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Using Mondragon as a Model for African American Urban Redevelopment³⁹

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Introduction

This paper considers the political-economic development of two subaltern populations: the Basque of Northern Spain and African Americans (particularly those concentrated in urban centers of the U.S.A.). The comparison is made to give evidence of the ways in which the Mondragon complex of cooperatives can be used as a model for bringing to scale African American urban cooperative economic development through the networking of cooperative and cooperating enterprises. The Mondragon cooperatives went through a process by which members of the Basque community in and around the city of Mondragon, Spain, created and sustained cooperatives and networks of cooperatives that became the Mondragon Cooperative Corporation (MCC). We use the term Mondragon "project" to describe the early phase of this industrial complex, before the institutional architecture was fully in place and many choices or options were possible about organizational design.

The MCC is a complex of 120 (and growing) industrial, financial, distributional, research and educational democratic cooperatives in Northern Spain. Grassroots networks of Basque nationalists mobilized during the Franco era form the basis of the early corporation's membership. In the face of war, these nationalists chose the more peaceful road of cooperative enterprise development as a means to assert their need to provide for themselves, their families and their communities.

We compare socio-economic conditions of the Basque and the method of enterprise development leading to the Mondragon

³⁹ This chapter is based on a working paper by the authors entitled "Subaltern Cooperative Economic Development: Using Mondragon as a Model for African American Urban Redevelopment."

Cooperative Corporation with African American socio-economic conditions and the need for alternative strategies for effective participation in the current global economy. Recognizing the historical uniqueness of each economic system, we present as universal the inter- and intra-group interactions built on the values and organizing principles of socio-economic cooperation as demonstrated in the Mondragon project.

Specifically, responding to the failures of current urban economic development in the U.S. to better conditions in the poorest of Black neighborhoods, we suggest that the potential of innovative methods of industrial organization built on an interlocking network of firms of various structures can be effective in allowing those of America's inner cities to participate in the new movements in the global economy. With well-organized management, institutional sponsorship and democratic governance, networking communities can be organized to respond to market competition while contributing to community betterment, in a holistic way. In response to the laws of the new global economy, cooperative and cooperating enterprises can supply goods and services to local and international markets while generating local employment, income, and ownership of business and financial enterprises. This paper continues the authors' challenge against narrow conceptualizations in economic thought that have had limited success in defining appropriate economic policy as a component of community revitalization in urban U.S. communities (see Haynes and Nembhard, 1999). We again assert that those models that have been successful have gone against the narrow tenets of individualism and self-interest as considered rational in traditional economic thought. The potential for such innovative methods in urban planning have yet to be realized.

Our work in political economy and cooperative community practices owes a tremendous debt to W.E.B. Du Bois. During his long intellectual career he advanced that African Americans should be studied as a unique population, and hypothesized that they could position themselves at the forefront of developing new forms of industrial organization that would free them from their marginal economic status. In much of his work he posits that the extended group history of African Americans and their insider-outsider relationship with the broader U.S. society ("dual consciousness") strengthens certain forms of group solidarity. Du Bois argues that African Americans could use this history and the unifying dilemma of race prejudice pragmatically to stimulate

unique strategies and tactics toward economic self-betterment.⁴⁰ Our work is also indebted to Lloyd Hogan (1984) whose analysis of political economy builds on Du Bois's conceptualization of African Americans as a distinct population and social grouping.⁴¹ We also rely on Edmund T. Gordon's anthropological analysis of African Americans as a subaltern population.⁴²

We apply the pioneering work of these scholars first, to analyze the economic dilemma faced by a subaltern population such as African Americans; second, to evaluate the process exercised by the Basque people which created the Mondragon cooperatives and eventually the Mondragon Cooperative Corporation; and third, to propose a generalized model of cooperative economic development as a strategy to address the economic dilemmas facing subaltern populations, particularly African Americans. We hope to highlight the relationship between the Basque founders of the MCC's concerns for social and economic betterment of their people and their use of cooperative values and organizing principles in enterprise development. We compare these concerns and strategies with similar concerns and conditions existing in Black communities in the United States, suggesting that the values and principles of Mondragon are universal and can be effective as social and economic organizing tools in Black communities in the United States.

African American Economic Development and Underdevelopment

Both the Basque of Spain and Blacks in the United States have experienced contradictory relationships within the dominant society of their respective nations. Each group is separated from the dominant society, in both subtle and obvious ways. Members of both groups have experienced long histories of social ostracism, alienation, economic discrimination, inequality, and few opportunities for genuine integration. In other ways, each group is part of the mainstream and its members are full citizens of the respective countries. These conditions

⁴⁰ See, for example, Du Bois 1907, 1933, 1970, 1975; and Demarco, 1983.

⁴¹ Hogan also developed his formulations from works by Karl Marx and Adam Smith, names familiar to political economists.

⁴² See Gordon, 1997.

are characteristic of subaltern populations.⁴³ Subaltern populations develop shared collective oppositional identities and politics based on the consciousness of group oppression.

Subaltern populations usually have marginal economic positions in the dominant economy. Recent research shows that disparate and inferior economic outcomes are the norm for subaltern populations throughout the world, no matter what country they live in. In a preliminary study of international economic ethnic and racial intergroup disparity (Darity and Nembhard, 2000) subaltern status is associated with negative economic consequences in countries with both large and small populations, those experiencing relatively rapid economic growth and those with slow growth, countries with high and low levels of general inequality, and rich as well as poor countries. The findings in Darity and Nembhard also reveal persistent and pervasive labor market discrimination throughout the world, with skin shade and other phenotypical attributes affecting economic outcomes.

In the U.S. a disproportionate percentage of Blacks are poor and unemployed (even when the economy is good). Twenty-six percent of Black-non-Latino families are poor, while only six percent of white-non-Latino families are poor. Many African American workers, for most of the last three decades, have lost manufacturing jobs, are re-employed in the low wage and unstable service sector, and suffer disproportionate displacement and unemployment levels. African American unemployment has remained at least twice (often two and one half times) the white level, now both in good times as well as bad, and at all levels of education, and for all ages. At every level of education, white annual income is higher than Black, as are white employment ratios. Although the education gap between Blacks and whites has narrowed considerably, employed Blacks remain disproportionately concentrated in specific occupations and industries. Even as late as 1998 the Black-white income gap (comparing median incomes) was only 54 percent. Black communities also suffer from the loss of military and defense-related jobs.

⁴³ The term "subaltern" describes the duality of the cultural, "racial," ethnic, social, and economic existence of groups who see themselves, or are viewed, as different from the mainstream, but are members of the plural society. The term subaltern is generally used, according to Gordon (1997), in reference to groups who are subordinate to a dominant class or material group. Gordon identifies and constructs this use of the term from work by Edward Said, Ranajit Guha and John Ogbu.

Wealth inequality between white Americans and African Americans clearly demonstrates the exploited and inferior economic status of Blacks as a subaltern population.⁴⁴ The wealth gap is more than twice the income gap between African Americans and whites, even when income levels, occupational status and educational attainment are matched (Oliver and Shapiro, 1995; also see Kunjufu, 1991). The ratio of mean wealth holdings between non-Latino white and non-Latino Black households in 1998 was 18 percent, and only 12 percent of median wealth holdings (Wolff, 2001). In addition, in 1998 the Black home ownership rate remained only 2/3 the rate of whites even though the rate of Black home ownership had risen (from 44.3 to 46.3%) and rose relative to white households (Wolff, 2001).

Most of the 1990s have been considered "good times," however African Americans continued to face inequality and discrimination. Persuad and Lusane (2000: 33) argue that the "new economy" has not delivered a lot that is new for African Americans. They blame in part the "racialised nature of contemporary monetarism." In addition:

The 1990s have witnessed the erosion of the welfare state and the emergence of a containment state. This dialectic has been thoroughly racialised. A dual discourse of "personal responsibility" and "law and order" paved the way for policies at the federal, state and local levels that reified attacks on the working class as a whole, but on the poor of colour and women of colour, in particular (Persuad and Lusane, 2000: 30).

Benefits have gone disproportionately to those who strategically manage and control capital. This is a consequence of the restructuring of social relations and increased insecurity in the labour market. While annual pay levels have gone up over the past several years, there is a notable disparity between different sectors of the economy (Persuad and Lusane, 2000: 27).

Persuad and Lusane refer to the 1999 United Nations Development Program Report's Human Development Index. Racially disaggregated, creating two distinct countries for the index, white U.S. would rank first, while Black U.S. would rank only 43rd (Persuad and Lusane, 2000: 33). Dymski argues that "exploitation remains a central concept for understanding the capitalist economy and evaluating the economic injustice its dynamics create" (Dymski, 1995: 22). Moreover, "racial

⁴⁴ For more on racial wealth inequality see Nembhard, 2001.

asset inequalities and racial domination [power imbalance] are mutually reinforcing, and independently affect the level of exploitation" (ibid.: 2).

A significant percentage of the African American population resides in urban centers of the United States. Employment opportunities and wealth accumulation that benefit the community are much needed in these mostly segregated neighborhoods. According to the U.S. Housing and Urban Development (HUD) agency's *The State of the Cities 2000*, cities increasingly support disproportionate percentages of people of color, the poor and the elderly poor. The report notes, similarly to the previous year, that the booming economy creates "both winners and losers." Sixty-seven cities in 2000, for example, face high unemployment or have a poverty rate of 20 percent or higher, and unemployment among urban youth of color remains high (at 22 percent). Current urban economic development strategies typically implemented by city planners support either the building of middle-income and high end homes, or focus on sole-proprietor business ownership, and job creation. The local development of small, private firms is coupled with enticements and incentives for medium to large-sized corporations to relocate into or remain in urban centers. In Black communities of the United States, these strategies have been relatively ineffective as tools for community revitalization.⁴⁵ Black entrepreneurship has had the least success of all minority and ethnic entrepreneurship efforts, limited, for example, by low capitalization rates and discrimination in credit markets.⁴⁶ In addition, employment discrimination facing the Black working class, particularly Black youth, has hampered most other strategies.⁴⁷

Within the African American community, popular social thought is quite aware of and comfortable with the notion of cooperative economic action (see Woods, 1998; Woods, 2002). Cooperative economics, the Ujamaa principle, and other concepts of collective work and responsibility, are prominent in the Kwanzaa festivals. The Federation of Southern Cooperatives/Land Assistance Fund (FSC/LAF)

⁴⁵ See, for example, Feldman and Nembhard, 2001a; Feldman and Nembhard, 2001b; Nembhard, 1999; Haynes and Nembhard, 1999; and Boston and Ross, 1997

⁴⁶ See Ofari, 1970, and Kunjufu, 1990, for discussions about Black capitalism; and Feldman and Nembhard, 2001b, about current limitations and opportunities for ethnic entrepreneurship.

⁴⁷ See Darity and Mason, 1998; and Persuad and Lusane, 2000.

is a network of rural cooperatives and cooperative development centers in the southern United States. It has operated for 35 years with the primary objectives of retaining Black-owned land and using cooperatives for land-based economic development to provide "self-help economic opportunities" for low-income communities across the South (FSC/LAF, 1995:3). Although continuously under-funded, the FSC/LAF has helped farmers farm in a sustainable fashion 300,000 acres of land, market \$5 million of produce, and develop 20 credit unions with over 13,282 members who collectively save over \$20 million in share accounts, and have loaned out \$63,710. Still there is not a well-organized or articulated body of economic thought, and hence policy, to mobilize the energies of popular cooperative notions in a consistent way, or to support existing cooperatives and replicate the FSC/LAF and other models in urban settings.⁴⁸ The connections have yet to be well articulated; open and informed dialogue about the possibilities is not widespread; and full, comprehensive models have yet to be brought to scale.

The Mondragon Model

In comparing the two subaltern populations, the Basque people of Spain and African Americans, we find that both have had distinct experiences living under conditions of cultural as well as political-economic hegemony. The Basque people are part of Spain and are often considered a "national minority." The Basque often refer to themselves as a national, ethnic, or even racial grouping of people (Douglass, 1989). African Americans, a "racial" minority in the U.S., also experience social isolation, and cultural oppression. Both groups appear to be similarly affected by the duality African Americans' experience, first described by W.E.B. Du Bois. Both groups have often been economically marginalized. Each has experimented with using social and economic cooperation as an organizational process to facilitate survival. The Mondragon project has taken the Basque population further with a comprehensive program of economic cooperation and democratic economic participation.

Even though early studies of the Mondragon project emphasize its uniqueness, particularly because of the roots and connections between

⁴⁸ There is beginning to be a body of work here including other work by the authors; also see Shipp, 1996 and 2000, and Fletcher and Newport, 1992.

the members, the people and the region, we contend that the development of the MCC can be used as an example of a more generalized cooperative economic development strategy. The Mondragon model provides an example of how social cooperation can be transformed into economic cooperation. For those participating in the Mondragon project, social cooperation and concern for community became economic resources for the cooperative enterprises. The activities of Father Jose Maria Arizmendiarieta (a founder of the Mondragon movement)—of establishing a unique vocational school in Mondragon Spain, and later working with some of its graduates to build a cooperative factory (in 1956), which spun off other coops whose association grew into the Mondragon Cooperative Corporation—exemplify this process. The transformative process was both a natural outcome of subaltern conditions and part of a deliberate strategy to create self-help and democratically-controlled enterprises.

The Mondragon project started small, was focused and organized, had the ability to grow, and recognized and responded to the community's strengths, weaknesses, and needs. The first cooperative was an innovative ceramic heater factory. Other enterprises developed around this, and the association grew into a multi-billion dollar cooperative complex of manufacturing, service, educational, financial, and distributive enterprises. The Mondragon cooperatives strongly identify with the Basque community, but not exclusively so. The community's feelings of marginalization and sense of cooperation and solidarity were used to create processes and structures for industrial organization and economic activity in general that then created formal economic institutions and networks. Success in the endeavor resulted in great part from the participants' ability to identify existing individual and community assets, harness concern for community and desire for self-determination, and organize and utilize these as economic resources. Further, they were able to formalize and institutionalize networks of cooperation, self-help, and community development that recognized their common culture and values.

We explain this process as one of harnessing "social energy" as a resource for enterprise development. The conscious act of economic and social cooperation among the Mondragon Basque generated a non-material resource of social energy which contributed to the success of the cooperative enterprise.⁴⁹ To some extent this also contributed to the

⁴⁹ See Haynes, 1993 and 1994.

overall development of member-owners as human beings and integral members of their community, not just as participants in an economic process (see Abascal-Hildebrand, 2002). The modern Mondragon Cooperative Corporation describes itself as a business group of grass roots cooperatives.

The Mondragon cooperative group has so far proven its ability to provide for much of the material needs of the participating population. The productive and distributive sectors of the MCC are a set of flexible and disciplined economic institutions which have been organized in such a way as to be able to maintain a commitment to the democratic rights and responsibilities of the individual,⁵⁰ while being able to interact competitively in the international arena, holding their own against large innovative global companies.⁵¹ The MCC has grown impressively since its infancy and continues to show progressive levels of growth in assets, sales, and workforce. In 1999, total sales for all the companies exceeded U.S.\$6 billion (total sales in 2001 were \$8,028 million Euros up from \$7,065 million Euros in 2000). Total assets were greater than U.S. \$12 billion in 1999⁵² (or \$12,086 million Euros rising to \$14,144 million Euros in 2000). At the end of 2000 the MCC reported a workforce of 53,377 people.

We identify eight key elements that characterize the Mondragon model and can serve as a basis for replicating cooperative economic development models.⁵³ These elements are:

⁵⁰ See Principle II. Democratic Organization ("Based on the basic equality of the worker-members, which implies acceptance of a democratically organised company based on: The sovereignty of the General Assembly, consisting of all members and which operates on the basis of 'one member, one vote.' The democratic election of governing bodies..."); and Principle V. Management Participation ("This principle implies the progressive development of self-management and, consequently, of the participation of the members in business management."). See: www.mondragon.mcc.es.

⁵¹ However, some of the more recent strategies the management has used to position the MCC as a global contender have met with resistance and criticism. In particular, many challenge that the complex is losing its characteristic high level of democratic governance and participation, with its new corporate structure and more centralized decision-making. See Huet, 1997.

⁵² See the economic data on Mondragon's website, www.mondragon.mcc.es. The authors made calculations from Ptas to U.S. dollars.

⁵³ The seven attributes we delineate focus on principles and practices established mostly in the early, first twenty, years of the organization. In the past five years changes

1. Solidarity. Nationalism and cultural, ethnic pride are instrumental in the economic development process.

2. Democratic cultural development and education. The Mondragon project began with the belief that residents could be trained to participate in economic processes, economic development and planning. Many of the early institutions were educational and training programs that taught economic democracy and helped students to implement the principles.

3. Education. Cooperative, industrial and technological education are the backbones of the Mondragon Project.

4. Innovation - high technological development and production. The Mondragon enterprises rely on the development and use of the latest technologies, on flexibility, and staying on the cutting edge of production, research and development in each industry and service area.

5. Financial Support services and reinvestment. Dedicated cooperative financial intermediaries provide all financial services and help enterprises develop, stay in business, and give back to the community.

6. Social Security System. When Spain refused to offer Mondragon's worker-owners social security benefits because they were owners not workers, the complex put together a social security and benefits system for all the members and their families.

7. Regional economic development, networking and clustering. The MCC has taken the principal of cooperation among cooperatives to the highest level. Its 120 member business groups share educational institutions and financial institutions, utilize shared services, reduce costs, share knowledge and training, and combine services. This allows for individual cooperatives to stay relatively small but be affiliated with

were made in some of the practices to address the need to become globally competitive. We cannot go into the details of the globalization threat and challenges to the Mondragon model here (see Huet, 1997 and 2000; and Melman, 2001 and *Chapter 4* in this volume). This is a larger issue and we have focused on the early years, the reasons for association, and the elements that have so far been effective, particularly as relate to the subaltern cultural status of the majority of the members. No organization is stagnant. Analyzing the current challenges and changes is a different task than the one we have set ourselves. We in no way mean to imply by use of the word model that every single detail is replicable or desirable. We highlight elements we think have potential for replication and highlight the ways in which the combination of elements and perspective are helpful in thinking about how subaltern populations can use cooperative development to advance their economic condition.

and contribute to a large network. In addition to networking among the industrial enterprises, the MCC recently united its consumer cooperatives into a retail chain.

8. Give back to community. Generally ten percent of profits go to community development, and a strong sense of service to community and support for community permeates many of the MCC's objectives.

The Mondragon project has provided a mechanism for some of the Basque community to a) form and control their own businesses, schools, and financial institutions, according to shared values and shared work, b) contribute to their community,⁵⁴ and c) compete successfully in the capitalist world outside. Combining elements effective in the Mondragon model and others provides a model - partly of how to develop and build community-based democratic businesses with support systems, and partly a model of regional cooperation and cooperative networks/clustering.

Challenges remain. Bowman and Stone (1996) suggest three areas that "require structural alteration if the model is to be worth emulating": the hiring of labor power (non-members who receive a wage); a traditional gendered division of labor; and emerging new class divisions (members allow "professional-technical elites to make daily decisions while accepting Tayloristic work regimes for themselves"). Issues of how to handle global competitiveness in a cooperative model are also important. These are issues that are being addressed and will be explored further, particularly by groups attempting to replicate the Mondragon example.

A Model of Cooperative Economic Development

How do we foster meaningful economic participation and wealth creation at the community level—especially in inner cities? Democratic

⁵⁴ The Mondragon Corporation, for example, supports community development initiatives, particularly in education, through its Social Projects Fund, to which up to 10% of the net surplus of the Co-operatives is assigned. The 8th and 9th principles which guide the MCC's "social ethos and business philosophy" are: Social Transformation (commitment to economic and social development in the environment in which it operates) and Universal Nature ("The Mondragon Cooperative Experience, as an expression of its universal vocation, proclaims its solidarity with all those who work for economic democracy in the sphere of the Social Economy and supports the objectives of Peace, Justice and Development..."). See www.mondragon.mcc.es — Basic Principles.

community-controlled economic development and collective action are rational behaviors which recognize existing, and build additional, individual and community assets, as they respond to community needs as well as competitive conditions in capitalist industry.

Du Bois believed that African Americans must become the masters of their own economic destiny through cooperation. There have been some scattered small successes around the country with such a strategy. As of yet, however, a comprehensive urban strategy resembling the Mondragon model has yet to emerge in African American inner-city communities. The end of the 20th century has witnessed an era of rigorous international economic competition which forces a reconsideration of industrial practice within the U.S. capitalist system. African Americans could be a significant force in this restructuring, particularly if they perfect the use of strategic cooperation as part of the organizational practice.

Solidarity brings people together for the long run, with a mutual perspective, common bond, and a motive to entice and sustain economic association (see Shipp, 2002 and Melman, 2002; and Haynes, 1996). Social energy⁵⁵ becomes an economic resource that facilitates cooperative enterprise development. That is, a sense of community, willingness and desire to work together to share and help one another, the energy that comes from teamwork and working together, and the energy that solidarity, even nationalism, brings to an economic endeavor. Social energy can be understood as both a unique and important input (or factor of production), as well as an important outcome of cooperative and democratic participation. As a factor of production it reflects the dedication, commitment and enthusiastic labor that community members (members with cultural or spiritual bonds) bring to participation in an economic project.

We learn from the Mondragon project that democracy and community involvement can spur economic development—sometimes even more successfully than other strategies can. As the Mondragon movement experienced, success in great part depends on the ability of

⁵⁵ Haynes introduced a special use of the term “social energy” (see Haynes 1993 and 1994, particularly p. 21 and note No. 5) as the strategic use of cooperation and consensus in enterprise building. This is similar to W.E.B. Du Bois’ (1907) conception of transforming the “cooperative spirit” into an economic resource. Haynes and Nembhard, 1999, also highlight social energy as an important construct in understanding the viability of cooperative enterprises.

communities to identify existing, individual and community assets, and organize them as a resource for production in cooperative and cooperating enterprises. The Mondragon movement utilized a variety of strategies and activities to identify and activate these assets: participatory and applied research, popular education, networking, and various other innovations that cultivate knowledge of self and community, as well as skills in governance and enterprise development. While recent trends present new and increasing challenges to democratic participation in economic development⁵⁶, Mondragon’s first 40 years have provided an innovative and auspicious model of development.

The methods of enterprise development that went into the formation of the MCC are unique in the sense that strategic cooperative enterprise strategies were applied to the specific socio-economic conditions of their industrial town, which had been devastated by war,⁵⁷ and the historical epoch. Mondragon seems unique because members came from a distinct ethnic group, in a separate or distinct geographic location. The economy was isolated from the rest of the world (ready market). They used cutting edge technology and industrial innovation at the right time (just after WW II). However, African American circumstances are similar. African Americans are a distinct subaltern and ethnic/racial population with a sense of solidarity. They are concentrated in central cities (much abandoned by all others) and in southern states. As Du Bois challenged, African Americans embody the possibility to create a new relationship with enterprise development and production. Their dual identity within the U.S. system, their vital social energy and traditional concern for community, position African Americans to be economic leaders.

⁵⁶ An important part of Mondragon’s continued success will lie in the ability of its members and enterprises to continue to combine the democratic governance and production organization in such a way as to allow them to provide for themselves under fierce international competitive conditions, and continue to create new methods of successful social reproduction. Success in maintaining the balance between democracy and competitive methods of organizing the external labor process will be important to Mondragon’s future—its successes, accomplishments, and choice of economic activity. For a discussion of recent corporate changes and challenges, see Huet, 1997.

⁵⁷ Mondragon was an industrial town devastated during WWII, particularly by the fascist forces of Franco. Their post-industrial conditions are similar to many post-industrial cities in the United States.

The use of cooperative principles similar to those implemented in the formation of the MCC may be an overlooked example of the kind of development strategy that adequately responds to urban conditions in U.S. inner cities. By this we mean development that combines a number of important elements: employment and wealth; job mobility and security; benefits, support services, and development financing; education and social services; innovation and technological advancement; learning-by-doing, workplace democracy and democratic governance; and clustering and networking. A grand example like Mondragon can advance in U.S. cities, with more popular education, particularly around community-building economics and cooperative principles.

More community activism and leadership development are necessary, particularly to activate and educate members of the Black community around these issues. More research is needed, particularly applied and participatory research documenting existing urban and African American cooperative development. A successful strategy will also require community dialogue about cooperative economic development, and the implementation of public policies that support the myriad ways that we know are involved in making cooperative economics successful.

The Mondragon model is an exciting example of a way to combine humane interactions, solidarity and concern for community, cooperative organization, democratic governance, participatory management, and competitive business practices into a network of interlocking and mutually supportive economic and social enterprises which continually develop and change. We look forward to more theorizing about such processes for African American development, to encouraging the implementation of such processes, and to studying the results.

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6

Some Lessons from the Decline of Swedish Cooperatives⁵⁸

Kai Blomqvist

Background

I worked in the established cooperative movements, mainly in the insurance business. In the middle of the 1970s we started the Swedish Cooperative Institute. Our main object there in the first period was to try to get the various colleges and universities to do research in the cooperative area. At that time there was no research at all. So my task over a six or seven year period was to try to make researchers interested in the cooperative area. After about ten years, by the middle of the 1980s there were at least a handful of researchers at each and every one of the Swedish universities who did research on cooperatives. Some started courses in cooperatives at the university. After my retirement, I have been spending a few years doing my own research on the cooperative phenomenon (Blomqvist, 1996, 1998, 1999a, 1999b, 1999c, 1999d, 2000, 2001).

Why did Swedish Cooperatives Decline?

In looking at the decline of cooperatives in Sweden there are many factors to consider. In my research I have tried to answer the question as to why the Swedish cooperative movement had such a Golden Age, from World War II to 1985. Consumer cooperatives from all over the world came to study the unique initiatives, products and services that established cooperatives in housing, insurance, retail, oil consumers, burial societies and others launched all the time. By the start of the 1980s, the many visitors from all over the world disappeared. The creative ability to launch cooperative unique initiatives disappeared.

⁵⁸ This text is based on an interview with Jonathan Michael Feldman on December 17, 1998 and subsequent revisions by the author.

1/02

**From Community Economic Development and Ethnic
Entrepreneurship to Economic Democracy:
The Cooperative Alternative**

**Edited by
Jonathan Michael Feldman
Jessica Gordon Nembhard**

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The companion volume to this study will be published by PFMI in January 2003: "Social Inclusion, Innovation and the New Economy: The Role of Universities, Corporations and Innovation Platforms in Social Inclusion," edited by Jonathan Michael Feldman and Helena Wennberg, Work and Culture Program: NIWL, National Institute for Working Life, Stockholm, Sweden. This report explores in detail barriers and opportunities for linking potentially excluded groups, such as women, immigrants, ethnic citizens and "subaltern groups" to high wage jobs, particularly those linked to the information society. The report examines various labor market aspects to the so-called "digital divide" and provides case studies on alternative university, incubator and corporate practices to promote social inclusion. This study includes the proceedings from an international conference in Stockholm during May 29th and 30th on the same topic that involved participants from Brazil, Italy, Sweden, the United Kingdom and the United States.