

LABOR UNIONS AND COOPERATIVE DEVELOPMENT:
A REVIEW OF STRATEGIES, CHALLENGES, AND POSSIBILITIES

by

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ABSTRACT: This literature review examines the historical and contemporary relationships between labor unions and worker cooperatives as distinct yet complementary vehicles for worker empowerment. The first section introduces and compares the respective traditions, strengths, and challenges of unions and worker cooperatives. The second section overviews the motivations, history, and strategies for collaboration between unions and worker cooperatives. Such strategies, demonstrated through case studies, include incubation, resource sharing, and knowledge exchange. Finally, this literature review investigates the theory and application of the United Steelworkers-Mondragon union cooperative model, highlighting both its benefits and challenges. This analysis provides insights into the potential for a more integrated and powerful labor movement that combines the strengths of both unionization and worker ownership.

INTRODUCTION

Although worker solidarity arises from a common experience of alienation and exploitation under capitalism, there are multiple potential responses for economic democratization. Labor unions and worker cooperatives are two such vehicles for worker power, each containing distinct philosophies, strategies, and traditions that challenge the capitalist labor process while conflicting and collaborating with each other in unique ways. Although the literature on unions and worker co-ops remains largely segmented between the distinct traditions, there is growing evidence of the compatibility between the models. This literature review orients the intersection of unions and cooperatives not only in their respective traditions but also within the emergence of unionized worker co-ops to achieve a cooperative labor movement.

The first section introduces and compares the respective traditions, strengths, and challenges of unions and worker co-ops. Labor unions promote economic democracy by organizing workers, culminating their collective power to advance pro-labor policies both inside and outside the workplace. Worker cooperatives are a business structure that organizes workers as worker-owners – synthesizing the roles and responsibilities of workers and owners within the firm to promote more equitable benefits and greater control for everyone. (Schlachter and Prushinskaya 2017) Although there is great diversity in the specific structure of worker cooperatives, similar principles guide the socially responsible behavior of most worker co-ops. (Deller et al. 2009) There exists a global history of unions and worker cooperatives collaborating to compose a larger labor movement. (Nikola Balnave and Greg Patmore 2017)

The second section overviews the motivations, history, and strategies for collaboration *between* unions and co-ops. There are many comparative case studies of unions and cooperatives collaborating. These case studies demonstrate many tools at the disposal of unions to support

worker cooperative development, such as investing union staff time/expertise, training funds sectoral analysis, or legislative organizing. (Lurie and Fitzsimons 2021; Pinto, Kerr, and Criscitiello 2021) However, there are also tensions between unions and cooperatives, with many unions seeing worker cooperatives as a way for employers to burden employees with the debt of failing businesses. (Bell 2006) This leads to worker-owners decertifying unions, sometimes from the demands of workers and other times from pressure from unions. (Bell 2006)

The final section explores the theories and applications of unionization *within* worker cooperatives. Unions can enable more transparency, checks and balances, and opportunities for representation within cooperative firms. (Bell 2006) An influential model formulated by the United Steelworkers, the Ohio Employee Ownership Center, and Mondragon International USA features a union committee, a management committee, and a board of directors (all composed of workers) that negotiate collective bargaining agreements. (Witherell, Cooper, and Peck 2012) This model has been widely implemented, most notably in Co-op Cincy. (Schlachter 2017)

Bridging unions and worker cooperatives opens collaborative possibilities for a stronger labor movement that fights private employers while building frameworks to transfer ownership entirely. This literature review explores the efforts of organizers bridging the traditions to understand the methods, benefits, challenges, and outcomes of these initiatives - alongside the strategies that unions could implement to support worker cooperatives and vice versa.

I. MEANS OF WORKER POWER

Differentiating the structures and traditions of labor unions and worker cooperatives clarifies the advantages and disadvantages of each, enabling a more informed analysis of how the two models can and have complemented each other in recent years. This section explores these traditions respectively before overviewing historical overlaps to inform recent collaborations.

a. LABOR UNIONS

Labor unions are democratic and voluntary organizations of workers coming together to make decisions about conditions affecting their work. (Weaver 2020) In the traditional employment relationship, there is an enormous power imbalance between the employers owning the business (and thus organizing the workplace) versus the workers who lack ownership and control rights. Furthermore, decision-making is typically consolidated onto those owning the business who aim to maximize the profit returned to them – incentivizing them to maximize workers’ productivity while minimizing costs going towards wages, safety, and other benefits. This class conflict serves as the foundational problem that both unions and worker cooperatives aim to address, and unions do so by organizing the employees within traditional firms.

Since individual workers lack the power to influence decision-making in the workplace, labor unions empower workers to combine their voices and collectively fight for their interests. Historically, these outcomes involve setting standards for wages, hours, and working conditions. Unions also provide a social institution for workers to establish solidarity and generate class consciousness. Studies show that unionized workers earn significantly more than nonunionized workers, with workers covered by a union contract earning 13.5 percent more in wages and union households having 10–20 percent higher family income than nonunion households. (Farber et al. 2021; Shierholz et al. 2024) Furthermore, unions not only improve wages and benefits for

their members, but all workers since unions use their legislative and organizing power to raise wages and standards across industries (Lurie and Fitzsimons 2021).

Despite the long history of unionization in the United States, labor unions have rapidly declined since the 1970s due to a mix of anti-union regulations, technological change, and economic globalization that have weakened organized labor. (Weaver 2020) Unionization among all U.S. wage and salary workers plummeted from 31.8 percent in 1954 to only 10 percent in 2023 – despite an increasing number of Americans having favorable views of unions. (DeSilver 2014; Shierholz et al. 2024) As a result, the fall in unionism is estimated to account for roughly 10 percent of the rise in inequality between the 1960s and early 2020s. (Farber et al. 2021) However, this inequality inspired a resurgence in organized labor in the 2010s and 2020s.

Labor unions are an effective means of bargaining for better conditions, advocating for pro-labor policies, and shifting the industry standards in favor of workers. However, the mechanisms of a union do not inherently shift the fundamental dynamic of class conflict – it merely provides a tool for workers to fight back. Some in the resurging labor movement look instead to overcome class conflict entirely by giving ownership and control rights to the workers themselves – a model that is different from (but does not necessarily conflict with) labor unions.

b. COOPERATIVES

Cooperatives are another method of worker empowerment that is less known in the United States. Unlike labor unions, cooperatives are a business structure that directly distributes ownership to members, rather than being a separate entity that bargains with employers. The International Cooperative Alliance defines cooperatives as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.” (Bancel et al.

2017) This definition is intentionally vague to encompass the wide diversity of forms that cooperative businesses can take, each differentiated based on the composition of the membership that owns, makes decisions for, and ultimately benefits from the cooperative. Membership can include consumers, producers, and/or workers. (Lurie and Fitzsimons 2021)

Each of these business models adheres to a shared set of principles known as the “Cooperative Identity” established by the International Cooperative Alliance in 1995. (Bancel et al. 2017) These include Voluntary and Open Membership, Democratic Member Control, Member Economic Participation, Autonomy and Independence, Education, Training, and Information, Cooperation among Cooperatives, and Concern for Community. These were first articulated as the “Rochdale Principles,” dating back to a consumer cooperative in England in 1844 that outlined the foundation of the modern cooperative movement. (Deller et al. 2009) Despite sharing these values, each of the models features different membership (and thus ownership) structures, reflecting the interests of different stakeholders. Since this study studies cooperatives in the context of labor, worker cooperatives will serve as the prime focus moving forward.

Worker Cooperatives

Worker cooperatives are owned and controlled by worker-owners, compared to traditional businesses that are owned by individuals or shareholders. Although worker co-ops remain private businesses, the democratic ownership structure makes its operations and outcomes more equitable to workers. Surplus is distributed to workers and decisions are made by workers, either directly or by an elected board of directors. (Lurie and Fitzsimons 2021) Importantly, not all workers are necessarily owners. To become a member (or worker-owner), workers typically must purchase a membership share (a median of \$500), which guarantees equal voting rights within the firm. (Schlachter and Prushinskaya 2017) Membership is never required,

although 75 percent of worker co-ops offer pathways to purchase an ownership share.

(Prushinskaya 2021)

There are several benefits to worker ownership, both materially and psychologically. The widespread features of inequality, alienation, and exploitation found in traditional businesses become less common as the incentives for such abuses are mitigated. Since there are no private shareholders or professional managers in worker co-ops, control of operations is democratically determined by the workers producing the goods or services – thus reflecting their interests rather than those seeking to maximize profit at the expense of wages, safety, or other features that hinder the well-being of workers. For example, one study found that 86 percent of co-ops surveyed had a 1:1 or 2:1 top-to-bottom pay ratio, compared to the average large U.S. corporation had a CEO-to-worker pay ratio of 303:1. (Schlachter and Prushinskaya 2017)

Table 1 – Comparison of labor unions and worker cooperatives as vehicles for worker power

	Labor Unions	Worker Cooperatives
Institution	Worker organization	Business structure
Strategy	Organizes employees to collectively bargain for better wages, benefits, and conditions	Combines the role of workers and owners so worker-owners have direct ownership and control rights
Scope	Roughly 16.2 million workers across all sectors in the US	Roughly 6,000 workers across 600+ worker-owned businesses in the US
Advantages	<ul style="list-style-type: none"> - Greater legal infrastructure - Easier to organize workers than create entirely new enterprises - Easier to scale bargaining across larger corporations 	<ul style="list-style-type: none"> - Entitles worker-owners to full control of the business and distribution of profits - Transparent management, with workers having total say in decision-making and the strategic direction of the co-op
Limitations	<ul style="list-style-type: none"> - Retains ownership structure - Faces increasing attacks that diminish their powers - Many unions are hierarchal 	<ul style="list-style-type: none"> - Limited access to capital - Limited legal infrastructure - Requires workers to have financial literacy and management skills - Management difficulties in larger co-ops
Similarities	<ul style="list-style-type: none"> - Help workers secure better wages, benefits, and conditions - Promotes worker control and workplace democracy - Advances greater worker rights in wider society/political economy 	

c. HISTORICAL INTERSECTION OF UNIONS & WORKER CO-OPS

There is a long and fascinating history of interactions between unions and worker cooperatives, marked by both tension and solidarity. Many of these trends still exist today and continue to shape the attitudes and actions of both traditions respectively. Therefore, historical analysis not only shows how the movements got here but also why organizers may be enthusiastic or skeptical about including each other in a shared labor movement.

Tensions

Many union organizers do not agree with the methods of employee ownership as a genuine means of advancing worker power and see cooperatives as a management structure that (at best) replicates dynamics of class oppression that necessitate a union in the first place. Unions skeptical of worker ownership generally have similar critiques of the business model.

Firstly, some unions perceive worker cooperatives can be a means of selling failing businesses to workers. There are several instances of deceptive employers selling failing businesses to their workers to offload the debt onto them. (Bell 2006) For example, one of the Ohio Employee Ownership Center's first employee buyout efforts was the Atlantic Foundry. Owners sought to sell the foundry to unionized workers, but union research showed that the revenues did cover the direct costs and that the owners had withdrawn a significant amount of non-operating assets and placed them in a separate company. Since the obligations to the retirees were not shown on the Balance Sheet as liabilities, the funds withdrawn were considered available retained earnings. The USWA took a strong position against employees buying the foundry, and it protected them from inheriting a failing business. Although there are several instances where a transition is beneficial to workers (such as when an employer is retiring from a successful business), this perception remains among some union organizers.

The second longstanding criticism of worker cooperatives is the idea that operating in low-margin economic industries may lead to self-exploitation and disregard for labor rights. (Monaco and Pastorelli 2013) An advantage of worker cooperatives is their commitment to stable employment since they would rather take pay cuts than fire themselves, whereas a traditional business would simply lay off employees. This means unions have stable membership in worker-owners, but also the possibility that their cuts in troubled times may weaken industry standards. For example, some worker-owners have come into tension with their union when they sought to diminish wages and benefits below the terms set in the collective bargaining agreement to help the company survive. In one such case, the union insisted the terms of the collective bargaining agreement would not be altered to prevent industry-wide wage deflation, which caused the worker-owners to accuse the union of undermining the co-op's autonomy. (Bell 2006)

Alliances

There is also a history of cooperation among worker co-ops and labor unions. The original Rochdale Pioneers who outlined modern cooperatives were trade unionists and organized during the Industrial Revolution when most worker co-ops were the product of parallel trade union organizing addressing radical changes in the workplace. (Larson 2006)

The Knights of Labor were at the forefront of both labor organizing and cooperative development in the United States throughout the late 1800s. The AFL-CIO currently represents a smaller percentage of all American workers than the Knights of Labor did in 1886, when they had nearly 800,000 members and as many as 20 percent of all workers were affiliated with them. (Kaufman 2001) The Knights of Labor had a radical vision for empowering the working class, known as the "cooperative plan" that included educating workers and transferring ownership to the working class through worker cooperatives. (Gourevitch 2015) The Knights of Labor saw

employee ownership as more than a means of higher wages but a crucial strategy for securing social and economic independence for the working class. As such, the cooperative program was included in the Knights of Labor's official constitution and they helped establish hundreds of cooperatives throughout the 1800s. (Gourevitch 2015; Larson 2006) Although the exact number is unknown, many of the almost 800 worker cooperatives formed in the U.S. between the 1880s and 1930s are credited to the Knights of Labor. (Nikola Balnave and Greg Patmore 2017)

American unions' relationship with worker ownership changed as the character of the labor movement shifted following World War II. The two major U.S. trade union federations merged into the AFL-CIO and concentrated on improving working conditions in privately owned companies instead of shifting ownership to workers. (Larson 2006) However, the relationship between unions and worker cooperatives remains institutionalized in many other nations – particularly in Europe. For example, in Emilia Romagna, Italy, unions and co-ops design and sign joint protocols setting labor rights standards. (Monaco and Pastorelli 2013; Nikola Balnave and Greg Patmore 2017) Italy also features national-level initiatives where major cooperative and union organizations hold regular dialogue with the government. Similar formal processes of dialogue and policy design between co-ops, unions, and government also exist in the United Kingdom, France, Spain, Australia, Canada, among many other nations around the world. (Monaco and Pastorelli 2013; Nikola Balnave and Greg Patmore 2017; Poirier 2010)

Furthermore, the past decades have witnessed a resurgence in the grassroots nature of the labor movement in the U.S. and, alongside it, interest in using organized labor to support a fundamental shift of ownership towards workers. Unions are again realizing the power of worker ownership of not only creating and saving jobs but building a more independent working class. As a result, the past decades feature new organizing efforts applying this vision to the US.

II. MODERN UNION & COOPERATIVE ALLIANCES

The intersection of unions and worker cooperatives can be conceptualized in two, not mutually exclusive regards. The first is the interaction *between* worker cooperatives and organized labor, or labor unions investing in cooperative development to expand a secure and participatory workforce. These interactions often lead to a second type of interaction – unionization *within* worker cooperatives via the union cooperative model. This section explores the strategies and benefits of union involvement in cooperative development before proceeding to explore the union cooperative model in more detail throughout the following section.

a. WHY COOPERATE?

Many benefits exist for collaboration between unions and worker cooperatives – some mutually shared and others specifically beneficial to the different sides. Although different in their strategies and demands, the fundamental values of unions and worker cooperatives are closely aligned. Both institutions exist in their specific form to expand worker power while building wealth and democracy among the working class. (Lurie and Fitzsimons 2021) This serves both as an intrinsic moral interest to encourage each other's success and a practical possibility to harness each other's strengths to fight for wider political and economic change for the working class – as seen widely in European nations. (Monaco and Pastorelli 2013)

Unions have their own specific interest in investing in cooperative development - gaining a strong, steady membership. It is easier and less costly to organize workers whose employers are aligned with union values. In the case of worker cooperatives, there is rarely the harsh employer hostility found in traditional enterprises or a necessity for costly union campaigns. (Pinto et al. 2021) In contrast, the worker-owners already have procedures to enable the interests of the union within the business. The worker-owners are also more likely to be in sectors that are difficult to

organize such as childcare and emerging sectors such as cannabis - expanding unionization among current workers while securing union presence in new industries. (Pinto et al. 2021)

Furthermore, co-ops have more financial flexibility and less turnover than traditional businesses, meaning this membership is steady and secure. (Prushinskaya 2021)

Worker cooperatives also have their own unique interests in partnering with unions. Unions generally have more resources that worker cooperatives can tap into, including research capabilities, education and training, industry knowledge, and physical spaces. Lack of capital is among the primary challenges facing co-ops and unions can devote resources if they prioritize cooperative development. For example, the United Steelworkers offered the Cincinnati Union Co-op Initiative a \$12,000 loan and the United Food and Commercial Workers made a \$10,000 contribution to assist one of its stores, Our Harvest. (Delmonte 2016) Furthermore, unions can provide worker-owners with pension funds and other benefits that are often prohibitively expensive for small and start-up firms. (Schlachter 2017) The more established networks of unions can also serve as a foundation for worker cooperatives to become more connected within the larger labor movement themselves. Collective bargaining can also complement workplace democracy and add additional protections, particularly for workers who are not worker-owners.

Table 2 – Benefits of collaboration between unions and worker co-ops

Advantages for Unions	Advantages for Worker Cooperatives
<ul style="list-style-type: none"> - Buyouts can save union jobs, and converting existing bargaining units into worker co-ops reduces contract campaign costs. - Organizing unorganized workers into co-ops does not require costly election campaigns. - Worker co-ops can help advance workers' rights and help grow the labor movement. - Co-ops create and retain employers (worker-owners) that are aligned with union values 	<ul style="list-style-type: none"> - Connects co-ops with the networks and resources of the broader labor movement. - Co-ops access extra benefits for members through union membership. - Unions provide research support - Collective bargaining agreements can manage policies and vet for fairness. - Unions provide oversight of both management and the board.

b. STRATEGIES FOR SOLIDARITY

There exist several tools at the disposal of unions and cooperatives to foster collaborations and many instances in the past decade to demonstrate their effectiveness. The three primary pathways for expanding worker ownership include starting new worker-owned enterprises, scaling existing worker-owned enterprises, and converting existing businesses into worker cooperatives. (Pinto et al. 2021) Each of these contexts are reflected in the strategies implemented. Most initiatives fit into one (or many) broader strategies of solidarity.

Incubation

As the Knights of Labor realized, unions can serve as an incubating institution for the creation of worker cooperatives. This strategy involves pathways of starting new worker-owned enterprises and converting existing businesses – often with the support of a community development initiative (CDI). Recent examples of unions supporting new co-ops include the Local Union No.3 IBEW supporting their striking workers at Spectrum in New York City to create the People’s Choice Communications Cooperative in 2016 by supporting them during the strike, giving them access to union spaces, and identifying grants. (Lurie and Fitzsimons 2021) One rank-and-file union organizer who played a vital role in this creation was Erik Forman, who later created the Driver’s Cooperative, a significantly sized driver-owned ride-hailing company.

Unions can also support converting existing businesses into worker-owned enterprises. This entails negotiating the terms of ownership transfer, such as establishing the right of first refusal - a policy that gives workers the right to purchase the firm that employs them before other bidders. (Lurie and Fitzsimons 2021) It could also involve other means as well. For example, a strike at Gnomon Copies in Amherst, Massachusetts in 1982 led to the United Electrical Radio and Machine Workers of America (UE) helping the workers purchase the company - founding

Collective Copies, a unionized worker co-op that continues to thrive and expand today.

(Cornwell 2012) More recent examples include New Era Windows in Chicago, Illinois. After the owners of Republic Windows and Doors shut down the business in 2008, the workers (UE members) staged an occupation demanding an opportunity to keep the factory open under new ownership. (Lurie and Fitzsimons 2021) Another seller ultimately bought the business but again planned to close in 2012 – galvanizing to workers to stage another occupation. UE worked with The Working World (a CDI) to provide legal and organizing support in securing the right of first refusal, maximizing leverage through workplace occupation, and securing loans to purchase the business. Workers successfully bought the business and continue to operate as a worker co-op.

Expanding Access to Resources

Among the greatest limitations of worker cooperatives is the enormous difficulty of workers accessing capital and resources. Unions can offer access to union facilities, training funds educational programs, and broad access to capital to support worker cooperatives.

The largest worker cooperative in the United States, the Cooperative Home Care Associates (CHCA) in South Bronx, NY, is unionized by the 1199SEIU and demonstrates the mutual benefit of worker-owner members accessing resources. CHCA started in 1985 and began relations with 1199SEIU only two years later. 1199SEIU used its organizing resources for a successful campaign that increased wages and benefits for home attendants by 42 percent over three years. (Lurie and Fitzsimons 2021) Since most home healthcare clients utilize government-funded care, reimbursement rates are determined by the New York State Department of Health through their Medicaid Budget. Therefore, wages are not determined within the cooperative and there must be bargaining and lobbying with the state – functions that 1199SEIU served for CHCA.

After years of collaboration, CHCA became unionized by 1199SEIU in 2003. Since then, 1199SEIU used political influence to win wage increases for health aides and lobbied for greater benefits and protection against wage theft. 1199SEIU also increased training capacities with worker-owners having access to 1199SEIU's Training and Education Fund. (Lurie and Fitzsimons 2021) In exchange, 1199SEIU received steady, long-term membership growth as trainees employed through CHCA became 1199SEIU members after 30 days. This mutual benefit accelerates in times of crisis, with 1199SEIU and CHCA working closely during the COVID-19 pandemic to recruit workers back into the workforce, bringing several hundred new unionized workers into the cooperative during and since the pandemic. (Pinto et al. 2021)

Sharing Knowledge & Expertise

Alongside resources, unions can also share their expertise and research capacities that many cooperatives lack. Union staff and organizers possess far more industry knowledge than typical worker-owners. Furthermore, unions can conduct applied sectoral analysis that helps cooperative businesses understand the rules and regulations of the industries they operate in. Both market analysis and legislative lobbying can be shared to support all workers.

Many case studies mentioned above feature this type of collaboration, such as 1199SEIU providing research to influence New York State to enact a labor market adjustment to home care employers that helped CHCA. (Lurie and Fitzsimons 2021) Another example took place in the lobster industry in Maine in the 2010s. Maine's lobstermen, those who catch and sell lobster for a living, are considered independent contractors and must sell their product for whatever price determined by lobster wholesalers. Facing dire economic circumstances, the International Association of Machinists and Aerospace Workers (IAM) organized lobstermen and brought them on an educational retreat in 2013 to outline a strategy to form a cooperative. (Lurie and

Fitzsimons 2021) Machinists' researchers taught the lobstermen about cooperatives as a strategy to circumvent antitrust laws, allowing them to collectivize their selling power as independent contractors. This resulted in the Lobster 207 co-op, eventually buying the wholesale company.

Through these strategies, unions have supported worker co-ops by using their resources for the specific challenges obscuring cooperative development such as lack of access to capital, resources, and connections. In many of these cases, the union served as an incubator to the cooperative – supporting the business in its early stages through the conversion or creation process. However, the potential intersection runs even deeper than collaboration, as co-ops continue to benefit from unions when they remain unionized even as workers own the business.

III. THE UNION-COOPERATIVE MODEL

Not only are there mutual benefits in collaboration *between* labor unions and worker co-ops, but there is also potential for union involvement *within* worker co-ops. A union co-op is a worker cooperative in which the workers have a collective bargaining agreement or other specified affiliation through a labor union. (Lurie and Fitzsimons 2021)

Worker-owners are faced with the contrasting roles of both owners and workers and balancing these positions can be difficult – especially as a cooperative grows. Interest in union co-ops grew alongside the growth of worker cooperatives themselves. Larger scale worker co-ops typically elect a Board of Directors from among themselves, who then appoint members to manage day-to-day operations. However, these people effectively take on responsibilities of management, and lean into the interests of worker-owners as owners instead of workers - an increasingly problematic dynamic as worker co-ops hire employees who are not owners. (Witherell et al. 2012) Unionization of worker co-ops is largely based on their necessity to maintain democracy, transparency, and fairness within worker co-ops as they expand in scope.

a. USW-MONDRAGON MODEL

Efforts to establish a functioning union co-op model came to a head with a famous collaboration between the Ohio Employee Ownership Center (OEOC), the United Steelworkers (USW), and Mondragon USA – an affiliate of the largest network of worker cooperatives in the world, based in the Basque region of Spain. Together, these stakeholders published a union co-op model in 2012 that outlined the procedures and benefits for unionizing worker cooperatives – a template that continues to inspire new organizing throughout the United States today.

Inspiration

The prime inspiration for the union cooperative model is the Mondragon Corporation, a massive network of worker cooperatives in the Basque region of Spain. (Witherell et al. 2012) Mondragon is the largest concentration of worker-owned businesses globally, with 264 companies and a workforce of over 100,000 workers (not all members). (Nikola Balnave and Greg Patmore 2017) Mondragon USA is a branch of the international body aiming to export the model around the world and the Steelworkers see enormous potential from the results in Spain.

The global inspiration derived from Mondragon does not just result from their mere scope, but the impressive ways the network maintains the cooperative principles as they expand into a large and internationally competitive network. Mondragon maintains democracy through a federalist structure, in which Social Councils structure daily dialogue in respective workplaces while sending delegates to represent the business on higher levels. This structure enables local, direct democracy while also maintaining impressive networking and resource sharing between the businesses. The USW-Mondragon model seeks to mimic this structure by incorporating worker co-ops into pre-existing union and cooperative networks. (Witherell et al. 2012)

Model Design

The USW-Mondragon union co-op model features three separate but equal groups elected or selected from within the cooperative, with no worker-owner able to serve in more than one of the capacities at any time. (Witherell et al. 2012) Each of the roles aims to balance the competing roles of workers and owners that all worker-owners must resolve. The roles are as follows:

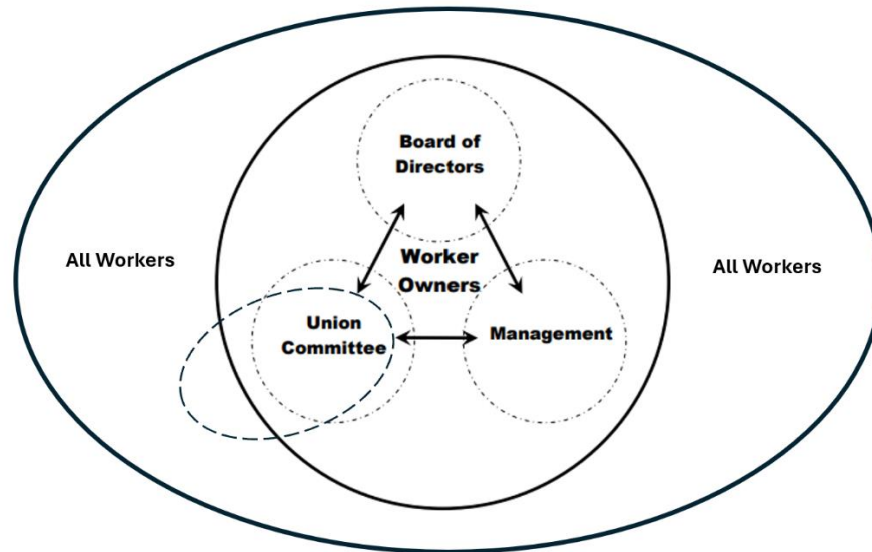
- 1. Board of Directors** – Elected by worker-owners every 1-2 years, the Board has broad oversight responsibility of the cooperative and the ability to hire, fire, and evaluate members of the management team. Although mostly composed of worker-owners, outside members can sometimes be elected to the Board of Directors.
- 2. Management Team** – Appointed by the Board of Directors (and subject to removal by the General Assembly), management is composed of revolving worker-owners who manage day-to-day operations of the cooperative. Management also negotiates collective bargaining agreements (CBAs) with the union committee.
- 3. Union Committee** – The union committee is elected by all workers (not just worker-owners) on a representational basis from different areas of the cooperative. The union committee serves as the communication infrastructure between individual worker-owners and the Management team and negotiates CBAs with management.

CBAs in a union cooperative serve the same benefits as in conventional unionized workplaces. Negotiated between the Management and Union communities, CBAs are legally binding contracts that outline wages and working conditions while helping to assure the day-to-day accountability of management and providing due process in the event of a dispute.

(Witherell et al. 2012) CBAs essentially function as a workplace equivalent of checks and

balances and a worker-owner bill of rights, enhancing the advantages of worker co-ops by providing clear guidelines for stability, fairness, and solidarity. (Witherell et al. 2012)

Table 3. Diagram of the union cooperative model



Legal Questions

Legal uncertainty remains one of the primary challenges facing the creation of worker cooperatives generally – an aspect especially relevant when unions contemplate covering co-ops. (Pinto et al. 2021) Although there are standard legal practices for worker cooperatives across the country, different state laws introduce specific nuances. For example, even the incorporation of businesses as worker cooperatives varies between states - with some permitting incorporation as cooperatives, some limiting such status to specific industries, and others lacking such status altogether and having cooperatives find other statuses such as LLCs. (Levinson 2022)

Similarly, labor and employment laws apply to cooperatives in the same manner in other businesses, and their unique ownership and governance structure sometimes raises issues about whether owners are classified as employees for any specific statute. (Levinson 2018) Although

owning a share of a company does not automatically exclude a worker from the protections of the National Labor Relations Act (NLRA), the National Labor Relations Board excludes blended bargaining units of owners and nonowners in some cases. (Levinson 2018) Since NLRA protections do not cover groups with “an effective voice in the formulation and determination of corporate policy,” many worker-owners (such as those sitting on the Board of Directors) will not be protected in the same bargaining unit as nonowners; however, worker-owners can still choose to unionize despite the lack of protections and the co-op can voluntarily recognize the unit. (Levinson 2018) If the worker co-op is large enough so that certain worker-owners run the day-to-day operations or control the decision-making of corporate and labor policy, then the other worker-owners might be protected by NLRA. (Levinson 2018)

b. APPLICATION OF THE UNION-COOPERATIVE MODEL

Union co-ops began expanding in the United States throughout the late twentieth century and now continue to expand with the Union Co-ops Council, an organization established in 2006 under the US Federation of Worker Cooperatives – the national organization for worker co-ops representing over 10,000 workers. Furthermore, Mondragon USA continues to develop union cooperatives in the United States, with at least 9 union co-ops that unionized after the partnership was founded. (Schlachter 2017) Although not all union co-ops in the US are affiliated with Mondragon USA, the Mondragon-USA model played a pivotal role in inspiring the movement.

Co-op Cincy

The earliest applications of the USW-Mondragon model were facilitated through the Cincinnati Unions Co-op Initiative (CUCI), a union co-op incubator established in 2011 that has been widely studied for its achievements and unique model. (Schlachter 2017) CUCI was created

by four organizers inspired by the USW-Mondragon agreement to more closely examine Mondragon and forge connections with the architects of the model. (Levinson 2022) After attending the Ohio Employee Ownership Center's conference in 2011, CUCI developed three cooperative proposals for Mondragon USA - a food hub with United Food & Commercial Workers (UFCW), an expansive railway project with USW, and an energy retrofit cooperative. USFCW Local 75 and USW provided resources, networking, and support to help the Board of CUCI develop these proposals as they raised capital and navigated logistics. (Levinson 2022) As of 2016, CUCI has received \$23,000 in financial contributions from unions. (Schlachter 2017)

Many of CUCI's projects came to fruition, the first of which was Our Harvest in 2012 – a business credited as the first direct application of the USW-Mondragon model. (Levinson 2022) Our Harvest is a farm and distribution center founded with the support of UFCW Local 75, who subsidized labor costs and dedicated an organizer to spend official time on the project. (Levinson 2022; Schlachter 2017) In 2014, Our Harvest workers unanimously voted to join UFCW Local 75 and accept the CBA that the union drafted with the incubation board of directors, which guaranteed workers access to select dental, vision, and short-term disability programs through the union. (Levinson 2022) CUCI provided legal assistance in creating the CBA from in-house counsel while the UFCW provided labor lawyers, all of which looked at Mondragon as the inspiration. Founded in 2012 with 3 farmers and 6 workers in 2012, Our Harvest now has 18 employees and 4 worker-owners as of 2016. (Schlachter 2017)

Other early successful start-ups include Sustainergy, an energy retrofitting co-op unionized through the International Brotherhood of Electrical Workers (IBEW). The original vision was to leverage Property Assessed Clean Energy (PACE) financing to conduct energy audits and finance efficiency upgrades for commercial building owners, an ultimately successful

initiative supported by both the IBEW and UFCW. (Schlachter 2017) Sustainability continues to thrive as a small business now unionized by Insulators Local 8. CUCI played an intimate role in establishing these new union co-ops, providing training services for new employees before offering the opportunity to spend a \$3,000 equity share and apply for worker-owner status. CUCI union co-ops leave the incubation period after a crucial mass of worker-owners call an inaugural general assembly, at which point all workers except those with the power to hire and fire must join the cooperative's union after a thirty-to-sixty-day probation period, meaning most employees were covered by a CBA and develop relationships with their union organizer regardless of ownership status. As with all union co-ops, all union members are eligible to vote for the union committee that negotiates the CBA with management. (Schlachter 2017)

CUCI is now known as "Co-op Cincy" and continues to support the worker cooperative ecosystem in Cincinnati, having expanded to 15 worker co-ops now in their network. (Co-op Cincy, n.d.) Although not all businesses are unionized, Co-op Cincy continues to take pride in its past as a union co-op incubator and retains Mondragon as its ultimate inspiration.

Benefits & Challenges

Worker cooperatives translate the political ideals of democracy and civic engagement into the workplace and, as in government, checks and balances ensure maximum democratic efficiency. Unions can serve this role in other cooperatives as a separation of powers between those looking out for worker-owners as owners and those prioritizing their status as workers. Just as the legislative branch makes laws in the federal government, the board of directors sets policies in a cooperative which management must follow. Just as the executive branch implements and executes the laws daily, management runs the day-to-day operations in a

cooperative. And, just as the judicial branch serves to protect citizens from the misuse of power by an executive, unions protect workers from the power of management. (Bell 2006)

This dynamic of checks and balances has several advantages, including the benefits of cooperation previously explored. Unions balance the responsibilities of worker-owners as workers and owners and ensure proper oversight of policies for both business and workers, alongside their implementation through accountability of management. (Witherell et al. 2012) Cooperatives benefit from this procedure internally while enjoying the shared resources (such as multi-employer pensions) and networks that unions provide, while unions get membership that is at less risk of layoffs and operate in sectors that are difficult to organize. (Pinto et al. 2021)

Workers at Co-op Cincy directly echo many of these advantages with many worker-owners and union organizers alike becoming “evangelists for the USW-Mondragon model,” as one involved UFCW organizer explained. (Schlachter 2017) Studies with employees at Co-op Cincy’s businesses describe their unions as providing significantly reduced training costs, support with political advocacy, and connection with other worker-class struggles. (Schlachter 2017) Many workers also possess a great appreciation for their union as an intermediary for conflict between nonowner workers and management, such as UFCW Local 75 providing dispute resolution services for Our Harvest after a worker filed a grievance in 2014. (Schlachter 2017)

However, challenges exist with the union cooperative model. Firstly, there is a significant lack of knowledge regarding both the possibilities for union co-ops and the roles once a co-op is unionized. This unfamiliarity causes hesitancy among some union organizers who may be skeptical of new organizing, unclear about the advantages of co-op involvement, or unsure about the legality of covering workers who are also owners. (Pinto et al. 2021) As mentioned previously, there is also a risk to workers contemplating a buyout since the business may be at

risk of failing. (Bell 2006) Lastly, there is significant skepticism from cooperatives regarding the necessity of introducing a union – organizations that are often seen as adversarial – into a workplace that prides itself on cooperation and autonomy. (Schlachter 2017)

Many of the challenges presented by both sides could be addressed simply with more education about the union cooperative model and more resources to ensure it functions efficiently. There are several benefits to organizing worker-owners and it does not violate the NLRA. (Levinson 2018) The perception that collective bargaining introduces antagonism within worker cooperatives also contradicts the experiences of many current union co-ops. (Schlachter 2017) The perception of labor unions as adversarial largely derives not from unions themselves but the class conflict that they operate within, and generally appear in the news in events such as strikes and lockouts. (Pinto et al. 2021) However, such actions are exceptionally rare, and unions spend most time finding balancing points between employers and employees, providing forums for conflict resolution, and increasing accountability in the interests of workers.

Table 4. Benefits and challenges of unionizing worker cooperatives

Benefits	Challenges
Cooperatives provide unions with membership that is stable and engaged.	Sense that collective bargaining introduces antagonism into democratic workplaces
Unions connect worker cooperatives to larger networks and shared resources.	Lack of knowledge regarding union co-ops and roles once a co-op is unionized
Unions add more transparency, accountability, and procedures for democracy.	Risk exposure for unionized workers purchasing their business to be a co-op
Unions manage the conflicting interests of worker-owners as workers and owners.	Union avoidance, skepticism, and unfamiliarity regarding co-op development

CONCLUSION

Immense potential exists for unions to assist in the creation and expansion of worker cooperatives, with possibilities for co-ops to utilize union resources and for unions to gain steady membership in marginalized industries. (Lurie and Fitzsimons 2021) Unionizing worker co-ops also enhances the internal democratic procedures, balancing the dual role of workers and owners and adding additional protections to workers who are not owners. (Witherell et al. 2012)

Despite these exciting developments, the scope of union cooperatives remains relatively small, and their potential remains largely unrealized. Institutional challenges do obstruct such development – namely the decline in union power generally and the diminishment of their resources that could go towards cooperative development. (Farber et al. 2021) However, lack of familiarity with the model also remains a prime factor preventing unions from fulfilling their potential role in cooperative development - especially when paired with skepticism of worker co-ops and the nuanced legal questions surrounding unionizing worker-owners. (Pinto et al. 2021)

Since much of these impediments result from a lack of knowledge, there are vast opportunities for researchers to contribute more logistical explanations and case studies for both unions and worker cooperatives to understand the specific ways they could utilize each other. At the core of these research questions is the incubation process. Worker co-ops founded without a union are less likely to become unionized later and, in turn, those created with a union almost always retain the union. (Bell 2006) Therefore, the union cooperative model is the ultimate basis for sustaining the benefits of collaboration for both unions and potential cooperative start-ups and conversions. There merely requires widespread understanding (specifically among unions) of the benefits, possibilities, and strategies of investing in worker cooperative development.

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