COUNTERFUTURES

Left thought & practice Aotearoa

Intersections, Old and New

Trade Unions, Worker Cooperatives and the Climate Crisis

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TRADE UNIONS AND worker cooperatives have always intersected. Worker and consumer cooperatives provided invaluable support to the early growth of trade unionism in Europe in the nineteenth century. Cooperatives have ebbed and flowed in their prevalence since that time. The current moment is, however, one of proliferation, with cooperatives once again forming innovative and mutually supportive relationships with trade unions. New challenges are driving these developments. The foremost of which is the record levels of carbon emissions fuelling

global warming, largely as an outcome of the actions of Western corporations. As Naomi Klein succinctly observes, 'our economy is at war with many forms of life on earth, including human life'.[1] In what follows it will be shown that the intersection of cooperatives and unions can offer a powerful force in this struggle – a force capable of mobilising to defend the climate against unchecked capital.

A systemic entrenchment of unemployment and underemployment is accompanying the climate crisis, particularly since the global recession of 2008-09. The continued outsourcing of work to low wage economies creates precarious conditions for workers in developed countries. For instance, the US has had 3.2 million jobs eliminated or displaced since 2001, 75 percent from manufacturing, as part of Western 'deindustrialisation'.[2] The *Australian Financial Review* reports that 'not a company reporting season goes by without more of Australia's biggest corporates bragging about cutting costs – much of which is achieved by the currently fashionable practice of offshoring.'[3] The trend is unlikely to abate if the current logics of capital are left to stand as they are. Richard D. Wolff, a leading US Marxist scholar, describes the attitude of Western corporate capitalism as a matter of 'we will only come back to the areas of our origin when you make it as profitable for us to stay as it now is for us to leave.'[4] Competition with third world labour, combined with the assault on unions, has allowed for a more generalised degradation of work across developed countries. Mass poverty, violent criminality, heightened social divisions, and the stirring of neo-fascist movements reflect the declining quality of working life, the full impact of which is still doubtless yet to be felt. As will be shown, however, the current proliferation of cooperatives internationally, and their intersection with unions, indicates that the future is anything but a foregone conclusion.

1 Naomi Klein, *This Changes Everything*, London 2014, p. 21.

2 Will Kimball and Robert E. Scott, 'China Trade, Outsourcing and Jobs', Economic Policy Institute report, 2014, http://www.epi.org/publication/china-trade-outsourcing-and-jobs/

3 'Gone Offshore: The Outsourcing of Australian Jobs,' *Australian Financial Review*, September 14, 2013.

4 Richard D. Wolff, 'Workplace Democracy and Democratic Ownership,' presentation to the Left Forum, Pace University, New York City, June 7, 2013.

Accelerating job losses, coupled with impending climate catastrophe, has given urgency to the renewal of the cooperative movement in recent years. This might be conceived as a popular response to crises that have not, and clearly will not, be resolved by the elites. In the US eco-sustainable cooperatives, owned and controlled by workers, are spreading widely, particularly in regions where poverty and unemployment are widespread. US trade unions have played an active role in facilitating this development, having establishing relationships of mutual defence and solidarity with cooperatives. Similar interest is growing in Australia as to the relevance of worker-owned firms for addressing unemployment and the climate crisis. Earthworker Cooperative, for instance, is in the process of establishing worker-owned and worker self-directed factories throughout Victoria; and major trade unions have moved to support the incorporation of formerly capitalist enterprises by union members.

A brief general political history of cooperatives in the West is unpacked in what follows; attention then turns to the development of contemporary cooperative forms in the US and Australia; and, finally, the situation in Aotearoa will be appraised. While things are comparably quiescent here, there are signs that a resurgence in cooperative economics may be on the way. The principal insight to be drawn from the following discussion of cooperatives is that they are most effective when allied with trade unions, or to public organisations more generally – an important point to bear in mind when considering emergent projects in Aotearoa. What is equally clear, is that the global degradation of working life and the natural environment are both outcomes of a system where decisions are made by an 'ownership class' (investment firms, bosses, shareholders, their political representatives and bureaucracies) who are unaffected by the consequences. In contrast, worker cooperatives offer the seeds of an equitable and democratic alternative to corporate economic domination.

Old and New Challenges

Direct ownership and control over production by workers is at the core of socialist thought. Karl Marx argued that '[f]reedom […] can only consist in socialised man [sic], the associated producers, rationally regulating their interchange with Nature, bringing it

under their common control'.[5] Mihail Bakunin, an early anarchist theorist, likewise argued for

> the appropriation of capital, that is, of raw material and all the tools of labour, […] by the solidaric collaboration of the workers with hand and brain in each special branch of production; that is, through the taking over of the management of all plants by the producers themselves.[6]

Capitalist exploitation – 'the production of a surplus appropriated and distributed by those other than its producers' – could be overcome if the surplus was socialised by its producers.[7] Early socialist thinkers observed the need for worker appropriation of private enterprise through direct action, prioritising this above the development of separate cooperative institutions. Marx proposed a workers' state as a means of achieving such an appropriation. Such a state would own the means of production, finance, communications and so forth.[8] Anarchists, rejecting state power, argued appropriation and control should be exercised by workers directly, through unions, workplace committees and similar institutions cooperating with one another.

The importance of cooperative enterprises, in which all aspects of production proceed under collective ownership and control by workers, were a central component of early anarchist thought. Pierre-Joseph Proudhon who, in a programme sometimes described as 'mutualism', advocated that producer and consumer cooperatives would gradually and peacefully replace capitalism if they could be actively developed. Proudhon was among the first to argue that capitalism, in depriving most people of control of the productive system, as well any real measure of wealth, was a system based on the oppression and exploitation of workers. He suggested an alternative economic system based around free, cooperative associations of workers, in which

5 Karl Marx, *Capital: A Critique of Political Economy, Volume III*, New York 1967, p. 820.

6 Mikhail Bakunin, cited in Noam Chomsky, *Chomsky on Anarchism*, Oakland and Edinburgh 2009, pp. 119-120.

7 Richard D. Wolff, *Democracy at Work*, Chicago 2012, p. 11. Henceforward *DW*.

> every individual employed in the association […] has an undivided share in the property of the company, because by "participation in losses and gains […] the collective force [i.e. surplus] ceases to be a source of profits for a small number of managers: it becomes the property of all workers."[9]

While these basic principles were accepted by most socialists, Proudhon's notion of a gradual and peaceful subversion of capitalism was widely regarded as naïve.

Later thinkers were able to observe more clearly the limitations cooperatives faced in capitalist economies. Rosa Luxemburg, representing the mainstream of early twentieth century Marxism, described cooperatives as 'small units of socialised production within capitalist exchange', while, 'as a result of competition, the complete domination of the process of production by the interests of capital – that is, pitiless exploitation – becomes a condition for the survival of each enterprise.'[10] Cooperatives, to compete in free markets, would have to revert to the exploitation of labour power she argued. Thinkers in the anarchist tradition offered similar critiques.[11] Bakunin posited that cooperatives would never compete with 'Big Business and the industrial and commercial bankers who constitute a despotic, oligarchic monopoly'.[12] Under capitalism, he asserted, 'cooperatives will be overwhelmed by the all-powerful competition of monopoly capital and vast landed property.'[13] Indeed, contemporary worker cooperatives frequently flounder, exposed as they are to capitalist competition in an economy that prioritises 'efficiency' over all else. Like other small-scale capitalist enterprises, they are increasingly subject to the manipulation of global markets by large corporations that, by way

9 Pierre-Joseph Proudhon, *General Idea of the Revolution in the Nineteenth Century*, London 1923, pp. 222-223.

10 Rosa Luxemburg, *Reform or Revlolution*, 1900, available at https://www.marxists.org/archive/luxemburg/1900/reform-revolution/ch07.htm. Henceforward *RR*.

11 For an in-depth discussion of these contests, see Michael Schmidt and Lucien van der Walt, *Black Flame*, Oakland 2009, p. 84.

12 Mikhail Bakunin, 'On the Cooperative Movement,' in Sam Dolgoff, ed. and trans., *Bakunin on Anarchism*, Montreal 1980, p. 399.

13 Mikhail Bakunin, 'Preconditions for a Social Revolution in Russia,' in Dolgoff, ed. and trans., *Bakunin on Anarchy*, New York 1971, p. 345. Henceforward *BA*.

of international trade agreements, are able to subdue the ability of elected governments to assist cooperatives within their territories.

Cooperatives continue to be critically regarded by many anarchists and Marxists.[14] It is important to note, however, that early contributors to these traditions, while skeptical that cooperatives could, alone, subvert capitalism, did not deny their importance to socialist and labour movements. Bakunin, responding to the resolution of 'the social question' in the 1860s, perceived that 'the cooperative associations of the workers, these mutual aid banks and labor credit banks, these trade unions, and this international league of workers in all the countries' were proof that workers had 'not in any way given up their goal, nor lost faith in their coming emancipation.'[15] These institutions were praised for 'the immense development that they will doubtlessly exhibit in the new political and social conditions of the future'. Bakunin went so far as to argue that they 'may entirely reconstitute society'.[16]

Indeed, cooperative forms, emerging largely out of the direct appropriation of enterprises by workers, were at the centre of revolutionary upheavals throughout the twentieth century. For over a hundred years 'workers have occupied factories and other workplaces and formed workers' councils and self-managed enterprises', 'have struggled for participation in the decision-making processes of the enterprises they work for', and 'have founded cooperatives and councils as a genuine expression and manifestation of their historical and material interests'.[17] Cooperatives have much to offer programmes for systemic change. They also, arguably, fill a deep and impulsive human need for autonomy, self-determination, and freedom in social life – all of which are denied by capitalist relations of production.

The current revival of worker cooperatives draws its most serious support from the radical Left. Contemporary proponents of

14 See Tom Wetzel, 'Co-ops or Workers Revolution,' *ideas and action* 1, 1982. See also Phil Gasper, 'Are Workers' Cooperatives the Alternative to Capitalism?' *International Socialist Review* 93.

15 *BA*, p. 122.

16 *BA*, p. 81.

17 Immanuel Ness and Dario Azzellini eds., Introduction to *Ours to Master and to Own*, Chicago, p. 1.

cooperatives are situated within, and call upon, a rich historical tradition. Further, worker cooperatives present alternatives to the shortcomings of the historical Left, especially the failed socialist models of the twentieth century. As observed by Wolff, worker self-directed enterprises 'represent an alternative to both capitalism and traditional state socialism/communism, an alternative to systems that accord directing power inside enterprises either to private capitalists elected by shareholders or to state capitalists selected by government or party.'[18] Worker cooperatives serve as embryonic expressions of socialism: they offer workers' control over production; and they also represent the democratisation of the economic institutions upon which so much of our political and social life is built. Gar Alperovitz, a prominent facilitator of US cooperative development and a member of the Democracy Collaborative, advocates for public ownership as a means of taking power from corporations and returning it to communities', which he considers a vital part of building 'a culture in which people experience, in their own lives, co-ops, land trusts, municipal utilities—local, direct, participatory democracy.'[19] His vision of direct, 'communalist' democracy is influenced by anarchist thinkers like Paul Goodman and Noam Chomsky (among others).[20] Immanuel Ness, Professor of Political Science at the City University of New York, and a proponent of anarcho-syndicalism, notes that 'we can see labour unions and worker cooperatives [presently] existing side-by-side' in relationships that promise to extend into, and shape, the future.[21]

Renewed interest in cooperatives is not limited to academics. Dave Kerin, for instance, is a co-founder of Earthworker Cooperative, and was active during the notorious 'green bans' initiated by the Builders Laborers' Federation of the 1970s.[22]

18 *DW,* p. 14.

19 Gar Alpoveritz & Scott Gast, 'The Cooperative Economy: A Conversation with Gar Alperovitz', 2014, available at http://www.garalperovitz.com/2014/06/cooperative-economy-conversation-gar-alperovitz/

20 Gar Alperovitz, 'Socialism Based in Community,' 1991, available at http://www.garalperovitz.com/1991/04/socialism-based-in-community/

21 Immanuel Ness, 'Intersections between labour unions and worker cooperatives,' presentation to the Rosa Luxemburg Foundation, Germany, 5 November 2011.

22 For a definitive history, see Verity Burgmann and Meredith

Importantly, the cooperative movement provides an illustration of how long-standing divides in the radical Left might be overcome; Earthworker is closely followed and supported by other radical Left groups, including Anarchist Affinity in Melbourne.[23] Space undoubtedly remains to further cultivate the connections between Left groups and cooperative movements, which will likely happen as the latter grows in significance.

Despite the promise, it should be noted that contemporary cooperatives face old challenges. Isolated and unsupported, they struggle to compete with corporate entities in the market. Innovative means of accessing consumer markets can be found, however, that allow worker cooperatives to thrive by shielding them from private competition, and by democratising ownership for workers. Historically Left-wing critics were cognizant that cooperatives might overcome capitalist relations of exchange if broader alliances could be established with public institutions, including unions. Luxemburg, for example, suggested that cooperatives would have to

> suppress, by means of some detour, the capitalist controlled contradictions between the mode of production and the mode of exchange [...] by removing themselves artificially from the influence of the laws of free competition' in order to 'assure themselves beforehand of a constant circle of consumers.[24]

Fortunately, it appears that such long-standing ambitions for the cooperative movement are tantalisingly close – as will be shown below, a number of US cooperatives are developing constant markets.

Burgmann, *Green Bans, Red Union*, Sydney 1998.

23 See for example 'Dave Kerin on worker cooperatives and the climate emergency,' interview with Anarchist Affinity, 2014, http://www.anarchistaffinity.org/2014/11/dave-kerin-on-workers-cooperatives-and-the-climate-emergency/

24 *RR*, np.

Origins of a Contemporary Model: Cooperatives in the United States

The involvement of US trade unions in contemporary cooperatives is marginal by historical standards, largely as a consequence of declining union density over recent decades (one in four US private sector workers belonged to a union in 1973, this figure is now around one in fifteen).[25] US unions had been closely integrated with worker and consumer cooperatives during their nascent formation in the nineteenth century. Cooperation first appeared in the 1830s at the initiative of the National Trades Union, which, 'anticipating an endless battle with employers over wages and working conditions, […] recommended cooperation as a permanent solution to strikes, speculation, and the dilution of craft skills.'[26] In the twenty five years following the Civil War, more than five hundred cooperative workshops and factories emerged with the support of the union movement, particularly unions associated with the Knights of Labor.[27] Cooperatives declined in the 1890s for complex reasons, in part due to 'the fury of capital's counterassault' on the labour movement following the 1886 Haymarket attacks. Cooperatives have only occupied the fringes of economic and social life since this time.[28] The nineteenth century represented the historical highpoint of worker cooperatives globally, though the idea that workers should control production was resurgent during the labour upsurges of the 1930s and again in the 1970s. The latter upsurge in interest took place against a backdrop of full employment, high union density, and the social struggles born of the anti-Vietnam War movement.[29] The sit-down strikes and occupations of the 1970s left an enduring legacy. Alperovitz was involved in a major attempt by members of United Steelworkers (USW) to bring the massive Youngstown

25 'The Shrinking American Union,' *The New York Times* online, February 7, 2015, http://www.nytimes.com/2015/02/08/business/the-shrinking-american-labor-union.html?_r=0

26 Steve Leikin, 'The Citizen Producer: the Rise and Fall of Working-Class Cooperatives in the United States,' in Ellen Furlough and Carl Strikwerda eds., *Consumers Against Capitalism*, Lanham, MD 1999, available at http://www.uwcc.wisc.edu/info/history/citizen_producer.pdf

27 Ibid, p. 10.

28 See Robert Weir, *Knights Unhorsed*, Detroit, 2000, p. 20.

29 See Immanuel Ness, 'Workers' Direct Action and Factory Control in the United States,' in *Ours to Master and to Own*, pp. 302-322.

Sheet & Tube steel mill under worker ownership in 1977, and he attributes the present success of worker ownership in Ohio, in part, to the 'ongoing impact' of this historic campaign.[30] In communities where entire industries are closed due to the capitalist pursuit of profit, the idea that industry should serve the interests of workers and communities, and that it should be brought under common control, is contagious.

The labour struggles of the 1970s were partly in response to job losses arising from offshoring, 'rationalisation' and factory closures (trends showing no sign of abatement). The closure of Youngtown Sheet & Tube was the first of many in Ohio, a rustbelt state decimated by the impact of deindustrialisation and capital flight. For decades Cleveland, Ohio ranked as the most impoverished city in the US (recently surpassed by Detroit), with one in three inhabitants living in poverty (and a ratio of one in two for children).[31] Worker cooperatives have proliferated significantly against this bleak backdrop. Notable examples include: the Green City Growers Cooperative, which is one of the largest greenhouses in the country; the Evergreen Cooperative Laundry, which operates with Leader in Energy & Environmental Design certification; and Ohio Solar Cooperative, which has, since 2010, installed twice as much solar capacity as previously existed in the entire state.[32] Cleveland, a former centre of dirty industry, is now a site of flourishing green industry under workers' control. The motive to minimise environmental disruption appears to be inbuilt if the people who own the industry are directly affected by the consequences of its operation.

The growth of these enterprises has been encouraged by initiatives to clearly articulate the relationships between poverty and joblessness in Ohio, and by highlighting the lack of popular control communities have over economic forces. The Ohio Employee Ownership Centre, among others, was important in this awareness

30 Alperovitz, *What then must we do?* River Junction, VT 2013, p. 31. Henceforward *WTMWD*

31 Rich Exner, 'Decade after being declared nation's poorest big city, 1-in-3 Clevelanders remain in poverty,' Cleveland.com, September 18, 2014, http://www.cleveland.com/datacentral/index.ssf/2014/09/decade_after_being_declared_na.html

32 *WTMWD*, p. 32.

raising process. Wolff succinctly catches the message: under capitalism 'working people make no decisions. If the company decides to close down here and go somewhere else, what does that mean? It means that a small group of board members and major shareholders are moving the factory'. The alternative proposal is that 'the majority of people who have to live with the consequences of a decision ought to participate in making it', workers ought to 'decide what to produce, how to produce, where to produce, and what to do with the profits'.[33] It is ideas such as these that have fuelled the rise of cooperative economics in Ohio.

As noted earlier, the success of worker cooperatives depends, in part, on their ability to ensure markets for their goods and services through arrangements with public institutions, which are referred to as 'anchor institutions'. This approach has come to be known as 'the Cleveland model'. In this model, anchor institutions, chiefly public hospitals and universities, contract to worker cooperatives and also often provide them with capital investment. Cooperatives, in turn, employ locally and offer green alternatives to those offered in the capitalist marketplace. Cleveland's public institutions have billions in investments that are currently made outside the city; their combined expenditure alone exceeds $3 billion annually, much of it spent on imported consumables.[34] Through tapping into these funds, Cooperative firms are well positioned to create local jobs and satisfy demand for low-carbon goods and services. Further, they are able to use existing public wealth to facilitate the transition to democratic worker ownership.

Another factor contributing to the success of cooperatives in Cleveland has been the development of an 'incubator' organisation, the Evergreen Cooperative Corporation, which oversees the establishment of worker-owned firms. Evergreen organises planning and initial capital investment for cooperative firms, largely through foundations and government grants – the aim being that these cooperatives will eventually transition to worker ownership through worker buy-in schemes. For every enterprise within the Evergreen project, ten percent of profits will go back to the Evergreen Development Fund [directed by Evergreen

33 Wolff, *Occupy the Economy*, San Francisco, 2012, p. 48.

34 Dan Campbell, 'Not just a Job, but a Future,' *Rural Cooperatives,* 77/6 2010, pp. 12-14.

Cooperative] to help start other co-ops; 80 percent of the rest of the profits are to be distributed among the members, of which 20 percent is to be paid in cash. Members have to invest $3,000 for a share of co-op ownership, but they can pay that off at 50 cents per hour, deducted from their pay increase. As the company earns profits, earnings will be placed annually in worker capital accounts. The goal is to generate up to $65,000 in co-op equity for a worker who stays on the job eight years. This money belongs to the worker, and when they leave the company or retire, they take it with them.[35]

In every firm under the Evergreen scheme, workers not only accumulate equity but are paid living wages and enjoy substantial benefits, including free health care and job training.[36] Many employees of Evergreen cooperatives had struggled to find work in the capitalist job market. Some had spent prolonged periods in unemployment, while others have records of incarceration and substance abuse.[37] In Evergreen firms, where workers employ each other, discrimination is less likely. Evergreen Cooperative is an example of what Mary Hoyer of the Union Co-ops Council (of the US Federation of Worker Co-operatives) refers to as the 'partnership model', in which unions' partner with civic organisations to establish incubator groups. Unions have, to date, had relatively minor involvement with Evergreen, whose board is comprised largely of community development specialists, public officials, leaders of NGOs, and other civic leaders.

Unions have been more central to the partnership model elsewhere. In Springfield, Massachusetts a number of cooperative firms have been established via an incubator organisation called the Wellspring Collaborative, modelled directly on Evergreen. Hoyer notes that 'Wellspring is a nonprofit, incubator-type organization that has labor representation built into its board of directors, but unions become involved in specific worker co-op projects based on the relevance to their missions.'[38] A handful of cooperatives have

35 Ibid, 14-15.

36 Susan Arterian Chang, 'Best Job in the Neighbourhood—And They Own It,' *yes! Magazine* 2011, available at http://www.yesmagazine.org/issues/new-livelihoods/best-job-in-the-neighborhood-and-they-own-it

37 Campbell, 'Not just a job,' p. 13.

38 Mary Hoyer (2015). 'Labor Unions and Worker Co-ops: The Power of

been developed by Wellspring, including the Wellspring Upholstery Cooperative in 2013, and a 20,000 square-foot urban greenhouse that is in the planning stage. According to the Wellspring website, all cooperative firms are unionised, pay living wages and employ people who have struggled gaining access to employment. Anchor institutions provide guaranteed markets for these businesses. Observers note that, 'like Evergreen, Wellspring seeks to capture a portion of the regional anchor institution market to support the growth of a network of worker cooperatives.'[39] Indeed, cooperative efforts across the US have been successful in areas that are shielded from, or not well served, by capitalist markets.[40] This is an important factor in their initial growth. The partnership model has also been successful in Canada, where a raft of union cooperatives have been established throughout Ontario, almost all of which have implemented green principles.

Hoyer identifies another model for union-cooperative development, known as the multi-union incubator model, in which 'local, regional, and even national labor unions interested in forming worker co-ops come together to create an incorporated group, typically a non-profit, to facilitate research, feasibility studies, business plans, and fundraising for new co-op businesses.'[41] In 2012, USW, now the largest union in the US, partnered with the multi-national Spanish cooperative network Mondragon to develop worker cooperatives across the US. The process pursued here works by establishing incubator organisations like Evergreen, although in this model they are comprised entirely of trade union representatives. Rivalling the success of Evergreen, the Cincinatti Union Co-op Initiative, founded by USW, has established five worker cooperatives, with individual unions directly integrating with them relative to their respective industries. For example, the United Food and Commercial Workers International Union (UFCW) is involved in the Our Harvest Co-op, a worker-owned farm launched in 2012 using sustainable agriculture; and Apple

Collaboration,' *Grassroots Economic Organizing* 2015, available at http://www.geo.coop/story/labor-unions-and-worker-co-ops

39 Penn Loh and Boone Shear, 'Solidarity economy and community development: emerging cases in three Massachusetts cities,' *Community Development* 46/3 2015, p. 250.

40 Ibid, p. 256.

41 Ibid.

Street Market, a consumer and worker owned 'hybrid' food co-op.[42] Two unions – the International Brotherhood of Electrical Workers (IBEW) and the International Association of Heat and Frost Insulators and Allied Workers – have been involved in establishing Sustainergy. Sustainergy uses union labour to audit residential properties, prompting households to reduce energy costs while assisting them to transition to carbon-zero alternatives.[43]

US unions are, broadly speaking, embracing the cooperative model, especially in the cities worst affected by deindustrialisation. USW have assisted in founding a worker-owned unionised laundry project in Pittsburgh – Clean 'n' Green Laundry Co-op – and are working to build a network of green laundries across the country. Anchor institutions are, again, important. As USW President Leo Gerard explains: 'We're talking to universities, hospitals and hotels. They get the advantage of being in a green laundry that's efficient. They get to be in a progressive organization like a co-op and then build forward.'[44] Where cooperative models are successful, unions are crucial to the process of expanding and duplicating them. In some cases unions, by integrating with existing cooperatives, are able to not only unionise the enterprise but to more completely democratise it. In 2003 the Service Employees International Union (SEIU) organised workers in the US' largest cooperative, Cooperative Home Care Associates, which provides home services for the elderly and disabled. In 2007 union delegates established a Labour/Management Committee, comprised of workers and unionists, for the democratic management of this enterprise, and the SEIU is now helping to expand Cooperative Home Care in other cities.[45]

Domestic work has been an important site for the development of cooperatives. This is in part due to low start-up

42 Hoyer, 'Labor Unions and Co-ops'.

43 Kenneth Quinnell, 'Cincinnati Co-ops,' AFL-CIO.org, nd. http://www.aflcio.org/Features/Innovators/Cincinnati-Co-ops

44 'Can Unions and Cooperatives Join Forces? An Interview With United Steelworkers President Leo Gerard,' *TruthOut*, 2013, http://www.truth-out.org/news/item/16418-can-unions-and-cooperatives-join-forces-an-interview-with-united-steelworkers-president-leo-gerard

45 Stu Schneider, 'Cooperative Home Care Associates: Participation with 1600 Employees,' *Grassroots Economic Organizing Newsletter*, 2/5 2010, http://www.geo.coop/node/443

costs, but also due to the proximity of social service organisations to workers in the sector, most of whom live in poverty. Cooperative Home Care Associates was founded by a social service NGO and many others have followed suit.[46] The Cooperative Network is a union incubator organisation that operates specifically in domestic services, and provides an example of what the ILO describes as a 'sectoral employment strategy'. By becoming a 'valued actor' in its sector, the Cooperative Network is 'creating systemic change within that occupation's regional labor market' and is positioned to 'reshape an industry that currently keeps large numbers of low-income women working, but poor.'[47] As the ILO outlines,

> sectoral influence on an occupation can be achieved in two ways: by changing the public regulatory framework (through a "living wage" law that creates a wage floor for any occupation under public contract) or by changing private industry practice (through labor innovation on the part of one competitor that is so compelling it forces other businesses within that market to respond in kind).

Cooperatives in domestic work are flourishing throughout New York City, particularly among immigrants; as 'unemployment rates tend to be higher in these communities, people are always looking for ways to find jobs – making the cooperative option appealing.'[48] Ecomundo, for example, is a worker cooperative providing ecofriendly cleaning to homes and commercial properties, as well as providing living wages and equity to its workers, a hundred percent of whom are Latin American women.[49] As the ILO observes, 'trade union and cooperative options can co-exist, mutually reinforcing each other'; it even suggests that 'domestic worker cooperatives and associations could be established within unions'.[50]

In many cases more traditional means of establishing cooperatives have been successful, with union members converting

46 International Labor Organisation 2015, *Mapping of Domestic Worker Social and Solidarity Economy Organizations With a Focus and Analysis on New York City Cooperatives*, p. 20, available at www.ilo.org/dyn/migpractice/docs/202/Mapping.docx

47 Ibid, p. 20.

48 Ibid, 16.

49 Ibid, 15.

50 Ibid, 24.

failed or closed capitalist enterprises into cooperative forms. In such instances poverty and joblessness can be powerful motivating factors. In Chicago, for example, poverty and racial segregation has given rise to the worst gang violence in the nation's history. In 2012, gun deaths in south side Chicago exceeded the number of deaths of US troops in the Middle East.[51] Amid this suffering New Era Windows Cooperative has been established by members of the United Electrical Workers Union, with union help, after the closure of the former Republic Windows & Doors factory. Start-up capital was provided by Working World, a non-profit that provides investment exclusively to worker-owned firms. Working World was previously active in mass factories seizures by Argentine workers during the economic crisis of 2001.[52] Completely non-profit, it uses a revolving loan fund so all returns can be reinvested into cooperative projects.

The number of cooperatives to have emerged since 2009 in the US is too vast to detail. SolidarityNYC, a website that locates cooperatives throughout New York, lists screeds of small and medium size enterprises organised along cooperative principles, from artist groups to construction companies. SolidarityNYC reveals that cooperation among workers is also an element of a broader shift in economic and social relations that incorporates all forms of cooperation. The same is true elsewhere, particularly across the rustbelt. Throughout Massachusetts, for example, there has been a flourishing of initiatives, including 'consumer cooperatives, community supported agriculture, alternative and local markets, community land trusts, mutual-aid organizations, transition towns, and participatory budgeting.'[53] As can be seen, a diverse range of organisations have sprung up to assist cooperatives beyond trade unions. University think-tanks have been important – particularly the Ohio Employee Ownership Centre, the Democracy Collaborative, the Centre for Workplace Democracy and others – for lobbying and

51 Hunter Atkins, 'Inside Chicago's Endless Cycle of Gun Violence,' *Rolling Stone* (online) 2015, http://www.rollingstone.com/sports/news/inside-chicagos-endless-cycle-of-gun-violence-20150722

52 For a recent overview of the 2001 recuperadas fabricadas movement, see Aaron Tauss, 'Revisiting Argentina's Recuperated Factories - Reflections on Over a Decade of Workers' Control,' *Desafíos* 1, 2015, pp. 185-205.

53 Penn Loh and Boone Shear, 'Solidarity economy and community development,' 244-245.

advising on legislative change to assist cooperatives. Credit unions have also proliferated widely; in 2011-2012 billions of dollars were shifted from corporate banks to credit unions through 'Move Your Money' activist campaigns.[54] The Ohio Employee Ownership Centre is agitating for the creation of Federal government funding with the express purpose of supporting worker ownership. Interestingly, Bernie Sanders, a candidate for the Democratic Party nomination, has attempted to introduce pro-coop bills three times. Trade unions, as organisations that are well-resourced and already embedded in workplaces, are crucial to the US cooperative movement, though the intersections facilitating their proliferation are much broader.

Global Intersections: Cooperatives in Australia

Worker cooperatives have occupied a more peripheral position in Australian labour history. Cooperation first spread widely in the 1860s, though it was mainly limited to worker-owned stores.[55] Worker cooperatives have appeared sporadically, although never to the extent found in the US.[56] An important upsurge of cooperative activity did occur, however, during the radical labour unrest of the 1970s – largely as an outcome of trade union struggle. Miners Federation members militantly pursued workers' control at the enterprise level in this period. In 1972, they set a global precedent when they staged the first 'work-in' (a type of working sit-in) of a coal mine in New South Wales.[57] In 1975 Nymboida Collieries was taken over by rank-and-file members of the Miners Federation, making it the first coal mine to be successfully converted to union ownership in the world.[58] Interestingly, the revolving stage of the Sydney Opera House was built under cooperative self-management after a series of work-ins by the Amalgamated Metal Workers Union (forerunner to the Australian Manufacturing Workers' Union).[59] A number of cooperatives established in this period have

54 *WTMWD*, p. 36.

55 Mark Lyons, *Third Sector: The Contribution of Nonprofit and Cooperative Enterprises in Australia* Crows Nest, NSW 2001, p. 86.

56 Ibid.

57 Ibid, p. 26.

58 Pete Thomas, *Miners in the 1970s*, Sydney 1983, p. 41.

59 John Wallace and Joe Owens, *Workers Call the Tune at Opera House*,

endured to the present, such as the popular Maleny Street Co-op in Queensland, an organic food distributor.

While Australia has not shared the experience of the contemporary resurgence of cooperatives found in the US, there have been encouraging developments that share the same general contours. One of the most striking developments is the Earthworker Cooperative, an incubator-type organisation operating in Victoria along similar lines to Evergreen. General membership of Earthworker is open to the public. By paying membership fees (approximately AUD$25) anyone can have access to decision-making processes within the organisation, including participation in general meetings and election of representatives to a general board.[60] A number of major trade unions were involved in establishing the project, including the National Tertiary Education Union (NTEU), the Australian Manufacturing Workers' Union (AMWU), the Electrical Trades Union (ETU) and the National Union of Workers (NUW).[61] As of 2015 Earthworker has mutualised a former Everlast Hydro Systems factory based in Dandenong. Under its new operating name, Eureka's Future Worker Cooperative, the former Everlast factory will manufacture solar hot water systems for residential installation. Earthworker has been crucial to the process of incubating Eureka's Future, using union funds, public grants, crowdfunding efforts, along with other means, to generate start-up capital. Via Earthworker, the AMWU and ETU secured funding for an initial feasibility study for Eureka's Future that was commissioned by the Victorian Government, the CFMEU employed Kerin so he could spearhead the project.[62] Most recently, over AUD$600 000 was raised by offering debentures (long-term securities issued to members from which Earthworker could raise money) to all Earthworker members, enabling the final buy out of Everlast assets.[63] Membership of Earthworker is

National Workers Control Conference, Sydney 1973, p. 3. See also Verity Burgmann, Ray Jureidini and Meredith Burgmann, 'Doing Without the Boss' *Labour History* 103, 2012, pp. 103-122.

60 Eureka's Future Workers' Cooperative, *Business Plan*, October 2014, p. 11.

61 Earthworker Cooperative, 'Endorsements', http://earthworkercooperative.com.au/endorsements/

62 Eureka's Future Workers' Cooperative, *Business Plan*, p. 5.

63 Earthworker Cooperative, *Update to Members*, August 19, 2015.

extensive, largely as a result of union promotion. Eureka's Future, now owned by Earthworker, will move to worker ownership from November through worker buy-in and equity accumulation, with full workplace democracy to be instituted from the outset. According to Kerin, production will expand into a second factory at Morwell in 2016.[64]

Through further integration with trade unions, Earthworker has innovatively applied the Cleveland model and broadened its access to guaranteed markets, which Kerin refers to as the 'collective market'. Members of trade unions are able to bulk purchase Eureka's Future solar systems, through their Enterprise Bargaining Agreements (EBAs), in a sort of hybrid consumer cooperative comprised of union members. Members insert an 'Earthworker Clause' into their EBAs, the technology is then installed in their homes, and they pay it off gradually through deductions from their pay. Workers not only save money through a reduced price, but may recover it in full through clean energy rebates under the Federal Government's Renewable Energy Target (RET) and savings on energy bills. It is projected by the end of 2017 that 40,000 union members will have access to the Earthworker Clause in their EBAs.[65] Earthworker's model of collective markets goes beyond the use of EBAs. Through the Plumbers Union, Eureka's Future has equipped two hundred plumbers with Eureka's Future solar tanks for use in replacement installations.[66] By equipping plumbers with the technology at no cost upfront, with payment only required following installation, the union movement again becomes a means to guarantee a market at mutual benefit to workers and consumers.

Anchor institutions also constitute important markets for Earthworker. The first EBA containing an Earthworker Clause was negotiated at Federation University in the La Trobe Valley; public housing associations (including housing owned by non-profits) are enthusiastic about the model; and discussions are being held between Earthworker, the Latrobe City Council and

64 Dave Kerin, phone interview with Sam Oldham, August 5, 2015, transcript in possession of author.

65 Eureka's Future, *Business Plan*, p. 23.

66 Ibid, p. 27.

the Victorian Government regarding utilisation of Eureka's Future systems in public schools and utilities.[67] Union members who purchase Eureka's Future systems pay nothing initially because they are entitled to special low-interest loans from Bank Australia (formerly bankmecu), which became the first customer-owned bank in Australia in 2011 through a special agreement with Earthworker Cooperative.[68] Earthworker, with support from unions, is in negotiations with the directors of the Australian superannuation fund (which has organisational ties to trade unions), to argue that local green job creation should be considered as part of investment decision making, even when this may be less financially profitable for the fund.[69]

The example offered by Earthworker is significant for a number of reasons. Importantly, Eureka's Future provides an example of a functioning workplace democracy, one where workers are collectively managing their operations. Workers choose how much remuneration they receive and how the work is completed, which includes the conditions of work, aspects of workplace health and safety, and so on. This has necessitated a shift in worker consciousness within the plant, and also offers an example of a viable alternative to the capitalist workplace for others. As Kerin acknowledges: 'we as a group of workers learn what it is to run our workplace. We learn about group dynamics and group decision-making, [and] conflict resolution at work'[70] Through developing a variation on the Cleveland model, Earthworker secures markets for its goods and services in the private sector, using relationships to trade unions, as well as credit unions and other institutions. Further, it can be seen that ecological sustainability is an animating principal for workers who have direct control over the consequences of their work.

Unions have also been involved in broader efforts to build cooperatives. The NUW recently sponsored a feasibility study for

67 Ibid, p. 25.

68 Ibid, p. 19.

69 Kerin & Oldham, interview.

70 'Dave Kerin on worker cooperatives and the climate emergency,' interview with Anarchist Affinity, November 12, 2014, http://www.anarchistaffinity.org/2014/11/dave-kerin-on-workers-cooperatives-and-the-climate-emergency/

the incorporation of a closed Ingham factory in McLaren Vale. Retrenched Ingham workers, persuaded by their NUW delegate, have established the Fleurieu Poultry Association and are agitating to convert their factory into a worker-owned cooperative. Rick Duke, spokesperson for Fleurieu Poultry, observes that 'the NUW has been the major driving force behind this idea from the start.'[71] The NUW, a well-resourced union, has given vital financial and political support, paying Duke's wages for a month to allow him to spearhead the project, and lobbying the South Australian Government, securing a $70,000 feasibility study for the project.[72] The Goulburn Valley Food Co-op in Eastern Victoria, with support from the AMWU, has used inventive methods to allow farmers to produce for local markets. In 2011 AMWU members occupied a Heinz factory in Goulburn to resist its closure, which initiated a protracted campaign to buy out the factory as a cooperative.[73] Heinz refused to sell its assets, though former workers now manage a production cooperative out of a local privately-owned factory that is not operating to capacity. For a small lease workers are able to use this factory, during periods in which it otherwise have been inoperative, and they can keep any income they generate. The AMWU supported both the attempt to take over the Heinz factory and the GV Food Co-Op. Les Cameron, former AMWU delegate at Heinz and spokesperson for GV Food Co-op, agrees that access to capital remains a significant obstacle for cooperatives. Cameron argues, following the failure of Heinz workers to incorporate their factory, that cooperatives need to be able to draw upon 'capitalist funds or aggregated wealth saved by workers, sponsors, (crowd funding) or their unions'.[74] The inclusion of 'capitalist funds' here seems problematic, though his point stands that finance remains a significant obstacle to the proliferation of workers' cooperatives internationally. Without money to buy productive assets, cooperatives can never flourish; workers must use innovative means to generate capital. Unions can be crucial to this process,

71 Rick Duke, interview with Sam Oldham, August 4, 2015, transcript in possession of author.

72 Rick Duke & Oldham, interview.

73 Michael Green, *The Cooperation* 28, 2012 https://overland.org.au/previous-issues/issue-208/feature-michael-green/

74 Les Cameron, interview with Sam Oldham, August 27, 2015, transcript in possession of author.

providing early finance and securing larger-scale investments through industrial and political pressure, or through drawing upon external networks of NGOs and financial organisations, as in the US.

Drawing Connections: Prospects for Aotearoa

Aotearoa has nothing comparable in scale to the cooperative movements found in the US or Australia. While interest in the phenomenon has increased in recent years, worker cooperatives remain largely absent from the Aotearoa economic landscape. Loomio, a Wellington-based cooperative of tech workers that emerged out of the 2011 Occupy movement, stands virtually alone. Providing software that facilitates collaborative decision-making, Loomio has allowed social and environmental groups to make over 75,000 decisions using its technology.[75] A number of green consumer cooperatives are in various stages of development. The Harbour Co-op was established in Christchurch in 2012 as a multi-stake owner 'hybrid' cooperative similar to Apple Street Market in Cincinnati. Jointly owned by both workers and consumers, it supplies locally produced organic food to both members and the public. Piko Wholefoods, also based in Christchurch, is a similar project. These enterprises, while sharing power between workers and consumers, function under the principles of workplace democracy. Piko declares proudly on its website that 'systems are buzzing, people feel like they are their own bosses and fun is high on the agenda'.[76] Piko manages the Piko Wholefoods Charitable Trust, which supports a raft of community and social activist organisations on diverse issues, ranging from animal rights, to queer struggles, through to economic democracy. Energyshare, an ambitious lease-to-own scheme, in which people would purchase electricity cooperatively, is still in early planning stages in Auckland. Like cooperatives abroad (Earthworker Cooperative is a direct inspiration), Energyshare aims to operate at the axis of class and environmental concerns. Its spokesperson, Kristin Gillies, notes that the 'opportunity is to

75 See Loomio.org, https://www.loomio.org/about

76 Piko Wholefoods, 'About Piko Wholefoods' http://www.pikowholefoods.co.nz/about-piko/co-operative

reduce energy poverty, bringing cheap renewable energy to those who need it most'.[77] The scheduled expansion of public housing in Auckland presents an opportunity for Energyshare and future worker cooperative projects in the residential sector.

Trade unions are not closely aligned with contemporary worker and consumer cooperatives in Aotearoa, despite important connections between the two historically. In Aotearoa, as elsewhere, cooperatives and trade unions were integral to one another's development in the nineteenth century. Consumer and worker cooperatives spread widely in the 1890s, including ownership of a coalmine near Westport by the New Zealand Knights of Labour.[78] In some sectors cooperatives became important much later. Waterfront workers, always staunch unionists, used union cooperative models throughout the twentieth century until their systems were destroyed by the privatisations and capital flight of the 1990s and 2000s.[79] Cooperatives flourished across industry from the late 1970s, operating 'on the principle that co-operative members should take responsibility for the decision making within it, and that those who provide the capital should be the same people as those who work in the co-operative.'[80] At present at least one activist organisation prioritises cooperatives as an important means of addressing both the unemployment and climate crises: Climate Justice Aotearoa (CGA), an environmental group, perceives that cooperatives will be crucial to the process of shoring up an alternative green economy, particularly in the context of successive failures by elites to effect change through the UN. According to Gary Cranston, a CGA spokesperson, 'we want to collect and showcase existing and potential examples of cooperative solutions to climate change' including 'examples of cooperative economics, workers owned coops, consumer and service based cooperatives – solutions that will be relevant and accessible to everyone [and]

77 Kristin Gillies, interview with Sam Oldham, September 13, 2015, transcript in possession of author.

78 Robert Weir, *Knights Down Under*, Newcastle Upon Tyne, 2009, p. 49.

79 See Brian Wood, *Watersiders Working for Themselves*, Wellington 2013, p. 101.

80 Janya McCalman and Paul Evans, *Rural Co-operatives in New* Zealand, Wellington 1982, p. 6.

that meet people's basic needs.'[81] In 2015 CGA launched an interactive website that locates green cooperative projects around Aotearoa, similar to the SolidarityNYC project.[82] It is possible that worker cooperatives exist more widely already in Aotearoa than is presently known – locating and identifying them is an important step towards consolidating the cooperative movement here.

Trade unions have been in a state of ongoing decline in Aotearoa since the 1980s, particularly following the widespread introduction of individualised employment agreements after 1991. While this renders Aotearoa's trade unions financially and industrially weak, they remain in a position that allows them to assist in the development of domestic cooperative projects due to their immediate role in the lives of workers. Trade unions can be instrumental to the process of securing investment for the development of cooperatives. They can also agitate for government funding, call on their memberships for community investment, fund feasibility studies, manage crowdsourcing campaigns and support incubator groups. Trade unions, as an already existing countervailing power within the working class, are uniquely positioned in respect to these campaigns. Unions could also directly establish their own cooperatives. For example, Unite Union, which organises domestic workers along with E Tū, might be positioned to initiate and support the formation of cleaning worker cooperatives, which have low start-up costs and could provide an equitable and democratic alternative for workers in what is currently a high-exploitation industry.

Unions could also lobby to effect changes to the legal and regulatory environment to make it more favourable for cooperatives. As in the US, this can serve to lift standards for workers. There is further scope for increased public sector involvement in the promotion of worker cooperatives. At present state sector procurement in Aotearoa is governed by a more restrictive framework than in the US. Under current tendering models for government agency contracts 'efficiency' takes primacy

81 Gary Cranston, interview with Sam Oldham, September 22, 2015, transcript in possession of author.

82 See beautifulsolutions.org.nz

over concerns for social or environmental sustainability.[83] Regulatory change could occur if political pressure was brought to bear. Earthworker's bid to secure investment from the Australian superannuation fund indicates what may be possible in Aotearoa. The New Zealand Superannuation Fund, which nominally commits to 'ecological sustainability' in its investment principles, is (mildly) receptive to public pressure, including that applied by unions. Kerin is enthusiastic about prospects for the development of an Aotearoa-based equivalent to Earthworker Cooperative, which could be led by Aotearoa unions with guidance and support from Australia. Earthworker holds other examples out for Aotearoa workers: If the power of collective bargaining could be harnessed to secure markets for the goods and services provided by cooperatives, a version of Earthworker's social market could be replicated locally.

Aotearoa also has a relatively strong community sector. Community trusts have been important to the success of Christchurch-based cooperatives. Kaitaia is, for several years now, home to the Community Business and Environment Centre, which runs a range of community enterprises, including bus companies, labour hire, home renovation, and public pools. There is a cultural basis for the development of cooperatives in Aotearoa, as the ideal is convergent with Māori conceptions of economic and social life (as it is with indigenous peoples elsewhere).[84] Colin Knox notes that 'cooperative enterprise is the natural, traditional and preferred business structure for Māori.'[85] Māori were at the centre of the upsurge in cooperatives in the 1970s. National Hui for Work Trusts and Co-operatives were held annually at Parihaka throughout the early 1980s, with support from iwi.[86] In an intriguing history, a cooperatively owned business, Te Kaihanga Cooperative, was

83 See Government Procurement Development Group, Ministry of Economic Development, *Supplying New Zealand Government: A guide for suppliers on how to bid for government contracts*, Wellington, July 2005 available at https://www.business.govt.nz/procurement/pdf-library/suppliers/How%20to%20Supply%20NZ%20Government.pdf

84 For a discussion of the indigenous origins of cooperation in the US see John Curl, *For All the* People, Oakland 2012.

85 Colin Knox, 'Cooperative Land Based Maori Business,' paper delivered to Conferenz, AUT University, Auckland, February 2013, 6, available at https://www.conferenz.co.nz/content/whitepapers/2013/Colin%20Knox%20Paper%2013.02.13.pdf

86 See Taranaki Iwi Katoa Trust, *Nga Rongo Korero: 4th National Hui of Cooperatives and Work Trust*, 6/4, 1985.

formed by Māori workers in 2012 and given EQC accreditation to assist in the Christchurch rebuild.[87] Contemporary links exist between iwi and cooperative ownership models. He Iwi Kotahi Tatou Trust, founded in the early 1980s, is a partner of the community-owned Healthy Homes Tai Tokerau, which has fitted 8000 Northland homes with eco-friendly insulation since 2011. For Māori, cooperatives might serve as an alternative to the 'iwi corporate' mode – a colonial imprint on the Treaty settlement process – encouraging regeneration of Māori economic principles. Other organisations contribute to a framework for cooperative development. Huia CDS, founded in 2013 by Ramsey Margolis, is an Aotearoa-based consulting company that assists with the structuring, incorporating, financing and marketing of cooperative enterprises. These organisations bode advantageously for cooperative growth in Aotearoa, despite the challenges.

Conclusion

The power of capital in the twenty-first century is, in large part, anchored in the sense that there is no alternative. The public is subject to policies of privatisation, deregulation, public austerity, and the erosion of the commons. In contrast, cooperative ownership shows that there *is* a realistic and necessary alternative to the private and corporate domination of our economic systems. They also offer an alternative to defunct twentieth century models of state-communism. The aim of cooperatives is not policy change, but rather deep democratic institutional transformation – with shareholders, corporate executives and state bodies replaced with the control of working people and local communities. As the problems of the global economy, including mass unemployment and the destruction of our ecosystems, arise (in no small part) because economic control is out of our hands, taking economic control should animate struggles for change.

It is notable that the need for workers' to have control in production, to not be powerless and at the mercy of bosses and managers, was also the reason for the historical formation

87 Michael Berry, 'Maori Tradesman Unite to Help Youth,' *The Press*, 14 June 2012.

of trade unions. Unions and cooperatives have an intersectional affinity, each was important for the formation of the other during the nineteenth century. Many intersections now exist between unions and cooperatives in the US, which lays the basis for a stronger labour movement there – it also offers a window into an alternative social system. Unions, along with NGOs and community organisations, have been crucially involved in the process of establishing worker cooperatives, assisting in the process of securing finance, guaranteeing markets, and providing industrial protection from capitalist counterassault. In the US much of the success for cooperatives arises from their ability to guarantee markets through public institutions. Australia's Earthworker Cooperative, an incubator group formed along US lines, with public institutions comprising part of its social market, differs to the extent that it has utilised trade unions to secure markets in the private sector. Comparatively, worker cooperatives are largely absent from the Aotearoa industrial landscape. While challenges persist in developing worker and consumer cooperatives locally, foreign examples offer possible paths to take in the future. Unemployment remains pervasive, and the climate crisis will only grow worse if the current systemic logics remain unchallenged. Existing organisational forms – trade unions and more general public organisations – are advantageously positioned to bring new social and economic arrangements into existence, bridging present and future. If a better world is to exist tomorrow, then steps towards the introduction of these arrangements must be taken today.

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