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Cooperative cities: Municipal support for worker cooperatives in the United States

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ABSTRACT

This article examines the emergence of cooperative cities, or municipalities creating enabling environments for worker-owned cooperatives since 2009 by adopting legislation and budget initiatives explicitly fitted for these enterprises. Through a textual analysis of municipal documents, media accounts, and professional reports, I develop the cooperative cities typology that covers the spectrum of municipal activities: top-down catalytic initiatives where city leaders are instrumental, grassroots- and advocacy-led bottom-up initiatives validated by the city, and initiatives with complementary elements of both that are designed to strengthen and expand the cooperative ecosystem. Drawing on enabling environment theory, I present embedded case studies of three types of cooperative cities—developer, endorser, and cultivator—contrasting the strategic activities employed by each. I conclude by underscoring the importance of municipal support for worker cooperatives assuming that the grassroots movement does not become dependent on political champions, maintains autonomy, centers member-owners, and upholds cooperative principles.

Introduction

The post–Great Recession economy in the United States is typified by spiraling household debt, prolonged joblessness, real wage stagnation for those earning median wages or below (Piketty, Saez, & Zucman, 2016), a Black–White wage gap that is larger now than it was in the late 1970s (Wilson & Rodgers, 2016), and continued erosion of both labor power and unions. History has shown that financial crises not only can unmask the chimera of economic security for most workers but also may foment popular resistance to capitalist enterprises and enabling institutions, as well as catalyze the collectivist development of sustainable and equitable economic organizations (Curl, 2012; Gordon Nembhard, 2014, 2016; Wright, 2014). Over the past decade, strategies have been emerging from inside communities and city governments that embrace participatory economics (Hahnel, 2005), economic localism and community control (DeFilippis, 2004; Diamond, 2004; Hess, 2009; Imbroscio, 2011; Imbroscio, Williamson, & Alperovitz, 2003), and other heterodox economic arrangements, including worker-owned cooperatives (Baskaran, 2015; Curl, 2012; Fairbairn, Bold, Fulton, Ketilson, & Ish, 1991; Gordon Nembhard, 2014; Jackall & Levin, 1984; Wright, 2014).

Worker cooperatives, autonomous businesses collectively owned and democratically self-managed by the workers, emerged in the United States during the mid-19th century as a bulwark against industrial capitalism's labor exploitation, alienation, and economic instability (Curl, 2012; Gordon Nembhard, 2014; Jones, 1984; Wright, 2014). Today, coalitions of workers, advocacy organizations, champions, and others continue to use worker ownership as a means to achieve dignified working conditions, pathways out of poverty, and community wealth building. According to the Democracy

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at Work Institute, much of the recent momentum surrounding worker cooperatives is occurring in marginalized communities (Palmer, 2018). For example, nearly one third of U.S. worker cooperatives operating today have been established since 2010; more than 60% of new worker-owners are people of color, compared to 30% between 1990 and 2010; and over 66% are women. In a small but increasing number of cities, municipal leaders have begun assisting worker cooperatives through legislative, administrative, and political reforms to promote an equitable and inclusive economy (Camou, 2016). Cooperative champions in the United States have been learning from the policies of Spain's Basque region, Emilia-Romagna in Italy, and Canada, especially Quebec, where cooperative models are prolific. More recently, they have been able to learn from U.S. peer cities that are shifting local government thinking and action on the social and economic benefits of democratically owned and self-managed businesses.

This study examines how U.S. city leaders have been championing worker cooperatives over the past decade. Specifically, how they are using public-sector resources (e.g., land use, zoning, and regulatory tools; public funds; public-sector legitimacy) to create enabling environments for worker-ownership that are well aligned with community, economic, and workforce development goals. Using textual analysis, I compare varied policies and practices employed in 12 cities—including top-down catalytic initiatives in which city champions are instrumental leaders in cooperative development, bottom-up approaches in which cities complement grassroots-led initiatives, and city strategies intended to strengthen and expand the local cooperative ecosystem. Despite variability in approaches, the moniker *cooperative cities* suitably characterizes cities that have begun making municipal support for worker cooperatives legible. That is, cooperative cities are codifying support by passing resolutions, laws, and/or budget initiatives explicitly intended to develop and sustain cooperative enterprises and enhance stakeholder capacity. For example, in 2015 New York City Council authorized $1.2 million to support worker cooperative development (funding has increased each year, to over $3 million by 2018) and mandated that city agencies report public contracts awarded to worker cooperatives, thereby aligning worker cooperatives with reporting for certified minority and women-owned businesses. Furthermore, the legibility-based threshold for labeling cities "cooperative" reflects the wave of explicit municipal actions that mark a departure from the conventional omission of worker cooperatives from public policy discourses and policymaking. Camou (2016) contended that, as cities engage questions of "how to build equality and wealth, upgrade labor, and support divested communities" (p. 1), current municipal engagement reveals significant progress in economic development practice. Moreover, making government support legible fosters policy-learning processes among cities considering similar legislative or budgetary strategies and fuels local, state, and federal advocacy organizations' push for more extensive changes. Since New York City Council's initial investment in 2015, the city has enacted numerous reforms pertaining to worker cooperatives, invested millions of dollars in the cooperative ecosystem, embedded worker cooperatives into the city's Department of Small Business Services (SBS), raised public awareness, and supported nearly 100 worker cooperative start-ups (NYC SBS, 2017). Given these city-level contributions, it is not surprising that Congresswoman Nydia Velázquez and Senator Kirsten Gillibrand of New York sponsored the Main Street Employee Ownership Act of 2018, directing the U.S. Small Business Administration to make the 7(a) Loan Guarantee Program more readily available to worker-owned cooperatives. The Main Street Act is arguably the most far-reaching federal pro-employee-ownership legislation in decades.

The remaining four sections of this article analyze how cooperative cities create enabling environments for worker cooperatives. The first differentiates the four primary types of non-housing cooperatives in the United States and provides a historical overview of worker cooperatives, including extant debates concerning their capacity for economic democracy. Here, the term *enabling environment* encapsulates crucial exogenous factors that influence the development and sustainability of worker-owned enterprises in which the public sector can play a role. Second, I describe the methodology for selecting the 12 cooperative cities and developing the cooperative cities typology. The third section uses embedded case studies to compare enabling environments typified by the cooperative cities typology. Across cooperative cities, champions in the mayor's office or city council are critical for raising awareness about worker cooperatives and proposing policy change. Because knowledge about worker cooperatives typically does not reside within city governments, public-sector champions often rely on local and national experts entrenched in the cooperative movement. Worker cooperative federations, advocacy organizations, co-op developers, legal experts, social impact investors, and researchers recommend assemblages of policies, technical assistance provisions, financial products, and other organizational resources necessary to create environments for worker cooperatives to develop and thrive. The conclusion reinforces the critical role of municipal advocacy in expanding and sustaining worker cooperatives and briefly discusses potential limitations of city government involvement in the historically grassroots cooperative movement.

Cooperatives and economic democracy

According to the International Cooperative Alliance, cooperatives are autonomous associations of people voluntarily united to meet common economic, social, and cultural needs and aspirations through collectively owned and democratically controlled enterprise. Most cooperatives espouse values of self-help, self-responsibility, democracy, equality, equity, and solidarity. And globally embraced co-op principles include collective and open membership; "one person, one vote" democratic governance and member control, rather than tiered decision making based on number of shares owned or individual capitalization; equitable participation among members; organizational autonomy and independence; education and training for members and the public; cooperation among cooperatives; and concern for community.[1] According to the University of Wisconsin Center for Cooperatives, the four most common types of non-housing cooperatives in the United States—producer, consumer, purchasing, and worker—operate upward of 64,000 establishments and generate more than 853,000 jobs (Hueth, 2018). In producer cooperatives (also known as marketing cooperatives), commodity or craft producers organize and pool resources to efficiently process, market, purchase, and distribute goods. They are most common to agricultural enterprises, such as dairy farmers (e.g., Land O'Lakes, Organic Valley) and fruit growers (e.g., Ocean Spray, Sunkist) but operate in various sectors. Consumer cooperatives are owned by consumer-members and organized to meet members' needs by selling a variety of goods and services to members (and nonmembers). They operate in numerous industries, including retail, personal and professional services, credit unions and insurance, and utilities and telecommunications. Purchasing cooperatives, or buying clubs, create economies of scale by aggregating members' demand to leverage lower prices from suppliers. They are common in the grocery industry and in public service, health care, and education. In contrast, worker cooperatives are a distinct organizational form that can operate across industries and align with other types of co-ops to form hybrid models, such as a worker-owned consumer cooperative. What is most important is that labor power is the primary factor input in worker cooperatives and worker-owners are the key decision makers and primary beneficiaries. The mutually constitutive relationship between worker-members and owner-beneficiaries alters the conventional labor–capital relationship by disrupting the hegemonic structure that perpetuates economic inequality (Akuno & Nangwaya, 2017; Fairbairn et al., 1991).

Worker cooperatives are a long-standing organizational form in the American culture and economy. They emerged in response to industrial capitalism, weakened wage labor, and unprecedented ethno-racial competition for jobs (Fairbairn et al., 1991; Gordon Nembhard, 2014; Jackall & Levin, 1984). The first impetus of worker cooperatives as a social movement was in the 1830s, with the National Trades' Union production cooperatives (Curl, 2012). The number of worker cooperatives peaked during the 1880s with Knights of Labor industrial cooperatives and declined precipitously by the 1890s with the Knights' collapse, but they were not eliminated (Curl, 2012; Jones, 1984). Throughout the 20th century, worker ownership and the cooperative ethos have been countercyclical, typically increasing amid economic decline and social unrest (Baskaran, 2015; Dickstein, 1991; Rothschild, 2009). For example, during the 1930s, cooperatives helped the nation recover from the Great Depression, unionists win the general strike out west, and small southern farmers organize and stabilize (Curl, 2012). Additionally, organizations like the Young Negroes' Cooperative League, led by Ella Baker in the 1930s, created hybrid cooperative models, linking worker, consumer, producer, and housing cooperatives, to improve interconnected conditions in Black communities (Gordon Nembhard, 2014; Ransby, 2003). Although the cooperative movement was nearly destroyed during World War II and what remained was depoliticized during the McCarthy era, new worker cooperative infrastructure emerged during the 1960s and 1970s. This resurgence was at once an organizational strategy—aligned with civil rights and Black liberation movement principles of self-determination, economic inclusion, and community uplift—and an organizational form congruent with the idealism of the counterculture movement that empowered semiskilled and skilled workers to push back against capitalist values. Cooperative food stores, media enterprises, mechanics, and taxi drivers were established, mostly as consumer cooperatives. Some later converted to a worker–consumer hybrid structure to mitigate power inequities (Curl, 2012; Gordon Nembhard, 2014).

Resurgent interest in worker ownership since the 2008 financial crisis follows earlier patterns of emerging amid economic insecurity, but current assistance from city governments is a notable distinction. Although few cities have begun enacting legislative reforms and passing budget initiatives designed to develop and sustain worker cooperatives, most worker-owners operate within local laws ill fitted for collective ownership and democratic decision making and lending institutions unfamiliar with the mechanics of underwriting cooperative ownership (Artz & Kim, 2011; Dickstein, 1991; Hatcher, 2018; Pérotin, 2013). In other words, the legal frameworks, regulatory environment, financing mechanisms, and social norms that structure business development and operations are implicitly tailored to conventional private enterprise, yet thwart cooperative enterprises.

Creating an enabling environment for worker cooperatives can include modifying legal frameworks that affect business structure, but it should extend to all manner of public provisions—land, zoning, regulations, tax-based subsidies, and infrastructure—deployed to influence business location decisions and to signal a business-friendly environment. For Akuno and Nangwaya (2017), "Cooperative economics and labor self-management can only thrive and expand if they have the necessary enabling structures and organizations that will allow them to successfully compete and challenge capitalist firms" (p. 54). Critical components of this vision include raising public awareness about cooperative enterprise and, ultimately, fostering a local and global solidarity economy to expand cooperation among cooperatives. But raising public awareness is no small feat. It might entail restructuring education institutions—which ideologically and technically prepare people to participate in the capitalist economy as consumers but inadequately develop basic cooperative economy values, such as solidarity, equity, and democracy—and financial institutions to make capital more readily available for collectively owned enterprises and making legislative reforms that open markets, through procurement contracts and co-op certification, and strengthen capacity of worker cooperatives. As this study shows, many cooperative cities are leveraging the expertise of grassroots cooperative movements while implementing legal, fiscal, regulatory, and political changes that underscore the legitimacy of worker cooperatives for equitable economic development.

Worker cooperatives and potential for economic democracy

There is no consensus definition of *economic democracy*; it is theorized differently across contexts. Economic philosopher Ellerman (2010) described economic or workplace democracy as democratic self-management in the social and nongovernmental workplace and continued democratization of the public sphere. Political scientist Dahl (2001) equated the right of citizens to participate in state functioning through voting to individuals' rights to democratically govern their institutions of work. Though workplace democracy is central to Dahl's conception of economic democracy, it is part of a larger democratization process, encompassing the private and public spheres. Political economist Mellor (2010) also focused on democratizing the public sphere, specifically public finance and monetary policy. She argued that by placing money in people's hands and giving them a say in the financial and monetary system, people can have a more direct say in economic decisions that have an impact on their lives and communities. This is similar to economist Hahnel's (2005) concept of economic self-management, or "decision making in proportion to the degree one is affected by different economic choices" (p. 54). Political economists Alperovitz (2013) and Gordon Nembhard (2004) applied economic democracy principles to a variety of public and private institutions that can be run democratically, including worker cooperatives, community land trusts, community development corporations, credit unions, and processes such as participatory budgeting. In a similar vein, worker cooperatives have been lauded as "the purest form of economic democracy currently operating in the United States" (DeFilippis, 2004, p. 66). These democratic institutions are also constituent elements of the solidarity economy—a global movement, a value-laden framework, and an ecosystem of practices that presuppose individuals' capacities to develop contextual solutions to market failures that are cooperative, egalitarian, equitable, and sustainable rather than atomizing and extractive (Kawano, 2018; Loh & Shear, 2015; Miller, 2010; Zeuli & Jamie, 2005).

Although economist Koller (1947) suggested that there is little difference between conventional businesses and cooperative enterprises—both seek economic gains for owner-members—in worker cooperatives, workers own the capital, not the other way around, and worker-owners have a greater say in decision making. Though most worker cooperatives are for-profit enterprises, with economic surplus returned to worker-owners as patronage dividends, bylaws typically stipulate limitations on returns to capital and sometimes define a reasonable pay gap threshold that minimizes differences between the highest and lowest earners (Artz & Kim, 2011; Dickstein, 1991; Gordon Nembhard, 2014, 2016; Pérotin, 2013). In contrast, according to Mishel and Schieder (2017), in 2016 top earners at the largest 350 firms made, on average, 271 times what the average worker did. For worker cooperatives, the average pay ratio is closer to 6:1.

Worker cooperatives are widely considered a mechanism for embedding participatory democracy in economy and society, democratizing knowledge and know-how, and strengthening civic engagement inside and outside the workplace (Alperovitz, 2013; Panayotakis & Kovel, 2011; Pateman, 1970; Rothschild, 2009). Panayotakis and Kovel (2011) argued that economic democracy within the workplace engenders positive externalities because the skills developed in democratic workplaces better equip workers for civic participation, thereby strengthening local communities. Furthermore, characteristics such as democratic decision making, transparency, knowledge transference, open-book management, and engaging workers on labor conditions are believed to enhance job satisfaction (Rothschild-Whitt & Whitt, 1986), foster community and camaraderie (Gordon Nembhard, 2015; Wright, 2014), and positively influence the economic and social lives of worker-owners and their communities (Baskaran, 2015; Gordon Nembhard, 2004, 2015). However, worker inclusivity in all organizational decisions, from production systems and resource allocation to investment and profit distribution, is time consuming and requires a steep learning curve. There is also disagreement regarding the extent of the purported democratic spillover. Neil Carter (2006) suggests that both cooperative size (e.g., larger cooperatives often utilize representative, not direct, democracy) and internal organizational dynamics (e.g., conflict management, ability to manage worker expectations) mediate differences.

In addition to political and social benefits, worker cooperatives create economic benefits for workers and communities by reducing turnover and promoting job retention, generating good jobs with fair wages, creating community wealth and building equity among low-income populations, and lifting people out of poverty (Cummings, 2001; Fairbairn et al., 1991; Gordon Nembhard, 2015; Haynes & Gordon Nembhard, 1999; Imbroscio et al., 2003). Studies show that member-owners tend to adopt organizational strategies that foster community preservation, stabilization, and job security over strategies to maximize return on investment (Zeuli, Lawless, Deller, Cropp, & Hughes, 2003). Consequently, turnover in worker cooperatives is lower than industry averages, even in conventionally low-wage industries (e.g., home care, cleaning services) and during economic downturns (Borzaga & Galera, 2012; Corcoran & Wilson, 2010; Gordon Nembhard, 2016; Jackall & Levin, 1984; Pérotin, 2013).

Despite their myriad benefits, some researchers argue that worker cooperatives have a comparative disadvantage in attracting and retaining talented workers, ostensibly lured by higher remuneration in private firms (Dickstein, 1991). Though this may be true periodically, it overlooks that workers attracted to cooperatives are motivated by values beyond money. In addition, when considering long-term survivorship of cooperatives, job security, and patronage dividends, many worker-owners are better off. For example, worker-owners at Cooperative Home Care Associates (CHCA) in the Bronx typically earn more than conventional home care workers, and turnover at CHCA is significantly lower than average. Some researchers warn that the cooperative structure faces threat of collapse, because worker-owners invariably underinvest in capital and labor or convert to conventional firms (Ben-Ner, 1984). But Palmer (2018) found that in 2017 approximately 25% of new worker cooperatives were established by converting existing conventional businesses to worker ownership. Not only do worker cooperatives invest in equipment and labor as much as, if not more than, traditional firms but those able to overcome formative disadvantages (e.g., limited access to capital and technical assistance) tend to have comparable or greater longevity than conventional firms (Artz & Kim, 2011; Estrin & Jones, 1998; Jones, 2007; Pérotin, 2013).

Enabling cooperative development and sustainability

Hoover and Abell's (2016) cooperative growth ecosystem framework offer the most comprehensive delineation to date of essential, important, and environmental elements for building and sustaining worker cooperatives. They describe the essential elements of the ecosystem as building blocks of the enterprise, which include skills and capacities of worker-owners and access to capital, technical assistance, and co-op developers. Hoover and Abell (2016) locate policy and political environment among myriad "important elements," such as access to markets and advocacy, that can abet or curtail worker cooperatives. This study builds on the cooperative ecosystem framework but focuses on how city governments are catalyzing cooperative development and animating important elements of the environment that enable cooperatives to develop organically.

The "enabling environment" framework used in this study is borrowed from international development and governance literature, where it is commonly used in studies of public–private partnerships, philanthropy, civic capacity, and civil society (Brinkerhoff, 2007; Fox, 2004; Fox, Ward, & Howard, 2002). The framework is both reflexive and context specific, making it easily adaptable to studies of public management and the U.S. policy environment. That is, creating enabling environments begins with identifying structural and institutional factors that inhibit the envisioned environmental outcome. Thindwa (2001) described an enabling environment as "a set of interrelated conditions—such as legal, bureaucratic, fiscal, informational, political, and cultural—that impact the capacity of … development actors to engage in development processes in a sustained and effective manner" (p. 3). In a study of public-sector roles in strengthening corporate social responsibility, Fox et al. (2002) used *enabling environment* to refer to a policy environment that "encourages (or mandates) business activity that minimizes environmental and/or social costs and impacts while … maintaining or maximizing economic gains" (p. 1). Similarly, in the context of Cooperation Jackson in Jackson, Mississippi, Akuno and Nangwaya (2017) discussed the importance of developing "enabling structures and supportive organizations" (p. 55) for cooperative economic enterprises and labor self-management, juxtaposing U.S. capitalist enterprise that benefits from public and private education, finance, media and other institutions which buoy capitalism as *the* way of life. The utility of the current enabling environment for reinforcing conventional capitalist enterprise cannot be overstated, but it does not preclude reorganizing public institutions to enable cooperative enterprise.

Fox et al. (2002) delineated four primary roles of public-sector officials in facilitating corporate responsibility that are also germane to supporting cooperative enterprises: *mandating* minimum standards for business performance and embedding requirements in legal frameworks; *facilitating* corporate engagement through incentivizes (penalties) that align with municipal benchmarks;

partnering with private-sector and philanthropic entities; and *endorsing* (promoting) responsible corporate behavior through public recognition of best practices, diffusing practices through policy documents, and brokering institutional alliances, thereby signaling support and legitimacy. Through an enabling environment framework, we see how cooperative cities demonstrate the public-sector role in facilitating development of worker cooperatives; mitigate local contextual factors known to thwart cooperative enterprises by enacting policies, easing regulatory obstructions, and leveraging capital investments; and raise public awareness about worker cooperatives as legitimate economic organizations.

Selecting cooperative cities

To address the question of how cities create enabling environments for worker cooperatives, data were collected in three stages. First, the U.S. Federation of Worker Cooperatives directory was the primary source for mapping the geography of U.S. worker cooperatives.[2] In June 2016, the U.S. Federation of Worker Cooperatives directory contained 392 verified cooperative businesses in 155 unique places (cities, towns, and villages) across 39 states and Puerto Rico. To narrow the scope of potential cooperative cities, I focused on the 51 cities in the directory within the contiguous United States with a population of at least 100,000. Because worker cooperatives may operate in cities without explicit municipal support, I use "legibility" as the criteria for selecting potential cooperative cities. City support is considered legible when, at a minimum, it is codified through legislative processes (e.g., resolutions, laws) and promulgated through capital investment or enacted through policy change. To identify supportive cities, extensive textual analysis was conducted of municipal documents (e.g., meeting transcripts, reports, feasibility studies, press releases, budgets), media archives, and nonephemera produced by national cooperative advocacy organizations, research institutes, and technical assistance providers for references to state and local worker cooperative policy initiatives.[3] Twelve cities met the population and legibility criteria by the end of the study period (September 2017).[4] The 12 cooperative cities analyzed here are Austin, Texas; Berkeley, California; Boston, Massachusetts; Cleveland, Ohio; Madison, Wisconsin; Minneapolis, Minnesota; New York, New York; Oakland, California; Philadelphia, Pennsylvania; Richmond, California; Richmond, Virginia; and Rochester, New York.

A content analysis of municipal documents and professional reports for all cooperative cities identified the compendium of municipal strategies, which were then organized according to the enabling environment framework (Fox et al., 2002):

(1) *Mandating strategies* support a legal framework well fitted to cooperatives, modify city rules governing the creation and operation of cooperatives and city ordinances and regulatory processes to encourage cooperative enterprise development, and eliminate constraints on the types of industries that can establish cooperatives.
(2) *Facilitating (and partnering) strategies* approve multiyear budget initiatives that help assemble capital for enterprise start-up, expansion, and technical assistance; provide non-tax-based incentives (e.g., land, technical expertise) to assist with cooperative development; assemble multiscalar public resources for cooperative incubation; assist with grants, loans, and incubator investments; and broker cooperatives' market entry and expansion by adopting procurement contracts, enterprise certification programs, and strategic partnerships.
(3) *Promoting strategies* raise public awareness about the structure and function of worker cooperatives, educate city administrators and policymakers, embed cooperative initiatives in city agencies as pilot programs, bolster cooperatives' legitimacy by enhancing the supply chain and ecosystem, and support cooperative research and knowledge development.

Comparing cooperative cities

Cooperative cities are organized according to the top-down, bottom-up, and complementary approaches that municipal leaders adopt to foster an enabling environment for worker-owned enterprise (Table 1). Municipal roles undoubtedly evolve over time, particularly as public awareness of cooperatives grows, so the cooperative cities typology focuses on early stages of municipal involvement. Thus, I have developed the cooperative cities typology of developer, endorser, and cultivator cities.

Developer cities (Cleveland; Richmond, California; Richmond, Virginia; Rochester) have few, if any, worker cooperatives or elements of the cooperative ecosystem (Hoover & Abell, 2016) before municipal involvement. Incubation and implementation of cooperative initiatives are top-down processes led by municipal leaders, philanthropies, and civic institutions. Because of limited local development capacity or cooperative infrastructure, developer cities are more likely to rely on national consultants for feasibility studies, business planning, cooperative governance training, staffing, and transitioning to worker ownership. Richmond, Virginia; Cleveland; and Rochester relied on the Democracy Collaborative, a nonprofit research institute and consultancy dedicated to developing new strategies for a more democratic economy. Cleveland and Rochester adopted an "anchor approach" to enterprise development, creating a nonprofit umbrella organization that focuses on developing multiple worker-owned businesses serving market niches of anchor institutions in the city (Camou, 2016). However, the anchor approach is not a requirement for, or limited to, developer cities. Intrinsic to the top-down approach, in developer cities, cooperative development tends to begin with a city budget initiative and leveraged private investment capital rather than mandated support through legislative or administrative processes. Consequently, developer cities' cooperative initiatives tend to be pilot projects closely aligned to the mayor's office. The benefit of this is that municipal leaders can utilize facilitating capacity to bring institutional investors to the table; connect emergent cooperatives to niche markets; provide matching funds, infrastructure, and industry expertise; and support new enterprise maturation. But this approach engenders legitimate concerns regarding the sustainability of cooperatives without municipal or philanthropic capitalization.

Endorser cities (Austin, Berkeley, Boston, Oakland, and Philadelphia) typically have numerous long-standing worker and consumer cooperatives and critical elements of a cooperative ecosystem (Hoover & Abell, 2016), such as cooperative developers, educators, technical assistance providers, advocacy organizations, and think tanks. The interplay of these has helped to animate bottom-up strategies and to model legislation and policy reforms that are locally salient and reverberate nationally. Endorser cities do not cohere around a centerpiece strategy; instead, they respond to pressure from below, often adopting multiple approaches for creating enabling environments, including encoding cooperative-friendly policies in municipal ordinances and budgets. Though municipal leaders in endorser cities validate grassroots efforts to strengthen the local cooperative economy, capital investment in worker cooperatives is nominal relative to developer and cultivator cities.

Cultivator cities (Madison, Minneapolis, and New York) are characterized by bottom-up and top-down approaches. Grassroots and advocacy organizations lead initiatives. Concurrently, municipal champions mandate inclusion of worker cooperatives through legislative processes, administrative reforms, and capital investments, thus facilitating cooperative enterprise capacity building through multiyear or permanent budget initiatives. Cultivator cities intentionally foster the development and expansion of cooperative enterprises by bolstering the cooperative ecosystem, raising awareness about cooperatives, and sharing information across municipal boundaries. Although worker cooperatives and elements of the ecosystem typically exist in cultivator cities before municipal involvement, city leaders mandate, facilitate, and promote a growth ecosystem by embedding cooperative initiatives in city agencies and carving out sizable multiyear budget allocations.

Table 1. Cooperative cities typology.

Municipal role	DEVELOPER CITIES Top-down, civic and municipal institution led				ENDORSER CITIES Bottom-up, led by grassroots and advocacy organizations, city validates and endorses					CULTIVATOR CITIES Bottom-up & Top-down, led by grassroots and advocacy organizations, city invests in the capacity of worker cooperatives		
City	**Cleveland, OH**	**Richmond, CA**	**Richmond, VA**	**Rochester, NY**	**Austin, TX**	**Berkeley, CA**	**Boston, MA**	**Oakland, CA**	**Philadelphia, PA**	**Madison, WI**	**Minneapolis, MN**	**New York, NY**
Initial support	Budget initiative	Budget initiative	Budget initiative	Budget initiative	Resolution	Resolution	Resolution	Resolution	Resolution	Budget Initiative	Resolution, Budget Initiative	Budget Initiative, Law
Year of inital support	2009	2011	2014	2015	2014, 2017	2016	2012	2015	2012	2016	2014	2015
Primary sponsors	Mayor Frank Jackson	Mayor Gayle McLaughlin	Mayor Dwight Jones	Mayor Lovely Warren	City council	City council	Director of Economic Development	City council	City council	Mayor Paul Soglin		City Council & Mayor Bill de Blasio
City agency or department	Department of Economic Development	Mayor's office	Office of Community Wealth Building	Mayor's office; Office of Innovation and Strategic Initiatives	Department of Economic Development	Department of Economic Development	Department of Economic Development	Department of Economic Development	Department of Commerce	Mayor's office	Department of Community Planning and Economic Development (CPED)	Department of Small Business Services
Cooperative support initiative	Evergreen Cooperative	Richmond Revolving Loan Fund pilot program		Own Rochester! (formerly Market Driven Community Cooperatives Corporation)			Worker Cooperative Initiative			Cooperate Enterprises for Job Creation & Business Development program	Cooperative Technical Assistance Program (C-TAP)	Worker Cooperative Business Development Initiative (WCBDI)
Nongovernmental support	Democracy Collaborative, Cleveland Foundation	Cooperation Richmond	Democracy Collaborative	Democracy Collaborative	Austin Cooperative Business Association	Sustainable Economies Law Center	Greater Boston Chamber of Cooperatives	Sustainable Economies Law Center	Philadelphia Area Cooperative Alliance	Madison Cooperative Development Corporation (MCDC)		NYC Network of Worker Cooperatives

Creating enabling environments

Catalytic developer cities

Drawing inspiration from Spain's Mondragon cooperatives,[5] Cleveland's Greater University Circle Initiative (GUCI)—a partnership of city government, the Cleveland Foundation, University Hospitals, the Cleveland Clinic, and the Democracy Collaborative—devised a business plan linking the procurement needs of Cleveland's "eds and meds" anchor institutions to the city's need for workforce and economic development. GUCI pursued a strategy to create good jobs for difficult-to-employ residents and build community wealth through worker cooperatives (Nichols & Dubb, 2016). A critical feature of the Cleveland model is that it was conceived and implemented by GUCI partners. Thus, it is a top-down, anchor institution–led approach to cooperative development, a stark contrast to traditional grassroots, member-led development. In 2009, GUCI established Evergreen Cooperatives as a nonprofit holding company responsible for incubating for-profit green industry cooperatives, providing business services, and aggregating financing and land acquisition. By 2012, Evergreen had launched three flagship cooperative enterprises: Evergreen Cooperative Laundry, a large-scale commercial laundry; Evergreen Energy Solutions, a renewable energy contractor; and Green City Growers, a year-round, pesticide-free hydroponic greenhouse. Though the technology-forward Evergreen initiatives promised to create hundreds of worker-owner opportunities for nearby low-income neighborhoods, they required over $25 million in start-up capital. Even so, Evergreen was the first cooperative cities initiative to approach sustainable economic development through worker ownership, giving people a stake in their workplace and in turn potentially producing positive democratic spillover effects (Panayotakis & Kovel, 2011; Pateman, 1970).

The City of Cleveland provided limited direct capital for Evergreen Cooperatives, approximately $500,000 through non-school tax increment finance funds and low-interest loans (Camou, 2016; Want & Filton, 2011). But the mayor's support was invaluable political currency that brought legitimacy to the project and increased the risk appetite of private investors. According to the Want and Filton (2011), "Critical risk mitigating factors were the blue-chip anchor institutions that underpinned the business models, and the Cleveland Foundation's and the City of Cleveland's commitments to the project" (p. 8). Additionally, the mayor's office and Department of Economic Development leveraged nearly $12 million in low-interest federal loans for the laundry and greenhouse through new market tax credits and Department of Housing and Urban Development (HUD) Section 108 Loan Guarantees (see Table 2). Municipal leaders further requested that HUD waive public benefit in accordance with the Uniform Relocation Act to ease land assembly; modified the Urban Agriculture and Green Space Zoning Ordinance, making agriculture a principal use for unused residential lots in the city; expedited rezoning and permitting processes; and donated land bank parcels to the new cooperatives (Camou, 2016; Nichols & Dubb, 2016; Want & Filton, 2011).

Evergreen's ambitious scale and cooperative values drew both supportive and critical attention from municipal leaders, social entrepreneurs, philanthropists, and practitioners. Starting and sustaining laundry, agriculture, and energy businesses is challenging enough without the additional complexity of developing worker-owners' capacities for self-management, democratic governance, and business ownership. Not surprising, the Evergreen experiment fell short of expectations during early years (McFellin, 2016; Nichols & Dubb, 2016). Given the literature on developing sustainable democratic organizations (Kennelly & Odekon, 2016; Panayotakis & Kovel, 2011; Rothschild, 2009), Evergreen arguably emerged too quickly. The value-driven cooperatives emerged from a market relationship among GUCI partners rather than being rooted in the community needs, grassroots and community development organizations, or organized labor that typically give rise to cooperative movements (McFellin, 2016; Want & Filton, 2011). Moreover, the cooperatives were overly outwardly facing from inception. Medrick Addison, laundry operations manager, expressed pressure to make the experiment work because "the eyes of America are upon us" (Capital Institute, 2014, p. 23).

Table 2. Creating an enabling environment.

	Developer cities				Endorser cities					Cultivator cities		
	Cleveland	Richmond, CA	Richmond, VA	Rochester	Austin	Berkeley	Boston	Oakland	Philadelphia	Madison	Minneapolis	New York City
Strategic activities												
Mandating												
Legislative: Pass a resolution or enact a law supporting worker cooperatives					X	X	X	X	X	X	X	X
Financial: Approve budget initiative	X	X	X	X	X		X		X	X	X	X
Amend local laws or ordinances to assist cooperative development	X	X	X		X	X		X				X
Expedite regulatory and permitting processes, reduce regulatory burdens	X					X		X				
Facilitating												
Leverage federal funds for cooperative development	X			X	X		X					
Access to start-up capital, low-interest loans, revolving loan funds	X	X		X	X		X		X	X	X	X
Use tax-based incentives	X			X		X				X		X
Assist with land assembly and physical development	X			X		X						
Develop supply chain, procurement contracts, purchase agreements	X		X	X	X	X		X		X		X
Support technical assistance providers, capacity building, co-op coalitions					X		X		X	X	X	X
Develop or support cooperative apex organization	X	X		X						X		
Promoting												
Raise public awareness about worker cooperatives	X	X		X			X		X	X	X	X
Educate city staff and policymakers about cooperatives		X	X		X		X	X	X	X	X	X
Embed worker cooperative initiatives in city agency/department	X		X	X			X				X	X
Support cooperative ecosystem development							X		X	X	X	X
Support for worker cooperatives integrated into business development centers			X	X		X	X	X		X	X	X
Support cooperative capacity through data collection and research										X	X	X

According to Cleveland's director of economic development and the Democracy Collaborative, as of September 2016 Evergreen Cooperatives employed 119 workers—83% Cleveland residents, 84% minorities, and 39% formerly incarcerated—but only 26% had become cooperative worker-owners (Nichols & Dubb, 2016). In May 2018, the number of workers nearly doubled with the acquisition of the Cleveland Clinic's laundry facility and existing staff. Before the expansion, GUCI partners underestimated challenges of developing systems for screening employees, management and business-specific training, and training workers in democratic workplaces and cooperative governance. But the challenge in retaining talent beyond the probationary period also resulted from severe cash flow issues caused by inexecutable promissory notes from GUCI anchor institutions. In other words, the anchor institution business model rested on procurement contracts and purchase agreements with GUCI partners and other local anchors. Although GUCI partners were committed to Evergreen's social mission, they were seemingly unable to transfer institutional contracts (e.g., laundry, foodservices) to the start-ups as expected. Without those contracts, the cooperatives were unable to cover operating expenses and debt service. In addition, Evergreen managers were distracted from the social mission, including converting more probationary and contractual workers to member-owners, as they focused on cultivating market opportunities to remain afloat. The Evergreen model is a cautionary tale for developer cities that prioritize large-scale, institutional-led cooperatives that fail to integrate community groups and transition ownership early on. Workers and observers will likely become disenchanted by the slow pace of establishing economic democracy and blame the cooperative model when what hindered Evergreen was overreliance on anchor institutions for market opportunities.

Drawing lessons from Cleveland, Rochester focused on less capital-intensive industries, incremental start-ups, and developing businesses around secured rather than potential anchor institution contracts. In January 2017, Own Rochester (formerly Market Driven Community Cooperatives Corporation), a nonprofit cooperative incubator in Rochester, secured a contract with Rochester General Hospital for light emitting diode lighting installation and launched ENEROC, an light emitting diode and solar installation cooperative and subcontractor. Own Rochester planned to retain a 10% stake in ENEROC and transfer the remaining 90% to employees. Workers earn well above the living wage from the start, and worker-owners can build equity in the company. Before becoming an independent nonprofit, the Mayor's Office of Innovation and Strategic Initiatives incubated Own Rochester. Mayor Lovely Warren championed worker cooperatives as creating living-wage jobs for marginalized residents and contributing to poverty alleviation and community wealth–building goals (Anderson & Pierson, 2016). Although Own Rochester is no longer a city initiative, municipal leaders and anchor institutions participate in its governance. For example, the mayor is president of the board of directors, and the board includes other city staff, neighborhood representatives, local businesses, nonprofits, higher education institutions, and philanthropies.

Parallels are often made between Own Rochester and Evergreen Cooperatives. Both developer cities employed the Democracy Collaborative consultancy and adopted an "eds and meds" anchor-institution approach, and municipal leaders utilized similar facilitation, including leveraging federal funding, tax credits, local tax increment finance subsidies, and supply chain purchase agreements (see Table 2). Although Rochester's mayor has been a vocal advocate of cooperative enterprise, champions worker cooperatives as socially driven economic enterprises, and raises public awareness of worker cooperatives' potential for equitable development, Own Rochester has garnered less national visibility—arguably a benefit for slower, more sustainable growth.

A critical distinction among developer cities is the scale of municipal investment. Though backing from Rochester's mayor helped to galvanize additional institutional support, the burgeoning worker-cooperative initiatives in Rochester are also buoyed by progressive NY state laws, such as Senate Bill S5439A, which establishes an advisory panel on employee-owned enterprises within the division of Small Business Services. There is currently no evidence that the City of Rochester has made capital investments in Own Rochester or in the cooperative ecosystem. One potential downside of Rochester's incremental strategy is the risk of dwindling support from impatient impact investors seeking more measurable development gains and replicable models.

Richmond, Virginia, has also drawn inspiration from Evergreen Cooperatives and worked with the Democracy Collaborative to assess the feasibility of developing for-profit, employee-owned wealth-building social enterprises, meaning businesses that advance a social mission while remaining economically viable and self-supporting (Dubb & Rudzinski, 2016). Unlike other developer cities, Richmond's exploration of cooperative enterprise followed the city's reimagining of community economic development and poverty alleviation as a wealth-building opportunity. In 2014, Richmond created the nation's first municipal Office of Community Wealth Building (OCWB). In this, the Democracy Collaborative was asked to create a strategic plan for a network of social enterprises that meet anchor institution procurement needs while advancing employment opportunities and economic development. Richmond hopes to build community wealth by investing in labor-intensive enterprises in particularly low-income areas that are in desperate need of employment and economic development (Dubb & Rudzinski, 2016).

The OCWB feasibility study recommended creating construction, property maintenance, and medical services cooperatives. Acknowledging the issues that worker cooperatives have with financing and start-up capital, the City of Richmond, Virginia plans to provide below-market-rate loans. The feasibility study also recommended that the city adopt the federal funding strategy used in Cleveland and Rochester to capitalize enterprises. Richmond has begun implementing enabling environment activities, such as approving Ordinance 2016–089, which authorized the city to expand the uses of HUD Section 108 funds to include development and rehabilitation of homes and businesses (City of Richmond, 2016), and the city has begun providing job training, education, and business services related to the needs of social enterprise, including cooperatives. Thus far, the city of Richmond, Virginia has engaged in few enabling environment activities targeting worker ownership relative to other developer cities.

Unlike its Bay Area neighbors, Richmond, California, does not have a strong history of worker cooperatives. Gayle McLaughlin (2010), a two-term mayor of Richmond elected to city council when she "termed out," was inspired by her visit to the famous Mondragon cooperatives. She introduced worker-owned enterprises to the city council to stabilize low-income communities; build community resources; and address municipal priorities of financial health, social well-being, education, training, and innovation. Through municipal leadership, Richmond received a $50,000 donation to start the Richmond Worker Cooperative Revolving Loan Fund. The city helped launch Cooperation Richmond, a nonprofit worker cooperative incubator providing technical, educational, and financial assistance to worker co-ops. The city council has expressed some support for enacting a worker-cooperative preference ordinance and implementing an anchor approach to take advantage of the University of California system's planned expansion to Richmond (Camou, 2016). However, city support in Richmond was scant and short-lived, certainly not enough to seed the infrastructure of a cooperative ecosystem. Nevertheless, through autonomist, place-based organizing, shared strategies, common vision, and purpose, Cooperation Richmond continues to advance its vision for an equitable economy. It has received philanthropic contributions to the loan fund, which it uses to support new worker-owned and community-owned enterprises, such as Rich City Rides Bike Skate Shop Cooperative, in marginalized communities.

Although the scale of the Richmond, California, case is quite small, Cooperation Richmond's autonomy and organic growth epitomizes issues that other developer cities must contend with for sustainability, specifically, how to create grassroots support and build public awareness about cooperatives as a viable instrument for equitable economic development, as well as the degree to which city government strategies seed enabling environments for sustainability beyond municipal investments.

Multifarious endorser cities

Endorser cities are geographically, demographically, and economically diverse, and their enabling environments for cooperatives are principally shaped by grassroots and advocacy organizations. Champions in city government use their mandating capacity to enact resolutions, ordinances, policies, and budget initiatives to sustain and expand worker cooperatives, but typically elements of the cooperative ecosystem precede municipal involvement. For example, in 2012, both Boston and Philadelphia passed resolutions espousing the UN International Year of Cooperatives but there is little evidence that municipal support extended beyond this legislative gesture until recently. Yet both cities have well established cooperative enterprises, technical assistance providers, advocacy organizations and other elements of the ecosystem.

The City of Boston's (2012) resolution supporting cooperatives and welcoming the National Worker Cooperative Conference lauded cooperative businesses for its positive impact on communities and for creating a more democratic economy. In 2017, the mayor launched Boston's Worker Cooperative Initiative (WCI), within the Economic Development Department, as a vehicle for building community wealth and fostering economic mobility through small business ownership (City of Boston, 2017). Boston is the only endorser city to embed support for worker cooperatives in a city agency. Through WCI, emerging and expanding cooperatives can receive on-site technical assistance (e.g., marketing, inventory, financial management), education and training, Neighborhood Business Access low-interest loans, and support in negotiating procurement procedures and navigating city policies and grant programs. WCI has made loans of approximately $250,000 to two worker cooperatives: the commercial composter CERO Corporation and the brewery Democracy Brewing.

The City of Philadelphia also passed a resolution in 2012 recognizing cooperatives' contributions to economic and social development. The Philadelphia resolution pointed to the city's long record of, and support for, cooperative development and its status as the site of the first successful cooperative in the Northeast (City of Philadelphia, 2012). As an endorser city, growth and development of Philadelphia cooperatives have been led by groups such as the Philadelphia Area Cooperative Alliance (PACA), which amplifies worker cooperatives through advocacy, education, and awareness. PACA was a leading voice on cooperatives to the city's Committee on Commerce and Economic Development in October 2016. Its testimony illuminated myriad lessons and legislative advancements from cultivator, developer, and endorser cities; benefits of cooperatives for local economies; and educational, financial, and technical assistance needs of local worker cooperatives. Until recently, municipal leaders in Philadelphia endorsed grassroots initiatives and treated cooperatives like traditional small businesses while funding and technical assistance came from non-profits and private philanthropies. However, the U.S. Commerce Department recently awarded PACA a $75,000 contract for cooperative outreach and technical assistance.

In June 2014, an Austin City Council resolution, mirroring the 2012 UN resolution proclaiming the International Year of Cooperatives, lauded cooperatives as place-based, participatory, and equitable institutions that contribute to economic and social development, as well as poverty eradication. The resolution directed the city manager to convene stakeholders to develop recommendations for the city to "promote the development of new and existing cooperatively-owned businesses" (City of Austin, 2014). A more extensive resolution was passed in 2017 directing the city manager to include worker cooperatives in the Department of Economic Development educational materials and small business programs.

Oakland and Berkeley have well-established worker cooperatives and numerous elements of the cooperative ecosystem. However, beyond resolutions supporting worker cooperatives passed in 2015 and 2016, city managers have made negligible direct investments. Instead, worker cooperatives are buoyed by the "sixth principle" of cooperatives, cooperation among cooperatives, and by a robust infrastructure of advocacy, technical assistance, and incubator organizations that can leverage expertise and capital for the cooperative movement. For example, Oakland's Sustainable Economies Law Center developed a model ordinance to guide city councils in developing policies for using government procurement to provide financial support to worker co-ops (Stephens, 2015). The model ordinance was originally set to be introduced to Berkeley's city council in January 2017 but has been delayed as local co-ops and affiliated organizations work to coordinate their support. Oakland officials seem intent on using the city's purchasing power to support the growth of cooperatives. The challenge, as Councilor Campbell Washington has noted, will be in identifying or creating cooperatives that can take advantage of government procurement policies (Camou, 2016).

The resolutions in Oakland and Berkeley similarly note the democratic and equitable nature of worker cooperatives and call on business assistance centers to collaborate with community organizations and leverage existing economic resources to further development of cooperatives, but they are not cookie-cutter strategies. For example, Berkeley's resolution directs the city manager to develop a worker cooperative ordinance, a somewhat broader charge than Oakland issued, and called for the inclusion of provisions for a "buy local" preference, a modified business permit process, business tax and land use incentives, and educational materials (City of Berkeley, 2016).

These resolutions, though not containing any specific policy or investment opportunities for cooperatives, often resulted in public institutions' dedication to fostering cooperative growth, akin to developer cities. The City of Oakland, for example, has only recently started to lend cooperatives the same kinds of institutional support enjoyed by more traditional small businesses. Oakland hopes to use government procurement to provide financial support for worker cooperatives just as it has for other small businesses. The city's Local and Small Local Business Enterprise program gives a discounted bid preference of up to 5% for local small businesses. The Sustainable Economies Law Center model ordinance proposes modifying the program to double-discount worker cooperatives' government procurement bids.

Endorser cities such as Berkeley and Oakland have the advantage of having more well-established cooperative enterprises, which typically have more equity to collateralize loans for enterprise expansion and new business development. Although local governments in endorser cities have yet to adequately facilitate markets to provide goods and services from local cooperatives, this is a real opportunity. Oakland and Berkeley can potentially amplify their buying power through shared purchasing that allows lower per unit costs. By using purchasing power to support cooperatives, cities help ameliorate a major problem worker cooperatives face: going to scale through market expansion.

Pioneering cultivator cities

Prior to New York City passing a worker-cooperative bill (Local Law 22 of 2015) or authorizing discretionary funds for worker cooperatives, there were about 14 worker-owned enterprises in New York City, most of which were established in the mid- to late 2000s. An exception is the Bronx's CHCA, started in 1985. It is currently the largest worker cooperative in the United States, with over 2,000 worker-owners. The CHCA disrupts home care industry norms—low wages, precarious work, and transience—by establishing a living wage, patronage dividends, and dignified conditions for worker-owners, who are mostly Latina and Black women. Consequently, CHCA benefits from 60% less turnover than most businesses in the home care industry.

In 2015, New York's city council authorized $1.2 million in discretionary funds to strengthen and expand worker cooperatives across the city using the ecosystem approach of bolstering a network of local and national cooperative service providers. The first round of funding went to a dozen organizations with expertise in cooperative legal structure, policy and advocacy, business start-up and management, financing, education, and training; these included NYC Network of Worker Cooperatives, Center for Family Life, Democracy at Work Institute, Green Worker Cooperatives, Make the Road New York, the Working World, ICA Group, City University of New York School of Law, Bronx Cooperative Development Initiative, New Economies Project, Worker's Justice Project, and Federation of Protestant Welfare Agencies (Kerr, 2015). Mayor Bill de Blasio established the Worker Cooperative Business Development Initiative (WCBDI), within the SBS, to allocate funds, to help coordinate services, and to document economic and workforce development progress. By 2018, the WCBDI budget more than doubled to $3.048 million, making it the city council's second-largest budget appropriation for small business services and workforce development initiatives (Ali & Francisco, 2018).

No other U.S. city has provided New York's level of support or realized its record of success. For example, in 2017, WCBDI's capacity-building services contributed to 185 hires, both worker-owners and non-worker-owners, through new, existing, and converted worker cooperatives in four primary industries: janitorial services, catering, childcare services, and construction (Ali & Francisco, 2018). The WCBDI has contributed to nearly 70 new worker cooperatives, has assisted hundreds of existing worker cooperatives, and has exposed thousands of entrepreneurs to cooperative education and training resources.

Although WCBDI is situated within SBS, it is more than a typical small business development program. The initiative supports raising awareness among the public and city staff about cooperative structures, functions, and financing through its education and training programs, symposia, and support for advocacy. The annual increases in the WCBDI budget reflect not only municipal champions' advocacy for the initiative but also broadened awareness among council members and their constituents of the benefits of worker cooperatives for economic and workforce development. Though municipal support for worker cooperatives in NYC is unprecedented and garners excitement within the cooperative movement, annual allocations of discretionary resources rather than a multiyear budget initiative, and the urgency to quantify year-end results do not allow for full appreciation of the myriad challenges of starting democratic enterprises within a capitalist economy. Some municipal champions have trumpeted the validity of developing worker cooperatives to social capital lenders and philanthropists, as well as other elected officials, policymakers, and community development practitioners nationwide. But to sustain cooperative enterprises, patient investments in establishing collective purpose, shared understanding, and trust cannot be overstated. The public awareness that WCBDI is cultivating will likely have an impact that will be sustained longer than the initiative's funds, which are vulnerable to political cycles.

Drawing lessons from New York City, the City of Madison is cultivating its cooperative ecosystem with a $3 million capital budget investment, implemented in 2016. Mayor Paul Soglin and city council members established the Cooperate Enterprises for Job Creation and Business Development (CEJCBD) program in the Department of Economic Development, provisionally committing $600,000 per year to the program over 5 years (City of Madison, 2014; Hoover & Abell, 2016; Ifateyo, 2015; Kerr, 2015). Unlike NYC, the cooperative culture and economy in Madison was well established when the city announced CEJCBD. In 2014, approximately 773 cooperatives of all types generated $2.5 billion in wages and benefits across 64,000 jobs, earned $27 billion in revenue, and contributed $652 million to Madison and Wisconsin taxes (Rohlich, 2014). Although *worker* cooperatives constituted a miniscule share of the city's economy, with just 15 firms, they were stable businesses, most established before 1990.

Madison's support for cooperatives was incubated within a city department, then externalized with only modest city oversight. The Madison Cooperative Development Corporation (MCDC), a new coalition of worker cooperatives, labor, community nonprofits, and researchers, was established through the support of the city council. The primary purpose of MCDC is overseeing the CEJCBD investment in worker cooperatives and cultivating a cooperative ecosystem that reflects the MCDC's racial and economic justice mission. The MCDC manages half of CEJCBD funds, distributing them for collective education, relationship building, and capacity building among cooperative developers. The other half of city funds committed to cooperatives are earmarked for a high-risk revolving loan fund, managed by a local community development financial institution, to finance new and existing worker cooperatives. Madison's programs are also distinctive for their articulation of racial and social justice goals. For example, CEJCBD funding is intended to "create employment opportunities for Madisonians excluded from traditional employment models. Including formerly incarcerated, low skill, veteran and new American populations" (Rohlich, 2014, p. 1). According to

Mayor Soglin, "Business cooperatives create inclusive, living-wage jobs that grow economic equality in communities." He added that the City of Madison is investing in the city's economic health "by helping to create an ongoing, strong, network of support and financing for workers looking to own their own businesses and business owners looking to retire who would like to sell their business to their employees" (Schlachter, 2016). With the program still in early phases of implementation, it is too early to report effects.

Minneapolis boasts a rich history of support for cooperatives, but only recently have municipal leaders been more intentional toward worker cooperatives—perhaps a result of increasing attention to worker cooperatives nationally. The city's Department of Community Planning and Economic Development found that, though the city had previously loaned upward of $3.5 million to several cooperatives, it had not structured its financial support to meet cooperatives' particular needs and challenges. Allocations to cooperatives came from general small business funding, because city ordinances and policies treated worker cooperatives no differently than traditional businesses. In 2014, Minneapolis joined many of its peer cultivator (and endorser) cities by passing a city council resolution supporting cooperative economic development. In 2015, Minneapolis hired the nonprofit Cooperative Development Services to conduct an analysis and audit of the city's cooperative sector (Anderson & Pierson, 2016). The study found increased public interest in worker cooperatives in recent years. In response to the audit's findings and recommendations, in 2016 Minneapolis implemented the Cooperative Technical Assistance Program (C-TAP) to improve the city's cooperative-enabling infrastructure (City of Minneapolis, 2016). C-TAP provides technical assistance and business planning resources to residents interested in forming cooperatives, with the goals of achieving stronger community ownership and control, as well as supporting collaborative economic development and job creation, reducing poverty, and increasing racial and ethnic diversity. As an internal municipal program, C-TAP staff must have requisite knowledge of cooperative governance, values, and financing needs. Once a cooperative has started, business management, marketing, and financing resources are available through C-TAP to sustain and expand cooperatives. As C-TAP addresses the common lament that municipal workers in small business development centers are typically ignorant to the needs of worker-owned enterprises, another Minneapolis initiative, the Neighborhood Revitalization Program, a revolving loan fund, may be reinforcing another. Through this program, loans are accessible to worker cooperatives but are not specifically earmarked for them. Minneapolis city staff acknowledged to Kerr (2015) that the city can do more to develop its cooperative ecosystem, "including raising awareness about cooperatives, revising regulations that are onerous for cooperative businesses, and making funding available for cooperative development" (p. 4).

Incubating economic democracy

As cities seek to create equitable and inclusive economies, some leaders have begun exploring worker-owned cooperatives as an innovative strategy that bridges workforce, community, and economic development goals.[6] Despite growing attention to worker cooperatives in the United States over the past decade, they remain a niche sector, generating few jobs and limited revenue relative to conventional firms. Moreover, they are frequently disregarded as legitimate businesses or presumed to be inconsequential contributors to community economic development. But the potential for worker cooperatives to improve the U.S. economy and society remains largely untapped and underrealized.

From cooperative cities we learn how some city governments are helping to create enabling environments for worker cooperatives to develop, thrive, and, eventually, generate community benefits. Among myriad elements of enabling environments, city leaders are uniquely positioned to influence three critical factors. First, they can help increase public awareness of cooperatives, within and outside of government. Most people in the United States are not cooperative members or familiar with cooperative principles, governance, or benefits. Consequently, entrepreneurs rarely consider worker cooperatives as an organizational structure; traditional business loan officers are reluctant to underwrite cooperative financing; and business service providers are unfamiliar with democratic decision making or cooperative legal frameworks. The U.S. Small Business Administration estimates that over 32,000 net new businesses open each year. Imagine—if a third of them were formed as worker cooperatives, unemployment, inequality, and civic engagement would likely be significantly improved. Affirmatively including worker cooperatives in economic development policies and programs (e.g., Minneapolis, Boston, New York City), rather than merely not excluding them, improves business development and expands the visibility of the cooperative model. Second, city leaders are uniquely positioned to broker institutional relationships and bolster the legitimacy of cooperatives. This is apparent in developer cities such as Cleveland and Rochester, which are making substantial investments in growing worker cooperatives despite a thin preexisting ecosystem to sustain their work, and in cultivator cities such as New York and Madison that are supporting cooperative coalitions and strengthening the local ecosystem. Third, city governments can leverage patient capital for incubating bottom-up democratically run businesses that adhere to cooperative principles because community driven cooperative enterprises are best positioned for growing and sustaining local cooperative economies. A good example is the revolving loan fund in Madison, WI explicitly designed to strengthen the capacity of the local cooperative ecosystem and increasing worker-owned enterprises as a strategy for reducing racial and economic disparities.

Across the varied models of municipal support, worker cooperatives share fundamental characteristics that make them attractive for equitable economic development: They are value-driven businesses committed to democratic decision making, internal equity, development of individual skills and capacity, just compensation, and contributions to the communities in which they are embedded. Though fostering enabling environments is promising, it is critically important that the cooperative movement not become overly dependent on political champions or deviate from the cooperative principles of centering member or worker-owners and maintaining autonomy, including in the ways they measure scale and analyze success. As cooperative cities progress and expand, it is important to remember that scaling worker cooperatives requires a confluence of intersecting and mutually reinforcing supports, including public awareness, co-op training, incubation, financing, and advocacy. But as we discuss scaling up within the cooperative movement, it should be understood to mean expanding the network of cooperatives and democratic enterprises, horizontally, geographically, and sectorially, into a countervailing power to capitalist businesses, rather than solely focusing on growth of individual firms. At the Evergreen Cooperative in Cleveland, wealth building is not defined only in terms of dollars saved in a worker's capital account. Wealth building also includes the empowerment that workers experience as principals in a community enterprise that aims to both sustain the earth and strengthen the community.

Notes

1. The International Cooperative Alliance (n.d.) is the apex organization for cooperatives globally, established in 1895 to advance the cooperative model. The current definition of cooperatives, core values, and principles were codified in the mid-19th century but modified slightly in 1937 and 1995.
2. United States Federation of Worker Cooperatives. (2016, June). Worker cooperative directory. Retrieved
3. These include Community-Wealth.org, owned by the Democracy Collaborative, Democracy at Work Institute, Sustainable Economies Law Center, International Co-Operative Alliance, the ICA Group, University of Wisconsin Center for Cooperatives, and Grassroots Economic Organizing.
4. Two cities, El Paso and Ann Arbor, met the population criteria but are not considered cooperative cities. Both passed a resolution but neither enacted it. For example, the El Paso City Council passed a resolution in 2015 in support of the UN International Year of Cooperatives, but at the time of writing there was no evidence of concrete support. Similarly, Ann Arbor passed a resolution encouraging residents to explore the benefits of cooperative businesses but did not commit city support.
5. The Mondragon Corporation in the Basque region of Spain, established in 1956, has grown into a federation of more than 100 worker cooperatives employing over 70,000 people, primarily in finance, retail, industry, and knowledge.

6. Since concluding data collection, new entities have passed enabling legislation; for example, Cook County, Illinois, passed a resolution supporting the development of worker cooperatives in October 2018. Some cooperative cities have expanded into new areas of municipal support; for example, in November 2018, the City of Berkeley's Office of Economic Development partnered with Project Equity to raise awareness, provide technical support, and conduct feasibility studies related to converting conventional small businesses to worker-owned enterprises.

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