

## **Worker and Community Coops Gather in Rust Belt Pittsburgh to Build Solidarity**

**By Carl Davidson**

<http://solidarityeconomy.net>

Nearly 200 cooperative economy advocates gathered at Duquesne University in Pittsburgh, PA over the July 30-August 2nd weekend. They took stock of themselves, learned from each other, and, in the midst of economic crisis, celebrated new growth and interest in their cause.

It was the 5th Eastern Conference for Workplace Democracy (ECWD), itself an affiliate of the U.S. Federation of Worker Cooperatives. Worker cooperatives are in turn only one sector of a much wider array of consumer, housing, producer, credit union and utility cooperatives spread across the country. Organizers and representatives of all of these also took part in the conference, and they came from 21 states, the District of Columbia, Puerto Rico and Canada.

“Democracy Works: Workers Cooperatives, Labor Solidarity and Sustainability” was the overall theme. The event was co-hosted by the Pittsburgh Coalition of Black Trade Unionists, the Ohio Employee Ownership Center and the Small Planet Institute, along with dozens of participating organizations.

“Coops are the vital part of the ecology of democracy,” said Frances Moore Lappe, keynote speaker and author of the groundbreaking book, *Diet for a Small Planet*. “Our standard view of democracy is incredibly lacking. When I was growing up in Texas it meant, first of all, going shopping. Second, once every few years, you went to the polls to vote for people you knew little about. And third, jury duty now and then, if you couldn’t get out of it. That’s about it. It was the foundation of what’s best called ‘privately held government.’”

The underlying values of the cooperative movement rest on a deeper grasp of democracy, one that starts by acknowledging that the most creative and productive part of most people’s lives is spent in their workplaces. Yet the workplace in America is a location where democracy is usually most restricted, if it exists at all.

How to turn that situation upside down was the underlying theme of the discussions and workshops over the three days. Six rounds of five or six workshops in each round made up the core of the conference. Topics ranged from the role of unions in worker coops, to decision-making and legal structures, to coops and education, and naturally, workplace democracy. There were cultural performances, plenary panels and a tour of cooperative enterprises in the midst of the rust belt deindustrialization in the Pittsburgh area. At the risk of leaving out important matters, I’ll mainly focus on the workshops I attended.

It may help in understanding conference discussions, however, to take a step back for a brief overview of the worker ownership and cooperative movements, especially for those not familiar with them.

There are two key distinctions to make: first, the differences between worker coops and the rest of the cooperative movement; second, between worker-owned firms, or ESOPS (Employee Stock Ownership Plan), and worker cooperatives.

Cooperatives are numerous and widespread in the U.S. and come in many flavors. There are some 30,000 of them, creating some 2 million jobs, with \$652 billion in revenues, \$3 trillion in assets, and \$133 billion in income. Some 90 million Americans are members of credit unions alone. Purchasing coops and public utility coops are especially popular in rural areas. There are housing coops in many large cities, as well as a wide variety of consumer coops, from supermarkets to health food stores. There are coops for machinery repair and other services, and lastly, worker coops for manufacturing. Worker coops are relatively small in number in the U. S, only about 500 of which exist in a larger universe of some 10,000 U.S. worker-owned firms known as ESOPS.

### **ESOPS vs. Co-ops**

What's the difference between an ESOP and a worker cooperative? There's a good deal of difference, having to do with the legal structure and control. In an ESOP, a portion of the companies stock, ranging from a large minority bloc to 100 percent of it, is owned by workers but held in a trust. Its value fluctuates with the stock market and workers can get dividends as they are paid, buy more stock, or "cash out" when they retire. If they do "cash out," they are hit with taxes on the closing amount, unless they roll it over into an IRA. By and large, ESOPs are financial instruments and do not automatically lead to worker control over the workplace or a role in shaping the firm's capital strategies. Managers are hired by the firm's board of directors, which in turn is connected to the trust.

Worker cooperatives, on the other hand, are directly owned and run by the workers, with each worker holding an equal share and one equal vote. But even that's the "pure form." Many worker cooperatives are defined more loosely as firms where a majority of the workers own a majority of the stock. This means there are coops that hire workers as wage labor who aren't owners, as well as worker coops where ownership shares, at least a minority portion of them, can be held by non-workers—and sometimes there's a combination of both.

There is a border region, however, where ESOPs and worker cooperatives can and do overlap, at least for practical purposes. Where the workers own 100 percent of the stock AND have voting rights in the regular decision-making of the trust holding the stock AND organize themselves to participate in the process, ESOPs can get beyond simply holding formal ownership title and enter the realm of workplace democracy. This is not a majority of ESOPs by any means—but there is a surprising number that do overlap with worker coops in this way, usually to good effect. In any case, this makes for a wide arena of discussion, debate and struggle, both in the conference and out in the world of larger economic realities. Taken together, ESOPs and cooperatives, at the outer edge of the definition of both, involve some 12 percent of the U.S work force, the same amount as those organized in unions. For the left in the workers' movements, this means there is a large arena for democratic struggle that is often overlooked.

### **The Influence of Mondragon**

One recurring theme throughout most of the workshops was the example of the Mondragon Coops (MCC) in the Basque region of Spain, the mode lode of those looking for existing alternative structures where workers run the show. MCC started 50 years ago with a small technical school, credit union and a small workshop manufacturing kerosene stoves. MMC was

initially organized by a Spanish priest, Father Arizmendi, and is now highly successful and widely studied around the world. With nearly 200 coop firms involving 120,000 work-owners, MCC is now the leading edge of the Spanish economy, manufacturing everything from kitchen utensils to motor buses, as well as Eroski, a chain of supermarkets, and a coop-owned bank, university and social agencies.

Some of the first questions that come up about Mondragon, ESOPs and cooperatives in general are from the trade unions. Should unions get involved in ESOPs? Should members of worker cooperatives join unions?

These were the core questions in the first workshop I attended. Entitled “Organizing for Better Public Policy and Stronger Coops,” it was pulled together by staff and organizers of the United Steelworkers, along with Michael Peck, Mondragon’s North American Delegate, headquartered in Washington, DC. Peck was also a representative of GAMEESA, a Spanish manufacturer of state-of-the-art wind turbines that recently partnered with the USW in opening two plants in Pennsylvania by converting shutdown steel plants and hiring hundreds of workers to produce the new green energy turbines.

“Our economy has been hijacked by the Wall Street types,” stated Steve Newman, a USW researcher introduced by Steffi Domike, a USW associate who chaired the session. He presented a series of graphs showing how investment in manufacturing had declined in favor of “financialization,” with the country’s resources going into speculation. He ended by noting that public stimulus funds were being spent abroad, rather than more productively at home. All this served to lead the unions to begin to think in broader terms about new allies and projects to fight finance capital—hence the USW openness to things like green jobs programs and the coop movement.

“I’m a union organizer,” said Rob Witherell of the USW, kicking off the discussion. “That means I’m mainly about collective bargaining and getting a contract. But with a worker-owned cooperative, who bargains with whom?”

It was a provocative question. The short answer was that the workers bargained with their managers. Even if they elected the managers from among themselves every few years, it didn’t mean they didn’t have problems with them day-to-day, along with the need to nail down other policies and agreements in a contract. Other reasons given for coop workers to join unions included access to pension and health plans.

MCC’s Peck pointed out that in Spain, the coops all had a social committee in each firm that dealt with many day-to-day issues as a trade union might, but the annual workers assemblies set income scales, with the current spread between the average worker and top management being about 4.5 to one. By contrast, in the U.S. the spread is about 400 to one. He closed with a strategic point: “Knowledge today is the great leveler, with the high technology and the high-skilled workforce that goes with it. Whether as workers or worker-owners, the firm managers have a need to come to favorable terms with the workforce, or some of their most important assets can walk out the door.”

The same discussion spilled over into the next workshop in the same room, only with a wider scope. “Unions and Coops: Current Activities” was the title, and it featured Hazel Corcoran of the Canadian Worker Coop Federation, Eric Johnson of Red Sun Press, Ajamu Nangwaya of the Canadian Union of Public Employees (CUPE), and Denise Hernandez and Stu Schneider of the Coop Home Care Associates, a relatively large worker coop in New York City that is also organized by SEIU. Andi Shively chaired the session.

“Lack of a common table” was the first obstacle brought up by Corcoran. In Canada, she stressed “Economic democracy, wealth sharing, and putting people before profits” as the core values shared by both unions and coops that could serve “to move them from indifference to common ground.”

CHCA, the home care workers coop, had several African American women members in the workshop, as well as their speakers. The coop of more than 1500 members was only one component on a much larger SEIU effort to organize the entire industry in New York, almost all of which was not in coops. Early on, they secured a “neutrality” agreement from CHCA managers, giving the union the ability to organize all the members easily. While managers noted difficulties with negotiating contracts they hadn’t had to deal with before, the workers present in the workshop generally praised the union for giving them access to better health benefits and other protections on the job.

Red Sun Press told a different story. Formed as a printing plant in the 1970s by Boston area activists, Eric Johnson explained how they grew from doing leaflets for demonstrations into a more comprehensive print shop. “We wanted to be in a union because we believe in them,” he said, “but when we approached the Typographers Union, they said ‘No way, you’re a coop; we’re not interested. So when we saw the UAW was organizing clerks at Harvard, we said ‘why not us,’ so we’re now a UAW local.” Arriving at a contract was mainly a matter of codifying their own standards, or setting them where it was vague, and then sticking to them. The benefits to Red Sun were obvious, since being a union shop meant a wave of new customers that need the union bug on printed material.

### **Bridges to Socialism**

Ajama Nangwaya of CUPE posed a far broader question to everyone. “Where are the alternative economic models,” he asked. “Re-regulation alone doesn’t help. It’s capitalism that’s the problem, and we need to be talking more about socialism.” It was all well and good to contend in the economic sphere with cooperative forms of ownership, since these helped the workers survive. But he also insisted that, “We need to become more political. Where is the political voice of the worker cooperatives? We really do have the answers to the crisis; we need to retire the capitalists and put them out to pasture. But that takes a political will and a political means.”

Friday evening featured cultural performances and a talk on the people’s history of Pittsburgh by Charles McCollester, author of *The Point of Pittsburgh*, published by the Battle of Homestead Foundation. Mike Stout, a print shop cooperator and local rocker and folk singer, followed up with an amazing and powerful song he had written on Martin Delany, an early African American abolitionist living in Pittsburgh prior to the Civil War.

The first round of Saturday workshops reported on a new development, the launching of the Evergreen Cooperatives in Cleveland, Ohio. The session was chaired by John Logue of OEOC, Jim Anderson of the Evergreen Cooperative Laundry, and Ted Howard of the Democracy Collaborative.

The Evergreen Cooperatives are an effort to fight unemployment and de-industrialization in the Cleveland area. What was unique was a joint study tour by all the initial collaborators, including local foundations and sources of capital, to the Mondragon coops in Spain. They returned inspired to make something similar happen in Cleveland. Two coop businesses are part of the startup, Evergreen Cooperative Laundry, an industrial laundry serving major medical facilities, and a solar panel installation business, Ohio Cooperative Solar. The two projects together aim at 25 to 50 workers in their startups, which can grow later as business expands.

“We’re going to have higher quality and lower costs because we’re going to have significantly reduced turnover,” said Anderson, speaking to the value and need for training of the longer-term unemployed. “Being an employee-owner, with your own vested account in the business, is going to provide some glue to keep you there.”

Education’s role in the cooperative movement was featured in another workshop. I was speaking on that panel, on the topic of Austin Polytechnical Academy in Chicago, along with Hazel Corcoran from Canada and Len Krimerman of the University of Connecticut at Storrs.

Krimerman described his own work as part of the Continuing Education division of his university. These departments allowed for far greater flexibility in curriculum, not only in regard to course content, but also in the credentials required of those who teach in them. In this way, the CE centers could also become both a center for dialogue and an organizing vortex for community and cooperative development. Corcoran described a similar process in the Canadian context, but featuring dialogue and mutual education centers between unions and coops.

I presented Austin Polytechnical Academy (APA) as a model for public high school reform in the inner city in Chicago, in its West Side neighborhood of Austin. Some on the initial design team had the Mondragon model in mind, especially how MCC started with a technical school, then included a coop business and coop bank as an effective three-in-one combination for community empowerment and local economic development. So APA was designed with worker ownership and entrepreneurship built into its mission and curriculum, even as a regular public school. It also sought and obtained allies among trade unions and local high-tech manufacturing firms. Now in its third year, the school is doing well, with a study tour of students headed to Mondragon this year.

This was another case where the discussion rolled over to the next workshop sharing the room. Entitled “Community Based Education for Worker Cooperatives,” the lineup of speakers was clearly from a younger generation: Brian Van Slyke of “Fall of the West” Records, Jim Johnson of Grassroots Economic Organizing, Jason Mott of Ronin Tech Collective and Lisa Stolarski of the Keystone Development Center. Here the discussion centered mostly on the common educational tools available, especially online social multimedia, and how to make the best use of

it. All agreed these were to be seen as an enhancement to face-to-face organizing, and not as a replacement.

### **Learning from Italy**

The last round of workshops took place Sunday morning, and I headed for one that featured a slide show on the Emilia-Romagna region of Italy, where some 7500 inter-linked worker and consumer cooperatives with more than one million members dominates the economy. It had also become one of Italy's most prosperous and global-aged areas with an overall population of 4 million. Erbin Crowell, the presenter, had visited the region, and lucidly described the deeply rooted history of coops there going back to the early 1900s. He also talked about the friendly rivalry between coops associated with the Catholic Church and the old Communist Party historically, and the culture of mutual aid that served to encourage them to buy and sell to each other, and otherwise help the cooperative movement grow.

There is nothing like Emilia-Romagna in the U.S. But that didn't stop Adam Trott of a Western Massachusetts based worker printer-copier coop, Collective Copies, from being inspired by visiting Italy. "We get the value of mutual aid among coops," he explained, describing the formation of the Valley Alliance of Worker Cooperatives, a collaborative effort of some eleven worker coops anchored in the geographic region of the Connecticut River Valley in Massachusetts and Southern Vermont. VAWC is hoping to inspire other local coop alliances around the country, as well as grow more coops in its area.

My closing workshop was also one where I was speaking. It was called "The Big Picture: Where We Fit In," then followed by the alphabet soup on the acronyms of various groupings in the coop movement. My acronym was SEN, for the newly formed U.S. Solidarity Economy Network, but the 'big picture' for the coop movement was presented by Jim Jenkins of the National Cooperative Business Association (NCBA): the main DC lobbyist for cooperatives and a gateway to loans and funding. In addition to supplying us with the impressive statistics at the beginning of this article, he displayed a fascinating map showing the density of coops across the country. See <http://tinyurl.com/uscoopmap>.

I opened by explaining the solidarity economy as a movement with its origins in the crisis in the third world, where neoliberalism in the form of the IMF compelled governments to slash their safety nets and impose austerity. Without government to turn to, people turned to each other, establishing peasant coops by taking land and worker coops by taking abandon factories, and other forms of mutual aid. Hence the term "solidarity economy."

"Now the solidarity economy movement has come to the U.S." I went on, describing how we formed the U.S Solidarity Economy Network as an outgrowth of our participation in the U.S. Social Forum in Atlanta in 2007. Compared to those groups here, SEN was "the new kid on the block," but we had a lot of energy coming off our first conference earlier this year. In our vision, we were both a "bigger tent" and more of a "pot-pourri"—in addition to coops and federations of coops, we also saw building the solidarity economy as including alternative currency projects, participatory budgeting campaigns, popular economics education, green jobs collaboratives and alliances with high-road businesses for green energy manufacturing and similar development efforts. I closed by affirming the point made earlier in the conference by Ajamu Nangwaya, the

need to think and organize politically, especially to pose the structural reforms needed to serve as bridges to a new economic alternative, such as Economic Democracy.

The conference concluded with a very upbeat spirit. It also included an ECWD business meeting and an awards night. The group elected a new set of young and energized leaders to take them through the next period. Given the severity of the economic crisis, and the threat of worse to come, they face tough challenges. Worker and community efforts to take charge of the economy, and become masters of society as well, however, can thrive in turbulent times.

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