

ORIGINAL

WORKPLACE DEMOCRACY IN THE UNITED STATES:
PRESENT TRENDS AND COUNTER-TRENDS

by

C. George Benello

Workplace democracy in the United States has developed from small beginnings into a movement which by now has attracted the attention of labor unions, legislators, social scientists, as well other social movements and also such left political groups as the Democratic Socialists Alliance, and the People's Business Commission. The number of self-managed and partially self-managed enterprises has increased from a few hundred to several thousand, to this has been added an infrastructure of supporting organizations which provide funds, technical assistance, training, new product ideas and the like.

At the same time, the continuously flagging U.S. productivity -- a phenomena that has been happening for at least fifteen years -- has pushed the corporate system into developing a spectrum of forms of participative management which it is variously claimed are steps on the road to true workplace democracy or alternately are seen as dangerous forms of cooptation which substitute partial and controlled forms of participation for true power. Nevertheless, some labor unions, notably the United Automobile Workers and the Communication Workers of America, have become partners with management in developing Quality of Work Life programs, as they are often called, and in the case of the CWA, this has led to increased membership.

All of this has led to a somewhat unique situation. Unlike most other social and political movements, in which at least basic objectives are shared, the movement for workplace democracy represents an uneasy alliance between those who seek a basic restructuring of the workplace with control resting at the base rather than the pinnacle, and those seeking to both strengthen and also humanize the corporate system by introducing participation programs, while allowing the legitimacy of ultimate control at the top to remain unchallenged. Between these two extremes are those who maintain that corporate participation programs can, under the right circumstances, become genuine steps toward workplace democracy.

Advocates of these different positions exist in the same organizations, including the Association for Workplace Democracy, the national advocacy organization. They often work together on the same projects. But the alliance is an uneasy one, and more than one has predicted that it will break down. The motives of those who claim to espouse workplace democracy while working as high paid consultants in corporate participation programs have

been questioned: too often critical differences are slurred over and the easy assumption is made that workfloor participation will naturally lead to democratization at all levels.

The fact is, it is in the corporation's interest to democratize the workfloor, if that will lead to greater productivity and to a pacified and contented workforce that will not strike. But it is hardly in the corporation's interest to cede power in the critical areas -- profits, plant location, planning, layoffs, automation, and so on. The difference between participation and any sort of real control is a difference in kind, not degree. There is no evidence of any Quality of Work Life Program that has been allowed to bridge the iron barrier between participation in workplace decisions and decisions that involve the allocation of the corporation's resources. Rather, when workers' demands get out of hand, such programs are quickly cut.

In 1983, Leonard Krimmerman, a professor of philosophy at the University of Connecticut, sent out a questionnaire to a total of around twenty veteran activists in the workplace democracy movement. As a result of this he developed a number of hypotheses regarding the development of the movement. He wrote these up and then sent out his results to these and other people for confirmation and disagreement. The results of this second round were also written up. The next section of this paper draws in part on Krimmerman's report, entitled "Gathering Strength." A shortened version of this report is being published in "Changing Work", a new journal on workplace democracy of which Krimmerman and this writer are editors.

"Gathering Strength" divides the recent and most active period of the workplace democracy movement into two stages -- an initial stage from 1975 to 1979, and an expanded stage from 1979 to the present, representing in the opinion of most of the respondents a qualitative leap over the earlier stage. In 1975 it was estimated that there were about 300 employee owned firms with varying degrees of self-management. An early attempt at a national technical assistance and start-up organization, the Federation of Economic Democracy, initiated by two Cornell professors and this writer, set out to publicize and help develop examples of pure worker management, mainly on the East Coast.

However this early attempt to develop workplace democracy lasted only two years. It was soon recognized that local projects demanded more time than a central staff could provide; it was decided to decentralize, and several chapters incorporated as independent organizations. The two projects described above came into being only because there were Federation members who ended up as full-time staff with the projects. However, two chapters of the Federation for Economic Democracy stayed alive, incorporating as separate technical assistance organizations. Both of them, the Industrial Cooperative Association in

Cambridge, Massachusetts, and Philadelphia PACE, are now active and thriving organizations and have been instrumental in helping develop a number of fully self-managed enterprises.

At that time, there were about twenty successful plywood manufacturing cooperatives on the west coast, established by Scandinavian immigrants with a cooperative tradition behind them. These had been in operation for about twenty years, but mainly as a result of their individualized form of ownership, had, as they prospered, taken on hired workers; a number of them had by 1975 sold out to conglomerates in order to realize the appreciation on individual share values. Before 1975, although a few small collectives and some "new wave" consumer cooperatives -- ones consciously dedicated to staff self-management -- existed, along with a partially self-managed newspaper company, there was nothing that could be called a movement.

Mainly as a result of plant closings, however, and also as a result of the initial efforts of the Federation for Economic Democracy, and the organizations that grew out of it, the picture began to change. Communities and also unions began to realize that in the face of runaway plants which moved either to the non-unionized Sunbelt or abroad, the only way to save jobs was to buy out the plant and reopen it under some form of worker-community ownership. The motives for doing so were strictly practical and economic. But once this step was taken, it then came to be recognized that if the workers were among those who put up the money for such a buy out, they should at least share in the control of the company. In large part this realization came as a result of sad experience: workers who failed to ensure that they or their union had a controlling interest almost inevitably found themselves subject to a management which was as unmindful of their interests as that of the original owner.

A few medium size companies, notably South Bend Lathe, Vermont Asbestos, and a library furniture company in Herkimer, New York, represented initial experiments in worker participation and in the case of the latter two companies, worker ownership. In those two cases, a combination of worker and community ownership soon devolved to a narrow based system of ownership and control in which the workforce was left out. Originally, in the case of Vermont Asbestos, share ownership included most of the workforce. But no effort was made to exercise voting rights in a systematic way; moreover, when the share value went up, many of the workers sold their shares to management in order to realize the gain; only management had any interest in control. This pattern is characteristic of early experiments in worker ownership, initiated as a result of a worker-community buy-out.

Another set of examples from the 1975 period is provided by two small companies aided and partially initiated by the short-lived

Federation for Economic Democracy, International Poultry Cooperative and Clinton Colonial Press each had a lifespan of a couple of years and then went bankrupt, in part due to changing market conditions, and in part due to a failure of capital support and business sophistication. These companies were true cooperatives, with an internal structure patterned consciously after the Mondragon cooperatives in Spain. Both were able to obtain funding from external sources, the poultry cooperative from a Catholic program to create jobs for low income workers and from the federal Small Business Administration. Colonial Press obtained capital from the newly formed National Consumer Cooperative Bank, which had allocated 10% of its loans to worker cooperatives. But it was a case of too little and too late; after the loan was approved it was months before the funds were delivered; by then market conditions had changed radically, and the press was in the throes of a financial crisis, having spent its own funds to train people for machinery which never came.

The Industrial Cooperative Association, in addition to its efforts, some of them more successful than the two above examples, to help develop genuine worker cooperatives, has been instrumental in winning over a number of unions to the idea of worker ownership, and has assisted a number of companies, some of them with several thousand workers, to convert to worker management. A major issue now facing the organization is whether to concentrate major energy on new start-ups, or continue to assist with worker buy-outs. The track record of buy-outs has not been a good one. There are arguments to be made for selecting the product and industry, and tailoring it to the interests and needs of the workers rather than vice versa. ICA is now hoping to concentrate on start-ups in the Boston area, with the assistance of the Catholic church, which since the latest papal encyclical on work, has supported the effort to develop local examples of workplace democracy.

A further trend in the workplace democracy movement which needs to be identified is that of ESOPs and ESOTs, Employee Stock Ownership Plans and Employee Stock Ownership Trusts. This idea originated in the work of Louis Kelso, a lawyer who wrote, with Mortimer Adler, a work entitled "The Capitalist Manifesto" The idea was to spread stock ownership extensively so that it could substitute for the traditional government transfer payments, making everyone a capitalist. This "people's capitalism", it was recognized, was necessary if the capitalist system was to be salvaged, since ownership of wealth was being increasingly concentrated in the hands of a small minority.

A motley assortment of right wingers, liberals and left liberals hopped on this bandwagon, the liberals seeing it as a way to facilitate worker ownership. Legislation, sponsored by Russell Long, a conservative southern senator, was passed giving companies which set up ESOTs or ESOPs a large tax break. A large

number of companies adopted these plans, which worked so as to vest workers with stock ownership in their own companies. But only a small fraction of these plans included voting rights. Moreover, in many companies, these plans were substituted for pension plans. This meant that if a worker struck against his employer, he was also potentially reducing the value of his pension plan.

More recently, legislation has been passed requiring that publicly held companies pass on voting rights with the stock. But vesting is a slow process, taking years. Nevertheless, the idea has attracted advocates of workplace democracy, who believe that employee stock ownership can be a road to worker control. There is one major problem with the idea, however. Stock ownership does not mean one person - one vote, but rather one share - one vote. Thus it perpetuates the capitalist principle, which vests control with capital, not with work. It simply equates the investors with the workers. But since shares can be owned unequally, and moreover can be bought and sold, only the semblance but not the substance of democracy exists. The basis of democratic governance is first, equality of decision-making, and second, the right of control being vested in those who contribute work, not capital. ESOPs and ESOTs do not qualify on either count. They can be made democratic, however, by setting up a stock trust which votes the shares held. The board of the trust is then elected by the workers. But this indirect method of participation has few tax breaks that cannot also be obtained by setting up a cooperative.

The real question for those who are proponents of ESOPs as a strategy for moving toward workplace democracy is whether anything has changed. Whether shares are internally held or externally held, the principle is the same: control by capital on the basis of inequality rather than control by members on the basis of equality. It is better, no doubt, to have workers own their own business than to have it externally owned and controlled. But this offers no challenge to the capitalist principle, but is simply a variant of it. With workers who have become accustomed to ownership, it may indeed be easier to cross the dividing line between the capitalist form and a self-managed form. But this still requires a rethinking of the nature of rights, and a fundamental restructuring of those rights. The allure of an ESOP is that it is easy to adopt, offers tax advantages, and remains within the known forms of capitalism. But that is precisely its problem.

It is a strategic judgement as to whether either quality of Work Life programs and other forms of limited participation as well as employee stock ownership plans should be supported because they have a potential contribution to make to the effort to create workplace democracy. Essentially the strategy seems to involve a sort of Trojan Horse approach: sneak in something that

looks capitalist and will not be questioned, and then transform it from within into something that is genuinely democratic. Given the difficulty in financing genuine worker-managed start-ups, it has been argued by people whose commitment to workplace democracy this writer does not doubt that stock ownership plans, at least, do offer a method of financing that because it is broadly accepted, can be successful. In any event, whatever the status of these pseudo forms of democratization, Krimmerman's research indicates that many believe that the last four or five years has seen a qualitative change in the status of the workplace democracy movement. This has occurred along several lines:

First, the workplace democracy movement has become more unified. Large, blue collar companies which are partially managed have started to talk to the small collectives which are usually more ideological, and are concerned about such issues as racism, sexism, and non-discrimination, as well as purely workplace issues. The larger companies have begun to see workplace democracy as an ideological and political issue, not simply a way of keeping a plant open. And on the other side, the smaller companies have begun to be more professional, making certain members permanent managers rather than rotating the job, developing internal regulations as well as by-laws, and generally becoming more structured. The two types of enterprises are beginning to talk to each other; regular conferences on workplace democracy are being held, and representatives of the two groups are entering into an ongoing dialogue, where pragmatism confronts ideology.

In line with this development, groups of small cooperatives are forming federations and associations, recognizing that there are economies of scale and benefits to trading with each other. A major problem that affects the worker management movement is that the right sort of management is unavailable. A traditional management background does not fit people to work in worker managed situations. But there are few within the worker management movement who have the training and skills needed for things such as market forecasting, financial management and budgeting, planning, and so forth. This problem is being partially remedied by the development of a number of educational programs -- at Cornell University, at Boston College, and at Hampshire College in Western Massachusetts. However, the only program which combines the management skills taught in an MBA program with the ideas of workplace democracy is only a year old, and is at Guilford College, in North Carolina.

Second, there is a shift toward a more combative approach in which is oriented toward disempowering capitalist enterprises, and transferring power to more responsible worker and community groups. In New Bedford, Massachusetts, workers took issue with a conglomerate seeking to disinvest, and by making this a

community-wide issue, with the help of research into the conglomerate's policies undertaken by the Industrial Cooperative Association, forced the conglomerate to reinvest and provide raises for its employees. This did not result in worker management, but it did confront the antisocial policies of a corporation and force the corporation to be socially accountable to its community and its workers.

In California, an agency has been set up to form "community re-employment centers" which can pressure potential runaway plants to provide alternatives, among these being conversion to a worker-community owned enterprise. Other communities are beginning to recognize that the right of corporations to arbitrarily disinvest or pick up and leave must be curbed, and that there exists a de facto social contract between a community which has set up an infrastructure to facilitate local enterprises and the enterprises, such that the latter also has an obligation to the community.

Third, we are now witnessing a move from the initial isolation of the worker management movement to coalition building with like-minded groups. A few of the more militant unions such as the Union of Electricians and the Machinists are now sympathetic to the development of worker-owned enterprises in which, through the union, a genuine degree of worker management is exercised. Also, linkages are being created with the consumer coop movement, where the "old" cooperatives are giving way in many areas to "new wave" cooperatives which are strong advocates of self-management for the staff. In the last two years New Harbinger, the journal of the consumer coop movement has carried numerous articles on worker management. The American representatives of the International Cooperative Association in the late seventies were introduced to Mondragon, and came away with a far greater appreciation for the potential of worker management.

It is worth while noting here that Mondragon, in the province of Guipuscoa, Spain, has, in the last three or four years, had a growing influence on the american movement. A BEC film on Mondragon has been shown extensively, and the writer has talked with members of diverse groups including appropriate technology groups, groups favoring bioregional decentralization, economic reconversion groups, and even groups in the human potential movement who have become strong advocates of worker management mainly as a result of their encounter with the Mondragon film. Admittedly Mondragon represents a cooperative island in a sea of capitalism, maintaining a low profile and eschewing militant advocacy. But its unparalleled success in developing a system of enterprises and supporting institutions with practically no failures has inspired many in this country. A group in the state of Washington is seeking to develop a replica of Mondragon; in Boston, the ICA, also is seeking to develop a set of coordinated supporting institutions and set of cooperatives, using the same

financial and organizational structure as Mondragon.

Fourth, in conjunction with Mondragon, we are now witnessing efforts to move away from the exclusive focus on worker buyouts of existing enterprises, with their attendant difficulties of having to replace antiquated equipment, transform an organizational system and work style which the existing workers have grown accustomed to, and often remain in an industry with little or no prospects for growth. There is now a growing interest in new start-ups where the type of business can be selected so as to be both financially viable and also match the objectives of the people involved. However this approach presents a whole new set of challenges, requiring skills and knowledge which are as yet scarce.

In partial response to this, a group in North Carolina has formed the Cooperative Research and Development Group, acting on a proposal developed by this writer. The proposal calls for a core group of people with access to and knowledge of new products, especially proprietary products and patents, with marketing and packaging skills such that they are able to select an appropriate product and then do the necessary market research, product development and packaging needed to develop a finished marketable product. The core group makes use of a network of advisors and consultants with special skills, and researches university centers and other places where new products and patented ideas are being offered. It then works with groups seeking to develop a self-managed enterprise, working to find a product suitable to the groups skills and interests. So far it has helped develop a beverage bottling plant, and is involved in research on several other products.

A related development is the increased sophistication with which groups such as ICA, Philadelphia Pace, the Center for Community Self-Help in North Carolina, and other technical assistance groups are able to do competent feasibility studies of potential buy-outs so that often workers and unions are advised not to attempt a worker buy-out, where before they would have leaped at any opportunity, no matter how marginal, if it promised the possibility of salvaged jobs.

Fifth, the worker management movement is in the process of developing a coordinated infrastructure of institutions needed to support the development of successful enterprises. In addition to the educational and training programs, the technical assistance groups, the independent consultants, social investment funds are being developed specifically for worker managed firms, to provide both the initial risk capital and the secondary capital that traditional lending institutions are unwilling to give. However, the funds are as yet marginal and inadequate, and the resources needed to reduce the risk significantly to investors in these funds is lacking.

In the Mondragon system, the entrepreneurial division of the Caja Laboral virtually assures the success of a new project. But technical assistance groups in this country have neither the resources nor expertise of the Caja Laboral. However, some of them, including ICA, and a network of worker owned supermarkets have developed investment funds, with investment tied to the acceptance of technical assistance, and this is an important advance. Where investment capital specifically for worker management is available, new projects do not have to rely solely on the often scanty resources of their members, or seek financing in the capitalist market on terms which are usually completely inimical to worker management.

A number of autonomous social investment funds have sprung up in the last three years; most of them are sympathetic to worker management, but few provide the high risk front end financing that is usually needed. As yet, there has been no concentration of resources including educational, financing, and technical assistance in any way comparable to Mondragon. Nor has the skill levels been such as to achieve anything like the Mondragon rate of success. But there is at least a growing recognition of the need for this level of both concentration of resources and professional expertise, based in large part on the mixed record of attempts to develop worker management without these characteristics.

Krimmerman's respondents, in addition to mentioning the newly developed strengths of the worker management movement, indicated a corresponding number of weaknesses. The writer has added to these from his own experience:

First, there was general agreement that business and management expertise was in short supply. This applies not only to first level enterprises, but to second level technical assistance, funding and educational programs as well. As suggested above, this is only beginning to be addressed by the development of programs that study worker management not as a theoretical subject but in terms of practical skills that need to be developed. There is a cultural schism between progressives and radicals, whose training is mostly in social science or other "soft" disciplines, and those with business training, where business ideology and values are inculcated. But radicals are now beginning to appreciate both the need for professionalism and professional training, and the possibility of careers in worker management.

Second, communication and exchange within the movement is still inadequate. The major membership organization, the Association for Workplace Democracy, is both weak and badly split over the issue of what constitutes workplace democracy and what constitutes workers' capitalism. Academics and researchers have

been accused of neglecting critical questions in the interest of research which is often useless and barely intelligible; the traditional division between academics and practitioners seems not to have been bridged. There is a need for more regional conferences, so that practitioners can meet and engage in information sharing; but only in North Carolina has this been institutionalized.

Third, the movement has failed to develop outreach it badly needs. A number of potential constituencies for worker management are yet untouched. Rank and file workers have not been made aware of what is happening. Other groups which are fighting capitalist hegemony have not been contacted. In some sectors of the worker management movement there has been a territorial tendency to want to stake out a piece of the action and preserve it for themselves. This has hindered cooperation both within the movement, and between the movement and potential allies. The movement is as yet unsure of itself; hence it is often leery of alliances with stronger and more established groups that might sap its resources.

Fourth, the movement is still extremely under-financed. This is a result of several factors: first, lack of needed financial expertise, second, the difficulty of obtaining capital which comes without control attached, third, the lack of clearcut successes of the order of Mondragon which can be pointed to, and which would attract social investment. Social investment is now considered, and rightly so, extremely risky, and hence only those extremely committed, with capital to spare, are likely to make loans, or offer capital on acceptable terms. Finally, the lack of a vehicle such as the Caja Laboral, able to both invest and oversee or monitor the project on a continuing basis means that the most effective means of risk reduction is unavailable.

I would add that there is also lacking any sort of long term strategic planning within the worker management movement, calculated at remedying the defects listed. One could argue, for instance, that given the small pool of real expertise within the movement, it might be good to concentrate on a very few major projects which would constitute worker managed systems in the fashion of Mondragon. But for the most part the movement is still reactive, chasing plant closings or relying on the entrepreneurialism and dedication of some one person able to put an enterprise together. Technical assistance is also for the most part reactive, responding to calls for help when they are received. There is no group seeking systematically to develop worker managed projects, although ICA in Boston and the Center for Community Self-help in North Carolina have helped foster local initiatives. The reason for the lack of a proactive strategy is simple, however: the resources are lacking.

Another deficiency lies in the area of new start-ups. Since

neither the capital nor the ongoing monitoring and technical assistance that characterises the Mondragon system is available, the entrepreneurial function must still rest with the start-up group. It is the writer's experience that this group, which usually puts up its own capital, and of course is the major risk taker, is often unwilling to allow workers who enter once the company has become successfully stabilized and has found its market to participate on the same basis as the founders. Even when they are willing, a covert distinction often remains such that major decisions rest with the initial group. What is needed is clearer guidelines which both allow a reward for the starting group in return for the risk they have taken, but make such a reward time-limited so that over time working members can equalize their share in both profits and decision-making. So far as the writer knows -- and he has grappled with this problem himself as a founder -- no generally accepted solutions have been developed.

Nevertheless, the movement is growing. It is estimated that there are now about 5,000 firms with some degree of worker ownership and worker management, with about 1,000 being added every year. Pre 1979, very few had majority ownership by workers; now about 500 have majority worker ownership. Also, an growing number have democratic management; unions are now concerned that worker owned firms be managed by the workers, with worker and unions representatives on the board, usually involving a mixed control with banks and other investors. Whereas pre 1979 there were no large employee owned firms, there are now firms a number of firms with thousands of workers -- firms such as Chicago and Northwestern Railroad, a near-bankrupt railroad that was sold to its employees and is now successful, airlines such as Pan American and especially People's Express, which has a high degree of both employee ownership and self-management, McCreary Tire and Rubber, Hyatt, which subcontracts with General Motors, and the Milwaukee Journal, a large city newspaper.

Also, whereas in pre 1979, there were no research studies of productivity in worker owned plants, there are now excellent studies of productivity made by the Economic Development Administration of the Department of Commerce, as well as by private scholars. These studies show that worker owned firms enjoy higher productivity and higher profits than comparable firms that are not worker owned. These firms -- the large, blue collar firms that are the product of worker buy-outs -- have not seen themselves as directly challenging the capitalist system. Rather, they see themselves for the most part as representing a sort of "workers' capitalism", and are at most in a transition phase between capitalism and something else. The smaller firms that see themselves as anti-capitalist are made up mainly of middle class dropouts, mostly with a college education, whose values have been formed in the counter culture. Advocacy and technical assistance organizations have not felt that they had

the leverage to challenge the orientation of the large firms; also, as workers and unions have become more conscious of their role as worker-managers, they have indeed developed greater consciousness of the need for clear worker management structures.

For those who advocate self-management as an alternative to capitalism, the goal as expressed by many is to develop a self-managed sector within the U.S. economy, somewhat analogous to the consumer cooperative sector in the Swedish economy. This would stand as a model for all workers, demonstrating the viability of such a system, and also serving to encourage workers in the capitalist sector to push for more equality and for a bill of workers' rights. What are the chances of this happening? There are some, including most of the more traditional socialists, who argue that it is impossible to create any significant system of worker management within a capitalist economy. Such a system has been developed in the Basque provinces of Spain, but Spain is not the United States, and the extent of capitalist hegemony in the U.S., along with the heightened individualism of American culture and the polyglot character of its peoples mitigate against a Mondragon being successful in the U.S.

However, it is important not to underestimate the extent of disaffection and deligitimation that is being experienced in the U.S. Polls commissioned by the People's Bicentennial Commission in 1976 have demonstrated that a majority of Americans believe neither in Big Business nor in Big Government, which they rightly see as allied in a conspiracy against the citizen. Although there was -- and is -- little knowledge about what worker ownership would entail, a majority indicated they preferred worker ownership to stock ownership of business. In short, the capitalist system is already suffering a legitimation crisis. The existence of a significant sized self-managed sector in the United States could only add significantly to the crisis by demonstrating that a viable alternative to the capitalist model can exist.

The tenuousness of capitalist legitimation is demonstrated by the fact that such mass media leaders as Time Magazine and Newsweek take considerable pains to periodically raise the question of the viability of capitalism, invariably answering their question by claiming that the only available options are capitalism -- known as "free enterprise" and equated with a free society -- and the Russian variant of state socialism. However, even though the worker management movement has grown tremendously, and is becoming more self-consciously a movement, the difficulties ahead are very great. It may be useful to suggest what must happen if the movement is to continue growing and develop to a point where it could become a significant economic and political force -- which clearly it is not as yet.

For this to happen, first, the movement must clarify its goals. As indicated, it now consists of tendencies which are in conflict, if not in diametric opposition: the advocates of "people's capitalism" via ESOPs and ESOTs and the advocates of Quality of Work Life programs clearly want to salvage the system, even if what results is a modified version of capitalism. The privilege and control from the top would not be changed, and indeed, the present tendency, resulting from the current squeeze on profits, is to heighten the class war between the ruling class on the one hand, and labor and the poor on the other. The advocates of worker management side with workers and the poor, and as the class war continues, the logic of events is very likely to separate the two groups. This will help give the movement the clarity as to objectives that it is at present lacking.

Second, the movement needs to develop a cadre of trained professionals. This may seem anti-democratic, but without trained management, possessed of both expertise and the commitment to democratic values, worker managed firms cannot compete with capitalist firms. In addition to management, financial specialists are needed to develop funds able to finance worker managed start-ups. Methods of minimizing risk must be developed, and some system of close monitoring must be substituted for external equity control. The sources for capital on the scale needed are at present hard to imagine; existing vehicles such as limited partnerships offer possibilities consonant with the aims of worker management, but so far few have the skills to put these together.

Third, some system for institutionalizing the entrepreneurial function, analogous to the empresserial division of Mondragon must be developed. Small steps have been taken in this direction, but much more is needed. Fourth, all of this in turn waits on the development of more educational programs focussed much more specifically on imparting the skills training needed to accomplish the above tasks. At present two programs with a practical orientation are just beginning: the MBA program at Guilford Program, and a program at Boston College joining the Program on Social Economy and the Business School. Whether either of them will be able to provide the sort of training needed is yet unclear. And of course there is a reciprocal dependence between such programs and the existence of the institutions capable of creating worker managed firms which could provide jobs for their graduates.

Finally, a program in social and political education is needed to develop the needed consciousness and clarity regarding common goals and strategies. This could be accomplished through regional conferences, newsletters, and an effective movement magazine, which is as yet lacking. Also, there is a general lack of understanding of the basics of the capitalist economy, and

this needs to be rectified. The Popular Economics Institute in Amherst has been providing this sort of education to labor people and community organizers, via two week seminars in the summer. A similar program is needed for members of worker managed firms. A central feature in such a program would be a clear definition of worker management and how it differs from the various forms of workers' capitalism, along with what its broader economic and social effects would be.

The strength of the worker management movement is that it restructures a fundamental activity of life, namely work. Since this affects everyone, the appeal of worker management is very broad. It is possible to recognize that changing the conditions of work is only a partial response to the problems of modern industrialism; a concern for the nature and integrity of products is also needed, as well as a concern for the human environment. Also, the whole technology of production, involving as it does an extensive specialization and both vertical and horizontal division of labor must be rethought.

But this comes later. So far, the worker management movement has been too involved in the struggle to be successful on any terms to spend much energy being concerned about what it produces and what the environmental impact is likely to be. But at that point that it develops a capability to engage in start-ups involving a careful choice of products and technologies, it will have to confront these issues, and at that point, it will be able to forge alliances with the consumer movement developed by Nader, and the environmental movement.

At present the union movement in this country is at a low point, having lost membership and having suffered from a prolonged period of heightened unemployment, and from the heightened class warfare that has occurred in the last five or so years. The more progressive unions are beginning to question the historic accomodation that the union movement made in the 40's with capitalism; a younger and more militant leadership is emerging, and there is a willingness to consider more radical alternatives. It is as yet unclear where the labor movement will go from here. But there is an openness to new ideas, and increasingly, representatives of organized labor are both sponsoring as well as attending conferences on worker management. If the labor movement could ever liberate the billions of dollars represented by labor pension funds, the capital problem could be solved for good. But the legal obstacles to accomplishing this are considerable, and organized labor is just beginning to consider this as a real possibility.

The movement for workplace democracy -- and for that matter all other movements with a radical potential -- are handicapped by the lack of a significant political left in the United States. Thus political consciousness cannot be assumed; it must be

created. This is as true in organized labor as elsewhere. But worker management is dependent for its success primarily on the skill with which it is able to develop viable examples. Here, a doctrinaire ideology is more likely to be a hindrance than a help. U.S. culture is in any event anti-ideological and pragmatic. Successful examples of worker management can appeal to that pragmatic bent. It may be, thus, that the movement for workplace democracy contains the best prospects for long term change of any of the movements now around. If it can speak to the continuing economic and social crisis, with its accompanying crisis of legitimation by pointing the way for a new and extended definition of democracy while at the same time speaking to the very practical need for jobs, and the psychological need for meaningful and non-alienating work, its long term effect might be great indeed.