

WORKER COOPERATIVES: STRATEGIES AND TACTICS FOR INTERSTITIAL
TRANSFORMATION

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Abstract

The number of worker cooperatives in the United States has grown substantially in recent decades, as has a robust cooperative movement dedicated to advancing worker-ownership. Many of these individual cooperatives, as well as the movement that incubates and supports them, critique capitalist workplace relations and aim to disrupt them. This dissertation addresses the claim that worker cooperatives, workplaces owned and operated by their employees, prefigure post-capitalist workplace arrangements and ultimately, a post-capitalist economy. While there is substantial literature that outlines the role of worker cooperatives as a strategy to disrupt exploitative and alienating capitalist labor relations, very little attention has been paid in the academic literature to the resources and strategies necessary to start a cooperative as well as the complex ways in which workplace democracy unfolds in practice. Additionally, this research evaluates the claim that worker cooperatives are a means to democratize wealth on a large scale. Erik Olin Wright's (2010) concept of interstitial transformation is used to understand the process by which small changes to the political economy can accumulate to large-scale systemic shifts. This research is based on a case study of cooperatives in Baltimore from 2014-2021 and identifies three structural conditions necessary for the growth of cooperatives: access to non-extractive capital and high-touch technical support, building a culture of worker ownership, and political advocacy/legislation that supports both worker ownership and wealth redistribution. This dissertation outlines the ways in which cooperatives have already realized their potential for interstitial transformation and the challenges that lay ahead.

Keywords: worker cooperatives, anticapitalism, solidarity economy, new economy movement

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CHAPTER 1: INTRODUCTION

In 2004, I attended a fundraising event in a warehouse in downtown Baltimore for a new bookstore coffeeshouse called Red Emma's. Two of the co-founders of Red Emma's were recent transplants to Baltimore to study at John's Hopkins. They wondered, "where is the activist and cooperative infrastructure in this town?" They had lived and studied in Amsterdam, a city with anarchist squats and a rich tradition of cooperation. The best they could find was a fledgling collectively-owned anarchist bookstore called Black Planet, located in the heart of Fells Point, a neighborhood known more for its fraternity and sorority barhopping than its radical counterculture. Some of the members of Black Planet later helped to start Red Emma's Bookstore Coffeeshouse in the basement of an apartment building in a midtown neighborhood in Baltimore. Thus began the cooperative ecosystem in Baltimore.

It is no exaggeration to say that we are facing unprecedented political, economic, and environmental crises. Pew Research (2021) found that trust in government in the United States is at a historic low and less than a quarter of the population trust governments to "do what is right" for the nation. Furthermore, policies that are wildly popular for bettering the lives of everyday people are unlikely to gain traction given unequal representation in national and local politics due to the makeup of the Senate, gerrymandered districts that solidify conservative rule, and massive and coordinated voter suppression efforts all over the country (Brennan Center for Justice 2021). The United States has the greatest disparity in wealth of any other developed nation and these wealth disparities are gendered and racialized (Dews 2021). Climate catastrophes are happening at a pace and severity that scientists predicted (Harrabin 2019) with a political apparatus that is unable or unwilling to make the changes necessary to mitigate and/or adapt (Klein 2014).

These crises are the direct results of the era of neoliberalism capitalism, or “the broad doctrine that markets work best when they are only lightly regulated and that the government provision of goods and services be broadly replaced by private market provision” (Wright and Rogers 2015:195). Neoliberal politics have given rise to right- and left-wing populist movements who are profoundly dissatisfied with the ineffectual and complicit state apparatus. On the right, scapegoating tactics, usually relying on racism, xenophobia, and antisemitism have bolstered sympathy for authoritarian nationalism (Putzel 2020). At the same time, left wing resistance movements have emerged to confront entwined economic, racial, gender, environmental and political crises – some of which espouse an anti-capitalist agenda. What is clear is that people want profound changes to the status quo. Worker cooperatives are argued to be part of a larger strategy to build an economy on the ethos of solidarity rather than individualism; an economy built on values that stand in stark opposition to these historical trends.

KEY ARGUMENTS

Anti-capitalist movements identify economic democracy, the solidarity economy, and specifically worker cooperatives as key in the transition to liberatory economic order. In my research, I have found worker cooperatives to be more limited in disrupting capitalism and may instead carry the potential to reform capitalism with broader, shared ownership. This dissertation will outline the promises of worker cooperatives as well as their challenges and contradictions.

This dissertation examines the potential of worker cooperatives and the worker cooperative movement as mechanisms for building a post-capitalist social order. Worker cooperatives are defined as businesses that are collectively owned and democratically operated by their members (US Federation of Worker Cooperatives 2020). This is a case study of worker cooperatives in Baltimore between 2015-2021, showing whether (a) cooperatives offer a

potential for democratizing the economy, and (b) what conditions may facilitate this process. I identify the strategies and tactics by which worker cooperatives build power to facilitate interstitial economic, political, and environmental transformation and outline the possibilities and limitations of these strategies and tactics in terms of their capacities to move beyond capitalism or to potentially reform it. Responding in part to the literature that celebrates worker cooperatives as a strategy for interstitial transformation beyond capitalism, this study will also evaluate the conditions under which this might be possible and disrupt the notion that worker cooperatives are a panacea to capitalist labor relations. These key arguments are investigated via an in-depth study of worker cooperatives and the worker cooperative movement in Baltimore that situates Baltimore within a nationwide struggle to change the US economy.

This study outlines the conditions under which this movement can be part of an overarching strategy to disrupt and displace the capitalist system. My data suggest that while the number of cooperatives is growing and the movement infrastructure to support them is more robust, there remain challenges that worker cooperatives and the movement that support them face in becoming the dominant form. Specifically, I outline the benefits of worker cooperatives while examining the challenges they face in accessing resources, in maintaining commitment to internal democratic practices, and in growing their market share. I then revisit the contention that cooperatives are part of a larger strategy not only to democratize wealth, but also displace the capitalist system defining the structural imperatives necessary to grow the cooperative ecosystem in Baltimore and the United States. I further argue that it is not necessarily the case that cooperatives will disrupt capitalism. They carry the potential to instead reform capitalism with broader, shared ownership.

Site of Study

Baltimore is one of a number of post-industrial cities where there are burgeoning worker cooperative movements/ecosystems. Comparable cities to Baltimore, such as Detroit, Cleveland, Pittsburgh, and Richmond, CA to name a few, are characterized by heavy job losses due to the shift from manufacturing to service sector employment. They all suffered a decline in population, increased poverty and neglected infrastructure. This is especially the case in Baltimore's predominantly Black neighborhoods.

The Baltimore cooperative movement seeks to address the entrenched racial and gender inequities endemic to the city. Baltimore is a majority Black, medium-sized "deindustrialized" city and has a long history of policy making that contributed to (extremely) uneven economic development and "hypersegregation" (Brown 2016). In fact, Baltimore's racialized segregation ordinances became the blueprint for nationwide redlining practices (Rothstein 2015). In Baltimore, this dynamic has created the geographical phenomenon that Brown (2016) calls the "white L and the Black butterfly." According to Brown (2016), "Due to this dynamic, the white neighborhoods on the map that form the shape of an 'L' accumulate structured advantages, while Black neighborhoods, shaped in the form of a butterfly, accumulate structured disadvantages." These disadvantages impact every aspect of economic life in Baltimore including where business development is prioritized and how incomes are distributed in the city. And like early housing segregation practices, the trends in Baltimore are reflective of those in the United States. The cooperative movement in Baltimore is addressing (some) of these intertwined economic and racial disparities, and is doing so while recognizing the complicated, site-specific legacies of both anti-Black racism *and* Black-owned worker cooperatives.

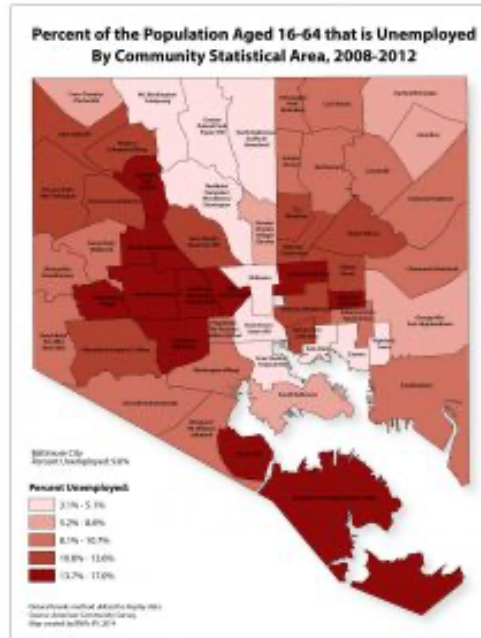


Figure 1: Baltimore employment rates per neighborhood. Many statistics follow the pattern of the white L and Black Butterfly. Chart attained via: via <https://web.colby.edu/kdnelson/2017/03/28/the-black-butterfly-of-baltimore-adj-seeck-20/>

Envisioning Real Utopias

The framework for this case study is primarily based on analytical Marxist sociologist’s Erik Olin Wright’s (2010) book *Envisioning Real Utopias*. I will employ Wright’s (2010) formulation of *interstitial transformation*, which is defined as “some sort of strategy that envisions transformation largely as a process of metamorphosis in which relatively small transformations cumulatively generate a quantitative shift in the dynamics and logic of a social system” (p.321). Worker cooperatives play an integral part in this type of organizing. My work will contribute to a growing body of literature that considers the role that alternative institution building, and community wealth initiatives play to facilitate post-capitalist systemic change (Alperovitz 2011; Gibson-Graham et al 2013; Gordon Nembhard 2014; Ranis 2016; Sitrin 2012; Wolff 2012; Wright 2010; Wright 2014).

This dissertation is structured as follows: Chapter two reviews the relevant literature and conceptual framework for this case study. Chapter three presents the methodologies used to conduct this study and the series of negotiations necessary given my time and resource constraints as well as the ever-shifting landscape of worker ownership in Baltimore between 2015 and 2021. Chapter four outlines the resource considerations that worker cooperatives face while starting a business in which the workers are simultaneously the owners of the business – a model that many state entities (including Maryland) fail to recognize legally. Chapter five examines the benefits and challenges of democratic decision making, and the inherent contradictions of democracy. Chapter six theorizes worker cooperatives and the worker cooperative movement moving from democratizing individual workplaces to democratizing the larger economy. Finally, the conclusion revisits the question of system change given the data presented in the previous chapters. This serves to support the claim that while cooperatives carry the potential to prefigure a new kind of economy through interstitial transformation, the realities of starting and maintaining worker cooperatives are more challenging than the celebratory literature suggest.

CHAPTER 2: REVIEW OF THE LITERATURE: WORKER COOPERATIVES AND REAL UTOPIAS

This literature review will begin by outlining the key concepts problematizing capitalism. Next, I will outline the literature on social movements aimed to confront the capitalist system. Specifically, I will discuss the new economy movement and how worker cooperatives are part of a larger movement strategy to disrupt the capitalist system and ultimately replace it. Last, I will present the framework for this dissertation as it emerges from the various theories of change that frame efforts to radically transform the economy. I will pay particular attention to “real utopian” efforts to build a new economy in the interstices of the capitalist system (Wright 2010). Contained within this is the debate about the efficacy of worker cooperatives as an interstitial strategy for systemic transformation.

THE PROBLEM OF CAPITALISM

Worker cooperatives are widely argued to be an important strategy of anti-capitalist social movements that confront entwined economic, political, and environmental crises at the heart of this system (Alperovitz 2011, Alperovitz 2013; Wolff 2012; Wright 2010). There is no shortage of literature describing capitalism’s harmful systemic imperatives. This dissertation will draw significantly from Marxist sociologists to frame the priorities of the capitalist economic system and how this system shapes access to political decision-making and environmental outcomes.

To understand anti-capitalist resistance and strategies to build an emancipatory economic system, it is important to understand exactly what (neoliberal) capitalism is and what scholars and activists see as its harmful impacts. According to Erik Olin Wright and Joel Rogers (2011), “capitalism is that form of market economy in which production and investment is privately

controlled, and the work of production is performed by employees who are hired from free labor markets” (p.39). This definition underscores the lopsided ownership structure under capitalism, but also why capitalism is often conflated with political freedom.¹

Yet, Marx asserts that this system harm this system extols on workers in the form of alienation and exploitation are key features (not bugs) of the capitalist labor relations. For Marx (1990), a principal feature of capitalism is the extraction of surplus value (profit) from the proletariat (the laborer) by the bourgeoisie (the owner of the means of production). As a result, work under capitalism is very often hierarchical, exploitative, and alienating to the worker (Marx 1990). Worker cooperatives, it is argued, hold the potential to invert that relationship, giving workers control over capital and potentially redistributing productive wealth among a larger swath of the population (Akuno 2017; Wolff 2012, Wright 2012).²

Exploitation and Alienation

Marx’s (1990) labor theory of value characterizes the capitalist production system as inherently exploitative to workers in that they are paid far less than the value of the commodities they produce in order to maximize profit for the bourgeoisie. According to Wright (2010), given the growth imperative and profit motive inherent to the capitalist system, capitalists must keep labor costs down by “extracting as much labor effort for as little cost as possible” (p.42). In an increasingly deregulated global economy, the labor pool has become much larger, and capital is

¹ Political scientists identify a distinction between Erik Olin Wright’s approach to understanding capitalism and its class relations as compared to Marx. For instance, according to Resnick and Wolff (2003), Marx situates capitalist class relations firmly in property relations – ownership of the means of production. In contrast, Erik Olin Wright is more nuanced about class relations arguing that power (e.g., managerial power) is also a key feature of class relations that complicate simple ownership relations.

² It is important not to conflate democratizing the workplace with democratizing the *economy*. This is a tension I will explore over the course of this work. How can workplace democracy translate into economic democracy writ large?

able to move all around the globe looking for the lowest wages and the highest profits (not to mention lax environmental regulations) (Klein 2017).

Marx (1844/1997) further outlines how capitalist labor relations are alienating for the worker. Capitalism alienates workers in that it renders them powerless over the forces of production and stifles their imaginative capacities (Johnson 2000). In the *Economic and Philosophical Manuscripts* Marx (1844/1997) identifies four ways that the capitalist production system is alienating for the proletariat. First, it gives labor little control over *what* they produce. Workers take the jobs that are geographically available to them, as well as jobs that are commensurate to their skill sets. Owners mostly determine what *kind* of work is available. Second, labor often does not have the power to determine *how* they produce, the conditions of their workplaces. Many workers lack basic democratic input into their working life. Third, many laborers lack access to work that satisfies what Marx calls their “species essence” – work that makes one human. That is, in a system of industrial mass production, the work available to many low-wage workers is often dehumanizing, repetitive and boring. Marx argues this is not soul-satisfying – it does not allow human capacity to flourish. Marx (1844/1997) encapsulates these tendencies by saying,

If the product of labor does not belong to the worker, if it confronts him as an alien power, then this can only be because it belongs to some *other man than the worker*. If the worker’s activity is a torment to him, to another it must give *satisfaction* and pleasure. Not the gods, not nature, but only man himself can be this alien power over man (p.115).

Finally, capitalist production alienates workers from one another. That is, it does not allow workers to fully cooperate with one another. Instead, the hierarchical nature of the capitalist system encourages, and even rewards, competition rather than people working together, collectively, for the betterment of society (Marx 1844/1997).

Under this system, workers are not only powerless over the day-to-day circumstances of their working life, but they also find themselves in a subordinate political position. The bourgeoisie “have an active interest in keeping large segments of the population in an economically vulnerable and dependent position” (Wright 2010:41) and thus use their political influence to maintain this situation. This erodes people’s power to shape their destinies, not only in their workplaces, but also in the larger political sphere.

This trend is exacerbated by the decline in labor unions and the rise of precarious labor markets globally. In the US, labor union participation has declined from 25.7% in 1980 to 12.1% in 2020 (Economic Policy Institute 2021).³ In OECD countries, union membership has dropped from 30% to about 16% of workers on average. In the US, this decline can be attributed to the globalization of industrial labor, legislation such as the Taft-Hartley Act and Right to Work legislation that has made union organizing more difficult and union resources less robust, the failure of labor unions to organize in the low-wage service sector (partly due the diffuse nature of this sector, as well as the racial discrimination in old-school industrial labor unions), the failure to extend the reach of labor organizing beyond the workplace as a means to forge community solidarity, and the rise of precarious labor and the “gig economy” (Gunn 2018; Kelley 1997). Precarious labor is defined as “employment that is uncertain, unpredictable, and risky from the point of view of the worker” (Kalleberg 2008:2). The rise of the “gig economy” – the flexible labor provided by platforms like Uber, Amazon Flex, and Grubhub – makes organizing in these sectors even more challenging as the legal status of these workers has been a source of debate.⁴

³ The numbers global vary significantly. For instance, Sweden’s trade union density is 90.4%. Surprisingly, France’s union participation is only 7.9% (despite the power the trade union movement has in the country) (OECD 2021).

⁴ The Protect the Right to Organize (PRO) Act, stalled in Congress like everything else, would change the status of these workers and allow them to organize unions, though its passage seems unlikely (Goodkind 2021).

What is clear, however, is that workers' ability to fight exploitative working conditions has declined significantly under neoliberal capitalism.

Democracy, Power, and the Power Elite

Democracy is “a social system in which everyone has an equal share of power” (Johnson 2000:80). The United States thinks of itself as being a uniquely pluralist democracy in which diverse and competing interests carry the ability to balance internal conflict between disparate interest groups. These political freedoms are often linked to the United States' extensive free market economy. Yet, this picture obscures a more complex reality of political and economic decision-making and the nature of power in capitalist societies.

Liberal democracies hold as ideal that ordinary people should have the power to make decisions about issues that impact their fate (Wright 2010). Political decision-making, and power, under this framework, is primarily gained through elected political representation, and political accountability is leveraged through these elected officials. There are a variety of ways to access political representatives (if you do not decide to be one yourself). Voting, of course, is a basic right that (theoretically) holds elected representatives accountable to their constituency. Once elected, open access to elected officials is argued to ensure that the will of the people is executed (Wright and Rogers 2015). Organized interest groups such as labor unions or civil rights groups, as well as concerned individuals, can write to, call, visit, and pressure their representatives to have their voices heard and concerns addressed (social movements deploy more confrontational tactics as well) (see Dahl 1961 for a broader discussion of pluralism and political decision-making). In practice, however, there is serious debate about whose voices actually matter.

As C. Wright Mills (2000) notes in his seminal work on the *Power Elite*, there is vastly unequal access to political decision-making. Mills suggests that this is intimately connected to the way that the capitalist system functions. He argues that three groups have ultimate decision-making power in US society: 1. The super-rich, which results in the “supremacy of corporate power” given their inordinate access to both lobbying but also because rich people share social spaces like schools and recreational activities; 2. High-ranking members of the military who protect the interests of the capitalists through foreign policy that favors multinational corporations; and 3. An entrenched political elite who are “political men of education and of administrative experience,” who either come from or are “groomed” to circulate in elite circles. From Mills’ perspective, these folks move in and between corporate, military, and political ranks, and through their formal and informal social networks, which enables them to control the political decision-making apparatuses.

In their study on interest groups, Gilens and Page (2014) confirm Mills’ claim that elites exhibit inordinate influence on US policy – especially as a means to protect their economic interests. In contrast, everyday people find it much more difficult to influence the political process. They discovered that,

When a majority of citizens disagrees with economic elites and/or with organised interests, they generally lose. Moreover, because of the strong status quo bias built into the US political system, even when fairly large majorities of Americans favour policy change, they generally do not get it (Gilens and Page 2014:576).

In other words, ordinary people face extraordinary challenges influencing the political system when their interests diverge with those of the elite. Furthermore, this creates a vicious cycle in which wealth and income disparities serve to shift political influence to the elite, who are then able to continue lobbying for policies that disproportionately favor them (Jacobs and Skocpol 2007).

As a result, the wealth gap, thus the power gap, has grown substantially. According to the Institute for Policy Studies, America's 20 wealthiest *people* own as much wealth as the bottom half of the US population as a whole (Collins and Hoxie 2015). The wealthiest ten percent of the US population owns 76% of all the wealth (Ingraham 2015). And this gap is growing due to the tax cuts instituted by the Trump administration in late 2017 (Clemente 2020). In light of this, Domhoff (2017) argues that these "enormous economic resources give [capitalists] the 'structural economic power' that is the basis for dominating the federal government through lobbying, campaign finance, appointments to key government positions, and a policy-planning network made up of foundations, think tanks, and policy-discussion groups."

Despite the skewed nature of the US political system, political democracy remains an ideal and a taken for granted right. Economic democracy, on the other hand, receives very little notice. In fact, scholars argue that representative democracy can obscure the relative lack of economic democracy (Malleson 2014; Schweickart 2011). Consequently, an emergent body of literature has been devoted to exploring models of economic democracy (see Alperovitz 2013; Malleson 2014; Wolff 2012; Wright 2010 among others).

As mentioned, the capitalist marketplace is often argued to promote economic and political democracy because "it is structured on the basis of voluntary contracts so there are no problems of 'power' or 'hierarchy'" (Malleson 2014:28). Yet, Malleson (2014) makes the case that workplaces in capitalist society "gives employers significant and unaccountable power over their employees, and are therefore deeply damaging to most workers' freedom" (p.29). Often, workers are compelled to take jobs not through voluntary contracts, but instead out of necessity.⁵

⁵ Malleson rightly notes that it is important not to characterize all workplaces as stifling and all workers as ubiquitously powerless – creating a caricature of working life. Professionals, he notes, are often able to demand a great deal of autonomy in the workplace. Nevertheless, the way that formal power structures are implemented, when

Furthermore, many corporations are able to use their political heft to lobby for policies that prioritize the bottom line, sacrificing worker protections. Many of these policies strip away workers' power to control their working conditions (e.g., "right to work" legislation that limits union power). These policies also sacrifice public health and have harmful ecological consequences (Wright 2010).

Environmental Exploitation and Injustice

There is a great deal of literature linking neoliberal capitalism with deepening environmental crisis (see Foster 2000; Magdoff and Foster 2011; Klein 2014; Leonard 2010; Schor 2010; Wright 2010). According to Magdoff and Foster (2011), "the multifaceted, complex, and rapidly accelerating character of the planetary environmental crisis is traceable to one single systemic cause: the economic and social order in which we live" (p. 25). Noam Chomsky is less diplomatic in his diagnosis: "the environmental crisis is institutional, deeply rooted in economic institutions geared to accumulation, profit and often sociopathic forms of growth" (in Albert 2017: x). And the political apparatus in the US, held hostage by the fossil fuel industry, is unable to adequately address this looming catastrophe. O'Connor (2009) calls this capitalism's "second contradiction" – the overuse of resources driven by the growth imperative of capitalism, thus destroying the conditions of life upon which life (and capitalism) depends.

In *Marx's Ecology*, John Bellamy Foster (2000) argues that an important aspect of Marx's work that is often overlooked – and can help us make sense of this situation – is the connection between capitalism and what Marx called the "metabolic rift." Marx claims that alienating labor from the forces of production (especially the ecosystems upon which production depends) through lack of democratic control of resources as well as working conditions,

worker and employer interests diverge, for instance if considering massive layoffs, employees have much less of a say than a board of directors, major shareholders, or a CEO.

capitalist production “disturbs the metabolic interaction between man and the earth, i.e., it prevents the return to the soil of its constituent elements consumed by man” (Marx as quoted in Foster 2000:155-156). In other words, capitalism not only exploits *workers* for the sake of profit, capitalists are also incentivized, in their control of the means of production, to exploit the resource base. Workers and other stakeholders inordinately bear the brunt of these deleterious environmental outcomes.

Wright (2010) outlines three ways in which contemporary capitalist production is implicated in accelerated environmental damage. First, “capitalist firms face competitive pressures to reduce costs, and externalizing those costs onto the environment is a good strategy for doing this” (Wright 2010:69). Because capitalist firms must remain competitive, there are strong incentives to cut regulatory corners in order to reduce costs. These costs are often externalized – shouldered by workers or the surrounding communities in the form of negative health impacts or decreased property values. Pollution is a classic example of negative externalities (Wright and Rogers 2015). For instance, “it is cheaper for a company to dump pollutants into a river or the air than to dispose of them in a nonpolluting way... If the firm was forced to either install technologies that would prevent the pollution or pay for all these displaced costs” (Wright and Rogers 2015:58). This means that the environmental costs of doing business are not often reflected in the price of a good, which gives environmentally unsound companies a competitive advantage (Leonard 2010).

Second, Wright (2010) argues that the short-term profit horizons do not capture the future costs of doing business (such as climate change) and incentivize short-term thinking. For example, “nonrenewable natural resources are systematically underpriced in the market since their value to people in the future is not registered in the dynamics of supply and demand in the

present” (Wright 2010:69).⁶ Moreover, the transition to renewable energy has been difficult given the immense political clout of the fossil fuel industry and its ability to dissuade long-term thinking about pollution and climate change.

Finally, capitalism needs to grow to survive. To do this, it is necessary to promote relentless consumerism in order to keep maximizing the bottom line (Wright 2010). This is an unsustainable growth model (Leonard 2010). Alan Schnaiberg calls this the “treadmill of production” – a system which:

... [is] running in place without moving forward. It represented a decrease in the social efficiency of the productive system. This decreased social efficiency of natural resource utilization produced a shift towards vastly increased rates of ecosystem depletion (resource extraction) and ecosystem pollution (dumping wastes into ecosystems)... (Gould, Pellow, and Schnaiberg 2004:297).

Put another way, it is simply impossible to grow an economy indefinitely with a finite resource base (Leonard 2010). Unfortunately, twenty-first century economics still wrest on nineteenth century assumptions about an abundance of resources and thus promotes a growth model that has no way of reflecting harmful environmental outcomes.

Despite the fact that these phenomena are relatively well understood, it has been very difficult for any of these issues to be addressed in any substantial way for two reasons: 1. The oligarchical nature of the US political system and; 2. The imperatives of the system itself to function as a growth machine at any and all costs. Getting past these imperatives is crucial if humans and other species have a shot at survival.

That said, the state apparatus has the power to advance the environmental agenda in various ways. One need only to look at the Montreal Protocol, which sought to eliminate

⁶ Wright and Rogers (2015) put forth this useful thought experiment to help people understand this: “Imagine if people one hundred years from now could bid on the current price of oil: The price would surely be much higher than we see in existing markets, for it would reflect the future costs of extracting and processing a much scarcer resource” (p.75).

chlorofluorocarbons (CFCs) that deplete the ozone layer, to see the power that lies in coordinated state intervention to solve pressing problems. According to Foster (2007), the Montreal Protocol “seemed to confirm that the world’s economically dominant countries could act in unison in response to global environmental threats” (p.3) and as of 2017 has resulted in the near elimination of ozone-depleting substances (UN Environmental Programme 2019). Social movements have been integral in pressuring the state to implement the widespread changes needed eliminate CFCs from production (Cook 1990).

More recently, calls for a Green New Deal (GND) by the Sunrise Movement (2022) are pressuring the state to mobilize resources to confront the climate crisis – recognizing the power that extractive industries have over elected officials and building power to confront this imbalance. The demand for “good jobs and a livable future” is at its core a set of state-based solutions to transform the economy and keep warming to below 1.5 degrees Celsius. The Green New Deal “is a congressional resolution to mobilize every aspect of American society to 100% clean and renewable energy, guarantee living-wage jobs for anyone who needs one, and a just transition for both workers and frontline communities—all in the next 10 years” (Sunrise Movement 2022). The GND will be discussed in chapter six as part of a strategy for worker cooperative growth. For the purposes of this discussion, the GND identifies the state as an important vehicle through which these changes can and must be made.

SOCIAL MOVEMENTS AND SOCIAL MOVEMENT THEORY

Despite debates in social movement circles about the role the state plays as a change agent, social movements are an important change agent both inside and outside the system. Many of the tactical repertoires of these movements involve making claims on either the government or corporations to alleviate the ills of the system. Tilly and Tarrow (2007) define social movements

as “sustained challenges to power holders in the name of a population living under the jurisdiction of those power holders by means of public displays of that population’s worthiness, unity, numbers and commitment” (p. 202). Social movement tactics (repertoires) include “wearing colors, marching in disciplined ranks, sporting badges that advertise the cause, displaying signs, chanting slogans, and picketing public buildings” (Tilly and Tarrow 2007:8). These kinds of movements usually advocate for some sort of reform to remedy the ills caused by the political and economic system. Yet, there remains considerable debate about what kinds of social movements can best reform the most damaging aspects of the system as it is but also what types of strategies are necessary to implement a new system.

Radical (as opposed to reformist) movements seek not only to defend against the worst tendencies of these systems, but also to transform or even replace these systems altogether (Dixon 2014). In this vein, a growing body of literature is examining the historical roots and contemporary upsurge of movements that try to build a new economy (including the cooperative movement) and what it can tell us about the potential for radical/revolutionary change. As Graeber (2002) asserts, it is one thing to claim, “Another World is Possible.” It is quite another to put that new world into practice. Discussing a post-Occupy organizing strategy, Hunt-Hendrix and Berger (2014) state,

A credible revolutionary strategy has three parts: alternative institutions that create examples of the kind of society we want to live in; social movements that mobilize popular resistance by opposing the corrupt institutions currently in power; and independent political organizations that enshrine progressive victories in law. Much like the legs of a three-legged stool, each project is necessary but not sufficient on its own.

Cooperatives are an integral leg of that stool.

Confronting Capitalism: The New Economy Movement

In *Notes from the Underground: Zines and the Politics of Alternative Culture*, Stephen Duncombe (1997) writes,

The powers that be do not sustain their legitimacy by convincing people that the current system is The Answer. That fiction would be too difficult to sustain in the face of so much evidence to the contrary. What they must do, and what they have done very effectively, is convince the mass of people that *there is no alternative* (p. 6; emphasis in text).

Notwithstanding the myriad of problems that I have outlined thus far, the fall of communism in 1989 and the failure of state-socialism/communism crystalized the idea that capitalism is the only system that works in practice. Even if one does not particularly like capitalism, the authoritarian nature of actually existing socialist societies (which Wolff (2012) argues was “state capitalism” rather than socialism as it was meant by Marx) has made it seem as if capitalism was the only choice if one believes in “freedom” (Curl 2013; Wright 2010). And, because Reagan and Thatcher effectively managed to convince generations of people that there is no alternative to market capitalism, anti-capitalist practices became either invisible or implausible.

Yet, Gibson-Graham (2006) maintains that the practices of a post-capitalist society already exist, “but are rendered ineffectual by the hegemony of capitalocentrism” (p.57). They assert that practices as small as free childcare or community gardening and as large as Federal Credit Unions defy the logic of capitalism and point the way to post-capitalist futures. Furthermore, as global capitalism has become untenable for a larger number of people, cooperativism has re-emerged as an appealing solution in light of the resource scarcity and authoritarian nature of many state-socialist regimes (Zamagni and Zamagni 2010).

After the great recession, and now with Covid-19, there was an explosion of literature about the potential to build a “new economy;” much of it theoretical, some if it historical, but

also increasingly rooted in practical organizing and experience (Alperovitz 2011; Alperovitz 2013; Gibson-Graham, Cameron, and Healy 2013; Malleson 2014; Max-Neef 2014; Schweickart 2011; Wolff 2012; Wright 2010). Roughly called “the new economy movement” in the United States, experiments in new economic forms arose, though at first with little notice (Alperovitz 2011). Gar Alperovitz (2011), cofounder of the Democracy Collaborative,⁷ argues,

That the term “new economy” has begun to explode into public use in diverse areas may be an indication that the movement has reached a critical stage of development—and a sign that the domination of traditional thinking may be starting to weaken... This, in turn, leads to an emphasis on institutions whose priorities are broader than those that typically flow from the corporate emphasis on the bottom line (p.20).

The new economy movement includes a number of initiatives that are intended to run counter to capitalist logic and practice. This includes, but is not limited to, municipal strategies that prioritize community resource distribution such as community land trusts and community development corporations, credit unions, social enterprise, impact investing, and, for my purposes, worker cooperatives (Democracy Collaborative n.d.). Ultimately, the aim of the new economy movement is to redistribute resources in order to democratize wealth and shift the balance of power away from the power elite who control the political and economic systems. The question is: what are the necessary strategies to get there? And what are the potentials and limitations of these strategies?

Interstitial Transformation and The New Economy

As with most social movements, there is much debate about which strategies and tactics will be most effective for building a new economy. Wright (2010) discusses three approaches

⁷ The Democracy Collaborative is a think tank, originally based out of the University of Maryland that “works to carry out a vision of a new economic system where shared ownership and control creates more equitable and inclusive outcomes, fosters ecological sustainability, and promotes flourishing democratic and community life” (Democracy Collaborative n.d.).

that movements use to facilitate large-scale social transformation: “ruptural transformation,” “symbiotic transformation,” and “interstitial transformation.”⁸

Ruptural transformation is what is thought of as a traditional revolutionary break, or more euphemistically, “smashing the system.” This strategy is particularly appealing to young, newly politicized activists because “existing structures of power, privilege, and inequality seem so malevolent and so damaging to aspirations for human flourishing that the idea of simply smashing them and creating something new can be appealing” (Wright 2010: 308). However, Wright (2010) is skeptical about this approach on its own. He believes the material conditions are unsuitable for this kind of transformation in developed capitalist economies for several reasons, including their immense military capabilities and unwillingness of many middle-class people to suffer through the travails of a ruptural transition (many can’t even stomach the modest reforms suggested by Senator Bernard Sanders).

In contrast, symbiotic transformation is a set of institutionalized reforms that ease the deleterious impacts of capitalism, which can “enlarge the space for social empowerment and create relatively stable forms of positive collaboration” (p. 364) between the capitalist class and majority of the population. These kinds of reforms are usually found in social democracies in which there is a state-centered corporatism that allows the working class to maintain some degree of power over the spheres of exchange, production, and politics (Wright 2010). Wright (2010) argues that these efforts may “enlarge the space for social empowerment” (p.364) but alone will ultimately be unlikely to cumulatively transform the system. Moreover, those who believe that systemic rupture is necessary and possible often deride these kinds of “liberal”

⁸ Wright (2010) argues that while he has created distinct strategies to building a new society, these approaches “need not constitute antagonistic strategies – in many circumstances they complement each other, and indeed may even require each other” (p.322).

reforms because they fail to fundamentally change the structural imperatives that reproduce the pressing social problems of the day.

The third type of transformation, and the model of system change central to this project, is interstitial transformation. Interstitial transformation refers to “the incremental modification to the underlying structures of a social system and its mechanisms of social reproduction... [which] cumulatively transform the system” (Wright 2010: 321). According to Rao, Morill, and Zald (2000), “such structuration can ultimately modify the institutionalized narratives used to account for orthodox practices and reconfigure the institutional context by creating new organizational forms that compete with and modify existing forms” (p. 252). Interstitial transformation gradually but systematically institutes new social, economic, and political forms that strategically build a pathway to a new social system.

The new economy movement primarily utilizes the interstitial approach to solving the problems of capitalism (though it also utilizes symbiotic tactics to get there on occasion). Many community wealth building efforts seek to erode the limits of capitalism and make space for a new kind of system to be born (Alperovitz and Dubb 2012; Wright 2012). Cooperatives generally, and worker cooperatives in particular, are often situated at the center of the new economy movement (Alperovitz 2013; Wolff 2010; Wright 2010). In fact, Alperovitz (2011) claims that worker cooperatives are at the “cutting edge” of the new economy movement in that they are a key strategy for democratizing wealth and transitioning to green jobs. Before evaluating these claims, it is important to define cooperatives, worker cooperatives, and the cooperative movement to understand how they function as a strategy toward interstitial transformation.⁹

⁹ Gar Alperovitz and Erik Olin Wright, for the most part, agree that alternative institution building is an important strategy for systematically building a new society. However, Alperovitz and Dubb (2012) argue that their framework

COOPERATIVES, WORKER OWNERSHIP, AND THE COOPERATIVE MOVEMENT

According to the International Cooperative Alliance, a *cooperative* is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs, and aspirations through jointly owned and democratically controlled enterprise” (The International Cooperative Alliance as quoted in Curl 2013:8). Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity and the seven cooperative principles are: Voluntary and Open Membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence; Education, Training and Information; Cooperation among Co-operatives; Concern for Community (Curl 2013). These values and principles serve to distinguish cooperatives from their more hierarchical and exploitative counterparts.

There are different types of cooperatives, including producer cooperatives (often in, but not limited to, agricultural production), housing cooperatives, consumer cooperatives, and, important to this project, worker cooperatives. Each type democratizes decision-making and ownership, but none so significantly as worker cooperatives (Wolff 2012).

Worker ownership varies in terms of ownership and decision-making structures. On one end of the spectrum, there are Employee Stock Ownership Programs (ESOPs) in which the workers own most (but not all) shares of the company.¹⁰ Under this, employee stock is invested

provides a clearer path forward. What Wright calls “interstitial transformation,” Alperovitz and Dubb (2012) call a “evolutionary reconstruction” through the tactics of a “pluralist commonwealth.” Alperovitz and Dubb (2012) insist that this is, at its core, an approach that “offers the most promising path for long-term, progressive social, political, and economic change in the specific context facing the United States” (p.381). However, Wright (2012) notes that Alperovitz and Dubb’s (2012) views are more compatible than they acknowledge in their assessment of Wright’s framework (a claim with which I agree). Wright (2012) concludes, “the vision of evolutionary reconstruction advocated by Alperovitz and Dubb involves a combination of interstitial and symbiotic strategies” and is not, as Alperovitz and Dubb claim, wholly different (or more useful) than Wright’s framework.

¹⁰ ESOPs are a controversial form with the co-op community and some may not even classify them as worker-owned. Wolff (2012) argues that they do not fully embrace the tenets of workplace democracy (though their decision-making structures vary). One of my participants, Jim Johnson, puts it this way, “ESOPs are actually a trust,

into their retirement programs. Many times, this strategy is used for ownership succession. For example, when Bob Moore, former owner of Bob's Red Mill Natural Foods, retired, he and his co-owners signed off to hand over the business to his employees (Mann Jackson 2010).

The benefits of ESOPs are myriad. First, ownership is conferred to the workers, concentrating wealth creation in the hands of the workers rather than to absentee owners, as is common in the traditional capitalist investment model (Korten 2016). Also, worker-owners have more "skin in the game." Because workers own the business, ESOPs incentivize productivity and generally outperform their traditionally organized counterparts. Finally, in the age of globalization and outsourcing, the workplace is anchored in place, which stabilizes communities (Alperovitz 2013).

Again, the US Federation of Worker Cooperatives (USFWC) defines *worker cooperatives* as "business entities that are owned and controlled by their members, the people who work in them." Some worker cooperatives are organized not too differently from their less egalitarian counterparts in that they utilize a complex division of labor and a hierarchical decision-making process (not necessarily rooted in the ideal of one person, one vote) (Abell 2014; Malleson 2014). Yet, many large-scale worker-ownership models, such as Mondragon in Spain (which will be discussed in a bit more detail later) among many others, have created mechanisms for holding technocrats and managers accountable to the worker-owners through varying models of democratic decision-making structures (Malleson 2014).

and that the so-called ownership of the company by the workers is actually having money or shares in the trust, and then the trust actually owns that portion of the company on behalf of the workers - I don't usually contend the point, but as a matter of fact, because the ownership of the company is not direct, it is through a trust instead, I don't think of it as effectively worker-owned, even though it might fulfill a legal definition of being technically worker-owned." Alperovitz (2013), on the other hand, still understands them to be an important step in "evolutionary reconstruction," or as an interstitial strategy for economic democracy.

On the other end of the spectrum, there are workplaces that confer worker-owners full democratic governance and control of the surplus generated by the firm (Wolff 2012; Wright 2010). These types of cooperatives tend to be small, often deliberately so. According to the US Federation of Worker Cooperatives, as of 2018, there are about 465 worker cooperatives that fit this model in the US, employing about 6,454 people (USFWC and DAWI 2020). There are many worker cooperatives in various stages of development and have not yet been “counted” in these figures. Nevertheless, fully democratic, horizontally organized workplaces still constitute a marginal percentage of the overall market.

In practice, many cooperatives function somewhere between the large-scale, corporately structured model and the fully democratic/horizontal framework. Wright (2010) suggests, “variations in institutional forms reflect adaptations to the practical complexities of realizing the principles of worker ownership under different conditions” (p.238). Yet, for a firm to qualify as a worker cooperative, it must adhere to the central principles of worker-ownership in that “worker-members invest in and own the business together, and it distributes surplus to them and decision-making is democratic, adhering to the general principle of one member-one vote” (USFWC 2017). Ultimately, the goal of worker cooperatives is to democratize wealth and decision-making in the workplace (Alperovitz 2013). However, even if a workplace decides to manage itself through the worker ownership model, this does not necessarily mean they are participating in the larger cooperative movement.

Much of the literature on worker cooperatives and the cooperative movement tend to conflate the terms. However, the cooperative *movement* is different from an atomized worker-owned workplace in that it aims to build cooperative power to provoke broader systemic change. According to the USFWC, “The worker cooperative movement is increasingly recognized as part

of the larger movement for sustainability and a new economy based on people's needs." Along with the transformative co-ops themselves, the organizations that are central to this movement are the USFWC, Seed Commons and its peer network, the Democracy at Work Institute (DAWI), and the Grassroots Economic Organizing Co-op (GEO Co-op). According to Schaffer (1999) the cooperative movement should be judged based on "the totality of their impact: local, national, and international. People will ask about how they helped ameliorate the economic and social problems of the dispossessed" (p.ix). The cooperative movement, then, utilizes a collective action frame to advance its agenda (Levinson 2014).

A notable example is the history of the black cooperative movement in the United States. In *Collective Courage: A History of African American Cooperative Economic Thought and Practice*, Jessica Gordon Nembhard (2014) outlines the extensive (and understudied, as will be discussed later in this work) history of the Black cooperative movement – an important form of black resistance from reconstruction through the civil rights era. She argues, "African Americans have a long, rich history of cooperative ownership, especially in reaction to market failures and economic racial discrimination" (p.1). These functioned both as a business model that prioritized mutual aid and black leadership (an interstitial process), and as social movements that prefigured black self-determination despite the virulent backlash of white supremacists invested in keeping blacks economically marginalized (an interstitial strategy).

Worker Cooperatives as Anti-Capitalist Resistance

Historically, the cooperative movement has been an important strategy for anti-capitalist resistance (Curl 2013; Gordon Nembhardt 2014; Wright 2010). According to Erik Olin Wright (2010),

The oldest vision for an emancipatory alternative to capitalism is the worker-owned firm. Capitalism began by dispossessing workers of their means of production and then

employing them as wage-laborers in capitalist firms. The most straightforward undoing of that dispossession is its reversal through worker-owned firms (p.234).

More recently, as part of the new economy movement, proponents of worker cooperatives similarly argue that worker ownership fundamentally reconfigures the increasingly concentrated ownership of the means of production, thus the relations of production, in critical ways (Marcuse 2015; Wolff 2012; Wright 2010). First, it challenges the monopoly ownership of productive wealth. This, in turn, gives workers more control over both the means of production and the conditions of their working life (Curl 2013; Wolff 2014). This carries the potential to stave off the alienating aspects of work (Marcuse 2015). Likewise, worker ownership is argued to increase democratic participation, both in the workplace and in the broader political realm (Alperovitz 2013; Malleson 2014). Finally, worker ownership has been linked to ecological sustainability and filling a market niche for green jobs (Alperovitz 2011; Alperovitz 2013; Wolff 2012).

Exploitation and Alienation

Chris Wright (2012) contends, “worker-owned cooperatives are attractive because they directly attack the foundations of capitalist exploitation and the capitalist organization of production” (p. 397). Richard Wolff (2012) calls worker ownership (specifically, worker self-directed enterprises or WSDEs) a “cure for capitalism” in that they “make use of Marx’s precise term, [offer] non-exploitative organizations (class structures) of production because they do not involve one group of people appropriating the surplus produced by another” (p. 123).¹¹ That is,

¹¹ Those studying worker cooperatives make analytical differences between different types of firms. Richard Wolff makes a distinction between what is called a “worker cooperative” and a Worker Self Directed Enterprise (WSDE) wherein worker cooperatives are not necessarily organized in such a way as to democratize power and control surplus – which is, to him, the central difference between a WSDE and various institutional designs of worker cooperatives. Erik Olin Wright (2010), on the other hand, defines worker cooperatives as firms that are “fully owned by their employees and...democratically governed by their members” (p.238) which can include, for instance, ESOPs. For my purposes, I will define a worker cooperative as such if the organization itself identifies itself as one. Yet, Wolff’s work is important for my dissertation in that he analyzes how worker ownership shifts the political, economic, and environmental relations of capitalism.

worker cooperatives shift the ownership arrangement so that surplus is democratically distributed to those who produce it, rather than to the ownership elite. This carries the potential to redistribute wealth on a sizable scale.

Furthermore, workers can democratically decide – often by one person, one vote – what and how they produce (Alperovitz 2013). Together, workers make decisions about production practices and working conditions (e.g., deciding that all worker owners will take pay cuts in times of economic downturns in lieu of devastating layoffs) (Curl 2013). Additionally, some worker cooperatives rotate tasks so that the “more empowering” jobs at the top of the hierarchy and the work that is considered “drudgery” (at the bottom) are more evenly distributed (Malleson 2014). This gives workers the capacity to diffuse power, leadership, and expertise so that it is not concentrated with technocrats at the top of the hierarchy. Additionally, task rotation allows workers to develop a wider range of skill sets and familiarize themselves with the myriad of responsibilities associated with running their businesses. Because workers have a say in how the business is managed, they feel more connected to the work that they do. Peter Marcuse (2015) argues, “the fact that workers *control* their own immediate work, in a cooperative fashion, is itself a contribution to enhancing their well-being. It decreases their alienation from their work and permits them to flex their intellectual as well as their physical muscles.” Therefore, not only does worker-ownership shift the wealth structure, it shifts people’s relationship to their labor.

Worker-Cooperatives and Democracy

This decrease in exploitation and alienation is connected to increased democratization in the workplace. Many worker cooperatives are organized through one-person/one-vote, and major decisions about the business are made by worker-owners (Curl 2013). In smaller workplaces, this is often done in such a way where all members have some input into the day-to-day operations of

the business (Wolff 2012). In larger workplaces, where the management system more closely resembles traditional firms, workers often have the ability to hold managers accountable in workplace meetings (a system resembling representative democracy) (Wright 2010). As mentioned, worker cooperatives empower workers to have a say in not only the day-to-day operations of their workplaces, but also, the procedural and strategic considerations of their business (Wolff 2012; Wright 2010).

Not only is worker ownership an empowerment strategy for workers in their workplaces, but it is also a potential power strategy for changing the political economy (Alperovitz 2011).

According to Alperovitz (2013),

...to the extent that systems revolve in significant part around who owns productive wealth, a system based on the institution of workers owning factories and other businesses is more likely to represent the interest of the workers than the interests of a tiny group of four hundred or so who now own so much of the wealth in the United States (p. 32).

That is, if scaled up, and coupled with other community wealth building efforts such as community land trusts and community development organizations, cooperatives carry the potential to shift the political and economic landscape – particularly in economically depressed areas or in response to economic crises (Vieta 2010).

The Mondragon Cooperatives in the Basque region Spain and the “Recovered” Factory Movement in Argentina are oft-cited as examples of how, if scaled up, worker cooperatives can democratize the dynamics of working life and shift the balance of political power away from oligarchs as a means to transform society (Curl 2013; Malleson 2014; Wright 2010, Whyte and Whyte 1991). In both cases, the cooperative movement emerged in response to devastating economic crises and became an important force for change in the economic and political landscape. They did this by showing that larger scale, but locally rooted alternatives are able to

curtail economic crises (Curl 2013; Dinerstein 2007; Morrison 1997; Vieta 2009; Whyte and Whyte 1991). These cooperatives were further able to use their economic power to leverage political power, which in turn, strengthened the cooperative sector (the role of the state is a matter of great debate in the cooperative movement and will be discussed a bit later in this chapter) (Dinerstein 2007; Whyte and Whyte 1991). The movements in Spain and Argentina are widely studied – both by scholars and activists – as examples of workers cooperatives’ potential as power strategies to dislodge the seemingly ubiquitous stranglehold of economic elites over the political and economic systems.¹²

Environmental Movements

In addition to fighting against elites, movements on the ground are questioning the paradigm of growth at all costs and mainstream environmental movements critique neoliberal globalization as the hegemonic means to running a society given the vast ecological consequences of this model (Klein 2014; Leonard 2010). For example, Annie Leonard, executive director of Greenpeace USA and founder of the Story of Stuff Project, has introduced a popular education-based, anti-capitalist framework into the environmental movement. This has opened an opportunity to link environmental justice with economic and political justice as a means to build a new system (both in theory and in practice).

David Pellow and Robert Brulle (2005), sociologists who have been writing about environmental [in]justice since the mid-90s, argue that environmental justice (EJ) movements must be framed around control of productive wealth rather than only the not-in-my-backyard efforts common to EJ struggles. They suggest that EJ movements shift their focus to broader democratization of resources through participatory decision-making in terms of resource

¹² Whether cooperatives are a viable anticapitalist strategy is a matter of great debate. This debate will be explored later in the chapter.

distribution and allocation (Pellow and Brulle 2005). Richard Wolff (2012) contends that cooperatives are amenable to this interpretation of environmental justice because workers live in proximity to their workplaces, “the costs of environmental degradation are a much more important and immediate consideration than for a small group of outside capitalist directors who have enough wealth to avoid living or working in places vulnerable to environmental degradation and its effects” (p. 134). Worker cooperatives are usually (but not always) green by design for this reason (Alperovitz 2011; Alperovitz 2013).

Furthermore, it is possible for democratic management of resources to mend the metabolic rift (Foster 2000). For instance, Elinor Olstrom (1990/2011) in her Nobel-Prize winning research, found that cooperation (including worker cooperation), when executed through principles of mutual aid, self-governance, and equity ensures a more sustainable use of resources in production. Olstrom provides a way to think about resource management outside of either the capitalist approach of the “hidden hand” of the marketplace or the socialist approach of a state-managed planned economy. Instead, Olstrom found that decentralized (localized) cooperative resource management– or what is termed “polycentricity” – carries the potential to better manage and distribute resources because it is locally and democratically managed and more able to be responsive to circumstances on the ground.

WORKER COOPERATIVES AS INTERSTITIAL STRATEGY

As shown above, a growing number of contemporary scholars and activists locate worker cooperatives as an important part of a strategy for systemic change. Worker cooperatives prefigure new ownership structures that, if scaled up, have the potential to shift the dynamics of the economic, political, and environmental relations of capitalism (Wright 2010). Despite this,

the revolutionary role of worker cooperatives has been, and continues to be, a matter of fierce debate.

Interstitial, Symbiotic, or Ruptural Transformation?

In many cases, worker cooperatives and other forms of alternative institution building have been associated with anarchist, autonomous, and utopian socialist movements whose aims were “forming the structure of the new society in the shell of the old” (a phrase borrowed from the International Workers of the World – the IWW) (Scholl 2016:320). This included a vision of liberatory economics that “included such features as common ownership, socialization of industry, workers’ self-management of production, and federations of workers’ councils” (McKay 2012:64). At the core of this strategy is “prefiguration,” or “the active creation of counter-institutions designed to foster individuals’ and communities’ power” (Scholl 2016:320). Prefigurative (anti-capitalist) counter-institutions were embraced by early 19th century socialists and anarchists such as Fourier, Saint-Simon, and Proudhon (Curl 2013; Scholl 2016). These interstitial strategies were meant to compete with, and eventually displace, capitalist institutions (Wright 2010). Wright (2010) claims, “worker cooperatives are the quintessential form of interstitial organization at the center of classical anarchist strategies of interstitial transformation” (p.328). However, Marxists – and Marx himself – have had a complicated relationship to the efficacy of worker cooperatives and other alternative institution building as interstitial [prefigurative] strategy.

On the one hand, Marx was skeptical about the cooperative movement and critical of its proponents, asserting that ruptural transformation is more likely to produce revolutionary outcomes. In *The Communist Manifesto*, Marx and Engels (1987) argue that utopian prefiguration as an interstitial approach to broad economic and political transformation was

“necessarily doomed to failure” (p.55) given the fact that the “proletariat is still in a very undeveloped state and has but a fantastic conception of its own position” (p.55). Marx believed that it was foolish to suggest that the cooperative movement (a critical part of the utopian project) could forego the necessary class struggle and “attain their ends by peaceful means” (p. 55). In *On Cooperation*, Lenin (1923), too, was skeptical of cooperatives. He contends,

Why were the plans of the old cooperators, from Robert Owen onwards, fantastic? Because they dreamed of peacefully remodeling contemporary society into socialism without taking account of such fundamental questions as the class struggle, the capture of political power by the working-class, the overthrow of the rule of the exploiting class. That is why we are right in regarding as entirely fantastic this “cooperative” socialism, and as romantic, and even banal, the dream of transforming class enemies into class collaborators and class war into class peace (so-called class truce) by merely organizing the population in cooperative societies.

Their central claim is that worker cooperatives are an ineffective tool primarily because interstitial transformation ignores the *necessity* of class struggle. That is, according to Marx and Lenin revolutionary (ruptural) transformation is much more likely to be successful in overthrowing the capitalist system.

At the same time, Marx and Lenin have also applauded cooperatives as an important component of anti-capitalist strategy. In *Capital Vol. 3*, Marx credits worker-owned cooperatives for reorganizing the relationship between labor and capital. He states, “The co-operative factories run by workers themselves are, within the old form, the first examples of the emergence of a new form” (Marx as quoted in Marcuse 2015). In other words, because cooperative ownership, at its core, allows workers control over their work and decreases alienation, it “permits them to flex their intellectual as well as their physical muscles” (Marcuse 2015). Marx was particularly impressed with the revolutionary potential of the cooperative experiments during the Paris Commune. In his *Inaugural Address to the Working Men’s International Association* in London in 1864, Marx praised worker cooperatives. He reasoned,

We speak of the co-operative movement, especially the co-operative factories raised by the unassisted efforts of a few bold “hands.” The value of these great social experiments cannot be overrated. By deed instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labor need not be monopolized as a means of dominion over, and of extortion against, the laboring man himself; and that, like slave labor, like serf labor, hired labor is but a transitory and inferior form, destined to disappear before associated labor plying its toil with a willing hand, a ready mind, and a joyous heart. In England, the seeds of the co-operative system were sown by Robert Owen; the workingmen’s experiments tried on the Continent were, in fact, the practical upshot of the theories, not invented, but loudly proclaimed (Marx 1864).

This ambiguity signals, to me, that the question is not *whether* worker cooperatives are part of a larger strategy for systemic change. Rather, the question is *how* they can build power to change the system. Are they a path to rupture? Should they adopt symbiotic transformation and aim for convivial relations with existing power structures? What are their potentials and limitations in doing so?

As Curl (2013) rightly notes, “People who are looking for a structural panacea for all the world’s problems are barking up an empty tree. Social structures by themselves do not solve social issues” (p.352). In light of this, important strategic considerations emerge. First, how do cooperatives build power within a society in which capital is concentrated into a small number of hands, which confers not only significant economic power but also political power? Relatedly, what is the role of the state in facilitating this shift to a post-capitalist society? Of course, there is no consensus among social theorists and activists about these questions.

Interstitial Processes and Interstitial Strategy

First it is important to draw out the distinction between interstitial *processes* and interstitial *strategies* (Wright 2010). For Wright, interstitial processes are important because they are subversive practices that displace the hegemony of the dominant system. These processes are crucial in that they indicate that there are, in fact, alternatives to capitalist social and political

organization. Yet, without *strategies* for scaling up and giving traditional corporations a run for their money, so to speak, they remain marginal and non-threatening to the status quo.

Furthermore, interstitial processes offer very little in terms of a road map for a new social order.

Interstitial strategies, on the other hand, are activities that “could have broad transformative, emancipatory effects for society as a whole” (Wright 2010:328). Dialectical thinking is key. Wright (2010) argues, “what appear to be ‘limits’ are simply the effect of the power of specific institutional arrangements, and interstitial strategies have the capacity to create alternative institutions that weaken those limits” (p. 334). Which strategies are employed by the co-op movement is, of course, disputed.

There are three primary debates in the literature (and in practice) regarding the cooperative movement as interstitial strategy. First, there is the question of whether cooperatives simply reproduce capitalist relations, in that workers become “their own capitalists” (Marx as quoted in Jossa 2005:3) and do not disrupt capitalist relations. Second, there is debate regarding whether (or how) the state should factor in to promoting worker cooperatives and their proliferation (Wright 2010). Third, (and related to the previous two questions), cooperators and scholars interrogate the form and scale of worker cooperatives – whether worker cooperatives can and should scale up to replace/displace the capitalist system (Abell 2014; Alperovitz 2011; Wright 2010).

Self-Management or Self-Exploitation?

As outlined, Karl Marx (and some Neo-Marxists) had a complicated relationship with the cooperative movement. On the one hand, Marx was suspicious about cooperatives in that they “naturally reproduce in all cases, in their present organization, all the defects of the existing system, and must reproduce them. But the opposition between capital and labour is abolished

there, even if at first only in the form that the workers in association become their own capitalists, i.e., they use the means of production to valorise their labour” (Marx as quoted in Peter Marcuse 2015). In *Reform or Revolution*, Rosa Luxemburg (a prominent Marxist theorist) argued that cooperatives “are obliged to take toward themselves the role of capitalist entrepreneur—a contradiction that accounts for the usual failure [because] ... if the workers’ interests continue to predominate, [cooperatives] end by dissolving” (Luxemburg 2008:80). She later claims, “co-operatives can survive within capitalist economies only if they manage to suppress, by means of some detour, the capitalist-controlled contradictions between the mode of production and the mode of exchange. And they can accomplish this only by removing themselves artificially from the influence of the laws of free competition” (Luxemburg 2008:80-81). In other words, because worker cooperatives are a business venture that must compete in the capitalist marketplace, as much as they function as an interstitial strategy, they will necessarily reproduce the defects of the capitalist marketplace – particularly exploitation – in order to remain competitive.

Moreover, the pressure to externalize the cost of production can be pressing on cooperatives that aim to fully compete with their capitalist counterparts. Take for instance the oft-celebrated Mondragon Cooperatives. In an interview with Laura Flanders, Noam Chomsky (2012) argues,

Take the most advanced case: Mondragon. It’s worker owned, it’s not worker managed, although the management does come from the workforce often, but it’s in a market system and they still exploit workers in South America, and they do things that are harmful to the society as a whole and they have no choice. If you’re in a system where you must make profit in order to survive. You are compelled to ignore negative externalities, effects on others.

For Chomsky, the key is dismantling the market system itself because, in the end, the business must play by the rules of the capitalist business model to remain competitive. Plus, in order to

survive, the business must market its goods or services, even if they are no longer useful. For Chomsky, production must instead be for use, rather than for work for work's sake. That is to say, worker cooperatives fall prey to productivism and exploitation like any other workplace.

Furthermore, Riley (2016) sees interstitial transformation itself as a losing proposition. Riley believes that any strategy for “eroding capitalism” would require some form of “ruptural transformation” – a confrontation with the state apparatus that upholds capitalism. While the cooperative movement in Argentina was born of this type of confrontation, this is not the case in the US. Riley is skeptical that an interstitial strategy is enough; whether they are the “invasive species” that could threaten the system. Riley (2016) suggests that political institutions would swiftly eliminate such species if they posed enough of a threat to the system.

On the other hand, Marx believed worker cooperatives signaled new/anti-capitalist relations of labor – showing that the bourgeoisie were unnecessary intermediaries between workers and the means of production. In *Capital Vol. 1*, Marx states that cooperation, “excites emulation between individuals and raises their animal spirit ... this power is due to cooperation itself” (Marx as quoted in Ranis 2016:2). In other words, cooperation carries the ability to ignite workers’ species-being, if labor gained power over capital (Wright 2014).

Worker Cooperatives and the State

There is little consensus about the role that the state should play in relation to worker-cooperatives. There is, on the one hand, significant concern about the state reproducing capitalist relations (Jessop 1990).¹³ Specifically, the state, in its support for cooperatives, has a vested

¹³ According to Jessop (1990), Marx had evolving and underdeveloped theories of the state. Furthermore, Marxist thinkers have taken up the question of the state in a number of ways. Jessop (1990) outlines six theories about the state. First, early in his writing, Jessop describes Marx shifting from a theory of the state as parasitic to oppressive, serving the interests of class domination. Second, Marx shifts to a theory of the state as being an epiphenomenon, a superstructure of capitalist class relations. Jessop then describes a conception of the state as a moderator of class conflict, but ultimately protecting the ruling class and the dominant mode of production. Fourth, the state is theorized “as an instrument of class rule” (Jessop 1990:27), though it portends to be a democracy that represents the

interest in maintaining the economic status quo. Therefore, state management and support for co-ops will subvert the anti-capitalist focus of worker cooperation and necessarily dull their revolutionary edge. On the other hand, the state has the capacity to act as a powerful defender of the rights of the oppressed and is often the target of social justice campaigns. Peter Marcuse (2015) notes this paradox arguing, “Cooperatives can illuminate the contradictory role of the state in collective activities. The state today is an institution dominated by capital but subject to significant pressure by the exploited.”

Anarchists tend to be inherently suspicious of the state and anarchist strategies (including worker cooperatives) are often centered on bypassing or even replacing the state (Wright 2010). According to Vieta (2010), “[for] classical anarchists such as Pierre-Joseph Proudhon and Peter Kropotkin, cooperatives, as locally rooted, collectively owned, and federated associations, were vital for building the alternative to the capitalist *state* system” (p.1; my emphasis). From this perspective, worker cooperatives and the cooperative movement should create new forms of social organization, rather than replicate the oppressive old ones. And using the state to facilitate the growth of worker cooperatives necessarily reconciles them to the logic of domination.

Socialists and communists are/were similarly concerned about the role of the state in the cooperative movement. Marx (1987) argued, “The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie” (p. 24) and warned against the state’s intervention in co-ops. According to Marcuse (2015), Marx thought

will of the people (Jessop troubles this notion, however, given that the state sometimes acts in opposition to the interests of the ruling class). A fifth theory of the state, common in the social sciences such as sociology, anthropology and political science, sees the state as a set of institutions that do not necessarily favor any class interests. In other words, it simply depends on who the state is used and by whom. Finally, Jessop (1990) characterizes the state as, “a system of political domination with specific effects on the class struggle” (p.28). He goes on to note however that “nowhere in the Marxist classics do we find a well-formulated, coherent and sustained theoretical analysis of the state” (Jessop 1990:29). That said, organizers and activists in the co-op movement and beyond, are ambivalent about the state, as I will discuss in subsequent chapters,

if workers were to require the support of the state for their revolutionary movement, they would thereby only reveal ‘their full consciousness that they neither rule nor are ripe for rule!’ ...[A]s far as the present co-operative societies are concerned, they are of value only insofar as they are the independent creations of workers and not protégés either of the governments or of the bourgeoisie.

That is to say, because the state’s interest skews toward the bourgeoisie, it can tamp down the revolutionary potential of worker cooperatives and the cooperative movement in that it will replicate the power relationships of the dominant capitalist state and subordinate workers who rely on the bourgeois state for support.

Nevertheless, it is also the case that the state is not a ubiquitous force subservient only to the demands of capital (Gibson-Graham 1996). Instead, as in the capitalist economic system, the state is a set hybrid of interests, and responds to the needs and demands of the disenfranchised – especially when pressed to do so (Gibson-Graham 1996; Wright 2010). Thus, strategic organizing can press the state for emancipatory reforms (or as André Gorz (1968) calls them, “non-reformist reforms”).

Furthermore, the state plays a significant role in the collection and distribution of resources. Wright (2010) believes that without state intervention, it is not likely that the cooperative movement will ever remain anything other than an interstitial process, rather than a larger strategy for interstitial transformation. On the questions of the state, he contends, “while interstitial strategies may expand the scope of social empowerment, it is difficult to see how they could ever by themselves [without state intervention] erode the basic structural power of capital sufficiently to dissolve the limits on emancipatory social change” (Wright 2010:335).

Paradoxically, Marx argued in *Capital Vol. 1* that without state assistance, cooperatives would remain “isolated islands in a sea of capitalist relations” (Ros 2001:18) and would very likely reproduce (if not exacerbate) those exploitative relations of capital.

Worker Cooperatives and Scale

The cooperative movement understands that without strategies to scale up, cooperatives cannot be competitive in the US marketplace, thus unable to function as a viable anti-capitalist alternative. Worker cooperatives and the cooperative movement (as well as other anti-/non-capitalist institutions) confront a variety of complex questions when considering strategies for scaling up. At the core of interstitial transformation is the hope that worker cooperatives not only make a difference in people's lives, but that they "potentially constitute a key component of enlarging transformative scope for social empowerment in the society as a whole" (Wright 2010: 305).

One key factor that lends to scale is developing what the co-op movement calls a cooperative growth ecosystem. Hoover (2016) define cooperative growth ecosystems as "a systemic understanding of what helps worker cooperatives thrive and reach a scale that has impact. The ecosystem includes actors—individuals, organizations and institutions—and elements that interact to support or inhibit scaled growth of worker cooperatives" (p. 2). When isolated and without ecosystem support, individual cooperatives do not scale up, nor does the cooperative movement build economic and political power (when they are an interstitial *process*) (Abell 2014). Otherwise, there is too much market pressure to compete against capitalist firms that often utilize economies of scale and exploitative labor and environmental practices to reduce costs. Abell (2014) found that cooperatives perform and compete better when partnered with other social enterprises and social movement organizations that further the goals of the cooperative and promote cooperation among cooperatives (cooperative ecosystems) as a means to scale up and build a power strategy.

Mobilizing resources, like in any social movement, is essential for advancing the cooperative movement. Many worker cooperatives are small and under-capitalized, in part because they lack access to capital in the same way that large-scale corporations do. One reason is that many states do not recognize the cooperative model in statutes of incorporation, thus acquiring capital for many stakeholders is difficult (Abell 2014). Further, as a mechanism to restore underserved communities, the cooperative movement aims to direct capital to those who have been otherwise denied access to it – meaning that traditional avenues to loans and credit may not be available to those looking to start their businesses. Finally, capital is an imperative factor in scaling up. Abell (2014) identifies several resource barriers to scale that worker cooperatives and the cooperative movement must address in order to realize their system-changing potential. Furthermore, running a business requires a great deal of technical knowledge (accounting, tax law, writing business plans and bylaws, etc.). Technical assistance is key to figuring out how to build a sustainable business model to ensure the success of the business (this will be discussed in great detail in chapter two).

Moreover, Abell (2014) found that cooperatives perform and compete better when they pool resources with other social enterprises and social movement organizations. This helps further the goals of the worker cooperative and promote cooperation among cooperatives, or federated structures, to scale up and build a power strategy – particularly when trying to compete with traditional capitalist firms and/or lobbying political representatives for funding or cooperative-friendly statutes.

Outside of practical considerations for achieving scale, there are ideological questions about state involvement in the cooperative movement as means toward scaling up and replacing capitalist firms to achieve market dominance. Many contemporary thinkers see no path to scale

without interaction with the state (Abell 2014; Alperovitz 2013; Wright 2010). Cooperative success, in many cases, hinges on using state and federal resources – such as municipal funding and legislative statutes and cooperative-friendly legislation – that make it possible for the cooperative sector to grow and thrive. The cooperative movement has pushed city council members and state legislators to fund and advance the goals of the cooperative movement. For example, both the Philadelphia Area Cooperative Alliance (PACA) and the New York City Network of Worker Cooperatives (NYC NOWC) have seen dramatic increases in the number of cooperative businesses using this strategy. In 2018, with advocacy from the US Federation of Worker Cooperatives and the Democracy Collaborative, Congress passed the Main Street Employee Ownership Act. This act gives small business associations the ability to better capitalize a transition to employee ownership and provides educational resources for employees hoping to buy their businesses.

Nonetheless, Gus Speth argues that while this is strategically necessary in the short term, ultimately, “this approach will not succeed when what is needed is transformative change in the system itself” (as quoted in Alperovitz 2011:23). Namely, there is concern that the integration of worker-owned businesses into the mainstream will fail to fundamentally transform the economic system that causes so much pain for so many.

THE COOPERATIVE MOVEMENT AND REAL UTOPIAS

Many scholars and activists locate worker cooperatives as part of a broader utopian tendency in anti-capitalist movement building. Idealistic social movements, and particularly utopian movements, exist in a purgatorial state. On the one hand, movements must confront and strategize around the material conditions and political realities of their social worlds as they are. While it is tempting to build little islands of liberation – as is the case of prefigurative politics –

without significant privilege, it is impossible to be fully liberated from the material realities of one's society (Dixon 2014). Therefore, it is important to develop strategies that account for the very real conditions that constrain people and the power structures that determine those conditions.

At the same time, it is necessary to prefigure new kinds of social relations and institutions that do not replicate the social conditions and oppressive structures that movements are fighting (Dixon 2014; Scholl 2016). Utopian movements sit at the intersection of political practicality and potentiality. Utopia means “no place” stemming from the Greek “*ou*” meaning “not,” and “*topos*” meaning “place.” Still, “its usage signifies the search for a place that does not yet exist but which ought to be created” (McNally 2016: 432). Utopianism unsticks the imagination and gives hope that another world is indeed possible.

Unfortunately, utopian aspirations can quickly sour when confronted with the hard work of movement building and democratic decision-making. Likewise, without incremental strategic landmarks to move toward these revolutionary and utopian futures, it can begin to feel like constant defeat (Graeber 2007). Alberto Melucci (1996) notes that liberatory movements inherently confront this paradox. He argues,

Contemporary movements are the bearers of hidden potential for change; they are sensors of forming social needs and they announce new possibilities to the rest of society. Not all of this work, however, is allowed the translation into actual change... It in fact becomes possible to construct in thought many alternative worlds, as a social construction fed by an enormous influx of information, images, and signs, while the life in the everyday continues unfolding within the limits of the given world where spatial and temporal constraints of reality must be reckoned with. How to manage this gap is the acute problem of today (Melucci 1996:185-186).

Movements are caught in the dialectical process of imagining new kinds of social relations and different institutional arrangements and imperatives within the confines of the social and institutional arrangements already established. Interstitial strategies very much struggle to

“manage the gap” between what can be and what is. The worker cooperative movement is no exception.

From its inception, the cooperative movement aimed for liberatory social and economic relations in opposition to (and also an escape from) the brutality of the capitalist system (Curl 2013). In this sense, cooperatives are at their core utopian endeavors. Many co-op enthusiasts tout worker cooperatives as an antidote to capitalism (Ranis 2014; Wolff 2012; Wright 2013). But, when trying to keep a business afloat in a sea of capitalist competitors, it’s easy to doubt that this type of business can be a catalyst for systemic disruption. The task for theorists and practitioners, then, is to develop a strategy for realizing utopian aspirations (Albert 2017; Wright 2010).

Thus, through his “real utopias” framework, Wright (2010) warns that those evaluating case studies must not “degenerate into propagandistic cheerleaders” (p. 151). Nor should scholars embrace paralyzing cynicism. Wright (2010) warns,

When radical critics of capitalism become desperate for empirical models that embody their aspirations, wishful thinking can triumph over sober assessments. The complementary danger, of course, is cynicism; there is great cachet among intellectuals in debunking naïve enthusiasm. *What is needed, then, are accounts of empirical cases that are neither gullible nor cynical, but try to fully recognize the complexity and dilemmas as well as the real potentials of practical efforts at social empowerment* (p.151, emphasis added).

Hence, Wright’s (2010) combines theoretical proposals of systemic change that “are attentive to realistic problems of institutional design and social feasibility” (p.1) with empirical case studies that “embody... emancipatory alternatives to the dominant form of social organization” (p. 1). Wright invites academics and organizers to use his framework of institutional innovation to clarify their strategic thinking around systemic change. In other words, Wright (2010) devises a set of principles for scholars and activists to gauge whether “we are at least moving in the right

direction” (p. 110). Using this approach, this case study of Baltimore worker cooperatives follows Wright’s call for research in this applied research area and will be presented in the following chapters.

The literature on the role worker cooperatives play in anti-capitalist institution building sometimes presents an enthusiastic approach to the potential of worker cooperatives to disrupt of the capitalist system. However, I have found that cooperatives and the cooperative movement face many challenges in practice to enliven this post-capitalist future. The next chapter (chapter three) will discuss the methods by which I collected and analyzed my data. Chapter four examines the resource constraints that worker cooperatives must consider as they build and grow their businesses. Chapter five outlines the ways that cooperatives enliven their commitment to democratizing the workplace. The following chapter, chapter six, will review the mechanisms by which the cooperative movement is strategizing to move from democratizing workplaces to democratizing the economy. The final chapter will then synthesize the evidence and evaluate whether worker cooperatives do, in fact, address the injustices outlined in this chapter, and if they point to a new kind of economic system.

CHAPTER THREE: RESEARCH METHODS, DESIGN, AND ANALYSIS

This case study examines the potential of worker cooperatives and the worker cooperative movement to democratize work and workplaces that acts as a small-scale blueprint for a post-capitalist social order. In order to understand the conditions for success, and the barriers that worker cooperatives face, the internal dynamics and the external conditions that surround worker cooperative development is investigated in the city of Baltimore, MD.

SITE OF STUDY AND SAMPLING

In post-industrial cities in the US, worker cooperatives have become a “new economy” model that is gaining a great deal of attention. It is seen as a way to combat the social problems attendant to neoliberal globalization and corporate capitalism. Worker cooperatives have gained particular momentum in deindustrialized/post-industrial cities. These cities have experienced massive job loss, job precarity, and increasing poverty rates since the late 1970s (Boulhol and Fontagné 2005; Kalleberg 2009). According to Boulhol and Fontagné (2005), “Civil society has come to fear a systematic relocation of manufacturing activities towards low wage economies. Such a process is being favoured by the ongoing international fragmentation of production, which makes it more appealing to combine the comparative advantages of the various locations available” (p.18). Consequently, former manufacturing boom towns such as Baltimore, Detroit, Cleveland, Richmond, CA *and* VA, Buffalo, among many others have experienced loss of higher-paying industrial work to low-wage service sector jobs. This, coupled with depopulation from suburbanization, left many of these cities with a declining economic base, an increasingly crumbling infrastructure, and uneven urban development (e.g., gentrification) (Stahura 1986). Consequently, such cities have become sites for experimentation.

According to Seed Commons 2020 Impact Report, Baltimore “has become one of the most productive peer members in our cooperative” (p.5). Baltimore’s case is instructive given the fact that a comparison can be made of understanding the cooperative landscape before and after a movement organization has emerged to support it. At the beginning of my research in 2015 the cooperative ecosystem in Baltimore was small – with only eight worker cooperatives in the city and there are six worker cooperatives are represented in this study (see Table 1).¹⁴ These cooperatives are clustered in Baltimore City and are small businesses. Red Emma’s is the largest, employing about 20 worker-owners. The remaining cooperatives employ about five to ten members. Most are concentrated in the service and/or food service sector. Despite their size, many in this small network of cooperatives think of themselves as prefigurative models for larger-scaled, networked rhizomes of workplace democracy. Several serve as hotbeds for political education and community-building. Some of the worker-owners have become simultaneously active in the worker cooperative movement.

Table 1: Survey of Baltimore Worker Cooperatives in This Study

Name of Cooperative	Self-Described Mission
Red Emma’s Bookstore Coffeehouse	Red Emma’s Bookstore Coffeehouse, a worker-owned and operated bookstore and coffeehouse dedicated to providing resources for education and activism, are committed to working to provide ideas, inspiration and entertainment for the critical and the curious reader. We offer the community a distinctive range of books and printed material as well as internet access, and offer a progressive social forum for people with diverse interests and backgrounds. Red Emma’s will provide an outlet for independent art and culture. Red Emma’s will also provide customers with a unique and comfortable environment for enjoying great coffee, specialty beverages, and bakery items at a reasonable price. Red Emma’s is a non-hierarchical collective that seeks to provide a model for

¹⁴ I did not interview worker-owners from Maryland Brush Company or Epic Couriers as they declined my request. An updated list of Baltimore worker cooperatives can be found in Appendix C.

	organizations we would like to see in the society we envision (Red Emma’s 2016). ¹⁵
Baltimore Bicycle Works	Baltimore's only worker owned and democratically operated bicycle shop. In addition to our commitment to building the cycling community here in Baltimore, we are committed to democracy and so have organized our bike shop as a workers cooperative. What does that mean to our customers? It means that every person you interact with at our shop is either an equal owner of the business, or someone working towards becoming an owner. This translates to exceptional customer service and a deep commitment from all of our staff members to making sure you receive quality service and advice that keeps you coming back. ¹⁶
Charmington’s	We opened Charmington’s as a worker-owned co-op in the fall of 2010. Running the shop took more staffing than the original group of worker-owners could provide, so we hired non-owner staff. Some of the staff joined the collective as partners (one of us! one of us!) and some of the partners moved on to other projects or other cities. Lots of our valued staff want to work in the cafe, but they don’t want to, like, <i>be</i> the cafe, and we get that. ¹⁷
Form Salon	A cooperatively run hair salon on the outskirts of Baltimore City.
Thread Coffee Roasters	Thread Coffee formed in 2012 among friends who wanted to come up with a way to stand in solidarity with different social movements around the world. Our first relationship coffee was with the autonomous Zapatista coffee community in Chiapas, Mexico. Years later, we continue to purchase coffee from those same farmers, and have added more direct trade coffees to our offerings. We stand in solidarity with women and indigenous smallholder farmers around the world. ¹⁸
Village of Love and Resistance	Village of Love and Resistance (“VOLAR”) is a black and brown-led collective with more than 100 years of experience of living, working, worshiping, studying and playing, and praying in East Baltimore. VOLAR plans to renovate and transform a facility into a community and wellness center as well as rebuild and reinvest into the surrounding area through engagement of the people and implementing neighborhood development projects. We will use a community investment trust fund

¹⁵ Red Emma’s. 2016. "Bylaws." *Red Emma’s Bookstore Coffee House*, Retrieved October 7, 2021. (<https://github.com/johm/redemmas/blob/master/bylaws.md>).

¹⁶ Baltimore Bicycle Works. n.d. “About.” *Baltimore Bicycle Works*. Retrieved October 8, 2021 (<https://www.baltimorebicycleworks.com/about>).

¹⁷ Charmington’s. n.d. “About.” *Charmington’s*. Retrieved October 8, 2021 (<https://www.charmingtons.com/about>).

¹⁸ Thread Coffee. n.d. “About.” *Thread Coffee Roasters*. Retrieved October 8, 2021 (<https://www.threadcoffee.com/about/>).

	model to assure investment by legacy residents within several zip codes of our community center. This project is an effort for local residents to co-own and co-lead the redevelopment of their majority black and low income neighborhood(s). ¹⁹
Mera Kitchen Collective	Mera Kitchen Collective is building a worker cooperative - we participate democratically as we build our business together. This allows for each of us to only strengthen culinary expertise and have a voice in the operations. We hope to use the cooperative model as a successful tool for wealth generation and fostering empowerment. ²⁰

Red Emma’s was a trailblazer in the city, drawing awareness to and promoting the benefits of worker ownership. For a long time, people contacted Red Emma’s Bookstore Coffeehouse for assistance when they wanted to replicate their worker cooperative model and start their own business. However, Red Emma’s couldn’t meet the demand for technical assistance or provide the educational resources so many needed in order to start their businesses. Baltimore Bicycle Works (BBW) was the next established worker cooperative that acted as a community resource and promoted worker ownership. As a result of this breadth of experience, I rely heavily on the interviews I conducted with worker-owners in these two cooperatives. Their lessons set the groundwork for the Baltimore Roundtable for Economic Democracy (BRED), a Baltimore-based cooperative ecosystem development network, to meet the demand for financial and technical assistance.

Interviews

My main source of information came from interviews with worker-owners to gain a better understanding of the practical realities of these projects. I conducted open-ended, semi-

¹⁹ Village of Love and Resistance. n.d. “History.” Village of Love and Resistance. Retrieved October 8, 2021 (<https://www.volar.site/history>).
²⁰ Mera Kitchen Collective. n.d. “About Us.” *Mera Kitchen Collective*. Retrieved October 7, 2021 (<https://www.mera.kitchen/about-us>).

structured interviews with worker-owners and cooperative movement participants. Because this movement is somewhat “new” in context and scope, semi-structured and open-ended interviews allowed me the reflexivity to better understand the worker-owners’ experiences in and interpretations of these enterprises.

The results are based on interviews with 20 participants in the worker cooperative movement in Baltimore (see Table 2). These participants are either worker-owners, former worker-owners, or technical and legal assistance providers. Each participant signed an informed consent document, with most of them waiving their anonymity. My proximity to worker owners and the worker cooperative movement allowed me to use “convenience sampling” wherein I drew from a population that was relatively close at hand (Lavrakas 2008). However, as I continued selecting my participants, I used “opportunistic” and snowball sampling in that I was able to follow leads from previous interviews (Marshall and Rossman 2016). At times, I would be at an event or in a worker cooperative and an informal conversation led me to ask that person if they would want to be interviewed given their point of view.

Interviews took place either in the participants’ place of residence or their workplace (this was pre-pandemic). One interview was conducted through an email exchange. Participants ranged in age from their early twenties to late fifties, with varying lengths of time at their workplace and/or in the worker cooperative movement. Twelve of the participants are white and eight are people of color. I spoke with several technical assistance providers from BRED who have been essential to the growth of worker cooperatives in the city and the state (most of whom are also worker-owners). I also spoke with a legal service provider who specializes in cooperatives specifically, and solidarity economy efforts more generally. These participants

provided insight into the processes by which worker cooperatives are born and what makes them successful.

Table 2: Participants and their role in their cooperatives/cooperative movement

Name	Role in Cooperative/Cooperative Movement
Amanda	Founder and worker-owner at Charmington's
Bernardo	Worker-owner at Baltimore Bicycle Works, technical assistance provider at BRED
Casey	Founder and worker-owner at Thread Coffee
Cullen	Founder and worker-owner at Red Emma's
Dan	Worker-owner at Charmington's
Elliot*	Lawyer assisting worker-cooperatives
Emily	Founder and worker-owner at Mera Kitchen Collective; technical assistance provider at BRED
Jessica	Longtime Baltimore organizer; former Baltimore Free School collective member (a project of Red Emma's)
Jim	Technical assistance provider at BRED
John	Founder and worker-owner at Red Emma's; was employed at Democracy Collaborative
Josh	Founder and worker-owner of Baltimore Bicycle Works
Kate	Founder and worker-owner at Red Emma's; technical assistance provider at BRED; co-director Seed Commons
Marisela	Founder of Social Health Concepts and Research (now Village of Love and Resistance - VOLAR)

Meredith	Founder and worker-owner of Baltimore Bicycle Works; board member BRED
Monica	Found and worker-owner at Form Salon
Norah*	Founder and worker-owner
Oliver*	Worker-owner
Ro	Worker-owner at Red Emma's; technical assistance provider at BRED
Tiffany	Worker-owner at Red Emma's; 2640 Collective member (a collectively run events space and project of Red Emma's)

*indicates pseudonym, worker cooperative omitted to protect identity

For most of my interviews, I asked participants set questions (see Appendix B). However, there were times where I allowed the conversation to flow more “naturally” – where participants engaged in storytelling and “tangents” to illuminate their relationship to the co-op movement and to radical politics more generally. In semi-structured interviews, the participants’ perspectives are allowed to flow according to their understanding of the question and the phenomena to which they are speaking, not as the researcher dictates (Marshall and Rossman 2016). Consequently, semi-structured interviews, “allows a systematic and iterative gathering of data where questions are arranged in a protocol that evokes rich data but is also focused for efficient data analysis” (Marshall and Rossman 2016:150). This made it easier to code the data.

My relationships with several of the key organizers in the cooperative movement in Baltimore allowed me to “member check”- ask participants if I “got it right” - to confer credibility to this study. I leaned heavily on the experienced worker owners and technical

assistance providers to bounce my interpretations off them to refine my analysis.²¹ While most of my interviews were formally scheduled, semi-structured, and carefully conducted, during the writing of the dissertation, new developments arose, and it became necessary for me to ask different questions of new participants. Also, I asked participants follow up questions for clarity or expansion. Also, given my friendships and working relationships with participants, there were times they would say something in conversation that I would later ask them to repeat “on the record” given its usefulness. The process was in that way an iterative one.

Transcription, Coding, and Analysis

After I conducted several interviews, I transcribed them in full in the Transcriptions application. While time consuming, the processes of transcription allowed me to familiarize myself more fully with the data and begin to identify emergent themes. Transcribing is also “an important first step in data analysis” as it allows the researcher “familiarity with data and attention to what is actually there rather than what is expected” (Bailey 2008:129) – permitting me to build a theory of worker ownership grounded in participants’ experiences. Also, as I was transcribing my first set of interviews, I was able to identify places where I could have asked follow-up questions that I hadn’t thought to ask in the first few interviews. Once again, this iterative process allowed me to collect and explore the data more fully and expand the boundaries of my inquiry.

Rather than making use of coding software like NVivo, I opted to code the data by hand. I coded inductively and allowed the data to guide the contours of the project. As Thomas (2006) suggests, “The primary purpose of the inductive approach is to allow research findings to emerge

²¹ For instance, as a board member of BRED, we had a “chat and chew” lunch hangout in September 2021. We discussed the findings of this work as our primary topic of discussion. This affirmed to me that the key themes I identify in the results sections are salient to the work of worker cooperative incubation.

from the frequent, dominant or significant themes inherent in raw data, without the restraints imposed by structured methodologies” (p. 238). As the data revealed patterns, the themes clustered around mobilizing resources, democratic decision-making within cooperatives, and worker cooperatives as a means to build a more democratic economy – themes that would ultimately become the chapters in this project. I coded the interviews anew with every chapter, looking for sub-themes to emerge, as well as agreements and disagreements among participants around those sub-themes. This eventually became the structure and themes of the individual chapters – drawing out generative contradictions and tensions.

The Case Study Approach

This case study will contribute to a growing literature examining worker cooperatives as a means to contend with the social pain that neoliberal globalization has created in the post-industrial context. In order to understand change within a sector, a longitudinal case study approach was used. By examining the changes to worker cooperatives over six years, it is possible to better understand the conditions and barriers to growth and as a result, be better able to evaluate the potential of worker cooperatives as an interstitial strategy. In order to understand the interactions amongst worker owned cooperatives and the broader community, this project studies six worker owned cooperatives during a period of expansion in Baltimore.

The case study methodology provides an in-depth understanding of a particular phenomenon that can aid in “new learning about real-world behavior and its meaning” (Yin 2012: 4). Second, the case study can determine “an initiative’s effectiveness in producing a particular outcome” (Yin 2012:5). Additionally, the case study method allows the researcher to observe phenomena in their “natural setting” and is particularly useful in focusing on contemporary events to test theories (Benbasat, Goldstein, and Mead 1987). Finally, this study

can be classified as an “extended case method” which “extract[s] the general from the unique, to move from the ‘micro’ to the ‘macro,’ and to connect the present to the past in anticipation of the future, all by building on preexisting theory” (Burawoy 1998:5). In other words, the actions, behaviors, and choices of real people in their real contexts (the worker cooperative) are used to illuminate the life world of worker-owners in order to draw conclusions *with* the participants in a reflexive and iterative manner that is theoretically useful for the movement as a whole (Burawoy 1998).²²

The case study method can sometimes be difficult to define as the boundaries of a “case” are occasionally slippery and arbitrary – as I found in my study given the changing nature of the cooperative movement during my research. Central to a case study, however, is centrality of a deep, contextualized understanding of the object/s of study that “favor intensity and depth” (Marshall and Rossman 2016:19). For my research, this method is useful for testing the claims made by many proponents that worker cooperatives and the worker cooperative movement do, in fact, disrupt the imperatives of the capitalist system.

Positionality and Insider/Outsider Status

Like many people in Baltimore, I first became curious about worker cooperatives through Red Emma’s Bookstore Coffeehouse. Furthermore, learning about prefigurative politics through the Zapatista movement and later the recovered factory movement in Argentina sparked my interest in worker cooperatives as a tool for interstitial transformation (though I didn’t know this term yet). In 2006, I attended the Eastern Conference for Workplace Democracy in New York

²² It is useful to note here that Burawoy (1998) uses the extended case method as way of challenging positivism. He argues, “reflexive science valorizes context, challenges reification, and thereby establishes the limits of positivist methods” (Burawoy 1998:30). In my case, a frustrating (and illuminating) aspect of the research is something that Jim, a worker cooperative developer, stated, “people want answers and you keep presenting more dilemmas.” This methodology gives context to the many theoretical claims in the literature that worker ownership is “a cure” for the capitalist system. Indeed, it is much more complicated than that.

City. There I met the women who ran the Brukman Factory in Buenos Aires. The idea that employees could own their workplace and run it democratically was revolutionary to me. Initially, I wanted to get involved with Red Emma's, but ultimately wound up instead becoming a central figure in its sister project, 2640 Space. 2640 Space is a grassroots events space that works in partnership with Red Emma's and St. John's United Methodist Church. Our collective worked closely with Emma's as we hosted many events in which Red Emma's was too small to host (e.g., the Eastern Conference for Workplace Democracy eventually found its way to Baltimore and 2640 in 2011, which also solidified my love of cooperatives). Many of the collective members at 2640 at the time of my joining were also Red Emma's worker-owners (though I was not given my other jobs in academia and yoga teaching).

In 2017, Ro (a participant in this study) and I participated in a fellowship with the Democracy at Work Institute and the US Federation of Worker Cooperatives. This fellowship gathered people who work in cooperative development from all over the country to receive "training and share their knowledge and experience in membership governance, technical assistance, worker co-op financing, political advocacy, sustainable fundraising, and other topics" (Democracy at Work Institute n.d.). The experience gave me insight into the national co-op ecosystem, something that I was able to draw heavily upon in the chapter on community wealth building.

Given all of this, I am both an insider and outsider to this movement. As Dwyer and Buckle (2009) put it, I occupy the "space between" because once someone occupies the role of researcher, even as a complete insider, they are only ever able to be an insider-outsider given they can never be fully "objective" nor fully immersed in the lifeworld of their participants. This positionality presents both opportunities and challenges.

One thing that compelled me to do this project (and gave me access as an “insider”) was the fact that I was lured into the belief that cooperatives were, indeed, a “cure” for capitalism (see Wolff 2012). However, as I grew more familiar with the inner workings and challenges of worker-ownership, it was clear to me that many of the “cooperative cheerleaders” (as they are called by those on the ground) presented a too-simplistic picture of worker cooperatives. Being an insider allowed me to craft my questions and analyses based on what I was seeing and hearing about the lived experience of worker ownership. However, being an insider presented ethical challenges. There were many things I saw and knew to be true that did not make it into this dissertation because it was not captured in my data collection.

I am also an outsider given I have not been a worker-owner and have not experienced worker ownership firsthand – especially as a co-op founder which carries its own knowledge sets. The chapter on resource mobilization was a particularly challenging one to write. What I learned from working in BRED was exactly how much I do not know about what it takes to start a worker cooperative and how complex the technical assistance is given the fact that cooperatives in Maryland have to fit like a square peg in a round hole of legal designation. The complicated maneuvering that is required to navigate tax law, corporate statutes, workers compensation, shareholding, and other technical/legal considerations was dizzying. I am hoping I have captured it well enough to be theoretically useful.

Finally, strategic disagreements and interpersonal conflict are common in movement spaces as well as in workplaces (worker cooperatives combine movement and workplace dynamics). I felt it was not necessary to highlight *specific* interpersonal tensions. Rather, when tensions are discussed, they are there in service of outlining broader dynamics around power and structures of decision-making. This highlights where the ideal of the transformation of internal

work dynamics toward workplace democracy bump up against the sometimes-frustrating realities of the democratic process. While some participants discussed very personal conflicts within their cooperatives, I decided it wasn't necessary to outline these dynamics in any detail.

Community Engaged Research and Movement Relevant Theory

The literature on the relationship between community engagement and social research has been called various names: participatory action research, action research, community-based research, and empowerment research (Breese 2011). My methodology is called “community engaged research.” Community engaged research “ground[s] research practitioners in long-term commitments to co-develop research with community partners, and to build from community strengths and priorities for the purposes of translating research results into policy, practice, or system-change actions” (Wallerstein 2020:1). Community engaged research is most commonly used in the field of healthcare. However, other disciplines, including sociology, adopt this framework to address the power imbalances between the researcher and the communities with whom they engage (Breese 2011; Mokos 2021; Wallerstein 2020).

The theory of change that emerged from this project was a direct result of the vital work that worker-owners, technical assistance providers, and movement lawyers have been doing to advance worker cooperatives and grow the co-op movement. My aim in this dissertation is to synthesize “lessons learned” (so far) in the cooperative movement and think through with participants some of the strengths and weaknesses of the cooperative movement. This allowed me to build a theory of change about the practical realities of building “real utopias” through interstitial strategies of transformation (Wright 2010). The data provided these insights.

I take seriously the notion that researchers and participants co-create knowledge and I am grateful to those who I leaned on to better understand this movement. This work is their creation

as much as it is mine. Bevington and Dixon (2005) describe the process of co-creating knowledge with movement participants this way:

Activists are thus fully capable of developing and elaborating sophisticated theory relevant to the movements in which they are engaged. And though it is mostly overlooked by social movement studies, this kind of theory has much to offer, and not only concerning the creative capacities of those involved in collective action. Indeed, social movement scholars should take guidance from it (p. 197).

They go on to state, “As we have seen, social movement analysis and theory is situated not only within the academy. Movement participants are actively involved in these processes, though often in contexts that are separate from academic discourses” (Bevington and Dixon 2005:198).

In fact, the people I’ve met in the cooperative movement have some of the sharpest political analyses I’ve had the opportunity to hear and read – in many cases more useful than the literature that celebrates cooperatives in theory but written by people who have not been worker owners themselves. Furthermore, as activists and organizers increasingly enter the ranks of academia, this process of knowledge creation enters, and bolsters, the canon of scholarly theory about how movements function. My research is intended to contribute to a body of theory that is “relevant” to strengthening the movements I write about.

CHAPTER FOUR: RESOURCE MOBILIZATION AND WORKER COOPERATIVES

As worker cooperatives have experienced a tremendous surge of interest since the economic downturn in 2008 (Levinson 2014), it appears that their appeal as an interstitial strategy has increased. More recently, due to the Covid crisis, business owners are increasingly interested in selling their businesses to their employees. Also, those out of work have looked to worker ownership as a mechanism to have more control over their working lives. Despite this upsurge in interest, worker cooperatives remain few in number. In order to understand why, in this chapter I describe the challenges that worker cooperatives face in moving from a good idea to execution, from utopian dream to viable business. Thus, central to this chapter is the contention that worker cooperatives lack access to vital resources such as capital, technical and legal assistance, and time which limits their ability to scale up. As a result, worker cooperatives are not a silver bullet to disrupt the capitalist system.

This chapter contributes to the literature about worker cooperatives as “real utopian” projects, a mechanism of “interstitial transformation” (Wright 2010). Wright (2010) argues that too many interstitial projects lack a coordinated *strategy* for broader systemic transformation. Wright (2010) challenges researchers to question how “these interstitial activities can have broad transformative, emancipatory effects for the society as a whole? What is the underlying logic through which they might cumulatively contribute to making another world possible?” (p. 328). To answer these questions, it is important to evaluate how the worker cooperative movement mobilizes resources to build a new system of ownership to democratize capital. Unfortunately, my data suggests that worker cooperatives and the cooperative movement face a number of resource barriers that make cumulatively building another world difficult (but not impossible). As set out below, my research participants consistently point to three key resource

barriers – capital acquisition, technical assistance, and time/capacity – that complicate system transformation efforts. They also identify the ways in which the cooperative movement can confront these resource constraints as a means to change the system.

The resource mobilization approach to theorizing social movements will be used as framework for understanding the ways in which worker cooperatives and the social movement organizations that support them are a counter-institutional force and function under similar, yet unique, organizing principles as other types of social movements (McCarthy and Zald 1977; Edwards and McCarthy 2009). Specifically, I outline resource barriers that worker cooperatives and the worker cooperative movement face as a means to understand why there are relatively few worker cooperatives in the US today despite their growing popularity. Later in the chapter, I explain how the participants, as part of a national network of worker cooperative advocates and worker-owners, have strategically mobilized resources to foster economic, political and environmental justice and have advanced a strategy of interstitial transformation (Wright 2010) in relation to the growing interest and need for a cooperative movement to support the growth and success of worker cooperatives.

RESOURCE MOBILIZATION AND COOPERATIVES

Resource mobilization theory, generally speaking, argues that social movement emergence requires not only grievances, but financial and organizational resources in order for collective action to materialize (McCarthy and Zald 1977; Staggenborg 2011). It is certainly the case that when movements - and businesses for that matter - experience a surge in resources such as time, effort, expertise, and money, meeting their goals is easier as a means to transform individual workplace dynamic as well as build a larger solidarity economy.

However, as Edwards and McCarthy (2009) note, these resources are necessary but not sufficient components to movement success. They argue, “the simple availability of resources is not sufficient; coordination and strategic effort is typically required to convert available pools of individually held resources into collective resources and to utilize those resources in collective action” (Edwards and McCarthy 2009:116). A number of studies have outlined the way in which resources and strategic action culminate into important lessons for social movements participants. Edwards and McCarthy (2009) provide a comprehensive list of empirical studies that support McCarthy and Zald’s (1977) original theses but also examine the role that agency and strategy play in advancing social movement goals. For example, Ganz (2000) makes an important distinction between resources and *resourcefulness* – i.e., strategic capacity – in his landmark study about the labor movement in California in the mid-twentieth century. Ganz (2000) shows that social movement organizations that have an abundance of resources are not necessarily more likely to achieve their goals absent “creative strategy.” That is, a well-funded social movement organization must also engage allies, frame their initiatives sympathetically, and develop organizational forms that allow resources to be used in such a way that foster success. This chapter will outline how the cooperative movement has done this – and will also discuss remaining resource barriers and strategic challenges.

The cooperative movement, like other social movements, faces resource constraints that impact its capacity to meet its goals. Also, like other social movements, the cooperative movement has treated these resource constraints as collective action problem – and as a result has developed a series of institutional formations and strategies to address them. At the same time, the worker cooperative movement has unique resource constraints that make them different

from other social movement sectors. This study has identified three main resources barriers worker cooperatives and the worker cooperative movement face:

1. Capital
2. Technical and legal assistance/expertise
3. Capacity

Inherent in all these considerations is the question of scale. It is argued that scaling up the worker cooperative model is an important way for cooperatives to replace traditional businesses (Alperovitz 2016). Yet, resource constraints raise a number of questions about the viability of workers cooperatives as a means toward society wide “interstitial transformation” (Wright 2010).

CAPITAL

Businesses require capital investment for viability and success. Worker cooperatives face resource challenges that mirror those of other types of businesses, but also that parallel the resource considerations that many social movement organizations face. Furthermore, as businesses, worker cooperatives must consider a number of unique questions when deciding how to fund their endeavors.

All of the worker-owners that I interviewed named capital as a crucial resource that lends to worker cooperative success, but one that cooperatives have difficulty acquiring. Participants named three key capital constraints: qualifying for loans and/or lines of credit for startup capital, business expansion, and/or conversion; acquiring “non-extractive” capital aligned with value-driven business goals; and mobilizing foundation funding and the problems of the nonprofit industrial complex. Each of these capital constraints will be explored.

Capital Procurement and Worker Cooperatives

Starting any kind of business requires capital and a central reason people do not start businesses is lack of access to this capital (Nangwaya 2017; Babson College 2016).²³ Worker cooperatives are no exception. However, along with the traditional barriers faced by anyone trying to get a business off the ground (particularly if they are poor), cooperatives face special difficulties. According to Abell (2014), “worker co-ops are complex, labor-intensive, and sometimes expensive to develop” (p.21) despite the fact that when done well, they enjoy a considerable return on investment. There are a number of reasons cooperatives face unique challenges in acquiring capital.

The first barrier that many worker-owners I interviewed cited was their difficulty in getting loans as a cooperative business. This is a large-scale problem in the worker cooperative sector “partly out of discrimination against worker ownership, partly out of ignorance about how co-ops function” (Malleon 2014:84). However, participants also attributed difficulty in accessing capital to the fact that Maryland does not have a legal designation for a worker cooperative as a business entity. According to the Democracy at Work Institute (DAWI),

There is no uniform cooperative code in the United States, and definitions and incorporation guidelines vary from state to state. As a result, worker cooperatives can incorporate in a number of different ways. In states where there are cooperative incorporation codes, such as Massachusetts and California, businesses can incorporate as worker cooperatives. In states where there are no such laws, a worker cooperative can incorporate as a C corporation, S corporation, LLC, flexible purpose corporation, or any other corporate form, as long as the company meets the minimum requirements of operating as a worker cooperative.

²³ It is important to note that the Babson (2016) report was commissioned by Goldman Sachs and its findings lean toward an anti-regulatory bias. Nevertheless, the report is useful in understanding constraints for small business startups.

Consequently, startups have to do a great deal of negotiating with business forms in order to legitimize their businesses in the eyes of local incorporation standards as a means to access capital. Casey, a worker-owner at Thread Coffee, discusses this problem with starting their business. She stated, “I mean, in Maryland, you can’t actually be like a worker cooperative. You have to be an LLC.” Amanda, a worker-owner at Charmingtons, expands,

I think there needs to be a greater shift in the business world in general to accept those sorts of models as far as capital is concerned, as far as legal, there needs to be, I think, some sort of category of cooperative business structure - like a legal, corporate structure. We’re trying to patchwork this corporate structure into a model that doesn’t fit.

As a result, worker-owners in Baltimore ubiquitously described this as a part of their difficulty acquiring capital with mainstream banks.

Lack of cooperative legal designation results in lenders being reluctant to extend capital to multiple worker-owners. Cullen, a worker-owner at Red Emma’s Bookstore Coffeehouse described the challenge this way, “With banks, they expect there to be one or two owners on the LLC - not 15.” Charmington’s encountered the same problem: “It was the sort of thing where we were facing a 100/150-thousand-dollar loan and banks were requiring us to have cosigners. There’s not a lot of options with a co-op. With loans, they want a cosigner, and they want to pinpoint the person who has the most assets.” Because banks have difficulty evaluating risk in a worker-ownership model, banks target the most financially solvent worker-owners to ultimately be responsible for the loan.

Likewise, banks are unwilling to loan to many worker-owners without co-investors because they perceive accountability to be too diffuse (Abell 2014). This runs counter to the value of diffusion of risk and reward inherent to the shared ownership model. John, a worker-owner at Red Emma’s, suggests this carries implications for economic justice in terms of banks not...

...being able to come up with methods of lending that are not premised around individual credit reports, especially if you're talking about the economic inclusion piece. An SBA loan is not going to do it for somebody who's like struggling to keep their head above water because they're stuck in exploitative care work.

All told, traditional lending mechanisms have not served the cooperative business model well.

As a result, a number of cooperatives acquire startup or expansion capital either from a founder (or founders) or friends and family (Abell 2014). This was certainly the case with Baltimore

Bicycle Works and the early iteration of Red Emma's. Josh, a worker-owner at Baltimore

Bicycle Works describes their startup experience this way,

...money was difficult or whatever. We each, the five of us, made a capital contribution of \$2000 each. Then I loaned the business \$18,000 or something like that that was basically money I had from life insurance from my dad passing when I was a teenager. And got another like small loan from my mom. That was startup capital, about \$35,000 in startup capital.

Consequently, business startup can entail significant personal financial risk, which Josh describes as “a precarious position to be in...definitely a decision a young person would make.”

This puts worker-owners in a risky financial position. And even though it's less than ideal for those who have the money, low-income folks are excluded from this option.

For those able to self-finance, another way to gather startup capital, the investment framework in which all members pay a smaller initial dividend from the outset. This model allows for a smaller initial investment as a means to “add up” to startup capital. From an economic justice perspective, doing this solves the problem of “absentee ownership” in which investors are far removed from day-to-day business operations and have a vested interest in profit by any means necessary (Korten 2016). However, while direct investment works well for established worker cooperatives in which a small amount is taken out of a paycheck per week (Emma's take 50 cents/hour until the dividend is paid, for instance), it does not necessarily solve the problem of raising significant capital for a startup for two reasons. First, a small dividend

might not add up to the amount of money required to start a business, as was the experience with Baltimore Bicycle Works. Second, it precludes low- and moderate-income folks from participating. If a cooperative's goal is in poverty alleviation, a \$1000 or \$2000 (for instance) initial investment is not possible. Cullen, from Red Emma's stated, "we had this buy-in concept but we didn't want to exclude anybody." For these reasons, buy-in is a central, but often insufficient method of procuring capital. This compromises the social-justice orientation of cooperative development.

Taken together, poor folks and people of color who have been shut out of the mainstream economy face significantly higher barriers to entry into business ownership (Blanchflower, Levine & Zimmerman 2003). And, for the reasons stated above, these trends spill over into the worker cooperative market. For example, of their experience building worker cooperatives in Jackson, Mississippi, Williams and Walker (2017), explain,

...every business and cooperative operating within the capitalist system has to operate as a profit-making enterprise. Access to capital is therefore a necessity, and most poor people do not have funds or collateral to spare. Southern blacks refused to extend credit that was routinely granted to white-owned businesses (p. 185).

In other words, traditional lending institutions have a long history of discrimination against minorities, shut low-income folks out of lending opportunities, and support unjust economic practices (e.g., funding fossil fuels and fueling the economic crisis). They continue to do this. Therefore, the cooperatives movements has developed strategies to build a new economy and have questioned traditional lenders' role in the financing worker cooperatives.

Capitalization and the Extractive Economy

Central to building a new kind of economy is the hope (and ability) to bypass and supplant the exploitative lending institutions. These capitalist financing structures reproduce the very injustices the movement is fighting, particularly given their "extractive" nature. Extractive

institutions are characterized by exploiting people and resources with little regard to the well-being of the people and the environment from which they extract (Acemoğlu and Robinson 2012). Furthermore, traditional lenders often fail to understand value other than maximizing profit in the short term with little regard for the long-term consequences of that profit.

Understandably, the worker cooperative movement is skeptical about extractive financing as a means for capitalizing their businesses. For one thing, because cooperatives are not legally recognized as a legitimate business platform and/or the cooperative is spearheaded by those less able to access capital, lenders might charge higher interest rates for loans (Abello 2016). This can make loan repayment, hence business viability, difficult.

Furthermore, paying back the loans before the business is profitable can be disastrous for a new enterprise. Traditional bank loans require repayment whether or not the business is profitable. New businesses, worker cooperatives included, do better when they are able to access “patient capital” (Abell 2014). Patient capital is “equity or debt whose providers aim to capture the benefits specific to long-term investments and who maintain their investment even in the face of adverse short-term conditions for the firm” (Deeg and Hardie 2016: 627). High interest rates and traditional lenders’ “impatient” capital can put a business at substantial financial risk, increasing the likelihood of business failure (Abell 2014).

Furthermore, mission- and politically- driven cooperatives are hesitant to do business with extractive financing institutions even when it is possible to do so. Their reasoning is that these big banks contribute to the wealth inequities that drive the current system. For instance, when Red Emma’s expanded to a larger location, they knew that they could probably secure the funding from a traditional bank. They instead wanted to circumvent the use of extractive and exploitative capital. According to Duda (2013),

...with nine years of steady business activity, however modest, we probably could have snagged an SBA-backed loan or even a regular business loan from a commercial bank. But from the beginning, we knew we wanted to take this option off the table if we could; for one thing, we know exactly what the big commercial banks did to Baltimore City; from the subprime crisis to the LIBOR scandal,²⁴ we couldn't in good faith hitch the entire expansion of our very political project to the increased profits of the ever-concentrated financialized heart of modern capitalism. And beyond that—all of these “normal” loans come with some heavy strings attached in the form of the need for personal guarantees from a few of our members who happen to have more assets or better credit histories. Going with a commercial bank would mean that at the very outset our cooperative would be institutionalizing some very anti-cooperative structures, and nine years of working together had taught us just how important it is to avoid these kinds of imbalances in power and stake-holding.

Marisela, cofounder of Social Health Concepts and Practice (now called Village of Love and Resistance [VOLAR]), echoed these concerns, despite the fact that others in her cooperative are open to traditional financing.

Some folks have mentioned banks as funders. I don't know about that. I have big qualms about it. I'm relying on the people who are more aware of the financing. And if they're advising certain types of banks who might be willing to fund something like this, I'm open because I'm not the only person making the decisions. But, I would, for me, the scrutiny around the history of the way banks have historically been behaving with the foreclosure crisis, I don't have much faith. Although, there's apparently some penance from some of these banks. So, you know, you might be the project that they... But it's still that tainted money.

While this ethos is central to shifting the economic and political landscape of wealth distribution, financing becomes more difficult as a result. Red Emma's was eventually able to patch together the funding it needed through a combination of non-traditional lenders and crowdsourcing, but financing the expansion was challenging. Tiffany, a worker-owner at Red Emma's notes, “it was difficult for Emma's to get the funding that it needed. Not being a traditional business model and also being a relatively small business and preferring not to go

²⁴ The LIBOR scandal is described by Rushe (2012) as, “Baltimore is lead plaintiff in a class action lawsuit that alleges that banks including Barclays, Bank of America, HSBC, JP Morgan and UBS conspired to fix a set of key interest rates – the London Interbank Offered Rate, or Libor – costing the city millions in the process.”

with bank loans were some obstacles.” As a result, some mission-driven worker cooperatives see grant funding as a solution. Yet, grants carry their own difficulties.

Grant Funding and the Nonprofit Industrial Complex (NPIC)

Grant funding is another option for worker cooperative startups, particularly those that have a justice framework built into their business model. Grant funding tends to be more a “patient” form of capitalization, on which a number of worker cooperatives and cooperative developers rely (Abell 2014; Nangwaya 2017). Grants can come from the state or from foundations. Grant funding is often part of a larger funding strategy for worker cooperative development. Yet, many participants were concerned about how grant funding could negatively impact worker cooperatives and the cooperative movement in the long run.²⁵

A major concern is that state or foundation grants, as part of the nonprofit industrial complex, are often used to monitor, control, and/or dampen the radical aspirations of social movements in general, and, for my participants, the cooperative movement in particular (Smith 2017). Dylan Rodriguez defines the NPIC as, “a set of symbiotic relationships that link political and financial technologies of the state and owning class control with surveillance over public political ideology, including and especially emergent progressive and leftists social movements” (as cited in Smith 2017: 8). The political logic of the nonprofit industrial complex is to use this funding to “exert a fundamental dominance over the political intercourse of the US left... through extended structures of financial and political accountability” (Rodriguez 2017: 33).

For example, participants familiar with the problematic aspects of the NPIC have seen firsthand how grant funding can lead to the “goal displacement” of an organization (Zald and Ash 1966). Goal displacement occurs in social movement organizations when a bureaucratic

²⁵ For a comprehensive inquiry into the concerns around foundation funding and the nonprofit industrial complex, read INCITE’s full anthology *The Revolution Will Not Be Funded: Beyond the Nonprofit Industrial Complex*.

structure emerges that dampens (displaces) the initial aspirations of the movement (Zald and Ash 1966). Specifically, Zald and Ash (1966) name three interconnected trends involved in the process of goal displacement: “goal transformation, a shift to organizational maintenance, and oligarchization” (p. 327).²⁶ Broadly speaking, goal transformation occurs when the focus of the organization’s work shifts in order to meet “measurable” goals. This nearly always shifts an organization in more conservative directions. Attendant to this is the shift in how labor time is increasingly directed toward “organizational maintenance” where “in which the primary activity of the organization becomes the maintenance of membership, funds, and other requirements of organizational existence” (Zald and Ash 1966: 327). Participants noted goal transformation and organizational maintenance as endemic to grant funding, and a concern for funding their projects.

For example, Marisela’s organization is a candidate for foundation funding given its antipoverty focus. She is not outright opposed to grant funding but is aware of the fact grants often contribute to “goal transformation.” That is, the metrics used to receive funding often to alter the goals and outcomes of the organizations. She said,

If there are some nonprofits who are willing to fund without coming and taking our information, and, you know, [using] their guidelines and indicators as something *we* should accomplish, that’s not going to work. That’s just a regular old nonprofit, nonprofit industrial complex model that we are not interested in.

She goes on to link this to co-opting black and brown-led movements and using them to monitor and control the participants.²⁷ Her concern is that those providing the money for the projects use their “goodwill” to eclipse their participation in the very exploitation that marginalized these

²⁶ Oligarchization will be discussed in further detail in the next chapter on democracy.

²⁷ I will explore the cooperative movement and its relationship to economic justice for marginalized communities more in depth in a later chapter.

communities in the first place. In other words, foundation money launders the spoils of the extractive economy. Marisela reasons...

...as long as these funding sources don't think that once they give you money, that they own you and that they can take your information and put it on their website and on their documents - look how nice we are to these poor black people. All this exploitation. That's usually what happens when you take the money.

Jim, a technical assistance provider to cooperatives, is concerned about the power that these funding entities have over the direction and ultimate success of the movement.

I'm concerned that worker co-ops may be a fad for a lot of funders. My sense is that funders are prone to fads. They're always looking for the silver bullet. They're looking for the panacea. And then you have the funder organizations, the nonprofits, that are always trying to believe that there's a panacea and that they have it so they can get the funding. There's a lot of incentives, and power dynamics and self-delusion that gets perpetrated in the money flow... And what do we want to be doing eventually? What is it that we want to prefigure? We need to know that our funding self-sufficiency needs to be our ultimate goal.

In other words, because cooperatives and the cooperative movement are "trendy," the flow of money may be plentiful. However, this gives funders enormous power over the political goals and direction of the organizations they fund. They may even be able to determine whether the movement survives.

If the worker cooperative or incubator is not meeting the expectations of the funders, or if the movement organization has radical goals that are unappealing to the funders, this means that the funding can all too easily disappear. For Jim and Marisela, reproduces the very power dynamics the cooperative movement is hoping to supplant. Marisela sums it up this way,

Black and brown-led means that - money where people are, if they're getting assets from a certain white group, the way they're using that asset, the decision-making is theirs. It can't anymore be white folk telling black and brown folk what to do. I mean that's what the nonprofit industrial complex is, right?

Grant funding and the NPIC, generally, keeps existing systems of oppression intact by channeling the efforts of the grant holders to less revolutionary aims (Kivel 2017; Rodriguez

2017; Smith 2017; Zald and Ash 1966). Thus, rather than direct state repression of revolutionary movements, the NPIC “suggests an historical movement away from direct, cruder forms, toward more subtle forms of state social control of social movements” (McCarthy, Britt, and Wolfson 1991:50). That is, the state constitutes a hegemonic force in which consent to the ruling class is foisted upon social movement organizations who choose to adopt a nonprofit status in order to receive funding.

For the most part, the ruling class controls this funding; a ruling class who are unlikely to fund efforts that effectively alter the power structures that keep them on the top of the political and economic ladder. According to Kivel (2017), “The role of the NPIC is to keep our attention away from those in power and to manage and control our efforts to survive in the bottom of the pyramid. These functions are necessary to maintain the concentration of wealth and power” (p.133). Much like in the labor movement, state and foundation funding, therefore, minimize the most harmful impacts of capitalism and create the illusion of autonomy that dampens the revolutionary spirit of the cooperative movement (Burawoy 1985). If the goal of the cooperative movement is to fundamentally alter control of the means of production, grant funding is a questionable means to do this.

Additionally, Norah, who has received foundation money, discusses the way in which it has contributed to an outsized focus on organizational maintenance and measurement of outcomes. She explained that the processes for accountability are unnecessarily obtuse and time consuming, which detracts from the work of the cooperative. Namely, keeping up with the demands of foundation metrics diminishes her energy for the more creative and transformative aspects of fulfilling the objectives of the organization. She describes her experience with her grant this way:

You spend so much of your energy on top of the things you have to deal with in terms of just existing. I would say for myself as a black woman in this kind of, to spend most of my time on, when I know I have this great innovative thing that can really make a lot of change and do some big stuff, trying to convince people or whatever we're doing... just wasting energy and time on things that I feel are not necessarily necessary for getting the work done, you know?

In other words, the series of “hoop jumping” inherent to the grant funding process is, of course, a necessary accountability measure. However, their actual impact is not politically neutral, but is used to “*dictate the political vistas of NPIC organizations themselves*” (Rodriguez 2017:29; emphasis in original).

Furthermore, Jim argues that the transactional metrics for cooperative success inherent to grant funding fails to capture the interstitial nature of the cooperative movement. Because worker cooperatives are, in Jim’s estimation, part of a strategy to transform the economy, measuring the outcomes of a single cooperatively owned business or cooperative development organization often misses the broader cultural and economic transformation that the movement strives to facilitate. In other words, the measurements and metrics do not fully capture the scope of the cumulative impact of the movement for a new economy, of which cooperatives are a component.

Finally, a nonprofit industrial complex has been built around worker cooperative development itself. Ro of the Baltimore Roundtable for Economic Democracy explains,

I mean there’s obviously been some cooperative financing out there. But there’s a lot more money being put into development. All of the funding that’s happened in New York to fund nonprofits to do cooperative development. Even all the funding that’s gone into building this network [BRED]. It’s like there’s a different level of, like the philanthropist or nonprofit industrial complex are like, “we want to put money in this now.” Which is different from when we first started.

While this has allowed worker cooperatives to grow in number, it carries the potential to undermine the grassroots nature and anti-capitalist nature of worker-ownership (as will be discussed in greater detail in chapter five).

Grant funders can all too easily remove support if the movement goals or outcomes are not to their liking. This has been called the “dynamic of reduced autonomy” in which “requirements for stringent, rigid, and quantitatively oriented approaches to planning, evaluation and monitoring [lead to] those organizations unable to meet the expanding demands for planning becom[ing] increasingly marginalized and my not be able to secure state funding” (Rodriguez 2017: 36). Grant funding might help immensely with short-term funding goals. In the long run, however, it can hinder the revolutionary politics of the organization, in this instance the worker cooperative or the cooperative development organization.

It should be noted again that despite these concerns, those in the cooperative movement are all too aware of the importance of grant funding for movement building and maintenance. Most projects rely on grant funding and movement actors who know how to work the grant system are invaluable to movements. BRED and Seed Commons, for instance, are grant funded and seek out grants to maintain their administrative capacity and ongoing training and development efforts – this has been essential in growing the movement’s capacity. However, participants in this study, because they are seasoned activists, understand the political impacts of applying for and accepting support from the NPIC in general, and grant funding in particular. That said, they are strategizing to build a funding structure that decreases, if not eliminates altogether, their reliance on grant funding.

TECHNICAL AND LEGAL ASSISTANCE

Even if cooperatives could acquire abundant funding, capital alone does not spell worker cooperative viability and success. According to Melissa Hoover from the US Federation of Worker Cooperatives (USFWC) and Newell Lessell of the Industrial Cooperative Association (ICA), “insufficient business expertise is a significant barrier for small worker co-ops, often more than financing” (Abell 2014: 22). In fact, this dearth of professional guidance and expertise can even *lead* to the aforementioned difficulties in acquiring capital (Franklin, Bhatt and Zhao 2014). It is not surprising then that my participants named “mentorship” and “technical assistance” as important resources – ones that were lacking when they were starting their businesses.

According to the Democracy at Work Network (DAWN), “worker cooperatives, like all small businesses, require professional services to support the creation and functioning of their business. Due to the specialized nature of worker ownership, they also require specialized assistance in setting up financial, governance, operations, and decision-making structures, as well as training in democratic management.” In many cases, worker-owners expressed the need for more formal technical assistance providers to help them navigate the unique challenges inherent in starting a worker-owned business. Many instead relied on an informal network of mentors and/or forged their own path.

Beyond the businesses themselves, cooperative development networks, especially in Baltimore, have grown more robust in the short period of time between when I interviewed my participants and wrote up the results (more on this at the end of the chapter). However, their early challenges are instructive for understanding the resource constraints that startup worker cooperatives face where a network of technical assistance is not available. Furthermore, there is

still a lot of unmet desire for technical and legal assistance despite an increase in formal support networks.

Technical Assistance

Upon learning about the principles and values that worker cooperatives espoused, I thought, *Why isn't everyone doing this? This makes so much sense as a strategy for democratizing the economy.* I am not alone – the spike in interest in worker cooperatives stems from this exciting political potential. Yet, despite the fact that there is increased interest in the worker cooperative model, moving from idea to viable business is more challenging than people anticipate.

Many worker owners I interviewed wished there was more mentorship and technical assistance available. According to Josh at Baltimore Bicycle Works, the infrastructure to meet the needs of budding worker-owners was and remains underdeveloped,

I think outside of other cooperatives [to lean on for support], I think that there is a general population that is hungry for something different and hungry to be part of a community and a solution to current conundrum paradigm or whatever. But, it has not been our experience that there have been a ton of institutional resources outside of very personal, ground level networks.

Because participants were early adopters of the worker cooperative model in Baltimore, they did not have a great deal of help available. Despite this, they were able to grow thriving businesses and were trailblazers in worker cooperative innovation – especially Red Emma's. Of Red Emma's role in Baltimore, Cullen suggests,

We saw ourselves as the canary in the coalmine. Or even the first set of coal miners. And that we were going to go through some of the struggles so that other people didn't have to. We kind of knew that from the jump. There was, especially in the early years of Red Emma's, there were a lot of people who were just like very much dedicated to that mission of short-term suffering for the few for long-term gain for many.

This made Emma's a valuable, but informal resource to would-be worker-owners. Consequently, lots of people interested in starting a worker cooperative reach out to them for advice. John Duda discussed Emma's role as a de facto technical assistance provider.

We've gotten a lot of people excited. We've done a lot of events around worker cooperatives. We provided a kind of informal, like, "Hey I want to start a cooperative" kind of sounding board. I know I have been like, I have talked to many many many people about starting a cooperative, most of which have never materialized or have materialized and flared out.

Jim, a technical assistance provider noticed a similar trend as John. The amount of work required to start a business, especially given the learning curve of baking in workplace democracy to the process, intimidates a good percentage of people.

A person with an idea, a startup group, that sort of thing, 50/60% of the intake is like that. A substantial number of the intake needs don't go anywhere. It's a person with an idea who decides it's too much work... So, there's a lot of interest now. But, for some reason, so many of the people who are interested, they think it's gonna be easy. I don't know why. They think it's gonna be easy. Everybody knows small businesses are hard. Everybody knows grassroots democracy is hard. But when you're trying to do grassroots democracy in a small business starting up, people think they can do it within a few months or something.

This difficulty (and time commitment) deters many would-be worker-owners from moving forward with their projects.

Despite their best efforts, Red Emma's simply wasn't able to keep up with the demands of both running a business and providing outside support. John notes this dilemma,

There's a whole autocratic nature of the cooperative business that makes it difficult for it to take on, in a sustained way, projects outside itself. So, when it acts in solidarity with other things, it's very often structurally episodic. Long term commitments to keep revisiting solidarity in different episodes but ultimately what Emma's does is run a bookstore coffeehouse.

That is, worker-owners at successful worker cooperatives have a wealth of knowledge of best practices but lack the capacity to share that knowledge in a sustained and systematic way.

Due to this lack of formal technical assistance provision, a lot of worker-owners discussed the way in which their business practices were produced in a haphazard manner. Of the early days at Red Emma's, Cullen describes the "patchwork" of approaches that eventually crystallized into the Red Emma's that is today.

We really did wing it. Some of us had some experience whether it was volunteering at info shops or working retail here or there. We had some inklings but we really had no real idea. In terms of the way we were structuring the decision-making and job roles and stuff - this was a patchwork of things we had read and things that seemed to have worked in our various political organizing experience.

Charmingtons also employed the "learn-as-you-go" approach. Dan described it as "fake it 'til you make it". He says,

Definitely, advisors would be nice. It would be good to do something like that. It would benefit anybody in a co-op. I feel like a lot of the co-ops around here, they're pretty new, people kind of, not like flying by the seat of their pants but very "faking it 'til they make it." Really doing this, and being like, OK this works, OK this works. You're making mistakes and learning from them or whatever. Something like that [advisors] would be very nice.

Strategic development was difficult given the lack of formal support at the time. The Baltimore Roundtable for Economic Democracy (BRED) was born out of this need. According to Ro,

BRED started because there was a lot of, there was no technical assistance. Red Emma's has been around for 15 years and would get called by people who wanted to start coops and then, would be asking for technical assistance basically. They'd be like, "How did you do this? What do I have to do to do this?" But the worker-owners at Emma's didn't have the capacity to do that technical assistance. So BRED grew out of this natural need, or call for more formal education by established worker-owned coops coming together in Baltimore trying to make this more formal. And then getting funding through The Working World. Getting the loan fund to make a more real thing.

It was necessary to institutionalize technical and loan assistance given the previous ad-hoc nature of cooperative incubation in Baltimore. This is important given that formalized social movement organizations are better able to consistently dedicate their time to movement goals (Staggenborg

1988) and, in the case of BRED, provide dedicated attention to growing the cooperative ecosystem.

Despite an increase in technical assistance provision locally and nationally (more on this later in the chapter), strategies for business success are unavailable to a large number of people. Consequently, worker cooperatives remain marginal and, as Jim says, a strategy limited to those “who already had the gumption for it, who appreciate the challenge of it.” But this ultimately means the pool of people for whom worker-ownership is an option remains shallow.

Navigating the Law

Like all businesses, worker cooperatives need legal support. Lawyers are crucial in helping businesses, including worker cooperatives, get off the ground, thrive, and grow. For worker cooperatives, lawyers must navigate a distinct set of challenges. Not only do they have to understand business law and how cooperatives fit in, they are also imperative in helping cooperatives bake their values and principles into their business practices. According to Elliot, a solidarity economy lawyer:

In ideal situations, you can be a partner. But at the very least, you're a resource and a reference point. And then you can help those specific places where, you know, it's still like a locked system, still like a gatekeeper... you know, not only the lawyers but everybody in the legal profession is a gatekeeper in some way... The spectrum kind of moves from there to, like, how do we imagine what's possible? And, the imagining doesn't come from lawyers. But the explaining what the parameters are right now, what is understood and what is settled and then what is open is a place where we can help... So, that's kind of, broadly, that's what we see our role – a small network of lawyers around the country. There are more lawyers around the country who can do the technical piece, like cooperative law, or, you know, sharing law - whatever you call it. But are they coming from a social justice perspective? Are they coming from an equity perspective?

Consistent with technical assistance provision, lawyers assisting with cooperative law must co-navigate the complexities of deciding business structure and legal statutes while at the same time making sure these legal documents retain an emphasis on cooperative values and principles.

Unfortunately, there are only a small number of lawyers doing this work. Meredith and Josh of Baltimore Bicycle Works ran into some trouble seeking out a lawyer to assist them:

Meredith: Our operating agreement was put together by some law firm downtown that was... none of it made any sense to us.

Josh: They gave us a boilerplate thing that didn't really make any sense.

Meredith: They charged us like twice as much as they said they would. It was a horrible experience. We were like, "We're never going back to another law firm. What are we supposed to do?"

Luckily, local cooperatives have found a great deal of help with the University of Baltimore Community Law Clinic that specializes in low cost and/or free assistance for social enterprises, including worker cooperatives. Meredith and Josh were eventually able to access these services, which helped their business immensely. According to Meredith,

I guess John from Red Emma's said they were working with the Community Law Clinic. And I thought, "Oh, maybe this is our answer." Luckily, they accepted us into the program and they had student attorneys, two different student attorneys over two different semesters. They did a whole - like the first semester they just evaluated all of our legal, like, any issues that we could have, like legally speaking. He just came in and gave us the whole business - "Have you thought about this? And do you have worker's comp insurance?" And, all the places that we were exposed to some type of legal action and questioned us and told us what we should be doing about it and helped us fill in some holes.

The second semester they took our bylaws and our operating agreement and made them into one document and made it so it's legally sound and it's in plain English. We understand what it means and actually represents what we, what our intention is.

Casey, from Thread Coffee, had a similar experience contending, "The UB Law Clinic is probably one of the biggest resources just because they're able to tackle the legal stuff." Amanda from Charmington's also name the clinic as being particularly helpful:

I applied to the UB law clinic and we were accepted. So we've been working with them for the last several months and they have helped us, um, sort of organize what we're doing and make sure we are functioning in a legal manner and help us figure out what we need in the future to expand. You know, like, what kind of legal counsel we will need if we want to change the way we distribute dividends or get different kinds of funding to help protect the members of the cooperative.

Despite the fact that the UB Law Clinic is a valuable resource for Baltimore cooperatives, it is not enough to meet demand.

Unfortunately, the law clinic offers its services for a fixed amount of time, which means ongoing legal counsel is still a resource barrier. Amanda goes on, “We’re going to create more shares in the future, but we do need legal counsel on that. And that costs money.” In other words, ongoing access to legal counsel has been a challenge. This is especially the case given the murky legal waters worker cooperatives must navigate. And sometimes political action, rather than legal assistance, is required.

Taxation is a good example. According to Cullen, “The way a cooperative files taxes, the way it interacts with finances is just so different from a standard business that a lot of tax law from state to state and certainly federal tax - it’s very difficult to reconcile.”

Meredith expands,

I think we need to, like for instance, Maryland, there is no designation, you can’t be a cooperative in the eyes of, like you can’t file taxes as a cooperative. There’s no legal entity, business structure. That’s, I think, harmful to cooperatives because we don’t, we can’t really file taxes appropriately. We’re just fitting ourselves into a preexisting model. But nothing actually fits what we’re doing. We’re all owners. The tax structure treats you like an owner. But we’re really employees of the business. It’s not, we’re not owners from traditional standpoint. We’re not taking all the profit at the end of the day into our pockets, you know? So, I think that we need to do some work to change the structure from that kind of perspective - with some lobbying. People need to recognize that this is a legitimate business entity and it needs to be taxed appropriately.

The problem is that current tax law does not recognize the fact that the employees in a worker cooperative are also the owners of the business and are taxed as both employees and owners. The outcome is that worker-owners often pay a higher tax rate.²⁸

²⁸ The best explanation I could find of why this is so comes from the Cooperative Development Institute at <http://cdi.coop/coop-llc-individual-member-taxes/>. Of course, state tax rates differ.

The other difficulty many worker cooperatives face is high unemployment insurance and workers' compensation rates. Again, because worker cooperatives lack a legal statute in the state of Maryland (and most states for that matter), and because workers and owners are one and the same, these bills get fairly expensive. Many of the cooperatives in Maryland have struggled with exorbitant payments as a result.

Generally speaking, many participants have been surprised by how much these technicalities – drafting bylaws, building business plan and operating agreements, and simply getting the business up and running – have presented unforeseen challenges that require legal assistance. Learning the ins and outs of getting a small business up and running requires support – support that was unavailable in Baltimore until the founding of BRED in 2015. However, it also requires time.

CAPACITY

Starting any business isn't easy as it requires a lot of time, effort and hard work, and many would-be entrepreneurs end up failing.²⁹ Not only does capital procurement and technical know-how make business ventures challenging, but also the capacity required for business success is a crucial component to getting a business off the ground. This is particularly the case for people who are unable to quit their job until a business is off the ground. And while this barrier is true for anyone trying to start a small business, starting a worker cooperative, again, requires a set of additional considerations.

²⁹ According to the U.S. Small Business Administration Office of Advocacy (2016), “20% of new businesses fail during the first two years of being open, 45% during the first five years, and 65% during the first 10 years. Only 25% of new businesses make it to 15 years or more.” Of course, the Covid-19 pandemic has accelerated business failure.

Cooperatives, as an appendage of the new economy movement, function at the intersection of movement building and entrepreneurship. As a result, the model attracts activists and organizers already entrenched in movement work – folks who already often face significant time constraints. Three distinct time constraints unique to cooperative business incubation will be discussed. First, participants named the time it takes to start and ultimately run a business as a difficulty. Second, the time it takes for democratic decision-making once the business is up and running has been named as a barrier. Finally, not enough time is available for worker-owner support and development was named as a capacity-building barrier once a business is off the ground.

Starting a Cooperative Business

As with any business, it takes time to conceive an idea, draft bylaws, build a business plan and operating agreement, procure capital, and all the other steps to getting a business off the ground. Furthermore, laying the groundwork to build a successful business requires study and deliberation. According to Gordon Nembhard (2014), “studying how cooperative business enterprises work – how they solve economic problems in unconventional ways – is essential to their development and success” (p.87). That is because economic democracy is not endemic to the current economic system; its principles and practices must be learned before the cooperative business gets off the ground. However, time constraints can make this level of deliberation difficult.

First, those who must continue to work for a living and/or are involved in other projects have difficulty finding the time to move from idea to viable business. About Baltimore Bicycle Works’ genesis, Josh remembers, “people had things that were difficult for them - working multiple jobs or whatever. Definitely the first, I don’t even know, the planning phase, the first

few months were probably the most difficult time.” A great deal of time and deliberation is necessary to build a business, particularly a cooperative one.

Likewise, activists who see the cooperative model as an extension of their organizing work may also find their time stretched too thin. Marisela named this as one of primary challenges in getting her project off the ground,

A lot of this would have been further along, with all the people involved, people who have, like ten other organizations that they’re involved in. And this is an issue in the activist community... There’s a lot of energy. But it seems like there’s so many pots to put it in, people are really being pulled in many ways. It’s a big obstacle, actually.

It is no secret that time constraints are a challenge in activist communities. Thomas Merton (1966) argues that organizers often get, “carried away by a multitude of conflicting concerns, to surrender to too many demands, to commit oneself to too many projects, to want to help everyone” (p.81).³⁰ In this way, organizers may find their attention being pulled in many directions, making cooperative development a challenge.

The time commitment required to start *any* new business would find it challenging. However, for worker cooperatives, these time constraints are meaningful for two reasons. First, this is consequential because many mission-driven worker cooperative endeavors aim to alleviate economic insecurity and poverty. Being unable to take the necessary time to build their worker cooperatives due to financial considerations obviates the role that worker cooperatives can play in place-based economic development (grants are helpful here as a stopgap). Second, while potential worker-owners face similar barriers as any small business, they also face challenges unique to building workplace democracy into the bylaws and business plans.

³⁰ Anyone involved in any substantial way in activism and organizing knows this to be the case. Merton goes on to describe this as a form of violence and ultimately deleterious to movement goals.

According to Joseph Stiglitz, it is insufficient to substitute the organizational mandates of a capitalist firm on to a cooperative one. He notes that doing so will “undermine the latter’s identity and condemn it to eventual disappearance” (as cited in Zamagni and Zamagni 2010: 30). Jim, a co-op developer, repeats this warning, arguing that bylaws, business plans, and even articles of incorporation should not reproduce the profiteering model of capitalist enterprises. Instead, these documents must be consistent with the cooperative values and principles named by the International Cooperative Alliance.³¹

For many people, running a business with the goal of broader economic democracy is the appeal of worker cooperation. However, in practice, successfully merging utopian values and financial viability in a capitalist marketplace is difficult and time consuming. Cullen of Red Emma’s described the challenge this way:

There are some imminent barriers. That is, there are barriers that are self-generated. And some of this we went into before is that the types of people who this type of structure attracts also tend to be the type of people who are nomadic, given to flights of fancy, utopian. Utopians make bad accountants. Ask Che Guevara. He was the minister of finance in Cuba and he couldn’t handle it (laughs). And that’s a problem... In all revolutions, there are a bunch of rag-tag rebels and then the bureaucrats take over. And we’re trying to make revolutionary bureaucrats in a way, which can be a hard sell.

In other words, it is necessary to meld utopian fervor with technocratic expertise – both business expertise as well as experts in collective and democratic structures of decision-making and reward.

Additional time must be devoted to learning how to engage in “participatory democracy.”

For those steeped in democratic decision-making from the activist and organizing world, it was

³¹ Again, cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. The seven cooperative principles are: Voluntary and Open Membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence; Education, Training and Information; Cooperation among Co-operatives; Concern for Community

(a bit) easier to transplant the skills of deliberative decision-making to the worker cooperative. But this is not how everyone is socialized to interact in the workplace given most workplaces (and most other mainstream organizations) are fairly hierarchical. Bernardo argues, “I would say that for the vast majority of workers in the country, notions of solidarity and self-responsibility are not something that is totally engrained.” Jim struggled with this in his own cooperative,

In general, people in my worker co-op were not lefties, they weren’t activists. It took me a while to realize that. And it led to some challenges sometimes. It was sort of natural, I was accustomed to being in a collective, where everybody thinks like an activist. And it took me a while to realize, “Wait! These people aren’t activists and I’m expecting them to think like activists.” It’s really not fair.

Deliberative decision-making is a skill to be honed and antithetical to US norms and values. It requires a tremendous shift in workplace culture. Learning these skills requires political education – this piled on top of the other demands in starting a business.

Nevertheless, learning how to participate in democratic decision-making is crucial to a cooperative’s success. Abell (2014) argues, “organizational democracy requires leadership, good process design, and skilled facilitation. Designing democratic processes and training co-op members to participate in them effectively is an important element of co-op development” (p. 26). There are often a lot of meetings in the beginning of the process to figure out how people will make decisions together, and to solidify that decision-making process and other organizational procedures into formal bylaws and operating agreements. This requires many (many) meetings.

Many of my participants were already familiar with participatory democratic processes from their previous experience as activists and organizers. They also became accustomed to sitting through many lengthy meetings. These meetings were understood to be both an asset and a liability with regard to sustaining a business. The democratic considerations of participatory

democracy will be discussed in greater detail in the next chapter. However, the time commitment and efficiency considerations will be discussed as a resource constraint in this section.

The number and duration of meetings – and the time they take – was named as a major resource consideration in starting the business. For instance, Cullen described the frequency and duration of the meetings at the beginning of Red Emma’s: “We had been used to things like general assemblies, long, interminable meetings and things of that nature. We thought that sounded good (both laugh). Let’s have a bunch of meetings and talk about things until we figure things out.” Similarly, the founders of Baltimore Bicycle Works spent the majority of 2008 trying to hash all of these things out.

Meredith: We went down and filed for our business license just to have that. And then we started working on a set of bylaws. I guess, yeah, uh, Brent was on board and he suggested we talk to Tommy because Tommy was doing some frame building. And maybe looking for space. I thought there was room for collaboration. And then we started working on bylaws together. And then organizational structure - stuff like that. So that’s how it started.

Josh: Lots of meetings.

Cullen elaborates about Emma’s:

We spent a really really long time thinking about how to set this up and how to organize our work in a way that was equitable so that people were doing a variety of types of work and also, in a way that made sense in terms of having an operating, functioning business. One that did take the concept of eventually making money as a thing that we didn’t cringe when we hear of. But that was actually quite difficult.

In other words, planning what the business will look like, and collective vision to prefigure a new kind of economic system, requires deliberation, which can take more time than hierarchical decision-making.

Freedom is an Endless Meeting

Not only is there the need for “interminable meetings” when setting up the business, collectively and cooperatively run businesses require ongoing democratic input – i.e., lots of

meetings. Casey argues, “It’s a really cool idea, but then it takes a lot of time to make decisions by consensus. Making sure you have enough time to make all of those meetings, to make all of those decisions.” Tiffany, a longtime worker owner at Red Emma’s, discussed her initial surprise at the number and duration of these meetings – despite the fact that she believed that “Red Emma’s meetings are never pointless.” She goes on:

The meetings were a challenge for many people. There’s a lot of meetings. A lot of meeting time. I think the ability to spend that much time in meetings - when I first came into the Red Emma’s world, I had no conception of how many meetings were going on. I think some people can get along fine with that. For some people it’s probably prohibitive for strong involvement. I’ve seen people who get involved and are excited about the project but can’t do that much meeting or can’t be attentive or focused through a five-hour meeting.

In other words, for those unaccustomed or unwilling to spend many hours in meetings, committing to the level necessary to start and/or maintain a worker cooperative is unappealing or impossible. And there are those for whom this is impossible which is a significant resource constraint. According to Polletta (2002), these meetings demand “more patience, energy, and time on the part of its participants. People without much free time are at a disadvantage” (p. 12). Consequently, the young, single, childless worker owner has significantly more resources available than the single parent or the person who may need to work multiple jobs to make ends meet.

However, not all worker cooperatives are committed to holding many meetings. Charmington’s realized meeting time could be prohibitive to involvement and limited the number of in-person meetings to once per month. Dan admits that sometimes even those meetings are not terribly productive. He states, “We have very long meetings that sometimes don’t accomplish anything, I mean anything! You spend three hours in a meeting and you walk

away and you're like, "I can't even believe I was there for that." That to me would be the most challenging thing." Amanda argues that this feeling has led to a decrease in in-person meetings.

We meet once a month. And sometimes we meet more than that. That's our minimum and part of our worker-owner requirements include attending a certain number of these meetings every year. And, we will sometimes have smaller meetings. But we found that more than one meeting per month, every month, tends to decrease the attendance rate.

They moved a great deal of their decision-making to online forums instead (now very common due to Covid). This decreased the pressure for in-person meetings and allowed people to participate on their own time.

Detractors from participatory democracy argue that these "endless meetings" are an inefficient use of time. This is particularly so in a culture where "busyness" and "citizenship" appear to be at odds (Scheuerman 2005). As a result, time constraints can be a significant barrier to entry to political activity writ large, where it is perceived that democratic deliberation is a "waste of time." Scheuerman (2005) describes this dilemma,

Deliberation and debate in anything but the smallest of groups taxes our patience. It requires a willingness to hear others out, carefully consider their views, and then formulate a thoughtful response. Even hardcore political enthusiasts often leave such meetings overwhelmed with a sense of both ennui and impatience, and political newcomers often never bother to return because "the whole thing seems like a waste of time" (p. 457).

In a culture where time constraints and "extreme busyness" are a barrier to political involvement, these time constraints can be a dealbreaker (Scheuerman 2005; Petrick 2015).

Nevertheless, the conflation of time and efficiency is common. Some maintain, however, that democratic decision-making is necessarily more time consuming, but not necessarily less efficient than traditional/hierarchical decision-making (Malleon 2014; Polletta 2002). To reiterate Jim's surprise that people think that running a worker cooperative will be easy, the reality is it takes more time and work than most people anticipate.

Continuing Education and Worker Cooperative Development

Not only are “endless meetings” a time constraint, ongoing education and leadership development are crucial to cooperative success. According to Gordon Nembhard (2014), “The success and growth of many cooperatives appear to depend on education strategies – orientation and training about both what it means to be a good co-op member and how to operate in and manage a particular business” (p.86). Furthermore, she names a number of educational resources critical to cooperative success – study circles, curriculum development, pretraining and orientation, in-service training (industry specific and organizational skills), networking and conference development, leadership development, and public education (Gordon Nembhard 2014:88). Ro maintains,

To me, it’s putting money and putting time into training. Knowing that that’s an investment. If you want your business to be bringing on folks that are going to have a deep personal investment into the coop, and that aren’t going to leave after four years, that this isn’t just a job. Again, I only work with smaller coops so it’s like, maybe that’s not the goal of bigger coops. You have to put the time in, and you have to prioritize it. You have to see it as a fundamental part of the process to be creating an informed, committed worker-owner body in your co-op.

And while these elements are central to worker cooperatives’ flourishing, education and training was named as a difficult resource to tap.

According to Tanner (2013), while education is crucial to cooperative success, “limited formal education for cooperative members” (p. 27) remains a significant challenge. It is important to note that Tanner (2013) argues lower pay in the cooperative sector makes attracting the “talent” needed to run a successful business inaccessible. It is possible, however, that the problem of continuing education is instead not due to lack of talent or formal education, but due to lack of time to cultivate these qualities for worker-owners, especially those with limited formal education. The problem is two pronged. First, experienced worker-owners are so focused

on keeping their businesses open that they do not have the capacity to develop formal training networks to diffuse their “lessons learned” to other worker-owners. Second, within a cooperative, there is sometimes difficulty in finding the time to step back from the demands of the business to train incoming worker-owners in such a way to promote best practices and innovation in their businesses.

Adding to this is the fact that in many places (including Baltimore at the time) the infrastructure for continuing education is underdeveloped.³² This is not due to lack of political imagination from worker-owners. Instead, investing in continuing education was difficult due to financial and time constraints. Of Red Emma’s, John notes,

We tried to do an educational program but in practice we haven’t actually lived up to that commitment. We had very grand plans about having a program of sort of introductory, kind of 101s, about various political topics, you know, consensus decision making, worker cooperatives, food politics... Some of those have happened. Some of those have not... At the end of the day, Emma’s focuses on keeping Emma’s open. It pays people’s bills, it feeds people’s children, it pays a really large amount of rent, and buys a lot of things.

Cullen also imagines the role that continuing education can play in developing worker owners’ potential. When asked what he envisions for worker development, he said,

A camp of some sort that had scholarships that could fund people going and learning. Whether it’s decision-making, whether it’s accounting. That to me is actually the biggest thing - some sort of high-level technical training. The kind of training people would get going to business school or something but oriented towards cooperatives that was also funded. Because that’s a difficult thing. One, if you’re in a co-op, because everyone is at a very high level of equality, it hurts for anybody to be brought out a bit, to go away somewhere for a month or whatever, can exert a strain on the organization. And it can also exert a strain on the individual if they have to also not get paid because they’re not working... It would be great to have an outside organization that was able to subsidize those people who maybe didn’t have the ability to take a month off to learn something or to pay for night classes.

³² This infrastructure, as noted in the Research Methods section, has since been built through the Baltimore Roundtable for Economic Democracy. However, there is still a need for funding to support worker owners taking time off for substantial training and education services.

Because the demands of opening and maintaining a business are so high, it can be difficult for cooperatives to prioritize this type of education.

Time constraints also impact business development. For example, Emily from Mera Kitchen Collective has the following concern:

I think the challenge is that often people start worker co-ops with an objective of using that model to address inequities among certain populations, typically more vulnerable populations most in need of resources -- especially money. In our case, we tested an idea out, while also working on setting up the coop (bylaws, operating agreements etc.) and there were/are not enough people involved in our beginning stages to focus on scaling up ops while also formalizing coop, and handling the educational component with worker-owners, prospective worker owners. So now, there are two of us very deep in day-to-day without the ability to zoom out and focus on the bigger picture issues, because given that we have opportunities for income, and people who could benefit from this money, it's hard to stop and say we need to take a step back. The result is ending up in a sort of survival mode really early on...

Accordingly, being in “survival mode” in order to keep a business afloat can mean that the business isn't running as smoothly or making as many innovations as it could otherwise.

and it doesn't feel great to know that you're not starting off on the best foot. So, the outside appearance may be a thriving business that has things together, but really inside, it's not the most efficient use of people's time or skills. The scary part is knowing that if all goes well (from a business/income perspective) activities are not going to slow down and finding that time will be hard.

Jim, who has been advising co-ops for some time, suggests baking ongoing development into the business plan. Specifically, Jim suggests that time can be designated for trying new ideas, testing out the democratic principles of cooperative development. It's also useful for business innovation. He reasons,

Create a process by which someone who wants to try a new procedure, someone who has an idea - why don't we do this... there's actually a budget for that - not just a money budget but a time budget. Like *OK. Monday's our slowest day so Monday is the day you can experiment with the new procedure.* Something like that. So, you don't have to completely discourage someone who has an idea that they really want to try. And also so you don't get stuck in your ways. If you're not using your experimental budget of money and time, the collective should look at that and say, *why aren't we using this?*

Yet, when each task aimed at keeping a small business afloat feels pressing, and members are overextended, dedicating the time to education and skills development can become a “backburner” priority.

ADDRESSING RESOURCE CONSTRAINTS AND BUILDING A MOVEMENT

The resource constraints that the cooperative movement faces are a mixture of structural and cultural. They are structural in that “[t]raditional businesses, in which workers labor for someone else’s profit, have an entire ecosystem of support—from the business schools that train their managers to the banks and public subsidies that finance their creation and expansion” (Alperovitz 2016). In other words, a complex system of laws, regulations, structural designation, tax structures, and so on, determine how and if resources are available and utilized.

The knowledge and “habitus” required to access financial and technical resources are crucial (Edwards and McCarthy 2007). Cultural resources include “tacit knowledge about how to accomplish specific tasks...[as well as] technical and strategic know-how” (Edwards and McCarthy 2007:126). While worker cooperation is gaining prominence in public discourse, learning how to run a business, and run it democratically, for a number of worker owners this is a new skill set that people do not learn in mainstream institutions. Learning “how to do” democratic management requires training.

Furthermore, the cooperative movement is still experimenting with how to form a values-based business capable of thriving in a majority capitalist landscape – a landscape that has been made even more unequal by the Covid-19 pandemic.³³ A number of organizations have emerged both locally and nationally who understand these challenges and are organizing to meet them.

³³ According to Stadler and Tschanz (2020), “Fortunes are polarizing as business innovators and disruptors deploy technology to be among the leaders of today’s economic revolution. During 2018, 2019 and the first seven months of 2020, entrepreneurs in the tech, healthcare and industrials sectors pulled ahead. 2 The COVID-19 storm accelerated the divergence” (p.6).

Before I discuss how Baltimore worker-owners and cooperative advocates have specifically addressed their resource challenges, I will discuss general strategies in both individual worker cooperatives as well as in cooperative movement organizations for meeting the aforementioned resource needs (money, technical assistance, and time) and addressing the structural and cultural constraints that limit access to these resources.

One strategy for resourcing and scaling worker cooperatives is the “anchor institution” approach. Dubb and Howard (n.d.) define anchor institutions as, “place-based enterprises, firmly rooted in their locales. In addition to universities and hospitals, anchors may include cultural institutions (such as museums), health care facilities (such as nursing homes), and municipal governments” (p.1). The logic behind tying cooperative development to anchor institutions is severalfold. First, anchor institutions have tremendous purchasing power, creating a built-in market for cooperative businesses (Dubb and Howard n.d.; Loh and Shear 2015). Second, these businesses are structurally tied in place and unlikely to move out of the region. This creates a stable market for worker cooperatives and sustainable job development in an age of globalization (Howard and Dubb n.d.; Loh and Sheer 2015). Finally, anchor because they are “anchored” in their communities and have a vested interest in them. Furthermore, the surplus generated from these worker cooperatives are used to develop new worker-owned businesses, generating a movement ecosystem to incubate more cooperatively-run businesses and circumvent extractive lending practices. The Evergreen Cooperatives in Cleveland, also termed the “Cleveland Model,” has been a much-discussed example of the potential of this approach to worker cooperative development (a model I will interrogate more fully in chapter five).

There is also the ecosystem strategy for scaling up cooperatives (which can include the anchor institution approach). Hoover and Abell (2016) define the “Cooperative Growth

Ecosystem Framework” as, “a systemic understanding of what helps worker cooperatives thrive and reach a scale that has impact. The ecosystem includes actors—individuals, organizations and institutions—and elements that interact to support or inhibit scaled growth of worker cooperatives” (p. 2). This framework argues that a robust collaboration between the financial, nonprofit, public and private sectors increased access to needed resources for cooperative development. Specifically, the cooperative growth ecosystem can use these sectors to advance what Hoover and Abell (2016) name as the “essential elements” to worker cooperative success – financing in the form of “patient capital,” shoring up member skills and capacity, technical assistance, and co-op developers/incubators.

Contained within the ecosystem approach is the worker cooperative incubation model. Under this model, a cooperative incubator launches worker cooperative projects. These efforts might be undertaken by an existing nonprofit organization to expand its commitment to economic, gender, immigrant and/or racial justice organizing (e.g., The Center for Family Life in Sunset Park Brooklyn) or an organization may form for the purpose of incubating worker cooperatives by interested potential worker owners (e.g., Cooperation Texas, Green Worker Cooperatives in the South Bronx, or the Baltimore Roundtable for Economic Democracy). Some organizations offer “peer support” in which experienced worker-owners offer their expertise in starting, maintaining, and expanding a worker owned cooperative. Incubators and peer support networks address a number of resource challenges that co-ops face, including “financial, technical or legal assistance, business development support, leadership development, networking opportunities, vocational training, and/or management services and training” (McIntosh 2014).

Larger advocacy networks such as the US Federation of Worker Cooperatives (USFWC) have been key in building the worker cooperative movement nationwide. For example, the

USFWC was instrumental in the passing of the Main Street Employee Ownership Act. This legislation makes cooperative business development more feasible nationwide by building in Small Business Association (SBA) resources to improve access to capital and technical assistance to worker owned businesses. It also makes cooperative conversion easier by opening financial assistance to aid in the sale of businesses to its employees.

Additionally, the USFWC itself has an arm of technical assistance providers, the Democracy at Work Institute (DAWI), who provide one-on-one technical assistance as well as fellowships and management training courses that lay the groundwork for good governance and ecosystem organizing. Baltimore has utilized a number of these strategies in order to build a thriving cooperative ecosystem and move from interstitial processes (individual cooperatives “doing their thing”) to an interstitial strategy (providing a deliberate approach to building more cooperatives and creating a robust support system to ensure their success and proliferation) (Wright 2010).

Baltimore Cooperatives and Resource Mobilization

The longitudinal nature of this project has provided insight into the way in which the Baltimore worker cooperative movement has attempted to address the resource constraints facing cooperative startups, businesses hoping to convert to worker-ownership, and existing cooperatives with ongoing need for financing and technical assistance. The Baltimore worker cooperative landscape has changed significantly since 2015. This is primarily due to the organizing of experienced worker-owners in Baltimore. But it is also the result of a coordinated national effort to provide financial and technical support to cities looking to build worker cooperatives as part of a larger strategy for economic justice. The Baltimore Roundtable for Economic Democracy has been instrumental in building the funding structures and skillsets

necessary to build a robust cooperative ecosystem in Baltimore. This has changed the cooperative landscape significantly and has shifted the work from an interstitial *process* to an interstitial *strategy* (Wright 2010).

The Baltimore worker cooperative movement employs the “ecosystem” approach to worker cooperative growth. A bit about how this strategy is crystalized is in order. Red Emma’s expansion in 2013 marked a turning point in Baltimore’s cooperative development ecosystem. As Duda (2013) noted, Emma’s wanted to avoid using traditional banks to finance their expansion in 2013. As a result, they turned to a variety of sources to raise the capital. First, crowd funding allowed them to raise about \$30k of the capital, though it was not enough to fully fund the expansion. They sought out nontraditional lenders, including the Research Associates Foundation, a cooperative financing project called the North County Development Fund, and The Working World (TWW).

The relationship that Emma’s formed with The Working World is of particular salience.³⁴ Inspired by the recovered factory movement in Argentina, The Working World was formed as an organization that aimed to “reimagine finance to put the needs of people before profits.” They began by financing co-ops in Argentina and moved to the US helping New Era Windows and Doors³⁵ convert to a worker-owned firm. They also were crucial in the redevelopment efforts in the New Rockaways after Hurricane Sandy. This shifted TWW’s work into the US and thus

³⁴ The Working World subsequently launched Seed Commons, “a national network of locally-rooted, non-extractive loan funds that brings the power of big finance under community control. By taking guidance from the grassroots and sharing capital and resources to support local cooperative businesses, we are building the infrastructure necessary for a truly just, democratic and sustainable new economy” (Seed Commons 2020).

³⁵ New Era Windows and Doors, formerly known as Republic Windows and Doors, was born out of a factory occupation in Chicago in 2008. After the financial collapse, Bank of America discontinued Republic’s line of credit and, as a result, workers were abruptly fired. This violated the federal mandate that workers get a 60 day notice of a plant closure and workers decided to occupy the factory. Eventually, the plant was bought by a California company who again tried to abruptly close the doors in 2012. The employees negotiated a buyout of the factory and opened it as a worker-owned cooperative in May 2012.

began a national network of “peers” who provide technical assistance and financial support to worker cooperatives – recognizing them as central to worker cooperative development.

Through the lending process, a relationship formed between worker-owners at Red Emma’s and the folks at TWW. This relationship ultimately led to the creation of the Baltimore Roundtable for Economic Democracy (BRED) under the umbrella of Seed Commons (spawned from the work of TWW).³⁶ BRED consists of two parts, aiming to address some of the most pressing resource problems that co-ops face. First, there is the “peer network” from which “BRED can draw upon the skills and experiences of collaborating peer organizations across the country. We are sharing best practices and lessons learned, and codeveloping a robust and resilient network to grow the democratic economy” (BRED 2014). There is also the “financial cooperative,” a loan fund that aggregates national resources with local resources as a means to scale up investment capital.

BRED’s loans are “patient” in that they are repaid when the business is profitable and not before, bypassing the extractive nature of traditional lending. Furthermore, a portion of the interest from these loans gets cycled back into the local loan fund as a means to increase the amount of startup and/or capital available to cooperatives. The financial benefits are twofold. First, BRED prioritizes loan and technical assistance provision to “historically marginalized

³⁶ Seed Commons has ten member funds (including BRED). The others are:
The Working World in New York City;
Cooperation Buffalo in Buffalo, NY;
Poder Emmas in Asheville, North Carolina;
Southern Reparations Loan Fund, located in North Carolina but serves the entire south;
Co-op Cincy in Cincinnati, Ohio;
LA Co-op Lab in Los Angeles, California;
Climate Justice Alliance Our Power Loan Fund in California;
Cooperation Richmond in Richmond, CA;
Detroit Community Wealth Fund in Detroit, Michigan.

communities—especially communities of color that have been excluded from the current economic system” (BRED 2014). Second, BRED and Seed Commons keep the money within the cooperative ecosystem, thus lessening the need to rely on extractive lending institutions. In this way, BRED and Seed Commons are prefiguring a model of economic and environmental sustainability by divesting from extractive lending institutions who prioritize short-term profit over community empowerment and environmental sustainability. That is, they are developing an interstitial strategy for growing the cooperative ecosystem.

BRED has also created a more systematic educational infrastructure that seeks to meet the needs of folks interested in worker cooperatives and provide space for people to better understand how cooperatives work. BRED has curated a “Worker Cooperative Jumpstart” that is tailored to folks who want to learn more about the cooperative model (with workshops like Intro to Cooperatives, Steps to Startup) as well as those who are hoping to better their existing cooperative enterprises (e.g., Onboarding New Members, Business Basics). Furthermore, BRED offered bi-monthly educational events that focus on the more difficult aspects of running a worker-cooperative (Quickbooks workshops, business basics, decision-making workshops) as well as “co-op happy hours” that allowed folks to mingle and build a strong network of informal and formal support.³⁷ BRED is also shifting towards policy work as means to make worker cooperatives easier to form and function.

This tracks with networks of SMOs in that they have emerged locally, regionally, and nationally to address the resource challenges that many of the worker-cooperators have faced. Participants in the worker cooperative movements often bring skill sets from other types of justice-oriented organizing. As a result, they understood the need to partner with economic,

³⁷ Much of this has been put on hold due to Covid-19 though there have been some virtual events.

racial, and environmental justice organizations that are also seeking to build the economic and political power capable of undermining the exploitative and extractive nature of traditional capitalist labor relations (more on this in the final two chapters). That said there are some ongoing challenges in building a robust cooperative ecosystem in Baltimore. Many of these challenges remain resource based.

RESOURCE MOBILIZATION AND BALTIMORE COOPERATIVES: THE STRUGGLES AHEAD

I first discuss the ongoing resource challenges that Baltimore's cooperative movement is facing. Then I examine how this translates into strategic organizing on a national scale. While the cooperative ecosystem has grown since the founding of the worker-cooperatives in my study, a number of challenges have remained. In Baltimore, it has been useful to create a social movement organization whose primary role is to address the resource constraints that many cooperatives face. BRED has incubated a number of cooperatives, provided technical assistance to a growing number of cooperatives and hopeful cooperators, and developed relationships with municipal development entities such as the Baltimore Development Corporation (BDC). It has also granted expansion loans to Red Emma's and Baltimore Bicycle Works. BRED has expanded the number of co-ops in the city and created a "common capital pool" that will incubate more cooperatives – keeping the money in the Baltimore financial pool. Yet, there are several areas of ecosystem development where it has been difficult to build capacity.

Capacity and the Cooperative Movement

Social movement theory provides social movement scholars insight on social movement strategies and tactics. It illuminates how framing shapes movement outcomes (turns out, a lot!), how the larger political processes influence movement success, the tension between

institutionalizing movements and role of disruption, as well as the way in which social movements influence collective identity (Staggenborg 2011). More recently, social movement theory has delved into understudied aspects of movement participation such as the role that emotions and burnout play. One area of social movements literature that envelopes all these considerations is capacity building.

According to Fine and Jacobs (2014), capacity building “focuses on building a sustainable infrastructure and enhancing an organization’s ability to advance its mission and goals. Capacity building supports typically focus on internal organizational functions, such as leadership development, governance, evaluation, technology, communications, and solidifying a funding base. Training and technical assistance are common capacity tools” (p. 3) – all of which are central to the mission of the cooperative movement. As named above, while the ecosystem in Baltimore has become robust, the capacity to do all the work that co-op developers and movement participants want to do has been challenging given capacity constraints.

One of the benefits that BRED and other grassroots technical assistance providers have offered to the constituency of those interested in workplace democracy and worker cooperatives is advice from people in the trenches of worker cooperation. In fact, many of the organizers in BRED remain members of their co-ops. This is a benefit because their guidance is rooted in experience, unlike some cooperative incubators whose members have not been members of actual worker co-ops. However, this means that technical assistance and loan providers are also finding their time divided between the (more than) full time work of keeping a business open and (more than) full time work of the high-touch technical assistance required to usher a new worker-owned business into viability. BRED’s priorities are geared towards cooperative technical assistance and loan provision.

Additionally, some of the other ecosystem organizing efforts have been difficult to begin and sustain due to lack of capacity. For example, while BRED had been hoping to engage politically/legislatively on the local and state level, this has not happened. Organizing on this scale happens in fits and starts – BRED members have meetings with folks who are interested in supporting the movement, devise a plan, and given the more immediate needs of assisting cooperatives with their endeavors, these plans fall by the wayside. As a result, the political work that BRED hopes to do becomes (understandably) less of a priority than incubating, funding, and running cooperatives. This failure is not due to a lack of political imagination or understanding of strategy and networking. In many ways, this is endemic to what it means to be an overstretched organizer with limited capacity.

A solution to this is concerted leadership development – something that is important in general in movement building. But, for a few reasons, this doesn't happen as often as it should. Again, part of the reason is that people are so overstretched that it can sometimes be “easier” to just do the thing oneself. More often, however, is that the more pressing needs of movement work often eclipses stepping back to think through longer-term strategy for capacity building and systemic change.³⁸

Dixon (2015) describes this as “crisis mode organizing.” He argues, “The problem comes in when we become so absorbed in crisis mode organizing that we constantly postpone any long-term or proactive planning.” I've seen this happen in BRED. The important work of supporting cooperatives on the ground – which are vital to their incubation and subsequent success – has

³⁸ I want to be very clear that I see this work happening at the national level and that even though the policy work has not borne any fruit, there is a long-term strategic focus in these organizations. They are not shortsighted. But it is also the case that the organization could be more involved in changing the conditions of worker ownership in Maryland – a project that has been largely abandoned due to lack of capacity to build a sustained legislative strategy.

thus far eclipsed some of the strategic political work necessary to build a more hospitable environment in which worker cooperatives can thrive.

According to Jessica, a long-time organizer, long-term capacity building and leadership development is not happening nearly to the extent that it should. Thus, the work is limited to a small cadre of people who are overstretched and burned out:

I think it's a broad problem of the left. It's a problem in part because we're not as well funded as the right, but even when we are (Open Society Institute in Baltimore, for example) we focus on propping up a handful of superstar social entrepreneurs rather than leveling up the capacity of everyday folks to be agents of change. It's a funding problem, but it's also a patience problem, and the two work together ...we're mostly unwilling to ... hold still in our framework and strategy while we like, work to catch everyone up. That's hard to do if you feel like you have vision and want to be looking/working ahead. The challenge is to balance those, AND to acknowledge that this work isn't as easy as finding a small group of like-minded people and moving forward.

Like other social movements, for Baltimore's cooperative movement this vacuum of coordinated leadership development leads to lower capacity and makes it difficult to meet some of the larger goals of the movement.

Taking Cooperatives to Scale

Despite the increase in interest and density of worker cooperatives, they remain a marginal sector of the economy. As a result, there has been a lot of discussion about how to scale up – both in number and size – worker cooperatives in the US. According to Hoover and Abell (2017) scaling up is important because, “Density of worker cooperatives in a given place seems to have a powerful multiplier effect, generating and mobilizing resources that support further growth in the number of enterprises” (p. 12). And without strategies for ecosystems organizing and scaling up the sector, cooperatives are doomed to remain an interstitial process, rather than a strategy capable of systemic transformation (Wright 2010). A major question that emerges is what strategies best scale up the cooperative sector and strengthen the cooperative movement

without dampening their democratic aspirations? Along with this, scholars and activists question the role that governments and foundations should play in this transformation.

Participants had a great deal to say about scale. John – founder of Red Emma’s –has also worked for the Democracy Collaborative. The Democracy Collaborative, as part of the larger “new economy” movement, has done a tremendous amount of work thinking through the mosaic of projects that can cumulatively create a new economic system, of which worker cooperatives play an important role. Of his role in the Democracy Collaborative, John recognized the importance of an integrated, national strategy to scale up worker cooperatives. He asserts, “I think there has been a real effort to boost up the worker cooperative movement through national education management structures, which we’re a part of, which we benefited tremendously from... there is definitely a movement and it is for the most part nationwide and pretty integrated.” Despite this, he concedes, “we’ve tried to catalyze that to whatever extent possible on a local level. It’s been really hard.” He goes on,

...it’s really about ecosystems. You look at where worker cooperative growth has been facilitated, it’s been through interlinked worker cooperatives and support structures you know where you have policy advocates, and finance people, and legal people and a whole bunch of businesses to draw from as examples. And building that is harder. It’s not just one piece... There’s a connection between technical knowledge, long-term movement support and grassroots power and economic institutions that’s really lacking in Baltimore.

And this is precisely what BRED is working toward. And while BRED has had some success in building new worker cooperatives, the work of long-term movement building is still a challenge.

All of this said, some participants questioned the role that scale plays in building a post-capitalist future through worker ownership. One concern is the motivation behind scaling up.

For example, Norah reasoned,

The whole “scale up” thing. I feel very mixed about that whole thing. We’re always thinking bigger’s better and that’s not the case, you know. I think people think, “If we can provide more to more people, then that’s better.” But actually, that’s not necessarily the

case... Funders always want to hear that it's scalable and all that. I can see it. But I also don't want to be the director of thing that's huge. I want to be a person who is working on the ground, in community, with people, doing stuff with people that I'm working with and holding space for them to build the thing and grow the thing. And when I say "grow the thing," I don't necessarily mean bigger. I want to be a part of a small thing that does big things.

That is, the focus on scale, to Norah, reflects a framework that falls in line with the existing paradigm of growth for growth's sake. She also contends that "a lot of people do it for ego or have more money. A lot of people do it to get their ideas spread in a very colonizing way." And, like her concern about the NPIC, the focus on scale is quantitative rather than qualitative. Jim argues a similar point.

Some of the nonprofits I've been talking to, they're only interested in worker co-ops that will create fifty jobs or more. They want to go to large-scale right away because they're looking at job creation. That's sort of, you know, I favor - I feel like if what we're looking for is cultural transformation, then I think a large number of small collectives can be more effective at transforming the culture.

Jim further articulates that scale, and the purpose of scale, differs when considering beneficiary versus conscience constituents.

I think it's very, I think it's radically different, fundamentally different if the spark, the initiative for the co-op comes from the people who want to be worker-owners versus the spark comes from people who want *other people* to become worker-owners.

This is deeply connected to the question of whether scaling up worker ownership actually serves the purpose of supplanting the dominant system. Jim isn't so sure.

We can have worker co-ops that can take impoverished people and turn them into middle-class people. They end up being homeowners, they end up putting their kids through college. They end up with retirement accounts. They cease to be economic[ly] precarious. All these good things... You look at, like, WAGES³⁹ worker co-ops. They, I was speaking to Hillary Abell about this in Chicago a couple years ago. I said to her, I asked her about economic democracy. I said, "You know, for me economic democracy has always been this primary reason to start a worker co-op. Let's democratize capital. Let's take the profits from the investor system and turn it upside down, right?"

For Abell, however, capital democratization was not the focus of the work. Jim continues,

³⁹ Now called Prospera.

I asked her something generally about the idea of economic democracy and the work she had done to help start like five or six worker co-ops in 20 years or so. She said something to the effect of, “We never really thought about economic democracy when we were starting the worker co-op. We just wanted to help impoverished Latinas become middle-class. We wanted to help people transition to gain economic empowerment.” And that’s actually their name - Women’s Action to Gain Economic Security. It was all about class mobility. It wasn’t about overthrowing capitalism. It wasn’t even about even democratizing capital!

Jim acknowledges that these are tangible benefits of scaling up and replicating the worker cooperative model and admits that making this argument is difficult given these benefits.

Nonetheless, while there is an economic justice component to scaling up these models, it is not done with the intention of replacing the existing capitalist system.

For Jim, the trepidation is not only that worker cooperatives fail to disrupt capitalism, but that they “are compensating for capitalism’s shortcomings instead of actually replacing it... perpetuating the very system that made [the worker-owners at WAGES] impoverished in the first place.” One thing is clear, scale alone necessary but insufficient in changing the economic system.

CONCLUSION

This chapter explores the common resource constraints that worker cooperatives face and the way in which the cooperative movement has mobilized resources to their needs. Cooperatives struggle with money, technical assistance, and time/capacity constraints. Worker cooperative social movement organizations, often run by current and former worker-owners have offered non-extractive financing and high-touch technical assistance to meet these needs (capacity building is still a work in progress). That said, whether the national and local efforts around shoring up resources for worker cooperative development will be enough to supplant capitalism remains an open question – one that will be discussed in the final chapter of this dissertation.

What is clear is that a deep structural and cultural shift must happen around worker-ownership. For worker cooperatives to truly become an economic and political force, a competing and sophisticated ecosystem of finance, education, and cultural work must support the creation and expansion of worker cooperatives. But the absence of this constrains the ability of worker cooperatives to challenge capitalism. That said, the cultural work of democratizing workplaces and decision-making is equally important to building the potential to democratize workplaces. This will be examined in the next chapter.

CHAPTER FIVE: DEMOCRATIC DECISION MAKING IN WORKER COOPERATIVES

One argument of this dissertation is that worker cooperatives as an interstitial strategy have the potential to democratize workplaces. The thematic analysis confirms this connection between internal democratic decision-making and creating non-alienating and less hierarchical forms of economic organization. Proponents of worker cooperatives argue that they are also a central component of a larger strategy to democratize the economy (Akuno 2017; Cornwell et al. 2014; Dahl 1985; Ranis 2016). According to Cornwell et al. (2014), “Worker membership turns the relationship between labor and capital on its head. In a worker co-operative, rather than being hired by capital, labor hires capital” (p. 22). In this way, worker cooperatives offer workers greater control over the labor process – control that they are often (but not always) denied in traditional workplaces. From this perspective, worker cooperatives democratize workplaces in ways that traditional capitalist firms often do not. Worker cooperatives offer not only the potential to prefigure more egalitarian forms of ownership, but also offer a path toward greater democratic control over the working process. That said, research participants identified the challenges of internal workplace democracy—the way friendships and social ties can undermine democratic participation, how “founder’s syndrome” and differing expertise can crystalize into informal hierarchies, and the ways in which traditional hierarchies along the lines of race, class, and gender reproduce themselves in these workplaces—as well tactics and strategies for overcoming these difficulties.

This chapter will assess the efficacy of worker cooperatives in meeting these democratic aspirations within their co-ops. I use Marx’s (1844/1977) concept of alienation in the capitalist system to frame the debate about how worker-owned cooperatives differ in their approach to labor and its relationship to capital. According to Marx (1884/1997), “[capitalist] production

does not simply produce man [sic] as a *commodity*, the *human commodity*; it produces him in keeping with this role as a *mentally* and physically *dehumanized* being” (p. 121; emphasis in original). In worker-owned firms, by contrast, workers are in control of the productive system and are afforded greater opportunity for self-management and self-realization to democratize the institution in which many of us spend a good portion of our lives (Cornwell et al. 2014).

DEMOCRACY WITHIN WORKER COOPERATIVES

Non-Alienated Work

In *The Economic and Philosophic Manuscripts of 1844*, Karl Marx (1844/1997) outlined the key dimensions of worker alienation under capitalism. In Marx’s estimation, workers are alienated from their work because they lack control of what they produce and how they produce it. Marx (1844/1997) suggests, “The *alienation* of the worker in his product means not only his labor becomes an object, an *external* existence, but that it exists outside him [sic], independently, as something alien to him [sic]” (p. 108; emphasis in original). Under these conditions, workers themselves are objectified – labor serves capital rather than the other way around. Under liberal capitalist systems, a citizenry is granted democratic input in the political sphere, hence the strong association between capitalism and democracy. However, many workers lack meaningful, democratic input into their working lives. Instead, the worker is an object for profit making.

The atomized nature of capitalist production not only alienates people from their work, but also alienates workers from each other by encouraging competition rather than cooperation (Marx 1844/1997). This disconnection, fueled by a culture that values individualism, has profound impacts on people’s relationships to one another. According to Tocqueville, the individualism extolled by capitalist systems has the result of further isolation and disconnection from the fate of others. Tocqueville contends, “Each person, withdrawn into himself, behaves as

though he is a stranger to the destiny of all the others” (as cited in Sennett 2012:188). Furthermore, modern capitalist values and outcomes such as inequality, individual competitiveness, lack of social support systems, and increasing emphasis on extrinsic values (e.g., status-seeking, material acquisition) have had an overall negative impact on personal wellbeing (Gilbert 2006; Hidaka 2012). In modern working life, this means that many workers do not derive the well-documented psychological benefits of cooperation (Hari 2018; Sennett 2012).

Capitalist culture propagates the belief that individualism and self-interest are good things, that these traits are the key to human flourishing (Wright 2010). Yet, Johnson (2000) sums up the overall impact of this system this way: “People who participate in alienated systems tend to feel like cogs in a machine. They are isolated and disconnected from others, themselves, and meaningful work in which they can experience themselves as whole, integrated human beings whose lives have purpose” (p. 10). This alienated state of being in the capitalist workplace leaves Cornwell et al (2018) asking, “How can we create a free and just society when we spend so much of our working lives being told what to do” (p.22)? This chapter will consider the benefits and difficulties of workplace democracy. What happens when workers aren’t beholden to the whims of the boss and decisions are the worker-owners’ to make in cooperation? This question will be used to explore the potential as well as the barriers for worker cooperatives to facilitate interstitial transformation within the capitalist workplace.

Democratic Decision-Making and the Consensus Process

One of the seven principles of cooperatives is “democratic member control” in which, Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected

representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner (US Federation of Worker Cooperatives n.d.). And according to Wright (2010), “This is one of the main reasons why cooperatives play such a central role in social economy activities: cooperatives affirm the emancipatory values of egalitarianism” (p. 212). Meredith from BBW affirms this and adds, “Worker cooperatives have the ability to ... give some of the power back to working people who need it most and that ability to have that ownership over their work, which is so important in our society. And, like, how do you have a good life?” This is to say that worker ownership aims not only for an individual’s democratic participation but is also a framework for empowering people in their workplaces in ways that more hierarchical workplaces do not.

While larger cooperatives elect decision-makers and have an entrenched bureaucratic hierarchy that mimics that of traditional workplaces (albeit a democratically elected and accountable one), worker-owners in this study had relatively small businesses, which allowed them direct democratic input into what and how they produced. For instance, Baltimore Bicycle Works (BBW), Form Salon, Thread Coffee and Charmington’s make decisions by a simple majority. The exception for all of them is bigger, more consequential decisions, which require consensus. For instance, of BBW, Bernardo states

there are certain things that require consensus, there are some things that require a simple majority, there are some things that require super-majority, and there are some things that can be done on-floor vote - which is basically like whoever’s there votes on it and that’s that. Shop floor vote.

Consensus decision-making is a system of making decisions in which all members of the group have to agree on the decision. According to Seeds for Change (n.d.), “Instead of simply voting for an item and having the majority of the group getting their way, a group using

consensus is committed to finding solutions that everyone actively supports, or at least can live with.” This is important because this means that a simple majority is not enough to make major changes to the organization. Instead, deliberation is valued. According to Amanda from Charmington’s, “Most of our decisions need to be majority rule. There are a couple that [need to be] unanimous, consensus. For instance, adding on another partner, that has to be a consensus vote.” Bernardo, from BBW echoes this but understanding that in practice, things might play out a bit differently. He says,

Technically, everyone has one voice/one vote. In practice, the people who are on the committee that things are, you know whatever issue is being discussed, tend to be deferred to a little bit more, just in the way things end up. Things like hiring need to be done by consensus. If a firing ever were to happen, which I think hasn’t really, that would need to be done by consensus.

To Tiffany, from Red Emma’s, this is where the democratic nature of cooperatives differs significantly from traditional workplaces.

I think when it comes to the day-to-day operations, the day-to-day, week-to-week and even month-to-month operations, it’s very similar to some traditional workplaces and very different than others. In my day job, in the day-to-day, week-to-week model, there are a lot of similarities. I have my special area of responsibilities, I have a lot of control of decision-making within that area. I work in consultation with others, I consult with other people on my team about what happens. Especially in the finer details, I have a lot of discretion.

Yet, worker cooperatives offer decision making at a higher level. Tiffany continues,

When you get to the level of very significant decisions, that’s when the hierarchy of the organization shows through. A decision about what a rule is going to be - when you get to highly significant decisions, I have a voice but I can be overridden. I have no power to block really. I have significantly less power in the big decisions in my day job.⁴⁰

According to Marx (1844/1997) the capitalist system - and capitalist workplaces - ultimately sever the relationship between workers and their work in the sense that workers are

⁴⁰ It is important to note that Tiffany has a great deal of professional autonomy at her day job. This is not often the case for low-income workers in the service industry. Despite this level of autonomy, she still notes the differences between her experiences in her day job vs. her experiences at Red Emma’s.

not able to make important decisions about what to do and how to do it. Worker cooperatives are built on the ethos of democratic input, thus shifting the onus of responsibility and power from the boss and/or shareholders to the workers themselves.

Red Emma's, on the other hand, prioritizes consensus-based decision-making in almost all instances – rather than simply on larger decisions. According to their website,

At Red Emma's...decisions are made by consensus [because] [t]raditional forms of representation invite the concentration of power[which] is about treating people as valued equals, building the foundations of trust you need to take people seriously, to truly listen to what they have to say, and to work things out dialogically until arriving at a solution that everyone is comfortable with. If we're serious about our critique of power and power dynamics in the world around us, it's imperative that we not reproduce these dynamics inside our own projects; consensus is a big step in this direction.

As the worker-owners at Red Emma's suggest, consensus decision-making is often held to be the “gold standard” of democratic participation in circles that value horizontal decision-making.

Graeber (2013) sees consensus as a superior method of decision-making, arguing “it ultimately comes down to just two principles: everyone should have equal say (call this ‘equality’), and nobody should be compelled to do anything they really don't want to do (call this, ‘freedom’).”

The consensus process gives workers blocking power so that they are able to veto any decision they are unable to live with. When this happens, the group will have to come up with a more palatable alternative – arguably one that better satisfies the entire group. Dan from Charmingtons

sums it up like this:

It's certainly made me have to take a step back - I'm a pretty controlling person in a lot of ways and it makes you really step back and be like I've gotta give a lot of ground on this. And this person is gonna give ground, and you're gonna give ground and everyone is going to compromise.

Consensus decision-making requires worker-owners to develop their listening skills and recognize how power dynamics may play out in group settings (Seeds for Change n.d.). Whether this type of decision-making can scale up, however, is an open question.

Consensus becomes difficult, if not impossible, when a larger number of people have a stake in the decision. Thus, as cooperatives expand, it can be challenging to maintain a commitment to this form of decision-making. According to Wright (2014), “In general, the larger an organization is, the more complex and less directly-democratic its structure is. Indeed, it almost necessarily becomes more bureaucratic and hierarchical, because in order to function smoothly some specialization of roles is required” (p. 37). As Red Emma’s has grown, the worker-owners have thought deeply about how to maintain their commitment to consensus-based decision-making while growing the business. They state,

Consensus decision-making depends on two things: having a group small enough to meet face to face with everyone’s voice able to be heard, and having a group where everyone has a more or less equal stake in the decisions being discussed. As Red Emma’s has grown, we’ve tended to spin off new projects, rather than building a larger and potentially more hierarchical structure. To use a popular metaphor, we’ve expanded rhizomatically. Even our operations in our new, larger space has followed this logic: we’ve built a structure around empowering our departments (the bookstore and the cafe, for instance) to act as semi-autonomous mini-collectives within an overarching framework.

John, a worker-owner at Red Emma’s, expands,

We followed a pattern which is pretty common which is to devolve power to work groups. So, in some really interesting ways we got more democratic as we scaled because the face-to-face decision-making actually wound up being between less people in a lot of cases because they were between a departmental work group level.

Whether by majority-rule or by consensus, most participants noted that the democratic principles inherent in the workplace gave them the capacity to control their working conditions in a way that were often not possible in their other jobs.

Participants further reasoned that democratic input is not only good for the worker, but also good for the business because workers care more about the work that they do. When asked about why cooperatives are appealing to her, Tiffany stated, “The mode of participation, I think. The lack of formal hierarchy. The strong expectation that everyone contributes to decision-

making. I really enjoy the investment that most people have in the project and the process.” This in turn strengthens the business. According to Cullen from Red Emma’s,

I love working with people who have a similar investment and a similar stake in the thing I’m working on. And you have a similar obligation to take criticism or to work harder to work better or smarter or to think more. To know that everybody has the same demands shared of them can be very strengthening to an organization...

Amanda from Charmington’s suggests that democratic input can prevent stagnation in the workplaces.

It gives the opportunity to raise dissent, which I think is, I think the lack of that in a traditional business model can lead to bad decision-making via confirmation bias. You know, if you look at a choice, and someone says, “We have choice A or choice B. I think we should do choice A.” With a very limited number making those decisions and no one to really say, “What about this problem...have you considered what you can do if this happened,” then you can, it’s easy to think that your decision is the best decision. And that’s kind of like, I guess the best benefit is that it reduces that confirmation bias.

Josh from Baltimore Bicycle Works notes a similar dynamic. He offers that consensus has been a check on bad decision making:

... sometimes it takes a room full of people who you respect professionally, personally, whatever the case may be saying that that’s not a good idea. Or that they have a different idea or some sort of improvement. So, I think that it, there are certainly moments of disappointment when you have a way you think something should go and it is not the majority opinion. Or some modified version of what you think is the best. But by and large, I think that the business has had more success because both the commitment of people to give all of their talents to this organization and then also, just because I think very often having to actually fully express and defend your ideas makes them either revealed as not very good ideas or strengthens them with people’s additions to them.

There is room in a cooperative, then, for healthy and generative debate about many aspects of the business – both in small decisions and very big ones. Preliminary studies suggest that, even when contentious, input on decision-making and a corresponding financial stake in the business have a positive impact on the performance of the firm (Kaarsemaker 2006; Kozlowski 2014).

Participatory democracy has also been identified as a valuable tool for managing interpersonal and professional conflict resolution. According to Wright (2010), “effective

functioning of a cooperative depends heavily on trust and solidarity” (p. 245). This sense of solidarity creates a safer space to manage the inevitable frustrations that arise at any job.

According to Ro, this means that people can bring their “whole selves” to work, undermining the alienating aspects of the workplaces which demand that frustrations be swallowed and one is required to “perform friendliness.” This is particularly important under capitalist modernity in which people often feel fragmented given the performances they are required to give (Smucker 2017). Instead, people feel more emboldened to say what is on their mind absent potential managerial retaliation.

This means that cooperatives allow more space to make grievances transparent and worker-owners feel confident that they will be handled more fairly. Comparing his experience to his traditional factory job, Bernardo from Baltimore Bicycle Works claims,

I know that I have faith that if we say that “this is not cool,” it’s going to be addressed. And it’s going to be addressed fairly. And I’m not afraid of retaliation, not because I’m like some big tough guy that’s not afraid of retaliation, but because I really don’t think there is going to be retaliation. I certainly cannot say in any of my life... back to my factory job again. Someone was talking about unionizing - not in any kind of serious way, just in a grumbly, “fuck these guys” kind of way. They sequestered him in a room and told him if they ever heard him talking about that to anyone, they would fire him and fire whoever he was talking to.

Workers in this situation are better equipped to have their voices heard and their concerns addressed, which several participants noted contributes to a sense of fairness. Dan echoes this,

It’s much better, I know for someone like me at least, who is independent, I love not having a boss. I love that concept. There’s nothing better than not having to have someone breathing down my neck all the time. I know I do a good job. But if I do something wrong, we all discuss it. Whenever something happens...but you know, it’s fair.

Workers suggest the feeling that conditions are fairer ultimately makes them better workers. Cornwell et al (2014) argues that this is because members share a common goal in seeing the business succeed, hence there is greater interest in managing conflict for the sake of the

workplace. Furthermore, “conflict is an inevitable challenge cooperators must rise to on the basis of equality rather than hierarchy” (Cornwell et al 2014:71).

Because worker-owners drive this process, they can come up with creative ways to honor the individuals in the workplace in managing the inevitable frustrations that accompany working with others. Jim brought up the example of Rainbow Grocery in San Francisco,

...there’s a loose-leaf binder that’s kept on the shelf in the back of the store. Everybody has a page, their own page in the binder. What you write on your page is: If you need to come talk to me about an issue you have with me, here’s how I want you to do it. Here’s the protocol for telling me something that I may not want to hear or that might hurt my feelings. And you can define your protocol however you want... You get to decide on the protocol. But it’s the protocol, if someone tells me they need to tell me something and they’re aware it might be heated, figure it out. Everybody gets to decide how they’re told something.

Along these lines, Casey contends, “there’s a shared interest in seeing the business succeed. If you are a worker-owner that has equal decision-making power, you want to make it succeed just like everyone else, you know?” Accordingly, there is an incentive structure in place to make decisions that benefit the workers as well as the business – because co-owners have a vested interest in a healthy business and a supportive workplace culture to support that business.

Empowerment, Civic Participation, and Workplace Democracy

Working for a cooperative considerably shifts workers’ relationships to their jobs not only because they have input into the workplaces, but that this input contributes to a sense of empowerment that they lacked in their other jobs. The alienating aspects of capitalist workplaces give workers “authority over their own working bodies as well as the goods and services they produce” (Cornwell et al 2018:21).

Though empowerment can mean different things in different contexts, I will use Anne’s (2016) definition as it relates to social welfare – “empowerment is defined as the process that a person undergoes to gain greater control over the decision-making and activities that influence a

person's well-being" (p.2). Hence, the decision-making power conferred on worker owners in a cooperative has the impact of empowering the worker to take control of the work process and encourages workers to think creatively knowing their input will have an impact (Quinn and Spreitzer 1997). While this type of empowerment is not limited to worker cooperatives (and is often available in the professions), many participants noted that their experiences in their worker cooperatives were different than those in more hierarchical workplaces. Dan from Charmington's explains,

I think the structure of leadership in here is very different. It's very, you know, almost every traditional capitalist business in this country is this very structured, top-down, hierarchical thing where you have one person at the top, and there are a couple of assistants there and everybody else just kind of lumped at the bottom... as a partner here, I am very empowered. Everyone here is very empowered. That's a really big part of this, of what makes Charmington's a really great place.

Amanda, also from Charmington's, compares her experiences there to other work situations,

I have worked in a number of other food service businesses, especially where it seemed like morale was very low, that there was very little investment, people would sort of come and go, they wouldn't show up for work, they didn't really put their best face forward.. and part of it was feeling like... a lot of the reasons I think there was low morale in places like that was because sometimes, everyone always had really good ideas how they could improve the business. They would approach someone and then get shot down. Or they would say, "Oh yeah, we'll look into that" and then nothing would ever happen.

The feeling of being undervalued impacts people's relationship to work and their performance in the workplace. Amanda continues, "So over time if you feel like your ideas don't matter, you stop contributing and when you feel undervalued you aren't motivated to put in the work that is expected of you." This

Furthermore, Bernardo is skeptical of those workplaces that boast of equality but the structure of the enterprise leaves traditional hierarchies intact. In his mind, obscures the nature of capitalist power relations.

That's something that I like to remind myself of. As much as I'm like, I believe that things should be done better at my place of work, and *can* be done better, I also know that we're like, I think and feel that we're a bagillion times better than even some bullshit new wave, kind capitalism who're like, "We're going to listen to our employees." Fuck that Silicon Valley bosses wear jeans shit. That's even worse, I think. Because at least traditional hierarchies piss off the workers. But coddling people out of political activity is the worst-case scenario.

Accordingly, this trend in faux workplace democracy extends the trend of labor compliance outlined in Michael Burawoy's work *The Politics of Production*. Rather than brute force over the workers as in early industrialization in the global North, capitalist relations remain intact through the illusion of workplace autonomy (much like the autonomy afforded Tiffany at her professional job). Burawoy (1985) suggests this solidifies the consent of the worker to accept (and even champion) their working conditions. This is a common sentiment in unionized industrial workplaces and where the state has created a safety net strong enough to absorb workers who no longer accept their conditions. But in the food service industry, participants noted frustration in their jobs.

Participants overwhelmingly discuss how worker cooperatives shift the power dynamics and ameliorate the alienating working conditions in a fundamental way. Casey, from Thread Coffee discusses the appeal of this difference,

I think people are sick of having a boss and particularly sick of being broke and having a boss. You're not making a lot of money - the economy is bad and people are working these jobs that are not necessarily, you're either having to work more than 40 hours a week or you're just not making enough to pay the bills. Then to add on top of that, you actually don't have any say within your workplace. And, the idea of worker cooperatives, even though they've been around for a long time - it's like being talked about a lot right now. And people are like, "Oh, cool. That sounds neat. I could actually have a say in the decision-making?" I think that that's part of what's driving it.

Casey goes on to outline how participatory decision-making has an empowering impact,

People feel like, I guess empowered to voice their opinions because you know at the end of the day, you're helping to make the decision. It's not just that you share your opinion so that your boss will take it into account when the boss makes all the decisions. But

instead, it's like, no, you are, each person has one vote so they have equal power in decision-making.

And, according to Elliot,

...cooperatives that are, that actually adhere to their principles and are truly actually democratic in whatever way that looks, I think that they offer people the ability to see ways in which to relate to one another and to work and to be valued in something that they spend a lot of their time in very differently. I think that it allows for people to have an ownership stake in something that they spend a lot of their time in, right? I think it gives folks direct experience into what democracy actually looks like, in which they're participating and it impacts their lives.

In other words, the democratic decision-making endemic to the cooperative form gave participants a sense that their input matters – that they have a say in the fundamental operations of the business. This makes workers feel both valuable and valued, a key part of their overwhelming feelings of empowerment. Ro puts it like this: “it really does make it so work doesn't suck as much.”

However, it is not only democratic decision-making that leads to greater empowerment in co-ops. Cooperatives also allow a more equitable distribution of labor than they found was available in a bureaucratic or hierarchical business. In more horizontal organizations, this means that there is not a monopoly on empowering tasks. Of Red Emma's, Cullen explains,

[Emma's adopts] a distribution of empowering labor and a distribution of disempowering labor, or drudgework. Everybody who works within an organization should balance those things out. There is no work that is beneath you because it all has to get done and we're all in this together. At the same time, you also strive to uplift people so that someone can't just come in and say, “I just want to wash dishes. I want that to be my job.”

Josh, at BBW, argues that this benefits not only the workers, but is important for the success of the business.

I think if you're trying to have an organization that's trying to outlast whoever those people with those particular skill sets are, you need to address that. Which is to say not necessarily there cannot be any division of labor. But you need to have people training at jobs, and you can't have people being the sole repository of organizational memory and skill.

And if workers decide that this framework of alternating tasks does not work well because specialization draws on people's unique talent (more on this later), there is room in the decision-making model to account for this. According to Monica from Form Salon,

We originally thought that we were going to all take turns after six months that we were all going to alternate jobs. It became obvious that I'm not good with numbers, you know what I mean? I don't want me doing payroll, you know? I think we're switching that up, but that's still a conversation.

In these situations, workers made those choices together, rather than those decisions being handed down from on high.

Participants further discuss how democratic input and a more equitable division of labor is a vehicle for personal growth and political transformation outside the workplace. Jim, who has helped countless people build and grow their cooperatives, offers

...when people work together in a collective, or in a small business, they sort of share fate and solve problems together, they get stronger. They become more resourceful people. And they become more politically savvy people... This is also the best way to develop people. It's surprising to me how few people get that and how well a small business will do that for people, especially if it's a democratic small business where people really share fate, share benefit, and share power. I really believe in that. And in a lot of ways, that really drives me. It's the human development and the strengthening of a culture, the creation of a resilient culture at the lowest level.

Red Emma's is committed to what John calls "balanced job complexes," which euphemistically means "everyone takes out the trash." This creates a culture that allows for personal and professional growth – and with it a corresponding sense of personal and professional empowerment. However, this also leads people to challenge assumptions on hierarchy and participation in other aspects of their lives. Cullen suggests,

There is a level of pushing people to embrace larger obligations. Because, at least the theory is that that will give people more ownership over their own lives and own existences. That's what we want to do as a workplace, to be a workplace that actually encourages and fosters democratic practices amongst its workers. It encourages people to

look at the world around them and say, “I should have a say in this. I should have a say in things.”

Elliot notes the potential inherent in this model as well. He offers,

I think that’s super powerful if you take that and then look at, “Well, this is how my work operates, why doesn’t my block operate this way? Why doesn’t a town hall meeting operate this way? And, why not?” You know, so that’s the hope. And I think that we need to be able to bridge that for folks. I think that cooperatives are brilliant, and people see it. And, once they see an operating thing, it can spark the imagination of what’s possible and also sort of, spark is the right word. It can ignite sort of a flame of, wait a minute, why do we have to accept the way things are, maybe social transformation is possible.

Amanda, one of the founders of Charmington’s explained that the group initially did not want to replicate the overtly political model of Red Emma’s. Yet, as she became more invested in the business, she also found herself invested in the fate of the community. She says,

I always thought of a business as somewhere you make money, and people come in and spend their money. And over the years, I have come to understand how much businesses mean to the community as meeting places, as mechanisms for change, as places of employment, as ways to help increase safety. All of these factors are crucial when it comes to very micro-political issues or movements and things like that. So that’s also another reason why I think we’ve become more politicized. We have come to understand what our presence actually means.

These inclinations correspond with Polletta’s (2002) findings about participatory decision-making in activist groups. She contends, “Participatory deliberation yields citizens who are more knowledgeable, public spirited, better able to see the connections between their own interests and those of others, and more willing to reevaluate their own interests” (Polletta 2002:11). She further suggests that these forms of decision-making prefigure new societal norms of accountability and leadership, as is the case in worker cooperatives.

It is clear that worker-owners in my study have derived a great deal of benefit in the way of personal and political empowerment from their cooperatives. That said, nobody would tell you that it is always easy. Complicated questions arise around how horizontal decision making may

lead to the emergence of informal hierarchies⁴¹ and arguments over power and leadership in the process of “doing democracy” in the workplace.

BARRIERS TO DEMOCRACY

Despite the commitment to egalitarianism, democratic decision-making isn't always as equitable as the ideal. Tiffany concedes, “The ideal is that [decision-making] is equally shared. It's a little different in practice.” When outlining the possible pitfalls of democratic decision-making in a worker cooperative, Seeds for Change (n.d.) identified this concern: “Even when a group wants to organize non-hierarchically, there are almost always differences in how involved people are, how comfortable they can be, and how much they shape the decisions that happen.” Adding to this, most people are socialized into hierarchical social relations – starting from their parents, and later in their schools, workplaces, and representative democratic political systems. As a result, there is a learning curve in navigating a participatory democratic structure; a set of skills worker-owners are unlikely to hone until their participation in horizontal decision-making (Varman and Chakrabarti 2004). Cooperatives face challenges similar to other types of social movement groups who practice participatory democracy in their decision-making. Therefore, I will draw from the literature that theorizes some of these difficulties as they arise in movement spaces as there is a striking resemblance between movements committed to prefigurative social relations and the worker cooperatives who model those movements.

Hierarchies are deeply ingrained into the fabric of everyday life. Despite their best efforts, cooperatives committed to participatory democracy still see informal hierarchies develop.

⁴¹ Diefenbach and Sillince (2011) explain the distinction between formal and informal hierarchies as the distinction between “official structures and rules allocating formal roles and positions at different levels and unofficial stratification among members of a social system because of conscious or unconscious social processes” (p. 1516). This distinction will be explored in some more depth later in this chapter.

There are several separate but interlocking ways that this happens: friendship networks can create an informal structure of decision-making that bypasses the democratic process; founders can exhibit undue influence on the direction of business; there are differences in commitment, expertise, and experience that make decision-making necessarily unequal; and the decision-making process can be manipulated to favor certain outcomes. Embedded into these variables is the persistence of external hierarchies based on race, class, gender/gender identity, sexuality, ableism, and so on.

In Polletta's (2002) study on the benefits of and resistance to participatory democracy in twentieth century social movements, she outlines three relational underpinnings of the commitments to democratic deliberation – relationships of religious fellowship (e.g., the Quakers), tutelage (e.g., more skilled organizers teaching newcomers), and friendship (e.g., where close-knit groups form and make decisions about strategy and tactics together). I will be focusing on two of these types of relationships within cooperatives – friendship and tutelage. I will discuss how co-ops are able to live up to the promises of democratic decision-making, as well as where conflict may emerge in these models.

Friendship

Many of the cooperatives in my study were started by people who had prior close, personal friendships or working relationships (as well as romantic partnerships⁴²). And because the coops were relatively small to start, early newcomers were quickly absorbed into the close, personal relationships with the founders of the business. This worked well when the businesses

⁴² For example, Josh and Meredith, now married, were partners at the founding of Baltimore Bicycle Works. John and Kate, now married, were partners at the founding of Red Emma's. Both are cited as integral to the ongoing success of their businesses.

were small and ties of solidarity were strong. But friendship as the basis of democratic decision-making becomes unsustainable as the cooperatives expanded and diversified.

As Polletta (2002) cites, friendship as a foundation for participatory democratic decision-making carries with it benefits such as trust, intimacy, and familiarity. She also notes that friends are able not only to see each other's skills and talents but are also able to see each other's potential given the "mutual knowledge and trust that friends requires and reinforces" (Polletta 2002:155). However, friendship as the foundation of this work also has pitfalls. First, the group structure is looser and decisions are made with less formality, and this lack of structure can carry over into the group dynamics (Freeman 1973-74; Polletta 2002). Furthermore, as with activist groups, cooperatives with friendship as a central dynamic can depend upon a governing clique, sometimes based on ideological alignment, expertise and perceived skill/ability, and/or whether or not people get along with one another (Polletta 2002).

While it is not uncommon to make friends at work, the meaning of friendship changes when there is a commitment to democratic decision-making in the workplace. According to Crozier (1964), bureaucratic organizations are less prone to succumbing to "cliquishness" because they have institutionalized strata. In contrast, the intimacy between workers in horizontal structures can function to give newcomers or "outsiders" the sense that there is a cadre of worker-owners who are making decisions together informally and without accountability to the group (Freeman 1973-74; Polletta 2002). According to Jo Freeman (1973-74), who discusses the informal nature of the women's movement in her seminal essay *The Tyranny of Structurelessness*, "Because people are friends, because they usually share the same values and orientations, because they talk to each other socially and consult with each other when common decisions have to be made, the people involved in these networks have more power in the group

than those who don't" (p. 154). This is true for activists and organizers and it is true in workplaces with a commitment to non-hierarchical decision-making. Freeman (1973-74) continues, "it is a rare group that does not establish some informal networks of communication through the friends that are made in it" (p. 154). This dynamic happens not out of malice, but benign sociality. That said, it is a dynamic that carries potentially negative consequences for group solidarity.

For example, friends within the cooperative may discuss or brainstorm proposals about the direction of the cooperative in informal settings rather than deliberating together in the group. Again, shoptalk is normal and, in some ways, unavoidable. Yet, this can cumulatively lead to a great deal of decision-making outside the formal channels where deliberative, democratic decision-making is meant to take place. Ro points out that they have been to meetings where this is the case.

There are meetings that I've been to where I felt like the decision was made before the meeting and there was just a presentation. It was like, "OK we got the approval from the four people we needed the approval from" which are the people who are maybe most vocal in the meeting. Or whose voices hold more weight. They're just presenting a proposal under the guise of "we're going to make this decision together." But it's like, the decision was kind of made beforehand.

This can lead to the perception that it's not just the informality of decision-making inherent to the "rulelessness" of friendship groups but the perception (sometimes valid) that some voices carry more weight in a nominally democratic space.

In order to avoid this, Red Emma's outlines a clear set of rules, rather than norms, that govern how to make decisions together.

While we wanted to create a business that was maximally empowering and maximally based around norms rather than rules, we found very quickly that we had to establish rules and that these were going to be very important. And just because you have rules doesn't mean that you're being bossed around because you're part of that process of making the rules.

In other words, the “structurelessness” of norms- versus a rule-based system of operation was quickly understood to be untenable, especially as the business grew. Yet, these dynamics can be difficult to reverse. Friendships allow for “easy camaraderie and a shorthand knowledge of issues” (Polletta 2002:145) which can, in cooperatives, be perceived as the “hypocrisy of an elitist clique” (Polletta 2002:144) only nominally committed to participatory democracy.

Founder’s Syndrome

Outside of friendships, another (related) way that informal hierarchies emerge is through a phenomenon called “founder’s syndrome.” Founder’s syndrome is defined as the difficulty an organization faces when the founders of a business have disproportionate power and influence over the decisions and/or decision-making process (Block and Rosenberg 2002). Block and Rosenberg (2002) continue, “the use of the word syndrome further suggests unhealthy organizational situations in which founders are more heavy-handed...[over] their control over the organization” (p.354). A lot of the literature on founder’s syndrome is specific to the corporate or nonprofit world, which does not have as explicit a commitment to nonhierarchical workplace relations. However, even in situations where hierarchy is the norm, it is well understood that founders can maintain an unhealthy monopoly on decision-making, thus disadvantageous to the business.

The founders of an organization are to be lauded for their capacity to turn their visions into reality (Block and Rosenberg 2002). Again, it is difficult to get any business off the ground. And, as outlined in the previous chapter, cooperatives encounter their own set of difficulties given the structural disadvantages they face. Therefore, founders of the cooperatives in my study understandably feel protective over the projects they built from the ground up. Casey from Thread Coffee explains,

Founders vs. new people. That definitely happens. I would say that within Red Emma's but also within Thread. I catch myself sometimes just being one of the founders of Thread, like trying to keep things in check. Like, alright you guys, that doesn't mean it's my project, it's everyone who's involved's project. I think it's very natural - it's like ownership but it's because you care about it so much it's easy to feel like, oh, my baby, my project and get caught up in that. I think sometimes that creates the difference between the new people and founding members.

Josh, as founding member of Baltimore Bicycle Works, has also had difficulty letting go of control,

I guess a real sort of, an ownership over this thing because of, you know, your actual ownership over it, informal feelings of entitlement to this thing because of the amount of time you spent there, the amount of labor hours put into a thing. And having equal vote to somebody who has worked and devoted a lot to this business. Spending a year of time in a place is a significant commitment to make. [sarcastically] But whatever! I've been there for longer!

Ro outlines how resentment may build up from founders whose initial labor was done for free and/or their ongoing operational labor has gone unnoticed. They claim that founder's syndrome may stem from resenting the fact that their foundational contributions are underappreciated – particularly because they are more versed in the back of house tasks that keep a business viable. Ro, explains, "...you can see that oftentimes that's the work that doesn't get paid initially. People are not getting paid to do that kind of work that is foundational to the business. So both resentment being like, people feel unappreciated for the work that they're doing." Therefore, there arises a sense of outsized ownership over the project that may create conflict between founders or those with seniority and folks who are newer to the cooperative or are not performing the labor that contributes to business development.

Oliver, a former Red Emma's collective member – and not a founder – has a less generous interpretation of how this phenomenon plays out and why founders, purposefully or not, maintain their stranglehold on power in the organization. He explains, "there's a tendency of collectives/infoshops, at least in the US, to fall into a seniority paradigm where the remainder of

the group/cliue that started the project inevitably has more decision-making power than newer members.” That is, friends/cliues, founders, and longtime cooperative members maintain their power in a cooperative through their seniority, accumulated skill sets, as well as the sense that their input is weighted more heavily.

This means that a commitment to democracy demands worker-owners – especially founders – figure out how to integrate new members into the project and instill upon them the same sense of ownership and empowerment as founders (more on this later) in a formal and transparent manner. And, as mentioned, there is a concerted effort to do this in many of the cooperatives in this study. Of Red Emma’s, John suggests, “being a founder doesn’t mean you don’t take out the trash. I think that’s really helpful in keeping some of those dynamics tamped down.” Yet, the distinction between founders/those with seniority and new members require cooperatives to grapple with tension that Josh alluded to earlier: how to balance expertise, experience, and institutional memory with equity and participatory decision-making.

The conflict around informal hierarchy based on seniority/founder’s syndrome is particularly salient in times of crisis. When you’re trying to ensure your business survives, it can be pretty easy to bypass the commitment to egalitarianism and prioritize the input of those with more experience or expertise. Josh from Baltimore Bicycle Works argues,

I think it comes down to in some ways justified and unjustified levels of privilege and deference. I think on some level there is some justification for people that have experience and competencies in certain realms having some... I think there’s a question of efficacy in terms of having an organization succeed. If somebody has many years of experience and training in a particular thing, and can very quickly do it in a way that’s profitable, like as far as the organization goes, I think you can make, there are decisions you can make for expediency’s sake to having this thing up and running.

Casey at Thread Coffee notices how organizational maintenance can crystalize power relations as well,

It very easy to kind of fall, I think, towards, “Oh, well we have to make a decision on the fly because we’re constantly all working or our store’s open lots of hours or we’re making lots of coffee.” And having to prioritize and find the time for everyone to get together to make the decisions can be challenging at times.

In these situations, the deliberative process can break down. Moreover, the creativity that comes out of the deliberative process is bypassed and creative initiative is not rewarded (Polletta 2002; Varman and Chakrabarti 2004).

Related to, but distinct from, founder’s syndrome and seniority is the way in which confidence, expertise, and commitment (real or perceived) can translate into informal hierarchies in worker cooperatives. According to Dan, the more vocal and confident members of the cooperative can dominate meetings,

I think personality is a big thing. If you have somebody who can be very non-confrontational, it’s a situation where in a co-op, if you have eight people, the person who’s confrontational is gonna be, in general they’re going to have a very dominant situation there. You know, you can’t deal with an issue, you’re going to wind up getting kind of steam rolled by somebody who’s very much like, “I think this is stupid.” That’s certainly something I’ve seen happen a lot in here.

And it is important to consider the social location of those who do speak more. Often (but not always), those who feel empowered to participate carry structural privileges that others in the cooperative may not (e.g., around education, race, class, gender, etc. which will be discussed in greater detail in a subsequent section) (Seeds for Change 2013).

Expertise, Capacity and Leadership

Additionally, it is challenging to balance the fact that everyone has an equal say with the reality that some people have more experience and expertise. A tension develops about how to properly rotate tasks in order to distribute the empowering work versus developing a specialized skill set and expertise, say for instance, in bike repair, bookkeeping, or marketing. Meredith and Josh explain this predicament.

Meredith: I think the trouble is everyone wants to be, people want expertise. They want ownership of something. They want to have value. Everybody wants to feel valued by their organization and I think that expertise does that. I think that is definitely something that we struggle with still. I think the committees are a way to give people expertise in this thing but everyone has input on what the expertise is - who is doing what jobs. And also some discussion of “should we change it up?” so it’s not the same thing all the time.

When cooperatives seek to minimize hierarchy, it is a challenge for them to build equity into the model all the while honoring people’s unique capacities. It is not enough simply to rotate tasks if some folks come in with skill sets others do not have. As mentioned in the previous chapter, cooperatives must play a pedagogical role in order to fully integrate new members into the workplace (Gordon Nembhardt 2014).

Capacity and initiative are also variables that determine a person’s position in a cooperative. According to Varman and Chakrabarti (2004), failure to fully integrate new members into the rights and responsibilities of workplace democracy can crystalize existing leadership arrangements. These leadership positions are often conferred through expertise, as described above, but also through the perception that those in leadership have greater capacity to do the work. As mentioned previously, even a willingness or ability to sit through what Cullen called “interminable meetings” is itself a measure of worthiness – both in social movements as well as in some of the cooperatives in my study. This may contribute to the perception that those who put in more time have more initiative and should occupy leadership roles. In reality, this mindset is its own form of exclusion given that not everyone wants or is able to put in this time (Taylor 2019).

When, for whatever reason, people do not feel they are given adequate opportunity to become leaders, this can lead to the perception of the oligarchization of power in the cooperative. Whether or not this perception is based in reality is another story. Tiffany describes how this tension plays out at Red Emma’s, and it is worth quoting at length.

I think a challenging thing has been, just that there's been tension around leadership, about what it means and how it translates. The organization has a lot to do on a day-to-day basis, and a lot of decisions to make and work to be done and directional positions to take. I think there's a dynamic sometimes where people who are leaders in the organizations tend to be those that get the work done. There's not complete overlap, but usually if someone's getting a significant amount of work done in the organization, they are in a leadership role or come into a leadership role really quickly.

Consequently, there is the perception that those folks who are long term, high capacity members, or those quickly elevated to leadership roles are hoarding power. Tiffany continues:

And there's been tension sometimes around the issue of some people in the organization feeling that their voice isn't heard or feeling that they don't have as much leadership as they should. They're feeling that their opinions are not being taken seriously or that they don't have voice or that they don't have sufficient opportunity to develop a leadership role. I think where the tension tends to come in is around the understanding of what is the role of current leaders, what's the responsibility of current leaders, and what's the responsibility of people who wish to take a more active role in the organization? How much responsibility for that development falls on current leaders making space and helping others develop? And how much falls on the initiative of those who wish to be more active to take ownership and step forward?

Because Emma's has such a vocal commitment to horizontal decision-making, these dynamics cause tensions in the collective. I know a bit more about how this plays out through my own organizing, through my involvement with my own collectively run events space, and through my friendships and relationships with folks in some of the cooperatives in my study. From my experience, this distillation from Polletta (2002) resonates with my findings:

Groups were paralyzed as members charged unrestrained egoism and power mongering in every exercise of initiative, manipulation in every programmatic suggestion, and betrayal of democracy in every effort to get something done. The joint learning that had been critical to participatory decision-making became less important than ensuring that no one was intimidated by demonstrating superior skills (p. 207).

Conversely, leadership is not always a source of strife. Of Charmington's, Dan states, "...all eight of the partners have a completely, basically equal say in whatever we do. And Amanda technically is the nominal leader. But at the same time she doesn't have any more right to certain things than any of us do." He continues,

I think a lot of us trust Amanda with what she's doing with the company. She's been doing it for four years now. That is, while it is understood that there is the right to give one's input, there is also the acknowledgement that even in a non-hierarchical setting, there are generally accepted differences between people in terms of their authority in the organization. This can of course change when group dynamics shift.

As we will see later, Ro from BRED believes these dynamics *must* shift if democratic cooperatives are to remain both democratic and sustainable.

Consensus – How democratic is it?

The consensus process has come under fire as well. Red Emma's and similarly minded anarchist groups hold consensus as an ideal in democratic decision-making. For example, if a proposal is so odious to someone in the group that they simply cannot live with the decision, they have the power to unilaterally "block" the decision (Seeds for Change n.d.). This is celebrated as a profoundly democratic option because a block will force the group to consider an option that everyone in the cooperative can live with. However, blocking power can also be wielded in bad faith wherein disproportionate power can lie with a small number of dissenters, thereby derailing the decision-making process altogether (Taylor 2019; Kaufmann 2015). According to Kaufmann (2015), blocking power can amplify the divisions of factional interest groups rather than simply connote a difference of opinion. As Cullen noted, a norms- rather than a rules-based system carries the potential to break down. And blocking power is highly contingent on the norm that a member of the cooperative will not wield that power malevolently.

Furthermore, consensus building is an acquired skill and some worker-owners may be more adept at moving the cooperative in particular directions given their ability to manage (or, depending on who you ask, manipulate) the democratic decision-making process. For instance, according to Oliver, those with authority at Red Emma's were better able to carry out their agendas by way of their intellectual heft in what Malleson (2014) calls "the tyranny of the

eloquent” (p.190). In these scenarios, meetings “devolve into a leftist vocab fluency contest, IQ contest, logic race, etc.” which disadvantaged those who were not able “compete in those contests and power-grabs.” Through this, informal hierarchies can emerge wherein some members of the group have more power due to their greater familiarity with the inner workings of the organization or the consensus decision-making process (Gordon Nembhard 2014).

Furthermore, Oliver noticed, “there’s non-consented upon decisions unilaterally made or pseudo-consented upon decisions in fact condensed upon out of a mix of pressure and fear of newer members appearing out of line and possibly being targeted in the future, all under the guise of the consensus meeting model.” Varman and Chakrabarti (2004) found a similar dynamic in their study of a cooperative in India. They state,

...consensual decision-making is a matter of learning and culture, where people care and dare to speak and critique. What actually happens in SAMITI is that a few articulate individuals are able to push through their point and in the process further alienate others. On this aspect there are significant differences among the new and the old members, as the senior ones have become much more adept at handling participatory culture. Many members feel that doing their work well as workers is enough and refuse to recognize that something more is needed to keep SAMITI going (Varman and Chakrabarti 2004:199).

Oliver remarked how tempting it was for other workers to be enamored by or fearful of those in leadership positions (calling them the “bosses”). At the same time, and even to those who respected the competent members of the group, it was evident that their de-facto power simultaneously undermined the participatory nature of decision-making in a group.

Additionally, there is a self-selecting nature in the group wherein those who aren’t able to stomach the way this plays out leave. Regarding this, Oliver remarks,

...each mini-generation of new members of a left-oriented collective, the ones who give a ton of free labor, don’t perceive themselves as being personally targeted by the power dynamics they observe, and in general whose idealisms about the image/myth of the collective aren’t complicated, stay—and the ones who don’t have such a great experience leave.

What tends to happen, then, is that without a formal, bureaucratic hierarchy, anything that looks like hierarchy in a flat organization generates suspicion within the group. This is a catalyst for intergroup tension and frustrations toward worker-owners who are perceived as using their status in the organization to coalesce their power.

As Wright (2010) suggests, when hierarchies are not formalized, equity relies on trust and solidarity. It is crucial for people in the group to believe that those who have more experience, power, expertise, or so on are not wielding their power in bad faith. It is when trust and solidarity break down, there is a lack of solidarity built into the new member onboarding process, and/or factions emerge that the democratic structure is vulnerable to conflict and dysfunction. This is why Freeman (1973-74) refers to these power relations as tyrannical, as “informal structures can do very useful things. But only unstructured groups are totally governed by them” (p. 157).

Hierarchy and Decision-Making

Finally, all this intersects with traditional hierarchies of gender, race, class, gender identity, age, and so forth. The cooperatives in my study have varying levels of diversity. At the time of my interviews, they were much more homogenous than they are in 2021. Each cooperative has made it their intention to diversify their teams and BRED prioritizes Black and brown-owned cooperatives (this will be discussed in greater detail in chapter six). That said, Casey from Thread Coffee points out how, even under the most intentional circumstances, it’s easy to blur the line between skill and ability and the more persistent structural hierarchies in dominant society.

... there’s a lot in power dynamics. Anything like age, education, experience, things like that. I think it’s more complicated about race, culture. The general culture of a cooperative, of this particular cooperative if new people come into it, they don’t have that same culture of the sense of urgency and meetings and stuff like that. That can also create

informal hierarchy - those who actually all participate in the same culture versus those who aren't used to that or have to adapt to it. It's a lot there.

And this is not uncommon in nominally non-hierarchical groups. According to Seeds for Change (2013), this is because we “are part of a system of oppression and exploitation that has a much longer history than their particular group and the individuals within it” (p. 146).

Just as it is difficult to unlearn the hierarchy embedded in the socialization process, so too is it difficult to unlearn the biases around legitimacy, dignity, and entitlement embedded in systemic social hierarchies. Cullen suggests,

It does make criticism sometimes difficult and that is something we all have to learn, you know. And especially, you know, when you're aware of certain dynamics - whether they're gender dynamics, race dynamics, class dynamics, etc. - you know, you don't know where to tread lightly when you're gonna be misconstrued. Or even not being misconstrued, when you might have an embedded concept in your mind that is reflected in your attitude, you know? It's good to be in an environment that is aware of various criticisms and is aware of various pitfalls.

Despite an awareness of them, pitfalls remain. According to Kate, Red Emma's commitment to equity and building a diverse workplace leads them to employ folks “who have been denied agency in other parts of their lives.” The increased sense of agency they feel in their worker cooperative is empowering. However, Kate has observed, “what's empowering for one person can be deeply disempowering for other people.” She continues, “the ability to, for example, just be able to complain about work at work and not fear retribution is hugely empowering ... and for others, it's deeply destructive and feels like a breach of solidarity.” Because Kate has also provided technical support for cooperatives through BRED, The Working World, and Seed Commons she sees this in other co-ops; i.e., this is not unique to Emma's. She continues, “It comes up a LOT in self-management cultures.”

There are some who are critical of the cooperative movement for neglecting to address these inequities in any real way. While there is a rich tradition of cooperative development in

communities of color (see Gordon Nembhardt 2014), these efforts have been historically ignored by what is often dubbed a “largely white official co-op movement” (Dubb 2018).⁴³ Furthermore, relationships in these “horizontal” groups are shaped by these dynamics. Marisela discusses how privilege and marginalization manifest in “white” cooperatives.

I have not seen that kind of intense grappling with the reality of racism and classism in co-ops. I see some rhetoric. I see some intention. But I think that the grappling with values and the intentionality of how we’re going to be together with each other in real, equitable and just ways. Just in our regular relationships, much less in our relationships in trying to run a business or to try to run an intentional community. If we don’t have it even in the way we interact with each other, how can we expect to have it when we get into bigger and more complex issues and practices?

As much as they attempt to prefigure new social relations, cooperatives are not vacuums. The injustices and structural inequalities still seep into these egalitarian spaces. Seeds for Change (2013) sum up how all of this may ultimately materialize:

The problem here is *not* the fact that they feel empowered and comfortable. If everyone felt their needs were valid and their way of doing things was OK, and the power to do things in the group was shared between everybody it would be great. The difficulty arises when there are big imbalances between members of the group, or some people use their power against others.

Consequently, there are efforts in these spaces to navigate the complexity of democratic decision-making – complexity that can lead to strife and frustration among worker-owners.

NAVIGATING DIFFERENCE IN EGALITARIAN SPACES

What is clear is that worker cooperatives, in their quest to foster workplace democracy, undo some of the alienating aspects of explicitly hierarchical workplaces endemic to the capitalist system. This is especially so in the lower-paid service sector where the distinction between the everyday worker and management/ownership is stark. Yet, a different set of frustrations emerge in cooperatives. For one thing, workers are vigilant about detecting anything

⁴³ This perception will be discussed in much greater detail in the next chapter.

that replicates the hierarchies embedded in traditional bureaucratic workplaces common to in the capitalist system, and anything that hints at a reproduction of these hierarchies becomes a source of strife. Also, a new set of questions around how inequality reproduces itself in nominally equal workplaces vexes spaces aiming to disrupt these unequal and alienating circumstances in the service of prefiguring a new world.

Given all of the above experiences in a democratized workplace – both the positive and the negative ones – it is prudent to ask: what factors distinguish hierarchy from leadership in a horizontally organized workplace? And how do worker-owners make this distinction? Hierarchy is defined as “a distribution of power among different layers in the social system, with little ambiguity as to who has authority over whom” (Johnson 2000:143). Conversely, leadership is “the ability to influence what goes on in a social system” (Johnson 2000:173). In an egalitarian workplace committed to democratized decision-making, is being nominally non-hierarchical the same as dismantling hierarchy? Furthermore, what variables distinguish hierarchies from leadership in organizationally horizontal spaces such as cooperatives?

On the surface, the answers to these questions are easy: hierarchies are formalized and less open whereas leadership is meritocratic and available to a larger number of people. In practice (as Tiffany noted), it’s a bit more complicated. According to Polletta (2002), a leader in an organization helps “identify goals, push people to question their preferences, and rally them to act” (p. 76). They drive the process. Ideally, leaders cultivate leadership in others. However, when there is distrust, this becomes more difficult. Workers have subjective interpretations about whether someone in an organization is a leader or whether they are wielding their power in such a way so as to crystallize hierarchical social relations without an accountability structure. Again,

a lot of this comes down to trust (Gordon Nembhard 2014). When there is a strong relationship of trust and solidarity among the workers, leadership is not interpreted as hierarchy.

However, it is when these strong ties of solidarity break down or do not exist in the first place that weaknesses in the deliberative process are exposed. The expansion and diversification of a cooperative often has the effect of eroding strong ties of solidarity, thus people trust each other less and there is more conflict. The familiarity that founders and early members of the cooperative allowed for tacit understanding around norms, task distribution, and input structures that felt empowering to worker-owners. When a cooperative diversifies – ideologically, racially, (sub)culturally, on the basis of class, and so on – there is greater potential for a breakdown in group solidarity. As a result, leadership becomes more suspect and is instead interpreted as reproducing hierarchy.

When cooperatives expand, they may struggle to integrate newcomers into the culture of the cooperative and develop new leaders. For example, in the cooperative they studied, Varman and Chakrabarti (2004) found, “though members quickly understand the significance and protocol of attending meetings, they hardly participate in the real sense. There is a stark difference in the quality of participation and communication skills of senior members in comparison to new ones” (p. 198). And while worker-owners overwhelmingly say they feel empowered by their cooperatives, the above variables make it so that some worker-owners feel more empowered than others.

Founders and longtime members hold the institutional memory and requisite skill sets that allow them to understand why and how important decisions were made, remember what works and what does not, develop expertise in a number of areas related to the business, and effectively navigate the collective process. Therefore, it is incumbent upon these members to

facilitate leadership development in order to pass along these skill sets and knowledge base. In a cooperative everyone, at least in theory, has the *opportunity* to be a leader.⁴⁴

John discusses how Red Emma's ensures leadership development in their organizational structure:

I think informally, we've developed a lot of mechanisms that are pretty good. We started doing mentoring with bringing newer members in to facilitate meetings with pairing them with older members. That's been pretty useful for giving people a chance to take leadership, especially when we only have monthly full collective meetings.

Baltimore Bicycle Works has a more formal apprenticeship program intended to integrate new members into the culture and structure of the cooperative. However, while newer members at BBW are learning the nuts and bolts of the business, Chris, a BBW worker-owner, states that it is clear that newer workers aren't as invested in the fact that the business is democratically run as longtime members. This is partly due to the fact that BBW has experienced significant attrition and proper integration into the democratic structures central to the cooperative model isn't as well emphasized. Newer worker-owners have been trained more like employees: training workers in the basic tasks necessary to keep the business viable and the doors open. As a result, the norms – which are often tacit modes of interaction – of the deliberative process of the cooperative are under-emphasized. According to Polletta (2002),

...formal rules by themselves provide insufficient guidance actually to liberate... countless issues are not covered by the formal rules: what kinds of concerns can be brought up, how they should be framed, what kinds and degree of emotions should be displayed in debates, how breaches in the formal rules should be dealt with, and so on (p. 16).

⁴⁴ It is important to note that not everyone has the temperament or desire to be in positions of leadership. For instance, I am not prone to occupy leadership positions in my cooperative or organizing. I am happily and voluntarily a foot soldier for the movement – executing logistics behind the scene. Yet, even that desire is borne from the socialization process. The first two sentences in this footnote were originally in a parenthetical note in the text. After writing it, I began reading Leondar-Wright's (2014) book about the way that class shapes social movement activity. She found that working class women (like me) are often reluctant to take on leadership roles in an organization – regardless of race.

It is vital, then, to integrate newcomers into the more subtle aspects of cooperative culture: the norms, values, and obligations necessary for democratic participation. It is here, when the model of the business is not based on friendship or a tacit, solidaristic working relationship, that a relationship of tutelage becomes necessary to properly assimilate new cooperative members.

However, like in larger society, the opportunity structures in cooperatives that are theoretically open to everyone can be prevented by the oppressive dynamics within cooperatives. According to Jim, “Grassroots democracies and horizontal group dynamics are usually unaware of the enormous amount of oppressive and hierarchical baggage that they are bringing in with them and that they inadvertently recreate.” Cooperative members understand the importance of unlearning systemic oppression in order to ensure equity in the cooperative movement. The AORTA cooperative provides anti-oppression training for cooperatives, as well as other social movements, as a means to point out the ways in which these forms of oppression show up in groups committed to collective liberation. In this way, the cooperative movement is self-consciously committed to understanding the interlocking oppressions that stunt the progress of cooperatives individually and movements for collective liberation generally. As a worker cooperative itself, AORTA formed given their members lived understanding these challenges:

As advocates of healing and disability justice, economic justice, and feminism, we believe that running a cooperative business demands that we center care for self, others, and community. Running a business and working collaboratively are challenging and rewarding; we will make extraordinary efforts to support mental, emotional, and physical health and well-being by encouraging each other to create and practice realistic workloads in order to sustain long-term involvement.

In order for someone to show up as their “whole self,” these forms of injustices must be (however imperfectly) addressed.

As with any skill, Polletta (2002) recognizes that democracy is something that is learned through practice. Relationships of tutelage are meant to ensure that while there are initial power

imbalances, they will be reduced as the newcomer becomes skilled and knowledgeable about the business as well as the collective process. As Josh noted earlier, in order to ensure organizational longevity, it is necessary to build a number of leaders in the organization. It further leads to a decreased feeling of alienation in the workplace as feeling as if one's input is valuable as it contributes to their sense of ownership over a project – making founder's syndrome and seniority less of a sticking point for diffusion of leadership.

Yet, even with a formal mechanism for leadership development, a relationship of tutelage fosters an unequal relationship between worker-owners who are nominally equal. In light of this, Polletta (2002) wonders, “Can one even talk of real participatory democracy in an organization when members relate to one another as teacher and student” (p. 74)? It is important to ensure that relationships of tutelage do not mimic dominant power relations along the lines of race, class, gender, and the aforementioned factors that contribute to informal hierarchies (Polletta 2002). Yet, these modes of authority often cross over into the deliberative process. Furthermore, relationships of tutelage have been found to reinforce the relationships of deference they are meant to replace (Polletta 2002).

Ro concedes that the unequal relations between cooperative members are inevitable at the beginning. But as new members become integrated into the workplace their skill set should eventually parallel that of the founders. Otherwise, this indicates a structural weakness in the cooperative. They suggest,

...when you start, your relationship to decision-making and your confidence in decision-making isn't shifting, I think that points to something that's wrong in the development process of worker-owners. But, if you're not building, “Oh I can do this, I can participate. I know enough now where I feel like my decision or my input is important, and that I have enough of an understanding to participate.” If that's not happening, something seems wrong structurally with the onboarding process.

The relationship of tutelage that is necessary to transform novices into “experts” requires a structure that meaningfully integrates these new members into the democratic as well as the operational processes. As outlined in the previous chapter, this requires resources and organizational capacity, something not always available when the business is struggling to keep its doors open. As seen in the case of BBW, when a business lacks these resources and capacity, the democratic structure in the cooperative suffers.

WORKER COOPERATIVES AND INTERSTITIAL PROCESSES

The goal of prefigurative politics is to merge means and ends; that the process of enacting a future world in the present is central to the political strategy of change (Scholl 2016). Worker-owners are figuring out how to reshape social and economic relations through the work that they do. The business model of a democratically owned and operated worker cooperative is specifically designed to challenge the alienating aspects of traditional workplaces. The decision-making structures within the cooperatives are democratic, whether they be horizontally organized like the coops in my study, or like more bureaucratic cooperatives whose management and board structures are elected by and accountable to the worker-owners.⁴⁵ Worker cooperatives are, at their best, a less alienating form of labor.

It is useful here to return to Wright’s (2010) discussion of interstitial strategies to displace the capitalist system. Again, the term “interstitial” is meant to connote a process that occurs in the cracks, or interstices, of the dominant social order (Wright 2010). In fact, the transition *to* capitalism indeed occurred in the interstices of feudal society. And, as Gibson-Graham (2006) correctly note, the capitalocentric rhetoric would have us believe that there is no alternative to

⁴⁵ Equal Exchange is an excellent example of this kind of structuring in a larger worker cooperative. The way they put it, “The delegation of responsibilities is very much like that of conventional firms - which allows for efficiency - except that at Equal Exchange those at the ‘bottom’ of the organizational chart are, as owners, also at the ‘top’ of the same chart” (Equal Exchange n.d.).

the capitalist political economy. Yet, there are examples all around us, if we care to look, of political and economic processes that exist beyond and even in spite of the dominant capitalist social forces that subjugate so many. Cooperatives are one such example.

All of this said, I believe that deliberate, democratic participation in the workplace is necessary for reshaping the alienating internal dynamics of the capitalist workplace. In other words, it is an interstitial *process* rather than an interstitial *strategy* (Wright 2010). The primary distinction between interstitial processes versus interstitial strategies is that processes do not by themselves erode the logic of the dominant system. It is undeniable that worker cooperatives have functioned to make things better for the worker-owners in them. Yet, it is not clear that they translate into cumulative, large-scale efforts for social emancipation.

Critics of interstitial processes and prefigurative politics argue that rather than creating permanent and widespread alternatives to the mainstream political and economic social relations of capitalism, they instead are a retreat from the political realm (Bookchin 1995; Smucker 2017; Wright 2010). Smucker (2017) acknowledges that prefigurative politics can, in some cases, produce a “psychological wholeness” in the face of the most “alienating effects of advanced capitalism” (p. 116). Yet, the solidarity and cohesion inherent to interstitial processes is, to Smucker, a double-edge sword. Like Wright (2010), Smucker (2010) worries that groups committed to egalitarian social processes confuse these internal processes for a broad political strategy. “Bringing your whole self” to the workplace, as Ro puts it, feels empowering.

Red Emma’s was born out of political organizing, and many of its members were instrumental in forming BRED and incubating more cooperatives in the city. The political impact of this has been consequential. Certainly, Red Emma’s has been successful at building a “dual power strategy” which is the complementary goal of organizing militant campaigns against

systemic injustice as well as to forge liberated territories in order to create free spaces to realize the everyday life world now that they wanted to see in the future (Proudhon 1851/2017). In this way, Emma's has instituted an interstitial strategy for larger social transformation.

Smaller models of democratic experimentation can point to ways forward for navigating new ways of working and deliberating together. The internal, democratic aspirations of the cooperatives in this case study are a strategy for forging social empowerment in the workplace through democratic cooperative ownership. There is value in making a blueprint on the small scale of participatory decision making as this builds a framework for a larger model of workplaces that are less alienating. They do this through experimenting with decision making models where each worker has a say about how their workplace functions. They are also working toward undoing the entrenched gender, racial and class hierarchies that characterize access to workplace empowerment, as will be discussed further in the next chapter. As Taylor (2019) points out, democracy as a concept and as a practice, is rife with contradictions. The worker cooperatives in this study fall prey to them. But they also recognize and seek to address these contradictions. It is through the praxis of navigating contradictions that new forms of workplace management emerge. Whether these new forms can democratize the entire economy will be discussed in the next chapter.

CHAPTER SIX: DEMOCRATIZING THE ECONOMY

The previous chapter explored how Baltimore worker-owned cooperatives navigate democratic decision-making *within* their cooperatives and aim to flatten traditional hierarchies and create more humanizing and less alienating workplaces. It was shown that in Baltimore, worker cooperatives are exploring models of participatory governance that point to new systems of workplace democracy. Mindful of the challenges of economic transformation on a large scale, this chapter builds on my research findings and national data to assess the contention that worker cooperatives and the worker cooperative movement are part of an interstitial strategy to establish democratic control of the economic system, democratize wealth, and ultimately disrupt capitalist economic imperatives. In this chapter, I argue that the cooperative movement facilitates macro-shifts to democratize wealth, build power and opportunity in marginalized and disinvested communities, creates a model of environmental sustainability. These are the building blocks to fundamentally alter the economic system. In other words, this chapter shows how successful the cooperative movement has been in “building the infrastructure necessary for a truly just, democratic and sustainable new economy” (Seeds Commons 2020) and looks at its strategies for building a new economic system in Baltimore, in the United States, and globally. Because worker cooperatives still constitute a marginal share of economic activity, it is useful to compare the data on international, national, and Baltimore-based worker cooperatives to understand the structural conditions that allow these transformations to occur.

Worker cooperatives are at the center of the movement to democratize the economy, though that movement has many monikers. Some call it the “new economy movement” which “seeks an economy that is increasingly green and socially responsible, and one that is based on rethinking the nature of ownership and the growth paradigm that guides conventional policies”

(Alperovitz 2011). The cooperative movement is also under the umbrella of a set of efforts toward a “solidarity economy” which “seeks to transform the dominant capitalist system, as well as other authoritarian, state-dominated systems, into one that puts people and the planet at its core” (Kawano 2018:2-3). Richard Wolff (2011) has spearheaded the “democracy at work” movement “that analyzes capitalism critically as a systemic problem and advocates for democratizing workplaces as part of a systemic solution.” Simply put, Wolff argues, “We can do better than capitalism.” Finally, there is a strategy that aims to build “community wealth.” This strategy employs a range of community-based initiatives to circulate wealth more broadly and anchor that wealth in the communities where enterprise is happening (Howard 2018).

Altogether, these movements aim to shift the relations of political power in society – political power that, under capitalism, is based on bourgeois control of the means of production and is consolidating rapidly. In this system, wealth translates to political power and influence. Given the control that economic elites have on the democratic political system, the distribution and control of wealth is a major factor in the diffusion of political power and influence on social policy (see Domhoff 2017; Gilens & Martin 2014; Marx 1844/1997; Mills 2000; Sankura 2014; Wolff 2012). As a result, Akuno (2017) asserts, “a participatory, bottom-up democratic route to economic democracy and eco-socialist transformation will be best secured through the anchor of worker self-organization, the guiding structures of cooperatives and systems of mutual aid and communal solidarity” (p. 7). In other words, the argument states that worker cooperatives – and their attendant movement – are integral to the larger grassroots interstitial strategy to building community wealth, challenging racism and patriarchy, changing economic decision-making, and shifting the balance of power in the economy.

This chapter is organized as follows. First, I will talk about community wealth building strategies, of which worker cooperatives are a significant part. Second, I will discuss the misconception that worker cooperatives are a strategy for alienated white folks rather than an economic survival strategy employed by communities of color. Third, the mechanisms by which the cooperative movement confronts gender inequities will be examined. Subsequently, this chapter will evaluate the means by which worker cooperatives confront the environmental crises and injustices endemic to the capitalist system. Finally, I will examine how well worker cooperatives meet these goals.

The scope of this chapter is broader than the previous chapters. My interviews yielded few results in terms of participants' beliefs in this work having an impact on the overall economic system. Like me, many weren't sure about the impact of this work on a larger scale. However, national efforts to foment economic democracy, of which Baltimore is an important part, point to an increasingly coordinated effort to fundamentally transform the economy. This chapter will pull examples from the national and international worker cooperative landscape to demonstrate the ways in which the worker cooperative movement seeks to make the economy more just, equitable, and sustainable along class, race, and gender lines.

BUILDING COMMUNITY WEALTH

It is well known that wealth distribution in the US is extremely unequal. This is reinforced in a neoliberal policy arena wherein the wealthy have an outsized role in policymaking. Again, this contributes to a vicious cycle wherein the wealthy get richer and they can then further influence the political process in their favor (wherein their wealth grows more). But it is also the case that social policy that develops local economies is vitally important for the circulation and distribution of wealth. For instance, several studies have found that when patrons

shop at a locally owned business, a larger amount of money circulates back into the local economy as compared to if they were to shop at a big box store; and certainly more than if they shop online (see Martin and Patel 2011; Hillary and Houston 2008). Accordingly, the policies put forth by the political apparatus determine the incentive structures for either small businesses or large corporations to set up shop and create jobs in a community. Worker cooperatives are a strategy to democratize the economy through the building of grassroots community wealth.

What is community wealth?

According to Ted Howard (2018), community wealth building is different from large corporations providing jobs in a community. Community wealth building strategies, such as worker and producer cooperatives, employee-owned companies (ESOPs), social enterprise, community land trusts, community development financial institutions and other local enterprises, are an important first step in a broader strategy to ensure the economy works for more people, rather than just the wealthy. According to Guinan and O’Neill (2019), “Community wealth-building is a way to start at the local level and to begin creating systemic economic change that can, in the end, bring about what Tony Benn famously called: ‘a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families’” (p. 382).

Advocates of this approach see community wealth as a patchwork of efforts that, when added together, begin to look like a new system (Alperovitz 2013; Howard 2018). However, Howard is skeptical about this being pursued on a federal level in the United States given dysfunction and partisanship (O’Neill 2018). At this point, the strategy necessarily remains local. However, as Guinan and O’Neill (2019) point out, “The models being developed by municipalities and communities today are therefore an important form of prefiguration of the

next economic paradigm – demonstrating that real-world, practical alternatives already exist, and can now be moved from the margins to become the new mainstream” (p. 391). People are fed up with the ravages of neoliberal capitalism, both on the right and the left. For this reason, Howard asserts that these models can override partisan rancor and provide a vision for a way forward that dismantles traditional party lines. As a strategy, community wealth building is local and self-directed; dismantling the dominant system through rhizomatic networks of a variety of solidarity economy tactics -worker cooperatives being chief among them.

Worker Cooperatives and Community Wealth

Worker cooperatives are a means to anchor wealth in communities and build new economic systems that values solidarity and centers the principles of cooperation.⁴⁶ They are central to building community wealth in several ways. First, local community wealth enterprises such as worker cooperatives, but also (and in tandem with) community land trusts, credit unions, and non-extractive revolving loan funds (among others), aim to build local autonomy and keep wealth circulating within the community. Take for instance the Evergreen Cooperatives in Cleveland, Ohio. These cooperatives are modeled after the wildly successful community-wealth building networks of the Mondragon Cooperatives (Alperovitz, Williamson, and Howard 2010). The Evergreen Cooperative network is an umbrella network for cooperative development that uses anchor institutions such as universities and hospitals to build employee-owned, democratically managed businesses. They state as their mission, “The Evergreen Cooperatives of Cleveland have become a global innovation model for creating more sustainable regional economies. Local residents earn an ownership stake as they create thriving businesses, while

⁴⁶ Again, the values of cooperation are voluntary and open membership; democratic member control; members’ economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community (Curl 2013).

playing a transformational role in building vibrant neighborhoods.” These co-ops aim to promote economic stability and wealth recirculation in an area where economic opportunity has been otherwise absent. The Evergreen ecosystem includes a large-scale laundry, a solar panel installation company, a greenhouse providing fresh vegetables to the community, as well as a newspaper that covers cooperative activity in the area. As of April 2019, the Evergreen Cooperatives employed over 200 people, a large portion of whom are returning citizens (Sheffield 2019).

Like Mondragon and Seed Commons, the Evergreen Cooperatives have created a revolving financial fund to build new worker-ownerships in the community in order to further circulate wealth in the community (these strategies have been discussed in depth in chapter three). In 2018, the Evergreen Cooperatives announced a Fund for Employee Ownership which would support the conversion of existing businesses into worker-owned cooperatives or Employee Stock Ownership Programs (ESOPs). This strategy would facilitate keeping local businesses in place if/when an owner chooses to sell. This conversion strategy is also being utilized for the slew of baby boomers looking to retire but care about the fate of their workers and is being employed by a number of cooperative support systems, including the USFWC and Seed Commons in facilitating transfer of ownership in the wake of Covid-19. These revolving loan funds, as mentioned in chapter two, anchor wealth in the communities and create vital resources for continuing the project of building a local, more democratic infrastructure of wealth creation. All of this is meant to keep the local economy thriving and for community members to have input about how development works in their neighborhoods. Ro sees the role of worker cooperatives this way:

I think that co-ops help, when they're community controlled, or being led by people who are traditionally left out of getting lending, owning businesses, owning houses - are really

locked out of those things, can help build long term financial and social infrastructure in communities. Especially when there are alternative funding sources, either community funding or what Seed Commons is trying to do.

As cooperatives and other institutions of the solidarity economy grow in number, so too does a community's autonomy.

Not only do cooperatives create wealth that is anchored in place and democratically managed (as explored in the previous chapter), worker-owners also make on average higher wages than their less democratic counterparts. A stable income is a necessary component to reducing poverty and building wealth (Gordon Nembhard 2014). According to the US Federation of Worker Cooperatives (USFWC), the average pay for worker-owners in 2019 was \$19.67/hr. This is \$7.00/hr. higher than the minimum wage in the 13 states with the largest number of cooperatives. Care work is a noteworthy example of how worker cooperatives create less exploitative and better paying conditions. In-home workers – including those who care for the aged, disabled or ill, cleaners, and childcare workers – are amongst the most exploited class of workers in the labor market (Wolfe, Kandra, Engdahl, and Shierholz 2020; Newkirk II 2016). According to Wolfe et al (2020), “the typical (median) domestic worker is paid \$12.01 per hour, much less than other workers (who are paid \$19.97 per hour). Even when compared with demographically similar workers, domestic workers on average are paid just 74 cents for every dollar that their peers make.” The International Labour Organization (ILO) points to worker cooperatives as a successful strategy worldwide for alleviating these exploitative conditions. Furthermore, care work of this sort is well suited for worker cooperative development as it cannot be outsourced and requires very little capital investment. As a result, several domestic worker cooperatives have emerged in this field such as Cooperative Home Care Associates, Pa'lante, Si Se Puede (all in New York) and cooperative incubator called Prospera (formerly

WAGES) in California which has launched five successful eco-friendly employee-owned house cleaning businesses. According to the ILO (2015), “Si Se Puede helps women, particularly immigrants, secure gainful employment in the domestic sector and has succeeded in securing member wages at USD\$ 20 per hour, up from the USD\$ 7-8 per hour that most workers earned before.” Because workers are also owners, they do not have the same incentive to keep wages depressed (Baskaran 2016). From this, worker cooperatives, like unionization, have the potential to change industry standards as well (Esim and Matthew 2015).

Furthermore, worker cooperatives generate wealth for their worker-owners through dividends and other wealth sharing plans (Baskaran 2016). Again, the Evergreen Cooperatives are an instructive example. Of the Evergreen Cooperatives Alperovitz et al (2010) state, “Employee-owners are likely to build up a \$65,000 equity stake in the business over eight to nine years—a substantial amount of money in one of the hardest-hit urban neighborhoods in the nation.” In smaller cooperatives, the dividends tend to be less robust, but are still a mechanism to grow wealth given those dividends are not distributed to the investor class (Baskaran 2016). And this all adds up. The USFWC estimates that in 2019, “worker co-ops that distribute surplus as patronage to members distribute a median total patronage of \$190,890 across the membership each year and an average distribution of \$8,241 to each worker owner.” This means that the money is redistributed back into the hands of the workers wherein they can save, invest, and build wealth in industries where these workers would ordinarily be denied such an opportunity.

Additionally, community wealth enterprises in general, and worker cooperatives in particular, better respond to the needs of the community and contribute to more equitable development (Howard 2011). For example, worker cooperatives provide goods and services to areas neglected by traditional businesses in less-profitable sectors of the economy (Democracy

Collaborative n.d.). Jim states, “In urban areas in particular, there seems like there should be a natural symbiosis between worker co-ops, housing co-ops, and food co-ops. And other types of co-ops, childcare co-ops. Whatever our most fundamental basic needs are.” Food cooperatives (both worker-owned and member-owned) are illustrative of this. According to the Cooperative Development Institute (CDI), grocery cooperatives have, where implemented, reduced food scarcity in “food deserts.” Food cooperatives are often associated with organic and natural food stores that have high price points and a predominantly white clientele (Reyes and Thompson 2015). However, cooperative developers such as the CDI have been mindful of the needs of the community in building out this particular cooperative infrastructure.

In Baltimore, the Black Yield Institute is aiming to reduce food insecurity in the Cherry Hill neighborhood. Cherry Hill’s residents are 90% Black and have a median household income of \$22,659 (Baltimore City Health Department 2017). Over 30% of its residents live in a food desert (Baltimore City Health Department 2017). Black Yield’s mission is to build “a healthy, cooperative and powerful black community in Baltimore where black people in that community govern the politics, economics, health, land and food development, from seed to waste” (Black Yield Institute 2018). Black Yield Institute is working with BRED to form the Food Susu Co-op which will provide cooperatively owned and community-controlled food access. It has also created a community farm (Maroon Urban Farming). In these, and many other cooperative efforts like them, food insecurity is reduced.

Energy cooperatives are another example. Whether worker-owned or community-run, energy cooperatives are another example. Take for instance the Nishnabotna Valley REC in Iowa.

Electric co-ops are a catalyst for good in their communities. Co-ops engage their member-owners to do things that might, otherwise, be impossible or difficult, like more

than 75 years ago when electric co-ops brought power to areas where other utilities did not find it economically feasible. Today's RECs provide programs that promote energy efficiency, electric safety education, community and economic development, community solar, broadband, youth programs and much more.

Many native communities in the United States are pursuing cooperative ownership of renewable energy given that many tribes lack access to a stable and affordable power grid. According to Karaim (2019), "About 250 co-ops have reservation lands in their service territories, and many regularly consult with tribal leaders or officials to meet the particular needs and concerns that can arise on tribal lands." A "Greening the Rez" movement is fighting for community controlled, renewable utilities that build community wealth and facilitate energy independence (Kubis 2019).

These efforts have ensured communities become less reliant on large corporations to drive their economic development. Often, lax tax enforcement, tax holidays, subsidies, and other incentives are used to attract investor-driven large corporations to a community (Proceedings of the Annual Conference on Taxation, 2015; Malleson 2014). Once entrenched, these businesses often hold municipalities "hostage" by demanding ever-increasing the length of tax holidays. They will threaten to leave if these demands are not met and they know they will be taking community members' jobs with them (Mulder 2015). Ted Howard puts it,

...you look at the United States case, you have about \$80 billion a year being spent at all levels of government for economic development for the express purpose of bundling up subsidies and tax breaks. So you have a situation where you give a big gift to a company to leave Milwaukee and come to Cleveland. Talk about zero-sum policies, right (O'Neill 2018)?

Cooperatives, on the other hand, are worker or community owned, so will not opt to exploit their workers or threaten to leave if their demands for tax holidays are not met. Moreover, according to Howard (2010), community wealth building enterprises "make asset accumulation and community-shared ownership central to local economic development" (p. 207). Cooperatives,

especially when scaled up, are better suited to create jobs and ensure the economic stability of a community (Dubb 2016).

Contributing to this is the fact that worker cooperatives are more resilient than traditional businesses, especially in times of crisis (Birchall and Ketilson 2009; Malleson 2014).

Cooperatives in all sectors have a higher survival rate and more longevity than their competitors (Birchall and Ketilson 2009). This is so due to the high adaptability of cooperatives given their democratic framework of decision making (Cook 2018). Consequently, workers fare better in times of economic recession. According to Malleson (2014), “co-ops deal with a downturn in ways that are egalitarian and collectively agreed upon. Instead of capitalist management simply laying off workers to reduce costs, a cooperative structure allows workers to make shared sacrifices” (p.77). The full impact of the coronavirus pandemic is yet to be seen. Yet, many businesses in Baltimore have shuttered their doors. At the same time, the cooperative businesses in the city have survived and number cooperatives have actually *grown* thus expanding the ecosystem to democratize wealth. For instance, all the co-ops in Baltimore have remained open. Furthermore, BRED helped seven new projects get off the ground in that time. Yet, it is pertinent that these efforts be targeted to the communities who need them most.

CHALLENGING RACISM AND THE WHITEWASHING OF THE COOPERATIVE MOVEMENT

The cooperative movement has been and continues to be a strategy to create good jobs and build wealth in populations excluded from or marginalized within the capitalist labor market. However, rightly or wrongly (and it’s actually wrongly), it’s often been associated with a predominantly white countercultural movement that sought to opt out of the alienation of the capitalist system (Curl 2013). For instance, many white radicals coming out of the anti-war

movement in the 1960s “rejected [a world] based on hierarchy, power, and competition. They wanted a world based on equality, democracy, cooperation, sharing: a way to live and work that could liberate” (Curl 2013:206). The San Francisco Bay area was a hotbed for this kind of activity and is illustrative of this current in cooperative movement folklore. Following the flurry of young people who flocked to Haight-Ashbury in the mid-60s searching for new ways to be in the world and on the heels of the Berkeley free speech movement, numerous collectives and worker cooperatives sprung up in the area. For worker collectives and cooperatives, many (as previously mentioned) were food related, hence the association of food cooperatives with the hippy movements of the time (Curl 2013).

The history of cooperative development, including worker cooperatives, has written out the tradition of cooperativism in communities of color in the US. According to Esteban Kelly, executive director of the USFWC, white supremacy has contributed to an historical erasure of the histories of marginalized communities using cooperative strategies to meet their needs (Raymond 2018). Jessica Gordon Nembhard (2014), in her seminal work *Collective Courage* aims to document the important history of this tradition. She claims, “while at first the Black cooperative movement seems to have been small and inconsequential as well as little acknowledged, it has actually played a part in many of the major movements for Black liberation in the United States” (Gordon Nembhard 2014:67). Black radicals such as Marcus Garvey, WEB Dubois, Ella Jo Baker, and the Black Panthers (among others) adopted cooperation as a strategy not only to build community self-determination and to amass wealth-building opportunities but also to build an economic ecosystem to operate outside institutions built to maintain white supremacist capitalism.

The history of cooperation as a strategy for self-determination outside of systems of white supremacist, capitalist, patriarchy (hooks 1984) has not been well documented for two key reasons. First, white-dominated history and cooperative imaginaries have ignored these endeavors. Second, even when successful, many Black run cooperatives were subject to violent attacks and government repression which further undermined their ability to flourish and create robust institutional memory (Gordon Nembhard 2014; Barlett 2016). Esteban Kelly elaborates:

Why haven't we heard of it? Because they were outwardly ransacked, burned down and sabotaged by the Klu Klux Klan under the period of Jim Crow segregation, the same way that churches were. There are all these archives and newsletters that were hidden away or some of them were actually burned and destroyed. There was an active dismantling of solidarity economic practice in African-American communities (Raymond 2018).

For instance, in 1892, the People's Grocery in Memphis, Tennessee was subject to a white mob lynching when white folks were concerned with competition with white businesses and plotting a "war on whites" (Mitchell 2018) – a tactic of white grievance politics that is still prevalent in US culture.

The association of cooperatives with whiteness continues to this day. Loh (2014) claims, "Despite the fact that some New Economy leaders are trying to diversify their organizations and working with communities of color, a quick look at the faces of the New Economy reveals that it is still overwhelmingly white." Consequently, the new economy could wind up looking a lot like the old economy without a racial justice lens.

The centering of whiteness in the movement is consistent with Bernardo's experience in the Baltimore cooperative ecosystem. He observes, "...because of the nature of segregation in this city that our, my social circles, it is not uncommon for me to be the only nonwhite person in the room" and because cooperatives are often formed through networks he wonders, "If I ever decided to leave BBW and do other cooperative-y stuff, where is the talent pool that I draw

from?” Other participants observed similar dynamics. For instance, Marisela states, “I think a lot of projects, new ideas around co-ops and collectives and community that’s coming out of the black/POC communities, we’re coming with a different idea that we’re tired of white-run things.” Meredith from BBW likewise sees this in the cooperative ecosystem:

I think it’s important to point out that the majority of worker cooperatives are, you know, look like us - white people who come from privileged backgrounds who recognize that there is a better way to do things. In order for it to truly be the new economy, it has to look, it has to spread to a wider, broader base in society. I think most people in the movement recognize that. I think there’s a lot of push to move in that direction. People see that there’s potential to be helpful for people living in poverty and people with less privilege.

Elliot outlines the fact that white folks often want to build a cooperative to contribute to their own financial stability without regard to equity and a reevaluation of the systems that reproduce inequities. He states,

I think we have to talk about equity. I think we have to be very clear about social equity, I mean, with race. I think we still need to talk about gender equity. I think we still need to talk about immigrant equity and sexual orientation - all these different pieces around social equity. And, I think we can do better.

He worries that under those circumstances “it’s possible to create your own little utopia of ten workers, fifty workers, and forget about the rest of society.”

Meredith points out that the cooperative movement is increasingly reflecting and acting on these issues of racial equity. This was my experience with BRED and resulted in the purposeful centering of racial equity in their work (as will be discussed later). Philadelphia Area Cooperative Alliance (PACA) noticed a similar trend’ “The majority of Philadelphia co-ops forming between 2011 and 2016 were nearly all white-owned with support from mostly white co-op developers” (Frank 2019). As a result, many cooperative developers have worked to course correct, understanding that without addressing race, gender, and other forms of oppression, existing inequities will be reproduced in the cooperative movement.

While the white cooperative tradition was often a way for white folks to escape the alienation of the capitalist system, it an entry point into less exploitative work for many communities of colour. Kelly elaborates, “I think that worker co-ops used to be a strategy for people to opt out of the economy and do something alternative, and now it's a mechanism for people to opt in” (Raymond 2018). In the next sections, I will outline the ways that the movement has incorporated a more explicit racial justice lens into its work.

Race, Ethnicity, and Cooperative Development

Understanding the way that racial inequality has been reproduced in the cooperative movement, cooperative development and support ecosystems have made racial, ethnic, and immigrant justice central to their mission.⁴⁷ The USFWC and Democracy at Work Institute (DAWI) each have committees ensuring equity is key to their work as cooperative developers and supporters. Likewise, Seeds Commons’ central mission is to “channel investment to marginalized communities that have faced the brunt of the extractive economy, deindustrialization, and systemic discrimination, making community-controlled finance available to cooperatively-owned businesses that create jobs, build wealth, and challenge inequality.” Locally, BRED (under the umbrella of Seeds Common) prioritizes “shift[ing] capital into traditionally marginalized communities, with a particular emphasis on racial equity.” Ro, who does cooperative technical assistance for BRED, explains:

I think this happens sometimes, not all the time - but situating worker coops in a political context where it's like the structure is inherently political but, or can be, where this is building wealth for individuals and communities that are traditionally divested from. And recognized as one of the central, powerful parts of being a co-op. Really centering that as you're developing worker co-ops, especially because a lot of co-ops are smaller businesses., like making that a central mission and making decisions with that in mind. How do we invest in our communities? How do we build more worker cooperatives and build more community wealth? More, a bigger sense of ownership and investment into ourselves and our, the place that we live.

⁴⁷ Other forms of justice are included in this mission, as will be discussed later.

From my experience with BRED and in talking to other cooperative developers, the demand for technical assistance to start a worker cooperative is growing. As a result, BRED and many other co-op developers have made a commitment to prioritize projects for historically divested communities over those who seek support but have more resources and historical privilege.

Conversions of traditional businesses into worker-owned businesses has been identified as another opportunity to build community wealth in general, but also in BIPOC communities in particular. Melissa Hoover, executive director of DAWI, explains,

We know that converting a business to worker ownership can save jobs, keep the doors open, and compensate retiring owners. What we need to be talking more about is that owning a productive asset, like a business, is a critically important way to build wealth. Worker ownership makes owning a business possible for people who thought they might never be able to, particularly in communities of color, which own only a fraction of total businesses in the United States. We have a not-so-secret weapon in the fight for racial equity right in front of us, and it's worker ownership of business (Powers 2019).

In fact, Abello (2018) contends that the conversion of workplaces into worker cooperatives has the potential to facilitate one of the most significant transfers of wealth from white-owned businesses into workplaces owned by a majority of workers of color.

Worker cooperatives have likewise been a vehicle to integrate non-white immigrants into the workforce under more just circumstances given how exploited immigrant labor often is. DAWI has done a great deal of targeted outreach to immigrant communities to promote workplace democracy. As a result, “Immigrant worker-owners are the largest and fastest-growing segment of worker-owners in the United States. Growth in worker cooperatives is currently driven by immigrant communities using the form to create jobs and business ownership opportunities for themselves” (DAWI n.d.). Opportunity Threads, a worker-owned textile company in North Carolina is exemplary of this current in the worker cooperative movement. It provides a mostly Mayan workforce with paid holidays, vacation time, parental leave, and job

security (Garza 2015). These are benefits that those working in the textile industry often are not afforded. The textile industry has the second highest proportion of immigrant labor in the country (McCarthy 2017) and workers are subject to low pay and poor working conditions (ten Kate and Theuws 2016). Cooperative developers recognize the need to support changing these conditions through targeted technical assistance for immigrant communities sensitive to the unique cultural and economic needs of these communities – particularly given the anti-immigration sentiment that permeates the US (Sustainable Law Economies 2017).

The statistics indicate that these efforts are working. DAWI and the USFWC (2019) found, “the racial demographics of worker owners continue to show a majority of people of color, with a concentration of Latinx workers” (p.2). Specifically, the demographics are as follows: White 41.2% Latinx 37.9% Black 12.7% Other 6.2% (DAWI and USFWC 2019). In part, Latinx workers are highly represented in the co-op sector in part because “immigrant worker-owners are the largest and fastest-growing segment of worker-owners in the United States. Growth in worker cooperatives is currently driven by immigrant communities using the form to create jobs and business ownership opportunities for themselves” (DAWI n.d.).

Worker Cooperatives and Black Liberation

While it is certainly the case that cooperatives are a mechanism towards economic opportunity and community wealth in under-resourced and historically divested communities, other organizers see them as a steppingstone for a new economy, not simply a non-traditional avenue to participate in the mainstream economy. White supremacy and capitalism are inextricably linked. Racial capitalism, or “racism as a technique for exploiting black people and for fomenting the hostility of working-class whites toward blacks, so as to enable white capitalists to extract value from everyone else,” (Lemann 2020) is a feature, not a bug, of the

capitalism system. The cooperative movement, for some, has been a cornerstone in undermining the destructive history of racial capitalism.

Despite the fact that the histories of cooperation have been buried and/or under discussed, the cooperative tradition continues through the current wave of Black liberation struggles in the US. For example, one pillar for economic justice in the Movement for Black Lives (M4BL) policy platform is for federally supported funding for cooperatives to serve the needs of historically divested communities.⁴⁸ At the time of writing, the Black Lives Matter movement was once again in the streets following the murder of George Floyd. All over the United States, there are calls to defund the police and to put money into community improvement programs – programs that would obviate the need for containment of law enforcement. In some movement circles, funding cooperative development is part of this resource reallocation. Jullian Hill from Takeroot Justice argues for the need for, “a participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression” (Takeroot Justice 2020). They further argue that, “supporting the growth of cooperative and democratic economies goes hand-in-hand with the abolition of violent and anti-Black institutions” (Takeroot Justice 2020).

Black Yield Institute in Baltimore aspires to this outcome as well. Their “motto” is "Cultivating Self- Determination Through Black Land & Food Sovereignty." Much of their strategy for social transformation is centered around food justice and cooperation. They assert,

We have concluded that interventions implemented by public and private agencies are well-intentioned, power building through the pursuit of land and food sovereignty will achieve economic and racial equity in the food system. The current power structure

⁴⁸ have returned to the M4BL website several times a year to revisit the policy platform that went up in 2016. It is in the process of being revised in 2020 in the wake of the current wave of protests in the US. The revisions de-amplified community wealth a strategy for self-determination, though it is still in there. Therefore, I will emphasize it less given the fact that the organizers themselves have de-emphasized cooperativism. Yet, it is still a component of their strategy for economic justice in Black communities.

cannot secure the necessary changes to transform the current conditions of more than 150 Black people in Baltimore City. Self-determination is our guiding principle in creating sustainable and equitable food environments in Baltimore City (Black Yield Institute: 2).

In their mind, the systems that have created the injustices are not equipped to solve them. In fact, white supremacy is built into the food system. Therefore, collective ownership and worker cooperatives must be part of the solution.

Cooperation Jackson is another example of the way in which cooperatives are a strategy for a new economy that operates outside institutions of white supremacist capitalism. The organization was founded to develop a thriving solidarity economy in Jackson, Mississippi through an interstitial strategy for systemic transformation. With worker cooperatives as central to their struggles, Cooperation Jackson...

...started in 2013, [and] is striving to be a one-stop-shop for activism and economic development in the city. So far the co-op is small: a farm, a couple-dozen plots of land, a little over 100 dues-paying members, and a community center. But it's aiming to be much more. The organization's mission isn't to just help Jackson residents, but to give them an entirely new, supportive economy in which to operate. The idea is essentially this: Since Jackson's current economy isn't working for its residents, and its current political system isn't doing much to help, why not create a new economic and political system right alongside the old one (Moskowitz 2017)?

Their aim is “to develop a cooperative network based in Jackson, Mississippi that will consist of four interconnected and interdependent institutions: a federation of local worker cooperatives, a cooperative incubator, a cooperative education and training center (the Kuwasi Balagoon Center for Economic Democracy and Development), and a cooperative bank or financial institution” (Cooperation Jackson n.d.). This is an interstitial strategy to replace the capitalist system that has exploited Black and Brown people as a matter of course (Moskowitz 2017; Akuno and Nangwaya 2017). Akuno and Nangwaya (2017) see Cooperation Jackson as a means to “make

another world possible under the constraints of living under the oppressive conditions of the current world-system” (p. 57). These efforts differ from the Evergreen model and others like it.

...Cooperation Jackson is unique in its comprehensiveness, its ambition, and its embrace of radical black politics. Akuno says he appreciates the work of other co-ops: There are plenty of examples of well-run economic alternatives to dominant economies, from a worker-run laundromat in Cleveland to the countless food co-ops throughout the United States. But many shy away from explicitly political goals. Cooperation Jackson, by contrast, wants to use worker-owned and -managed companies to create an economic alternative for black Jackson residents outside of capitalism, especially in an era of conservative political rule (Moskowitz 2017).

Kali Akuno (cofounder of Cooperation Jackson) in making this distinction, underscores that the fundamental tension of these types of interstitial strategies is about how explicitly these efforts strive to transform the political economy.

The State and Worker Cooperatives

Cooperation Jackson sees the need to combine interstitial and electoral strategies - using the state apparatus as a means to facilitate structural change and anti-capitalist transformation. In 2013 residents of Jackson, Mississippi elected Chokwe Lumumba who ran on a platform of economic democracy and self-determination. His platform was to institute the Jackson-Kush plan. Along with stormwater management as a pillar for creating green jobs and a sustainable economy, Lumumba’s platform relied heavily on building the infrastructure necessary for worker cooperatives to thrive. He stated, “A central component of the economic development vision and strategy of my administration is the promotion and development of various cooperative enterprises. In alignment with our vision of sustainability and to address our employment and economic equity issues, we are particularly looking to stimulate and incubate green manufacturing industries” (Lumumba 2013, as cited in Akuno et al 2017:106). Sadly, Lumumba died at the age of 66 less than one year after he was elected (some believe he was murdered). His son, Chokwe Antar Lumumba is currently mayor (as of July 2020) and is tasked with finishing

the work his father had done while in office. In all, the understanding is that it is difficult to enact widespread economic changes without also either pressuring or taking over the political system.

John (an anarchist), came around to the idea of working through and with the state his work at the Democracy Collaborative. He states, “I think there’s, I personally, and this is something, I’ve internalized this from working with Gar [Alperovitz] a lot, is not understanding that it’s going to be worker cooperatives all the way down, that there’s gonna be the state. The things that the state can do with money are magical. Red Emma’s cannot print money. It’d be awesome if we could but all we can do is eat banh mi’s.” The state’s role in worker cooperative incubation is a contentious issue that will be discuss later in this chapter.

CHALLENGING PATRIARCHY: WORKER COOPERATIVES AND GENDER EQUITY

According to Esteban Kelly, not only is the USFWC racially and ethnically diverse but also women-led. For him, this impacts how the work is done. He states,

We’re about forty percent white worker-owners, forty-three percent Latinx, and around eleven or twelve percent black workers, in a multiethnic way. Not to mention all the gender queer, gender nonconforming, and transgender workers. And in fact, we are seventy percent women, so we have a workforce that is heavily led by women. So that's just who we are, and it means that how we go about our day-to-day work already changes from that premise (Raymond 2018).

In 2018, female-identified workers make up the majority of worker owners in worker cooperatives in the US (Female 62%; Nonbinary 1.7%).

One reason that women comprise a high percentage of worker owners is that they are building worker cooperatives around care work – work that is often unpaid or underpaid. According to the United Nations, “Women shoulder a disproportionate share of unpaid work around the world, and gender imbalances in the distribution of care work constitute a root cause of women’s economic and social disempowerment” (Ilkkaracan 2018:6). Black women have been disproportionately subject to exploitative working conditions and have historically been

clustered in the low-wage care economy (Banks 2019). Migrant care workers are often at the mercy of their employers given their visas are dependent upon their employment. For instance, special visas dedicated to domestic workers often put workers in danger of human rights violations due to the fact that “the U.S. government has not removed the impediments that deter domestic workers with special visas from challenging, leaving, or filing legal complaints against abusive employers” (Human Rights Watch 2001). The Centro de los Derechos del Migrante estimates that situation is even more difficult for those who are undocumented because there are even fewer avenues for redress in cases that involve wage theft and emotional, physical and sexual abuse.

As mentioned earlier, care work has been a growing field for the advancement of worker cooperatives and has contributed to a push for greater gender equity in the economy. John Duda notes this trend and the opportunity for municipal investment in this type of work.

I’m really interested in what’s going on in Quebec where there’s been investments of state money into care cooperatives that have been able to like self-manage themselves to provide very human scale care work for folks who have disabilities or elders. That’s something that’s really interesting, especially because there’s this massive care crisis like looming. That crisis opens up a chance to think about potential non-market investment in worker cooperatives.

Care work and other forms of domestic labor, as mentioned, are well situated for the cooperative sector given their low capital intensity. Prospera understands this and has been on the forefront of developing worker cooperatives for “Latina entrepreneurs to launch social enterprises that foster cooperation, economic independence, and well-being in immigrant communities” (Prospera n.d.). And this sector is thriving (if not fully coordinated yet). There are many examples of these types of worker cooperatives including Pa’Lente and EcoMundo (green cleaning cooperatives), BeyondCare and Cooperative Home Care Associates (home care

cooperatives), and, increasingly, in the wellness industry (also dominated by women and highly exploited).

In Baltimore, Mera Kitchen Collective has provided a template for the empowerment of immigrant women through worker ownership. Mera Kitchen Collective is “a community-driven, worker-owned, food-based cooperative focused on empowerment of refugee and immigrant women” (Mera Kitchen Collective n.d.). Their co-op provides living wages and “long-term self-determination” to immigrant women who had otherwise been denied work with dignity. Though small, Mera Kitchen Collective aims to demonstrate how cooperation serves to empower immigrant women as well as undercut the myth that rugged individualism, rather than community-based enterprise, is the key to success. In an interview with *BmoreArt*, Chef AlFadhlah of Kuwait notes,

For the refugee and immigrant women of Mera, the food industry’s celebration of “self-made” entrepreneurs highlights the clear imbalance of opportunity in the field. Building a viable and joyful food practice involves facing the barriers to the work, which are plentiful. The collective cites American individualism and a refusal to recognize privilege as part of the problem. “You have to provide everything for your own self, or ask your partner or your friend to be everything,” Aishah notes. “And there’s the misconception, ‘Yeah, I did this by myself,’ No! You didn’t do it by yourself.” Aishah continues. “There’s no such thing as bootstrapping if you don’t have a boot already, you know what I’m saying? You got a lot of help and you’ve got to acknowledge that” (Cadoux 2019).

BRED was instrumental in providing technical assistance for Mera and now one of their worker owners is a technical assistance provider with BRED working to get more projects off the ground across the city.

While women comprise a larger share of worker owners, especially in female-dominated professions, the reality is a little bit more complicated *within* firms (as mentioned in the previous chapter). It remains the case “that women are underrepresented as cooperative members, hold a lower status, and participate less than men do in making business decisions” (Miller 2011:19).

Also, due to the feminization of poverty (especially when coupled with racial discrimination), it can be difficult for women to access the resources necessary to start or convert an existing business into a worker cooperative (Nippierd 2002). Nonetheless, when resourced and with anti-oppression training, internal conflicts can be identified and resolved. And the more the cooperative ecosystem recognizes these inequities in the system (as they are doing through revolving loan funds), the more gender inequality can be addressed through cooperativism – particularly given their egalitarian focus. And for all the reasons mentioned above, the community wealth building components of worker cooperation are a tool for higher income and wealth building among women – particularly women of color.

ENVIRONMENTAL JUSTICE, AND WORKPLACE DEMOCRACY, AND THE GROWTH IMPERATIVE

Transnational corporate capitalism has been tremendously damaging to the environment causing a host of problems including pollution, resource scarcity, mass extinction, and of course, climate change. It is common for large corporations and absentee shareholders to demand profit at all costs; and the environmental damage and the externalized costs are often borne by community members with very little say in the economic activities in their communities. Solidarity economy and community wealth building efforts allow community members to regain control not only of their economic destiny but also of their ecological one.

The worker-cooperative model expands the environmental justice (EJ) frame by redefining “justice” as the ability to autonomously control resources in addition to NIMBY (not-in-my-backyard) struggles (Brulle and Pellow 2005; Peña 2005; Anthony 2005). According to Peña (2005), “EJ discourses are expanding beyond the more limited scope of earlier research and a focus on the racialized practices of environmental risk assessment. More recent work involves

case studies of communities struggling for equitable access to and participation in the co-management of the environmental conditions in place” (p.133). Later, he argues, “It is simply not enough to demand a right to clean and safe workplaces or job satisfaction, if the power structures of capitalist managerial authority in the labor process are actually left unchallenged” (Peña 2005: 145). Some EJ scholars are beginning to conceptualize justice not only in terms of resistance to damaging practices, but also in terms of autonomous control over the resources in ways that can profoundly shift the balance of power away from big corporations and into the hands of “the people.”

Community wealth building initiatives, including worker cooperatives, are cited as part of the solution to these existential risks and a facilitator of environmental justice.⁴⁹ According to Bozuwa (2019), “growing community wealth building enterprises in the green infrastructure sector ... we can simultaneously increase the economic resiliency and equity of community members” (p.113). John sees a growth opportunity in the worker cooperative sector through green job initiatives. He states, “there’s other, like, kind of deeper connections between worker cooperatives and sustainability. There’s a place-based nature of worker cooperatives. If you have a workplace that’s owned by the people who physically work in the workplace, you start to geographically stabilize the economy in interesting ways.”

It is common to assert that environmental sustainability and job growth are incompatible.⁵⁰ Proponents of the Green New Deal (GND) in the United States have

⁴⁹ Again, as Curl (2013) mentions, there is no one-stop panacea to a problem as complex as corporate globalization and climate change. It is not the case that if Exxon Mobile switched to employee ownership, then climate change would be solved. But it is definitely the case that worker cooperatives, when well-resourced and well intentioned can boost the move toward sustainable economies.

⁵⁰ For example, the AFL-CIO put out a public statement supporting the Dakota Access Pipeline (DAPL) and added a hefty dose of greenwashing in the process. They stated, “The AFL-CIO supports pipeline construction as part of a

demonstrated that this is a false choice – that there are many jobs to be had to ensure mitigation and adaptation to a changing climate. The Green New Deal aims,

(A) to achieve net-zero greenhouse gas emissions through a fair and just transition for all communities and workers; (B) to create millions of good, high-wage jobs and ensure prosperity and economic security for all people of the United States; (C) to invest in the infrastructure and industry of the United States to sustainably meet the challenges of the 21st century (H. Res. 109 2019).

In practice, the GND will be difficult to initiate on a large scale. Yet, there are programs being instituted on the ground that hint at what this kind of policy program may look like. The USFWC (2019) sees elements of the Green New Deal as compatible with more widespread democratized ownership of resources, including democratically owned workplaces.

Despite the inaction of the federal government in the United States in addressing the impacts of climate change, bottom-up approaches to green jobs are nonetheless proliferating (Evans and Phelan 2016). John Duda sees a great deal of opportunity for cooperatives to play a role in a green transition. He states,

I think there are some tremendous opportunities to do cooperative business development around green transitions in various ways. Part of that is because you're opening up new markets and in doing so, you can avoid displacing other people from the market. I think there's a number of sectors that are developing where you don't have displacement involved. I think that's why people are excited about the stuff in Cleveland. They were also interested in not having the planet fall apart, interested in taking advantage of institutional commitments around sustainability. But a big part of it is this labor perspective. When you're talking about newer emerging industries, the job creation is not zero-sum.

comprehensive energy policy that creates jobs, makes the United States more competitive and addresses the threat of climate change... We believe that community involvement in decisions about constructing and locating pipelines is important and necessary, particularly in sensitive situations like those involving places of significance to Native Americans. However, once these processes have been completed, it is fundamentally unfair to hold union members' livelihoods and their families' financial security hostage to endless delay. The Dakota Access Pipeline is providing over 4,500 high-quality, family supporting jobs" (Trumpka 2016). This is a common narrative and one organizers and activists have fought hard to debunk.

In other words, the jobs vs. environment narrative presents a false choice. Cooperatives can be (and in some cases are) on the frontlines of a new economic system in which non-alienating work can be part of the green transition.

Stormwater management is a field in which there is opportunity for worker cooperatives. The combination of climate change and population growth is expected to strain water systems across the United States (Brown, Mahat, and Ramirez 2019). According to the US Environmental Protection Agency (EPA),

Stormwater is rainwater or melted snow that runs off streets, lawns and other sites. When stormwater is absorbed into soil, it is filtered and ultimately replenishes aquifers or flows into streams and rivers. In developed areas, impervious surfaces such as pavement and roofs prevent precipitation from naturally soaking into the ground. Instead, water runs rapidly into storm drains, sewer systems and drainage ditches.

This can cause water contamination and lessen access to clean drinking water. Many cities are under consent decrees by the EPA due to the crumbling water management infrastructure and high propensity for runoff (Bozuwa 2019). Consequently, there is the need for massive storm water mitigation systems and, as John Duda puts it, “it’s actually one that’s really suited to sort of smaller scale cooperative development and lower skill entry level jobs that are heavy on like, needing human beings working at them.” Dig Cooperatives, Inc. in Oakland, CA is one such example. Their model is aimed at capturing gray- and rain- water while building community wealth. Its mission is...

...to preserve water in a state increasingly affected by droughts. The founders of Dig not only wanted to build a water-sustaining community in the Bay area, but also wanted to engage in job creation squarely in contrast to the exploitative norm of the construction industry by enabling worker democracy, paying fair wages, and distributing wealth fairly among workers (Bozuwa 2019).

The Democracy Collaborative identifies stormwater management as a major growth area in worker ownership and efforts are underway to advance them in Portland, OR, Pittsburgh, PA, and Philadelphia, PA as well.

Worker ownership and community wealth building are additionally cited as central to a just transition away from polluting industries and toward environmental justice in Baltimore as well. Baltimore is home to a trash-to-energy incinerator that is responsible for health damages in surrounding communities to the tune of \$55 million per year (Thurston 2017). The South Baltimore Community Land Trust (SBCLT), Institute for Local Self-Reliance, and the Energy Justice Network put together a comprehensive zero waste plan as a means to divert materials from incineration into composting, recycling, and reuse facilities. The plan calls to issue Request for Proposals (RFPs) to “attract mission-based or worker owned recycling and composting operators capable of meeting Baltimore’s need for expanded collection” (Liss et al 2020:17). The Baltimore Compost Collective – a project of the United Workers and Institute for Local Self-Reliance – is a small-scale, community-owned pilot of what a distributed network of composters that prefigures what a grassroots-, locally driven-, and just waste diversion system could look like in Baltimore. The Compost Collective employs young people in Curtis Bay, Baltimore – a historically divested community in the southern region of the city. This program mentors youth leaders in food access programming (the compost serves community gardens in the region) and teaches youth entrepreneurship for community-scale composting. There is precedent for scaling these efforts up. For example, The Compost Co-op is a worker-owned business in Massachusetts. Their mission is:

As topsoil erodes along with living-wage jobs, we build ownership and opportunity among people coming out of jail and prison. We believe that diverting compostable materials from the waste stream and back into the soil through the process of composting can be an effective local response to inequality and climate change.

As a community-wealth building enterprise, the mission of many of these green cooperatives is to create opportunity and a just transition on the frontlines of environmental injustice and extractive wealth.

It is understood by the new economy/solidarity economy movements that worker ownership is a vital ingredient to a post-growth and low-carbon economy. The growth imperative – growth at any and all costs in the capitalist system – is argued to be fundamentally misaligned with environmental sustainability (Leonard 2011). Howard (2012) expands:

One very important question is what kind of economic system can be ecologically rational. And it's not going to be one that is predicated on a growth paradigm like we have now, that says that the whole point of the economy is just to have growth for growth's sake, with the idea that everything should be measured with gross domestic product and how it increases. And all of the externalities of that growth get layered on to society to deal with.

According to John Duda, worker cooperatives are set up well to facilitate post-growth industries, “You cut off a lot of shareholder pressure to expand... some of those growth imperatives don't exist in a worker cooperative.”⁵¹ This is why stakeholder input is very important in the cooperative model – and especially given that workers', owners', and stakeholders' interests are better aligned under this model.

And, outside of explicitly “green” markets through which there has been a growth in worker-cooperatives, care work is often cited as central to a green transition (as is cited in the Green New Deal). As mentioned, a good number of cooperatives are centered around care work, given it requires low capital investments – yet that is part of the reason it is not taken as

⁵¹ There is a paradox here given that on the one hand, it is desirable to scale up cooperatives as a means to eclipse traditional businesses. On the other hand, the growth imperative can often mean that businesses expand when it is not necessary or even desirable to do so. Some businesses can remain small and still thrive.

seriously. Isser (2019) states, “care work is generally ignored or looked down upon because it doesn’t create commodities that can be bought and sold, and because it is typically done by women. The shift towards low-carbon work should necessarily include a dramatic expansion of care work.” Transitioning care work to a dignified and non-exploitative profession will be seminal in shifting to low-carbon economy – and worker cooperatives have been part of this effort.

Fundamentally, worker ownership re-localizes wealth but also contributes to community self-determination along the lines of how that wealth is created.⁵² Wolff (2012) states that worker ownership means, “workers live, play, and raise families in and around their sites of work” (p.134). Just as workers aren’t as likely to exploit themselves or move their jobs in search for cheap labor and lax regulations, they aren’t as likely to pollute their communities given that they would have to bear the consequences of that pollution.

EVALUATING SUCCESS: HOW WELL DO COOPERATIVES DEMOCRATIZE THE ECONOMY?

Measuring the success of worker collectives in democratizing the economy is difficult. This section will evaluate some of the questions that come up in terms of assessing the efficacy of worker cooperatives. First, I will discuss worker cooperatives’ share of the economy - globally, nationally, and in Baltimore. I will then revisit strategies for building worker cooperatives and outline the debates about exactly how democratic they are. Specifically, I will once again discuss the “Cleveland Model”, the role that the nonprofit industrial complex plays in

⁵² For the purposes of space, the Evergreen Cooperatives are not listed as an example of worker ownership as a means to environmental sustainability, though it is. They are widely championed as a blueprint for a larger scale model of sustainable, green worker-owned businesses. Each cooperative is “green” by design – a green laundry, a solar panel company, and a greenhouse.

building the cooperative landscape, especially as incubators of cooperatives, and the debates about alliances with political elites in making all of this happen.

Because of the ever-changing nature of business ownership, it is challenging to count the exact number of worker cooperatives in the United States. Nationwide, DAWI and the USFWC (2020) report that there were 465 known worker cooperatives, employing 6,454 workers and generating \$505 million in revenues in 2019. Seed Commons' 2020 Impact Report is optimistic that the cooperative movement is pointing toward "a future that is, and must be, different than our past" (p. 3).

It is important to evaluate the cumulative impact that worker cooperatives and the cooperative movement has had on democratizing the economy through worker cooperatives, community land trusts, and non-extractive lending that facilitates economic, racial and environmental justice. Though the numbers are small in terms of actual fiscal impact on the overall economy (both in Baltimore and nationwide), they remain promising. As of March 2021, Seed Commons has deployed \$15.3 million dollars in loans (either actively deployed or committed). Their commitment to non-extractive finance in marginalized communities means that 95% of their loans are made to Black and POC-owned or women-owned businesses. Communities of color represent 84% of Seed Commons' overall portfolio. And all of the projects that emerged from Seed Commons' loan funds survived the pandemic (Seed Commons 2021). In Baltimore, BRED has about three million dollars in active loans in the financial co-op. Again, this is a proof of concept that can inform how economic development projects draft their priorities. Yet, it is necessary not only to look at the numbers, but also evaluate the processes by which cooperative workplaces are built.

Evaluating the Cleveland Model

Looking, once again, to the Evergreen Cooperatives is instructive as well. Whether the aim is to overthrow capitalism or to mitigate its worse tendencies, there is still a question about how well the community wealth/new economy movement is helping the movement towards a post-capitalist future. It is very difficult to find critiques of the Evergreen Cooperatives, or what is known as the “Cleveland Model.” Ted Howard, who was central in planning these co-ops, wanted to create a model of a large-scale ecosystem of manufacturing co-ops in the United States. Of the experiment, he states,

We realized it'd be very useful to see what cooperative ownership at this scale could look like, because most people in the United States think of a co-op, and they think of a food co-op. But what does a manufacturing co-op look like? What does it look like when there are tens of thousands of people working in a network of business? Because that was the model we wanted to create here (as quoted in Friess 2014).

In practice, the scale of the Evergreen Cooperatives has been much smaller than initially anticipated. There are 120 worker-owners employed in the three cooperatives under the Evergreen umbrella (Howard 2016). This is in a city of impoverished residents numbering 44,000 and where the unemployment rate is 25% (Friess 2014). Unfortunately, these 120 jobs have not put a substantial dent in the hardship felt in the area (though they have been meaningful for those 120 employees) and as of 2016, only 30% have thus far become worker owners (Howard 2016). Furthermore, as of 2014, the entry wage was \$10/hour for the first six months, then received a raise to \$12/hour and the opportunity to buy into the company, a figure that falls short of the generally accepted \$15/hour that is considered to be a living wage. The fact that over \$25 million has been invested into the Evergreen Cooperatives has community organizers wondering if this money would have been better spent in small business loans to low-income residents or in other poverty-reduction programs. And despite its best intentions (and its

intentions were good), the “Cleveland Model” has been described by insiders as “trial by fire” with a lot of missteps along the way (see Friess 2014; McFellin 2016; McFellin 2017). The point of the model was its replicability, scalability and breadth of impact – all of which have been called into question given the difficulties in executing the project.

Troubling the Nonprofit Industrial Complex (NPIC)

The contrast between Seed Commons (a peer network of non-extractive loans and high touch technical assistance) and Evergreen Cooperatives (a project of the Democracy Collaborative, not born of grassroots movements) once again calls into question the efficacy of top-down versus bottom-up efforts at worker cooperative development. That is, what is the best strategy for building lasting community wealth? One of the byproducts of the increased interest in worker cooperatives is a larger nonprofit system dedicated to cooperative incubation. The Evergreen Cooperatives exemplify this. Unlike, for instance, New Era Windows and Doors in Chicago, which emerged out of a labor struggle in the post-2008 economic crash (and galvanized The Working World and Seed Commons), the Evergreen Cooperatives were not conceived of struggle or of political consciousness. Instead, McFellin (2016) argues, “Evergreen was not created out of conditions giving rise to social movements – it was created out of a market relationship between the Cleveland Foundation and the Democracy Collaborative in ‘partnership’ with the largest area employers.” In fact, Friess (2014) states that despite the stated goal of this project to build a system of community wealth initiatives and to democratize the economy in the area, it has fallen far short. This is not only due to Evergreen’s smaller than expected economic impact but also its limited cultural impact. Speaking to community residents about the project, Friess (2014) asserts, “when I try to ask random residents or shopkeepers in the area about Evergreen...its drop-in-the-ocean impact has barely caused a ripple in the local

consciousness.” So, if the goal was to change the community into a more economically democratic one, as well as change the landscape of political and economic possibility in the region, it hasn’t achieved either very well.

As McFellin mentioned, partly this is because these cooperatives were a very “top-down” endeavor. Jim contends, “I think it’s very, I think it’s radically different, fundamentally different if the spark, the initiative for the co-op comes from the people who want to be worker-owners versus the spark comes from people who want *other people* to become worker-owners.” It is useful to contrast the Cleveland Model⁵³ with initiatives like BRED in Baltimore and Seed Commons writ large – which are developing projects all over the country – along with the USFWC and DAWI. Most of those doing worker cooperative development in these networks were not born of political struggle like New Era and the cooperatives in Argentina. However, unlike Evergreen, many *were* born of critical consciousness and are staffed/driven by worker-owners and community organizers who are committed to the process of cooperative development being as democratic as the workplaces themselves. To do otherwise, the process can be easily controlled by elites, thus undermining the goal of community wealth and a more democratic economy. McFellen (2016) elaborates,

The reason the businesses suffered is because the anchors couldn’t be trusted to hold up their end of the bargain and the “professional” leadership couldn’t be bothered to do the work that is needed to get it done. Since nobody ever bothered to get buy-in from the community (beyond the rich and powerful who had, by that time, already cooled on the idea of the co-op itself) and none of the so-called professionals were ever really willing to cede decision-making power to the worker-owners.

This echoes Jim’s warning about the way in which cooperatives’ trendiness could very well be a hindrance to real, democratic community control in the workplace. Again, when foundations and

⁵³ Until recently, the Evergreen Cooperatives website had a series of “how to” documents on their website that were a playbook for how to replicate their model in various localities. These documents have been removed and the locations that were most anticipated to replicate the model thus far do not seem to have done so.

wealthy investors control the purse strings in a movement, that movement is beholden to those benefactors. This weakens the mission of community control of wealth in these projects and does little to shift power relations in the capitalist system.⁵⁴

Growing Alliances with Political Elites and the State

The relationship between wealth and political power is well known and has been discussed in some depth in the literature review. As it stands, wealth is becoming more concentrated, not less. That circle of influence where the wealthy control the political system and the political system enacts policies that further concentrate wealth is still deeply entrenched, and the Covid-19 crisis has made this even more so. The redistribution of wealth away from the bourgeoisie to the workers through community wealth initiatives falls far short of what it would take to meaningfully tip the balance of power.

That said, cooperative advocacy through the USFWC and National Cooperative Business Associate (NCBA) – among others – have developed substantial political advocacy capacity. They were able to work closely with Senator Gillibrand and Representative Velázquez to advance the Mainstreet Employee Ownership Act. These organizations are also active on the national Interagency Working Group on Cooperative Development in which they coordinate with various federal government agencies to advance cooperative development.

The left is increasingly using the state as a means to accomplish its goals. The Trump presidency spurred a renewed civic interest in the state. The popularity of Bernie Sanders who is openly socialist, and the “squad” in Congress (Alexandria Ocasio-Cortez, Ilhan Omar, Rashida Tlaib, Ayanna Pressley; and more recently Jamaal Bowman and Cori Bush) have ignited a left

⁵⁴ It is important to note that many of the peers in the Seed Commons network also rely on nonprofit funding. However, the impetus for starting cooperatives at Evergreen are not community-based whereas Seed Commons projects support business incubation and conversions based on a community intake system.

insurgency into public office and a deeper understanding of the consequences of holding public office. Furthermore, more candidates are running campaigns that eschew corporate money in favor of grassroots (and hopefully ultimately publicly funded) elections. All of this is to say that these are not office holders that capitalists are excited about – they have the potential to advance policy that significantly shifts the balance of power among large corporations, wealthy individuals, and regular people. It would be through a social policy of redistribution that has the potential to tip the scales – much more than small efforts on the margins in community wealth building. That said, the policies advanced by co-op advocates could be bolder and more impactful with the right allies in public office given their power to allocate funding.

Building Community Wealth

From the statistics above, it appears that the cooperative movement is addressing inequality in pockets. This in itself is meaningful as it demonstrates their role in improving lives in the communities where these initiatives exist. In Baltimore, the number of cooperatives is growing, in no small part due to the support that BRED has offered. But again, in a city where large swaths of vulnerable communities remain unable to access economic opportunity, there remains a great deal of work to be done to bring meaningful economic development to these neighborhoods. The potential of worker-ownership as a path to democratize the economy in Baltimore and nationwide shouldn't be dismissed. However, this requires a shift in scale and a more supportive political system that prioritizes worker ownership in its mandates. This work is happening in Baltimore as the city has relied on BRED to support the development of and transition to worker cooperatives around the city. In March 2021, *Bloomberg Business* published a piece extolling the virtues of worker-ownership, with Baltimore as the centerpiece demonstrating the promise of this model for equitable development (Lanahan 2021). In New

York City, the number of cooperatives has grown from “fewer than two dozen to having the most in the nation: more than 130 as of spring 2020” (Lanahan 2021). The past decade has seen the growth of a more sophisticated funding and technical assistance infrastructure, as well as lobbying to create policy that nurtures the growth of worker ownership and has contributed significantly to these positive trends.

CONCLUSION

This chapter elucidates a long history of cooperatives as a strategy for democratizing wealth. First, I discuss the movement aimed at building community wealth and where cooperatives fit in to that strategy for greater economic democracy. I then explain the ways in which worker cooperatives and the cooperative movement disrupt racial, gender, and environmental injustice. Finally, I evaluate how well these goals are met in service of interstitial transformation. This movement has resulted in worker cooperatives growing in number, prioritizing people of color, women, and gender non-conforming worker owners, those most likely to be excluded from economic opportunity and dignified working conditions. However, the question of systemic shift remains and will be address in the next (and final) chapter.

CONCLUSION: BUILDING A NEW WORLD

Claims that worker-owned cooperatives are a “cure” for capitalism (Wolff 2012), that worker cooperatives are a critical vehicle to displace neoliberal capitalism (Ranis 2016), and that cooperatives can form the basis of an economic revolution (Wright 2014) are abundant. In contrast, this dissertation argues that worker cooperatives are a seed to be cultivated and grown into a new kind of economy, one that is more democratic and less lopsided than an economic system that concentrates wealth and power into fewer and fewer hands.

My contention rests on the findings from my case study, which paint a more complicated picture than the “co-op cheerleaders” claims outlined in the literature review above. First, cooperatives still face resource barriers, despite the growing resources provided by the organizations meant to increase access to them. These resource barriers remain particularly steep for those already shut out of the mainstream economic system. Yet, there have been tremendous strides in meeting these resource needs and building cooperative ecosystems all over United States. I further discuss the difficulties small worker cooperatives have had in living up to the ideal of workplace democracy. At the same time, understanding these difficulties makes it possible to improve the deliberative processes that give workers a stronger voice in their workplaces and recognize when informal hierarchies begin to emerge. Finally, I evaluate the claim that worker cooperatives are a “cure” for capitalism (Wolff 2012). While they upend the exploitative relationship between workers and capital, the scale necessary to displace the capitalist system is immense and it is not clear whether cooperatives alone are sufficient in democratizing wealth.

I am writing this conclusion at the end of 2021, as the unemployment rate remains high the pandemic is still raging across the world due to the Omicron variant, and the “great

resignation” has laid bare the dissatisfaction people have with capitalist workplaces. Many businesses that relied on human proximity have shuttered their doors. At the same time, as of December 2020, billionaires have increased their collective wealth by \$400 billion while the majority of folks in the US are struggling to make ends meet (Neate 2020). In the wake of these developments, many industries impacted by the pandemic are considering cooperatives as a strategy for a post-Covid business model.

Since its inception in 2015, BRED has added twenty projects to its ranks. According to Kate, the executive director of BRED, the intake coordinator receives two to three calls daily. This is a combination of those who want to start a new co-op, convert their businesses to a worker cooperative, or owners hoping to sell their businesses to their employees.

SMALL DEMOCRACY, BIG CHANGE

Of worker cooperatives, Erik Olin Wright (2010) writes, “Mutualism within production and voluntary federalism among productive units would form the basis of a new society, initially within capitalism itself but ultimately replacing capitalism altogether” (p. 235). In the interstices of the dominant system, the cooperative movement aims to shift workplace ownership, the distribution of wealth, the mechanisms of workplace participation, and the systems of oppression inherent within the dominant system.

It is creating a blueprint, with potential for replication. Recently, adrienne maree brown claimed a “big visionary democracy”: “If we're not practicing something on a small scale, we don't build up the muscle, the skill to change at a big level” (Van Ness 2020). Casey of Thread Coffee states, “The whole reason we wanted Thread to be a worker cooperative is not just because everyone involved really likes being in a worker cooperative, which we do. But also, it can be a model to show that it can be done, and it can work.” Cullen also sees it this way:

I mean that there are certain viewpoints and attitudes that are so commonplace in American capitalism that they seem to be natural. They become naturalized. We want to naturalize a different set of principles, a different set of values, a different set of relationships within the organization. And then hopefully spread those through our success, spread them.

Tiffany from Red Emma's sees the values inherent in the cooperative as being distinct from those that drive capitalist production. She states,

I think prioritizing the welfare and the benefits of the workers of the organization because it's they who are making the decisions as opposed to prioritizing the needs and wants of the people who are funding the business - that's a giant step away from capitalism and a very powerful one.

In all, the learning that is happening on the micro level within individual worker cooperatives and the organizing that is happening on the macro level in the cooperative movement are building real life examples of economic democracy in practice and demonstrating that it *can* be done.

In the grand scheme of things, worker cooperatives remain a marginal sector of the economy. But in the practice of building cooperatives, the seeds for a new economy are being planted and nurtured. They are being planted in the way that the cooperative movement mobilizes resources, aiming to opt out and ultimately subvert the extractive economy. They are being planted in the way that workplace democracy allows for greater (yet still complicated) worker input into the conditions of work, diminishing the alienation many workers – especially low-income ones – feel in their workplaces. They are being planted in the redistribution of resources, albeit on a small scale. They are building a framework to replace a system that devalues the lives and work of Black and brown people, of women, of queer folks, of those who are differently abled and subsequently locks them out of economic opportunity. More than that, the cooperative movement/new economy movement/solidarity economy movement, the Movement for Black Lives, environmental justice movement, and a host of other left-wing

movements are beginning to build alliances which recognize the need for a broad-based and integrated set of strategies that challenge the systems of oppression that deny the participation and undervalue the work of women and people of color, systems that exclude them from opportunity, dignity, and their own humanity, and that use them as exploitable commodities.

Moreover, the resiliency of cooperatives in hard economic times further demonstrates that a people-centered economic system can be supportive of workers rather than discarding them when they no longer serve the bottom line. Women, and especially women of color, have lost their jobs at alarmingly high rates because of the pandemic (Modarressy-Tehrani 2020). The worker cooperatives in Baltimore have remained open during the pandemic, some increasing their sales. New worker-owned businesses have opened as well in this time. This is in part because cooperatives have a more flexible and adaptive business model. In their 2020 year-end recap, BRED stated:

Cooperatives have always been particularly adept at pivoting, but this year pivoting the ways of meeting and conducting business became essential. Many of our food sector co-ops, like Red Emma's and Taharka Brothers, altered their operation models. They added home delivery and/or switched to take-out only. Likewise, Thread Coffee opted to close their cafe entirely and focus exclusively on wholesale and direct-to consumer sales. Mera Kitchen Collective, known for their catering, had to make a pivot as well. They teamed up with Alma Cocina Latina and World Central Kitchen to offer free meals. To date they have cooked and served over ninety thousand completely free meals to communities around the city.

While cooperatives remain a small part of the business landscape in Baltimore and around the country, they are vital to service provision and community development, and have shown themselves to be an appealing model that lays out a blueprint for a new system.

Important lessons can be learned from the cooperative movement's growth in Baltimore and all over the country. As shown in this case study, the cooperative movement understands that without building new systems of finance, the extractive economy will remain intact. Seed

Commons (of which BRED is a part) is not only creating a revolving loan fund to lend to historically underserved communities in a non-extractive manner, but they have also set a goal to wean itself off its reliance on the nonprofit industrial complex. Worker cooperatives are not only a mechanism for making workplaces more democratic, but also as doing the work to “dismantle the corporate world” (BRED 2020). But it is important to ask what conditions make this possible?

THE STRUCTURAL IMPERATIVES OF STRENGTHENING WORKER COOPERATIVES

The longitudinal nature of this dissertation demonstrates that changing the structural conditions to support cooperative development is imperative to growing the worker cooperative movement to disrupt and possibly displace capitalist workplace relations and build a new economic system. From examining the growing worker cooperatives in Baltimore between 2015-21, it becomes clear that there are three conditions that are crucial for building expanding the number of worker cooperatives: access to non-extractive capital and high-touch technical support, building a culture of worker ownership, and political advocacy/legislation that supports both worker ownership and wealth redistribution. These variables are the foundation of a successful interstitial strategy to replace the capitalist system.

Non-Extractive Capital and Technical Support

As highlighted in chapter three, securing capital is the first condition in starting a worker cooperative. The cooperative movement is dedicated to building a more equitable system of finance outside traditional lending structures, and it seeks to remedy the way in which marginalized communities have been locked out of economic opportunity at the hands of these institutions. The cooperative movement creates the conditions wherein capital is available to those who might otherwise be denied prospects for business ownership.

Starting a business is risky and is often a risk that poor and working-class people cannot take. Seed Commons and its members ensure that those who are taking the risk to start a business will not incur major losses if the business is not immediately profitable or falls on hard times. The patient capital available through these non-extractive networks ensures that business owners are not worse off than before starting the business. Without access to patient capital (sans credit scores and personal liability) and ongoing technical assistance, these workers would incur substantial financial risk, if they were granted access to capital at all.

In this way, as Abell (2014) points out, capital for potential worker owners is a necessary but not sufficient condition for increasing the number of worker cooperatives. Provision of technical assistance to accompany capital is also key. Technical assistance includes help writing bylaws, building sustainable business plans, and affordable legal assistance for those familiar with technicalities (and peculiarities) of worker-ownership. Furthermore, technical assistance must be ongoing throughout the various phases of the business's development. Having organizations, be they independent organizations like BRED or DAWI, or government supported organizations, like technical assistance built into Small Business Associations, is critical for the development and growth of worker-ownership.

These conditions are particularly important for cooperatives in marginalized communities. For the cooperative movement to make a significant dent in the gender and racial wealth gap, for example, there will need to be more robust systems of finance and technical assistance available to a larger constituency. But how these resources are made available and to what ends is still a matter of significant debate in the cooperative movement – a debate about how large a role the government and nonprofit sector should play in the cooperative movement

and whether top-down efforts to create more worker owners is, in fact, the pathway to a new system.

Building a Culture of Worker Ownership and Scaling Up Democratic Workplaces

The importance of socializing potential worker owners into the norms of workplace democracy is a second condition for building a system of worker ownership. In fact, Gordon Nembhard (2014) names education around cooperative ideals and democratic skill development as critical. Thus, institutionalizing educational tools around building a culture of mutualism, both for would-be cooperators as well as for new members in an established worker cooperative, is central to facilitating a larger culture of economic democracy.

The organizations in this study – both the worker cooperatives themselves, as well as the cooperative development organizations – are working to counter a broad set of cultural norms under capitalism that value and reward individualism and hierarchy. In Baltimore, BRED has built out a system of public education that serves to inform the public about the benefits of worker cooperatives, bust myths about how they “won’t work,” as well as create tools for people who would like to start a cooperative business or convert their current workplace to a worker cooperative. This is in addition to the high touch technical assistance that BRED provides to individuals and groups who are in various stages of business development.

However, larger institutional forces make this type of education a challenge to execute. Of orthodox economics textbooks, Hill (2000) explains, “By their general neglect of democratic forms of economic institutions, such as co-operatives, the introductory textbooks fail to describe adequately actually existing institutions, ignore questions of economic democracy, and miss an opportunity to offer some interesting lessons in the basic principles of economic organizations

and their development” (p. 293). Economic democracy is simply absent from mainstream discourse. Abell (2014) explains,

The cooperative model is rarely taught in schools, nor is it visibly present in most communities or in the mainstream media. Students of social science, law, and industrial relations occasionally get exposure to the cooperative model, but cooperative businesses are almost invisible in business school curricula. With so little explicit exposure to cooperatives, many people have misconceptions about them (p. 22).

Without mainstream institutionalization of a cooperative curriculum, it will be difficult to normalize democratic participation in the workplace.

It is also necessary to explore models of scaling up models of workplace democracy in larger bureaucratic workplaces – especially those who would like to convert into a worker-ownership model (something this dissertation does not address). It is argued that the larger a democratic unit becomes, the more difficult it is to maintain a commitment to participatory democracy (Malleon 2014). According to Dahl (1994), “A persuasive argument to classical Greeks as well as to many modern democrats is that smaller systems at least hold out the theoretical potential for greater citizen effectiveness than larger systems, even if in practice that potentiality is not always realized” (p. 28). As mentioned, Red Emma’s confronted this question by breaking its collective into working groups. But for larger, more bureaucratic cooperatives, this model may not be possible. For some cooperatives, representative democracy, like the kind that is practiced in state-based liberal democracies, can be appealing because it is not everyone’s desire to make every decision democratically. Also, participatory democracy is time consuming and argued to be a less efficient form of decision making (Malleon 2014).

Additionally, horizontal equality, as explored in chapter four, overlooks the importance of talent and expertise and there is a necessary tradeoff between equality and a complex division of labor (especially at a larger scale). Malleon (2014) argues,

One must choose either equality or large-scale transformative potential, either homogenization or expertise, either equal wages or material incentives. In practice, this means that you can't have democratic workplaces that are egalitarian, participatory, with no division that are small or homogenous, *or*, you can have democratic workplaces, like most co-ops, that allow some inequality, are representative, use specialization, and are potentially large and diverse. The restraints of reality mean that this trade-off is inevitable: we cannot have our cake and eat it too (p. 71).

For instance, Equal Exchange, a fair-trade coffee, tea, and chocolate company outlines that even though their model is much more like a traditional business in that, “the delegation of responsibilities is very much like that of conventional firms - which allows for efficiency - except that at Equal Exchange those at the ‘bottom’ of the organizational chart are, as owners, also at the ‘top’ of the same chart” (Equal Exchange n.d.). There is a compromise, but as compared to traditional businesses, this model is wildly more egalitarian and possibly a way to integrate more people into the model, particularly if they are not excited by “endless meetings.” If all worker cooperatives existed on the scale of those in my case study, it would necessarily mean that most of the population would remain locked out of economic democracy. Like Malleson (2014), I have a very hard time seeing the scale of the economic units in a global economy shrinking back down to the unit of a thirty-person firm. And small firms alone cannot democratize wealth on the scale necessary to dismantle the oligarchical system of wealth inequality in the United States or on a global scale.

Political Advocacy/Education

The third condition that is necessary for worker cooperatives to achieve their goals is supportive social policy. Many states do not have a legal designation for worker cooperatives, including Maryland (different states have varying statues for cooperatives, some better than others). Chapter three shows that a lack of legal recognition makes pursuing worker ownership more challenging. The US Federation of Worker Cooperatives and state-based worker

cooperative advocacy groups are involved in legislative advocacy to make the economic and political terrain more hospitable to worker-ownership. One issue that is especially pressing is lobbying for worker cooperative statutes. Legal statutes make it easier to acquire capital for operation and expansion, increase the capacity of worker owners to meet their goals, tailor resources for worker cooperative support (e.g., designated funds for technical assistance), and more easily direct municipal resources toward worker cooperatives (Stearn 2015).

For example, New York state's legal designation for worker cooperatives allowed for the passage of New York City's Worker Cooperative Business Development Initiative (WCBDI) in 2014. According to Dubb (2020), this initiative directed \$1.2 million toward the creation of twenty new worker cooperatives in the first year of operation. In 2020, that number rose to \$3.6 million. In this time, the WCBDI's funding has incubated on average 20 new worker cooperatives per year.⁵⁵ Statutes don't just make it easier to get loans, but also they are a critical to directing municipal resources to cooperative development efforts.

Likewise, governments have the capacity to prioritize cooperative growth outside of capitalist market imperatives. John Duda reasons:

I think a large part of that is that we're in a market economy and even with subsidies, the subsidies tend to favor all the actors in the market rather than just the ones that have all the economic principles. You can change that but you're pushing yourself farther and farther away from the market economy. There are places that has worked. There's been a few companies that have done really tremendously well. Namaste Solar comes to mind, a worker cooperative out in Colorado. Some have worked really well when you have a favorable climate around procurement. The solar company as part of the Evergreen Network has done OK. They have these anchor institutions that sort of insulate it from the market. But I think it requires work. It's not like you get the idea and it magically happens. That work involves financing, involves job training, building all the things you would need to build another cooperative business.

⁵⁵ This number is taken from a survey of the annual "Working Together" reports that track the number of worker cooperatives supported by the WCBDI. The reports can be found at <https://www1.nyc.gov/nycbusiness/article/worker-cooperatives>

That worker cooperatives can exist outside of market pressures, a mandate that social policy can deliver, should be a focus of post-capitalist worker-cooperative ecosystem development. In fact, it will be difficult for cooperatives to scale up to replace traditional firms without state-based incentives and a planned market system that favors them (Malleson 2014).

However, given the vast concentration of wealth at the top, it will be challenging to redistribute wealth on a large scale through worker cooperatives alone. Worker cooperatives, despite their best efforts to build robust ecosystems of non-extractive and patient lending cannot undo the fact that a few people own as much wealth as the bottom half of Americans.⁵⁶ The pandemic, aided by the Trump tax cuts in 2017, has accrued even more wealth at the top. Wealth redistribution cannot happen without major resource redistribution (be it through taxes or expropriation⁵⁷) and realignment of values and policy toward economic democracy. These are issues that the United States has struggled with in the best of its days (and these are not high times for democracy and equitable wealth distribution in the United States). All of this said, the question remains: do worker cooperatives present a significant challenge to the capitalist system? The answer is complicated and worker-owners and those in the worker-cooperative movement disagree on the answer.

CAPITALISM AND COOPERATIVES REVISITED

As Wright (2010) warns, it is theoretically useful for researchers to grapple with critiques of efforts to transform the capitalist system. This dissertation contributes to a body of literature

⁵⁶ I am being intentionally vague with these numbers as they continue to change amidst the pandemic (and not in the right direction). In 2019, the richest three men – Warren Buffett, Bill Gates, and Jeff Bezos were the three richest men (Collins, Ocampo, and Paslaski 2020). However, as of January 2021, Elon Musk has become the world's richest person (Cellan-Jones 2021).

⁵⁷ Expropriation is the seizure of assets or private property for the purposes of public interest, often against the wishes of the owners (Caves 2013).

that neither blindly celebrates worker cooperatives as a panacea for the ills of the capitalist system, nor does it conclude worker ownership is failing as a larger strategy for the democratization of the economic system. As in all lived experiences, the reality of worker ownership and its relation to systemic change is complicated. Robert Dahl (1985), in his seminal work *A Preface to Economic Democracy*, argues,

By committing itself to a system of self-governing enterprises, a democratic people would take an important step toward attaining the goals of political equality, justice, efficiency, and liberty, both political and economic. They would, of course, continue to face many problems that this structural change would not resolve or even ameliorate (p. 136).

As Curl (2013) suggests, anyone looking at worker cooperatives as a panacea to the ills of the system are barking up an empty tree.

Erik Olin Wright (2010) urges researchers to differentiate between interstitial *processes* and *strategies*. To reiterate, interstitial processes are emancipatory pockets of liberation that function as nodes of radical transformation. The concern that Wright points out about these projects is that if people are unhappy with the capitalist system, they can simply choose to retreat from dominant institutions rather than challenge them. In contrast, interstitial *strategies* confront and seek to dismantle those institutions. The cooperative *movement* engages in an interstitial *strategy* that seeks to disrupt the exploitative and alienating relations of capitalism as they manifest in the workplace. However, it is unclear whether these strategies will reform capitalism or dismantle it.

In his later work, Wright (2016) distinguishes between *ameliorative reforms* and *real utopian transformations* to capitalism. For him “ameliorative reforms involve looking at existing institutions, identifying their flaws and proposing improvements that can be enacted” (Wright, 2016, p. 77). He goes on to say that these improvements are integral to alleviating the suffering

caused by the current system. He sees real utopian transformations as constituting the building blocks for a new system manifested in the world as it is (Wright 2016). Worker-owners wonder this as well – are cooperatives “compensating for capitalism’s shortcomings” as Jim worries, addressing its shortcomings in a “nonthreatening way” as Josh argues? Or do they constitute an alternative to the system, fundamentally transforming the economy? If worker cooperatives were to become a dominant (or competitive) economic form, it is still unclear what type of system they are prefiguring.

Cooperatives and the Preservation of Capitalism

Like labor unions, the cooperative model carries the potential to ameliorate the brutality of the capitalist system as Wright (2016) suggests. Some argue that cooperatives are constituting a new kind of capitalism: “stakeholder capitalism” (Goodman 2020). The term (like all definitions of capitalism) is nebulous. But in general, the concept of stakeholder, as opposed to *shareholder*, capitalism refers to a type of capitalism that assumes not self-interest, but a voluntary association of market relations that aims to enact positive obligations to communities to have a stake in said market system (Freeman, Martin, and Parmar 2007). Under this framework, cooperatives do not replace capitalism, but instead update its deepest inequities. As explored in chapter one, this is concerning to those who seek to dismantle the capitalist system. Again, Marx was ambivalent about the revolutionary potential of cooperatives. Luxemburg (2008) saw them at best as islands of socialist production in a sea of capitalist exchange, or at worst, replicating by necessity the capitalist model.

A recent article in the *New York Times* about Mondragon exhibits this tension. Entitled “Co-ops in Spain’s Basque Region Soften Capitalism’s Rough Edges,” Peter Goodman (2020) contends that the pandemic has hurt workers, but cooperatives have the flexibility and humanity

built into the model that makes it so there is shared sacrifice to preserve paychecks. Therefore, as the title of Goodman's piece suggests, the model may be preserving rather than disrupting the capitalist system.

Furthermore, top-down cooperative incubation efforts are potentially a tool for integrating worker owners into the capitalist system. Jim is concerned about this,

So, I'm wondering what we might be doing. Think of it as, are we starting worker co-ops as an end to itself, for the democratization of capital? Or are we starting worker co-ops as a means to an end? We can have worker co-ops that can take impoverished people and turn them into middle-class people. They end up being homeowners, they end up putting their kids through college. They end up with retirement accounts. They cease to be economically precarious. All these good things. But what is the end result of that? The end result of that might very well be that those worker-owners leave the worker co-op and get a job in Fortune 500 company where they become a target of wealth extraction. We're taking impoverished people and turning them into better targets for the 1% to extract wealth from.

This resonates with the apprehensions about nonprofit cooperative incubators, like those in Cleveland and New York City. Jenkins (2020) asserts,

The nonprofit sector does prevent further harm. Without it, people would feel capitalism's harsh realities much more acutely. More people would starve, more people would be homeless, and more people, frankly, would die. But nonprofits are a part of the system, not a solution. The nonprofit industry keeps the damage done by the rich to a socially acceptable minimum by providing scant relief to the very worst off among us.

Rather than disrupting capitalism, cooperatives may instead be "dedicated to mitigating needless 'perversions' of capitalism, rather than their eradication" (Paranque and Willmott 2014:619). In other words, the *ameliorative* impacts of cooperatives may actually make overthrowing capitalism more difficult.

Moreover, if capitalism has demonstrated anything, it is that it is a resilient system and has been able to co-opt so many of the efforts to replace it. Bernardo maintains,

I think that capitalism is different today than it ever has been. Maybe not than it ever has been but like, I think the last 20 years has created an amazing, and I don't mean

“amazing” in a positive way, but a remarkable shift in the way that capital moves and works.

Along these lines, Ro is suspicious that worker cooperatives can constitute an alternative to capitalism within capitalism. They contend,

I don't think co-ops are the solution to capitalism. That's not my opinion. For me, ideally so many things should be... work needs to be redefined. Work is restructured in cooperatives compared to a regular business. But co-ops outside of capitalism would be so different. It would be about mutual aid. Things do need to get done, but not necessarily through ownership in the same way; it would be way more broad than just the members, just the workers in the co-ops. And that's unfleshed out.

Ethan Miller (2008), from GEO Co-op echoes this concern,

The worker coop movement cannot, by itself, take on the gargantuan task of challenging the culture of competition and greed. Operating as isolated businesses or even as networks of businesses, worker cooperatives have barely a prayer (contrary to what some cooperative activists suggest) of growing to "eclipse" and replace capitalist enterprise simply through successful growth and competition. Without compromising the very democratic, cooperative and justice-seeking core of our movement, we will not "out-compete" the masters of greed and competition on their own terms.

In this vein, there is the possibility that without cooperatives contributing to “a *transformative social movement* capable of changing the culture and economy--the "social ecosystem” (Miller 2008:8), cooperatives are simply transforming capitalism rather than replacing it.

Cooperatives as a Pathway to Market Socialism

On the other hand, this movement can advance market socialism. Market socialism is defined as,

the general designation for a number of models of economic systems. On the one hand, the market mechanism is utilized to distribute economic output, to organize production and to allocate factor inputs. On the other hand, the economic surplus accrues to society at large rather than to a class of private (capitalist) owners, through some form of collective, public or social ownership of capital (O'Hara 2014:71).

The cooperative movement may be prefiguring a model of collective ownership through a federated and interconnected network of worker- or state- owned enterprises in which wealth is distributed more equally among owners and stakeholders.⁵⁸

Absent seizure of the means of production, either through expropriation or through revolutionary means, cooperatives are a potential revolutionary force, an interstitial strategy for the diffusion of ownership from the bottom up. Wolff (2019) suggests,

making the transition to worker coops a central part of socialist objectives brings the reality of socialism to the immediate micro-level of every working person's daily life on the job. Socialism is then no longer a matter of changing from private to government ownership, from market to planning, and other such macro-level changes quite removed from individual workers' daily lives. A worker coop organization of factories, offices, and stores will alter every aspect of workplace life and relationships, making new demands while offering new responsibilities and powers to most workers. Workers' engagements with socialism will thus involve a daily process of building, safeguarding, and reproducing the democratic cooperative organization of their workplaces and thereby transforming themselves.

Worker cooperatives, in this sense, nurture the enterprising spirit of the "American" mythology while at the same time devolving power and capital from the top down to the bottom up. This is important since socialism still holds its power as a political cudgel in the United States (one only needs to observe the 2020 election cycle to see this). Co-ops are a means to actualize socialist production absent the cold war baggage that comes with the label.

In co-op circles, there remains debate about the role of the state in economic planning and cooperative development. In some visions of market socialism, there is a system of cooperatively owned enterprises that compete in the marketplace or that create parallel economic institutions. It is the belief that workers can and should manage their own production system (Dobrusin 2013).

⁵⁸ Wright (2010) outlines a model of market socialism proposed by John Roemer wherein the class relations of capitalism are eliminated by distinguishing between "dollars" and "coupons." Dollars are used to purchase commodities, but socialized ownership would be distributed through coupons. This creates a break between money and social ownership of the means of production. However, this model does not prioritize the role of worker ownership as a mechanism for the democratization of wealth.

In this framework, federated systems of ownership bypass and ultimately obviate the need for a state system at all (Wright 2010). In other imaginings, the state would plan production as well as bolster (if not own) cooperative enterprises (Dobrusin 2013).⁵⁹ Nonetheless market socialism, regardless of the role of the state, seeks to build a solidarity economy through worker ownership.

Cooperatives as Acapitalist

In practice, this dichotomy – capitalism vs. socialism – may be too simplistic. Kelly, executive director of the US Federation of Worker Cooperatives explains,

I like to think that the cooperative economy, while a lot of it is embedded in capitalism, is at minimal at least “acapitalist”, right? So that’s not to say that everything is black and white or everything needs to be either pro-capitalist or anti-capitalist, but there’s actually this really powerful middle, and I think that that’s an opportunity to organize and to shift our economy toward a post-capitalist society by mobilizing a lot of the economic elements, including enterprises, that are actually acapitalist... with worker cooperatives, in particular, I think that we’re better positioned for a post-capitalist society. Why? Well, when all that stuff crashes, who are those investors who are left picking up the pieces, right? We’re not part of the boom-bust cycle of capitalism, so when things are going really well, and there’s all kinds of economic progress, we’re just kind of plodding along and continuing to advance our work, to do better business.

That is, while cooperative exist within capitalism, they are “acapitalist” in the sense that they can encroach on its terrain in order to dismantle it. Kelly goes on to argue that in a time of corporate consolidation, there is actually a lot of opportunity for worker cooperatives to build a system of “subsidiaries, spin-offs, sourcing, and procurement” around these large corporations. He maintains:

I think there’s a particular strategy for worker cooperatives, and employee ownership, and even organizing farm workers to be their own firms, build up their own power, maybe interface into that value chain and tap into that market potential and, ultimately, use that as a power base, as I was starting to say, to push back or even to displace some of these large firms.

⁵⁹ There was significant debate in Argentina, for instance, about the role the state should play in the worker-recuperate enterprises (Vieta 2010).

To put it another way, and as Wright (2010) suggests, strategy matters. That is, worker cooperatives can take advantage of, and perhaps ultimately disrupt or replace, large corporations' value chains through a nonideological acapitalist strategy. In this way, worker cooperatives are figuring out how to thrive in the interstices of these multinational conglomerates, using them ultimately as a tool for hegemony in the system.

Under these conditions, it does not matter whether the new system is called shareholder capitalism or market socialism. It is the functioning as well as the outcomes of the system that are important. Ideal types, as Weber (1978) imagined them, are useful for analytic purposes in creating a framework to imagine an institution functioning as it would on paper. And theorists urge researchers not to confuse the ideal type with the reality of the phenomena being studied (Swedberg 2017). Of ideal types, Johnson (2000) provides a useful example for my analysis: “Socialism and free market capitalism, for example, can be described as ideal types by identifying their essential characteristics – their essence – in a pure, somewhat exaggerated form that is unlikely to actually exist anywhere but our minds” (p. 150). Whether cooperatives are forming a network of stakeholder (rather than shareholder) capitalism (a widespread market system not owned by the state), or of market socialism, may be only of interest to the academic and not as important to the activists on the ground. In practice, what is being prefigured is a system of production and exchange that is owned by workers (and sometimes community members) with the purpose of democratizing wealth and the power that comes from that wealth.

SUGGESTIONS FOR FUTURE RESEARCH

Future research should evaluate more systematically the role that the structural conditions named above play in supporting the cooperative landscape. This research, exploratory in nature, identified some of the resource barriers that individual worker cooperatives faced getting their

projects off the ground, democratizing decision-making, and building community wealth. The longitudinal nature of this study made it possible to identify effective solutions to these barriers. However, a more systematic comparison of strategies to address constraints to building worker cooperatives and varying structural circumstances would be beneficial in measuring the success of these strategies.

A comparative analysis of the varying strategies for building cooperatives would also be useful in identifying their efficacy. Specifically, a comparison of the anchor institution approach versus the ecosystem approach should assess several things: 1. the number of cooperatives incubated through these strategies; 2. the number of people employed; 3. the efficacy of poverty reduction and economic self-determination that each strategy produces; and 4. how democratic these cooperatives are. Inherent in these assessments is the role that the nonprofit industrial complex plays in these efforts.

Similarly, an important area of future study is the role that the state can and should play in this movement. As mentioned, this has been a source of contention in the cooperative movement in the United States, just as it was in Argentina (though the debate was about whether reclaimed factories should be state run, not whether they should take funding or collaborate with the state). It is important to understand the role that state funding plays in scaling up worker-ownership through the provision of legal and technical support. This can also give researchers concerned with capitalist production imperatives insight into the ways the state may dampen the radical objectives of the cooperative movement.

Finally, Kate from BRED mentioned that she would love to see researchers embed themselves in worker cooperatives to explore on a day-to-day basis the functioning (and dysfunctions) of democratically managed workplaces. An ethnographic account of the realities of

worker ownership along with an assessment of areas of improvement would give potential worker-owners important insight into the lived experiences of worker ownership and how democracy is “done” in the workplace. All of these studies would serve the purpose of outlining the real-world potential of worker cooperatives and their potential for disrupting capitalism.

ANOTHER WORLD IS POSSIBLE – I HOPE

When I first became interested in prefiguration in general, and worker cooperatives as a manifestation of prefiguration in particular, I was seduced by the possibility that a new world could be actualized in practice right now, rather than in some distant future. As with all champions of prefiguration, I believe it is important to build the muscles of egalitarianism given the myriad of ways that we are socialized in a capitalist society to dominate and compete for so-called “scarce resources” – be they material resources or emotional ones like feelings of dignity and empowerment.

The Baltimore case study as presented in this dissertation demonstrates, however, that a deliberate (and deliberative) cooperative ecosystem points to a new way to structure work and financial institutions. The Baltimore Roundtable for Economic Democracy and Seed Commons is part of a sophisticated network of cooperative development organizations who present an interstitial strategy for non-exploitative work and non-extractive finance. While still marginal, the impact of these institutions is growing and being integrated into mainstream financing structures facilitated by public policy advocacy. On my better days, I feel hopeful about the momentum this movement has gained and the attention it is getting by lawmakers. In the iconic words of Arundhati Roy (2003), “Another world is not only possible, she is on her way. Maybe many of us won't be here to greet her, but on a quiet day, if I listen very carefully, I can hear her breathing.” I think the cooperative movement, in tandem with other social movements that seek

to change this system that disadvantages so many, is building a framework that points to a new way forward.

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APPENDIX A – INFORMED CONSENT

Study name: Worker Cooperatives: Strategies and Tactics for Interstitial Transformation

Researcher:

Researcher Name: Heather Hax

Doctoral Candidate

Graduate Program in Sociology, York University

Purpose of the research:

This research is meant to contribute to an ever-growing literature on the new economy movement. Through interviews, document analysis, and questionnaires, I will investigate the strengths and limitations of worker cooperative model via a constellation of cooperatives in Baltimore. This project will afford worker-owners the opportunity to reflect on the broader vision/s of the worker cooperative model and its potential as an alternative to private/absentee ownership models.

I intend to present and report this research in my doctoral dissertation, at academic conferences, in scholarly literatures, and within cooperative and activist networks.

What you will be asked to do in the research:

As a person interested in, and involved with, cooperative workspaces, you will be asked to answer a series of questions about your experiences in your workplace. Further, you will be asked to reflect on longer term strategic vision/s as a means to better coordinate efforts, to share experiences amongst and between cooperatives, and to learn from each others' insights. The interview is semi-structured so you will be asked to give no less than 30 minutes of your time and no more than two-hours.

Risks and discomforts:

Risks and discomforts are minimal. Of course, you will be asked about workplace relations, which can be uncomfortable. To mitigate any risk, I will use "member checking" to ensure participants are satisfied with how the data is presented. Member checking involves bringing the research results back to the study participants to ensure that any gaps in interpretation or possible alienating content will be revised or eliminated. No data will be used in the study without the participants' consent and participants will be given the opportunity to review drafts of the dissertation and provide feedback in various stages of the process.

Benefits of the research and benefits to you:

This research is intended to bolster the mission of the worker cooperative model. It is meant to advance the public's, as well as the participant's, understanding of the worker-cooperative form. These interviews are meant to share techniques of the day-to-day inner workings of the cooperative, compare and contrast long-term strategies, and brainstorm about common/unforeseen difficulties.

Voluntary participation:

Your participation in the study is completely voluntary and you may choose to stop participating at any time. Your decision not to volunteer will not influence the relationship you may have with the researchers or study staff or the nature of your relationship with York University either now, or in the future.

Withdrawal from the study:

You may stop participating in the study at any time, for any reason, if you so decide. Your decision to stop participating, or to refuse to answer particular questions, will not affect your relationship with the researchers, York University, or any other group associated with this project. In the event that you withdraw from the study, all associated data collected will be immediately destroyed wherever possible.

Confidentiality

Unless you choose otherwise, all information you supply during the research will be held in confidence and unless you specifically indicate your consent, your name or other identifying information will not appear in any report or publication of the research. Your data will be safely stored in an encrypted file on my password-protected computer and only you and I will have access to this information. All hard copy data will be stored in a locked filing cabinet. I will keep the data for ten years after the completion of my dissertation and then will erase/discard it.

Questions about the research?

If you have any questions about the research, you may contact me (see contact information above), my Graduate Supervisor - Dr. Lesley Wood.

This research has been reviewed and approved by the Human Participants Review Sub-Committee, York University's Ethics Review Board and conforms to the standards of the Canadian Tri-Council Research Ethics guidelines. If you have any questions about this process, or about your rights as a participant in the study, you may contact the Senior Manager and Policy Advisor for the Office of Research Ethics, 5th Floor, York Research Tower, York University, telephone 416-736-5914 or e-mail ore@yorku.ca

Legal Rights and Signatures:

I, _____, consent to participate in the doctoral research conducted by Heather Hax. I have understood the nature of this project and wish to participate. I am not waiving any of my legal rights by signing this form. My signature below indicates my consent.

Signature: _____

Date: _____

Participant

Signature: _____ **Date:** _____

Principal Investigator

Optional: Additional Consent

You may choose to waive your anonymity in this study. If you choose to waive your anonymity and have your name included in any final publications/reports of this research, please check the box below.

By checking this box, I _____ choose to include my name and/or the name of my workplace in any reports or publications of this research.

APPENDIX B – INTERVIEW GUIDE

Investigator: Heather Hax, PhD Candidate

Research Question(s): Based on a case study of worker cooperatives in Baltimore, I will seek to determine what, if any, anti-capitalist strategies and tactics allow these cooperatives to thrive.

Relatedly, how do these tactics and forms of self-organization prefigure a more socially, economically, and environmentally just society? My research question will ask: *What are the strategies and tactics by which worker cooperative build power to facilitate interstitial social, economic, and environmental transformation?*

How do worker cooperatives, as a business, mobilize resources to meet their goals?

1. When did [name of the cooperative] begin?
2. How long have you been involved in the cooperative?
3. Why did you decide to open the business as a cooperatively run enterprise?
4. Were there models that you used as a template in opening this business? If so, why did you choose those models?
5. Were there difficulties in starting your business? If so, what were the strategies you used to overcome these difficulties?
6. What are the challenges that your worker cooperative has faced?
7. Do you see your business growing? If so, what are the obstacles to growth?
8. What are some of the institutional resources available to cooperatives?
9. What are your experiences in accessing these resources?
10. What is lacking – e.g., what kinds of resources would be helpful for cooperatives to thrive and grow?

How do cooperatives prefigure (potentially) liberatory social relations in the workplace (as well as the difficulties in doing so)?

1. In your experience, what are the strengths of the worker cooperative model?
2. Can you explain the way your model works?
 1. What is the ownership structure?
 2. How do you make decisions?
 3. How do you distribute surplus or absorb loss?
3. Can you explain your decision-making structure?
 1. If you know, what was the process by which that structure was borne?
 2. What are benefits of the model?
 3. What are the challenges?
4. How are your meetings set up?
 1. How often do you meet?
 2. Describe a typical meeting?
 3. What are the benefits/drawbacks of these meetings?
5. How do you pay yourselves?
 1. What are the benefits of this pay scale?
 2. What are the drawbacks?
 3. Would you make the pay scale different if you could?
 - i. If so, how?
6. What are the benefits of democratized decision-making? What are the challenges?
7. Do informal power structures emerge?

1. If so, what are the impacts of that? Are there tactics you use to mitigate these informal power structures?

2. If not, what are the tactics you use to ensure broader workplace democracy?

Do these worker cooperatives strategize to be part of a broader systemic shift? Do these cooperatives *see* themselves as part of an interstitial strategy for social and economic transformation?

1. Currently, worker cooperatives constitute a very small share of the overall market. Do you see the worker cooperative model as a viable strategy to change workplace relations on a larger scale?

2. If so, what are the means by which your business intends to proliferate the model? If not, why not?

3. What do you perceive are barriers to scale? That is, what kinds of resources are necessary to make this model more widespread?

What are the tactics by which this constellation of projects enacts its commitments to environmental sustainability? How do they measure their success in doing so (if they measure at all)?

1. Do you have a commitment to “greening” your business? If so, what are the means by which you have done this?

2. How do you measure these greening efforts?

3. What do you think you could do to be more sustainable (if that’s a goal)?

What are the methods by which the strategies and tactics of cooperative workplaces create an alternative to capitalist social relations in practice (if they do at all) as a means for interstitial transformation?

1. Does your cooperative see yourselves as part of a larger economic and political shift? If so, are there ways in which your cooperative facilitates that shift (movement-building? consulting?)?
 1. If not, what are some strategies you imagine would be useful in growing the cooperative movement?
3. Why do you think cooperatives have become so much more popular in the past decade?
4. Do you have a relationship with the surrounding community as stakeholders in your business?
 1. If so, what do these relationships entail? What are the strengths of these relationships? Drawbacks?
 2. If not, are you interested in forging these types of relationships?
 3. If so, what are some ways in which you believe these relationships can be established?
 4. If not, why not?
5. What is your relationship with the other cooperatives in Baltimore? Is there collaboration? If so, when you look at cities like Cleveland or Jackson whose goals are to federate their cooperative system, do you see something like that being possible in Baltimore?