

# Can Worker Cooperatives Save American Manufacturing?

by Sharryn Kasmir

In October of 2009, the United Steel Workers (USW), North America's largest industrial union, signed an historic agreement to open union cooperatives in the United States and Canada. Its partner in this effort is the international division of Mondragón, which is saving jobs and assets by shedding jobs and shuttering plants. We need a new business model that empowers workers and invests in communities... We see Mondragón's cooperative model as a means to re-empower workers and make Wall Street instead of Wall Street.

Mondragón began in 1956 in the Basque town of Mondragón. Today, it has 10,000 members in more than 260 cooperative enterprises, concentrated in machine tools, and other heavy manufacturing concerns. It also includes a cooperative bank (Caja Laboral), cooperative supermarket chain, and social services. Mondragón is the largest business group in Spain and the world's largest industrial cooperative. Mondragón has succeeded in wedding capital to place and community. Today, the cooperative group has globalized its operations and investments across the world. Either partly or wholly owned by Mondragón, most of its new enterprises are standard corporations whose employees work for a living rather than for profit. Many in the activist and academic communities who look to Mondragón as a model of worker democracy lament that democracy and member well being in the Basque region is being eroded by the exploitation of workers in the third world. Others express concern about the working conditions in the Basque co-op factories themselves. While every worker has one vote in the cooperative general assembly, the governing body, on the shop floor and in the course of more routine decision

making worker participation and democracy are less robust. Critics contend that workers do not have

to invest in their employers, to help them through the downturn of the early '90s. Now, some of that has held fast; there are some small examples where we still have ESOPs, where they're still 100% owned. But most of the ESOP activity from twenty years ago has since been sold out or closed or disappeared.

And, certainly there has been an interest in co ops within the union. One of our former international presidents, Lynn Williams, is from Canada, and certainly the folks in Canada have a lot more experience and exposure to the cooperative concept, and he has been interested in figuring out ways that

concept to get out there, and then we'll go from there and see what opportunities present themselves. We will use the announcement as a starting point rather than an ending point.

**SK: In the agreement signed in October of 2009, both parties**

**RW:** I think initially MC has certainly had their share of acquisitions, and those have not necessarily gone well.

**SK: None of them are cooperatives, right? They're all standard firms?**

**RW:** Well, I don't know if all them are, but almost all of them are not cooperatives. And, yeah, it really is an acquisition of the business but nothing more than that. So there are internal discussions in Mondragón about what can we do about that, because people who have been in this Mondragón culture a long time see this as a problem, because they want everybody to be owners. But pragmatically it's difficult in terms of the distance between the co ops and the different cultures, and how do you make that work? So they passed a resolution, three years ago or so at their annual cooperative congress, where they said that they weren't going to go outside Spain unless they found a partner that they could work with and bring their

**they rely heavily on temporary workers to stabilize a core group of worker owners? From the perspective of a union person, what do you think of those sorts of criticisms?**

**RW:** To be honest, I would say there are folks in the Steelworkers who were concerned, definitely, that Mondragón does not have a union in its home base, and what that means. That is certainly a concern. But we also have some ties with the unions in Spain, and our overall impression has been, there hasn't necessarily been a history of conflict, the unions and co ops tend to be natural allies, not naturally in conflict.

**SK: And what about temporary workers?**

**RW:** Certainly, as a union, temporary workers are something that co

And in 1990, the union issued a report called "Our Children's World." The introduction was something along the lines of... We used to think that smoke meant jobs, and if that meant the air was dirty and the lake was polluted, well, that just meant you lived somewhere else or went somewhere else for the weekend or for a holiday, to get away and do that stuff away from where it was polluted. But, pollution was the price of economic progress. And we said that we realize that we can't just have one or the other. You have to have a clean environment and good jobs. You're either going to have both or you're going to have neither.

And we've worked on a number of those issues, and we worked with the Sierra Club informally on a number of issues, and so we came out and made the relationship formal, with the founding of our Blue





in terms of what we're trying to do with Mondragón, the idea's there, the business model is out there, but I think the biggest hurdle we're going to face is going to be financing. And so if there was a publically funded mechanism to help with the financing, I think that would be a great jm

**SK: In a paper you wrote, you said that you didn't want to see business as usual in the labor movement, you want to see the labor movement change**

**SK: That's interesting. Twenty years ago you wouldn't have imagined capital flow going in this direction, from what was a small cooperative business group to the world industrial center...**

**RW: Right.**

---

*Sharryn Kasmir is a Professor of Anthropology at Hofstra University.*

*REGIONAL LABOR REVIEW*, vol. 13, no. 1 (Fall 2010).

© 2010 Center for the Study of Labor and Democracy, Hofstra University

---

1 For a focus on these concerns, see Sharryn Kasmir *Myth of Mondragon*, SUNY Press, 1996. For an introduction to structure and history of Mondragon see William Foote Whyte and Kathleen King Whyte. *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*. ILR Press, 1988. For discussion of the corporate business structure in the context of the emerging global market see George Cheney, *Values at Work: Employee Participation Meets Market Pressure at Mondragon*. ILR Press, 2002.