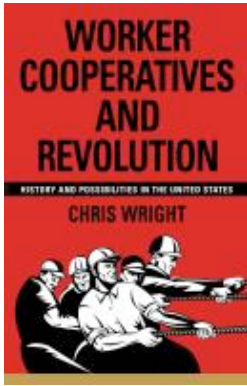


WORKER COOPERATIVES AND REVOLUTION

HISTORY AND POSSIBILITIES IN THE UNITED STATES

CHRIS WRIGHT





As the world descends into crisis, people are searching for alternatives to our current social system. In the framework of a revised Marxism, this book shows how a more cooperative and democratic economy is already emerging, and how we can build on its successes. Society may be on the cusp of the greatest revolutionary movement in history.

Worker Cooperatives and Revolution

History and Possibilities in the United States

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REVOLUTION:**

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IN THE UNITED STATES**

Chris Wright

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First Edition

DEDICATION

This book is dedicated to all who are fighting for a more humane world.

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WORKER COOPERATIVES AND REVOLUTION

This book provides content related to cooperatives and political activism. As such, use of this book implies your acceptance of this disclaimer.

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CHAPTER ONE

INTRODUCTION

The capitalist mode of production does not permit a socially efficient allocation of resources. Resource allocation is determined by the twin structural imperatives of having purchasing power (on the demand side) and of chasing profit (on the supply side). If one has a need but lacks the money to back up that need, as for example the billion children worldwide living in poverty do, one's need will not be met by the market. Conversely, investors will pursue only those projects that have the potential to make a profit. For example, many areas of rural America were still without electricity in the early 1930s because investors had judged that the meager profits to be made did not justify the costs of supplying electricity to these regions; hence the New Deal's Rural Electrification Administration and the cooperatives that sprang up to supply electricity.¹

Broadly speaking, the dynamic between capital and wage-labor, as well as that between millions of atomized units of capital each seeking profit at the expense of every other, makes for a very unstable and crisis-prone economy. Capital's interests lie in paying the worker as little as possible and in preventing him from exercising control over the process of production, while the worker wants to be paid as much as possible and to exercise greater control over production. This simple structural antagonism is the basis for the whole history of the labor movement, the continual confrontations, the unions and union-busting, the private armies deployed to break up strikes, the government suppression of labor parties, the revolutionary social movements, the constant and pervasive stream of business propaganda, and the periodic bursts of cooperative economic activity among the ranks of labor. At the same time, the vicissitudes of the capitalist economy leave many people unemployed at any given time, unable to find work because their

¹ Deward Clayton Brown, *Electricity for Rural America: The Fight for the REA* (Westport, CT: Greenwood Press, 1980).

skills and needs are not valued or because of insufficient investment in their geographical or professional area, or because of outsourcing to countries where labor is cheaper, or for other reasons. In recent decades, the liberalization and financialization of the international economy has entailed a tendency for corporations to seek profits not through investment in industry and infrastructure-development but through financial speculation. This sort of investment, undertaken on the principle of “*Après moi le déluge*,” is not only risky but essentially adds no jobs and no real wealth to the economy, which tends to stagnate—or to contract, after it finally becomes evident that all these financial transactions have been grounded in “the baseless fabric of a vision” (to quote Shakespeare). So, millions more people are thrown out of work as capital withdraws itself from further investments, and government initiatives are required to set the economy on track again—for more financial speculation and more stagnation, as opposed to contraction.²

However, even before the orgies of neoliberalism it was obvious that capitalism is not socially efficient. Market failures are everywhere, from environmental calamities to the necessity of the *state’s* funding much socially useful science to the existence of public education and public transportation (not supplied through the market) to the outrageous incidence of poverty and famine in countries that have had capitalism foisted on them.³ All this testifies to a “market failure,” or rather a failure of the capitalist, competitive, profit-driven mode of production, which, far from satisfying social

² See John Bellamy Foster and Robert McChesney, “Monopoly-Finance Capital and the Paradox of Accumulation,” *Monthly Review* 61, no. 5 (October, 2009): 1–20; and John Bellamy Foster and Robert McChesney, *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the U.S.A. to China* (New York: Monthly Review Press, 2012).

³ Naomi Klein describes recent examples in *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Henry Holt and Company, 2007). Walden Bello gives other examples in *The Food Wars* (London: Verso, 2009).

needs, multiplies and aggravates them. This should not be surprising. An economic system premised on two irreconcilable antagonisms—that between worker and supplier-of-capital and that between every supplier-of-capital and every other⁴—and which is propelled by the structural necessity of exploiting and undermining both one’s employees and one’s competitors in order that ever-greater profits may be squeezed out of the population, is not going to lead to socially harmonious outcomes. Only in the unreal world of standard neoclassical economics, which makes such assumptions as perfect knowledge, perfect capital and labor flexibility, the absence of firms with “market power,” the absence of government, and in general the myth of *homo economicus*—the person susceptible of no other considerations than those of pure “economic rationality”—is societal harmony going to result.

From the very beginning of its history, the manifold social evils of capitalism have given rise to oppositional movements. The one I am concerned with in this book is cooperativism, specifically worker cooperativism. There are many other kinds of cooperatives, including those in the credit, agriculture, housing, insurance, health, and retail sectors of the economy. But worker cooperativism is potentially the most “oppositional” form, the most anti-capitalist, since it organizes *production* in anti-capitalist ways. Indeed, the relations of production that constitute worker cooperativism also define socialism in its most general sense: workers’ democratic control over production and, in some varieties, ownership of the means of production (whether such ownership is organized individually, by owning shares of equity, or collectively). As one common formulation states, in the worker co-op, labor has power over capital, or “labor hires capital.” In the conventional business, by contrast, capital has power over labor, i.e., “capital hires labor.” None of the other kinds of cooperativism directly rejects these capitalist power-relations, although some may signify an implicit

⁴ Capitalists may indeed reach a modus vivendi to alleviate the mutually harmful consequences of competition, for instance by fixing prices, but the potential always remains for the antagonism of interests to reassert itself.

undermining of capitalism insofar as the co-op exists not primarily for the sake of maximizing profit but for satisfying some social need.

It must be understood that a society's dominant mode of material production, i.e., the "hegemonic" method of organizing the relations of material production (such as manufacturing and food production), conditions the overall character of the society more than any other of its features does. This is because the society is erected on the basis of material production; the first task for a society is to reproduce itself in its specific form, which presupposes the reproduction of a set of production relations. Social relations will tend to evolve that make possible the reproducing of the relations of production. In the spheres of economic distribution, of politics, of sexual relations, of intellectual production, and so on, social structures and ideologies will tend to predominate that are beneficial, "functionally selected" with respect to the dominant mode of production.⁵ Therefore, a movement that aims for fundamental transformations in society should not limit itself to the sphere of distribution, as do consumer co-ops, credit unions, and housing co-ops, nor the sphere of gender relations, as does the feminist movement, but should concentrate on changing the mode of production (with its correlative property relations), as does worker cooperativism.

⁵ Philosophers have debated interminably the validity or invalidity of "functional explanation" and the notion of "functional selection," but in fact functional explanations are simply shorthand versions of causal explanations—as in Darwinism, whose talk of the "functions" of particular biological adaptations is a way of rephrasing the *causal* doctrine of natural selection by means of random variation. To say, as G. A. Cohen does in *Karl Marx's Theory of History: A Defence* (1978), that historical materialism is committed to functional explanation is misleading. It is "committed" only to causal explanations, but Marxists often use the idiom of functionalism because to tease apart all the causal mechanisms through which particular structures, patterns of behavior, and ideologies have developed and persisted is no easy task. I'll return to this issue in the final chapter.

Such cooperativism on a societal scale, involving “a federation of free communities which shall be bound to one another by their common economic and social interests and shall arrange their affairs by mutual agreement and free contract,”⁶ is not only a more socially rational way of organizing production than capitalism but also a more intrinsically ethical way (even apart from its potential allocative efficiencies). First of all, the very premises of capitalism are absurd, as Michael Albert makes clear:

Rewards for [owning] property are called profit...wherein individuals who own the means of production pocket profits based on the amount of those means of production. You own some machines. The machines have high output that can be sold for revenues that exceed the cost of maintaining them. You pocket the difference, or profit. You needn't do anything other than keep track of your deed to your property, while sipping mint juleps or dry martinis.⁷

More pertinent, however, is that capitalism tends to stultify the worker's creativity, his human urge for self-expression, freedom, mutually respectful interaction with others, recognition of his self-determined sense of self, recognition of himself *as* a self rather than an object, a means to an end. Karl Marx called it “alienation.” Capitalism alienates the worker—and the capitalist—from his “fundamental human need” for “self-fulfilling and creative work,” “the exercise of skill and craftsmanship,”⁸ in addition to his

⁶ Rudolf Rocker, *Anarcho-Syndicalism: Theory and Practice* (Oakland: AK Press, 2004), 1.

⁷ Michael Albert, *Moving Forward: Program for a Participatory Economy* (San Francisco: AK Press, 2000), 17. That many owners of capital do productive work (managerial, technical) is not essential to their ownership of capital considered in itself. It is this from whence they derive their profits.

⁸ Noam Chomsky, *Language and Politics* (Oakland: AK Press, 2004), 364.

fundamental desire to *determine himself* (whence comes the desire to dismantle oppressive power-relations and replace them with democracy). Alternative visions of social organization thus arise, including Robert Owen's communitarian socialism, Charles Fourier's associationist communalism, Proudhon's mutualism (a kind of anarchism), Marx's communism, Bakunin's collectivist anarchism, Kropotkin's anarchist communism, Anton Pannekoek's council communism, and more recently, Murray Bookchin's libertarian municipalism, Michael Albert's participatory economics, Takis Fotopoulos's inclusive democracy, Paul Hirst's associationalism, and so on. Each of these schools of thought differs from the others in more or less defined ways, but they all have in common the privileging of economic and social cooperation and egalitarianism.

I take these visions to be essentially similar to "worker cooperativism," which in some form is at least an *element* in all of them. If it were generalized so as to be the dominant mode of production, a society approximating classical utopias would be achieved. In this book, however, my primary focus is not on cooperativism's value as the ideal we strive for, but on its value as a possible path towards that ideal. That is, I want first of all to evaluate the potential of worker co-ops for undermining capitalism and moving us towards something like "socialism," or economic democracy. What should be their strategic role? What systemic effects have they had in the past? What mistakes have been made? How have co-ops fared as a form of business? Do they indeed tend to entail workplace disalienation and democracy, or is that just a theoretical construct that doesn't obtain in reality? Can their potentially revolutionary function be reconciled with their need to survive in a capitalist economy? What sort of political consciousness has their membership tended to possess? How have co-ops interacted with the labor movement? What challenges do they face as businesses? Why are they so rare?

Opponents of capitalism have by no means always looked favorably on worker co-ops as tools of revolution. We'll have to consider their arguments in the following chapters. Marx had an

ambivalent attitude toward co-ops: he considered them to “represent within the old form [i.e., the capitalist economy] the first sprouts of the new” but thought that “they naturally reproduce, and must reproduce, everywhere in their actual organization all the shortcomings of the prevailing system.”⁹ Not until the working class had seized political power and imposed cooperative principles on the economy could co-ops be anything more than aberrations. Lenin and other Marxists agreed with this judgment. Nikolai Bukharin accused “pre-revolutionary” cooperators of being “purveyors of a ‘miserable reformist utopia’ because they imagined a socialist evolution of cooperatives within the capitalist system...cooperatives ‘inescapably fall under the influence of capitalist economics’...and ‘are transformed into capitalist enterprises.’”¹⁰

Edward Greenberg observes that members of worker cooperatives occupy what Erik Olin Wright has called “contradictory class locations.”¹¹ “In producer cooperatives, democratic participation is joined to actual ownership of the enterprise so that shareholders are, at one and the same time, workers and capitalists.”¹² Because of their contradictory structural locations they have contradictory interests and incentives, desiring both the maximization of profit and workplace democracy and equality. They might also, in their capacity as workers, identify with employees of conventional companies in their struggles against management, perhaps going so far as to join a union, to strike or boycott sympathetically in solidarity with their oppressed brethren, to participate in radical social movements—or they might renounce unions and the class struggle altogether and act solely as entrepreneurs. We’ll look at examples of this behavior later.

In chapters two and four I’ll consider arguments for and against co-ops in depth. We’ll see that the issues are not quite as simple as

⁹ Marx, *Capital*, Vol. 3, Part V, Chapter 27.

¹⁰ Quoted in Edward S. Greenberg, *Workplace Democracy: The Political Effects of Participation* (Ithaca: Cornell University Press, 1986), 153.

¹¹ See Erik Olin Wright, *Classes* (London: Verso, 1985).

¹² Greenberg, *Workplace Democracy*, 153.

Marxist opponents and anarchist proponents have sometimes thought. Cooperatives can behave in different ways, and much depends on their institutional context. Some cooperators rhapsodize about their experiences while others profess disillusionment. What factors explain these differences? I also want to consider two additional questions: first, can co-ops have a viable role in alleviating on a broad scale, *within* the capitalist economy, the worst defects of capitalism? Second, is such a role in tension with the goal of eventually transcending capitalism, in that it tends to stabilize the economy and contain discontent, postponing the necessary *direct attack* on capitalist institutions? Or, on the contrary, can the propagation of co-ops in the interstices of capitalism be an element in the long-term formation of a counter-hegemony? That these questions are imperative is revealed by the fact that not only leftists but even conservatives and fascists have at times favored worker co-ops. Mussolini granted official recognition to the Italian cooperative movement once it had purged Socialists and Communists, and he pointed to cooperatives as embodying “worker participation, nonconflictual relations between labor and management, and the withering away of class identifications.”¹³ In the famous Spanish town of Mondragon, worker cooperativism was founded (in the 1950s) “as an entrepreneurial alternative to working-class activism and socialism.”¹⁴ There is a danger, therefore, that cooperatives can become tools of reaction rather than progress.

In chapter two I’ll discuss cooperatives from a non-revolutionary perspective, culling the scholarly literature for insights into organizational structure, methods of capitalization, labor productivity, worker satisfaction, wage levels, profitability, effects on employment, company survival-rates and longevity, challenges the movement faces, etc. Chapter three is devoted to the history of worker cooperativism in the United States. I will show, among other

¹³ Sharryn Kasmir, *The Myth of Mondragon: Cooperatives, Politics, and Working-Class Life in a Basque Town* (Albany: State University of New York Press, 1996), 75.

¹⁴ *Ibid.*, 195.

things, that in an overall framework of powerful institutional obstacles, worker cooperativism has periodically surged forward and then receded in a cyclical pattern. After its advances, conservative political and economic forces have pushed back to virtually eradicate it. For example, under the sponsorship of the Knights of Labor it made great headway in the 1870s and 1880s; in the late 1880s and the 1890s it succumbed to the attacks of big business on industrial unionism, which also decimated the Knights of Labor. Cooperativism made strides in the 1930s, partly with the help of New Deal legislation, but in the 1940s and '50s it receded again. The 1960s and '70s saw further advances under the influence of such progressive movements as the civil rights, youth, anti-war, and feminist movements, while the 1980s saw massive counterattacks by conservative sectors of business. This whole history arises from the violent and cyclically prone conflict between capital and labor (in occasional conjunction with other progressive interests like the black struggle against racialized capitalism).

I'll apply the lessons from chapter three in the following chapter, where I discuss the question of what co-ops and the growing "alternative economy" can contribute to a long-term struggle against capitalism. This discussion will be more theoretical and speculative than that in the second chapter—inevitably so, since one can only speculate about the future, not analyze it. But since people study the past precisely to glean lessons for the future, a semi-theoretical, semi-empirical analysis of possibilities seems appropriate.

To anticipate: I expound and revise the Marxist theory of revolution so as to provide a theoretical framework to interpret the alternative economy (of cooperatives, municipal enterprise, public banking, etc.—the solidarity economy in general). Marxists and "cooperators" have tended to be mutually hostile, but, as I'll explain, the logic of Marxism is in fact *committed* to the sorts of "interstitial" movements that are emerging now, which represent a new society within the shell of the old. Marx himself misunderstood his own system when he adopted a statist perspective and predicted a dictatorship of the proletariat—two things that are very un-Marxian, as we'll see. His followers persisted in his mistakes, such that up to

the present day virtually no one has understood the elementary truth that statism and Marxism are in conflict (in two ways, actually: morally and strategically). So, I purify Marxism, returning it to its logical essence. The reason for doing this isn't only to make some academic points about doctrine; instead, I think that if the theory of revolution is purified and updated it sheds light on the historical moment we're living in.

To illuminate that moment, I retrace the logic of the West's historical development in the last few centuries. The notion of a "logic of history" isn't fashionable nowadays, probably because it implies that capitalism is merely a temporary phase that, like all social systems, is bound to evolve into something different. Nevertheless, I resurrect the idea and use it to explain why *only now* are we finally entering the revolutionary era Marx and Engels looked forward to—and why it couldn't have been any other way. They got the timeline wrong; "socialism" on a broad scale was not possible earlier. But the coming revolution will not look like what they predicted, namely a seizing of the state and a unitary reconstruction of the economy. Rather, it will take place over generations and will sprout from the grassroots, locally, regionally, and transnationally—again, as Marxism (despite Marx) entails. Given a true revolutionary situation, cooperatives are by no means antithetical to the class struggle; they are an essential tool of it.

Chapter five returns to the focus on worker cooperatives, this time looking at their formation. In particular, I recount the experience of a business that was recently formed and has frequently been in the press, the New Era Windows cooperative in Chicago. Its worker-owners are the same workforce that occupied the Republic Windows and Doors factory in 2008, just as it was closing, to demand the back pay, severance, and temporary healthcare benefits to which they were entitled. It was one of the very few factory occupations since the 1930s, and it became a national *cause célèbre*

that even President-elect Obama spoke positively about.¹⁵ A couple months after the workers' victory the factory was partially reopened under a new owner, Serious Materials—which three years later, in February 2012, announced that it was closing the factory again and consolidating operations elsewhere. So, once again, the workers staged a sit-in to protest the closing, which ended after the owners agreed to keep the factory open for ninety days. Fed up with capitalist caprice, the workers decided to buy the factory themselves and run it as a cooperative. Again they encountered resistance from the business class, but with determination and community support they overcame it. I tell their story in some detail in chapter five.

The point of this case-study isn't only to tell an inspiring story of David triumphing over Goliath. I'm also interested in how and why these workers have succeeded where others have failed or not even tried. Why were they apparently the only workforce in the U.S. to occupy their factory in the dismal months of late 2008 and early 2009, when the economy was imploding? What ingredients were present that were missing elsewhere? Why and how did they decide to start a cooperative? How did they force the owners, who were initially reluctant, to let them buy the factory? What steps were required to establish the cooperative? Has the experience been successful so far? What challenges have had to be overcome along the way? In general, I try to glean lessons that can be applied in similar cases, which I hope and expect will become more common in the coming decades.

In the final chapter I return to the topic of Marxism and revolution, to discuss some implications of the ideas in chapter four. I argue, for example, that the old mutual hostility of Marxism and anarchism is seen to be unfounded upon a deeper understanding of Marxism, and that leftists should therefore move beyond the sectarianism that has interfered with radical movements for at least 150 years. On the other hand, if my revision of Marxism succeeds in

¹⁵ Monica Davey, "In Factory Sit-In, an Anger Spread Wide," *New York Times*, December 7, 2008.

returning it to its “essence,” it becomes even clearer than it was to Rosa Luxemburg that Leninism is a deviation from Marxism. According to the latter, and to any sensible revolutionary strategy, the transition to a new society will take place over many generations and will involve every conceivable tactic, including radical political parties, frequent mass demonstrations, violent confrontations with armed personifications of authority, transnational federations of peasant and worker solidarity, pressures from the environmental movement to end destructive capitalist practices, and, crucially, the construction of new cooperative modes of production and distribution in the womb of the old regime. Activists should have a clear understanding that this is what we’re in for; this broad-based “movement of movements” is what we should expect and embrace.

Thus, an essential element in this movement of movements is the worldwide spread of co-ops (of every kind) that is happening now. Indeed, we are living in the most exciting time for cooperativism since capitalism began its conquest of the world. Cooperatives proliferate from Canada to Argentina, across Europe and Russia, to India and over to Indonesia, throughout Africa and the Middle East. Almost 800 million people are members of cooperatives, and three billion depend on them for their livelihood.¹⁶ The developing world has made excellent use of the cooperative principle, in the form, for example, of microcredit, which is—or can be—a kind of cooperative banking. Neoliberal institutions like the IMF and World Bank, far from facilitating sustainable economic development, have typically amounted to imperialism and colonialism by other means, functioning so as to permit the transfer of wealth from the poor to the rich and from poor countries to rich countries. As a result, regions such as South Asia have, in some respects, begun to reject the neoliberal model in favor of such strategies as establishing institutions that grant small loans with little or no interest to villagers, usually women—which, incidentally, empowers them vis-

¹⁶ International Cooperative Alliance (ICA), “Co-operative Facts and Figures,” <http://ica.coop/en/whats-co-op/co-operative-facts-figures> (accessed December 13, 2013).

à-vis men—for the purpose of starting businesses or buying houses for their families. In Bangladesh, such institutions have helped over 10 million people escape from dire poverty.¹⁷ In recognition of the fact that cooperatives “are becoming a major factor of economic and social development”—as the General Assembly of the UN declared in 2002¹⁸—the UN named 2012 the International Year of the Cooperative.

Cooperatives have had success in the developed world too, as the following random statistics show. In France, farmers borrow up to 90 percent of their loans from credit cooperatives; cooperative banks handle 60 percent of total deposits; and 28 percent of all retailers are cooperatives.¹⁹ Ninety-one percent of Japanese farmers belong to agricultural co-ops. In the United States, a number of well-known corporations are technically cooperatives, including Land O’Lakes, Sunkist, Ocean Spray, Welch’s, Sunmaid, REI, the Associated Press, and True Value Company. Credit unions in the U.S. had 95 million members in 2012, or 45 percent of the economically active population.²⁰ Electric utility co-ops provide electricity to more than 42 million rural Americans; 1.2 million families live in homes owned

¹⁷ Richard Williams, *The Cooperative Movement: Globalization from Below* (Burlington, VT: Ashgate Publishing Company, 2007), 84. Unfortunately, banks have discovered in microcredit a brave new world of exploitation-of-the-poor, and so are beginning to dominate the field even though they often charge interest rates of 100 percent or more. Neil MacFarquhar, “Big Banks Draw Big Profits From Microloans to Poor,” *New York Times*, April 13, 2010.

¹⁸ John Curl, *For All The People: Uncovering the Hidden History of Cooperation, Cooperative Movements, and Communalism in America* (Oakland, CA: PM Press, 2012), 7.

¹⁹ Lanyan Chen, *Gender and Chinese Development: Towards an Equitable Society* (New York: Routledge, 2008), 23; Coop FR, “Key Figures,” <http://www.entreprises.coop/decouvrir-les-cooperatives/chiffres-cles.html> (accessed December 13, 2013).

²⁰ World Council of Credit Unions, “2012 Statistical Report,” <http://www.woccu.org/publications/statreport> (accessed December 13, 2013).

or operated by cooperative associations; and over 11,000 social and public service cooperatives exist—e.g., cooperative daycare centers, which serve more than 50,000 families.²¹ Altogether there are about 30,000 cooperatives in the U.S., providing two million jobs and generating more than 600 billion dollars in revenue.²²

Of all forms of cooperative economic activity, worker cooperativism has had the most troubled history. And yet it too has had notable successes. Consider Europe again. Confining our attention to recent times, the European Confederation of Worker Cooperatives reports that the 50,000 enterprises affiliated with it employ about 1.4 million people.²³ Italy has a particularly high proportion of worker co-ops—the highest per capita in the world—due in part to legal advantages.²⁴ The Mondragon cooperative complex in Spain has had well-publicized success since it was established in the 1950s, eventually diversifying its operations from industry to retail, agriculture, education, housing, and research and development. Currently it comprises about 250 companies that together employ 80,000 people and have annual sales of 13 billion euros, elevating Mondragon into the class of major multinational corporations.²⁵

Worker cooperativism has recently been spreading in Latin America, as societies try to piece themselves together in the wake of

²¹ 2012 International Year of the Cooperative, “Quick Facts about U.S. Co-ops,” <http://usa2012.coop/co-ops-in-usa/quick-facts>; University of Wisconsin Center for Cooperatives, “Research on the Economic Impact of Cooperatives,” <http://reic.uwcc.wisc.edu/services/> (accessed December 13, 2013).

²² ICA, “Cooperative Facts and Figures”; 2012 International Year of the Cooperative, “Quick Facts about U.S. Co-ops.”

²³ CECOP, “What is CECOP?” <http://www.cecop.coop> (accessed December 13, 2013).

²⁴ Gregory K. Dow, *Governing the Firm: Workers’ Control in Theory and Practice* (New York: Cambridge University Press, 2003), 67–69; Erbin Crowell, “Cooperating Like We Mean It: The Co-operative Movement in Northern Italy,” *Grassroots Economic Organizing*, <http://www.geo.coop>.

²⁵ Mondragon Corporation, <http://www.mondragon-corporation.com>.

neoliberal economic destruction. For example, factory takeovers by former employees were quite common in Argentina after the collapse of 2001; the new worker-owners have organized their companies on a cooperative basis.²⁶ Some of these firms have won important legal battles that have affirmed their right to expropriate the property of the old failed business.²⁷ After ten or more years—a long time even for conventional firms—many of these “recovered companies” are still in business. The same phenomenon has occurred in Brazil, perhaps on an even broader scale, as its solidarity economy has grown.²⁸

The United States has often lagged with respect to progressive movements, and worker cooperativism is no exception. Currently there are only about 300 or 350 such co-ops in the country, and most of them are small to medium-sized.²⁹ (Employee stock-ownership plans (ESOPs), by contrast, are quite common, with 11,000 of them operating today.)³⁰ Nevertheless, the movement is growing. For example, the U.S. Federation of Worker Cooperatives was founded in 2004; smaller such federations and support organizations

²⁶ The Lavaca Collective, *Sin Patrón: Stories from Argentina's Worker-Run Factories* (Chicago: Haymarket Books, 2007). See also Karen Ann Faulk, “If They Touch One of Us, They Touch All of Us: Cooperativism as a Counterlogic to Neoliberal Capitalism,” *Anthropological Quarterly* 81, no. 3 (2008): 579–614; and Peter Ranis, “Argentina’s Worker-Occupied Factories and Enterprises,” *Socialism and Democracy* 19, no. 3 (Nov. 2005): 1–23.

²⁷ See, for instance, Marie Trigona, “Argentine Factory Wins Legal Battle: FASINPAT Zanon Belongs to the People,” *Upside Down World*, August 14, 2009.

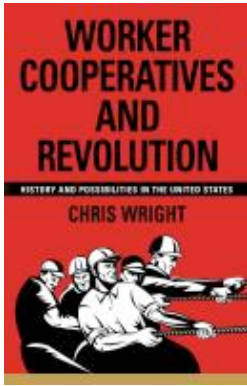
²⁸ Mario Osava, “Solidarity Economy Combats Exclusion,” *Inter Press Service*, January 11, 2008, <http://ipsnews.net/news.asp?idnews=40760> (accessed May 10, 2010). See chapter four of this book.

²⁹ U. S. Federation of Worker Cooperatives, “What is a Worker Cooperative?,” at <http://www.usworker.coop/about/what-is-a-worker-coop> (accessed December 13, 2013).

³⁰ Gar Alperovitz, *America Beyond Capitalism* (Hoboken, New Jersey: John Wiley & Sons, Inc., 2005), 87.

proliferate across the country, for instance the Network of Bay Area Worker Cooperatives in the San Francisco area (formed in 1994), the Valley Alliance of Worker Cooperatives in Massachusetts (formed in 2005), the Eastern Conference for Workplace Democracy, the Federation of Workplace Democracies in Minnesota (from 2004), the New York City Network of Worker Cooperatives, the Ohio Employee Ownership Center (from 1987), the ICA Group, the Cooperative Fund of New England, Green Worker Cooperative (based in the Bronx), the Cooperative Development Institute, the National Cooperative Business Association (founded in 1916), and many more. Even the organizations not exclusively devoted to supporting worker co-ops have recently been getting more involved with them, as public awareness and interest have increased.

The worldwide growth of economic cooperation unreported by the corporate media suggests that we are witnessing the beginning of a social movement the likes of which have never been seen in history. It is quietly sweeping the earth, altering life for millions, but it has barely yet emerged from its infancy. For two centuries its scouts have forged ahead, so to speak, effectively building interstitial redoubts from which in part to wage the future war. And it *will* be waged, in the coming decades. Compared to this underlying economic evolution, the political headlines of today are little more than epiphenomena. Worker and consumer cooperativism, the social economy, the solidarity economy, local participatory democracy, public banking, regional economic coordination—all this represents the future. The following will establish this claim in broad outline, by taking worker cooperatives as emblematic of larger trends.



As the world descends into crisis, people are searching for alternatives to our current social system. In the framework of a revised Marxism, this book shows how a more cooperative and democratic economy is already emerging, and how we can build on its successes. Society may be on the cusp of the greatest revolutionary movement in history.

Worker Cooperatives and Revolution

History and Possibilities in the United States

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