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Abstract

This article explores un n financial restructuring in the United States. It puts popular control of finance into comparative and historical perspective and argues that laws and politics help explain why the flow of finance is corporate controlled. First, changes in the legal regime—the Taft-Hartley Act of 1947 and the Employee Retirement Income Security Act (ERISA) of 1974—put constraints on labor’s ability to influence investment decisions. This is evident when comparing single- and multi-employer plans, where the laws had different consequences. Second, attempts to reform these laws failed. Had they been successful, Carter’s proposed economic revitalization plan in the run-up to his failed reelection in 1980 would have created new ways for unions to control and redirect retirement investment for social purposes. The reform failure is treated as a “suppressed historical alternative” through a comparison with a successful reform in Quebec, Canada, which gave unions broad controls over the Solidarity Fund in 1983. The findings suggest, somewhat counter-intuitively, that legal restrictions need to be loosened for democratic control of finance to be possible. For pension funds, more regulations led to more corporate control, not less.

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Biographies

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