

Prof. Dr. iur. Jens Lowitzsch, M.A. Denis Suarsana

Kelso Professorship of Comparative Law, East European Business Law and European Legal Policy, Faculty of Business Administration and Economics
Visitor address: Logenstraße 9-10, PG 202

**"The Property-Owning Democracy
– a non-socialist concept for a more egalitarian distribution of wealth"**

MES modules: ZB Wirtschaft, ZB Politik, ZB Recht, WPM 1, WPM 6

IBA modules: S-Modul, E-Modul

Dates / Termine: Weekly starting Wed. 16 October 11-13h, **GD 303**

This course covers the evolution of the idea of a Property-Owning Democracy which was first developed in early 20th century Great Britain. At the height of the industrial revolution British conservatives were aiming at providing a concept of egalitarian wealth distribution to challenge the socialist ideologies, which were gaining political momentum throughout Europe at that time. In order to contain the increasing inequality in the distribution of wealth caused by an intensifying concentration of capital ownership, workers were to be encouraged and enabled to become both property as well as capital owners; however, in practice this approach remained mostly theoretical. This basic idea has been adopted and advanced by a number of philosophers, researchers and politicians in Europe and the U.S. who acknowledged the economic and motivational potential as well as the necessity of private property rights (and Capitalism). At the same time they aspired to identify new ways to establish a more equal distribution of wealth among the population.

The seminar is divided into four sections. The first section discusses the basic theoretical concepts of private property as well as the different attempts to justify existing inequality in its distribution and the hence political ideologies, i.e. Liberalism, Social Democracy and Socialism. The second part focusses on the history of the idea of the Property-Owning Democracy analyzing and discussing different theoretical concepts developed in the field of political philosophy throughout the 20th century taking into consideration the respective economic, social and historical situation. Part three introduces major examples of the implementation of these concepts of Property-Owning Democracy into political reality – namely (a) the concepts of Employee Financial Participation and Employee Stock Ownership Plans, (b) the social policy agenda of the British government under the rule of Margaret Thatcher as well as (c) the US-American idea of creating a society of home owners – with the latter being identified as the major trigger of the most recent subprime crisis. Finally, the current state of the Property-Owning Democracy is examined most notably by identifying policy measures that are motivated by these ideas as well as by discussing the current and future challenges and opportunities the concept is facing in Europe.

The course will be held in English language.

Literature:

Torrance, D. (2010): Noel Skelton and the Property-Owning Democracy, Biteback Publishing, London.

Rawls, J. (2001): Justice as Fairness – A Restatement, edited by Erin Kelly, Harvard University Press, Harvard.

O'Neill, M./T. Williamson (2012): Property-Owning Democracy: Rawls and beyond, Blackwell Publishing, Cichester, West Sussex.

Meade, J. E. (2013): Efficiency, Equality and the Ownership of Property, Routledge Revivals, Routledge, London.

Kelso, L./M. Adler (1958): The Capitalist Manifesto, Random House, New York.

Howell, D. (1981): Freedom and Capital: Prospects for the Property-Owning Democracy, Basil Blackwell Publisher, Oxford.

Registration until 10 October 2013 at kelso-professorship@europa.uni.de.

Performance test and credits: ECTS: 6/9. Regular attendance; term paper; oral presentation; first draft of the term paper by 29 November 2013, finalized term paper by the end of the semester.

Prof. Dr. iur Jens Lowitzsch, M.A. Katarzyna Goebel

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Implementation of Consumer Stock Ownership Plans (CSOPs)

- Pilot project „Valley Nitrogen Producers Inc.“ 1958 in the Central Valley, California
- today in the renewable energy sector in Germany and Poland
- as part of the EU development policy in the North African transition countries (Tunisia/Egypt)

Compact course / Blockseminar: MES modules: ZB Wirtschaft, ZB Politik, ZB Recht, WPM 1, WPM 6 // IBA modules: S-Modul, E-Modul

Dates / Termine: Introduction Wed. 16. October, 14-16h, **GD 309**

1st part Fri./Sat. 15 & 16 Nov., 10h30-13h30 & 14h30-17h30, Room PG 271

2nd part Fri./Sat. 22 & 23 Nov., 10h30-13h30 & 14h30-17h30, Room PG 271;

3rd part (Presentation of results) Fri. 6 Dec., 10h30-13h30 & 14h30-17h30, Room PG 271.

This course is a continuation of the seminars in English language from previous semesters; an introductory session at the beginning of the semester will give an overview to the topic.

Financing capital ownership of a renewable energy plant through a CSOP

The vast majority of citizens in industrial societies do not own any kind of productive property. Thus, they are impeded from wider participation in civil society and from access to economic opportunity, as well as from the attainment of economic security and leisure. The “society of owners” is simultaneously a “society of non-owners”. Interestingly, the catastrophe of 2008 has occasioned very little demand for radical financial, fiscal or ownership reforms. One of the core questions today is, how to open up economic opportunity to the majority of citizens enabling them to become owners of productive assets. In the economies of the North African transition countries this is ever truer, as most of the capital assets were concentrated in the hands of the former autocratic rulers, now ousted.

Against this background, the implementation of CSOPs in the Energy sector with a focus on renewable energies is simulated for different scenarios (in Germany, Poland & North African transition countries). A Consumer Stock Ownership Plan (CSOP) is for consumers of public utilities what an Employee Stock Ownership Plan (ESOP) is for corporate employees. Both are forms of a leveraged buyout, which enables employees/consumers to acquire productive capital. The CSOP was designed to make consumers the co-owners of utility-producing companies. As the CSOP was designed for regulated markets with guaranteed prices, regulated market access and long-term relationships between producer and consumer, the energy market is predestined. A CSOP trust can be built for a renewable energy plant, e.g. a biogas reactor, a solar panel plant, a windmill or a geothermal drill. Unique characteristics of the Energy-CSOP are:

- Promotion: (1) decentralized energy production; (2) energy self-sufficiency; (3) wealth creation;
- Change of shareholders unproblematic (-> use of a Trust); deferred taxation of the shares;
- Flexible low-threshold concept without personal liability (-> use of a Holding);
- Small investment risk-> mains connection & feed-in-tariffs guarantee sale of the electricity;
- Combination with KfW-Programs to support renewable energy with a low interest rate;
- Scalable investment with a short amortization period (e.g. for wind turbines 6-7 years)

Literature

Lowitzsch, J. „The Property Question in the North African Transition Countries“ Outline of Conceptual Frame for Future Cooperation;

Lowitzsch, J. / Goebel, K. „Vom Verbraucher zum Energieproduzenten. Finanzierung dezentraler Energieproduktion unter Beteiligung von Bürgern als Konsumenten mittels Consumer Stock Ownership Plans (CSOPs)“, ZNER 3/2013

Goebel, K. „CSOPs in the energy sector of North Africa- a proposal for the European Union’s aid initiative for transition states“, Masterthesis 2012

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