry, and it seems positively perverse to prefer Chinese government money to British government money in so sensitive a national project.'<sup>31</sup> In September 2016, however, the government approved a proposal to allow EDF and CGN (China's state owned nuclear company) to begin designing and constructing new nuclear reactors – starting with Hinkley Point C. The agreement provides the companies with up to £30 billion in subsidies over 35 years and gives the British government a 'golden share' which will allow it to veto any future changes in ownership if it wishes.<sup>32</sup>

The United Kingdom, by virtue of its geography, is particularly suited to dramatically expanding its renewable energy generation through wind power. Here too, however, foreign publicly owned enterprises are dominating development. A September 2017 report published by the Labour Energy Forum revealed that more than half (51.16 percent) of all offshore wind capacity in the UK was owned by foreign, publicly owned companies. Under 8 percent was owned by British companies as a whole, and just 0.07 percent by British publicly owned companies – a single 7 MW turbine owned by the Offshore Renewable Energy Catapult as a demonstration project.<sup>33</sup> One such foreign state owned company is Vattenfall, which is aggressively pursuing wind-power generation in order to satisfy EU requirements that 20 percent of the region's energy consumption come from renewable sources by 2020.<sup>34</sup> One of the world's largest wind-power operators, running more than 1,000 wind turbines in several European countries, Vattenfall owns large British windfarms including Kentish Flats, the Kentish Flats Extension, Ormonde (51 percent ownership), and Thanet.<sup>35</sup> In essence, much of what privatization achieved in the case of Britain's electricity system (other than enriching a small handful of politically connected elites) was to shift the benefits of public ownership, especially revenues, from the

local communities where those assets are produced or consumed to communities in other countries. While this need not be a negative in and of itself (especially in the context of movement toward greater genuine international cooperation), this has serious implications for local economic stability, democratic control, participation, and transparency – especially when those international institutions and frameworks are built around economic models that are financially extractive.

There are, however, signs that the British electricity sector may be ripe for fundamental change. Under Jeremy Corbyn and John McDonnell, the Labour Party has vowed to take utilities back into public ownership and ‘transition to a publicly owned, decentralised energy system.’<sup>36</sup> And on the ground, some local municipalities are taking the lead by forming publicly owned electric companies to compete with the traditional, large, for-profit suppliers. According to recent reports, such companies now exist (or are close to existing) in Islington (the first such publicly owned company in London in more than 100 years), Doncaster, Portsmouth, Nottingham, Bristol, Liverpool, Derby, Leeds, and Sussex (where several municipalities are joining together).<sup>37</sup> In London, Labour Mayor Sadiq Khan has committed to a publicly owned company called Energy for Londoners, but it is still unclear what form this might take.<sup>38</sup> The movement is being driven by a desire to lower costs for consumers (with millions struggling to pay their utility bills in what is often referred to as ‘fuel poverty’), generate new revenues in a time of crippling austerity at the local council level, and provide a way to interface with local constituents.

However, unlike in some countries (especially the United States) these municipal electric companies by and large do not, as of yet, own much in the way of transmission infrastructure or generation facilities. In many cases, they purchase much of their energy from wholesalers and sell it on to customers regardless of geography (although usually local residents receive lower rates). This structure has the advantage that start-up costs are relatively modest, especially when compared to the cost of municipalizing a vertically integrated monopoly electric utility in the United States. However, by having to compete in a market and not having complete control over either transmission or generation, the margin for both economic viability and social benefit is low. Much of the discussion in the UK is now moving on to questions of competition (and whether there should even be a market and competition in the energy sector) and bringing the grid and generation facilities back into public ownership as well.

### **The surprising prevalence of public ownership in the United States**

The United States, often considered the beating heart of free-wheeling, no-holds-barred market capitalism, is frequently assumed to have little contemporary experience with, or interest in, public ownership. However, public ownership in the United States is much more common than most people understand, with the relative decentralization of the US political system allowing for local control in ways that don't exist in other countries where public ownership is often centralized at the highest, national level of the state – the traditional state owned enterprise. A prime example is the electric utility sector where around 2,000 publicly owned utilities – along with consumer owned cooperatives – provide around 25 percent of the nation's electricity.<sup>39</sup> In one state – conservative Nebraska – every single resident and business receives electricity from a community owned institution rather than a for-profit corporation. There, 121 publicly owned utilities, 10 cooperatives, and 30 public power districts provide electricity to a population of around 1.8 million people.<sup>40</sup> As we shall see, a common concern with public ownership, especially in larger-scale systems, is that it can lead to inefficiency, unaccountability, and bureaucracy. But Nebraska's nearly century-old experience with a completely public and community owned electricity system demonstrates that this does not necessarily have to be the case. The principles of subsidiarity – generally, that matters of decision-making should be devolved to the lowest level possible – and local control can, in fact, be preserved through a networked mix of publicly owned institutions at various scales without sacrificing efficiency or service quality.

Most publicly owned electric utilities are conventional in their operations, and a number under current management approaches have poor ecological records. On the other hand, some are at the forefront of city and state attempts to implement climate action plans and reduce greenhouse gas emissions. A particularly instructive effort is the ongoing campaign in Boulder, Colorado to municipalize the local electric utility to confront climate change. Concerned that the existing private corporation, Xcel Energy, derived around 60 percent of its energy from coal, local community groups and policymakers united around a plan to assert public control through public ownership.<sup>41</sup> Despite the fact that Xcel outspent supporters of the effort by roughly 10-to-one, the initiative was approved by a small margin in a 2011 referendum.<sup>42</sup> Two years later, a new effort backed by Xcel that

would have crippled the municipalization effort was overwhelmingly defeated – again despite huge imbalances in campaign spending.<sup>43</sup>

It currently appears that the city of Boulder is pursuing a twin-track strategy consisting of moving forward with the municipalization effort on the one hand (including the complex legal maneuvering it takes to acquire and transfer Xcel's assets to the city), and negotiating with Xcel in the hopes of coming to a compromise which would leave Xcel as Boulder's electric provider but greatly enhance the city's control over its sources of energy on the other.<sup>44</sup> In April 2017, just days before a Public Utilities Commission (PUC) hearing, Xcel presented the Boulder City Council with two proposals aimed at ending the municipalization fight. The first was an offer to remain the city's electric provider, but allow for more renewable energy projects (critically, however, the company would not endorse the city's commitment to 100 percent renewable energy by 2030) and the second was an offer to sell the company's local assets to the city up front (rather than go through the PUC process) at a premium.<sup>45</sup> After a hearing in front of an overflow crowd (where the comments were overwhelmingly in favor of rejecting Xcel's offers), the city council voted six-to-three to continue with the PUC process.<sup>46</sup> In September 2017, the PUC released a ruling that, the city feels, 'creates a path forward for the city to proceed with municipalization,' and in November 2017 residents voted to renew a special tax that funds the effort.<sup>47</sup> A related campaign in Minneapolis, Minnesota also scored a major victory in late 2014 when the threat of municipalization forced Xcel and another energy corporation, CenterPoint, to sign a landmark 'clean energy partnership' with the city. Although the agreement did not include municipalization, it required the company to implement the city's comprehensive climate action plan, shortened its franchise agreement to 10 years (down from 20), established a community advisory committee, and gave the city an option to cancel the franchise after the fifth year.<sup>48</sup>

An interesting variant on public ownership tied to renewable energy development is Community Choice Aggregation (CCA). Now legally available in seven states, CCA allows local governments to pool consumer demand in order to secure new, clean sources of energy, offer electricity at lower rates than for-profit utilities, create local jobs and development, and regain local democratic control over energy-related decision-making. In the CCA model, a publicly owned agency is responsible for purchasing or generating electricity, which is then transmitted to the end user through the incumbent utility. 'Like [publicly owned] utilities,' the Local Energy

Aggregation Network explains, ‘CCAs offer cost efficiencies, flexibility, and local control. But unlike munis, they do not face the capital-intensive and open-ended challenge of valuing, purchasing, and maintaining expensive utility infrastructure. CCA offers a “hybrid” approach that exists between the investor owned (often monopoly) utility and a municipal (or member coop) utility.’<sup>49</sup> In California, four CCAs – Marin Clean Energy, Sonoma Clean Power, Lancaster Choice Energy, and CleanPowerSF – are currently serving hundreds of thousands of people, and dozens of others are in development in most major jurisdictions.<sup>50</sup>

Around 87 percent of the US population is served by publicly owned water systems at the local, municipal level – significantly higher than in some other advanced economies.<sup>51</sup> Attempts at water privatization in the United States over the past few decades have generally been disastrous, and many have been reversed amidst public outcry. Between 2007 and 2014, the number of privately owned systems fell by 7 percent (and people served fell by 18 percent).<sup>52</sup> In Florida, for instance, a group called Friends of Locally Owned Water (FLOW) organized a highly successful campaign against the private water company, Aqua America, due to its repeated rate increases and poor service. In 2013, the company bowed to this pressure and sold off most of its water systems to the Florida Governmental Utility Authority as well as other local governments.<sup>53</sup> New efforts to privatize water systems are often met with concerted resident opposition. For instance, in 2013, residents in Bethel, Connecticut quickly mobilized against a proposal to sell the town’s water utility to Aquarion, a company controlled by an Australian bank. In the resulting referendum, townspeople voted overwhelmingly against the sale.<sup>54</sup> More recently, in 2017, a coalition of activists in Atlantic City, New Jersey (including local and state chapters of the NAACP and ACLU) came together to protect the city’s publicly owned water system from being sold off as part of the state’s emergency takeover of city operations.<sup>55</sup>

One area experiencing tremendous public expansion is local, municipal ownership of high-speed internet systems. In recent years, more than 750 communities have established publicly owned full or partial networks, including 130 (in 27 states) with super-fast networks.<sup>56</sup> These publicly owned systems commonly provide higher speeds, better service, lower costs, and updated infrastructure in communities often neglected by large for-profit companies. In Chattanooga, Tennessee, the city’s publicly owned utility (EPB – Electric Power Board), for instance, has been operating a fiber network since 2009, and was the first location in the United States to offer 1gb service.

The emergence of a municipal broadband network in the city has also forced the corporate provider, Comcast, to reluctantly invest in upgrading its service – even as EPB provides faster speeds and lower costs. In Wilson, North Carolina, the municipal broadband network became profitable nearly a year ahead of schedule. Market pressures have forced Time Warner to keep its prices down to compete (between 2007 and 2009 Time Warner raised its rates in non-competitive neighboring jurisdictions – where it exists as a monopoly – by as much as 52 percent, but kept prices stable in Wilson).<sup>57</sup>

Because of their increasing popularity, publicly owned internet networks have become a target for corporate lobbying. As a result, 20 states have enacted laws banning or restricting local municipalities from engaging in this type of wealth democratizing initiative, although some communities have begun to push back against these laws.<sup>58</sup> For instance, in the 2014 mid-term election, seven Colorado municipalities voted, via referendum, to opt out of state law in order to pursue publicly owned broadband networks (this was followed by another 19 during the 2017 election).<sup>59</sup> In an early 2015 decision, the Federal Communications Commission (FCC) backed such efforts by declaring its intent to pre-empt such state laws restricting local municipalization efforts with federal regulation. As expected, state governments – led by Tennessee and North Carolina – sued the FCC to overturn the pre-emption ruling. In August 2016, the Sixth Court of Appeals overturned the FCC ruling, stating that only a direct act of Congress could pre-empt state-level bans on local publicly owned broadband networks. However, the Court also affirmed the FCC's conclusion that municipal broadband had a variety of public benefits, including increasing competition. Speaking after the decision, Christopher Mitchell of the Institute for Local Self Reliance's (ILSR) community broadband initiative stated that 'this case is disappointing. [But] if the FCC had been affirmed, there would've been an appeal. We would've had another 18 months of uncertainty ... The FCC brought a lot of attention to the need for more [broadband] investment, and a lot of communities around the country have heard that. Even though the FCC had a setback, I think we're much better off since the FCC stepped in.'<sup>60</sup>

Another area seeing intense organizing is local, publicly owned banking. For instance, in late 2014 Santa Fe, New Mexico Mayor Javier Gonzales announced that his city was moving forward with a study on how to create a public bank. The city's existing provider of financial services, Wells Fargo, he explained, 'take[s] city revenues, taxpayer dollars, and [uses] those dollars as part of a loan portfolio

for folks outside of Santa Fe and New Mexico.<sup>61</sup> In late January 2015, the Santa Fe City Council approved a \$50,000 contract with a local firm to investigate setting up such a bank, and a year later that firm released its findings, indicating that a public bank is indeed feasible and could provide an economic benefit to the city of more than \$24 million in just its first year of operations<sup>62</sup> (the report also laid out a series of recommendations and incremental measures that could be introduced in lieu of or in preparation for the creation of a public bank).<sup>63</sup> In April 2017, the Santa Fe City Council voted unanimously to set up a Public Bank Task Force to study and establish the steps necessary for the creation of a city public bank.<sup>64</sup>

In early 2016, a month after the Santa Fe report was released, a hearing was held in Philadelphia, Pennsylvania on a public bank proposal after it was authorized unanimously by the city council.<sup>65</sup> In Oakland, California, city council members – with the backing of activist groups, including Friends of the Public Bank of Oakland (FPBO) – are moving forward on a public bank feasibility study.<sup>66</sup> And in July 2017, Los Angeles city council president Herb Wesson introduced a motion to begin investigating the possibility of a public bank in the nation's second largest city.<sup>67</sup> In addition to its potential to help Angelenos with affordable housing, one of the main motivations for setting up a public bank in the city is to support the state's booming legal marijuana sector, which is largely prevented from using traditional banking services due to federal drug laws.<sup>68</sup>

Several *states* are also moving in the direction of public banks. In early 2014, for instance, residents in more than 20 Vermont town meetings voted in favor of a proposal to turn the Vermont Economic Development Authority into a state bank.<sup>69</sup> Ultimately, the effort accepted a compromise in the state legislature, with the authorization of up to 10 percent of the state's cash balance (currently totaling around \$350 million) being made available for investment in local enterprise – more or less fulfilling what would have been one of the proposed state bank's most important functions.<sup>70</sup> In New Jersey, Democrat Phil Murphy, recently elected to replace outgoing Republican Governor Chris Christie, has promised to pursue a public bank.<sup>71</sup> 'A public bank will allow New Jersey to invest in New Jersey, period,' Murphy has stated. 'It's the type of big thinking we need to get back on track.'<sup>72</sup> Similarly, in California, Lieutenant Governor (and 2018 Gubernatorial candidate) Gavin Newsom has expressed his support for a state-level public bank, echoing comments at the city level in Los Angeles and Oakland that such an institution is needed to support the state's marijuana industry.<sup>73</sup>

In the wake of the financial crisis of the late 2000s, much has been written about the nearly 100-year-old publicly owned Bank of North Dakota (BND), which has around \$7.4 billion in assets and a loan portfolio of \$4.3 billion.<sup>74</sup> Formed by an offshoot of the Socialist Party (the Nonpartisan League) in the aftermath of the First World War, the bank survived an early concerted assault by opponents (including a Wall Street boycott), eventually thriving and becoming institutionalized in the state's financial landscape. It directly helped North Dakota weather the financial crisis and recession by continuing to contribute revenues to the state's budget, backstopping local banks with liquidity (thereby ensuring that the state had the lowest foreclosure rate and lowest credit card default rate in the country, as well as no bank failures for more than a decade), and making loans to consumers while private banks were freezing credit.<sup>75</sup>

In praising the record of the Bank of North Dakota, it is important not to lose perspective. Operating in a politically conservative state, it has hardly been an engine for social justice and the development of alternative economic institutions. Recently, the BND was widely – and rightly – criticized for lending the state as much as \$10 million to cover the costs of policing the American Indian-led Standing Rock protests against the Dakota Access Pipeline (although it is unclear whether or not the bank could have legally refused the state's order even if it had wanted to).<sup>76</sup> But its operating record as an instrument of state economic development is impressive nonetheless. In addition to the bank, North Dakota has another state-level public enterprise, formed around the same time, but that is far less well known. The North Dakota Mill operates eight milling units, an elevator, and a packing facility. It receives no subsidies from the state, has a payroll of \$14 million, and contributes around 50 percent of its yearly profits back to the state's general fund.<sup>77</sup> Together, these institutions demonstrate that public enterprise can continue to flourish even in seemingly unfriendly political soil.

In neighboring Wisconsin, similar political and economic winds in the early twentieth century led to the creation of a publicly owned life insurance company in 1911. The State Life Fund is a non-profit business that offers basic coverage to any state resident at low costs. It receives no state subsidies and keeps its costs down by not advertising or using commissioned agents (also by being exempt from federal income tax and not extracting a profit).<sup>78</sup> As of 2013, the State Life Fund had 26,558 life insurance policies in effect amounting to around \$204 million.<sup>79</sup> While enrollment has always remained relatively low (due to the low cap on coverage), the Fund has nevertheless withstood

numerous privatization and repeal attempts over the course of its more than hundred-year history.<sup>80</sup>

Historians often refer to the US economy of the late nineteenth and early twentieth centuries as the ‘Gilded Age,’ a time of robber barons and monopolies when the wealth and opulence of the few stood in stark contrast to the poverty and squalor of the many. Aligned against this system was an interacting and evolving set of mass movements, political parties, and radical agitators representing different constituencies, ideologies, and strategies, including the Knights of Labor, the National Grange Movement, the Farmers’ Alliance, the People’s Party (the ‘Populists’), the Progressive movement, the Socialist Party, and the New Dealers.

While most of these groups supported public ownership in one form or another, it was within the burgeoning socialist movement that it was most comprehensively articulated as part of a fully fledged systemic alternative. ‘The whole of industry will represent a giant corporation in which all citizens are stockholders, and the state will represent a board of directors acting for the whole people,’ the famous Socialist Party leader and five-time presidential candidate Eugene Debs declared in 1908.<sup>81</sup> The party’s 1912 platform called for public ownership of, among other things, railroads, communication infrastructure, transportation, grain elevators, stock yards, warehouses, mines, oil wells, forests, water utilities, banks, and land.<sup>82</sup> In 1912, Debs received nearly a million votes in the presidential election, roughly 6 percent of the total popular vote.<sup>83</sup>

Reformist elements within the socialist movement saw local municipal politics as a vehicle toward socialism through gradual, rather than revolutionary, means. One of the most prominent municipal socialists was Victor L. Berger – co-founder, with Debs, of the Social Democratic Party (a forerunner to the Socialist Party), newspaper editor, and United States Congressman from Milwaukee, Wisconsin. ‘Municipal Socialism is very important,’ Berger wrote in 1906. ‘There can be no doubt that Social-Democrats will carry cities and towns before they carry states, or before they carry a national election. Like everything else that is growing, Socialism must grow from the bottom up.’<sup>84</sup> Local public ownership was specifically conceived as one of the first steps in a political-economic program that would eventually provide the structural basis for the extension of socialist power to the state and national level. Through the takeover of utilities and other enterprises by the municipal government, wages and service would be increased while work hours and costs reduced. ‘Little by little the conditions of the people are to be improved,’ Carl Thompson,

a socialist member of the Wisconsin State Legislature claimed in 1907, 'and thus, in every way, society will be gradually prepared for and led into the experience of Social-Democracy.'<sup>85</sup> For his part, Debs supported municipal socialist efforts but warned that they were, by themselves, not sufficient to build a socialist system.<sup>86</sup>

The question of how specific communities involved in building 'municipal socialism' related to larger socialist efforts and systemic theory was widely discussed at the time. 'The party,' historian Richard William Judd recalls, 'in fact, formulated a sophisticated justification for municipal politics ... In essence, this rationale was neither hopelessly idealistic nor grossly reformist. City politics was, above all, an educational exercise ... Municipal campaigns provided ideal forums for exploring class issues that touched workers' lives in very immediate and personal ways, and yet could be generalized into a Socialist critique of capitalism.'<sup>87</sup>

In practice, however, the 'socialist' component of municipal socialism was something of a misnomer. Despite political affiliation with the Socialist Party and ideological justification of the approach, the local policy agenda has been described by many historians as 'reform within the existing framework of government and economy.'<sup>88</sup> Upon seizing the reins of municipal government, socialists often found themselves constrained by legal authority, opposed by hostile business and political interests, and limited by political ambition and a desire to remain in office. In some cases, this resulted in municipal socialists embracing progressive reform principles that were popular with both the socialist rank-and-file and the middle class and business interests. In others, it led to factionalism, infighting, and the fall of socialist administrations. Nevertheless, institutionally and rhetorically, public ownership was without doubt one of the lynchpins of the municipal socialist approach and a key component of its popularity. 'American socialism,' historian Bruce Stave writes, 'was most successful in winning power when it was most progressive; as "gas and water socialism," it espoused democracy rather than revolution.'<sup>89</sup>

Under socialist direction, many municipalities took direct control of public transport (including subways, trolleys, and buses), power systems (including power plants), telephone systems, sanitation systems, railroads, ice plants, transportation facilities (bus and train stations, as well as freight shipping facilities), grocery stores, coal distribution companies, and lodging houses. In Minneapolis, Minnesota, union machinist Thomas Van Lear was elected mayor in 1916 as a representative of the Public Ownership Party, a local offshoot of the Socialist Party that advocated for municipal ownership

of utilities (among other things).<sup>90</sup> In Milwaukee, Wisconsin – one of the most long-lasting and also most reformist socialist strongholds – the 24-year administration of Socialist Party Mayor Daniel Hoan (1916–1940) established several publicly owned enterprises, including a stone quarry, a sewage disposal plant, a water purification plant, and a street lighting system.<sup>91</sup> Starting in 1926, Milwaukee began producing and selling Milorganite, an organic fertilizer derived from the city's water reclamation process. This publicly owned enterprise continues to this day under the auspices of the Milwaukee Metropolitan Sewerage District.<sup>92</sup>

In Schenectady, New York, the Socialist Party came to power in 1911 with the election of Pastor George Lunn (the young Walter Lippmann was his personal secretary). Two of the local government's first actions were to establish municipal ice and coal distribution businesses that would sell to customers at cost (court injunctions against the plans forced Lunn and his associates to skirt, or outright subvert, both the law and the businesses' 'public' nature in order to keep them running). Other public ownership initiatives established in the city with varying degrees of success included a municipal grocery store, a municipal employment bureau within the Department of Public Works, a municipal lodging house and farm, and a 'school of social science.'<sup>93</sup> For decades, the Public Ownership League of America (officially non-partisan, but led by municipal socialists, including long-time Secretary Carl Thompson) documented thousands of similar efforts across the country. In February 1922, for instance, it reported that 'over 700 cities have established municipal [electric] plants in the last five years,' and other publications that year included stories about the long struggle to municipalize railways in Detroit, attempts to municipalize sewer systems in Texas, and the success of publicly owned waterworks in almost all of America's largest cities.<sup>94</sup>

Municipal socialism, and early twentieth century support for public ownership more generally, continues to have a lasting influence on ownership patterns in local economies decades after the last socialist strongholds fell. For instance, nearly all public transportation systems around the United States are publicly owned. These vital economic drivers directly and indirectly employ tens of thousands of local residents and move millions of people to and from jobs and other activities. Moreover, municipal ownership and development of land around public transport stops is becoming increasingly common. In Washington, D.C., for instance, the District government purchased land around the Minnesota Avenue Metro stop from the publicly owned transit authority and then built a municipal office building,

a garage, and a residential building with ground-level retail.<sup>95</sup> This variant of ‘transit-oriented development’ allows the public at large to benefit from the rising property values around transit stations that occur due to substantial public investment, rather than seeing these benefits syphoned off by private developers. Moreover, to the extent that public ownership and development of such land is done with an eye to preserving affordability for lower-income residents, this can also ease growing gentrification and displacement pressures currently being experienced in many cities.

Similarly, many cities own public markets where space is rented out to individual vendors. Faneuil Hall in Boston and Pike Place Market in Seattle, both favorites of visiting tourists, are two of the most famous examples. Another kindred municipal land- and property-ownership strategy relates to hotels. Taking advantage of tax law changes in 1996 that allowed the use of tax-exempt municipal bonds to finance hotels (with certain criteria attached), publicly owned hotels can now be found in communities as different as Chicago; Omaha, Nebraska; Myrtle Beach, South Carolina; and Vancouver, Washington (near Portland, Oregon).<sup>96</sup> Moreover, according to Robert R. Nelson, many of these publicly owned hotels are constructed in support of another prominent element of local public ownership – convention centers.<sup>97</sup> The Vancouver Hilton Hotel & Convention Center, despite its name, is actually owned by the Vancouver Public Facilities District and leased by the Downtown Redevelopment Authority. In 2015, more than 126,500 people attended nearly 1,500 events at the convention center and the hotel generated \$16.1 million in city revenue. Together, the hotel and convention center employ nearly 200 people (80 percent of whom live in the surrounding area) and spend \$1.63 million with vendors in the state (45 percent in the surrounding area).<sup>98</sup>

Airports are perhaps the most obvious economically important areas of public ownership. These commonly operate like large real-estate businesses, in which airlines and shipping companies, together with restaurants, car rental companies, clothing stores, newspaper and magazine outlets, and many other businesses, all rent space. There are nearly 500 publicly owned commercial airports operating in the country (all told, there are more than 4,000 publicly owned airports).<sup>99</sup> In 2010, these airports were estimated to support directly and indirectly some 10.5 million jobs with total payrolls of \$365 billion while producing \$1.2 trillion in annual output.<sup>100</sup>

Alongside the post office and Amtrak (discussed below), airports have for many years been high up on the privatization wish list for

conservatives and libertarians. In 1996, Congress authorized the Federal Aviation Administration (FAA) to begin a pilot program on airport privatization. Despite being re-authorized in 2012 (and the number of open slots in the program increased to 10), no major commercial airports have been privatized during the program's more than 20-year existence.<sup>101</sup> Midway Airport in Chicago was close to going through, but the deal stalled and then finally collapsed in 2013 amidst blowback from other failed privatizations in the city.<sup>102</sup> Currently, there are only three airports in the privatization program – two small, non-commercial airports, in White Plains, New York and Clewiston, Florida, and the medium-sized Luís Muñoz Marín International Airport in San Juan, Puerto Rico, which remains owned by the Puerto Rico Ports Authority but is operated on a 40-year lease by a private company.<sup>103</sup> Despite this thin record, President Trump has recently revived the idea of privatizing airports as part of an effort to jumpstart his infrastructure plans.<sup>104</sup>

There are also hundreds of publicly owned commercial ports in the United States that directly and indirectly support millions of jobs and trillions of dollars in economic activity.<sup>105</sup> Major port authorities include the Port Authority of New York and New Jersey, the Port of Los Angeles, Port Miami, the Port of Houston Authority, and the Port of South Louisiana. The Port Authority of New York and New Jersey, for instance, owns and operates five major airports, six bridges and tunnels, three bus terminals, five marine terminals, the PATH transit system, industrial parks, waterfront development projects, and the World Trade Center.<sup>106</sup> Though commonly dominated by special interest groups, and prone to political interference – as evidenced by the Port Authority, which is mired in political scandals, intra-agency feuds, and project mismanagement – a future, democratized model could deploy this precedent of large-scale public ownership for broader, more far-reaching purposes.

Around 20 percent of community hospitals in the United States are publicly owned (and another 58 percent are non-profit).<sup>107</sup> One of the more interesting models is Denver Health, a highly successful community-benefiting institution structured as an innovative blend of state-level public ownership and direct municipal accountability. As a subdivision of the state of Colorado, the Denver Health and Hospital Authority now has relative autonomy over decision-making, yet is subject to the state's open-meetings law (allowing for public involvement) and has a board that is appointed by the city's mayor.<sup>108</sup> In response to increasing healthcare costs, some states are also beginning to experiment with publicly owned health clinics for

state employees. In 2012, the state of Montana opened a publicly owned health clinic that provides free checkups, blood tests, and shots to state employees and their dependents (the Montana Health Center now has six locations and is open to some local municipal workers as well).<sup>109</sup> While the facilities are run by a private company, the state purchases supplies, covers the total cost of patient visits, and pays all the employees' wages. Because of its ownership structure, the facilities are actually saving the state money because the lack of markup on services, the ability to buy supplies at lower prices, and the paying of doctors by the hour (rather than by the number of procedures they order) results in a lower cost per visit for patients. The vast expansion of preventative care associated with the clinic is also leading to a reduction of the costly hospital visits and major medical procedures that become necessary when diseases are left untreated.<sup>110</sup> In 2015, New Mexico opened a similar publicly owned clinic for state employees in Santa Fe. Launching the clinic, Republican Governor Susana Martinez stated that it would provide high-quality preventive care and save the state millions of dollars per year.<sup>111</sup>

There are roughly 98,300 public schools (kindergarten through 12th grade) in the United States. These schools educate around 50.4 million students and employ nearly 3.1 million teachers.<sup>112</sup> While not commonly thought of as such, public schools are large economic drivers in many communities. In *Public Schools and Economic Development: What the Research Shows*, former White House adviser Jonathan Weiss describes how public schools enhance productivity (at the local and national level), help localities attract and retain businesses, increase property values, stabilize the local tax base, and generate an economic multiplier effect (through payrolls, purchasing, construction, etc.).<sup>113</sup> Similarly, more than two million people are employed at the nation's nearly 2,000 public two- and four-year universities and colleges.<sup>114</sup> These institutions have annual expenditures of around \$335 billion and tens of billions of dollars in endowments, making them major economic players in local communities.<sup>115</sup>

In many states, public ownership of alcohol distribution facilities is the norm. In Virginia, for instance, the Department of Alcoholic Beverage Control (ABC) operates 359 stores across the state, as well as wholesale and distribution facilities. It employs around 3,278 people and is a leading revenue producer for the Commonwealth. Since 1934 it has transferred \$9.5 billion to Virginia's general fund (used to pay for education, public works, police and fire, etc.). In 2016, this public enterprise generated a record \$165 million in profits and

returned \$433 million (another record) to the general fund in profits and taxes collected.<sup>116</sup> Similarly, most states own and operate lotteries which generate funds that are usually allocated to local public schools. Of course, public ownership of alcohol distribution and lotteries can be controversial. On the one hand, they are often criticized as amounting to an extra tax, of sorts, on poorer and more vulnerable residents.<sup>117</sup> On the other hand, they are sometimes attacked for their restrictive rules and regulations that are frequently rooted in religious objections to alcohol and in the so-called ‘blue laws’ (ABC stores in Virginia, for instance, operate restricted hours most days while further restricting hours on Sundays).

However, public ownership in this sector is both logical and rooted in historical experience. On the one extreme, such ‘vices’ could be banned outright. But this does not, and never will, prevent demand. When such bans are enacted and enforced, organized crime, together with the violence and corruption that accompanies it, can be counted upon to step into the void (this happened with both alcohol prohibition in the 1920s and Mafia control of gambling into the 1970s). At the other extreme, were these ‘services’ to be completely privately owned and operated, the ability to regulate consumption and abuse is usually diminished while wealth is funneled upwards from the mostly poor and middle classes to the rich (this is the pattern with for-profit casinos). For many localities, therefore, public ownership is a middle ground, by which gambling and alcohol are legal but regulated, with proceeds being returned to public purposes in the form of investments in services such as education and public safety.

For these reasons, public ownership is increasingly being considered as states across the country begin legalizing the sale of recreational marijuana. In addition to the growing calls for public banks to support the new industry, there are experiments with other more direct forms. In North Bonneville, Washington, for instance, the North Bonneville Public Development Authority has opened the nation’s first publicly owned marijuana shop.<sup>118</sup> Championed by Mayor (and ex-Marine) Don Stevens, Cannabis Corner’s mission is to ‘revitalize the local economy and promote economic growth’ and focus on ‘public health and safety.’<sup>119</sup> Across the border, in the Canadian province of Ontario, the government has announced that publicly owned businesses will have the exclusive preserve on selling marijuana when it becomes legal on July 1, 2018. The 150 new stores (by 2020) will be run by the Liquor Control Board of Ontario. The government sees this as a way of generating substantial revenue and

maintaining oversight and control of the industry (as well as shutting down existing illegal marijuana storefronts, some of which are operated by organized crime).<sup>120</sup>

Several US states also operate large publicly owned investment funds, sometimes called ‘sovereign wealth funds.’ The state of Alaska famously collects and invests proceeds from the extraction of oil and minerals in the state, and dividends from this fund – the Alaska Permanent Fund, administered by the publicly owned Alaska Permanent Fund Corporation – are paid out annually to all state residents.<sup>121</sup> In Texas, the publicly owned and operated Texas Permanent School Fund was formed in 1854 and subsequently endowed with large tracts of land and associated mineral rights. In 1953, coastal ‘submerged lands’ were added after being relinquished by the federal government.<sup>122</sup> Each year distributions from the earnings of this almost \$40 billion fund support education in every county in the state, amounting to \$1.05 billion in FY2016 alone.<sup>123</sup> Another \$17.8 billion fund, the Permanent University Fund, owns more than two million acres of land and helps underwrite the state’s public university system.<sup>124</sup> In other words, public ownership of land and investments in a variety of assets supports public education and other social services in ways that significantly reduce the state tax burden on local residents and businesses. State funds similar to those in Alaska and Texas exist in Alabama, Louisiana, Utah, New Mexico, Wyoming, and North Dakota.<sup>125</sup> Like other sovereign wealth funds around the world, these publicly owned funds are hardly paragons of participation, accountability, and transparency. However, given their structure and vast resources, they form the basis for numerous proposals to move, over time, in the direction of democratized community funds or public trusts, and provide a real-world precedent for advocates of a citizen dividend.<sup>126</sup>

On the federal level, one of the most cost-effective healthcare enterprises in the United States is a public entity – the Veteran’s Administration (which is generally supported by veterans and their advocacy groups despite concerns over inadequate resources).<sup>127</sup> So, too, is the Social Security Administration, one of the largest pension providers in the world with more than 1,400 offices across the country and around 60,000 employees.<sup>128</sup> Around one-third of all the land in America is publicly owned and managed by federal, state, and local governments.<sup>129</sup> The federal government alone makes around \$2 billion a year from oil, gas, and timber royalties, and \$40 billion in tax revenue from tourism and recreation.<sup>130</sup> The federal government also operates around 140 banks and quasi-banks that provide loans

and loan guarantees for a wide range of economic activities.<sup>131</sup> In 2009, then Secretary of Agriculture Tom Vilsack commented that if all of the US Department of Agriculture's lending activities were accounted for, it would be 'the seventh-largest bank in the country.'<sup>132</sup> One of the best known of these quasi-banks is the US Export-Import Bank, which provides trade financing options to American businesses when the private sector is unable or unwilling to do so.<sup>133</sup> In 2015, this previously obscure 80-year-old publicly owned enterprise came to public attention when Republicans in Congress, under pressure from their base to crack down on corporate welfare, let its authorization lapse. However, several companies, including GE and Boeing, threatened to move jobs overseas or lay off workers unless the bank was reconstituted, and powerful lobbying groups like the US Chamber of Commerce and the National Association of Manufacturers began pressuring legislators in both parties.<sup>134</sup> In late October 2015, the House of Representatives voted to re-authorize the bank as part of an unrelated highway funding proposal that was subsequently signed by President Obama.<sup>135</sup>

One of the most important public enterprises in the United States is the TVA. Established during the New Deal, this large publicly owned energy corporation currently serves nine million people in seven states around the Tennessee River Basin.<sup>136</sup> While it takes no taxpayer funds, its board of directors is appointed by the President and confirmed by the Senate.<sup>137</sup> At one point in the 1930s, President Franklin Delano Roosevelt supported legislation that would have created seven 'little TVAs' as a step toward a much more expansive economic development plan. 'If we are successful here,' he stated, 'we can march on, step by step; in a like development of other great natural territorial units within our borders.'<sup>138</sup> In part due to the centralizing thrust of the New Deal and then the Second World War, the TVA largely succumbed to bureaucratic and other corrosive pressures and has been rightly criticized on a number of issues, including a lack of democratic participation and a poor ecological record. Nevertheless, the TVA has endured as a publicly owned enterprise for the best part of a century despite the occasional proposal to privatize it. This is, in part, because it has built a local constituency of support in the region that crosses party and ideological lines. When President Obama proposed privatizing the TVA in 2013 as part of his annual budget, local Republican legislators, concerned with higher prices for consumers and less money for their states, vigorously – and successfully – opposed the idea.<sup>139</sup>

A similar situation exists with the United States Postal Service (USPS), a massive public enterprise that employs around half a million Americans (493,381 ‘career employees,’ plus another 131,732 ‘non-career employees,’ as of January 2016), operates a fleet of 214,933 vehicles and has operating revenue of \$68.8 billion.<sup>140</sup> Interested both in eliminating a low-cost public competitor to private corporations such as FedEx and UPS and facilitating a mass transfer of valuable real-estate assets to private hands, the post office has been in the cross-hairs of US corporate interests and their political allies for years. As part of this lobbying campaign, Congress has repeatedly crippled the post office’s ability to remain economically viable. In 2006, the Postal Accountability and Enhancement Act forced the USPS to pre-fund 75 years of its possible future retiree benefits in just 10 years – a whopping \$103 billion a year. ‘This is something that *no other government or private corporation is required to do and is an incredibly unreasonable burden,*’ renowned consumer advocate Ralph Nader wrote in opposing the move.<sup>141</sup> According to Nader’s calculations, if the pre-payment obligation had not been imposed, the USPS would likely be a profitable entity. Moreover, Congress has repeatedly stymied any and all attempts by the post office to rectify their financial situation by ending Saturday deliveries or closing sparsely used locations. However, so far, despite at least a decade of intense, concerted effort by the forces of capital and their political allies, the post office remains in public hands, a fact that looks unlikely to change in the near future. According to Richard Geddes of Cornell University, ‘the U.S. Postal Service is nowhere close to being ready to be privatized. I wouldn’t say it’s impossible, but it would be well into the future at a minimum.’<sup>142</sup> Much of the reason for this is related to the widely anticipated negative reaction of the American public toward the consequences of privatization – namely, higher costs and reduced access, which has been the case with other postal privatizations such as the sell-off of the UK’s Royal Mail.

The post office aside, perhaps the most well-known federal level public enterprise in the United States is Amtrak, the National Railroad Passenger Corporation. Amtrak currently carries around 30 million passengers a year, employs more than 20,000 people, and serves 500 destinations in 46 states, as well as the District of Columbia and three Canadian provinces.<sup>143</sup> Amtrak was created by Congress in 1970 after a series of privately owned railroads went bankrupt. The most spectacular of these was Penn Central Railroad, one of the top 10 largest corporations in the country at the time with over 100,000

employees. According to New America Foundation Senior Fellow Philip Longman:

Penn Central's feuding top managers disagreed on just about everything except one point: they wanted in the worst way to get out of the railroad business. So they neglected maintenance of track and equipment, cooked the company's books, and used what capital they could raise trying to become a modish, 1970s-style conglomerate ... Penn Central's top executives also spent plenty of company dough securing the companionship of comely young women. Congressman Wright Patman fumed that this was 'one of the most sordid pictures of the American business Community that has ever been revealed in official documents.'<sup>144</sup>

Most of the remaining privately owned railroads voluntarily (and eagerly) transferred their passenger service routes and equipment to Amtrak, enabling them to focus on more profitable freight rail service.<sup>145</sup> Given the severely degraded state of the rail infrastructure Amtrak inherited – old locomotives and cars, crumbling stations – together with waning ridership numbers, most observers at the time, including politicians, saw the creation of Amtrak as a temporary experiment that would be quickly phased out along with passenger rail service altogether. However, as Amtrak upgraded infrastructure, addressed deferred maintenance issues, and centralized operations, ridership and popularity increased. It is now a critical part of the transportation system, especially in the well-travelled 'Northeast Corridor' between Washington, D.C. and Boston, Massachusetts.<sup>146</sup> Like the post office and the TVA, despite longstanding ideological opposition, Amtrak continues to survive as a publicly owned enterprise with support across ideological lines. In the Deep South, for instance, some state and local Republicans have recently endorsed and are promoting an effort by Amtrak to re-open the service between New Orleans, Louisiana and Orlando, Florida that was discontinued in the wake of Hurricane Katrina in 2005. 'I think we can make Amtrak work,' Republican Mississippi Sen. Roger Wicker told *Politico* in early 2017. 'We can make it more friendly to the taxpayer, and more efficient, but I think we need Amtrak, and I'll just say it.'<sup>147</sup> Interestingly, these local Republican politicians explicitly make the case for public ownership as a way to stabilize local economies. 'You're going to depopulate rural communities if you can't connect them to the larger economy,' John Robert Smith, a former Republican mayor of Meridian, Mississippi told the same reporter.<sup>148</sup>

In 1976, Congress created another publicly owned corporation – the Consolidated Rail Corporation (Conrail) – to begin operating the freight rail activities of Penn Central and five other bankrupt East Coast rail companies.<sup>149</sup> By the mid-1980s, Conrail had repaired the terrible state of the infrastructure and rolling stock it inherited from the private corporations, freed itself from price controls and other regulations, and streamlined its operations and management.<sup>150</sup> In 1986, the profitable and efficient company was privatized by the Reagan Administration. This pattern of nationalizing failing private corporations, returning them to profitability, and then selling them back to private owners in the name of the supposed superior efficiency of private ownership is an irony that has often been repeated throughout the modern era!

Another example of superior public operation of rail was the East Coast Mainline in Britain. Following the Thatcher-inspired, Major-implemented privatization of British Rail, extremely poor service and rising costs for consumers plagued the new privately owned railroads, despite sizable government subsidies.<sup>151</sup> In 2009, service on the East Coast Mainline route was re-nationalized (and subsequently run by a small publicly owned enterprise called Directly Operated Railways) after the private operator National Express simply walked away from the franchise.<sup>152</sup> Public ownership of the line improved service dramatically and began returning profits back to taxpayers – around £1 billion between 2009 and 2014. Despite this success (or perhaps because of it), the British government under Conservative Party Prime Minister David Cameron re-privatized the service in 2015. ‘David Cameron’s ideological selloff has ended a public sector service which has delivered over £1bn to the Treasury, kept fares down, had record passenger satisfaction and engaged the workforce with unparalleled success,’ Labour Party Shadow Transport Secretary Michael Dugher lamented at the time.<sup>153</sup> A similar pattern, of course, was followed with the de-facto nationalizations and then quick re-privatizations of General Motors, Chrysler, AIG, and Citigroup during the financial crisis (discussed in further detail below).

Most publicly owned enterprises in the United States are structured traditionally in that the government, at various levels, exercises ownership rights directly – through an agency or department – or indirectly through a semi-autonomous authority. Workers, residents, neighboring jurisdictions, and others in the community usually have little opportunity to participate in decision-making when it comes to those rights (outside of the mostly advisory function served by public meetings). However, there are signs, albeit limited ones, that

this may be beginning to change, at least in some areas. For instance, there are interesting new experiments and ideas around so-called ‘public–public partnerships,’ whereby publicly owned enterprises and services partner with other municipalities, workers, non-profit organizations, unions, public pension funds, or community groups. In the region around Baltimore, Maryland, for instance, small, local publicly owned water systems have begun to pool their purchasing with Baltimore City in order to lower costs and provide better service.<sup>154</sup> In Michigan, municipalities are contracting with other municipalities to upgrade infrastructure and provide services rather than with private companies, thus saving local taxpayers some money.<sup>155</sup> In Nashville, Tennessee and Miami-Dade County, Florida the local municipality has partnered with workers and their unions to cut costs and increase efficiency rather than resort to privatization. In the Miami-Dade case, the effort saved \$35.5 million between 1998 and 2010 and led to increased service quality throughout the system.<sup>156</sup> And in Nebraska, publicly owned utilities have begun to engage and consult with residents around the construction of more renewable energy infrastructure, particularly wind.<sup>157</sup> There have also been some recent advances in harnessing the vast potential of public pension and union pension funds to partner with public entities for large-scale infrastructure projects. In 2011, for instance, the American Federation of Teachers and other unions pledged to invest \$10 billion in American infrastructure over five years (in 2014, it was announced that they had met this goal two years ahead of schedule).<sup>158</sup>

While perhaps something of an outlier due to its progressive political orientation, Burlington, Vermont – where self-proclaimed Democratic Socialist and 2016 presidential candidate Bernie Sanders was once mayor – offers a look at how embedded public ownership is at the local level in the United States.

The city’s waterfront – formerly a decaying industrial area – has been extensively redeveloped into a leisure and cultural center after residents voted in 1990 to pursue a public ownership and control strategy following the failure of previous private development proposals in the 1970s and 1980s.<sup>159</sup> The city’s publicly owned electric utility – the Burlington Electric Department – is one of the greenest utilities in the United States, announcing in late 2014 that Burlington was the first city of substantial size in the nation to supply its residents with 100 percent renewable energy.<sup>160</sup> The municipally owned Burlington International Airport is a major economic driver in the region and has increased the number of passengers served in recent years. The city owns and operates the Church Street Marketplace,

which operates 100 percent on self-generated revenues and has less than a 1 percent vacancy rate. It also runs the Fletcher Free Library, the largest and busiest public library in the state. The city owns and operates 700 apartments for senior citizens and people with disabilities, as well 340 apartments for low-income residents. The publicly owned Chittenden County Transportation Authority averages nearly 10,000 passengers a day. The Chittenden Solid Waste District owns and operates 10 solid waste and recycling facilities. The Winooski Valley Park District acquires natural land in and around Burlington for the purpose of conservation and permanent preservation. The Department of Public Works administers the city's publicly owned water and sewer systems, and the city also operates and maintains public schools, parks, infrastructure, cultural programs, a community and economic development office, a community justice center, community centers, and more.<sup>161</sup> Add to this the publicly owned University of Vermont and various federal public enterprises and funds (such as Amtrak, which stops at nearby Essex Junction, Medicare, Medicaid, Social Security, and the Veterans Administration), and it is highly likely that the typical Burlington resident encounters and interacts with public ownership many times each day.

For the most part, this local experience with public ownership in the United States, and in many places around the world, is uncontroversial – and a world away from the highly charged ideological debates and demands for wholesale privatization that have been part and parcel of the neoliberal consensus.