Preface

Angela Cummine

Department of Politics and International Relations,
University of Oxford,
Manor Road, Oxford OX1 3UQ, UK
Email: angela.cummine@politics.ox.ac.uk

Stuart White*

Department of Politics and International Relations,
University of Oxford,
Manor Road, Oxford OX1 3UQ, UK
and
Jesus College,
Oxford, OX1 3DW, UK
Email: stuart.white@jesus.ox.ac.uk
*Corresponding author

Biographical notes: Angela Cummine completed her DPhil in the Department of Politics and International Relations, Oxford University, in 2013, and she is the author of *Citizens' Wealth: Why (and How) Sovereign Funds Should be Managed by the People for the People* published with Yale University Press in 2016.

Stuart White is a Tutorial Fellow in Politics at the Jesus College, Oxford, and is currently working on a book provisionally entitled *Democracy over Wealth: Liberal Republican Political Economy*.

When this special issue was first conceived in 2016, debates around public ownership were reigniting in numerous polities. In the wake of the global financial crisis, policymakers globally began to re-interrogate government balance sheets, searching for fresh revenue sources and new asset management opportunities. While austerity politics in the UK and several European states pressured governments to stem politically unpalatable spending cuts, scholars and practitioners of public policy intensified the search for effective responses to worsening economic inequality.

In the intervening years, the ascent of far-right parties and populist leaders in multiple polities, and its presumed link to dissatisfaction with traditional political institutions and growing inequality has reinforced the need for fresh approaches to distributional and fiscal challenges. At the same time, the continuing challenge of addressing climate change has deepened interest in natural capital, the world's stock of environmental assets, and how this could be better managed for future generations.

Together, these issues are linked to a more fundamental question of public ownership – in the thick, normative sense of what a government should own, and why, to best meet the social welfare needs of the society it governs. As with any political theory whose recommendations seek to be action-guiding, such a question must be considered within the institutional and political context it intends to be operationalised. Today's states own distinct assets to those of past governments. They enjoy greater exposure to financial markets by virtue of the expanded role as investors. And they pursue more sophisticated institutional arrangements for holding and managing their assets.

Against this background, we see a number of recent efforts to deepen our understanding of possibilities in this area. One important initiative is the IMF's work program on *Managing Public Wealth*. In October, Fiscal Monitor Report, the IMF (2018) show that few governments know what or how much they own, meaning that they are not in a position to properly assess how best to use the assets they own for public benefit. Using fresh data on government balance sheets, the authors estimate that governments could earn up to roughly 3% of GDP more in revenues per year while reducing risks, if they wished to use assets for this purpose. To put that in context, it is about the same as corporate income tax receipts in advanced capitalist economies. We should not assume, of course, that the most appropriate course of action is always to monetise, or even maximise, the full economic value of public assets. But knowledge of what is possible is helpful in making fully informed decisions.

To this end, an earlier version of the IMF's data was used by two of our issue's contributors, Detter and Folster (2015), in their influential work, *The Public Wealth of Nations* which also argued that governments suffer from a lack of knowledge of the value of their own assets and how they might use them for revenue generating purposes. In their follow up work *The Public Wealth of Cities* (2017), the authors extend their analysis to city balance sheets, identifying extensive 'hidden' public wealth at municipal and local government level. Some of these insights are reprised here and referred to throughout the issue.

Another major work published in 2017 also advanced our technical understanding of the components of public wealth and its measurement in national accounts. *National Wealth: What is Missing, Why it Matters*, edited by Hamilton and Hepburn (2017), helps define the key concepts in public wealth management and evaluate the progress that has been made in measuring national wealth. This volume also helped demonstrate that change in real wealth is an essential indicator of economic progress and future well-being, offering a potentially superior metric to GDP with its potentially harmful focus on past production and growth.

This special issue seeks to complement these works by moving beyond the preliminary question of what and how many governments own, and why this matters, to a critique of historical and current models of public ownership. The articles within offer institutional blueprints as well as case studies into the risks and opportunities for contemporary states contemplating reform or expansion of their public holdings. It is hoped that such efforts help shift the political and public discourse beyond 'public versus private' dichotomies and encourage a renewed appreciation of the potential of public assets to tackle issues of economic inequality and social injustice.

The issue seeks to make this modest contribution by combining historical insights with current examples of public ownership to explore the fundamental question of what governments should own, and how, to best serve the needs of the contemporary citizen-state relationship. The first cluster of papers are historical in focus, offering the reader insights from past approaches to public ownership in theory and practice. The next set of articles describes and critique current experiments in institutional approaches to public ownership. The final group focus on potential reforms to and new models for public ownership in contemporary states.

The issue commences with a comparative examination of the British and French post-war experience of nationalisation given their respective shifts towards public ownership after 1945. In this paper, Andrew Cumbers argues that in the UK, nationalisation failed to challenge the grip of private and corporate elites, while in France, nationalisation was part of a much more successful process of economic and societal modernisation. Since in neither case, however, did nationalisation deliver a deeper socialisation of the economy or more democratic forms of governance, Cumbers advocates for more decentralised models of nationalisation in the future. Martin O'Neill and Stuart White's paper also draws lessons from post-war Britain, shifting focus to the distributional arguments for public ownership advanced in the work of British economist James Meade. Meade's argument for a citizen's trust, a state-owned portfolio of income-generating assets used to finance a universal income payment to citizens, was a form of 'topsy-turvy nationalisation'. Distinct from the UK's post-war nationalisations, the aim of a citizen's trust was not to gain control over production for the state, but to acquire a source of net revenue and, thereby, increased leverage over the final distribution of income. O'Neill and White show that while this idea has been influential, although never enacted in the UK, the case for its adoption is strong today, and new political opportunities might be opening up for its adoption.

The historical section concludes with Joe Guinan's examination of the radical 'Meidner Plan' for wage-earner funds in Sweden in the mid-seventies, or what the author describes as 'one of the most promising roads not taken by the European left in the second half of the twentieth century'. While Meidner's innovative proposal to steadily transfer the ownership of enterprises to their workers ultimately failed to be fully adopted, Guinan identifies several current policy proposals that involve the core components of the Meidner Plan – share levy and collective control of capital. Understanding the genesis and fate of the wage-earner funds offers a valuable historical perspective on the challenges of democratising wealth for these current efforts.

The next cluster of articles examines current models of public ownership in operation in several advanced economies. Andrew Purves reviews the under-recognised yet successful regimes of public asset ownership practiced in Hong Kong and Singapore for lessons on fair public ownership. Key to the success of both is the land ownership remaining in government hands and its proper taxation. The Singaporean principle of giving all citizens a stake in the economy in the form of temporary property ownership is pointed to as a potential strategy for re-engaging with citizens in disaffected Western polities, while Hong Kong offers a more cautionary tale about the inequality effects of maintaining high land prices.

The next paper by Apostolos Vlachogiannis considers the opposite scenario of an externally-imposed privatisation program of state assets currently being experienced by Greece. The bail out agreements signed between Greece and its international creditors during Greece's debt crisis requires Greece to carry out a historically unique – at least in terms of scale – privatisation program. This has involved the transfer of ownership of nearly all of Greece's state assets to a series of internationally controlled asset management funds. The process is still in relative infancy, but already concerns around democratic control and accountability have emerged. As such, the Greek case offers a unique case-study into the impact of a wholesale abandonment of public ownership.

Finally, Marjorie Kelly and Thomas M. Hanna identify and describe a range of under-recognised innovations in democratic ownership already in place in the USA, a country frequently assumed to have little experience with or interest in public ownership. Helpfully, the authors situate these emerging models within a broader taxonomy of public ownership and consider how these approaches might be scaled to lead to a larger transformation of ownership within capitalist economies, away from 'extractive ownership' to broader-based prosperity.

The final section closes with a series of papers that contain policy prescriptions for desirable, but not yet implemented institutions of public ownership. Dag Detter and Stefan Folster reinforce the case for states to properly audit and account for their commercial assets, demonstrating that globally the worth of public assets exceeds that of total public debt. Identifying and properly managing commercial assets at all levels of government – national and city – is the first step to maximising returns from state assets for governments and citizens alike. Detter and Folster advocate for the establishment of national and urban wealth funds to achieve sounder management, better economic outcomes and more transparency for voters around public assets. Dieter Helm makes similar institutional recommendations for a different public asset – the natural capital of states. For Helm, protecting and enhancing natural capital is a priority for two overlapping reasons. It addresses intergenerational equity, and it is efficient, given that the destruction of nature has gone sufficiently far as to start to undermine economic growth. Explicit nature funds offer a proper chance to preserve and transfer the value of these assets.

Closely linked in institutional form, but applicable to a wider array of public assets is Stewart Lansley, Duncan McCann and Steve Schifferes's proposal for a citizen's wealth fund. This article also connects closely with the historical discussion in Guinan's paper and especially O'Neill and White's paper. The citizen wealth fund proposal marks a return to the sort of ideas we see in the Meidner Plan and, in particular, James Meade's discussion of a citizens' trust.

The issue closes with a highly original paper by Louise Haagh on 'public state ownership'. The papers to this point have focused on public ownership in the sense of public ownership of assets. But how far is the state, which holds assets on behalf of the public, itself something that is 'held' by the public? Developing a comparison of the UK and Denmark in the area of welfare-to-work policy, Haagh argues that formally democratic states can differ in how far they are embedded in the publics they serve and that this can make a significant difference to the way policies are developed and implemented. Haagh's analysis deepens and reinforces a point that is touched on in some of the earlier papers: that what matters is not only the extent of public ownership, but its quality in terms of democracy and accountability. Questions about the desirable extent and form of public asset ownership need to be addressed in a way that also considers the extent and form of effective public control of the state itself.

References

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