THE RENEWABLE DEAL, ASPECT TWO, PLANK ELEVEN

Maximize Capital Productivity

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This plank reviews evidence that: (1) the rate of return on capital stock in an enterprise increases with size to about 300 employees, then begins to decrease among enterprises with more than 500 employees; (2) the rate of return on capital stock in an enterprise in which the employees have an ownership stake in, and enjoy a share in the profits of, a capital enterprise is greater than that realized by an equivalent passive-investor-owned capital enterprise; (3) the emergence of large, consolidated corporate capital enterprises owned by passive private investors in the United States is a creature of tax laws passed by Congress to encourage such business scale of organization, because it serves to concentrate wealth in the hands of an oiligarchic military-industrial-Congressional elite. (Dwight D. Eisenhower's first draft of his farewell address to the nation as he was leaving the presidency called the "military-industrial complex" the "military-industrial-Congressional complex.")

Capital Productivity as a Function of Operation Size

On the 7 Jan 09 *Newshour with Jim Lehrer* on Public Broadcasting, panelists stated that the major job creation which occurs in the U.S. economy is among companies having 100-300 employees.

-Energy Sector-

Utilities: Kitty Wang, utilities specialist with Rocky Mountain Institute, reports that investor-owned utilities**,** which generate 75 percent of U.S. power, "are the slowest moving and most conservative. Municipal-owned utilities tend to be more nimble and more innovative." Municipal utilities are more prone to embrace energy-efficiency programs that contain or lower utility costs to consumers because of improved capital efficiency of the investment in power production by the utility.

-Agricultural Sector-

Economic Benefit as a Function of Livestock Operation Size: The Pew Commission on Industrial Farm Agricultural Production <www.ncifap.org> commissioned a report which concludes that large, industrial livestock operations offer fewer economic benefits to rural communities and pay workers less than smaller operations.

According to report authors David Andrews and Timothy Kautza, large-scale, industrial livestock production returns $1 to local economies for every $1 spent, while smaller operations return $7 for every $1 spent. Workers at industrial livestock operations earned 58 percent less than the typical wages in their area, and 45 percent of hired farm workers earn less than the poverty rate for a family of four.

Economic Benefit as a Function of Aquaculture Operation Size: After the government identified aquaculture as the best hope for closing the gap between seafood supply and demand, production soared from 35,000 tons in 1997 to 471,535 tons in 2007. Egypt's 70 million people eat an average of 14.7 kilograms of seafood each year, roughly twice as much as other nations in Africa. About half of Egypt's production is tilapia, which thrives in the abundant brackish delta lakes and lagoons. As the aquaculture industry has grown, "small farms of 2-4 hectares have begun to outnumber the more traditional large farms of 50-200 hectares, because they yield a better return per unit of land." [Brian Halweil. *Worldwatch Report 176: Farming Fish for the Future*, 2008: Worldwatch Institute]

The Phenomenon of Microlending to Create Entrepreneurial Economic Development

<www.kiva.org> arranges interest-free microloans from $25 up to entrepreneurs in third-world countries, such as a baker in Afghanistan or a seamstress in the Dominican Republic. Launched three years ago by Jessica and Matt Flannery, as of Sep 08 Kiva had 300,000 investors loaning $42.7 million. The payback rate is above 98% with most loans repaid within one year.