THE POWER OF COLLABORATION:
LABOR UNIONS AND WORKER CO-OPS IN THE U.S.

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“Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves the much higher consideration.”

President Abraham Lincoln
in his first State of the Union address
1861
TABLE OF CONTENTS

I  Introduction  4

II  Why Mutual Involvement?  6

III  Rochdale and Mondragon Co-op Business Principles Compared  8

IV  Early History of Union / Co-op Collaboration in the US  10

V  Recent Developments in Union / Co-op Collaboration in the US  16

VI  What Unions Are Involved and What Businesses Are They Establishing?  23

VII  Emerging Models for Mutual Involvement of Unions and Worker Co-ops  27

VIII  The Big Picture  30

Notes  33

Bibliography  35
Much of worker co-op development in the US is focused on ground-up, starting-from-scratch, small business creation. The worker co-op movement is creative and strong, but focused very much on businesses with a limited number of workers. Such businesses create good jobs and participate in national efforts to share information, educate potential entrepreneurs, and build support organizations such as training programs and funding institutions. Many of these small businesses have aggregated into the US Federation of Worker Co-ops, a membership self-help association, which has created a nonprofit affiliate, the Democracy at Work Institute, which focuses on strategic planning and training for the wider movement.

Because so much of the worker co-op movement is focused on small enterprises, there is a concerted effort throughout the movement to think about how to bring businesses to scale. One way to do this is by converting existing traditional businesses to worker co-ops, especially when owners are retiring or moving on to new challenges. A second effort looks at how to expand small businesses by creating additional shops in different geographic locations. A third effort engages consortia of place-based, large anchor institutions in a given geographic location to provide markets for new worker co-ops. A fourth effort looks at how to engage strong allies such as labor unions in creating multiple businesses in a single geographic location. Some efforts combine several of these strategies into a
single strategy for building worker co-ops into larger, more stable businesses that provide significant numbers of good jobs as well as products and services.

The issue for labor is different. Unlike the energy and ferment in the US worker co-op movement, labor is looking for new strategies to fight back after more than forty years of effective attack by capital that have significantly reduced the size and efficacy of organized labor.¹ Recent developments indicate that organized labor and the worker co-op movement can strengthen each other in exciting new ways.

Nevertheless, some people think that unions and co-ops are singularly mismatched. Logic has it that worker co-ops don’t need to be unionized since workers own and manage their businesses, and that workers in labor unions just naturally aren’t entrepreneurial but rather are oriented to resisting “the boss.” In addition, people may be familiar with large agricultural co-ops in the midwest of the US that fight with unionized workers, or with food co-ops that resist worker unionization. What many people—even people in the broad, all-inclusive co-op movement, at least in the US—don’t realize is that there are basically three types of co-ops: producer (like big agricultural co-ops), consumer (like food co-ops), and worker.² In the first two types of co-ops, workers are not empowered with ownership and management control. Only in worker co-ops are workers in full authority. (Caveat: There are some producer and consumer co-ops in which workers are unionized, as well as “hybrid” co-ops in which workers are integrated into ownership and management along with consumers and producers.)

In this paper I will discuss how labor unions and worker co-ops can both benefit from mutual involvement, how labor was involved in co-op development in the US between the late 18th and late 20th centuries (an often overlooked story), what recent developments in union co-op relations have emerged over the past two decades as an innovative response to a new situation, and which unions are
involved and what businesses they’re working on. Finally the paper will lay out a synthesis of these activities into four models of recent efforts.

These developments are new and exciting and represent a remarkable response to labor’s repression after more than forty years of capital’s ascendancy. They build on a strong national and international foundation with important implications for the future of a more egalitarian and cooperative economy.

II Why Mutual Involvement?

There are a number of reasons why unions are interested in worker co-ops.

1) Unionized worker cooperators add to labor union membership, albeit on a small scale when compared with large corporations.

2) Union members involved in worker co-ops enjoy enduring empowerment that involves both ownership and control of management, aspects of worker control that labor in the US has too often sacrificed to its great detriment in the interests of business unionism.

3) Businesses incorporated as worker co-ops are less susceptible to attack and decimation from capital, a scenario all too common as corporations abandon unionized areas of the country.

4) Worker co-ops help to build member and community wealth in the form of enterprise ownership.

5) Worker co-ops allow the labor force to respond to economic downturns with more flexibility than traditional businesses. If workload drops off or money is scarce, worker owners can agree to decrease everyone’s workload rather than laying people off, as unionized workers are forced to accept when they don’t want to give up hard-won pay.

6) Labor in worker co-ops is more loyal and experienced than in traditional businesses as a result of ownership, participation in management, and fewer layoffs.
7) Worker co-ops and the alternative economy movements in which they function can inform democratic practices in labor unions.

8) Building worker co-ops involves labor in constructive institution building in addition to resistance work, enhancing worker and staff morale despite the fact that entrepreneurial work is as difficult, demanding, and rife with obstacles as traditional labor organizing.

There are also a number of reasons why worker co-ops are interested in labor unions.

1) Affiliation with a labor union and the labor movement in general gives worker cooperators access to broad and deep economic analysis.

2) Affiliation with a labor union offers worker co-ops opportunities for action in solidarity with worker and community issues in the broader economic arena.

3) Affiliation with a labor union can facilitate worker co-op access to pension and health care benefits.

4) Affiliation with a labor union provides worker co-ops access to organizing expertise and capital for co-op initiation.

5) Affiliation with a labor union provides worker co-ops access to model collective bargaining agreements, operating procedures and rules, and model grievance procedures. Such well-developed practices and procedures can contribute greatly to the smooth running of new worker co-op businesses, which often find themselves “reinventing the wheel” as operations commence and pick up speed.

Labor and co-op values also overlap considerably. Both honor democratic election of leadership based on one person, one vote and make efforts to promote leadership among members. Both encourage education and training for job skills and self-management. Both believe in solidarity and collective effort. Both work with like-minded organizations in the community to ensure benefit for poor and low- to -moderate income workers and the unemployed.
In the co-op sector, these values have been translated into principles by which co-op businesses commit to operate. Cooperative businesses have always operated according to agreed-upon principles completely foreign to traditional capitalist businesses, which operate only according to bottom line profit. The co-op principles are critically important because they differentiate co-op business practice from traditional capitalist enterprise, and help define how a new economy can operate. I discuss two sets of co-op principles below.

III Rochdale and Mondragon Co-op Business Principles Compared

Since the mid 1800s, all types of co-ops including worker co-ops have operated according to the original seven Rochdale principals, an enormous advance in business practice, which were mostly developed for consumer co-ops and became a pre-eminent guide in the movement. In the 21st century, however, ten co-op principals originally developed by Mondragon, the large and extremely successful cooperative network in Spain, have been adopted as part of the United Steel Workers / Mondragon Agreement of 2009. How do these two sets of principles compare?

Both sets share the following principles:

1) Voluntary and Open Membership (no discrimination in admission of members);
2) Democratic Member Control (members actively participate in setting policies and making decisions);
3) Education, Training, and Access to Information (to ensure that members can effectively participate in governance of the co-op and oversee operations of the enterprises);
4) Inter-Cooperation (to strengthen the cooperative economy through local, regional, national, and international structures); and
5) Concern for Community (to strengthen the cooperative economy through policies and programs accepted by the members).

Two principles in the original Seven Co-op Principles have been expanded in the Ten Mondragon Co-op principles:

1) Democratic Member Control (members govern their co-ops) has been expanded to Democratic Organization (members govern their co-ops) plus Participation in Management (democratic control includes participation in both management and profit).

2) Concern for Community has been expanded to Social Transformation (co-ops support and invest in other community efforts on behalf of workers) and Universality (co-ops maintain solidarity with others working for economic alternatives). These two principles seem quite similar to one another, but differ together in their vision from the original seven principles. The two new principles envision the transformation of society and the economy from being elite-controlled to being participatory and egalitarian.

Three principles that have been added to the Ten Mondragon Co-op Principles are of paramount importance to workers vs producers or consumers:

1) Sovereignty of Labor (the wealth created is distributed based on labor provided);

2) Capital Subordination (people are prioritized over profits; labor hires capital not vice versa); and

3) Wage Solidarity (controlled wage disparity between groups of workers).

Interestingly, two principles included in the Seven Co-op Principles that are not among the Ten Mondragon Co-op Principles include:

1) Member Economic Participation (members contribute equally to the capital of the cooperative). This principle is critical to ownership by workers and it’s hard to know why it’s not expressed in the ten principles.
2) Autonomy and Independence (If the co-op enters into agreements with other organizations or raises capital from external sources, it is done based on terms that ensure democratic control by the members and maintains the cooperative’s autonomy). It may be that this was eliminated because Mondragon cooperatives are part of an interdependent network of worker co-ops, consumer co-ops, banks, and training institutions, among others. It may also be because co-op development in some places in the world, though not in Spain, is dominated by governments rather than local members. This was never a problem in Mondragon, which was set up in opposition to Franco’s fascist government. Hopefully, further inquiry will determine what the implications of these exclusions are.

Both sets of co-op principles represent an important step in enterprise development, providing guidelines for behavior and priorities in any new economy. That they have been adopted and promulgated by various national and international organizations is testimony to their value.

IV Early History of Union Co-op Collaboration in the US

Contrary to the perception that organized labor and co-ops are at odds with one another, the labor movement in the US has a long and committed history of involvement in co-op development. According to John Curl and Steve Leiken,7 beginning in the late 18th century and blossoming after the American Civil War in the late 19th century when industrialization in the US gained momentum, there has been a rich movement in which virtually every important American labor reform organization advocated cooperation over competitive capitalism, and several thousand cooperatives opened for business. The men and women who built cooperatives were practical reformers, establishing businesses to stabilize their work lives, families, and communities. But they also envisioned a world in
which workers would receive the full value of their labor and freely exercise democratic citizenship in politics and the economy.

18th Century
As early as 1791 in the US, carpenters in Philadelphia, Pennsylvania, struck against a factory owner, forming a co-op. In 1794, shoemakers in Baltimore, Maryland, formed a co-op that paid higher wages.\(^8\)

19th Century
In the mid 19th century, co-ops of various types but mostly consumer co-ops began forming in Rochdale in England. During the same period in the US, labor unions began forming. Efforts were underway for wage earners to withdraw their labor from capital in industries and trades and form co-ops. Workers became proactive about setting up worker co-ops before waiting for workplace crises to establish their own businesses. In the 1830s, workers and unions began to federate. The resulting National Trades’ Union aimed at a new cooperative economy, including many stores and warehouses but also worker co-ops.

During the latter half of the 1800s, the Iron Workers Union in the US became involved in establishing worker co-ops. In 1866, after the Civil War, the National Labor Union formed. The first American union federation, it included co-op workplaces and stores, and organized for co-op laws in all states.

In 1869 the Knights of Labor (KOL) formed. Industrial cooperation was one of their main principles. Many KOL meeting halls also offered co-op retail stores with reduced prices for members. Commodities in the stores were often produced by KOL worker co-ops, while surplus income was reserved for striking workers and further co-op development. The KOL also created a support organization called the General Co-op Board to provide model legal documents and articles on how to form and operate co-ops. By 1886, the KOL was gaining so many members it had to put a temporary halt to recruitment to avoid chaos.
Meanwhile, a new and significantly different labor federation began organizing. This was the Federation of Organized Trades and Labor Unions (FOTLU), which eventually became the American Federation of Labor (AFL). In FOTLU, only skilled and white workers could be members. Workers were compartmentalized into work categories, each fighting separately against the same employer. FOTLU focused on wages and working conditions rather than on changing society in general. It “was the first important labor association in America to accept and support the wage system as permanent, and not fight for its abolition.”

In the 1880s the KOL co-op movement was at its height, but capital did not remain quiescent. It fought back, often with state help. Capitalists correctly identified the competitive threat from cooperatives and began organizing against them by blocking credit, supplies, and market access. Capital went on strike. Railroads refused to carry co-op goods. Manufacturers refused to sell co-ops machines. Wholesalers refused to sell co-ops raw materials. Banks refused to lend co-ops money. In 1886, capital’s resistance expanded. Employers formed associations around the country and focused on destroying the KOL, resorting to violence. Police shot into crowds at a Haymarket Square protest in Chicago in 1886. Four labor activists were hung there as well. Police and capitalist vigilante activity spread throughout the country. Workers were blamed in the press for violence instigated by capital and its supporters, and tarred with red-baiting.

As time went on, industrial development was making it more difficult for workers to take over their workplaces. Existing machinery in co-ops was becoming obsolete. New machinery was becoming more advanced and expensive. Striking workers had decreasing amounts of income to support co-op enterprises. Workers thought like self-employed small farmers and artisans, but the economy was becoming increasingly industrialized and management-oriented. KOL membership declined when members felt the organization was unable to support and protect them in the face of capital’s pushback. The business unionism of the
AFL gained power, as it was never touched by capital’s fight against progressive labor. America began to develop along different lines from Europe, where workers still saw the big picture and pushed for democratic control of industry.11

20th Century

By the beginning of the 20th century, labor unions were focusing on producer and consumer rather than worker co-ops. Nevertheless, some producer and many consumer co-ops were targeted by capital, which aimed to control the wholesale and retail sectors. However, rural producer co-ops continued to expand, because they were essential for farmers whose thinking was rooted in self-help and mutual aid. These co-ops were practical, not political; farmers weren’t looking to transform society. Government and capital looked the other way, as this constituency—big farm owners rather than farmworkers including freed slaves—was important for both.12

Throughout the 19th and into the 20th centuries, low-income immigrant and minority groups used cooperatives to gain economic strength.13 In 1907, W. E. B. Du Bois documented a number of African-American co-ops. In 1933 he offered cooperative economic development as a “gift” from the African-American people to the world. Beginning in 1917 and for some thirty subsequent years, A. Philip Randolph of the Brotherhood of Sleeping Car Porters struggled tirelessly for both labor unions and co-op businesses.

In 1929 the Great Depression hit the US. The AFL supported consumer co-ops at least temporarily, calling “trade unionism and co-operation…twin sisters.”14 However, as in previous eras during periods of strikes and limited income, workers couldn’t sufficiently support these stores. As a result, the AFL became disillusioned with co-ops.

Between 1933 and 1938, President Franklin Roosevelt and his New Deal addressed the Great Depression. In 1935 the National Labor Relations Act was
passed, allowing guaranteeing workers the right to organize labor unions and act collectively on their own behalf. Workers began joining unions in droves. The Congress of Industrial Organizations (CIO) was launched in 1936 after a struggle within the AFL over industrial vs trade organizing. In addition, restraints on co-ops’ ability to act collectively (as if they were monopolies) were eliminated. Rural electrification utilizing a consumer co-op model took off.\(^\text{15}\) The government-supported Tennessee Valley Authority in the South promoted co-ops of all kinds to stimulate the economy. The government also set up a Division of Self-Help Co-ops to provide technical assistance and funding in the form of grants and loans to co-op initiatives.\(^\text{16}\)

Several accomplishments in Europe mid-20\(^{\text{th}}\) century eventually had an enormous impact on worker co-ops in the US and around the world. In 1947, the International Organization of Industrial, Artisanal, and Service Producers’ Co-ops (CICOPA), was created. And crucially, in 1956 the Mondragon cooperative project in the Basque region of northern Spain was formed. Now organized as the Mondragon Cooperative Corporation, it includes over 250 worker and other types of co-ops with 75,000 workers in family-sustaining jobs. The co-ops are linked in a network that includes factories, a cooperative bank, a social security system, a student cooperative, agricultural co-ops, housing and construction co-ops, and dozens of consumer co-op stores. Although very well known in the worker co-op arena in the US, Mondragon was not as well known among labor activists until 2009 when the United Steel Workers signed an historic agreement with Mondragon to form unionized worker co-ops in the US.\(^\text{17}\)

In the US, the 1950s through the 1970s after World War II was a period of general economic recovery and ascendency for working people. Activism in the US focused on social justice organizing and identity politics. Young people, African Americans, Latinos, and women, feeling alienated from the wider society, formed many collectives though fewer co-ops\(^\text{18}\) in cities and rural areas. These were often organized as informal consumer and producer collectives rather than
more formal industrial worker cooperatives. Worker collectives that did form tended to be small and artisanal, and required limited capital. They focused on media, printing, book sales, film production, food production, and food retail. These businesses were different from earlier co-ops in that they made decisions based on consensus and rotated leadership rather than governance by representation and majority rule.

In the second half of the 20th Century, labor (particularly the United Steel Workers) began looking at worker ownership using Employee Stock Ownership Plans (ESOPs) that involved exchanging contract concessions for worker ownership shares in order to retain jobs. However, many ESOPs turned out to be neither fully nor even majority-owned by workers, and voting power was determined by how many stock shares workers (and others) owned rather than on one worker, one vote. As a result, there was little change in worker / management relations. Workers and unions came to see ESOPs as simply another way to extract concessions.

In the 1980s in the US, Ronald Reagan was elected president based on concerted organizing and investment by capital in the US. He and his administration worked hard to dismantle gains made by labor. At the same time, activists in the counterculture around the country were becoming adults and having children. They began entering traditional jobs with higher income and benefits for their growing families. Globalization of the economy and deindustrialization of advanced western countries proceeded apace. Capital once again gained control of the economy and the political system.

Labor’s consistent relationship with co-ops over two centuries in the US demonstrates workers’ persistent interest in creating an economy that works for them. The common struggle that resulted in both significant successes and failures provides a foundation for the effort to move ahead, utilizing old as well as new strategies in this effort.
V Recent Developments in Union / Co-op Collaboration in the US

In the 21st century, both the worker co-op movement and the union worker co-op movement in the US have gained considerable momentum, boosted by the persistent effects of the economic recession and the continuing attack on labor unions. Below are synopses of a number of developments that have built upon one another, providing a foundation and context for the exciting union co-op work that is emerging.

Ohio Employee Ownership Center (OEOC)
The Ohio Employee Ownership Center (OEOC) began looking at worker co-ops vs ESOPs as a strategy for worker control, and has since become involved in the partnership between Mondragon and United Steel Workers.

US Federation of Worker Co-ops (USFWC)
In 2004 the US Federation of Worker Co-ops, a membership organization, was formed following worker co-op conferences on the west and east coasts. The USFWC has provided support to emerging and existing worker co-ops, mostly small businesses, and runs training conferences every other year around the US. In 2013, the Democracy at Work Institute, the nonprofit training and strategic planning affiliate of USFWC, began operating as an entity in its own right.

UnionCo-ops Council of US Federation of Worker Co-ops (UC USFWC)
In 2007, participants at the Eastern Conference for Workplace Democracy in Asheville, North Carolina, created the UnionCo-ops Council. By 2008, people from throughout the US and some places in Canada were participating in monthly conference calls, so the group was brought under the auspices of the US Federation of Worker Co-ops.
The group meets monthly by conference call to share information and resources, plan and present workshops at co-op and labor conferences, and engages the media on related topics. This national conversation about labor’s involvement in worker co-op development is new, and has arisen due to the availability of new social media. Interestingly, it emerged separately from but at about the same time that the United Steelworkers were in private discussions with Mondragon Corporation about their historic collaboration described next.

United Steel Workers / Mondragon Agreement

In 2009, the United Steel Workers signed a landmark agreement with Mondragon Corporation in Spain to bring that organization’s expertise to the US and Canada.22

Mondragon had found that, over time, worker co-ops with more than fifty workers needed a deliberative body to manage day-to-day concerns arising in the workplace, in addition to a General Assembly, a Board of Directors, and a Management Team. Since labor unions under the Franco regime in Spain were outlawed, this new type of group was called a Social Council. In the USW / Mondragon Agreement, the group is called a Union Committee. Another aspect of the agreement is negotiation within each worker co-op of a Collective Bargaining Agreement (CBA). These key ideas in the Agreement represent significant steps forward in co-op development, particularly in the advancement of large co-ops and in protections for workers in co-ops.

The current United Steel Workers agreement with Mondragon, which was developed with in-put from Ohio Employee Ownership Center and City University of New York Community Economic Development Law Clinic recommends stipulation of four internal councils in enterprise by-laws. 1) A General Assembly (GA) of worker owners meets annually. Decisions are made based on one worker, one vote. 2) The GA elects a Board of Directors made up mostly of worker owners. Limited seats may be filled with external personnel and
management or union representatives. Workers select these representatives, who serve for four years in staggered terms. 3) A Union Committee takes the place of Mondragon’s Social Council. Workers are represented on this body based on their sectoral work within the enterprise. This group addresses day-to-day discipline, disputes, compensation and benefits issues, and seniority decisions, among other issues. 4) A Management Team is appointed by the Board of Directors or GA and must include at least one worker owner. This team communicates and collectively bargains with the Union Committee.

The USW / Mondragon agreement further recommends that ownership of enterprise be 100% in worker hands. However, language does allow for possible hybrid ownership. Consumers, producers, or outside investors can own shares and have seats on the Board, although this is not recommended. The language mentions a “golden share” in which investors might have veto power over certain decisions like sale of the business. In these cases, the language recommends specific time limitations with a defined end point. Language for the by-laws is also recommended in which dissolution of an enterprise requires unanimity or some defined super majority.23

The United Steel Workers Mondragon Collective Bargaining Agreement (CBA)24 is more flexible and adaptable than in a traditional business in order to account for market changes such as work time and wages, and other work related issues. The main advantages to having a CBA include holding management directly accountable, ensuring fair treatment and due process for workers, and ensuring clear, agreed-upon operating procedures for stability and efficiency. Components of CBAs include job classifications, wage rates, incentives and profit sharing, benefits, grievance procedure and due process, and a mutual commitment between the Management Team and Union Committee to work together.
There are recommended percentages of compensation in base and variable pay/profit (85% to 15%) in order to maintain a stable income for workers. Income is paid out or into internal accounts regularly over time. Wage rates take into account both special skills that demand higher compensation in the market and an egalitarian ethic. Mondragon wage rates generally stand at a 1:5 or 1:7 differential between low-skilled workers and management.

The USW / Mondragon Agreement recognizes that conflict isn’t necessarily a bad thing. Instead, it can form the basis for a healthy relationship based on mutual respect. In the workplace, the issue isn’t how to avoid friction but how best to manage it. This requires on-going training and reinforcement in communications, problem solving, decision-making, and leadership. Accountability mechanisms and review processes must be in place, along with grievance procedures that ensure due process. In worker co-ops, workers take more responsibility, are more autonomous, and are more productive than traditional workers. Managers are also more productive as they no longer have to closely monitor workers.

The United Steelworkers / Mondragon Agreement represents an innovation that serves current circumstances and is adaptable to a variety of situations with capacity for broader impact over time.

Cincinnati Union Co-op Initiative (CUCI)
In 2011, a volunteer group in Cincinnati composed of community and labor activists incorporated the Cincinnati Union Co-op Initiative (CUCI) after traveling to Mondragon and studying the history of the Knights of Labor, worker co-ops, and the Mondragon model over several years’ time. CUCI’s objective is to create good, sustainable jobs and is accountable to the communities that drive it. The group quickly began raising funds, conducting market and feasibility studies, developing business plans, and establishing worker co-ops based on the USW / Mondragon model.
Partners in the group include the Ohio Employee Ownership Center at Kent University, Evergreen Cooperatives in Cleveland, Mondragon Corporation, local universities and co-op development centers, Center for Community Change, the NAACP, and other community organizations. Partners also include the following labor organizations: United Steel Workers, the Building Trades, United Food and Commercial Workers, International Brotherhood of Electrical Workers Local 212, Pipefitters Local 392, and local and state Labor Councils.

Funding has come from a variety of sources for a variety of purposes. Labor unions—particularly United Steel Workers and United Food and Commercial Workers—have contributed grants and loans as well as staff time to planning and start up operations. The AFL-CIO, the Cincinnati Labor Agency for Social Services, and the Greater Cincinnati Building Trades have supported the project, as have a local law firm and credit union, local community development corporations and foundations, various university programs, religious investors, and local individuals. Even the Cincinnati Psychoanalytic Institute, perhaps recognizing the importance of worker ownership for mental health, supports CUCI.

Since CUCI’s founding in 2011—four short years—several unionized worker co-ops have begun operations with their help. In 2012 Our Harvest, a worker co-op farm and food hub with three distribution sites and 400 consumer members, was launched. Eighteen or so workers are members of United Food and Commercial Workers Local 75. In 2013 Sustainergy, an energy efficiency evaluation and installation project for commercial, industrial, and institutional buildings, was launched. Three or so workers are organized by IBEW Local 212 and Pipefitters Local 392. In 2015, Apple Street Market, a hybrid consumer and worker co-op in a low-income area of Cincinnati, will launch. Workers there will be represented by UFCW Local 75. Additional worker co-ops in development in 2015 by CUCI include Sarah Center Jewelry Co-op and the Yucky Cookie Co-op. For both of
these enterprises, feasibility studies have been done and markets are being explored. Renting Partnerships, a nonprofit low- and moderate-income property management project that developed and operated independently of CUCI, is now working with CUCI to develop model legal agreements, financial and administrative systems, and resident and community leadership and management. The project aims to strengthen neighborhoods and communities through democratic leadership, affordable home ownership, and contiguous development. One very exciting CUCI project that didn’t work out was the Cincinnati Railway Manufacturing Co-op. The Danobat Group Railway Division, a Mondragon co-op, explored expansion to Cincinnati for the purpose of manufacturing parts for railroad cars. A feasibility and market analysis was done, but in 2012 Danobat decided that the project wasn’t “ripe”.

In 2013, CUCI sponsored the first Union Co-op Symposium conference in Cincinnati, which brought labor organizers and staff, Mondragon representatives, worker co-op developers, and community activists together for the first time for two days to learn more about the new model and discuss applications. The second Symposium will be held in Cincinnati in 2015.

1Worker:1Vote
In early 2014, a nonprofit organization to institutionalize union co-op development, encourage support organizations and funding, and develop a mutually supportive network and ecosystem of unionized co-ops throughout the US—1worker:1vote (1:1)—was formed. The objective is to be Inclusive—no worker community, whether organized, unorganized, or alternatively organized—will be left behind. 1:1 is currently working in more than ten cities around the US, including Cincinnati, Ohio; Pittsburgh and Reading, Pennsylvania; Buffalo and the Bronx, New York; Las Vegas, Nevada; Denver, Colorado; Chicago, Illinois; San Francisco and Oakland, California; and St. Louis, Missouri.
1:1, like the co-op movement as a whole, recognizes the crucial role that education and training must play in the development of strong, adaptable worker co-ops. Therefore, they are working with the City University of New York (CUNY) Community Economic Development Law Clinic (CEDC) to introduce portions of the Mondragon University Cooperative Masters / MBA curriculum in the United States. Both electronic and in-classroom courses will be introduced in September 2015 in New York City. This certificate program involves several additional partners, some of which will provide practical workplace experience. This complex and resilient network will be replicated with local input in other US locations. Currently, there are over thirty-five colleges and universities awaiting the completion and evaluation of this pilot program with expressed interest in participating.

Las Vegas Worker Ownership Resources and Cooperative Services (LVWORCS) and Los Angeles Worker Ownership Resources and Cooperative Services (LAWORCS)

LV WORCS is an all-volunteer incubator of cooperatives operating in southern Nevada since 2012. It began as a community organization and student group at the University of Nevada, Las Vegas, that was looking to improve issues surrounding labor and unemployment by introducing the union coop model as a viable alternative. LVWORCS facilitates outreach, education, grant research, networking, legislation, lobbying, and counseling for worker co-op development. A similar group is beginning to operate in Los Angeles.

Mondragon / National Co-op Bank Collaboration

In 2013, Mondragon’s bank, Laboral Kutxa, signed a memorandum of understanding with National Cooperative Bank (NCB)\(^{26}\) in Washington, DC, which has been operating since 1978. NCB provides banking services as well as business loans and mortgages to co-ops and other membership organizations with a focus on consumer and producer co-ops. With this collaboration, however,
financial support for worker co-ops should increase in prominence and expand impact.

VI What Unions Are Involved and What Businesses Are They Establishing?

While the current period of labor involvement in worker co-ops is still very young, a number of actual enterprises are functioning or in the planning stages. The efforts described below will be analyzed into four models of mutual involvement in section VII of this paper.

United Steel Workers (USW)
In Pittsburgh, Pennsylvania, the United Steel Workers in conjunction with the Steel Valley Authority and the International Union of Operating Engineers Local 95 are planning the worker-owned Clean ‘n’ Green Co-op Laundry. This will be a new, environmentally-friendly industrial laundry that would be significantly larger than the Evergreen Laundry in Cleveland (which was launched without union input in 2009). The intention is to generate volume and be highly competitive. The project will utilize local “anchor institutions” – large businesses such as hospitals and universities that are “place-based” and would find it difficult if not impossible to change location -- as purchasers of goods and services provided by the co-ops. In Worcester, Massachusetts, WorX Printing Cooperative provides an alternative to sweatshop-made and -printed textile products. Their printing process uses environmentally friendly inks which has virtually no waste. USW is also involved in projects in Cincinnati via Cincinnati Union Co-op Initiative and in Reading, Pennsylvania, via 1worker:1vote.

The USW focus is on large rather than small co-ops in order to create significant numbers of jobs. The biggest hurdle is creating sufficiently sizable enterprises with large, stable clients to justify capital investments required. With the recent commitment from the National Cooperative Bank (NCB) to provide funding for
Mondragon-connected union co-op projects, funding isn’t the issue so much as feasibility.

**United Food and Commercial Workers (UFCW)**
The UFCW is very involved in several food-related worker co-op projects. As mentioned above, UFCW Local 75 is one of the principals in Our Harvest Co-op29 in the Cincinnati area, a worker-owned farm and food hub that launched in mid-2012. UFCW is also involved in the planning and implementation of Apple Street Market, a hybrid consumer- and worker-owned food co-op with projected branches in several underserved Cincinnati neighborhoods.

In Springfield, Massachusetts, UFCW Local 1459 is involved in Wellspring Co-op Corporation’s greenhouses project,30 which will provide organic greens and herbs to local health care and higher education anchor institutions, among others.

**International Brotherhood of Electrical Workers (IBEW)**
Two Cincinnati unions—International Brotherhood of Electrical Workers Local 212 and the Pipefitters Union Local 392--are involved in Sustainergy, a worker-owned residential green energy business in Cincinnati.31

Several IBEW members in Los Angeles established their own worker co-op—Pacific Electric Worker-Owned in 2014.32 After working for many years as traditional, unionized electricians, they wanted to avoid the specter of layoffs and the frictions typically found in traditional businesses. They received support from LA Worker Ownership Resources and Cooperative Services (LAWORCS), a new organization for worker co-op planning and implementation.

**Service Employees Union International (SEIU)**
Cooperative Home Care Associates (CHCA) in the Bronx, NY, started with twelve workers in 1985. In 2003, when their expanding workforce numbered over five hundred, CHCA approached SEIU33 to help develop a collective
bargaining process that included grievance procedures and due process, mediation and arbitration, and clarified operations procedures. They also wanted to make use of SEIU’s political acumen and clout in the state awarding of contracts, and to take advantage of SEIU’s benefits and training programs.

In 2007, CHCA formed a Labor-Management Committee (LMC). This replaced the former Worker Council, and aimed to resolve on-the-job issues prior to grievances. Association with the union has contributed to leadership development and co-op management capacity, as well as a sense of community among workers, which had weakened as the company grew. Structures and processes introduced have increased communication and efficiency, and have allowed members to manage potentially difficult initiatives. Participants in these processes are compensated with regular wages for time spent on decisions and planning. The LMC has sixteen members, eight of which are worker owners, six of which are administrative staff, and two of which are union representatives. The LMC is different from the Collective Bargaining Committee, although all issues are discussed there.

United Electrical, Radio and Machine Workers of America (UE)

United Electrical is an independent, national union that is led by rank and file members. At its 2013 convention, the union passed a resolution to:
1) convert traditional businesses to worker co-ops, and create worker co-ops;
2) create unionized worker and consumer co-ops;
3) establish a co-op sector of UE;
4) promote products and services of co-ops;
5) develop educational materials for co-op development;
6) develop UE’s relationship with Frente Autentico del Trabajo (an independent, democratic union in Mexico also working on co-op development); and
7) build a sustainable economy.
One of UE’s most dramatic accomplishments involves the factory take-over (twice) of Republic Doors and Windows in Chicago, and the successful transition of this business to a worker co-op renamed New Era Windows. After a struggle that began in 2008, the workers—with help from UE and The Working World in New York City, a technical assistance provider and funder—bought the company and reopened it as a worker co-op in 2013. New Era has stabilized in its new form and is involved in window manufacturing, window service and repair, and providing services and supplies to the construction industry.

Another UE success story involves Collective Copies, a UE-affiliated design and print shop as well as a local publishing company in Amherst, Massachusetts. In 1983, workers dissatisfied with working conditions and compensation unionized and went on strike. They proceeded to buy the business and form a worker co-op. Today the original staff has tripled in size, and the organization has become a leader in local, regional, and national worker co-op movements.

**Communication Workers of America (CWA)**

Design Action Collective in Oakland, California, is affiliated with CWA and with Pacific Media Guild. They offer print and electronic design services for strategic communications. They are a diverse, multilingual, eleven-person shop.

In Denver, Colorado, CWA is a principal in the worker-owned Union Taxi Co-op, which was formed in 2009 after much protesting and lobbying as well as formidable resistance from existing cab companies. Because the taxi business is regarded as a protected public service, the number of licenses a taxi business can grant to drivers is limited. As a result, Union Taxi Co-op has not been allowed to grow to accommodate the number of workers who are interested in becoming members. Since late September 2014, more than one thousand drivers have joined CWA to set up Green Taxi, a second worker-owned company that will support Uber and other drivers in Denver’s tightly controlled taxi industry.
AFL-CIO
The AFL-CIO is also exploring the union worker co-op model. With their interest in Alt-Labor, an organizing strategy that reaches beyond the workplace to the unemployed and unorganized, local AFL-CIO staffers in California and Washington, DC, are supporting alliances with worker co-op efforts. The AFL-CIO has also been paying attention to Worker Centers (local nonprofits around the country that organize and support the unemployed and unorganized). These centers are exploring the worker co-op model as a strategy for worker empowerment and equity.

Analysis and synthesis of this work experience reveals a few models of union co-op activity.

VII Emerging Models for Mutual Involvement of Unions and Worker Co-ops

Several models are emerging from the work described above, as union co-op work gathers attention and commitment around the country.

The first and perhaps most efficacious model is the Multi-Union Incubator Model. In this model local, regional, and even national labor unions interested in forming worker co-ops come together to create an incorporated group, typically a nonprofit, to facilitate research, feasibility studies, business plans, and fundraising for new co-op businesses. When possible, unions can also provide organizing staff. Incubator efforts frequently make reference to Mondragon in Spain, one of the largest, most successful, and most long-standing confederations of co-ops in the world, which have demonstrated remarkable resilience in the face of global capitalist crisis. Agencies within the Mondragon network provide training and funding for new and existing co-ops, support
mechanisms in the US that are still in nascent formation and available only in limited quantity, and which union collaborations can provide.

One of the most promising developments in the US based on the Multi-Union Incubator Model is the Cincinnati Union Co-op Initiative (CUCI) in Ohio, which began formally operating in 2011. It involves multiple labor unions--United Food and Commercial Workers (UFCW), International Brotherhood of Electrical Workers (IBEW), Asbestos Workers, United Steelworkers (USW), Ohio AFL-CIO, and the Building & Construction Trades, among others--along with an array of community nonprofits and developers to create good, unionized, worker-owned jobs. In the first year of operation, CUCI created jobs for ten worker-owner track employees, with two hundred such jobs projected over five years. Their claim of an extremely positive ratio of dollars spent to jobs created is enviable and worth further research.

On the national level, 1worker1vote (1:1) is an expanded example of the Multi-Union Incubator Model stressing Mondragon principles including equal share ownership. 1:1 launched in early 2014, but was based on work that began in 2009 which included the USW / Mondragon Agreement in late 2009, the USW / Mondragon / Ohio Employee Ownership Center (OEOC) Union Co-op Model Template in early 2012, and the Mondragon / OEOC Memorandum of Understanding in late 2012. Current affiliates of 1:1 include a wide array of labor unions and labor organizations, think tanks, nonprofit development corporations, community activist organizations, funders, institutions of higher education, and religious associations. 1:1 is working in a number of cities around the US and has been instrumental in facilitating the New York City launch of Mondragon University’s online “Social Economy and Cooperative Enterprise” certificate program in September 2015.

A second approach to union co-op development is a **Partnership Model**. In this model, labor unions become involved in worker co-op formation as one of a
number of parties with leadership coming from another source other than the unions themselves. As in the previous model, the group also typically contains technical assistance providers, community based organizations, worker nonprofits, etc. The group, often incorporated as a nonprofit development corporation, takes the lead on multiple worker co-op projects, with labor unions joining in on projects related to their sphere of expertise.

An example of this model is the Wellspring Co-op Corporation in Springfield, Massachusetts. Wellspring is a nonprofit, incubator-type organization that has labor representation built into its board of directors, but unions become involved in specific worker co-op projects based on the relevance to their missions. Hence, UFCW Local 1459 is involved in a Wellspring greenhouse project with the anticipation that workers will be organized by the union, and that the union will contribute organizing and operating expertise and possibly some funding.

A third approach to union co-op development is a Network Model in which labor unionists, worker cooperators, and development professionals come together on a regular basis to share information that helps each participant further his or her own local work building worker co-ops.

An example of this model is the UnionCo-ops Council of the US Federation of Worker Co-ops (UCC USFWC), which has been operating since late 2007. UCC USFWC meets monthly by conference call with people from more than twenty states and occasional Canadian provinces, thirteen labor unions and worker organizations, and multiple technical assistance and funding providers. The group discusses and offers advice on participants’ projects; organizes workshops at conferences around the country, continent, and world; and makes presentations on radio and TV shows.

In a fourth Activist Model of union co-op development, employees organized by a union in a traditional business work with their union and selected technical
assistance providers to buy out the enterprise when they’ve run into overwhelming obstacles with owners and managers.

One example of the Activist Model is Collective Copies in Amherst, Massachusetts. In 1983, workers at Gnomon Copies ran into trouble with their owners/managers. Workers, who were members of United Electrical (UE), went on strike and ended up buying out their business with the union’s help. The business became Collective Copies (CC), which has been a thriving copy and publishing shop ever since, with stores in two towns in western Massachusetts.

A second example of the Activist Model of union co-op development is New Era Windows Co-op in Chicago, Illinois. In 2008, Republic Windows and Doors, a manufacturing enterprise in which the workers were also members of UE, planned to close due to bankruptcy. When the owners of the factory threatened to close the operation, leaving workers without severance pay and benefits, workers conducted a successful occupation of the factory not once but twice. Such difficult circumstances would have defeated most people, but not the workers and their union. The factory opened in 2012 as New Era Windows Cooperative, and is fully functioning under worker ownership and control.

In addition to these four models of union / worker co-op development, others may be percolating, or you may think there is overlap among the models leading to condensation. These come to mind as I review the work with which I’m familiar.

VIII  The Big Picture

Despite the beating that organized labor in the US has taken from the conservative and corporate sectors since the 1970s, it plays a unique and crucial role in progressive politics and the economy. For low- and moderate-income workers and the unemployed, few if any other movements are as widespread,
solvent, well organized, and well connected as labor unions and their affiliates. In addition, labor’s understanding of how work can and should be organized to be most productive and rewarding simply isn’t on the wave-length of most people and institutions, including co-ops. The groundwork that labor has laid over centuries to improve work processes can help worker co-ops avoid reinventing the wheel regarding business operations and work relationships. Stimulated by the economic recession and the attack on labor unions, labor is singularly positioned to devise and promote new strategies for overcoming capital’s grip on the economy.

Despite the contributions that organized labor can and does make, this sector has given up too much over time to corporations and conservatives. Worker control of management and ownership of profit has been ceded to capital and must be regained. Evidence is increasingly clear that uncontrolled capitalism is badly damaging the planet, causing wide disparities in wealth and democratic government, and becoming decreasingly effective in job creation. Labor must think deeply about alternative economy strategies to solve these persistent problems. Complicity with capital simply hasn’t been a fruitful strategy. A much better ally is the worker co-op sector.

As Dario Azzellini discusses in his book *An Alternative Labor History* (2015), workers around the world beginning with industrialization in Britain in the late 1700s and continuing to this day, have struggled to take control of their workplaces in all kinds of historical situations, under different political systems, and through a range of political and economic crises. They have done this without benefit of historical knowledge of the efforts of others or of socialist consciousness. This appears to be an “inherent tendency” of rank and file workers, one of the great “underreported stories” of the past two centuries.

Worker ownership and management of enterprise resonate with the important American values—too often honored in the breach—of self-reliance, opportunity, upward mobility, local responsibility and community solidarity, ownership,
competitive business practices and private enterprise, productivity, efficiency, and accountability.

As John Curl points out,\textsuperscript{42} most people in the US think of themselves as independent actors and even entrepreneurs. Most employees in the US don’t expect to be employees for the rest of their working lives. They think they deserve better and imagine themselves as owners and managers, not employees.

As Curl further observes, “Once considered marginal, worker co-ops are now looked at by many in the international community as central to the hopes of economic progress in numerous communities round the world.”\textsuperscript{43}

This includes labor unions in the US.

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Notes

2 In the US, producer co-ops are comprised of business owners (such as farm owners, not farm employees) who aggregate in order to purchase supplies or market their products, etc. Members of worker co-ops are the workers themselves who are also the business owners. In Britain, worker co-ops were traditionally known as producer cooperatives.
3 Charles Post 2015. Business unionism, believed to be of American origin, is opposed to class or revolutionary struggle and has the principle that unions should be run like businesses.
4 Witherell, Cooper, Peck 2012, pp 4-5.
5 NCBA CLUSA Seven Co-op Principles <https://www.ncba.coop/7-cooperative-principles>.
6 Witherell, Cooper, Peck 2012, pp 3-4.
7 Curl 2009, Part 1; Leiken 2005.
8 Ibid., p 33.
9 Ibid., p 104.
10 Ibid., pp 90-93.
11 Curl 2009, pp 105-108.
12 Ibid., pp 75,130.
14 Curl 2009, pp 139-142.
15 Ibid., pp 173; in 1935 only about 10% of rural homes in the US were electrified.
16 Ibid., 172 – 173.
18 A cooperative is democratically owned and governed by its members. Its decision-making and profit-sharing structure are reflected in its formal documents of incorporation and/or by-laws. While each member has one vote, there often is a designated manager or managerial team that handles day-to-day operations with authority designated by the membership. Co-ops are governed by the Seven Co-op Principles. A collective is a less formal group of people who govern themselves without hierarchy. All members are co-managers. Collectives often are not formally incorporated and may lack governing principles or by-laws.
20 Ibid., pp 209-211.
22 Witherell, Cooper, Peck 2012.
23 Ibid., p 12. Recommended components of worker co-op by-laws include:
   1) co-op mission and values;
   2) distribution and transfer of shares;
   3) voting rights;
   4) statement of any probationary period for worker owners;
   5) the internal structure of the co-op (assemblies, committees, councils);
   6) how and when elections may occur;
   7) how representation occurs;
   8) how and by whom the by-laws, policies, and procedures may be changed;
   9) endorsement of the collective bargaining process;
   10) how profits will be distributed; and
   11) provision for any workers who are not union members.
24 Ibid., p 11.
31 <http://www.sustainenergy.coop/>.
32 <http://pacificelectric.coop/>.
34 <http://www.ueunion.org/ue-news/2013/co-op-workers-from-mexico-visit-ue-northeast-co-ops>
36 <http://collectivecopies.com/about/history.htm>.
37 <http://designaction.org/about/>.
41 Azzellini, pp 1-4.
42 Curl 2009, p 90.
43 Ibid., p 254.
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