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## Chapter X

### Worker-Controlled Workplaces<sup>1</sup>

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If a picture is worth a thousand words, a successful experiment is worth a thousand blueprints. For those convinced that only capitalist enterprises are viable, with their wage labor, their extraction of surplus from workers for non-working owners,<sup>2</sup> their authoritarian work relations, their four hundred-to-one (or larger) salary differentials, their employment insecurity, their dehumanizing labor process, their relentless pursuit of growth, their propensity toward capital flight, their resistance to environmental regulation, unions, and sometimes even political democracy---for those resigned to all that, the worker cooperatives of Mondragon, in the Basque region of Spain, provide an arresting counterexample.<sup>3</sup> Although, as I argue, worker ownership by itself is inadequate as a just alternative to contemporary capitalism, the cooperative enterprise form exemplified in Mondragon is a key part of such an alternative.

Since the mid-1950s, when the first Mondragon co-op was founded by a Catholic priest and graduates of his technical school, a network has unfolded of more than one hundred and fifty cooperatives. Many of them are capital intensive (making machine tools, for example), which is significant because earlier critics of cooperatives as an alternative to capitalism argued that they were relevant mainly to agriculture, crafts, consumption, and in general small-scale, labor-intensive work.<sup>4</sup> These firms now compete on the world market, employing more than sixty thousand workers. There have been only three business failures in the history of the group.

The co-ops have weathered bad economic times by sharing work, transferring members from one firm to another. They are remarkably productive and profitable.<sup>5</sup> At the same time they have given embodiment to participatory, egalitarian democracy and community. Managers are hired by a board of directors elected by the workers, on the basis of one person, one vote. Workers own shares in their firms but get no extra voting rights for greater shares, and the cost of buying into a co-op is never prohibitive. Labor relations are far less conflictual than in capitalist firms, and there has been only one strike in the history of

the group. Income differentials do not exceed seven to one.<sup>6</sup> A portion of co-op income goes to support various social services, pensions, a technical school, and social security.

At the heart of the group is a co-op bank, the Caja Laboral Popular, governed in part by its workers, in part by representatives from the co-ops. It is responsible not only for providing loans but also for insuring that the affiliated co-ops adhere to the cooperative guidelines. The bank created an entrepreneurial division to promote and support new cooperative ventures, which partly explains the success of the network in generating new jobs and starting enterprises that succeed. It is living proof that workers can govern their own business, hold managers accountable, and operate as efficiently as capitalist firms, if not more so.

Nor is the Mondragon network a unique experiment. Cooperatives can be found in nearly every country.<sup>6</sup> There are in Italy three national cooperative networks, the largest of which has an annual turnover roughly the size of the Fiat conglomerate, encompassing consumer cooperatives and cooperatives in agriculture, production and labor (mainly in construction), consumer goods, services, housing, and retailing.<sup>7</sup> There is an impressive cooperative network in Canada. Worker cooperatives are a less visible part of the economy in the U.S., but there are hundreds of worker cooperatives, and worker ownership has been embraced by many unions (steelworkers, pilots, machinists, etc.) as a response to plant closings and downsizing. Much more common in the U.S. are Employee Stock Ownership Plans (ESOPs), which, along with stock bonus plans and profit sharing plans primarily invested in employer stock, number 11,000, including 8.8 million workers and over \$400 billion in assets. In thirty percent of the privately held ESOP companies (where most ESOPs are found), a majority of the stock is owned by the ESOP. Studies of corporate performance of ESOP companies show that, particularly when combined with worker participation programs, worker ownership improves sales, sales per employee, company growth, employment growth, return on assets, and productivity, and “fewer than one out of 100 ESOPs were terminated because of bankruptcy.”<sup>7</sup> Worker ownership is economically successful and is growing.

Given the economic and social success of the Mondragon co-ops, it is tempting to predict that the model will eventually displace capitalist firms. Who would not prefer to work in a cooperative?<sup>8</sup> If they are at least as efficient as capitalist firms, why wouldn't they drive capitalists out of the market by underselling them and stealing their best workers? It is also tempting to project the just society as one in which all enterprises have been converted into Mondragon-style cooperatives or co-op networks. Although there are problems with this prediction and projection,<sup>8</sup> worker ownership should be an important part of any alternative to capitalism.

## **Gradual Transition to Worker Cooperativism?**

There are several explanations for why cooperatives have not—or will not—displace capitalist enterprises simply through market competition.

The first, and weakest, explanation appeals to contingent factors in the failure of cooperatives: the prejudice of bankers, predatory pricing and raiding of managers by capitalist competitors, and degeneration of co-ops into capitalist firms.<sup>9</sup> I'll discuss capitalist degeneration shortly. The other factors were common in the 19<sup>th</sup> century, when capitalist firms would temporarily lower prices to drive competing cooperatives out of the market, or would buy off managers. And obtaining credit was a serious problem. Cooperatives that are successful businesses should be able to overcome all of these, with the possible exception of capitalist degeneration. But even this problem has been overcome to a large degree for a forty-year period by the Mondragon cooperatives through their distinctive ownership structure, a mix of collective and individual ownership.

A second problem is a tendency to invest less than capitalist firms, particularly when assets are collectively owned. Individual workers will tend to favor distributing profits as wages, rather than investing them back into the firm, if they receive no personal wealth or dividends from the firm's assets.<sup>9</sup> This problem can be solved by creating fully individualized capital accounts, where each worker has a definable individual stake in the company, which can be cashed out upon retirement. For Mondragon workers, for example, the value of these capital accounts can be quite sizable by the time a worker retires. But capital accounts as a solution to the need for reinvestment raise a third problem, risk diversification. As James Meade explains, "While property owners can spread their risks by putting small bits of their properties into a large number of concerns, a worker cannot put small bits of his effort into a large number of different jobs. This presumably is a main reason why we find risk-bearing capital hiring labour rather than risk-bearing labour hiring capital."<sup>9</sup> A successful cooperative requires that its workers put all their eggs into the same basket, and many may be unwilling to undertake that risk. This problem can be overcome in turn if the cooperative relies less on reinvestment of its own profits and more on external financing, i.e., borrowing, but that will raise a fourth problem of loss of control, and may undermine the special advantages in motivation that come with ownership. The bank can dictate to the borrower because of its power to withdraw credit. And since the enterprise would be largely owned by the bank with whose funds it was purchased, the workers will be less committed to it as something of their own.

Fifth, Justin Schwartz and David Schweickart trace the paucity of cooperatives to collective action problems arising variously from (1) ignorance of the cooperative option,

(2) the difficulty of getting many individuals to pool their resources, and (3) lack of extrainstitutional support.<sup>9</sup> The first and third of these problems are soluble even in a capitalist context. Education and publicity can raise awareness of the cooperative option. Political support can lead to the creation of cooperative banks, tax advantages, and other enabling legislation. The growth of employee

stock ownership plans (ESOPs) in the United States is a response in large part to legislation granting them tax breaks, and many worker-owned firms now exist under the rubric of ESOPs. Getting many individuals, particularly workers without much capital, to pool their resources is apt to be a problem in a capitalist context but would be less of a problem if the cooperative form were the only employment option. In such a context, the same entrepreneurs who might create capitalist firms in a capitalist context might take the lead in organizing cooperatives.

Sixth, some claim that there aren't more cooperatives because, all things considered, workers don't prefer them. This argument however takes for granted the preferences that take shape in a capitalist environment, which might well be different in an environment without a predominance of capitalist firms, and it assumes that the market is neutral.<sup>9</sup>

Seventh, the Mondragon model may be difficult to replicate, to the extent that its success depends on unusually strong bonds in the local community and limited labor mobility.<sup>9</sup> But the relative success of cooperatives, such as those in the NoBAWC network in California inspired by Mondragon, and other forms of worker ownership elsewhere tempers skepticism based on these arguments.<sup>10</sup>

### Capitalist Degeneration

There is a worry that even when worker cooperatives get off the ground and thrive, they will eventually revert to capitalist enterprises. This was the experience of many plywood worker cooperatives in the Pacific Northwest: the cooperators got rich and sold out.<sup>11</sup> Even the Mondragon co-ops, under intense competitive pressure with EU integration and globalization, have compromised their cooperative principles by hiring temporary workers, widening pay differentials, and opening firms overseas that are not co-ops, and centralizing control of the cooperatives under a single corporate structure.<sup>12</sup> Still, after forty years there are still major differences between the Mondragon group and capitalist firms. Each cooperative and the group as a whole are still governed by the principle of one member, one vote. Job creation is still a major goal, and indeed in the two years previous to my visit in 1995, employment continued to grow by one thousand or more jobs per year, a rate of job growth more than double that of the Basque country as a whole. A conventional capitalist firm would simply have downsized.<sup>13</sup>

There is probably no escaping some reversion to capitalist forms when cooperatives function as islands in a capitalist sea. But that is no reason to conclude that a *system* of worker cooperatives would revert to capitalism, nor is it a reason to belittle efforts to develop alternatives to capitalist firms.<sup>13</sup> It is from these efforts that experience in democratic self-governance can be learned, dreams can be kept alive, and seeds of wider transformations can be sown, even if Mondragon-like federations cannot on their own bring about a gradual transforma-

tion to a post-capitalist system.

### **Limitations of Worker Ownership as an Alternative to Capitalism**

Before turning to the question of worker ownership in the context of contemporary progressive politics, it is important to distinguish different visions of alternatives to contemporary capitalism that inform support for worker ownership. For some, worker ownership is intended as one type of ownership, that should coexist with capitalist enterprises. Blasi and Kruse, for example, are against the goal of complete employee ownership of all corporations “because a vibrant competitive capitalism requires flexible access of those companies to equity and bond markets and the pressure of investors on corporate managers.” Blasi and Kruse believe apparently that without outside ownership and at least partial control by non-worker stockholders and lenders, enterprises would not be sufficiently competitive to remain efficient and innovative. The ESOP phenomenon, even at its best, with the success of struggles to protect workers’ rights and benefits, vigorous shop-floor participation, and adequate representation, would result not in a worker ownership alternative to capitalism but in “entrepreneurial capitalism, capitalism with a human face.”<sup>14</sup>

Further to the left is David Ellerman’s proposal for universal worker ownership on the Mondragon model. But Ellerman calls for no changes in the banking and investment system, leaving intact the possibility of large concentrations of capital in the hands of lenders, and leaving most of the coordination of economic activity, including investment, to be determined by the market as in contemporary capitalism.<sup>14</sup>

Although worker ownership, even if universally instituted with full democratic rights in the workplace, would go a long way toward reducing capitalist inequalities of income, wealth and power, it would still be compatible with inequalities unacceptable with respect to justice. There is first of all the inequities that could persist between workers and non-workers. Then because enterprises are ultimately owned by their workers, the wealth accumulated by individuals would be passed on to their heirs, reproducing inequality in subsequent generations. Even in terms of worker control, to the extent that enterprises depend on external financing, and financial capital still remains concentrated in the hands of wealthy individuals, external control could effectively undermine real enterprise autonomy.

Market coordination, while desirable for goods and services, if extended to capital, facilitates the “tyranny of small decisions” whereby global effects that we don’t collectively want are generated unintentionally by thousands of individual decisions about investment. For example, leaving transportation investment decisions entirely to the market results in the dominance of the automobile with all the associated traffic and pollution problems. Lacking adequate public transportation, each of us seeks a car, and the manufacturers respond, giving

each of us what we want and can afford. But after we each have made these decisions, we end up with traffic-choked highways and air pollution that now, by contributing to global warming, threatens the health of the entire planet. If we could deliberate collectively about a reasonable mix of public and private transportation, anticipating aggregate effects of our decisions, and on the basis of such deliberation make democratic decisions about how much to allocate of investment funds to public versus private transportation, rather than leaving it to the private decisions of consumers and manufacturers, we could avert such a disastrous outcome.

Thus, many of the concerns that led Marx and others to reject capitalism, such as the anarchy of the market and the inequality of power between owners and non-owners of capital--and which lead many ecologists to criticize the capitalist market economy--will persist for a worker ownership economy. These concerns can only be addressed through additional measures such as social ownership of enterprises (with worker self-management) and democratization of investment, as in David Schweickart's economic democracy.<sup>15</sup> If the assets of enterprises are owned socially, then the workers are not able to enrich themselves at society's expense, and pass on their individual wealth to their heirs. They acquire the use of the assets, must maintain their value, and pay a reasonable fee (analogous to interest on a loan), for such use. Such fees then constitute an investment fund (just as interest on loans constitutes capital that capitalist banks then loan to enterprises). This fund is allocated back to enterprises through a democratic process that begins with the setting of national economic priorities, dispersal of funds to regions that in turn set their own priorities, and finally to banks that disburse the funds to enterprises, much as capitalist banks do with a view to return on investment, but crucially qualified by these democratically established priorities.

Finally, there are many institutions for which straightforward worker self-management is not the most appropriate governing structure. When a firm or organization must be accountable to other groups besides customers, or when its clientele can not be adequately characterized as customers, the lines of accountability may warrant qualifying or even overriding the claims for worker self-management--for example in, education, health care, the media, public transportation, and government agencies.<sup>16</sup>

### **Cooperatives and Worker Ownership in Progressive Politics**

So then, if worker ownership is economically feasible, even in a capitalist context, and worker control should be part of our vision of an alternative to capitalism, distinct from the old vision of centrally planned, state-managed socialism, should progressives make it a priority to promote worker ownership? There is still one lingering concern that we must address, and that is that worker ownership in a capitalist context will do more to promote "enterprise consciousness"

or group egoism among workers, and co-opt workers into supporting capitalism, than it will strengthen a movement to transform capitalism into a more just society. Co-ops, it is said, stand outside the labor movement, lower labor standards, direct resources into risky and usually failing enterprises, and thus weaken and divide the labor movement.<sup>16</sup> Workers in the plywood cooperatives, for example, “support systems of hierarchical social relations, and identify themselves as Republicans and members of the middle class.”<sup>16</sup>

These are certainly possible outcomes of cooperative development, but so are more progressive outcomes. Over the last quarter of a century, some American unions such as the Steelworkers have become involved in worker buyouts of their enterprises, often in response to impending plant shutdowns, and typically through the mechanism of ESOPs. Some prominent examples of majority worker-owned ESOP companies have included Weirton Steel and United Airlines. The workers purchase shares (sometimes a majority of shares) of the company with borrowed money that is paid back out of future profits. This marks a controversial departure from the “pure and simple unionism,” limited to wages and working conditions, that predominated for most of the 20<sup>th</sup> century.<sup>16</sup> When asked by *Changing Work* magazine how he would “answer those labor critics of ESOPs who claim that worker-owners will become small-scale capitalists, that their consciousness will be cut off from its labor roots or from any broad-based solidarity and become fixated on the profit margins of their enterprises,” labor consultant Michael Locker responded, “Here’s where the union can make all the difference. The traditional mission of unions is to develop precisely that kind of solidarity to identify and meet common or industry-wide needs.” In particular, unions can provide “exact, independent research,” legal resources, and education so that “individual workers within individual plants will not see themselves as isolated, but as one of many fragile enterprises connected and supported by the traditional vehicle of labor solidarity.” In an expression of “a willingness to ‘recycle success,’ some percentage of a plant’s surplus earnings might be placed in a fund to support other [worker] takeovers.”<sup>17</sup>

More generally, what becomes of worker ownership depends substantially on the social and political context in which it develops. In the field of ESOPs, for example, we should expect more interesting developments among the ESOPs in privately held companies where an ownership culture is more likely to be found, than in companies that are publicly traded in the stock market, in which ESOPs tend to be viewed as just another employee benefit. Further, one would expect more profound commitments to far-reaching social change to be found in pure worker cooperatives, created explicitly as alternatives to business as usual. See for example the NoBAWC network in California mentioned earlier, or TeamX, a Mondragon style worker-owned and unionized garment factory making “SweatX” clothing, which was developed with the help of UNITE! and the anti-sweatshop movement.<sup>17</sup> The hope is that there can be some cross-fertilization from one domain into the other, that models developed in the cooperative fringe can penetrate into the democratic ESOP field, and from there to the wider arena

of worker ownership. None of this will happen automatically, or without resistance. It will depend in part on the long-term efforts of radical lawyers, researchers, organizers, and workers, pushing for more democratic institutions, and then pushing those institutions in the most democratic directions.

In the 19<sup>th</sup> century, the Knights of Labor (1869) and other early unions aimed for a system of producer and consumer cooperatives as an alternative to capitalism. The Knights supported the creation of “some 135 producer and consumer cooperatives, all of which ultimately failed because of underfunding and cut-throat competition.”<sup>18</sup> Those early failures turned the American labor movement against cooperatives for nearly a century. But with the plant shutdowns beginning around a quarter century ago, and with the object lesson of Mondragon, worker ownership began to make a comeback in the labor movement. For somewhat independent reasons, employee stock ownership has become a significant part of the economic landscape. Together, these now constitute an exciting arena of struggle that will certainly determine the shape of capitalism in the coming decades, and with some luck and lots of effort, capitalism’s successor system.

## Notes

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1. This chapter has been published in *Humanity and Society* 28: 3 (August 2004): 254–64. For a slightly older version, with much more detailed analysis of Mondragon, ESOPs, and other examples of worker ownership, see Chapter 7 of my *Self-Management and the Crisis of Socialism* (Lanham, Md: Rowman & Littlefield, 2000).

2. In the typical capitalist firm, the profit that the owner receives derives from the value added by the labor of the worker. The worker is paid for her labor time, but not for the full value of the labor expended during that time. The theory of profit or “surplus value” as based on the exploitation of labor is elaborated by Karl Marx in *Capital*. For some of the most important passages, see David McLellan, ed., *Karl Marx: Selected Writings* (Oxford: Oxford University Press, 1977).

3. For detailed accounts, see William Foote Whyte and Kathleen King Whyte, *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex* (Cornell University Press, 1988); Roy Morrison, *We Build the Road As We Travel* (Philadelphia: New Society Publishers, 1991); Henk Thomas and Chris Logan, *Mondragon: An Economic Analysis* (London: Allen and Unwin, 1982); and Greg MacLeod, *From Mondragon to America* (Sydney, Nova Scotia: University College of Cape Breton Press, 1997).

4. See, for example, among revolutionary Marxists, Rosa Luxemburg, *Reform or Revolution*, in *Rosa Luxemburg Speaks*, ed., with an Introduction by Mary-Alice Waters (New York: Pathfinder Press, 1970 ): 33-90, esp. 69–76. The conventional wisdom among more reformist Social Democrats was no different. See Sidney and Beatrice Webb, “Democracies of Producers,” in *Workers’ Control*, Revised Edition, ed. Ken Coates and Tony Topham (London: Panther, 1968 ): 66–72.

5. From its small beginnings making paraffin stoves, the cooperative network has



grown to include firms making a whole range of domestic appliances marketed throughout the world, and cooperatives in other industrial divisions such as automotive parts and technology, industrial equipment, construction, machine tools, engineering, and electronics. It has expanded into distribution and finance, including one of Europe's major supermarket chains (Eroski): and one of the largest banks in Spain (the Caja Laboral Popular). Consolidated as a group, the Mondragon Cooperative Corporation (MCC) is "the largest business corporation in the Basque Country, and the eighth largest in Spain." Between 1977 and 2002, resources administered by the Caja Laboral grew from 97 million euros to over 8 billion euros, sales went from 198 million euros to 4 billion euros in the industrial group, and from 22 million to 5 billion euros in the distribution group. In 2002 the MCC had total assets of 15 billion euros. <<http://www.mondragon.mcc.es>> (22 Jan. 2006).

6. Exceptions are noted below.

7. See the following website for links worldwide:

<<http://www.coop.org/welcome.htm>> (22 Jan. 2006).

8. John Earle, *The Italian Cooperative Movement* (London: Allen and Unwin, 1986).

9. National Center for Employee Ownership, "A Statistical Profile of Employee Ownership," April 2002, <[http://www.nceo.org/library/eo\\_stat.html](http://www.nceo.org/library/eo_stat.html)> (14 Oct. 2002); Douglas Kruse, "Research Evidence on Prevalence and Effects of Employee Ownership," testimony before the Subcommittee on Employer-Employee Relations, Committee on Education and the Workforce, U.S. House of Representatives, February 13, 2002, <[http://www.nceo.org/library/kruse\\_testimony.html](http://www.nceo.org/library/kruse_testimony.html)> (14 Oct. 2002). For articles concerning the collapse of United Airlines, one of the largest majority worker-owned companies in history, see <[http://www.nceo.org/library/united\\_esop.html](http://www.nceo.org/library/united_esop.html)> (14 Oct. 2002).

10. Only 10 percent of workers surveyed in a Mondragon cooperative said they would prefer to work in a capitalist firm; Sharryn Kasmir, *The Myth of Mondragon: Cooperatives, Politics, and Working-Class Life in a Basque Town* (Albany: State University of New York Press, 1996): 165.

11. For a detailed argument for these points, see my *Self-Management and the Crisis of Socialism* (Lanham, Maryland: Rowman & Littlefield, 2000): Chapter 7.

12. See Justin Schwartz, "Where Did Mill Go Wrong? or If Market Socialism Is So Wonderful, Why Doesn't It Already Exist?" (paper presented to the American Philosophical Association, Central Division, Kansas City, Mo., May 1994), 11.

13. See David Miller, "Market Neutrality and the Failure of Cooperatives," *British Journal of Political Science* 11 (1981): 309--29.

14. James Meade, "The Theory of Labour-Managed Firms and of Profit-Sharing," *Economic Journal* 82 (1972): 402--428, quoted by Jacques H. Dréze, "Self-Management and Economic Theory: Efficiency, Funding, and Employment," in *Market Socialism: The Current Debate*, ed. Pranab K. Bardhan and John E. Roemer (Oxford: Oxford University Press, 1993): 258.

15. David Schweickart, *Against Capitalism* (Cambridge: Cambridge University Press, 1994): 293; Schwartz, "Where Did Mill Go Wrong?" 11--12.

16. Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974); for criticism see Jon Elster, "Self-Realization in Work and Politics," in *Alternatives to Capitalism*, ed. Jon Elster and Karl Ove Moene (Cambridge: Cambridge University Press, 1989): 127--58, and Miller, "Market Neutrality," 323.

17. Keith Bradley and Alan Gelb, "The Replication and Sustainability of the Mondragon Experiment," *British Journal of Industrial Relations* 20 (March 1982): 20--33.

18. NoBAWC stands for Network of Bay Area Worker Collectives, including over 50 member co-ops. According to Tim Huet, one of its founders, "Most belong to three co-op groups: WAGES, in non-toxic house-cleaning; Arizmendi, a bakery, pizzeria and Berkeley's Cheese Board [the oldest Bay Area co-op]; and Manos, with janitorial, health care, day labor and management co-ops." "Intercooperation is Alive and Well in the Bay Area!" <<http://www.geonewsletter.org/nobawc.htm>> (22 Jan. 2006). These and over 300 other alternative enterprises and support organizations are listed in GEO Newsletter's *An Economy of Hope*, available from <<http://www.geonewsletter.org>> (22 Jan. 2006).

19. Twenty-eight plywood manufacturing cooperatives originated between the 1920s and 1950s in the Pacific Northwest, and ranged in size from 70 to 450 workers. C.J. Bellas, "Industrial Democracy Through Worker Ownership: An American Experience," in *Self-Management*, ed. Jaroslav Vanek (Baltimore, Md: Penguin, 1975 ): 203–12. The account of degeneration can be found in Edward S. Greenberg, *Workplace Democracy: The Political Effects of Participation* (Ithaca: Cornell University Press, 1986).

20. Mike Slott, "The Case against Worker Ownership," *Labor Research Review* 1, no. 6 (Spring 1985): 83--98; Sharryn Kasmir, *The Myth of Mondragon: Cooperatives, Politics, and Working-Class Life in a Basque Town* (Albany: State University of New York Press, 1996).

21. Greg MacLeod reports that even in the dynamic retail division, where much of the change--and employment growth--is occurring, the stores in and around Mondragon are cooperatively run; noncooperative stores elsewhere sell 8 percent of the shares to the supervisory staff; and locally produced products are promoted, all in contrast with the multinationals; e-mail correspondence, 6 May 1997.

22. When I speak of a system of worker cooperatives, I have in mind a self-managed market economy, such as that of the former Yugoslavia, in which capitalist enterprises are not an option. Without the competition from capitalist firms, the tendencies toward capitalist degeneration of firms can be drastically reduced. For a critique of market socialism, featuring worker-controlled enterprises, as inevitably reverting to capitalism, see N. Scott Arnold, "Marx and Disequilibrium in Market Socialist Relations of Production," *Economics and Philosophy* 3 (1987): 23--48. See also the lively exchange over this article between Arnold and David Schweickart, in the subsequent issue of the journal. See also Chapter 7 of *Self-Management and the Crisis of Socialism*.

23. Joseph Blasi and Douglas Kruse, *The New Owners: The Mass Emergence of Employee Ownership in Public Companies and What It Means to American Business* (New York: HarperCollins, 1991 ): 254, 255.

24. David Ellerman, *The Democratic Worker-Owned Firm; A New Model for the East and West* (Boston: Unwin Hyman, 1990); *Property and Contract in Economics: The Case for Economic Democracy* (Oxford: Blackwell, 1992); for reviews of the latter see Michael W. Howard, "Libertarianism, Worker Ownership, and Wage Slavery: A Critique of Ellerman's Labor Theory of Property," *The Journal of Social Philosophy* 34, no.2 (Summer 2003): 169—87, and "The Continuing Relevance of Social Ownership and Equality: A Reply to David Ellerman," *Grassroots Economic Organizing Newsletter* 50 (Jan.-Feb. 2002): 10—11, reprinted online at <<http://www.geonewsletter.org>> (22 Jan. 2006).

25. Schweickart, *Against Capitalism*; Howard, *Self-Management and the Crisis of Socialism*, Chapter 12.

26. For discussion of the media, see Michael W. Howard, "Media Democratization: Access or Autonomy?" *Socialist Forum* 20 (1993): 53--57; Michael W. Howard, "Self-

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Management, Ownership, and the Media," *Journal of Mass Media Ethics* 8, no. 4 (1994): 197--206; and chapter eleven of *Self-Management and the Crisis of Socialism*. Even in these institutions, self-management can play an important, if qualified, role.

27. Greenberg, *Workplace Democracy*; Slott, "The Case against Worker Ownership;" See also Kasmir, *Myth of Mondragon*, on the place of the Mondragon cooperatives in the context of Basque politics.

28. Quoted in Slott, "The Case against Worker Ownership," 87. For a case study of what can go wrong even in a union-organized worker buyout, see Gene Redmon, Chuck Mueller, and Gene Daniels, "A Lost Dream: Worker Control at Rath Packing," *Labor Research Review* 1, no. 6 (Spring 1985): 5--23.

29. The phrase "pure and simple unionism" is associated with Samuel Gompers (1850-1924), first President of the American Federation of Labor, <<http://www.history.umd.edu/Gompers/index.htm>> (22 Jan. 2006).

30. Quoted in "Unions and Worker Ownership," in *When Workers Decide*, ed. Len Krimerman and Frank Lindenfeld (Philadelphia: New Society Publishers, 1992 ): 172--73.

31. John W. Lawrence, "TeamX: A Worker Co-op Joins The Fight Against The Sweatshop Apparel Industry," *Grassroots Economic Organizing Newsletter* 52, reprinted online at <<http://www.geonewsletter.org/>> (22 Jan. 2006). UNITE! stands for the Union of Needletrades, Industrial and Textile Employees.

32. Ronald L. Filipelli, *Labor in the USA: A History* (New York: Knopf, 1984 ): 64, 83, 130.