Worker Cooperatives Find the Mainstream: United Steelworkers and Mondragon International Collaborate

Emily Kawano, Exec. director, CPE and U.S. SEN

In a remarkable and historic move, the United Steelworkers union (USW) and Mondragon International announced that they would be working together to establish Mondragon manufacturing cooperatives in the U.S. and Canada. The Mondragon Cooperative Corporation (MCC) is the world’s largest industrial workers cooperative, located in the Basque region of Spain. It employs almost 100,000 workers in 260 cooperative enterprises that include manufacturing, a university, a bank, research and development facilities, a social security system, and retail shops. In 2008, MCC reached annual sales of more than 16 billion euros and is ranked as the top Basque business group, the seventh largest in Spain.

Inspiration

In the cooperative world, Mondragon, despite criticism of the compromises that it has made in the face of globalization, is still the gold standard of success and has inspired many other cooperative initiatives in other countries. In the U.S., for example, Cleveland’s $5.8 million Evergreen Laundry Cooperative startup, the first in a network of local worker cooperatives, was inspired by a visit to Mondragon by a Cleveland delegation. The development of this cooperative network is envisioned as a way of creating jobs and revitalizing depressed neighborhoods of Cleveland.

In Chicago, the Austin Polytechnic Academy (APA), a public high school, follows in the footsteps of Mondragon. The first industrial cooperative of MCC was started fifty years ago by five graduates of a technical training school under the guidance of a visionary local priest, Father Jose Maria Arizmendi, who continued to play a central role in the development of Mondragon until his death in 1976. Austin Polytech prepares its students, almost all of whom are from low to moderate income families in an African-American neighborhood, for jobs in Chicago’s high skilled industrial sector, and even more importantly, to become worker owners. Towards this end, they have brought in speakers from the Emilia-Romagna region of Italy, a hotbed of successful cooperatives, and a group of APA students are currently on a study tour in Mondragon.

In the Bay Area, the Arizmendi Association of Cooperatives takes its name from Mondragon’s visionary. It is a worker owned network that provides assistance to new bakeries that are interested in following their successful cooperative business model. There are currently three Arizmendi Bakeries in addition to the original worker owned Cheeseboard that provided the model and technical assistance for the Arizmendi Association.

New Frontier

It is clear that Mondragon is a source of inspiration for many other initiatives to build economic democracy. The collaboration with the United Steelworkers raises the potential to a whole new sphere of possibilities.

The USW-Mondragon collaboration grew out of a USW ‘green industrial revolution’ project that created a partnership with Gamesa, a Spanish wind turbine firm, to establish production in Pennsylvania by refitting shut down steel plants. Gamesa is based near Mondragon.

Crisis: Is it over yet? Have we missed our moment?

Many progressives worry that we may have missed our moment - as the crisis recedes, the sense of urgency for transformation wanes. However, the crisis continues: double digit unemployment, on average lasting over six months, capacity utilization (how much of our productive resources we’re using) is 10% below its past 30 year average, and bank failures for 2009 are up to 120 and counting.

The crisis continues in the experience of most people. Our challenge is to go beyond critique and reform to provide a vision and alternative to the failed model of neoliberalism. The solidarity economy is a growing global movement for a just and sustainable economy that builds on a strong foundation of practices and policies that exist all around us.

To understand the roots of the economic crisis, why it is a long term crisis and to learn about the solidarity economy, check out CPE’s workshop on the Crisis and the Solidarity Economy.
CPE Happenings

CPE Workshops

June 20: Coloradans for Immigrant Rights, Boulder, CO “Understanding Globalization and Migration,” Olivia Geiger and Maliha Safri co-facilitated an intensive workshop with a group of 25 immigrant rights activists. They are developing an ‘economics of immigration’ curriculum and CPE has followed up the workshop with continued support and advice.

June 26-28: Women’s Institute for Leadership Development: Creating the World We Want to See, Waltham, MA

“Organizing for an Economy that Works for Working People,” Emily Kawano facilitated two workshops on labor and the solidarity economy. Around 25 women attended and were enthusiastic about the possible ways in which labor could engage in building the solidarity economy, including investment and job creation.

August 9: Drum Major Institute, NYC “Progressive Economics 101: Shifting economic models and policies,” Suresh Naidu and Curtis Haynes led this workshop for a dozen progressive young people of color who are working toward careers in the field of public policy. This is the third year in a row that we have done a workshop at the Summer Institute for DMI Scholars.

October 7-9: Making Connections Louisville, KY “The Economic Crisis and the Solidarity Economy,” Sirisha Naidu and Hector Saez led a two day workshop for 25 community activists. The workshop seeded thinking about the development of a food cooperative and CPE has been working to link them up with other resources, coops and support organizations.

Upcoming:

November 5-7: The Social Economy and the Role of the State, CIRIEC Conference, Barquisimeto, Venezuela

“Solidarity Economy and the Role of the State,” and “The Growing Solidarity Economy Movement in the U.S.,” Maliha Safri will present on two topics at this conference on social solidarity economy research.

U.S. Solidarity Economy Network

SEN Working Groups

CPE continues to provide core staffing for SEN. Coming out of the Forum on the Solidarity Economy last March, we created four SEN Working Groups: 1) Research & Policy 2) Networking, Education & Organizing (NEO) 3) Media & Communication and 4) Development. These working groups have all been meeting by conference call to share resources and coordinate efforts. Projects and dialogues include solidarity economy mapping, defining the boundaries of the solidarity economy, solidarity economy curriculum development and local organizing. CPE has also undertaken the publication of papers and proceedings from the Forum.

If you are interested in joining a working group, please contact Emily at (emily@populareconomics.org)

Solidarity Economy at the 2010 U.S. Social Forum

We are planning on organizing a track of workshops at the second U.S. Social Forum which will take place June 22-26, 2010 in Detroit, MI. We hope to build stronger connections between social movements and solidarity economy practitioners so that we can walk on two legs – resist and build. SEN joined the National Planning Committee (NPC) and is well positioned to promote these linkages.

Solidarity Economy Organizing Toolkit - in the works

Olivia Geiger, CPE staff economist

Are you looking for tools to help raise awareness about the solidarity economy - perhaps in your community, with your friends or co-workers? Are you looking for ways to create a local solidarity economy network? Or are you interested in doing some visioning and strategizing? Such a toolkit is in the works. Several CPE members, together with others from SEN's Networking, Education and Organizing (NEO) working group, are in the process of building a Solidarity Economy Organizing Toolkit. We will make pieces available as we go along, and plan to have the whole thing completed in time for the US Social Forum in Detroit next summer.

The toolkit will provide education modules and resources for critically analyzing the existing economy and the roots of the crisis, developing the origins of the solidarity economy, organizing and mobilizing for the solidarity economy and making resources available for ongoing organizing for the solidarity economy.

(Continued on the next page)
Since joining the Center for Popular Economics four years ago, I had heard a lot about the Summer Institute (SI) from fellow CPEers. I heard about the amazingly committed and diverse participants, I heard about the intensity of the schedule, and I heard about the close bonds that formed over the course of the week. From all reports, the Summer Institute sounded like the best thing since the New Deal, so when this year’s call went out for teachers, I was quick to volunteer. How excited I was to finally be part of this awesome tradition! And how nervous I was that this year’s institute would somehow fall short of my sky-high expectations. Of course, the experience wasn’t what I had imagined—it was better. Cheesy, yes, but true.

In many ways, the 2009 SI was like previous institutes. Over 30 participants from several countries joined either a U.S. or International track, depending on their interests. CPEers Amit Basole and Mark Silverman led the international classroom, Olivia Geiger and I facilitated the U.S. track, and Emily Kawano made sure everything ran smoothly. Each day included three to five hours of “core classroom” instruction, in which facilitators presented tools for understanding the economy through a mix of discussion and participatory activities. In the afternoons and evenings, participants attended special topic workshops and got to know one another through informal socializing, card-playing, and the occasional backrub circle.

In a few big ways, this year’s institute was different from previous incarnations. For the second time, the SI was co-sponsored with another organization, the American Friends Service Committee’s New Hampshire program. While CPE still managed the curriculum, AFSC folks assisted with many of the time-consuming logistical details, including participant outreach and planning the field trip to the historic Mount Washington Hotel in nearby Bretton Woods, where Keynes, Morgenthau and friends famously established the World Bank, the IMF and the gold standard.

This year’s institute was held at the World Fellowship Center, described by its directors as a “unique, progressive oasis on 455 acres in the splendor of New Hampshire’s White Mountains.” There, we ate family-style meals in the dining room, swam and paddled in the on-site lake, and the more dedicated cyclists among us joined 6am rides, led by Howie, the ever-energetic recreation leader.

The content of this year’s institute, titled “After the Economic Meltdown: Building a Solidarity Economy,” was also a mix of old and new. In addition to providing core economic analysis, we discussed roots and consequences of the current crisis. We also presented our vision of a solidarity economy, in which people and not profits drive economic decisions, and we brainstormed with participants about how to get there.

By the end of the week, I realized that my nervousness about not leading a good SI had been misplaced. It was clearly the knowledge, enthusiasm, commitment and good humor of the participants, more than anything we taught, that made the week so good. But the tasty food and breathtaking scenery didn’t hurt either.

Solidarity Economy Toolkit (cont’d from previous page)

current crisis; imagining how the economy could be; exploring the wide range of successful economic alternatives that already exist all around us; and building a movement around a common vision. The toolkit includes background readings, case studies and links to resources, and participatory activities for engaging in these processes within a community or organization. While some activities have been newly created by CPE and the Solidarity Economy Network, many sections of the toolkit will represent a gathering of resources and activities that have been created by other organizations or practitioners.

This toolkit will be available electronically for free and we welcome the opportunity to do solidarity economy workshops and training of trainers. If you are interested in organizing an event like this, please get in touch: emily@populareconomics.org, or call 413-545-0743.
CPE Research: Supporting Vermont Public Sector Workers

Gerald Friedman, CPE staff economist & Professor, Dept. of Economics, UMass.

CPE has continued to provide technical and research assistance to the Vermont State Employees Association (VSEA) and to others in Vermont struggling to protect social services. In the Spring, the major focus was on the legislature which had to decide between massive layoffs and service cuts and tax increases. With the support of CPE’ers Heidi Garrett-Peltier, Emily Kawano and Ann Werboff, Gerald Friedman presented testimony to legislative committees as well as to progressive citizens groups and newspapers defending public services and proposing programs of revenue enhancement. This testimony helped to swing the legislature away from the Governor’s draconian budget cuts and towards a more moderate budget that was ultimately passed over the Governor’s veto.

Heading into the summer, VSEA faced demands from the state to reopen the existing contract to produce nearly $30 m. in wage and benefit cuts. The workers’ argument was considerably enhanced when Ann Werboff prepared a study showing that Vermont state employees were already paid significantly less than their private sector counterparts and less than state employees in other states. Werboff and Friedman also showed how low wages contributed to lower productivity and higher turnover for Vermont’s workers, costing the state some of what it saved in lower wages and benefits. While these findings were well received by the workers, the State has continued to insist on wage cuts and has demanded that the next contract include a 7% wage cut as well as cuts in health insurance and other areas that will, by the end of the contract in June 2013, come to a total cut of over 20%. With support from Kawano and Werboff, Friedman has been on the scene in bargaining sessions over the past 6 weeks analyzing contract proposals as well as presenting CPE-drafted technical memorandum. Disdaining any serious collective bargaining, the state has barely moved from its initial demands. Contract talks are now heading towards arbitration with, ultimately, the possibility that the legislature will impose a contract.

During this process, CPE has acted as the research department for VSEA, an independent union with about 7000 members. This has been a new role for CPE and we expect that the expertise developed will help CPE provide support for other labor and popular movements.

Voice and Turnover in the Child-care Workforce

Lynn A. Hatch, PhD, CPE Staff Economist

The Economics of Child-Care project at CPE got its start at one of our Summer Institutes. Child-care workers and advocates came to the Institute in Amherst and met throughout the week. From that beginning, the project grew into a multi-year study of what, if any, relationship exists between working conditions and teacher turnover in early care and education programs.

Working conditions in the child-care industry are poor and not conducive to high-quality care for children. We know that from birth to three years of age, brain development is more rapid than at any other time and that preschools are critical to school-readiness. Research has shown that children grow and thrive in close, dependable and consistent caregiving relationships, and it has been demonstrated that high staff turnover reduces the consistency and quality of care children receive.

Despite the demonstrated importance of workforce stability for the quality of early care and education, teacher turnover is very high, averaging 30 percent annually. Low pay, limited opportunity for career advancement, heavy mental and physical demands, and minimal entry requirements reduce attachment to jobs and to the profession. Programs are not well-subsidized and raising wages from parent fees is next to impossible. We looked at factors other than improved compensation that might lower turnover, improving quality.

Workers at Massachusetts licensed group child-care programs, including unionized and non-unionized programs, were asked about their involvement in decision-making and workplace procedures. Practices studied included communication between management and labor; identified paths for promotion and compensation; and processes for making decisions and addressing grievances. These practices are referred to as “voice.” What, if any, is relationship between teacher turnover and voice?

Results indicate that the presence and type of worker voice affects teacher turnover. On average, programs with a collective bargaining agreement (unionized) pay higher wages, have lower rates of turnover and provide more structure and opportunity for worker voice than do non-union programs. Massachusetts unionized programs have a higher number of staff per child, which might reduce work stress, and a higher percentage of children receiving state subsidies, which might indicate a more difficult population to serve. We found a consistently negative relationship between voice and teacher turnover and between union-

(Cont’d on page 6)
**FALL FUNDRAISING DRIVE**

*For 30 years CPE has been fighting to change the world by:*

✧ Demystifying the economy and providing tools of economic analysis to empower ordinary folk in the economic arena.

✧ Partnering with organizations to develop popular economics curriculum and training of trainers that are tailored to their needs.

✧ Bringing together grassroots and labor activists, students, progressives, scholars and economists to share, envision and work together to transform our economic system into one that serves people and planet with justice and sustainability.

The economic downturn has drastically shrunk foundation and major donor contributions and like virtually all non-profits, we are feeling the pinch. In order to reduce expenses and ‘green’ our fundraising, *we will not be sending out a separate fall fundraising appeal. Please use the enclosed envelope to send in your donation.*

**We depend on your support more than ever!**

Please give as generously as possible so that CPE can continue this transformative work into the future.

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**And save the date!**

*Center for Popular Economics 30th Anniversary Celebration*

Friday, March 26, 2010

Gordon Hall, University of Massachusetts, Amherst

Join us for an afternoon of talks and workshops, An evening of food, entertainment and good company.
Last week Michelle Obama gave a powerful speech explaining why health insurance reform was a woman’s issue. Her arguments were subsequently dramatized by a telling exchange between Senator John Kyl, a Republican from Arizona, and Senator Debbie Stabenow, a Democrat from Michigan, last Friday in a Senate Finance Committee meeting.

Senator Kyl articulated the view that the federal government should not tell private health insurance companies what benefits they should offer. For instance, he does not think he should be required to pay premiums to help finance maternity costs, since he has never needed maternity care.

As Senator Stabenow calmly observed, “I think your mom did.”

Women need more health care than men because of the combined demands of pregnancy and family planning. The typical American woman who wants to have two children will spend about five years being pregnant, recovering from pregnancy or trying to get pregnant, and about 30 years trying to avoid unintended pregnancies.

Partly as a result, young women typically must pay more than young men for individual health insurance, unless they live in one of 10 states where gender rating is illegal.

Mothers often take primary responsibility for meeting children’s health care needs. This is especially true in families maintained by women alone, which included 23 percent of all children under 18 in 2008.

Many women gain access to their health insurance through their husbands. That means that male job losses as well as the possibility of divorce leave them vulnerable. A recent report1 by the Joint Economic Committee of Congress estimates that about 1.7 million women have lost health insurance benefits as a result of job losses since December 2007 — 71 percent of these as a result of their spouses’ job loss.

Although fewer adult women than men lack health insurance, they seem to be more affected by insurance-related problems, including inadequate coverage. A Commonwealth Fund study2 released last May found that about 52 percent of working-age women, compared to 39 percent of working-age men, reported in 2007 that they had to forgo filling a prescription, seeing a specialist, obtaining a recommended medical test or seeing a doctor at all as a result of medical costs.

In striking testimony to financial vulnerability, more than one-half of all bankruptcies related to medical costs in the United States in 2007 were filed by female-headed households.

Women in their 50s and early 60s who are married to older men face a distinctive risk — loss of access to their husband’s employer-related coverage when he makes the transition to Medicare but they are not yet old enough to be eligible. The resulting disruption in coverage often has adverse effects on their health.

Women are important health care providers as well as consumers. Over 59 percent of informal, unpaid caregivers are women, and women devote significantly more time to the care of sick, disabled and elderly family members than men do. Indeed, such commitments help explain why women are more likely than men to work part time and to exit the paid labor force for longer periods of time.

Amid much discussion of the costs and benefits of health insurance reform — including claims that investments in preventive health won’t save money — attention has focused largely on potential savings to the federal government. But one reason that preventive health doesn’t always offer a big federal budget savings is that it prolongs life — and therefore increases likelihood that individuals will use Medicare and Medicaid resources in old age.

The biggest returns on preventive health investments are enjoyed by individuals themselves, and the family members who tend to them. Take asthma, for instance — a chronic disease that afflicts a growing percentage of the nation’s children.

Good preventive care, including use of inhalers, can help children keep asthma under control. Lack of such care results not only in terrifying emergencies for many families but often many lost days of paid work — or job loss — for mothers. Parents place a high value on averting such emergencies, and so should everyone.

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A Road to Recovery

by Heidi Garrett-Peltier, CPE staff economist & Research Fellow, Political Economy Research Institute, UMass, Amherst

Driving across the state of Massachusetts in recent weeks, I noticed various highway projects with nearby signs reading "A Project of the American Recovery and Reinvestment Act," the stimulus bill passed by the Obama administration in February. These types of "shovel-ready" projects were rapidly implemented with recovery dollars intended to fund, among other things, a variety of transportation-related programs. Also eligible for those transportation dollars are capital improvements to public transportation - namely, buying new fleets of fuel-efficient buses and expanding light-rail, subway, and other types of mass transit. Expanding public transportation in the U.S. would have lasting impacts for our environment and our economy.

Transportation, according to the U.S. Environmental Protection Agency, is responsible for 34 percent of our total carbon emissions in the U.S. Private transportation makes up 61 percent of that. By shifting from private to public transportation, at least for a fraction of our commutes, we could significantly reduce the human impact on our climate. According to the Energy Information Administration and American Public Transportation Authority, transporting people by mass transit rather than private vehicles would achieve a 45 percent reduction in carbon emissions per passenger mile.

By increasing their use of public transportation, households could also see cost savings and higher living standards. Low-income households in urban areas could particularly benefit from this shift. Improving public transportation in urban centers to about 25-50 percent of total transportation could lower costs and raise living standards for low-income households by 1-4 percent. The biggest savings are for those families that can reduce the number of vehicles they own. By getting rid of one car and using more mass transit, families can save on average $2,000 per year - the cost not only of gas but also vehicle maintenance, insurance, and financing. These savings could then be used for other expenses such as food, clothing, or housing - effectively providing an increase in living standards.

Increasing our use of public transportation is not simply something we can do as individuals. In many cases it also necessitates changes in our infrastructure. While many bus and train lines have low ridership and could easily increase the number of people they transport, in other cases transit lines are inadequate or non-existent. Recovery dollars, along with continued public infrastructure spending, need to target the expansion of public transportation. Using mass transit will not be popular if it's not convenient. Therefore in less densely-populated areas we'll need more bus lines. In more densely populated areas we might need buses to run more frequently. The same holds true for rail, subway, and other forms of mass transit. Of course, simply putting more buses on the road will not benefit our environment if they are gas-guzzling monsters. We must ensure that new buses be electric-powered, clean-diesel, or otherwise low-carbon.

Expanding public transportation not only reduces our carbon emissions while increasing our living standards, it also creates employment. The jobs created range from bus drivers and dispatchers, to mechanical engineers and office administrative staff, to assembly and managerial jobs in the plants that manufacture the vehicles. Buying new buses and building new rail lines will employ thousands of workers with a wide variety of credentials, from those who have a high-school diploma to those with an advanced graduate degree. At a time when our country is approaching double-digit unemployment, and when many more people are under-employed (working fewer hours than they would like to), an investment in public transportation could provide a much-needed economic stimulus. It will create jobs, improve our living standards, and put us on the road toward greater sustainability.
USW and Mondragon (cont’d from page 1)

and it wasn’t long before one thing led to another and the USW-Mondragon connection was made. Discussions and meetings followed over the course of the following year and culminated in this historic agreement to create worker cooperatives in the manufacturing sector, either through worker buy-outs or new start-ups. Other aims include integrating collective bargaining with the cooperative model and exploring co-investing through the USW backed Quebec Solidarity Fund and Mondragon’s Eroski Foundation.

The United Steelworkers (USW) is the largest industrial union in North America, representing 1.2 million members in a diverse range of industries. In a time where labor unions and worker cooperatives have drifted far away from their common roots – when worker cooperatives were seen by some unions as a way to eliminate the class struggle between owner and worker - it is enormously significant for a union of this weight and history to reforge those alliances. It is a signal to the labor union movement as well as the wider public that cooperatives are part of the solution, not some alien phenomenon from a parallel universe. USW spokesman, Rob Withrell said that the collaboration was not a hard sell. Most of their members had been unfamiliar with the concept of worker coops, but once it was explained, they easily got it and were very interested. He believes that there is a great potential to expand this project, citing the Blue-Green Alliance, which was launched by the USW and the Sierra Club in 2006 and now numbers 8 million members, as an example of how these initiatives can catch fire.

We continue to see rising unemployment, stagnant wages, cuts in benefits, deteriorating workplace conditions and the hollowing out of our manufacturing sector. This announcement breathes hope into the revival of our manufacturing base and rebuilding communities that have been devastated plant closings. Rising oil and transportation prices, combined with the falling dollar are creating the conditions for a manufacturing renaissance in the U.S. Imagine if this renaissance could be infused with, as Gerard said, “…Mondragon’s cooperative model with ‘one worker, one vote’ ownership as a means to re-empower workers and make business accountable to Main Street instead of Wall Street.”

And when workers own and run the factories they work in, they’re not likely close up shop at the first sign of stress - in over fifty years of operation, Mondragon has only seen three of its cooperative enterprises fail. Imagine.

2 The full text of the Agreement is available here: http://assets.usw.org/Releases/agree_usw_mondragon.pdf
3 “Can the U.S. Bring Jobs Back from China?” Business Week, 6/19/08 http://www.businessweek.com/magazine/content/08_26/b4090038429655_page_3.htm