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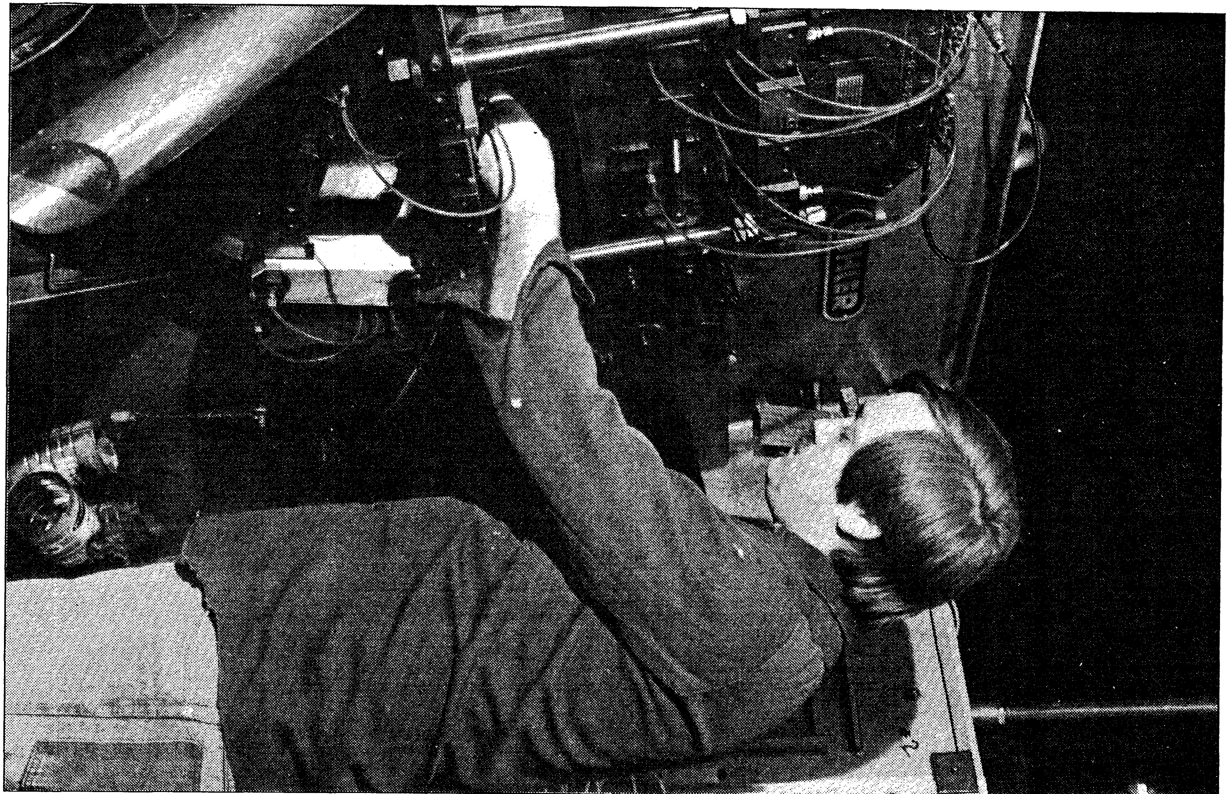

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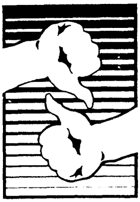

The Case Against Worker Ownership

■ *Mike Slott*

Let's not underestimate the problem we face. American employers may not have a solution to the long-term crisis of the world economy, but they have developed a coherent strategy to weaken the labor movement. Through a combination of concessions bargaining, plant shutdowns, capital mobility, and pro-business government policies, they have succeeded in intimidating unions and dividing workers. As a result, the labor movement grows weaker, and workers lose what little protection they now have for their standard of living and basic rights.

Unions will become a marginal force in society unless the labor movement develops a viable strategy for responding to these employer attacks. The current program and policies of most sections of the trade union leadership are clearly inadequate. The labor movement urgently needs a new strategy.

In recent years worker ownership has emerged as one of several alternative strategies being discussed by labor activists. While employee-owned businesses comprise an insignificant part of the economy, there have been a growing number of employee buy-outs of companies. Several worker cooperatives have also been formed. The idea of union-controlled pension funds has gained some popularity. Advocates of worker ownership have both encouraged these trends and been heartened by them. In their

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view, they represent the potential for a much greater development of worker control.

Clearly, worker ownership merits serious consideration as an alternative to the current strategy of union leaders. Both theoretical and empirical issues need to be debated thoroughly by those of us who are searching for ways to revitalize the labor movement. Preliminary to any critical discussion of worker ownership, however, one must make clear the criteria used to evaluate current strategies and alternatives to them.

A strategy should be supported only if it has the overall effect of strengthening the labor movement by enabling workers to fight more effectively against their employers. Such a strategy increases the power, unity, and self-confidence of rank-and-file workers. A strategy which strengthens one group of workers while hurting the rest can only be harmful to labor. Any strategy must be evaluated with respect to its impact on the whole working class. To the extent that advocates of worker ownership share these assumptions, my disagreement with them is not over basic goals, but over their belief that worker ownership is actually a means of strengthening the labor movement.

Other people support worker ownership not as a means of strengthening labor, but as a way to foster labor-management cooperation and give workers a greater stake in the capitalist system. For example, the ideology of labor-management cooperation underlies *Worker Participation and Ownership*, a book written by several academic supporters of worker ownership. They believe that the United States will only be able to compete effectively in the world market if workers have more of a say in making economic decisions. Through participation schemes and expanded employee ownership, workers will become more productive and concerned about the profitability of companies. Similarly, Corey Rosen, executive director of the National Center for Employee Ownership, touts worker ownership in business journals as a motivational tool for employers. According to Rosen, Employee Stock Ownership Plans (ESOPs) can lead to increased productivity while providing tax benefits to the employer.

That worker ownership has an ambiguous appeal is not a definitive argument against it. But it does suggest that worker ownership may not necessarily be in the best interests of the labor movement. The historical and theoretical overview of worker ownership on the following pages provides even stronger reasons for questioning current attempts to create employee-owned companies and worker cooperatives.

The Historical Record

The historical record of worker ownership is far from dazzling.

On the whole, producer cooperatives (co-ops), the main form of worker ownership until the 20th Century, have never been a significant part of any national economy. To be sure, there were periods when the co-op idea gained some measure of popularity. The Knights of Labor, for example, advocated producer co-ops and its local branches sponsored approximately 200 co-ops in the 1880s, but the co-op sector of the economy remained quite tiny. In general, co-ops were and are found in industries such as printing, construction, and clothing, where modern versions of craft work still survive.

The Mondragon co-ops in the Basque region of Spain are an exception to this pattern. Founded in 1956, Mondragon has become a diversified and growing network of producer, commercial, and consumer co-ops. In 1983 it employed 20,000 people in 100 enterprises. Two of its co-ops, Danobat and ULGOR, are, respectively, Spain's largest producers of machine tools and consumer appliances. No one can deny that Mondragon has been an economic success while maintaining its basic cooperative structure.

Mondragon's achievement makes a fascinating story, but Mondragon has little relevance for evaluating the viability of worker ownership as a defensive trade union strategy. In fact, from the beginning, Mondragon has had little or no connection with Spain's union movement. The co-ops were initiated in the late 1950's, at a time when the dictator Francisco Franco had outlawed unions and all other forms of independent working class activity. Part of the impetus for Mondragon's development may have been the desire to create a socially acceptable institution which still promoted the interests of workers. Even after Franco died and unions were legalized, it appears that Mondragon was not part of the reform movement which swept Spain in the late 1970s. Union membership in the co-ops remained tiny. If Mondragon points to the potential for worker self-management, it has little to say about how worker ownership can strengthen unions.

A new form of worker ownership, developed in Germany early in the 20th Century, is intimately connected to German labor unions. The West German trade union federation, DGB, owns a huge business empire, including the largest property development company in Europe, the second largest life insurance company in West Germany, and the ninth largest commercial bank in the country. The DGB is also part-owner of the consumer Co-op

Zentrale. These union-owned, or "commonweal" enterprises employ 40,000 workers, making the DGB one of West Germany's largest employers.

The main impact of the commonweal enterprises has been to foster competition in several industries which were once controlled by large firms notorious for their monopolistic practices. While the union-owned companies have benefitted consumers in the housing, banking and insurance industries, they are not a model of union radicalism or a source of power. Far from it. First, these companies are as hierarchically structured as any traditional business. More importantly, they have played no role in the current fight for a shorter work week, perhaps the most vital labor struggle waged since World War II. Like Mondragon, the DGB enterprises are not a model of a defensive strategy for the labor movement.

Viewed historically, worker ownership is, for the most part, insignificant in relation to the national economies. In the two cases where worker ownership is more important, Germany and Spain, it doesn't offer a strategy for defending the labor movement, much less for contributing to the development of working class insurgency. Why has worker ownership been an economic and strategic dead-end?

The potential for worker ownership is severely limited by the structure of capitalist economies. All of the vital sectors of the economy are already owned and controlled by the capitalist class; in the absence of a mass political movement, they can block any attempt by workers to make significant economic inroads on their power. Workers simply lack the financial resources to challenge employer domination of the "commanding heights" of the economy.

Given this lack of resources, worker ownership will be limited to the "crumbs" of the economy: either to certain labor-intensive industries (the traditional co-op sector) or to financially-troubled companies. In either context, worker-owned companies face serious problems. Many are bound to fail economically due to a lack of capital and/or poor market conditions. The ones that survive may be taken over by investors looking for a profitable place to put their money. A final scenario is one in which worker ownership survives, but as a non-threatening, marginal part of the economy.

Worker ownership is not only economically unfeasible. Its overall impact on the labor movement is negative.

Worker-ownership ventures channel workers' energy away from economic and political struggle with their employers. The precarious position of employee-owned companies in the economy requires workers to put most of their effort into two basic tasks: raising the capital to buy the company and start it up; and, competing successfully against other businesses. The whole orientation of workers is shifted from militant confrontation with their employers to survival in the marketplace. Thus, insofar as worker-ownership diverts workers' activity from struggle, it doesn't strengthen the labor movement.

When worker-ownership consists of isolated employee-owned companies, as it does in this country, this approach does even worse damage to unions. One of the basic components of trade unionism is the idea that workers achieve strength through unity, that solidarity is the basis upon which unions can fight effectively for their demands. In the current economic and political context, worker-ownership strikes at the heart of union solidarity.

It does so in two related ways. In the first place, workers who gain ownership of a company tend, over a period of time, to identify less with workers employed by other companies than with the company they now own.

Edward Greenberg's study of producer cooperatives in the Pacific Northwest plywood industry supports this assertion. Greenberg found that co-op members were more likely to "...support systems of hierarchical social relations, and to identify themselves as Republicans and members of the middle class." This is because they are "in a situation where short-term self-interest is tied to the economic well-being of the enterprise based on market performance and where the powerful influence of the market mechanism is not counterbalanced."

Worker ownership is also divisive because it undermines union standards. Most employee buy-outs have occurred as part of a concessions deal. In order to save jobs and prevent a plant closing, workers agree to major wage-and-benefit reductions and a weakening of traditional work rules. In exchange, the workers buy out the owners and gain employee ownership. This seems like a perfectly reasonable deal: concessions for ownership. Yet, while the concessions save jobs in the short-run, they hurt workers in the rest of the labor movement. Lower wages and benefits at the employee-owned company put pressure on other employers (or give them the excuse) to seek wage reductions at their companies. As a result, workers end up competing with each other to offer employers the lowest labor costs.

Industry-wide union contracts aim to prevent such competition by creating uniform wages, benefits and working conditions. Unfortunately, uniform standards have already been seriously eroded in several industries because of concessions bargaining by union leaders. When worker ownership is achieved in exchange for concessions, it further erodes industry standards.

The pitfalls of worker ownership are evident when one examines several employee-owned businesses which were recently established in the United States. Advocates of worker ownership have sometimes pointed to these companies as examples of the potential of worker ownership. In reality, they show that worker ownership is not a viable strategy for the labor movement.

Current Cases

Worker ownership is primarily used in this country not as a means of saving workers' jobs, but as a management ploy to increase profits. In the vast majority of the estimated 6,000 companies which have some degree of employee ownership, management has initiated ESOPs to improve employee motivation and gain certain tax advantages. Typically, workers own only a small percentage of the company's stock and have no control over the company's policies.

Workers have more significant ownership and control in some companies, although the extent of workplace democracy varies widely. Several ESOPs, including those at Weirton Steel and Hyatt-Clark Industries (HCI), give workers majority or full ownership, but severely limit their ability to vote their stock shares and control management. Rath Packing is the best-known example of a company with a more democratically-structured ESOP. At the other extreme, the O & O supermarkets are one of the few genuine worker cooperatives in the country.

Several writers in this issue of *Labor Research Review* discuss in detail the history of some of these companies. Other articles deal with technical and legal aspects of worker ownership. I want to focus instead on their economic prospects and their impact on the labor movement.

The employee buy-out of Weirton Steel was promoted by the previous owner, National Steel. For a number of reasons, the conglomerate wanted to unload the Weirton plant and opted for employee ownership when it couldn't find a corporate buyer. Desperate to save their jobs, the workers agreed to a 20% wage-and-benefit reduction in return for gaining ownership of the plant. Beyond the formal transfer of ownership, however, little has changed. Management retains control of the Board of Directors and the company's daily operations. Workers can't even vote their own stock shares.

The structure of the ESOP and a six-year labor contract which prohibits strikes and wage increases insure management control in the years ahead. Furthermore, by agreeing to such major wage-and-benefit cutbacks, the workers have set a precedent for additional wage concessions in the steel industry. The bosses can now point to Weirton's labor costs in the next six years as the "competitive" rate for all employers.

Hyatt Clark Industries (HCI), a tapered bearings plant in Clark, New Jersey, has an ESOP similar to Weirton's. The HCI ESOP was shaped to a large extent by General Motors, the former owner of the plant, and the banks who loaned the money for the buy-out. In a letter distributed to HCI employees in April 1984, Alan Lowenstein, chairperson of the Board of Directors, noted that "...the business and financial leaders who were in a position to decide whether the company [i.e., the employees] could purchase the plant...insisted that the company be controlled by an independent board of directors as a condition of the purchase of the plant, and the $53 million of debt used for that purpose." HCI workers, represented by UAW Local 736, now have three people out of thirteen on the Board. They will not gain equal representation until 1991.

Despite the undemocratic ESOP, worker morale was high when the ESOP was initiated in October 1981. But, in the last year, tension between management and the workers has grown

Steve Cagan

considerably. The demand for HCI's product, tapered bearings, is declining steadily as auto manufacturers switch from rear- to front-wheel drive cars. Management has responded to the company's shaky economic prospects with demands for greater productivity and sacrifices by workers. UAW Local 736 was once one of the most militant locals in the area, but now it seems caught between management's push for more production and the workers' growing dissatisfaction, which has been expressed in two slow-downs and the sabotage of several machines.

Contract negotiations between the local and management in Fall 1984 reflected both the high level of worker discontent and General Motors' dominant influence. Initially, the negotiators made little progress as both sides blamed each other for HCI's faltering performance. At that point, GM intervened in the negotiations and demanded that the union agree to a no-strike guarantee. GM then threatened to cancel its purchases of the company's bearings if an agreement was not reached on this issue. Since GM purchases nearly 90% of HCI's output, Local 736 and HCI management worked feverishly to come up with an agreement that would satisfy GM.

Whether HCI will make it through the end of the decade is unclear. What is more certain is the Hyatt ESOP's impact on other UAW workers. GM's support for the buy-out was motivated less by concern for the workers' jobs than its calculation that the ESOP was a way of forcing concessions in the plant, which, in turn, could be used to pressure workers in other parts plants to make concessions. (In exchange for ownership, the workers accepted a 30% reduction in wages and benefits.) In fact, GM threatened to shut down the Fisher Body Division hardware factory in nearby Trenton, New Jersey, only three months after the HCI ESOP was finalized. The Trenton UAW Local agreed to changes in shift assignments and job classifications to prevent the plant from closing.

Of course, the HCI ESOP didn't start the concessions trend in the auto industry and cannot be seen as the basic cause of disunity in the UAW. Still, to the extent that the ESOP contributes to the dynamic of concessions, it is harmful to the labor movement. In a similar way, employee ownership at Rath Packing in Waterloo, Iowa, exacerbates the problems facing the United Food and Commercial Workers (UFCW) in the meat processing and packing industry.

Currently, Rath is teetering on the brink of collapse. Squeezed between cheap labor, non-union firms and powerful conglomerates, Rath has gone steadily downhill in the last couple of years.

The bright hopes present at the time of the employee buy-out in June 1980 are now all but gone. The company is in Chapter 11 bankruptcy, lay-offs have occurred, the union contract has been gutted, and workers are embittered by management policies of speed-up and concessions bargaining. Workers went on a wildcat strike in May 1984. A month later, 1800 workers picketed the plant to protest working conditions.

Rath was a model for many advocates of worker ownership because its ESOP was relatively democratic and provided mechanisms for worker input. Yet, no matter how democratic an ESOP is, it can't prevent a company from failing if it faces, as Rath does, poor market conditions and a lack of capital. Ironically, Rath's current president, Lyle Taylor, was formerly the head of the union at the plant (UFCW Local 46) and the main force behind the ESOP. Once a trade union militant fighting for workers, he has become a hard-nosed executive who is willing to cripple the union to insure the survival of the company. Employee ownership in this desperate economic context has become the opposite of what the workers and Lyle Taylor had hoped to achieve.

Unfortunately, employee buy-outs are more likely to occur in just those companies which have shaky economic prospects. Why else would employers be willing to sell the plant to workers? Not all buy-outs will result in bankruptcy, but many will.

Jim West

As the Mondragon cooperatives indicate, there are exceptions to this generally dismal outlook. The O & O ("Owned and Operated" by employees) supermarkets in the Philadelphia area may be one if their solid economic performance since their opening in October 1982 is a barometer of their long-term prospects.

The O & O supermarkets were established as part of a concessions deal between the A & P supermarket chain and UFCW Local 1357. Claiming they weren't making enough profit, A & P closed over 20 stores in the Philadelphia area in March 1982. The union and A & P then negotiated a concessions package which saved workers' jobs while lowering labor costs. Local 1357 agreed to major cuts in wages and benefits and a sharp increase in the number of part-time workers. In exchange, A & P agreed to reopen the stores as a new auxiliary, called Super Fresh. Workers would receive bonuses based on a percentage of gross sales and a worker participation program would be instituted. Additionally, the local got the first right to buy out any stores that closed in the future. Two of the old A & P stores were immediately bought by the union; these became the O & O cooperatives.

Currently, the O & O co-ops have 45 worker-owners. Despite some initial problems, the co-ops are doing well financially; their success has paved the way for a third co-op, planned to open January 1985 in a poor, black neighborhood. According to Andrew Lamas, a staffperson of the Philadelphia Association of Cooperative Enterprises (PACE), this co-op will have 85 worker-owners, many from the surrounding community.

PACE and the union are enthusiastic about the prospects for a further development of the O & O cooperatives. They believe that, as the big supermarket chains abandon the city for more profitable suburban markets, there will be an opening for small- to medium-sized supermarkets in the inner city. Using Mondragon as a model, they envision a chain of cooperatives united by an umbrella organization which provides financing and technical services. Their optimistic assessment is reflected in Lamas' contention that "O & O has become a job-creating strategy, not just a reaction to shutdowns. This takes O & O on to the second plateau."

Let us assume, for a moment, that O & O is moving to a new stage of development. What has been its effect on the labor movement and what role will it have in the future?

In response to the union's concessions at A & P, other supermarket chains have sought similar concessions. In contract negotiations which ended August 1984, Acme supermarkets demanded wage-and-benefit cuts too. While Local 1357 was able to stop major concessions, the union consented to a wage freeze in the first year of the contract, a reduction of Sunday overtime from double time to time-and-a-half, and the loss of a holiday. The A & P concessions clearly had a negative impact on these negotiations.

O & O can't be seen merely as an innovative form of worker ownership; it has to be evaluated in the context of declining union strength in the local grocery industry. O & O may, in the future, give 500 worker owners an opportunity to run their own businesses, but the overall condition of workers in the industry will have declined. Instead of organizing a militant, rank-and-file response which might have benefited all the workers, the union opted for a strategy which will positively affect only a small percentage of its members.

Even if a chain of supermarket cooperatives is created, it is bound to be as isolated from the key struggles of workers as are Mondragon and the commonweal enterprises. Although the co-op members and the union contribute part of the co-ops' start-up costs, O & O is in a large part dependent on loans from banks and the government. In addition, O & O receives its groceries and other services from IGA, a wholesaler which is trying to organize its own distribution and retailing network. None of these sources of financial and material support desire a strong labor movement. The banks want a safe investment; the government, a larger tax base; IGA, a bigger share of the grocery industry. They will help O & O only as long as they believe that the co-ops' structures and goals don't threaten their interests. It is wishful thinking to believe that the O & O can act as a catalyst for social change or as a model for a new labor response to plant closings.

To summarize: In the context of employer domination of the economy and a weak labor movement, worker ownership is not a solution to labor's problems. Because the O & O and the ESOP-based forms of worker ownership divert workers' activity into projects which will either fail economically or be coopted by the system, they don't strengthen labor. Worse, they can be an additional source of disunity for the working class already hampered by sexual, racial, and occupational divisions. Unions need an entirely different strategy.

Alternative Union Strategies

At the heart of an alternative strategy to fight plant closings is the notion that the union's most effective weapon is the organized power of rank-and-file workers. In contrast to the AFL-CIO's emphasis on gaining influence with "labor's friends" in the political arena, what's needed is a grass-roots revitalization of the labor movement, from the union local up to the level of the international union and the AFL-CIO.

Effective resistance at the local level requires the union to have an active and informed membership which is prepared, in advance, to respond to the company's action. It's a sad commentary on the current state of the labor movement that the basics of democratic trade unionism—a strong shop steward system, elected and accountable leadership, education and training for members, a lively and relevant newsletter—have to be emphasized over and over again. But it's absolutely necessary to do so, for in the absence of an active membership, the union's response is bound to be half-hearted and ineffectual.

A democratic local will be better able to respond with an array of militant tactics which put economic and political pressure on the employer. Clearly, the value of these tactics is not just that they're militant, but that they provide the union with increased leverage. At the same time, the tactics need to be carefully selected, based on what makes sense in the specific situation facing the union. Depending on the circumstances, the local can initiate work-to-rule actions, demonstrations, sit-down strikes, or any number of other responses. In addition to its own militant activities, the local needs to solicit support from other local unions and from community organizations. Their assistance can take the form of symbolic support rallies or of more direct kinds of aid. The aim of all these efforts is to bring together the largest and most cohesive force opposed to lay-offs and plant shutdowns.

As a result of such militant tactics and the local's thorough research of the company's financial situation, the employer will be more likely to deal seriously with the union. A determined posture on the part of the local will at least force the company to present a relatively true picture of their economic prospects. If the company was bluffing, it will probably back down from its threats. But if the company does have serious problems, the local can offer a number of proposals which avoid lay-offs and a plant shutdown.

Initially, the local can demand that management eliminate waste and inefficiency in their own ranks before asking workers to make sacrifices. The union can also suggest ways of improving productivity which don't worsen working conditions or weaken work rules.

At a later stage, assuming that the corporate concessions approach hasn't solved the problem, the local can wage a campaign for government aid to keep the plant in operation. What levels of government should be involved and what kind of aid offered (loan, subsidy, or grant) will, of course, vary case by case. Government aid may be linked to a proposal for a conversion of the company's product line from, for example, obsolete military hardware to socially useful domestic products. Given the reluctance of government to subsidize businesses—unless substantial corporate interests are at stake—this approach requires the union to mobilize massive outside support to get the funds. Nonetheless, it is a serious alternative for locals to consider. United Electrical Workers (UE) Local 277, which represents workers at the Morse Cutting Tool plant in New Bedford, Massachusetts, asked the city to use its right of eminent domain to take over the plant after Gulf + Western threatened to shut it down. Municipal and regional ownership established through eminent domain has also been proposed by the Tri-State Conference on Steel to salvage the steel industry in the Monongahela Valley. These new approaches need to be developed as part of an overall response to plant closings.

Finally, if, despite all these efforts, the plant is still going to shut down, the local should get the most they can from the company before it closes the plant. Workers should receive the maximum level of health, pension, severance, and retraining benefits. If workers are going to lose their jobs, they should at least leave with as much economic security and dignity as the local can obtain.

While militant tactics and innovative proposals at the local level are crucial, the union's response cannot just be a local one. A union local fighting a conglomerate or a large corporation often lacks the resources to win against an adversary who can shift production to different locations or invest in other industries. An effective response to plant closings requires that all levels of the labor movement develop an alternative strategy.

Furthermore, union solidarity and coordination allow labor to gain greater collective control of the economy. The solution to plant closings and unemployment lies not in making individual plants profitable through wage cuts and employee buy-outs, but in changing the basic patterns of capital investment and economic power. When each level of the union movement—local, international union, federation—is part of an overall strategy, labor has the potential to exert some control over the general direction of the economy.

International unions have a key role to play in an alternative strategy. They can provide assistance to locals fighting plant closings, and they can help to create a contractual framework in which plant shutdowns, when they do occur, are less painful for workers. They can achieve these aims if they focus their efforts in the following areas:

Maintaining Unity and Industry-Wide Standards. The international's main task is to stop employers from pitting one local against another. The international should oppose concessions bargaining which leads to the erosion of industry standards. Locals which are facing concessions demands should be backed up all the way by the international; such assistance may include solidarity strikes. All workers in the union should be educated and organized to fight concessions.

Industry-Wide Job Security. Master contracts in an industry not only reduce competition between workers; they can soften the impact of plant closings by including provisions for: 1) pension portability between companies in the industry; 2) retraining programs for laid-off workers; 3) expanded severance, health, pension, and supplemental unemployment benefits; and 4) job relocation rights.

Restrictions on Capital Investment/Movement. In conjuntion with the locals, the international should fight for specific contractual constraints which reduce the problems of capital flight and disinvestment. The international should also seek legislation and/or contractual language requiring advance notification of plant closings.

Government Aid/Product Conversions. The international should provide technical assistance and use its political influence to help locals that are trying to obtain government funds to prevent a plant closing. Economic reconversion and other innovative responses to lay-offs should be supported.

Each of these elements of an international union strategy have already been tried, to some extent, by at least a few unions. Not all unions have gone along with concessions bargaining. The idea of contractual limits on capital mobility and investment has gained increasing labor support and is seen by some as the next frontier in contract bargaining. Economic reconversion has gained the endorsement of the Machinists and several other unions. Thus, a section of the labor movement is groping toward a more effective response to plant closings; these initial steps can lay the basis for developing an alternative strategy.

Reforming the AFL-CIO's bureaucratic structure will be perhaps the most difficult task of all. Unlikely as it may seem now, the AFL-CIO can act as a force to unite the labor movement around a program which strengthens workers' rights and creates jobs. A strategy for dealing with plant closings at the national level should include the following:

Jobs Programs. The AFL-CIO should lead the fight for a massive public works program to alleviate unemployment. A shorter work week, without a reduction in pay, is another essential jobs-creating program which the AFL-CIO should actively support.

Nationalization. Declining industries which can only be "saved" at the cost of huge job losses and widespread shutdowns should be taken over by the government and subsidized so that they can provide jobs and meet important social needs.

Pension Fund Investments. Unions have virtually no control over the approximately $1 trillion in pension fund assets in this country. Even partial union control over this capital would give workers an important tool for restricting employer prerogatives. The AFL-CIO should mount a nation-wide campaign for worker control of pension funds.

International Solidarity. Instead of calling for trade barriers to protect American workers against foreign goods, the AFL-CIO should promote solidarity and resist the attempts of multi-national companies and governments to divide workers by nationality.

Clearly, a 30-hour work week and union control of pension funds are not practical alternatives today. But these and other innovative programs to deal with plant closings can become a part of labor's agenda if the union movement is revitalized from the local up to the AFL-CIO. A small, but growing section of the labor movement sees the need for a new direction. Several locals have successfully resisted concessions by organizing their members and waging a militant struggle. Labor activists have begun to propose specific ideas for limiting employer prerogatives as part of a broader strategy to empower rank-and-file workers. It is through these admittedly exceptional efforts, and not through employee ownership ventures which play into the concessions dynamic, that the labor movement can regain its strength and become a progressive, social force. ✦

Notes

I'd like to thank Rube Singer, former president of the Hyatt UAW local, for some valuable information on the Hyatt-Clark ESOP. Andrew Lamas of PACE provided me with background material on the O & O co-ops. Of course, he does not share my assessment of O & O.

While some of the elements of an alternative strategy to fight plant closings are based on my own experience in the labor movement, others can be found, in a somewhat different form, in a *Labor Notes* publication, *Concessions—and How to Beat Them* (1983) by Jane Slaughter. I highly recommend this book to all labor activists.

Finally, I'd like to thank David Bensman and Andy Feffer for their valuable suggestions on how to make this article more cogent.