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## LOCALIZING LESSONS FROM MONDRAGÓN & Also From Down the Country Road

Thursday, March 11<sup>th</sup>, 2021 – Michael A. Peck

### First, Introduction:

- Good morning, Appalachian Studies Association – thank you for hosting this seminal event and inviting me to participate. In particular, the organizing production skills of Ann Bryant at Marshall University in Huntington for shepherding such an event in the middle of a multiple Pandemic Economy – an economy hitting Appalachia hard with all the inequalities and their additive contagion pushing frontline populations even more to the brink and even more to the point of today’s event - also seeding hope and proof of renewal for the long road back... “Building Back Better & Fairer”...
  - To panel colleagues, Todd and Hannah, thank you always for your ongoing work making such a difference throughout Appalachia and a real joy to be reunited with you this morning on behalf of our common message.
  - Would also like to thank those framing the “ReImagine Appalachia” vision – Todd, Hannah, Mark Shanahan and many others contributing to the “Appalachia Cooperates” blueprint and regional road map.
  - Our leader partners in the 1worker1vote movement, our cofounders and advisory board members, and in Mondragon, Ibon Zugasti & Oscar Muguerza
- Throughout Central Appalachia – at Lockhaven, Pennsylvania with Todd and team; at Pittsburgh with Bill Generett and Rob Witherell, Tom Croft, Leo Gerard, Tom Conway and so many others; at Piketon/Ohio with Hannah and team; at Morgantown, West Virginia with Amanda Marple and team; at Coop Cincy with Kristen Barker and Ellen Vera and team; at Coop Dayton with Lela Klein and team; at OEOC in Kent, Ohio with Chris Cooper and team; in Kentucky, in Tennessee and in so many of Appalachia’s **420** counties across **13 states** spanning **205,000** square miles, from southern New York (our Central Brooklyn union-coop healthcare organizing) to northern Mississippi (our Cooperation Jackson colleagues)
  - We could dedicate the entire panel just recognizing the blessed work of like-minded people, human way-showers in so many Appalachian locations, most built around academic & advocacy centers, and like-minded unions
  - Similar to the Mondragon cooperative ecosystem itself in Spain’s Basque region, Mondragon offshoots throughout Appalachia start with education, with showing not telling, with how self-reliance and local determination achieve local economic sovereignty through rising, purpose and values driven businesses connecting within local ecosystems, uniting to produce profitable worker ownership and workplace democracy civic and civil societies.

- These are not alternative economic development models – they are mainstream enlightened capitalism models organically seeded from the bottom-up bringing the power of values and E Pluribus Unum back into practice. Showing how the whole is greater than the sum of the parts.
- Instead of the vulgar injustices of “trickle-down”, these ecosystems focus on what we describe in the 1worker1vote movement as “bubble-up to gusher-up”: worker cooperatives, union-cooperatives, shared services cooperatives, democratic esoperatives and other localized examples of hybrid shared ownership models inspired by almost seventy years of Mondragon cooperative experiences – especially those examples demonstrating how mutualism, solidarity and structure achieve resiliency and prosperity uplift.
- Appalachians know more about resiliency than most by default but today, fortunately, resiliency is becoming a “thing”. For capital providers, the “S” for Social in ESG’s (Environment, Social, Governance) metrics is taking center stage based on resiliency algorithms. Resiliency and stakeholder ownership are inseparable, one provides the roots and rationale for the other. Increasingly, both social impact and traditional funders (hedge, pension & private-equity) seek to finance worker-takeovers of companies for profitable social reasons & because stakeholder-owned firms’ superior resiliency and performance improve returns.
  - As Mondragon proves – being profitable allows us to afford, choose, defend, and sustain our own values.
- Our localizing vision is to “flatten the curves” with virtuous cycles. To build purpose driven businesses and ecosystems devoted to the common good by offering examples of solutions, “tires for those who need to kick them”.
  - These ecosystems support vibrant, mutualist civic democracy which can only be based on transparent markets if they are to call themselves truly “free”, on climate friendly materials and processes, on more inclusive, local stakeholder-centric and equal opportunity societies, with government at all levels actively helping us to achieve the end of “false choices”, the end of life expectancy and lifestyle actuarial tables defined by zip code, this pernicious Neo-Calvinism locking us into unmovable place via social media monopoly platforms stealing freedoms, disfiguring neighborhoods, limiting livelihood.
- Because this is a distinguished academic practitioner audience, please allow me to offer up two current books that describe and guide our work:
  - [“Reimagining Capitalism In A World On Fire”](#), by Harvard Business School professor, Rebecca Henderson –shortlisted for the Financial Times/McKinsey 2020 Business Book of the Year Award, who also wrote a 2015 HBS business case study entitled, “1worker1vote: Mondragon in the U.S.”
  - [“Mutualism: Building The Next Economy From The Ground Up”](#), by Sara Horowitz, former NY Federal Reserve board chair, founder and CEO of the Freelancers Union, member of the 1worker1vote advisory board.

Second, let's review Global & Local Examples Activating the “Mutualism Solidarity Dividend”, through a “Just Transition” by localizing the rising Stakeholder Economy's transcendental “Right To Repair”: our version of “Building Back Better & Fairer”

- The Mondragón Cooperatives in Spain represent an exportable and replicable model that has a longstanding, financially successful ecosystem made up of diverse businesses.
  - Situated in the Basque Region of Spain, Mondragón Corporation is the world's largest network of worker owned cooperatives with 98 industrial cooperatives, 143 subsidiary cooperatives, 7 foundations, and nearly 81,000 jobs. Mondragón began in 1956 with a single, worker-owned, industrial cooperative, and has since grown to become the tenth largest business group in Spain. Today, the Mondragon ecosystem spans multiple sectors, including industry, finance, retail, and knowledge.
  - Relevance to Central Appalachia:
    - Mondragón emerged in response to a specific set of cultural and historical conditions. Faced with low levels of worker training, high levels of unemployment, and persecution from the Spanish government, Mondragón sought to improve local access to financial support and security. Critically, they invested in vocational training for their first workers and saw technology as a potential driver of economic growth.
    - As the organization and initiatives grew, Mondragón positioned economic activity as a means to boost employment and build regional capacity for production, research, and development. As a for-profit entity competing in international markets, Mondragón is guided by principles of democratic participation, job creation, human and professional development, and ecosystem solidarity. Their use of technology and their focus on innovation continue to be major factors in their success.
- Here are Four Pillars of the interconnecting, synergies-enabling Mondragon innovation and entrepreneurship sub-ecosystem that can and are being localized in many operational subsets throughout Appalachia but where more integration, expansion and collaboration could replicate and amplify more consequential transformative results:
  - **Saiolan**: A technology consultancy and incubator founded in the 1980s by professors from Mondragón University as one of the first entrepreneurship initiatives in Spain – [www.saiolan.com](http://www.saiolan.com)
  - **Bilbao Innovation Factory (2013)**: An innovation and entrepreneurship initiative, housed within a single building, that includes several degree-bearing, team-based educational programs; incubation and acceleration support for early-stage businesses; and low-cost, coworking space for high-growth small and medium-sized enterprises (SMEs) - <https://bbfaktoria.com/en/> - <https://observatory.tec.mx/edu-news/bilbao-berrikuntza-faktoria-a-learning-innovation-and-entrepreneurship-ecosystem> (2009 Leinn program begins)
  - **Gaztenpresa**: A startup business coaching & mentoring program that pairs entrepreneurs who for various reasons fell off the map with a network of

trained mentors and prepares them to access credit from Mondragón's cooperative bank – [www.gatzenpresa.org](http://www.gatzenpresa.org) (2014)

- Preston/UK has already created its own cooperative bank from the Mondragon model, Coop Cincy has created a union cooperative conversion fund, there are activist CDFIs and credit unions throughout Appalachia; National Cooperative Bank's back office is located in Hillsboro, Ohio... let us connect these dots into an integrated and collaborative strategy and action roadmap.
- **Elkar-lan:** A cooperative technical assistance provider created by the Basque government to help companies form as, and convert to, cooperative ownership
  - <https://www.elkarlan.coop/> -could be compared to OEOC at Kent State University... <https://www.oeockent.org/>
- **Examples of Existing Co-op Ecosystems Right in our Appalachian backyard:**
  - **Co-op Cincy** has 8 co-ops that have launched (Our Harvest, Sustainergy, Cincy Cleaning Co-op, CareShare, Queen City Commons, A Touch of TLC Home Health Care Services, Bhutanese Bari, and Renting Partnerships (which is actually a non-profit that focuses on affordable housing in a way that offers financial equity and deep community), and is currently launching a Real Estate Investment Co-op called Dividend Housing) – [www.coopcincy.org](http://www.coopcincy.org)
    - Coop Cincy's Transition Work:
      - **Business Legacy Fund** launched in the Fall of 2020, a \$3 million fund through the Seed Commons Cooperative. 12 companies applied. 6 were selected as finalists and are currently going through the transition process to worker-ownership.
      - **New Paradigm Ventures** is an acquisition approach to broaden ownership by bringing in a professional manager with deep ties in the African American community to lead a company Coop Cincy purchases and transitions it with Coop Cincy to a cooperative.
    - **Start-up Work:** Co-op Cincy is holding five 14-week **Co-op U's** (National Childcare Co-op U, Swahili Co-op U, 2 Power in Numbers Black Led Co-op Bootcamp Co-op U, General Co-op U)
    - **Seed Commons Financial Cooperative Member:** Coop Cincy is a member of Seed Commons Cooperative and through that have a peer loan fund that has offered 5 of their co-op loans. This is how Coop Cincy has the \$3 million revolving transition fund as well
    - **Coop Cincy's fifth Biennial Union Co-op Symposium** will be November 12 & 13. Let us encourage all of "Reimagining Cooperation Appalachia" to Hold the date & Participate.
  - **Coop Dayton** – [www.coopdayton.org](http://www.coopdayton.org):
    - **937Delivers**, driver- and restaurant owned delivery co-op is now delivering for 18 restaurants with over 20 drivers- most of them un- or under-employed restaurant workers. They've been delivering for 3 months, have saved over \$100,000 in local restaurant revenue compared to extractive models like DoorDash, etc., and 937Delivers

drivers will elect worker owner board members in the next couple months.

- **Gem City Market** on the corner of Salem and Superior Avenue in Dayton, is about to start operations as a vibrant, community-centered grocery store
  - Localizing the Mondragon Eroski model and the Coop Cincy Apple Street Market initiative, Gem City Market will restore grocery service to Northwest Dayton for the first time in over a decade.
  - Gem City Market's mission is to serve, engage, and empower its neighborhoods by providing affordable, high quality food in a clean and welcoming environment that is worker and community owned.
  - Gem City is in final preparations for opening day. They're in the process of hiring 26 people and have been giving tours to community members and elected officials. Co-op Dayton is preparing to begin worker-owner training, with some great support from Co-op Cincy.

### III. A Movement Organizer's Conclusions:

- It took the Priest fifteen years of teaching and leadership by example before the first Mondragon cooperative started
  - [Sustainable Jobs, Sustainable Communities: The Union Co-op Model](#) - By Rob Witherell, United Steelworkers and Chris Cooper, Ohio Employee Ownership Center, launched in March 2012
  - Coop Cincy organized in 2011 and went into overdrive in 2012
  - [Mondragon in Appalachia](#) – May 28, 2014 <http://www.geo.coop/blog/mondragons-appalachia>
  - ["Mondragon in the South"](#) – Cooperation Jackson – May 20, 2014 <https://www.youtube.com/watch?v=iZdhgZYJCFY>
  - [Mondragon in Los Angeles](#) through the Downtown Crenshaw Rising (DCR) initiative – "forty acres and a mall"
    - New York Times – December 2020 - NYT: "Outside the Headlines - A quiet battle over retail space is a modern fight for the soul of Black Los Angeles - <https://www.nytimes.com/2020/11/08/opinion/crenshaw-la-black-redevelopment.html?smid=em-share>
    - ASBC, SVC, 1worker1vote - February 2021- <https://mailchi.mp/svcimpact/ep70-577899>
- While it's true that "Nothing About Us, Without Us, Is For Us", the opposite is also true, that "Everything About Us, With Us, Can Be Cooperatively For Us."
  - "Those who opt to make history and change the course of events themselves have an advantage over those who decide to wait passively for the results of the change". -Mondragon co-operative movement founder, Father José Maria Arizmendiarieta-
  - Elvis has already left the building to co-start another Appalachian cooperative ecosystem.

Thank you.